

Crail Creek Club Annual Meeting
October 18th, 2021, at 2:00 pm (MDT)

Meeting Minutes

Call to Order

Ann Scheder-Bieschin called the meeting to order at 2:00 pm.

Attendance

Owners in attendance included Lindsey Majors, James Isaacson, Charles (Chuck) Buker, Monica Hauk, Bruce Pallante, Rex Dollinger, Irena Sniecinski, Joe Cahalan, Charon and John Canning-Warwick, Kathy and Mark Schauer, Tobias Peikert, Gabe Lapito, Ann Scheder-Bieschin, Bryan Dige, Allen Brokaw, Lori Ray, Gary Alsup, and Graeme and Joanna Ingham. Others present included Scott Hammond, Ryan Welch, and Seanna Farrow of Hammond Property Management (HPM) and Rich Lindell of Lindell and Associates, and the association's attorney Alanah Griffith of Griffith and Cummings.

Quorum

Rich established a quorum of 77.54% by returned proxies and those present at the meeting.

Approval of Meeting Minutes

Allen Brokaw motioned to approve the 2020 annual meeting minutes, and Bryan Dige seconded the motion. All were in favor and the minutes were approved as presented.

Financial Presentation

Kathy Schauer shared a financial presentation with the group outlining the financial status of the HOA and the upcoming expenditures. The HOA saw a large increase in insurance expenses with the new carrier, Community Association Underwriters through Agency Insurance Division. The previous insurance carrier dropped coverage due to the ratio of short-term rentals to second homes or primary residences of the association. On a related note, it was discussed how the governing documents currently allow the HOA to assess owners whose actions directly contribute to increased expenses of the HOA, such as insurance for short term rentals. At this time, the specific dollar figure has not been separated from general insurance expenses, nor is the procedure of billing those owners clear, but the board will communicate with Agency Insurance further on the topic.

Over the years, the association was sufficiently funding their reserves. Scott mentioned that at a minimum, 10% of operating amount had met or exceeded the reserves; sometimes as much as 20% of operating was allocated to reserves. It simply wasn't enough to fund the major reroof project that began in 2019 and depleted the association's savings. The association's reserve funds are currently negative at (\$190,242), and operating funds at (\$33,503).

At regularly scheduled board meetings, the board has been communicating with HPM on the list of capital improvement project recommendations the campus needs to maintain the structural integrity of the buildings, as well as aesthetic upkeep. The main items of concern are the staircases, decks, privacy and knee walls, masonry work, and garage doors. HPM provided the board with estimates for each project for a grand total of approximately \$1.8 million. To sufficiently meet lending standards for potential buyers and ensure healthy reserves, as well as fund the capital improvement projects, the board proposed a reserve assessment of \$223,745 and a capital improvement assessment of \$1,862,392 to all owners.

Proposed Assessment Overview:

- 2-bedroom units (41%) = total assessment of \$257,888 per year, for 3 years beginning 2022 (\$16,118 per unit, per year).
- 3-bedroom units (59%) = total assessment of \$371,104 per year, for 3 years beginning 2022 (\$23,194 per unit, per year).

Proposed Budget

Rich Lindell further reviewed financial reports and the proposed budget with the group. From the start of the roofing project in 2019, the association has spent \$617k. It was noted that the completion of the roofing project was accelerated by one year, and material costs increased significantly, affecting the association's funds.

The proposed budget increase of 25% encompasses insurance, maintenance, management, chimney cleaning, and roof snow removal expense increases. The line item for 'window replacement' expenses was removed per board discussion, and all golf ball related window damages will be an owner expense going forward. Due to the age of the campus, property maintenance increased by \$10k, in addition to Big Sky's current labor market. Roof snow removal expenses are based on prior years and fluctuate depending on the weather.

Chuck Buker made a motion to move forward with the proposed special assessment for the year 2022; Bryan Dige seconded the motion. Graeme Ingham asked that any project funding for capital improvements go toward the projects that are a liability for the campus, and not the less critical item of garage doors. This suggestion was discussed and agreed upon by the group. Bryan restated the motion to move forward with the proposed assessment; Kathy Schauer seconded the motion. One owner was opposed; the rest were in favor and the motion passed. The total of the first assessment will be \$628,992, one third of the \$1.8 million figure.

Additional assessments (or amounts) were not approved for 2023 and 2024 at this time. Although the board anticipates special assessments in 2023 and 2024 to fund the balance of the deferred maintenance and reserves, they decided to assess one third of the grand total currently anticipated short-term funding needs in 2022, and revisit the details of additional assessments at next year's annual meeting.

Governing Document Resolution

The proposed revisions to the current set of governing documents were shared prior to the annual meeting. After much discussion this year, it was decided that rather than updating the entire set of documents, only those sections that need to be revised to bring the documents up to legal standards would be addressed. It was noted at this meeting that some owners did not receive the revised document, so it will be recirculated to the ownership. No vote was made on the proposed resolution at this meeting. A special meeting of the ownership will be scheduled to discuss the documents once more; another special meeting will be scheduled to vote on the resolution.

Results of Board Member Elections

A call for nominations was sent prior to the meeting, and a ballot was circulated for owners to cast their votes for up to 5 of 7 nominated board nominees. At the meeting, both Kathy Schauer and Rex Dollinger asked that their names be removed from the ballot. By default, the elected board members include Ann Scheder-Bieschin, Bryan Dige, Chuck Buker, Charon Canning-Warwick and Leif Johnson.

Adjournment

The meeting was adjourned at 4:39 pm.