



PO Box 160099 Big Sky, MT 59716

Annual Owners' Meeting
February 9, 2018 9:00 AM
Big Sky Water & Sewer District Building

Call to Order

Treasurer Bob Shanks called the meeting to order at 9:01 am. A quorum was established with over 63% of the membership represented in person and by proxy.

Board members in attendance were Bob Shanks of unit 30, Frank Alley of unit 36, Colin Dobrovolny of unit 13 (via phone), and Kelly Brown of unit 22(via phone). Owners in attendance were Sue Merry of unit 35, Cynthia Garrity of unit 37, Carolyn Ostby and Keith Strong of unit 27, John Christianson of unit 25, Adrienne Kirby of unit 15, and Eric Jaffee of unit 5. Anne Reid of unit 34 attended on the phone. Also in attendance were Accountant Rich Lindell of Lindell & Associates, P.C. and Scott Hammond, Ryan Welch and Katie Coleman of Hammond Property Management.

Approval of the 2017 Annual Meeting Minutes

A motion was made and seconded to approve the Minutes of the 2017 Annual Meeting. All were in favor; none opposed. The minutes from the February 17, 2017 Annual Owners' Meeting were approved.

Financial Review

Rich Lindell and Bob Shanks presented the Financial Report, walking through the spending from the previous year, the cash flow situation and discussing the 2018 budget.

Upon reviewing the previous year's spending, the bottom line was under budget by \$17,380 primarily due to cautious spending in preparation for an insurance claim with an expected deductible that did not become the responsibility of the HOA.

There was a flood that resulted in an insurance claim. The temperature in the unit dropped dangerously low and the fire suppression system froze. The HOA was able to avoid a \$10,000 deductible due to Collin and Bob's diligence. The BOD recognized and applauded Collin and Bob's involvement in the issue, which resulted in a minimal cost to the HOA. A discussion was held regarding the details of this claim.

Rich Lindell addressed cash balances and reserves. He stated that the HOA has a great treasurer in Bob Shanks who regularly monitors. As of December 31st year end, the HOA had \$406,478 in cash with most of that being in savings. He will be transferring another \$100,000 into the savings account soon. Total operating expense of \$288,940 resulting in a surplus of \$20,522. \$65,000 was added to the roof reserve,

\$2,000 to the road reserve, and \$5,000 to the general betterment reserve with a \$1,000 expenditure from the insurance reserve due to the insurance claim with unit 3.

A discussion was held regarding the surplus in the operating fund. The surplus is taxable income, but the IRS allows the HOA to spend that money first in order to avoid the taxes on that taxable income. Ideally the operating fund is kept as close to 0 as possible, putting as much money into reserves as the HOA can. Reserves are not taxable because they are capital in nature, or they are for the major common elements. It is defined by how we invoice it, Lindell invoices it as operating and a surplus cannot be moved to reserves and be reclassified from taxable to untaxable.

2018 Budget and Projects

Shanks stated that bottom line has not increased and there was no increase in dues. He also stated that there was no increase in insurance although there were claims this year. He did inform the group that due to the catastrophic occurrence across the country, everyone can expect to have insurance rates increase in 2019. Shanks walked through all line items and explained any changes. A discussion was held about a few items.

Shanks reminded everyone that they are responsible for adding the SPC HOA as additionally insured on their policy, supplying HPM with a renewal certificate on an annual basis. Alley noted that this is not a suggestion but a requirement of the Declaration.

A motion to approve the financial reports and the 2018 budget was made and seconded. The motion was unopposed and carried unanimously.

Property Manager's Report

Ryan Welch presented the property manager's report and focused on highlights over the year. There was an itemized report included in the annual meeting packet. He noted that the flood in unit 3 was the most significant occurrence for the year but was discussed earlier in the meeting. He reported that the pond feature went out in the spring and was replaced. Welch also noted that a walk through with an insurance agent resulted in the HOA not restocking the pond due to activity around and with the pond being an increased liability.

Welch reported that he obtained bids for landscape service which were all excessive so the HOA commenced with using HPM again. Individuals in the group complemented the lawn and planters and stated they were much better than the previous summer. Welch wanted it to be known that the coping around the pool is failing and he has been repairing as much as possible over the years. However, the group should begin considering a complete resurface in the near future and plan financially for this expensive work.

There was a fire in the pool mechanical room that resulted in the pool being out of commission for weeks after. This was due to the need for the fire suppression system needing a repair that necessitated a hand made part. Welch stated that the fire suppression system did its job and prevented a much larger situation. It should be noted that HPM did not make the decision to keep the pool closed. The BOD made the decision due to the liability.

Welch stated that approximately 75% of the membership took the opportunity to conduct annual boiler inspections as a group effort. It is worth noting that Welch feels it is money well spent. The contractor knows the systems well, often can identify problems before the winter season, the units that do have the annuals done have a lot less major issues, and the group rate is a good deal.

Lastly, Welch reported that the Crail Creek flooded in December when an obstruction caused the creek to change course. Unit 3 and surrounding units were at risk of flooding. Big Sky Water and Sewer Department brought a backhoe to remove the obstruction and set the creek back on track.

2018 Project List

Shanks noted that he addressed the projects in the budget and manager's report.

Other Business

Recognition of Departing BOD Members- Dobrovolny stated that the BOD would like to recognize Jana Norton and Kelly Brown for their time and efforts over the years. Norton sold her unit and Brown decided not to run for reelection.

Report from Frank Alley Regarding Rules- Alley stated that he and former BOD member, Jana Norton, have been reviewing the rules and regulations as the rules committee. Alley presented a document of issues and suggested procedures for said issues. This document was included in the annual meeting packet. It was noted that most of the violations with rules and regulations stem from short term rentals. An effort to communicate expectations to the various property managers will be made once the modifications to the rules and regulations are made.

Casualty Losses- This topic was addressed earlier in the meeting.

Smart Thermostats- Shanks addressed this type of device as a preventative measure to inform owners of their heating system failing. Welch explained the importance of having a qualified technician to install any such device as there is an issue with the wiring that will result in boiler damage if installed incorrectly. Any issue with boilers is an owner's responsibility to maintain and pay for. Shanks reminded owners to keep the heat at 55 degrees in the garage and throughout the unit, keep the garage doors closed during winter in order to prevent pipes in the unit from freezing.

Unit Owner Comments/Question- A brief discussion was held regarding the group window washing and the owners wanting to organize that again, at individual unit owner's expense. An owner mentioned a sick tree outside of unit 27 that needs addressed. A discussion was held about satellites and adding a second dish for Hughes Net on a building. It was determined that this rule has been established and is not changing. Direct TV is the only service allowed on campus outside of cable.

Board Member Election

Three board positions were up for election, one due to the sale of Norton's unit, one due to Brown's decision not to run again, and one due to Dobrovolny being up for reelection. Sue Merry and Greg Bair have expressed interest in serving on the BOD.

A motion to close the floor and accept the candidates by acclamation was made and seconded. All were in favor and the motion carried.

Adjournment

A motion was made to adjourn at 10:56 am. The motion was seconded, all were in favor. None opposed. The motion carried.