

Minutes of the Annual Owners Meeting

For the Association of Unit Owners of Firelight Meadows

September 9, 2016 6:00 PM, Buck's T4

Call to Order

Presiding Officer Karen Roberts called the meeting to order at 6:05 pm.

Directors in attendance were Karen Roberts of unit 319, Annette Stone of unit B12, Kari Gras of units 184, A1 and B1, Curt Wilson of unit B2, Laura Gregory of unit D9, and Steve Cherne of unit 308.

Also in attendance were owners Scott O'Connor of unit 251, Travis Wangsgard of unit 354, Bob Cundey of unit 297, Bruce and Amy Das of unit 103, Pride Fisher of unit 140, Christopher and Kelly Johnson of unit 216, Patricia Krause of unit D12, Jeff Alger of unit 367, Jamie Anderson of unit 80, Dan Lakatos of unit 107, Daniel and Tonya Murray of unit 352, Rosalie Roeder of B19, Daniel Fenner of unit 208, John Peck of unit 181, and Karla Yeager of unit B9. The following owners attended the meeting via WebEx: Chris Moon of unit 495.

Guests present were: Accountant Doug Shanley, attorney Kristin Brown, Scott Hammond, Mike Palmer, Michelle Everett, Tom Davis and Katie Coleman of Hammond Property Management (HPM), and Kevin Loustaunau of Westfork Utilities.

Quorum Report

A quorum was established by proxy and by those in attendance.

Minutes of Last Annual Meeting

No corrections were made to the 2015 Annual Meeting Minutes. The minutes were approved.

Septic System Update

Loustaunau, one of the owners of Westfork Utilities (WFU), presented a septic system update. He explained that over the last couple of years, they have noticed a change in the quantity and quality of the wastewater that comes through the treatment systems. The flows, and more importantly, the strength of the wastewater that needs to be treated and removed have grown. WFU profiled the wastewater and discovered that the content was consistent with typical residential wastewater, but in larger quantities. Loustaunau stated that in 2008 or 2009 there was a significant issue with the system causing wastewater to seep to the surface. This issue led to an expensive repair project, but the system worked well up until approximately two years ago when the wastewater strength and flow became much greater than the system is designed to handle. Notices have been posted at each unit advising residents of what is acceptable to pour down the drains, but the problem continues. The Department of Environmental Quality (DEQ) has issued WFU a permit to discharge the wastewater to groundwater. This permit requires WFU to test the effluent quarterly and submit the results to the DEQ. WFU has exceeded the limits of the permit for six or seven of the last eight quarters. The DEQ has given WFU some leeway as they understand that WFU is struggling to find a solution to the problem. The five-year permit expires in 2018, which gives WFU approximately six months to find a solution before going through the application process again. Some options that WFU is considering would be to expand the current treatment system or add another step to the treatment system. He noted that the current treatment system is mechanically sound, but is simply too small and being overloaded. Roberts stated that main concern for the FLM owners is the cost increase that they will face. Loustaunau explained that he does not have exact figures, but estimated that the cost could be around \$500,000. These costs would be passed down to the unit owners through rate increases, which would be presented to the Public Service Commission (PSC) for approval. Johnson asked what WFU has done to identify where the issues with the wastewater are coming from. Loustaunau stated that WFU looked into all of the manholes and could not identify an area that seemed to be problematic. Roberts explained that even if they were able to determine which units were contributing to the wastewater problem, there is no way that the HOA can prevent residents from putting unacceptable types of household waste down the drains. Loustaunau also stated that there are three treatment systems on campus, two that serve the chalets and one that serves the condo buildings. He explained that the systems serving the chalets are much more overloaded. Roberts asked that owners inform HPM if they notice what appears to be a commercial operation on campus.

Financial Report as of December 31, 2015

Roberts stated that the 2015 year-end financials were included in the meeting packet for owners to review.

Financial Report as of August 31, 2016

Shanley then presented the financials as of August 31, 2016. He began with the balance sheet. He stated that the total cash available in the Association's checking account, savings account, money market account, and CDs was \$980,169. He stated that the net accounts receivable was \$29,904. He then discussed the profit and loss for both the chalets and condos together. He noted that the Association was \$36,365 over budget, most of which was due to the trash removal, maintenance and repair, and insurance line items. Roberts stated that the Association faced higher insurance premiums due to a number of claims that were covered by the Association's policy rather than individual owners due to the way that the current governing documents were written. This will be addressed in the Declaration rewrite. Roberts also explained that there were several unexpected repairs that had to be addressed, including repairing damage from an ice dam on a roof and a transom repair that resulted from structural issues.

Proposed 2017 Budget

Roberts explained that the Declaration is very specific that each owner owns .463% of the common elements. Prior boards split some common expenses differently for condo and chalet owners, but this year these expense are shared equally as specified in the Declaration., which created an increase of 24.6% for condo owners. The budget for the chalets increased 2.5%. Kristin Brown clarified that the board of directors does not have the ability to change the way the common expenses are split, but can determine the way the limited common area expenses are assessed based on units that they service. Roberts stated that the definitions of common and limited common elements are in the Declaration. Yeager asked if the current condo deck staining would be considered a common or limited common expense. Roberts explained that since the entire campus was painted during the summer of 2016, they were included as a common expense, but would be an individual owner expense moving forward.

Trash Compactor and Trash Management

Annette Stone discussed the trash compactor. She stated that prior to installing the compactor, Allied Waste estimated the annual cost would be approximately \$11,000. The costs associated with the trash compactor for the first full year of operation (2015) were \$16,925. The proposed budget amount for 2017 is approximately \$37,000. The cost per year for the dumpsters at the condo buildings was \$35,500, which did not include trash service for the chalets. Roberts explained that with more people living on campus, the trash costs go up. Roberts also stated that in addition to the cost of the compactor, the Association is also dealing with people improperly dumping large items and trash in the enclosure that cannot and should not be placed into the compactor's hopper. The board has been discussing ideas to better manage the compactor area including installing cameras and doing donation drives to reduce the amount of trash placed around the compactor. Roberts explained that there was an additional line item in the 2017 budget for "Trash Management". This item was included to reimburse HPM for managing the trash compactor and keeping the area clean.

Votes on Proposed 2017 Budgets

A vote was held to approve the proposed 2017 condo budget. 29 were in favor and six were opposed. The budget passed.

Roberts discussed an additional line item for parking rule enforcement for the chalets. The HOA would have a contract with a tow company to patrol the chalet roads and parking areas on nights and weekends. Alger and Johnson both stated that rather than spend \$12,000 per year to enforce parking, they would like to see more parking spaces created with these funds. Lakatos would like to see more enforcement rather than to create more parking spaces for units that have more than three vehicles. Roberts then presented options to add spaces in two areas. To add both of these options, the cost would be \$187 per unit. The group discussed enforcing the fire lanes. Hammond and Roberts explained that they have asked the Gallatin County Sheriff's office repeatedly to write tickets for fire lane violations to no avail.

A chalet only vote was held to approve the additional parking patrol line item. Twelve were in favor and four opposed. The line item was approved.

Chris Johnson stated that the grass is dry and dying and the landscaping needs significant work. Hammond stated that the irrigation system is subpar and is aging. He suggested improving it phase by phase. Roberts explained that landscaping would be a priority next year.

A vote was held to approve the proposed 2017 chalet budget. 43 were in favor and none opposed. The 2017 chalet budget passed.

A vote was held to approve the total 2017 budget. 68 were in favor and five were opposed. The 2017 total budget passed.

Property Management Report

Hammond presented the property management report. He explained that HPM's main focuses over the past year were parking enforcement and the painting project. The painting project has exceeded expectations and has been done on schedule. He also noted that some HardiPlank warranty work was done. Some work was done to the irrigation system as well. Roeder stated that the common condo areas need some attention.

Snow Removal and Landscaping Report

Gregory presented the snow removal and landscaping report. She stated that it was a great snow removal year. She also thanked Palmer and Gras for their help with the landscaping portfolio. She noted that the sprinkler usage was limited due to the painting project. She also stated that 29 trees and shrubs would be planted in the fall. Some landscaping items had been neglected due to other important maintenance and repair items that had to be addressed. Ways to improve the appearance of the RV parking area were discussed including adding larger trees or building a fence. The rock beds around campus were also discussed, and it was agreed that they need to be addressed.

Neighborhood/Aesthetics Portfolio

Gras presented the neighborhood and aesthetics portfolio. She stated that the Association has come a long way, especially with parking enforcement and the painting project. She encouraged owners to send photos of rule violations to HPM. She believes that the fire lane implementation was a very good idea as it helps with safety and parking enforcement. She also spoke about how the painting project has increased property values and curb appeal. The third flagpole will be removed, and the next area of focus will be the playground/workout area near the condo buildings.

Website and Newsletter Report

Roberts stated that the website is in the process of being updated and improved, and that more information will be available on it soon.

Legal Report

Roberts stated that there were no lawsuits against the Association or its agents. She also explained that the Association is still pursuing a foreclosure on a significantly delinquent unit. Her focus for 2017 is to make sure that the Association does everything it can to collect on delinquent accounts, including filing liens and revoking privileges.

President's Report

Roberts stated that her main focuses in 2016 were the painting and parking enforcement. Her primary focus for 2017 will be the rewrite of the Declaration. The main concentrations of the rewrite will be to remove references to the declarant, and to simplify and streamline the document so that future boards can utilize it consistently. The goal is to have a draft to present to the unit owners by the end of the year. She also plans to continue working on the parking and landscaping issues. Additionally she would like to tighten up the management, landscaping and snow removal contracts. She encouraged owners to send feedback to firelightmeadows@hotmail.com. Krause asked about buying back the water and sewer system. Roberts explained that she, Hammond and Loustaunau met with the Big Sky Water and Sewer board in the fall of 2015 about hooking up to the BSWS system. It would be very expensive to buy the system from WFU and hook up to the BSWS system, but this option is still being considered. The first thing that needs to happen is for BSWS to let the board know if they are willing to annex Firelight into their system.

Board Composition

Wilson discussed the board composition. He explained that the board currently consists of seven members. The board has recently discussed adding the position of vice president. He also stated that the board has discussed adding an additional board member. Roberts added that the Declaration allows for a minimum of five and a maximum of 11 board members. She also clarified that the governing documents do not specify the number of chalet versus condo owners on the board.

Pride Fisher made a motion to add an eighth board member. Pat Krause seconded the motion. All were in favor, and none were opposed. The motion carried.

Wilson explained that there are currently three chalet owners, three condo owners, and one owner that owns one chalet and two condos. He also noted that there are three full-time resident owners and four part-time resident owners on the board. Roberts' term is expiring, so there will be two open board positions to be filled. Brown stated that the governing documents state that there are four categories: resident apartments, resident villas, nonresident apartments and nonresident villas. Only owners belonging to these categories can vote on nominees within these categories.

Pride Fisher made a motion to allow all owners present to vote on all nominees regardless of whether they are condo residents, condo nonresidents, chalet residents, or chalet nonresidents. Dan Lakatos seconded the motion. All were in favor and the motion carried.

Curt Wilson made a motion to nominate Karen Roberts to another term. Travis Wangsgard seconded the motion. Todd Williamson made a motion to nominate Jeff Alger. Dan Lakatos seconded the motion. The nominations were closed. All were in favor of electing Roberts and Alger to the board.

The 2017 Board of Directors:

- Karen Roberts of unit 319 – term expires in 2019
- Jeff Alger of unit 367 – term expires in 2019
- Annette Stone of unit B12 – term expires in 2018
- Curt Wilson of unit B2 – term expires in 2018
- Steve Cherne of unit 308 – term expires in 2018
- Greg Hunt of unit 278 - term expires in 2018
- Kari Gras of units 184, A1, and B1 – term expires in 2017
- Laura Gregory of unit D09 – term expires in 2017

Old Business

The proposed parking options had already been discussed. The board will continue to discuss these options. Roberts asked those present to indicate whether or not they were interested in adding additional parking spaces. Four owners were in favor.

New Business

Potential Change in Property Type of Unit CB

Roberts stated that one of the main changes in the Declaration rewrite is to address the property type of unit CB. Unit CB is the "daycare site". The current Declaration states that the land is to be used for commercial purposes only. The site is currently owned by the developer, and he has requested that it be changed to a residential site. Roberts asked if the owners present were in favor of changing the property type from commercial to residential. The owners agreed that if it benefits the owners, it would be acceptable. Roberts also clarified that anything built on the site would not be tied into the WFU water and sewer system.

Potential Change in Allocation of Common Expenses

Roberts then discussed the allocation of common expenses. The board has discussed ways to make these expenses more equitable. One option would be to base the common expenses on square footage. This would also change each unit's ownership percentage. Roberts presented a breakdown of this proposal. Roberts clarified that this would only apply to the

common expenses and reserves, not the limited common expenses. Everyone agreed that it would be more equitable to base the allocation of common expenses on square footage. As such, this issue will be discussed at a town hall type meeting to get other owner input for a potential change to the Declaration.

Declaration Rewrite Update

Brown discussed the rewrite of the governing documents. The current Declaration has 16 amendments, which will be consolidated into one document. The Declaration Rewrite Committee has seen a draft of the revised and restated documents. The entire board will receive a redline version. After the board reviews the documents and provides their input, an updated version will be prepared and sent to all unit owners and a town hall meeting will follow to discuss the potential changes. A second town hall meeting will be held to allow owners to give additional feedback, and once any additional changes have been made, a vote on the revised documents will take place. The main goal is to simplify the documents so that they are more easily understood.

Adjournment

Dan Lakatos made a motion to adjourn at 9:55 pm. Travis Wangsgard seconded the motion. All were in favor. None opposed. The meeting adjourned.

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