

Minutes of the Regularly Scheduled Meeting of the Firelight Meadows Board of Directors

Firelight Meadows

February 9, 2016

Call to Order

Karen Roberts called the meeting to order at 6:00 p.m.

Directors in attendance were Kari Gras of units 184, A1 and B1, Curt Wilson of unit B2, Greg Hunt of unit 278, and Laura Gregory of unit D9. Directors Karen Roberts of unit 319 and Annette Stone of unit B12 were present via WebEx. Owners in attendance were: Steve Cherne and Mark McKean (via WebEx). Scott Hammond, Tom Davis, Katie Coleman and Michelle Everett of Hammond Property Management (HPM) were also in attendance along with Doug Shanley (the Association's CPA) and Kristen Brown (the Association's attorney).

Minutes of the Last Meeting

Hunt moved to approve the minutes of the January 5, 2016 meeting and Gras seconded. All were in favor and the motion carried.

Fiduciary Responsibilities

Kristin Brown provided an overview of the Board's fiduciary responsibilities (see attached presentation). Since each director has control over the affairs of others, and has a relationship of trust, they have specific fiduciary duties. A breach of these duties exposes the directors to liabilities to owners, the Association, and others. There are three fiduciary duties: Duty of Care, Duty of Good Faith, and Duty of Loyalty. The Duties of Care and Good Faith mean that directors must act with the care that an ordinary person would employ in that position. This means that directors should attend meetings and use their own judgement (rather than relying on other directors). In addition, if directors do not have adequate information, they have the right to obtain that information from experts before voting on a matter. The Duty of Loyalty speaks to conflicts of interest, such as self-dealing. The board must scrutinize every transaction that involves an outside vendor. In order to abide by their fiduciary responsibilities, each director should be informed about matters involving the HOA, attend and participate in meetings, review the meeting minutes to ensure that they accurately reflect the meeting, and know the governing documents,

In addition, Brown will be rewriting the Association's governing documents. Brown asked the board to let her know if there is confusing language or sections that need to be clarified. She also asked that the board read and review the edits that she sends to them.

Late Fee

Roberts stated that two owners recently questioned the legality of the 25% late fee. Roberts confirmed with Brown that the 25% late fee is not allowable by law. Roberts and Brown settled on a revised late fee of \$50, which will be in effect as of January 1, 2016. Wilson wanted to discuss this with the board as he had concerns with how the Association will address late fees assessed in the past. Roberts spoke with Brown about these concerns, and Brown advised her that the Association should not retroactively credit every late fee, and that they should enact the \$50 late fee moving forward.

Review of 2015 Financial Statements

Shanley reviewed the 2015 financial statements. He first discussed the balance sheet as of December 31, 2015. The total accounts available was \$909,118.81 which consisted of \$119,777.73 in the operating account and \$789,341.08 in the reserve accounts. Roberts presented supporting documents detailing the reserve accounts and the reserve schedule. Shanley then discussed the accounts receivable summary, accounts payable summary, and the profit and loss report. The chalets were \$44,985 over budget, and the condos were \$730.85 over budget, totaling \$45,716. This was due to maintenance and repairs costs, primarily the mold mitigation project.

Gras made a motion to accept the 2015 Financial Statements as presented. Hunt seconded the motion. All were in favor and the motion passed.

Accounting Issues

Accrual Basis VS Modified Accrual Basis of Accounting

Roberts believes that it may be a good time to move from a modified accrual basis of accounting to an accrual basis of accounting. The modified accrual method was adopted last year, and means that the Association was operating on a cash basis for most of the year, and an accrual basis at the end of the year. The accrual method allows the board to have a clearer picture of the financial standing of the Association and makes it easier for planning.

Hunt made a motion to change the accounting basis from modified accrual to accrual. Wilson seconded the motion. All were in favor and the motion carried.

Quarterly Financial Reporting Versus Monthly Financial Reporting

Roberts explained that, after changing from modified accrual to full accrual, the board may only need full reporting on a quarterly basis. Monthly reports can be provided if needed, and Wilson and Roberts will continue to review the monthly financial statements. Roberts would like to try this to see if it meets the needs of the board.

Hunt made a motion to move to quarterly reporting. Wilson seconded the motion. All were in favor and the motion carried.

Accounting for Reserves and Other Savings

Roberts discussed opening a separate savings account for the insurance deductible and the carpet replacement for the condo buildings. Rather than taking money out of the reserve account for these smaller expenses, she would like to use the true reserves for the roofs and siding and keep the reserve expenses clear.

Wilson made a motion to open an account at Big Sky Western Bank savings account for short term reserves. Hunt seconded the motion. All were in favor and the motion carried.

Schedule Next BOD Meeting

The next BOD meeting will take place on March 8th, 2016.

Property Management Report

Davis presented the Property Management Report. He stated that the Full Focus software has been implemented. He also stated that there was an issue with the hydraulics pump in the compactor. There have also been issues with residents placing unsuitable items in the compactor (vehicle radiators, toilets, etc.). Davis stated that the road pack has been breaking up, and that snow removal from the roofs has been a focus. Davis also explained that the majority of rule violations on his report are for vehicles parked in the roadway or vehicles without passes. Roberts asked if the board should send out another request for proposal (RFP) to mold mitigation companies, or if they should go with Buffalo Restoration again. Hammond stated that HPM will try to have some options by the next BOD meeting. Roberts also asked if any owners had sent back completed applications for their long term RV parking spaces. Everett stated that three owners had sent them back. Roberts would like HPM to send a communication to these owners stating that if they do not respond by the end of February, they will not have a spot reserved and if they do not remove their RV by March 15th, they will be towed. Hunt asked why some units have heat tape and some don't. Hammond explained that there are many factors, including which direction the roof plane faces, quality of roofing products and construction, quality of insulation, etc. There are also issues with owners and renters unplugging the heat tape. Roberts asked if Full Focus would allow HPM to keep track of renters in units. Everett stated that it has the capability, but getting

that information from owners may be a challenge. Roberts explained that requiring owners to provide their renters' information could be included in the rewrite of the governing documents.

Snow Removal Update

Gregory presented the snow removal update. She stated that she has seen the shovelers out, and that the slush on the roadways has been challenging for the plow guys.

Parking Issues

Deputy Seth Gibson with the Gallatin County Sheriff's Office joined the meeting to address some of the board's questions and concerns regarding parking on campus. Roberts asked if the Sheriff's office can assist with enforcement of parking rules at Firelight Meadows. Gibson stated that, according to the state, the roads are on private property. He stated that if vehicles are parked in front of fire hydrants or in handicapped spaces, they can address them. He explained that the HOA can post signs and tow vehicles if they are in violation of the HOA's parking rules. Deputy Gibson will ask his Sergeant to clarify whether or not the roads are public or private. Hunt asked if the Sheriff's office could assist the HOA with vehicles parked in the roadway if the roads are all designated fire lanes. Gibson stated that they can write tickets for vehicles parked in fire lanes. The board thanked Deputy Gibson for coming to the meeting.

Newsletter/Website Update

Hunt provided the newsletter/website update. Hunt met with Everett to discuss the newsletter and website. They decided that the newsletter will go out every other month, will go out 7-10 days after board meetings, they will be sent to all property management companies on campus, and the contact list will be updated prior to the newsletter being distributed. Everett stated that HPM is working with Full Focus and HPM's new web developer. Hunt stated that all of the documents that should be on the website currently are, but it will be more user friendly with the new layout. Hunt also explained that he will be more involved with the content of the newsletter.

Legal Report

Roberts presented the legal report in an executive session held after the meeting adjourned.

Communications from Owners

One communication regarding the long term RV parking was presented.

Old Business

Update on New Parking Rules/Extra Spaces in Condo Area

Hunt and Gras did a walk-around on campus to count additional parking spaces. Hunt stated that there are approximately 70 extra parking spaces (besides the garage and driveways) in the Chalets. There are also 38 extra spaces in the Condos. Hunt's and Gras' opinion is that no additional spaces are needed if the board enforces the rules that are currently in place (two vehicles per unit) as each chalet has two parking spaces (one in the garage, one in the driveway). Hunt discussed the 12-hour rule for guests. He stated that this can be removed from the rules and regulations. A communication will be sent via email and will be posted on the units stating that the parking rules will be strictly enforced as of a certain date. The parking committee will send this communication to the board for review prior to distributing the document.

Ratify RV Parking Resolution

Roberts made some changes to the application section of the RV Parking Resolution and reviewed them with the Board. Gras asked if a rate sheet could be added to the application. Roberts agreed and will add this to the application.

Hunt made a motion to accept the resolution with the addition of a rate sheet. Gregory seconded the motion. All were in favor and the motion carried.

Update on Survey Regarding Annual Meeting Date

Wilson will send Everett a link to the survey, which she will distribute to all of the owners.

Update on Painting Contract

Roberts presented an update on the painting project. The Association will be able to pay for the painting project through the special assessment and the account at American Bank. She then explained that in the initial bid, the soffits would be painted the body color, but in the renditions, they were painted the trim color. The painting contractor told Roberts it would be an additional \$92,000 to paint the soffits the trim color.

Wilson made a motion to continue with the bid as written, including leaving the soffits painted the same color as the body, and trim around the windows. Hunt seconded the motion. Gras, Wilson, Hunt, and Gregory were in favor. Stone was opposed. The motion carried.

New Business

Ratify Vote Regarding Temporary Change in Late Fee

Hunt moved that there is a temporary change in the late fee from 25% to a flat rate of \$50 until the Declaration is revised. Wilson seconded the motion. All were in favor and the motion carried.

Invoice Approval Process

Invoice approval process was tabled until the next meeting.

Adjournment

Hunt moved to adjourn the meeting. Wilson seconded the motion. The meeting adjourned at 9:16 pm.



Annette Stone, Secretary

8.03.2016

Date