

Crail Creek Club Condominiums

PO Box 160099 Big Sky, MT 59716

2019 Annual Owner Meeting
Friday, August 30th, 2019 @ 9:00 am
Buck's T-4 Lodge, Big Sky

Call to Order

Bill Pinna called the meeting to order at 9:03 am.

Attendance

Board members present at the meeting included Bill Pinna, Tom O'Connor, and Ann Scheder-Bieschin via phone. Owners present at the meeting included Frank and Kristen Kern, Carol and Bo McClerkin, Barbara Pinna, Howard Schutte, Paul Atkins, Joe Cahallan, Ken Wilson, Allen Potts, and Bryan and Mary Dige. Owners present via teleconference included Charon and John Warwick, Bruce Pallante, and Gary Walton.

Owners present via proxy included: Charles and Margaret Buker, Marjorie Deshields, Kirk and Cami Weber, Jeremy & Monica Hauk, Bruce and Kay Pallante, Steve Atkins/Olin Atkins Living Trust, Victor and Irena Sniecinski, BGC Properties, Gabriel and Brandi Lapito, Huntley Curly Bear, LLC, John and Linda Squittero, Overlook Ventures of MT, LLC and Dorothea Williams. Others presented included CPA Rich Lindell of Lindell & Associates; Scott Hammond, Ryan Welch, and Seanna Farrow of Hammond Property Management.

Quorum

Quorum was established with 71.132% of the ownership present either in person or by proxy.

2018 Meeting Minutes

Tom O'Connor motioned to approve the 2018 annual meeting minutes as presented. Ken Wilson seconded. All were in favor, none opposed, and the motion was passed.

Financial Report

Rich Lindell gave the financial reports. Highlights of the report as of June 30th: cash total was \$425,776 between the checking and money market accounts. The association ended 2018 with a cash total of \$399,912. Fund balances: Operating \$35,162 (surplus), reserve account total \$389,268; total funds \$424,431.

Current year, everything is tracking where it should be. Overages in the budget included snow removal services, painting and staining (utilized operating surplus). Rich opened the floor to questions or comments regarding financials. Bill noted a slight increase in insurance coverage. There is now more general liability coverage that in years prior – currently units are insured at 85% of replacement cost.

Approval of the 2020 Budget

Rich presented the 2020 budget. The budget that was mailed to owners indicated a \$26,500 insurance line item place holder; the actual cost will be \$26,810. Rich opened the floors to questions or comments. Ken Wilson noted that BSWs plans to expand its facility, and Big Sky will likely see an increase in cost of about 10% across the board. Mary Dige inquired about the "Window Replacement" line item. Scott explained that this budgeted amount covers damages from golf balls, which varies by each season. Joe asked about the "Snow Removal" line item increase; this is common throughout Big Sky due to wage increase. Paul inquired whether the Roof Maintenance line item would eventually decrease following completion of the roofing project. The answer was ultimately, yes, but not in the next few years. Bill entertained a motion to approve the 2020 budget as presented. Mary Dige motioned to approve the budget; Allen Potts seconded the motion. All were in favor, none were opposed. The budget was passed as presented.

Manager's Report - HPM

Ryan Welch delivered his manager's report. Highlight included:

- Fall weed/feed and campus pruning
- Crack sealing
- Spread topsoil on the lawns of units 630 and 631
- Spread washed rock around the areas of campus that had thinned out
- Facilitated repair of burnt out lights with Northwestern Energy. Ryan asked owners to communicate with him directly if they see lights out.
- Facilitate roof shoveling - excessive snow year.
- Facilitated roof leak repair work.
- Repaired/replaced damaged gutters
- Fire extinguishers were replaced (annual routine maintenance)
- Spring weed/feed, started up irrigation
- Completed painting/staining rotation, ending with units 625-628
- Facilitated exterior window washing
- Began roofing project (August). Bylin was removed from units and will be replaced

Ongoing and upcoming maintenance items include decks, privacy walls, siding, and fencing. There is currently a healthy line item in place of \$25k for these operating maintenance expenses.

The group discussed the tile stairwells of the middle 3-bedroom units on campus. The tile is not able to withstand the dramatic swings of temperature in the environment and was replaced 10 years prior. Going forward, the group discussed more suitable options to consider when the time comes to replace the tile that are less of a safety hazard, more durable as well as aesthetically pleasing. The board will explore options and seek approval at next year's annual meeting. The current stairwells will continue to be maintained as is.

Roofing Update

The local engineer Redleaf Engineering was selected to oversee the project and they have reported positive feedback. The construction of 2 building's roofs have been completed, and the third is underway. It has been made clear throughout the construction process that many of the leaks the campus has experienced are a direct result of original construction and lack of ice and water shield underlayment in critical areas.

Capital Reserve Study

Tom O'Connor shared his research regarding the capital reserve study with the group; he hopes to make this a part of the packet at next year's meeting. This would show the group a 25-year projection of where money is being spent. Tom projects the association will run out of funds in 2021 and be in a deficit of about \$88,000 in 2021; \$44,000 in 2022, at which point cash flow would increase and the Association would start showing positive results. Some ways to address the potential deficit would be 1) deferring expenses, 2) increasing dues, 3) special assessments, or 4) secure a line of credit on future dues receivable to bridge the gap and avoid deficit.

Rich and Tom worked together on running different versions of the capital expenditure. One option discussed was to delay the roofing project for a year to save funds and avoid a serious cash deficit (constructing 2 roofs next year, and 3 in 2022, there would be a short fall of about \$55k). The consensus of the group was to complete the roofing project rather than delaying and risking continuity and potential increased costs. Rich stated that the local banks are willing to work with associations and membership owners when they choose to open a line of credit. Another option of completing the remaining 5 buildings next summer with a line of credit would save the association on mobilizing costs and eliminate interest expenses; however, this would run an immediate deficit.

Ken Wilson motioned to allow the board to explore the details of securing a \$200k line of credit and to give the board authority to move forward with a line of credit should it become necessary. Tom O'Connor seconded the motion. None were opposed and the motion carried.

Bill noted that if dues were increased by \$150/month for 3-bedroom units and \$100/month for 2-bedroom units, about \$50k extra would be added to the reserves annually. This is not being proposed, but simply stated to give the Association perspective.

Bylaw Amendment

The proposed amendment to Article 6 passed regarding board member voting via phone at board meetings. The proposed amendment regarding the ownership voting at meetings via phone did not pass. Seanna is working with Wayne Jennings' office to have the approved amendment filed. Charon Warwick suggested recirculating the second proposed amendment to allow new owners a chance to cast their vote on the matter. The board noted and will consider.

Vacation Rental Discussion

Bruce Pallante expressed concern regarding his experience with neighboring rental units - 1) trash cans being left curbside for an extended period and 2) lack of pet waste cleanup throughout the year. Management has noted both concerns and will continue to take action to help enforce campus expectations. Ann Scheder-Bieschin noted that there are several things not being enforced on campus. The board will review the current Bylaws and the enforceability of regulations and communicate these expectations with the membership.

A "Friendly Reminder" from HPM will be sent asking owners and renters to abide by the Rules and Regulations, and specifically asking that a unit's property managers or cleaner bring in trash cans that are taken curbside.

New Business

It was noted that the masonry pillars around campus are deteriorating around the bottom at several units. Management agreed to address this issue.

New owner contact information will be redistributed.

Board Nominations

Board members Mike Pollard and Cami Weber have left the board. The board opened the floor to nominations. Ken Wilson nominated Paul Atkins; Charon Warwick self-nominated; Ann Scheder-Bieschin self-nominated; Bill Pinna nominated Bryan Dige, Tom O'Connor and himself. The nominations were put to a vote, and the results were as follows:

Atkins, Paul 65.044% / Dige, Bryan 63.882% / O'Connor, Tom 67.588% / Pinna, Bill 67.588% / Scheder-Bieschin, Ann 63.882% / Warrick-Canning, Charon 9.956%.

The current board consists of Bill Pinna, Ann Scheder-Bieschin, Tom O'Connor, Bryan Dige and Paul Atkins. Board positions will be assigned at the next board meeting.

Schedule 2020 Annual Meeting Date

The 2020 annual board meeting was scheduled for Friday September 4th at 9:00 am.

Adjourn

Ken Wilson motioned to adjourn the meeting at 11:24 am. Mary Dige seconded the motion and the meeting adjourned.