



Annual Owners' Meeting

March 2, 2022, 9:00 AM

Big Sky Water & Sewer and Go To Meeting

Call to Order

Frank Alley called the meeting to order at 9:01 AM.

Board members present included Sue Merry, and Carolyn Ostby; Frank Alley, Greg Bair, Jim McGraw were present virtually. Owners present included Bob Merry, Beth Lohman, and Lisa and Fred Teifke. Present virtually were John and Adrienne Kirby, Michele and Marty Palmer, Mary Brown, Laura Merante, Heather Johnson, Tim Pastoor, Jay Scott, Tracey Hoyt, Ken Jackson, Scott Brown, Brian Edgren, Kalynn Wilczynski, Steve Daily, Barry Brown, Ramy Mehta, Ann and Mark Reid, Joe Waterman, Renata Ribeiro, Larry Antonucci, Lauren Madsen, Mark and Chinh Kreisberg, Meg O'Leary, Harris Klein, Eric Jaffee, Jay Crum, and Aida Sawyer.

Also present were Rich Lindell, of Lindell & Associates; Mike Palmer, Ryan Welch, Scott Hammond, and Robbeye Samardich of Hammond Property Management.

A quorum was established with 62.2% of the membership represented in person and by proxy.

Approval of the 2021 Annual Meeting Minutes

Larry Antonucci made a motion to approve the minutes of the 2021 Annual Meeting. Tim Pastoor seconded. All were in favor; none opposed. The minutes from the March 2, 2021, Annual Owners' Meeting were approved as presented.

Financial Review

Rich Lindell provided the Financial Report and noted that the HOA is doing well. All owner accounts are current with no owner being in arrears. The budget continues to add to Reserves account in anticipation of capital improvement projects. The Reserves money is held in money market accounts. It is suggested that an HOA would contribute 10-25% of the annual budget into Reserves. The 2022 budget sees increases in insurance, building maintenance, management and snow removal.

Approval of 2022 Budget

Tim Pastoor makes a motion to approve the 2022 Proposed Budget as presented, Larry Antonucci seconds. All were in favor and the motion carried.

Management Report

Welch reported the property manager's report and focused on highlights over the year. There was an itemized report included in the annual meeting packet.

Welch reported on failed heat tape continuing to be an issue around campus and the need in the future to invest in replacement. Heat tape is about \$12/foot.

Continuing Business:

Cold Roof Project-

Frank Alley addressed the group by stating that the board has been studying this for over 12 years and that in 2008 the choice was made to install Bilan heat cables instead of opting for a cold roof- which was rejected because of the cost. He remarked that in hindsight, it was a mistake. The board sought proposals from three contractors, and of those, Cornerstone Management Services was selected to complete the cold roof project. They have extensive experience with the cold roof technology and have been working with engineers from Montana State University on the complex roof designs at Spanish Peaks Club. Their costs were comparable with the other two bidders.

The board decided to hire an attorney to ensure that the governing documents were adhered to regarding moving forward with a construction loan/ special assessment; although the board of directors is very interested in the owners' thoughts and concerns, they maintain the authority to move forward with this project without a formal vote from the ownership. A straw poll vote was taken with one person opposed, all others in favor. The board announced that questions and concerns be directed to Hammond Property Management; they will consider all points of view and announce their decision on March 16, 2022.

SPC sees a tremendous amount of ice dams in valleys and dormers. The heat loss from interior of units causes these ice dams. The ice dams cause water intrusion into the buildings, resulting in interior drywall and painting repairs.

In 2008 Bilan heat cables were installed at a cost of approximately \$400,000. This system is well past its 10-year life span.

A cold roof is a self-venting double roof. It does not allow heat to penetrate to the surface of the roof resulting in a roof that can hold snow and not form ice. This is an expensive project but the ultimate savings regarding electric bills, gutter repairs, roof shoveling, and steaming are worth considering. Palmer compared estimated costs of a traditional roof with heat tape replacement and a cold roof retrofit. The prices were comparable (heat tape replacement \$4,545,000; cold roof retrofit \$4,300,000).

**With a lengthy question and answer discussion, a FAQ section was documented and may be found at the end of these minutes.

December 6, 2020 Fire to Building 6- The Big Sky Fire Department, Valley Fire Department, and the Yellowstone Club Fire Department responded to the call of a fire in unit 14. The fire affected units 13, 14, 15 and 16. Believe is started in the walls and was electrical in nature. The fire department concluded that they were unable to determine the exact cause. The independent fire investigator that was hired by the HOA reached similar conclusion as the Fire Marshall, but also was unable to determine the exact cause with certainty. When an owner asked about the systems in other units or design flaws, Hammond stated that not being

electrical engineers and not qualified to speak to this; an inspection by a qualified professional would be required.

Election of Board Members

There were three board positions open. Sue Merry spoke of her appreciation of her time on the board and thanked the group for the opportunity. Merry agreed to sit on the board until after the March 16th meeting as she has been integral in the process.

Both Greg Bair and Jim McGraw were willing to serve another term. Laura Merante nominated herself.

Sue Merry motioned to approve the re-election of Greg Bair and Jim McGraw and the election of Laura Merante. Beth Lohman seconded. With all in favor the motion carried.

2022 Board members:

Frank Alley- President, re-elected 2021, term ends 2023

Carolyn Ostby – Secretary, elected 2021, term ends 2023

Greg Bair – Officer, re-elected 2022, term ends 2024

Jim McGraw- Officer, re-elected 2022, term ends 2024

Laura Merante- Officer, elected 2022, term ends 2024

2023 Meeting- The 2023 annual meeting was scheduled for March 8, 2023 at 9:00am.

Adjournment

The meeting was adjourned at 11:45 am

Spanish Peaks Club Condo Roofing Project FAQ Sheet

Is the existing roof addressed? Have you done these in Big Sky?

Yes, the existing roof structure is left in place. CMS has done hundreds of these, and they would only pull back asphalt to address soft plywood.

Keeping old asphalt shingles saves money on construction costs and is an added benefit as a Class A fire rating surface.

Have you seen a cold roof fail?

We've seen great success with these cold roof systems. We have had very few issues on new cold roof retrofits, of which were usually minor flashing or ventilation seal issues which have been relatively simple to address.

Would a metal roof solve the ice damning issue?

No, it does not solve the heat loss and heat transfer issue. Metal roofs are intended to slide or shed and require retention systems (roof bars/breaks, jacks) to keep snow and/or ice from sliding and falling.

What is the warranty on the CMS cold roof?

CMS would be offering the second row "System Protection" on the shingles.

<https://www.owenscorning.com/en-us/roofing/warranty>. Further warranty details will be included in their contract.

Will the existing heat tape be removed/ turned off? If so, will there be a need for HOA electrical costs? What are the estimated heat tape expense savings?

Yes, most heat tape will be removed. We will still need heat tape in the downspouts, since the gutters are so long and complex, they drain into the road stormwater and during freeze/thaw cycles seen in late winter, early spring heat tape is needed.

Are you going to insulate the area that are currently problematic in individual units prior to the new roof?

Units are insulated as strongly as possible. To access the insulation would require ceiling removal.

Are eave vents an option?

They can be helpful, but they don't do the same amount of displacing and you'll still have the thermal transfer where they only work in the event you have an attic space. Additional ventilation space is achieved by adding the cold roof.

Is it possible to install solar panels?

Yes, but not recommended. It would be difficult to keep the snow off the panels with the height of the roofs. Without having a solar array located off the roofs and adjacent to the buildings, it is not a viable option. Solar power does not make a lot of juice; the heat tape system is a 240-amp monster.

Does the cold roof reduce electrical/ heating costs?

The electrical savings would be \$50,000- \$60,000 to the HOA per year.

What are the damage costs from current system?

Drywall damage and repairs, heat tape repairs, and roof shoveling. Averaging \$25,000. Heat tape electricity costs between \$50,000- \$60,000 annually.

What kind of maintenance would be required on the new roof?

The cold roof system requires very little maintenance.

What other options were explored?

A traditional tear off roof was considered but without addressing the heat loss, you will always have ice dams. Estimated numbers for a tear off roof are very comparable to the cold roof system. In 2004-2005 when the complex was experiencing massive ice dams and water penetration with water flowing down the walls, sometimes on all three floors, the HOA challenged HPM to find a solution. The cold roof system was suggested but the board of directors opted for the lesser cost of heat tape and gutters. The estimation for a whole new heat tape system is upward of \$1,000,000.00, which would be in addition to stripping the roofs and replacing with new shingles.

When would this project start and finish?

We are looking at a 3-year project.

Who were the three bidders?

Cornerstone Management Services, Roof Top Solutions, and Twilight Roofing.

Has the HOA set aside any funds for the project?

Yes, the HOA has been building the Reserves in anticipation of this project.

How will the savings be passed on to the owners?

The operating budget will show a decrease in areas of roof shoveling, electricity and electrical maintenance for heat tape, and building repairs. This is where owners will see savings.

Will the Reserves be used for the project?

Yes.

How do you determine each units' portion of the total cost?

Assessments based on the square footage of the unit, not the roof.

What is the approval process and who decides?

The board of directors is currently working with an attorney to ensure that the requirements set forth in the governing documents are adhered to.

What is the payback time for this investment?

These are aging roofs, and we know they need to be replaced; this is our recommendation for the best option.

Who is the project management fee paid to?

The BOD has elected to work with Hammond Property Management as the Project Manager. Large capital improvement projects like this are not within the scope of HPM's normal management agreement.

What is the 1% origination fee?

This fee is paid to the lender and is for administrative work for providing the loan. The fee covers the bank's monthly construction inspection visits and disbursement for each monthly draw.

How will the construction loan liability be passed on in the event of a property sale?

Assessments, including special assessments, are disclosed as part of the Buy-Sell Agreement used by Montana Realtors. At that time, buyers and sellers agree if the seller will pay all or a portion of the remaining assessment, or if the buyer will be responsible for all future assessments.

When is the earliest the project would begin?

Summer 2022

Can this project be postponed until Reserves are increased and building materials level out?

It could be, but not recommended. The heat tape system is failing, and replacement cost estimates are upward of one-million dollars.

Will there be some sort of prioritization for buildings within the complex?

Yes. Although we have not finalized this list yet, HPM has an ongoing report of the most problematic heat tape systems/areas and the history of the units that suffer the most egregious and costly leaks and repairs. These factors will be considered in the order of which buildings are done, along with regard to efficiency for staging or materials, equipment, and contractors.

How disruptive will the project be for individual units?

This is a large construction project. There will be construction crews and work vehicles, forklifts, man-lifts, staging areas, dumpsters, portable toilets, etc. During the initial framing, sheeting, and shingling phase there will be considerable construction activity on the ground and roofs including nail guns, hammers, saws, compressors, etc. Management and the contractor will do the best they can to keep construction areas clean and organized.

Will you provide details for the loan? I don't understand the interest only portion.

During construction, the interest is calculated only on the amount of the loan that has been used to pay for construction costs. So as construction progresses, the loan balance increases and the interest due each month increases. At the end of the construction period, repayment starts which is then based on amortized, principal and interest payments.

If owner chooses to pay off their share, would they be subject to subsequent default of the HOA?

The loan is made to the HOA as a whole. So, all members would share in any default, just like they do with all normal assessments which are in arrears.

How long from start to finish for each unit on average?

Each building (mostly 5 plex's) will take on average 3 months. CMS will have the ability to work on buildings simultaneously, however, will most likely be staggered to allow for different sub crews to overlap efficiently.

Would the campus then be normal during the winter mos. so not disrupted for resident owners/renters?

Yes

