



2019 Annual Meeting Minutes

The meeting was called to order at 9am by Association President Adrienne Fleckman at Shoshone Conference Center on December 6th, 2019.

Big Sky Resort

9:05am- Presentation by Patrick Tyvand, Director of Owner Services and Vacation Rentals

Provided binders showing renderings of planned updates to the resort, new RFID technology, press releases.

Bear Back POMA lift scheduled to open December 14th.

The resort has heard complaints from owners about housekeeping parking in driveways and leaving trash outside and has plans to address concerns. Owners can contact Big Sky Resort and speak with Patrick directly for such concerns, or call his cell: (406) 539-8826.

A question was asked regarding information provided to renters. Renters are given Terms and Conditions upon booking, a list of rules upon check-in at the desk as well as a Welcome Letter in the condo, each explaining rules regarding smoking, noise, etc. They are instructed to read and sign at check-in.

The resort is expecting a strong winter season. Items like projected revenue cannot be shared. The resort has implemented a new revenue management system that incorporates dynamic pricing based on demand. Such systems are being used in many other ski destinations in the west.

Only owners who are part of the rental management program will have access to Huntley gym and hot tubs.

Update: An annual pass is also available for the Shoshone Health club for \$425. It can be purchased at Base Camp.

Owners requested follow up from the resort regarding an earlier start time for the POMA lift so that they could reach lifts accessing the mountain before 0900 and improved grooming for access to the POMA.



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Lynnrich Seamless Siding and Windows

10am- Presentation by Joey Godwin and Cheney Raymond

Lynnrich General Info:

Lynnrich provides on-site seamless steel siding installation as well as water/mold remediation and demolition. Lynnrich stated that all workers on-site are Lynnrich employees and they do not use sub-contractors. Products are warranted by the manufacturer for 35 years, against fading, rusting or degradation. Lynnrich warranties their workmanship for 5 years. Both warranties are non-pro-rated. It was mentioned that similar products such as Hardie cement board and LP SmartSide offer 50-year prorated warranties. Lynnrich provides siding, soffit, fascia, windows, doors, trim, gutters. They do not replace garage doors.

Hill Condos Project:

Conversation began regarding the renovation of the Hill Condos, a recent project by Lynnrich in Mountain Village. Attendees were asked if they have seen the project and addressed questions to Lynnrich. The siding was done in two parts with lap siding above and corrugated steel at the bottom. Lap siding and board and batten products are from Quality Edge, which come as thick as 28-gauge and corrugated steel was done with a Bridger Steel product which is 26-gauge galvanized steel with a color coating on the surface called Rawhide. The coating is customizable and the material is available in up to 18-gauge thickness. Window trim was 28 gauge.

General Seamless Product Specs:

Prices range depending on gauge and color.

Window trim width can be customized to allow for the possibility of owners to replace windows during residing or later.

Lynnrich fabricates and bends the metal onsite to fit the width of the span the siding will cover. Width and projection are also customizable. Board and Batten panels are customizable as well, and are interlocking panels. The product is pre-painted so it does not require repainting every 5-7 years. It is intended to be a lifetime product (50 years).

Maintenance/Repairs:

The issue of maintenance/repairs was addressed. No repainting is necessary for maintenance. If a panel is dented or dinged that panel would have to be removed and replaced, unlike wood or metal siding that would also have to be repainted.

Project Planning:



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Lynnrich does not provide in-house design services. When working on the Hill Condo project, the HOA hired an architect to create the design and specifications. An HOA-hired project manager worked as a liaison on-site and an HOA property manager organized the project.

Eric Kronberg highly recommended the use of an architect for the Big Horn project to coordinate the design and specs so the scope and price can be determined ahead of time. Cheney stated that plans must be submitted to BSOA for approval before permits can be pulled, and that BSOA requires plans to be drawn up by an architect. Plans previously drawn up by Centre Sky are still accessible and can be adjusted to meet current thoughts on the project. These drawings are available for viewing on the Big Horn website.



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Timeframe:

Lynnrich estimates that they could do the project over 2 building seasons (April-October), starting in 2021. This is based on completion of Big Horn project specs 16-20 weeks prior to the start of work.

Weather Damage Remediation:

Lynnrich stated they perform any water damage/mold remediation on-site without the use of a subcontractor. They do expect to find damage due to design flaws and age. Every effort will be made to estimate before-hand. Any additional damage found during demolition will be billed at an hourly rate, stated in the contract.

Windows/Doors:

Window replacements are recommended at the time of re-siding. Lynnrich can replace windows with a wide range of options and can custom color-match outside and inside colors to new siding and existing interior decor. Lynnrich can also offer a wide range of door options. Rennie mentioned that Simkins-Hallin advised against using sliding glass doors in our area and George Gil (Big Horn Maintenance Manager) agreed.

Attic Ventilation:

There was a discussion about attic ventilation. George stated that most of the soffits on the buildings are sealed and do not provide adequate ventilation. Lynnrich could look at the issue and provide a proposal for solving the problem. Joey stated that the problem could potentially be solved with new soffit and baffles for a minimal investment and that Quality Edge specializes in a product that is drilled instead of punched for better airflow.

Previous Bid:

The previous bid performed by Lynnrich is for lap siding from top to bottom. It does not include windows, doors, trim or wainscoting at the bottom (required to withstand wear). These items can be changed and/or added to the bid. An updated bid is pending, including a clearer scope of work to be performed.

First Security Bank

11am- Presentation by Tim Kent, Big Sky Branch President

HOA Loans:

A substantial number of HOAs in Big Sky have used HOA loans for projects such as residing. The bank uses the HOA's right to assess additional dues as collateral. The bank does not file a lien against the real estate, as it is owned by 70 owners, in this



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case. Tim stated that during his tenure, nor in the history of the bank have they seen an HOA have to assess additional dues or default on their obligations.

Loan Details:

The bank would structure a commercial construction loan for the estimated timeframe and cost of the project, which has been suggested to be 18-24 months. The HOA would begin the application process in earnest 3-4 months before the start of construction and then a line of credit would be extended originating when the construction starts. Interest is only charged on the amount of money actually used for the project. The HOA will need to deposit 25% of the project cost to initiate the process. The loan repayment term begins when construction is completed and can be 3, 5- or 7-year ARM with a loan term of 10-25 years and would be paid using special assessments billed to each owner.

Payoff Option:

Big Horn accountant will keep track of amounts paid vs. borrowed for each unit. Initially and on an annual basis as soon as the loan amortizer, unit owners will have an option to pay their individual loan amount in full. Special assessments would then be satisfied. The loan would be structured for the entire group and cannot exclude those who would like to opt-out of the loan. Tim Kent offered to put the association in touch with larger and smaller HOAs that have taken out HOA loans for guidance.

Individual Liability:

The issue of individual liability for the entire cost of the HOA project was raised. Tim Kent stated that the individual liability is no different than general assessments and normal expenses. If an owner defaults on payments, the rest of the association would be liable for that amount. Rennie stated that in the 4 years she has been on the board late dues has not been an issue, speaking to the question of individual liability for the group's expenses. During the recession of 2008-09 there was only 1 owner that defaulted on HOA dues. The association had to pick up the slack for that unit until that unit went into foreclosure. The full amount of arrears was collected upon the sale of that unit. The HOA retains the same recourse as provided for regular dues as special assessments as detailed in the bylaws for owners who default on payments. The question was raised to Tim about whether the bank could legally pursue collections on a defaulted amount before the HOA, effectively limiting the liability of the HOA. Tim replied that he would have to look into it.

Maintenance/Repairs:



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The point was made that the association is currently charging a special assessment and that there is a budget line item for roughly \$50,000/year to perform necessary repairs to the exterior of the buildings. The speaker raised the question of whether it makes more sense to be paying for repairs each year vs. proactively solving the entire problem of degradation to the exterior.

Other Financing Options:

It was discussed that the other options available would be:

1. The HOA continues to charge special assessments at the current rate of \$3500. Based on the (incomplete) bid we have from Lynnrich Seamless Siding of \$1.8M and the current amount the HOA has already collected (\$620K) it would take approx. 5 years to collect that amount. The amount of \$1.8M does not include the additional necessary costs such as architect, legal, project management, demolition, trim, landscaping additional mold remediation. There was discussion about inflation and building costs and whether costs could be expected to go up or down in the near future. The point was raised that the HOA could continue to collect special assessments up to the start of construction and during the project to bring down the principle amount of the loan. The point was made that the building exteriors continue to degrade and property values will be affected the longer the HOA waits to commence the project. A suggestion was made to increase assessments in order to reduce the amount of a loan. The HOA has the option to charge up to \$5K per year.
2. Each owner pays in cash upfront or secures their own HELOC or personal loan.

Langlas and Associates, Inc (General Contractors)

12pm- Presentation by Bud Daigle and Kevin Cooper

Information on Langlas was distributed to owners via Big Horn website Dec. 5th and product samples and brochures were made available at the meeting. Langlas is a 2nd generation construction company with many years of experience on projects large and small in Big Sky.

Workmanship:

They approach a project such as Big Horn with a holistic viewpoint, with particular interest in what lies behind the siding. They stated that much attention to detail goes



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into their work to assure quality and proper workmanship. They hire subcontractors to complete large projects and stated that their team is very large, so they have the ability to work faster. Kevin communicated that it is his job to manage the project, creating continuity of work between subcontractors and coordinate scheduling and communication with owners. He stated that he takes care to ensure that full time owners are kept comfortable during the process and making sure renters have access to properties on schedule.

Langlas Bid:

Langlas provided a bid, available on the Big Horn website totaling \$4.286M. The bid includes project management, demolition and disposal of old siding, Anderson A400 series windows (same as present windows), replacement of all exterior doors, electricians to remove and install light fixtures and satellite dishes, improved insulation, replacement of gables for attic ventilation, weather resistant barrier, trim and “The Cadillac” of sidings in a Bridger Steel 24-gauge 6-inch lap, soffit and fascia. According to Bud, this bid covers all HOA needs exclusive of deck replacement.

Recommendations:

Kevin recommends a 24 to 26-gauge product for the project and stated that the lap or board and batten portion of the siding does not need as much moisture resistance and durability as the lower steel portion. The product indicated in the bid has higher ratings for dent and weather resistance.

Bud stated that he spoke with BSOA about the possibility of cladding the buildings entirely in steel and they indicated that it 50% would have to look like wood.

Kevin strongly recommends replacing all windows at the time of residing. He stated that he and an engineer have inspected the buildings and that the windows are past their life expectancy. If replaced together, the contractor can do the weather barrier step in the proper sequencing according to manufacturer recommendations. [Addendum – this may be important for warranties]

Timeframe:

Bud stated that if details were finalized by the HOA by the start of February 2020, the project could be scheduled to begin in April as soon as the resort closes and should be completed by Thanksgiving 2020.

Warranty:



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Product warranties vary from 30-50 years based on final product selection. Langlas provides a 1-year labor/workmanship warranty.

Value Engineering:

The topic of different levels of finishes was discussed. Langlas proposed a process they have done with clients called “value engineering” in which the HOA would come to them with a budget and Langlas would make recommendations on needs vs. wants and places the HOA could conserve costs. Langlas reiterated that there is plenty of room for the bid to decrease based on product selection.

Straw Vote of Members Present on HOA Loan:

12:45pm-

18 members voted in favor of undertaking an HOA loan – not counting Board-held proxies

7 voted not in favor of a loan – including proxies held in the room



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Business Meeting

1:35pm- Call to Order

Board Members Present:

Adrienne Fleckman (President), Kimberlei Northrop (Vice President), Jim Logar (Treasurer), Melissa Warnock (Secretary); Eric Kronberg via telephone

Guests Present:

George Gill- Castle Property Management

- Roll call is taken on the phone and in the room
- Quorum is established
- The meeting comes to order
- Proof of meeting notice is waived
- Secretary accepts proxies
- 2018 Annual Owners' Meeting Minutes are accepted without objection

Treasurer's Report

Assessments:

- A Finance Committee was established with a membership of three. All are long time members and with significant financial knowledge. Recommendations regarding maximizing of general, reserve, savings and special assessment funds yield were provided by the Committee.
- As a result of the merging of Big Sky Western and First Security Banks, FDIC insurance on our funds was limited to \$250,000 as all accounts in one bank are summed and the total is so insured. The Committee chose to take the following actions:
 - An account was opened at American Bank to accept reserve funds which would be FDIC insured. Both American and First Security have branches in Bozeman and Big Sky. This will return the HOA to the prior custom of requiring a physical transfer of funds from the reserve account to the operating account when used for reserve policy approved projects.
 - An account was opened at TIAA Bank to accept a CD of \$200,000 at an enhanced interest rate of 2.2% for 12 months. This is in response to the recommendation to ladder CD's.
 - An account was opened with the Bozeman branch office of the brokerage firm D.A. Davidson, to accept three \$200,000 CD deposits, paying 1.65% with maturity of 3 months (maturing approximately mid-February 2020).



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Each is FDIC insured as part of a CDARS program. A specialist in CD laddering is our contact.

Expenses:

- Gable plywood siding that was warped and delaminating was removed from 6 units, the underlying Tyvek weather barrier was examined and taped where torn, and underlying siding plans were sounded for integrity and the window frames were taped as necessary. New exterior planking was applied. The total cost was about \$20,000, less than the \$48,100 budgeted.
- Cupped cedar siding to be replaced where exposed to extensive UV and IR radiation on certain units was not attempted, due to the onset of winter snows.
- Though not budgeted, landscaping bark was distributed on units along Running Bear. This has not been done for at least 10 years. It had been done twice previously at about a 6-year interval. Bison Run should be done in 2020.
- Snow hauling was not attempted and the \$30,000 budget collected was rolled over.
- Snow retention brackets were applied to the front of units 9 and 10. There was a small amount of other roof maintenance work performed (units 10 and 14).
- Most other expenses were of a regular nature.

President's Report

Insurance: The 2020 budget provides \$5,000 for a Fidelity bond to cover the larger sums now held in the Reserve and Special Assessment Account. This is in addition to the current \$100,000 coverage required by mortgage banks. Obtaining this insurance was delayed because the bonding process requires all the names of individuals with access to the Big Horn funds.

Siding Repairs: Difficulty in obtaining contractors or carpenters and inclement weather limited the work done in summer 2019. The 2016 engineer's report had shown unfavorable lap in a number of buildings. Our contractors found normal lap and a pristine layer of plywood underneath in these Phase II buildings. George Gil and Jim Logar were very happy with workmanship quality. One carpenter has committed to most of the summer 2020 and will begin with a Phase IV building. If we could do necessary repairs, which are almost impossible to keep up with given the labor market, it would cost approximately \$2,500,000 at the current rate, but take years to accomplish with continuing degradation. An owner pointed out that we are blowing \$50,000 per year (or more) on repairs while delaying a full re-siding project.



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Capital Improvement project (CIP):

- A CIP would provide a 30- to 50-year respite with maintenance free materials.
- Architect: The Board has hired Bob Mechels, Hip and Humble Architecture in Bozeman. Bob has experience designing in the Big Sky area and has already had a preliminary meeting with BSOA. The Board has asked for two parallel designs – one with the Lynnrich Seamless Steel Siding product (Quality Edge - Tru-Cedar) and one with Bridger Steel. Between Quality Edge and Bridger Steel the look and feel are different. Quality Edge is 28-gauge steel; Bridger is a heavier 24 to 26 gauge. Hopefully by late Spring/early summer 2020, the Board and Design Committee will have plans to submit to owners.
- Pricing: Bud Daigle of Langlas and Associates included windows and doors in their estimate (see minutes and recordings from the Annual Meeting morning session). A question was raised as to whether Lynnrich estimate includes removal of old siding: Their 2019 estimate did include tear off, removal, re-wrap and insulation. It did not include the “Tru-cedar” product we are interested in. The Lynnrich bid also did not include 3-4 feet of wainscoting that is required because of the thinness of their product. Langlas included the cost of a project manager, which they provide; Lynnrich suggested that we hire a project manager. [Note: Since the meeting, we have asked both Langlas and Lynnrich to wait for the architect’s design specs prior to submitting a new bid. Redleaf engineering has developed documents to obtain bids so that each company is bidding the same scope of work, and so that the scope of work can include optional elements that owners control such as windows, deck doors and decks.]
- Process: The Board will need to present architectural plans for approval by owners, obtain more precise and comparable estimates, determine owner interest in a Capital Improvement Project (CIP), owner interest in a loan to fund a (CIP) and move to formal votes to obtain the 46-unit approval for any large CIP.
- Builder’s Insurance: The HOA will need to obtain builder’s insurance at the time a CIP is initiated. This covers damage to onsite building materials prior to incorporation into a building.
- A straw vote of approximately 27 people represented in person and by proxy at the annual meeting revealed 2-5 units against doing any project and over 20 people interested in a full CIP. One owner who was opposed to doing a large project felt that



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a home inspector had judged the unit condition excellent, but acknowledged that the engineer had graded evidence of severe deterioration

- [Redleaf Engineering condition report is now on the website].
- Comments from owners included concerns that we are now at the height of the demand so prices are high and we should consider waiting a year or two. [Note: It is too late for 2020 because Lynnrich is not free and Langlas needed a commitment in late January. So, we are already looking at 2021 to begin a project. In addition, there are another 3 years of construction planned at the Yellowstone Club and so much construction planned in Big Sky, Moonlight, Spanish Peaks and Lone Moose that this argument may not be relevant locally.]
- An owner pointed out that Langlas is a General Contractor and will be subcontracting, while Lynnrich uses their own full-time crews.

CIP Summary:

The overwhelming majority of owners represented were willing to wait and see what the differences were between Lynnrich at \$3 million and Langlas at over \$4 million before deciding. They wanted to see apples to apples with comparable scope of work to decide if the extra money was worth it.

Committees:

There were no volunteers for the A&M or Finance Committees. [Since the meeting, we have new membership – not yet updated on the website.]

Budget:

- A question was raised about attorney's fees. The budgeted \$15,000 was not fully spent. Most of the money spent on legal fees related to the elevated decks. Additional legal fees were spent on contracts, contract negotiation, rules and a proposed amendment to the Bylaws.
- Owners questioned why we are paying for the POMA lift. The history of the POMA charge was briefly discussed. The contract is under negotiation. Owners also raised concerns that the Big Horns advertise access to a lift, but renters were disappointed when the POMA wasn't open at the start of the season. In addition, owners wanted the lift to open at 8:30 because it was opening too late to get access to runs for 9am and was closing before owners and renters taking a late lunch could return to skiing.



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Director Elections

- Call for nominations from the floor, introduction of candidates and election.
- Three candidates declared for two open three-year positions: Kevin Register, Unit 38; Melissa Warnock, Unit 23; Kimberlei Northrop, Unit 47. Melissa and Kim were elected to the Board.
- [Note: Tuck Mallery had been appointed to the remaining two years of Jim Logar's term; Rennie Fleckman's and Eric Kronberg's terms are up at the next Annual Meeting.]

Unfinished Business

- Decks: All owners have now been notified of issues regarding the decks with all notices and documents posted on the website. Four of the elevated decks (Units 16, 17, 18 and 19) cannot be used. No one can be on them, and no one can be under them. If any of these units enter the rental pool, the deck doors must be closed and posted. The Board spent time and money from spring through summer of 2019 trying to get these four decks rebuilt. Contractors were impossible to obtain and approvals were delayed beyond the ability to obtain. One owner paid the full price of deck replacement; two additional owners paid their deposits. These funds were returned. Any deck that has to be replaced has to follow every rule for replacing decks. This includes the materials that have to be used, the design required by the HOA, Board approval, BSOA approval, engineering inspections, etc.

New Business

- A proposal to amend the Bylaws deleting obsolete requirements for Board membership and adding two requirements: 1) to run for or sit on the Board, an owner cannot be more than 30 days in arrears; and 2) placing the owner's final unit on the market or selling the unit disqualifies the owner from running for or continuing to sit on the Board. The proposal passed unanimously. [The Proposal now has to be sent to legal to be brought into compliance and consistency with the Bylaws and then presented to the owners. Passage requires a "yes" vote from 75% (53) of the units].



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- Owners were asked not to feed the fox (or any other wildlife). It may be dangerous for children to have wild animals around and it may result in the animal being euthanized for proximity to humans.
- Craig's list scam: A Big Horn unit was placed for rent on Craig's list as a scam. When this is done, the scam "owner" of the unit collects rents from unknowing targets. Owners should be aware of this.
- Owner call for unit attendance: Approximately 26 or 27 units were represented at the end of the meeting. Approximately 30 units were represented when the HOA loan straw vote was taken.
- Straw Vote on Increasing the Special Assessment as suggested earlier in the meeting: Among others, Units 21, 29, 33, 53, 56 were interested. It was noted that the Board has the authority to increase the SA up to the full amount of the average of the last three years' regular (operating plus reserve) dues. *It was stated that the Board would survey the owners to go to the maximum allowed under the Bylaws without the requirement of a 46-vote agreement.*
- Communication: Melissa Warnock (Board Secretary) is very interested in enhanced communication, maybe video and enhancement of website.
- Chet's: Announcement – Any owner who wishes can go to Chet's in the Huntley. Board members will meet them there.

The motion to adjourn was made, seconded and passed without objection.

The meeting was adjourned at 2:30 pm.

Addendum - Audio-visual:

The Audio provided by the Resort was inadequate. We learned during the course of the meeting that the Huntley front desk was included in the audio, which created a disturbance throughout the morning. AV personnel then disconnected the audio completely without informing the Board, so owners are the phone were disconnected without an announcement. AV then had trouble reconnecting the phone line and we ultimately turned to cell phones. [Note: additional notes for meetings going forward – microphones don't work; the phone that is recording has to be taken to the speakers –



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even from the floor. In addition, background discussion and noise are very disturbing. And all “silences” need to be explained to owners on the phone.]

Board meeting addendum:

With Rennie, Kim and Melissa in attendance and without objection from Eric and Tuck – the annual Board meeting was held in Chet’s. Officers were elected as follows: President – Rennie Fleckman; Vice President – Kim Northrop; Treasurer – Tuck Mallery; Secretary – Melissa Warnock. The Board meeting was adjourned without objection.