

Firelight Meadows

Proposed Roof Project

Town Hall Meeting

March 12, 2024

Town Hall Meeting

Agenda

- Introductions and Letter from the FLM BOD
- Current Status of Firelight Roofs
- Proposed Roof Solutions
- Project Funding
- Discussion/Q&A
- Next Steps

Introduction Letter from the Board of Directors

March 12, 2024

Dear Firelight Meadows Owner,

The Firelight Board of Directors proposes to address the issues related to the poor condition and performance of the roofs throughout the condominium complex. We are writing to inform you about a town hall meeting on March 12, 2024, where we will discuss, review, and answer questions about the project and its financial impact on owners.

Our association has discussed and documented the roof issues and overall underperforming roof systems at board meetings. Water intrusion into units from ice dams and winter conditions has been prevalent since the early days of the association and now impacts 40% of the campus. Additionally, the HOA has spent over \$500,000 in the last sixteen months alone to address our failing roofs.

The Board feels strongly about its responsibility to uphold the integrity of the Association's infrastructure. Leaking and an overall underperforming roof system are pressing issues facing the Firelight Association, owners, and our property values.

We understand that you may have questions about this proposed project. For your consideration, we have attached information to this letter that outlines the history of the Firelight roof system, the proposed solution, and the costs and benefits of the project.

We look forward to having a thoughtful and informative meeting with you to address these pressing issues.

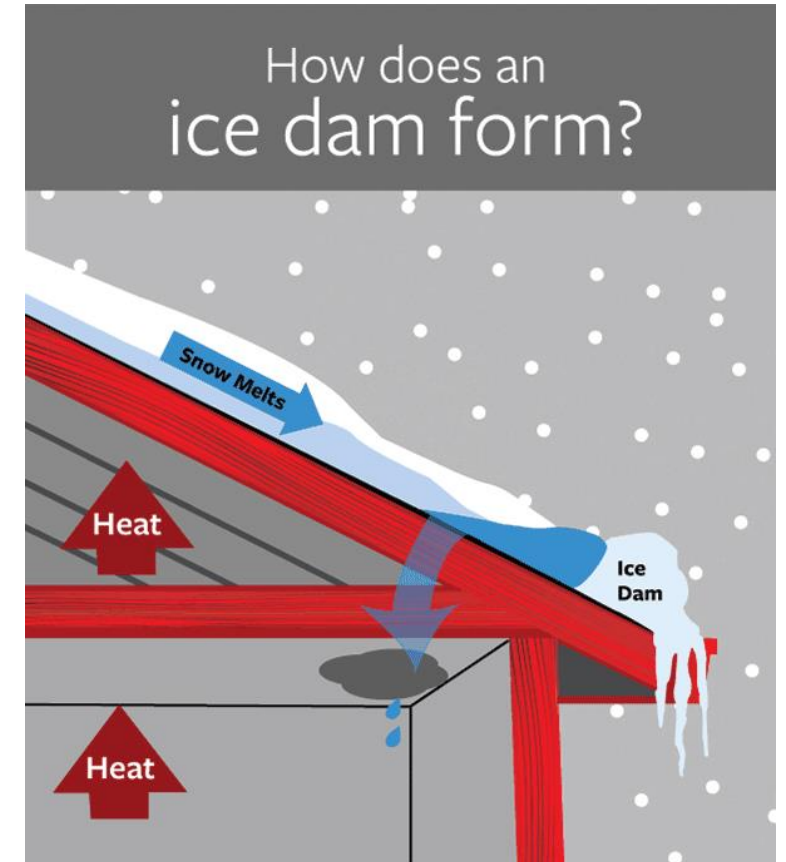
Sincerely,

Firelight Meadows Board of Directors



Current Status of Firelight Roofs

- Heat loss from interior of units causes major ice damming/formation.
- Ice dams then cause water intrusion into the interior of buildings.
- Damage from water intrusion ranges from drywall damage to flooring damage, mold growth and resident displacement.
- Ice buildup and release high up on buildings can also cause safety hazards and property damage.
- Ice dams, leaking, and problems associated with roof issues are becoming more frequent and more expensive.
- Roof surface is in overall poor condition.
- Original roofs are 20+ years old.



Roof Expenditures and Damages

- In the last 16 months:
 - Roof Leaks from poor roof performance caused **\$346,306** of damage
 - The Firelight association paid **\$163,236** for roof shoveling in this timeframe
 - This represents **\$509,542** in total roof failure expenditures since November 2022.
 - **Each unit owner has paid \$2,358** for the maintenance and repairs during this time
- Aside from interior water intrusion, ice dams also cause damage to the siding, soffits, windows, gutters, and other exterior building elements.
- In the last year, there have been unit sales jeopardized by these roof issues, budget overages, and concern about long term sustainability of the FLM roof issues.
- Firelight's current HOA insurance deductible has risen to \$50,000 per occurrence from \$10,000. Each roof leak is considered a separate occurrence. Since November 2022, there have been at least 60 reported roof leaks.
- Roofs are a general common element. If your unit does not have roof leak issues, the ownership still shares in the costs of these maintenance and repair items.
- Owners and residents are being displaced during remediations of egregious roof leaks.



Roughly 40% of Firelight Units have Experienced Roof Leaks

Unit/ Address	HOA	Date Reported	Assigned To	Leak Location	Damages
173 Candlelight	Firelight Meadows	12/12/22	Julie Burgess	Vent area	none, roof shoveled which stopped leak
192 Candlelight	Firelight Meadows	12/27/22	Julie Burgess	Vent area kitchen, heat tape not working	roof shoveling scheduled 12/28
167 Candlelight	Firelight Meadows	12/28/22	Julie Burgess	Master Bathroom	Roof shoveling scheduled for 12/28, NOTE: place plywood on hot tub
A13	Firelight Meadows	01/11/23	Julie Burgess	outlet	Roof shoveling
167 Candlelight	Firelight Meadows	01/11/23	Julie Burgess	drywall bubbling and electrical switches shocking owners	Grizzly Electric checked outlets and Rich Bennett checked moisture readings
406 Firelight	Firelight Meadows	01/16/23	Julie Burgess	Front Entry; contacted by Go Big	Mike Mc 01/16/23
B12	Firelight Meadows	01/16/23	Julie Burgess	kitchen	Mike Mc 01/16/23
328 Candlelight	Firelight Meadows	01/16/23	Julie Burgess	Kitchen Fan	
156 Candlelight	Firelight Meadows	01/18/23	Julie Burgess	master bedroom	reported by Travis Wangsgard; mike mc this PM
365 Firelight	Firelight Meadows	01/18/23	Julie Burgess	master bedroom	reported by construction crew; called mike mc
A19	Firelight Meadows	01/19/23	Mike Palmer	beam in living room	drywall
B18	Firelight Meadows	01/20/23	Julie Burgess	leak	stay mt reporting, will send pictures
B16	Firelight Meadows	01/29/23	Julie Burgess	exterior wall	Mc McCarthy shoveled 01/29/23
173 Candlelight	Firelight Meadows	01/30/23	Julie Burgess	continued from 12/12; from vent return	
D20	Firelight Meadows	01/30/23	Julie Burgess	exterior wall above window	Ridgeline shoveled 1/31
B12	Firelight Meadows	02/01/23	Julie Burgess	kitchen where vaulted meets flat; continued 01/16	Ridgeline working on condos this week
229 CL	Firelight Meadows	02/05/23	Annalise Locker	roof leak - kitchen window	Ridgeline request shoveling
A11	Firelight Meadows	02/06/23	Julie Burgess	window in kitchen	Already shoveled
191 CL	Firelight Meadows	02/08/23	Julie Burgess	kitchen, above fridge adjacent to front door	Mike McCarthy, 02/08/23
B11	Firelight Meadows	02/08/23	Julie Burgess	kitchen where vaulted meets flat	
A Building	Firelight Meadows	02/08/23	Julie Burgess	first entry on the back - entry way	5 gallon bucket to catch leak
B17	Firelight Meadows	02/10/23	Julie Burgess	Master bedroom	McCarthy
338 FL	Firelight Meadows	02/21/23	Julie Burgess	Kitchen ceiling vent	McCarthy shoveling
337 FL	Firelight Meadows	02/22/23	Julie Burgess	kitchen ceiling vent	McCarthy shoveling; leak since 01/16 but never notified
207 CL	Firelight Meadows	03/13/23	Julie Burgess	kitchen,	Shoveled 03/13, dry wall repair and electrical flickering during leak
D Building	Firelight Meadows	03/13/23	Julie Burgess	Entrance	Mike McCarthy shoveling 03/14
B Building	Firelight Meadows	03/13/23	Julie Burgess	Entrance	Mike McCarthy shoveling 03/14
D19	Firelight Meadows	03/14/23	Julie Burgess	kitchen near window	Mike McCarthy shoveling 03/14
B13	Firelight Meadows	03/15/23	Julie Burgess	master bedroom window, livingroom slider - walls damp and puddle forming in bedroom	
B4*	Firelight Meadows	03/16/23	Julie Burgess	bedroom wall above baseboard; wall leak	HPM shoveling
A Building	Firelight Meadows	03/17/23	Julie Burgess	Entrance hallway	discovered from A11 dishwasher; called unit's PM
A48	Firelight Meadows	03/17/23	Julie Burgess	exterior wall	McCarthy shoveling
D16	Firelight Meadows	03/17/23	Julie Burgess	Master bedroom	McCarthy shoveling
D6	Firelight Meadows	03/17/23	Julie Burgess	Wall of master bedroom from D16	McCarthy Shoveling; assess before 4
406 FL	Firelight Meadows	03/18/23	Julie Burgess	Entrance	
B17	Firelight Meadows	03/21/23	Julie Burgess	Bedroom window	McCarthy Shoveling; drywall damage in pictures
170 CL	Firelight Meadows	03/21/23	Julie Burgess	leak above kitchen window	McCarthy Shoveling
215 CL	Firelight Meadows	03/21/23	Julie Burgess	Master bedroom closet - mold in carpet	mcCarthy shoveling; newman restoration 03/22 3:30
192 CL	Firelight Meadows	03/23/23	Julie Burgess	Vent in kitchen	mccarthy shoveling
D18	Firelight Meadows	03/23/23	Julie Burgess	bedroom window wall	mccarthy shoveling; really bad
A17	Firelight Meadows	03/23/23	Julie Burgess	masterbedroom window	mccarthy shoveling
B11	Firelight Meadows	03/23/23	Julie Burgess	kitchen	mccarthy shoveling
C14	Firelight Meadows	03/26/23	Julie Burgess	bedroom ceiling and corner	mccarthy shoveling
A20	Firelight Meadows	03/26/23	Julie Burgess	guest bedroom	schroder shoveled
A11	Firelight Meadows	03/27/23	Julie Burgess	kitchen window	mccarthy shoveling
215 CL	Firelight Meadows	03/31/23	Julie Burgess	other bedroom and upstairs leak	
B15	Firelight Meadows	04/01/23	Julie Burgess	multiple rooms	schroder shoveling; restoration?
B16	Firelight Meadows	04/03/23	Julie Burgess	kitchen window; recurring from January	mccarthy
328 CL	Firelight Meadows	04/03/23	Julie Burgess	kitchen entry way	mccarthy; substantial wall damage
191 CL	Firelight Meadows	04/03/23	Julie Burgess	back patio door out let	mccarthy
288 FL	Firelight Meadows	04/03/23	Julie Burgess	loft closet	mccarthy shoveling
353 FL	Firelight Meadows	04/03/23	Julie Burgess		mccarthy
496 FL	Firelight Meadows	04/07/23	Julie Burgess	bedroom closet	
A19	Firelight Meadows	04/10/23	Julie Burgess	window guest room	mccarthy
495 FL	Firelight Meadows	04/18/23	Julie Burgess	master bedroom	mccarthy
327 CL	Firelight Meadows	04/24/23	Julie Burgess	left back near hot tub	dry wall repair
B 16	Firelight Meadows	04/24/23	Julie Burgess	kitchen	
199 CL	Firelight Meadows	05/08/23	Julie Burgess	Rain intrusion	
353 FL	Firelight Meadows	Julie Burgess	Julie Burgess	kitchen entry; rain intrusion	
353 FL	Firelight Meadows	06/02/23	Julie Burgess	Rain intrusion; entry way kitchen	dan checked
229 CL	Firelight Meadows	06/13/23	Julie Burgess	Rain intrusion, above fridge	
156 CL	Firelight Meadows	09/22/23	Julie Burgess	Rain intrusion, above the fridge - phase one	



This roof leak and remediation displaced the owners for approximately 3 months

Options for Firelight Roofing

- 1. Do nothing:** continue roof shoveling, repairing leaks, absorb unknown costs each winter season
- 2. Tear off existing roof and replace** underlayment and install new shingles, install heat tape system
- 3. Install designed Cold Roof** over existing roof

Pros and Cons

	Pros	Cons
Do nothing	No initial owner investment cost	Leaks continue/worsen
		High Risk of budget overruns
		High risk of insurance coverage non-renewal
		Likely risk of property value decrease
		Increased owner assessment for repairs, maintenance, operations
		High exposure to long term degradation of structures
Reroof with heat tape	Lower initial owner investment	Heat loss and transfer to roof surface still takes place an ice dams still form
	Less leaks	Potential for roof leaks due to ice dams
		Significant cost to install and maintain heat tape
		Significant long term electrical costs
		Reroof and reinstall/fix heat tape in 15/20 years
Cold Roof	Reduction or elimination of ice dams/leaks and costs	Higher initial owner investment
	Reduction or elimination for roof shoveling and costs	
	Reduction or elimination of interior repairs and costs	
	Higher likelihood of increased property value	
	Energy savings	
	Overall increased livability for all homeowners	

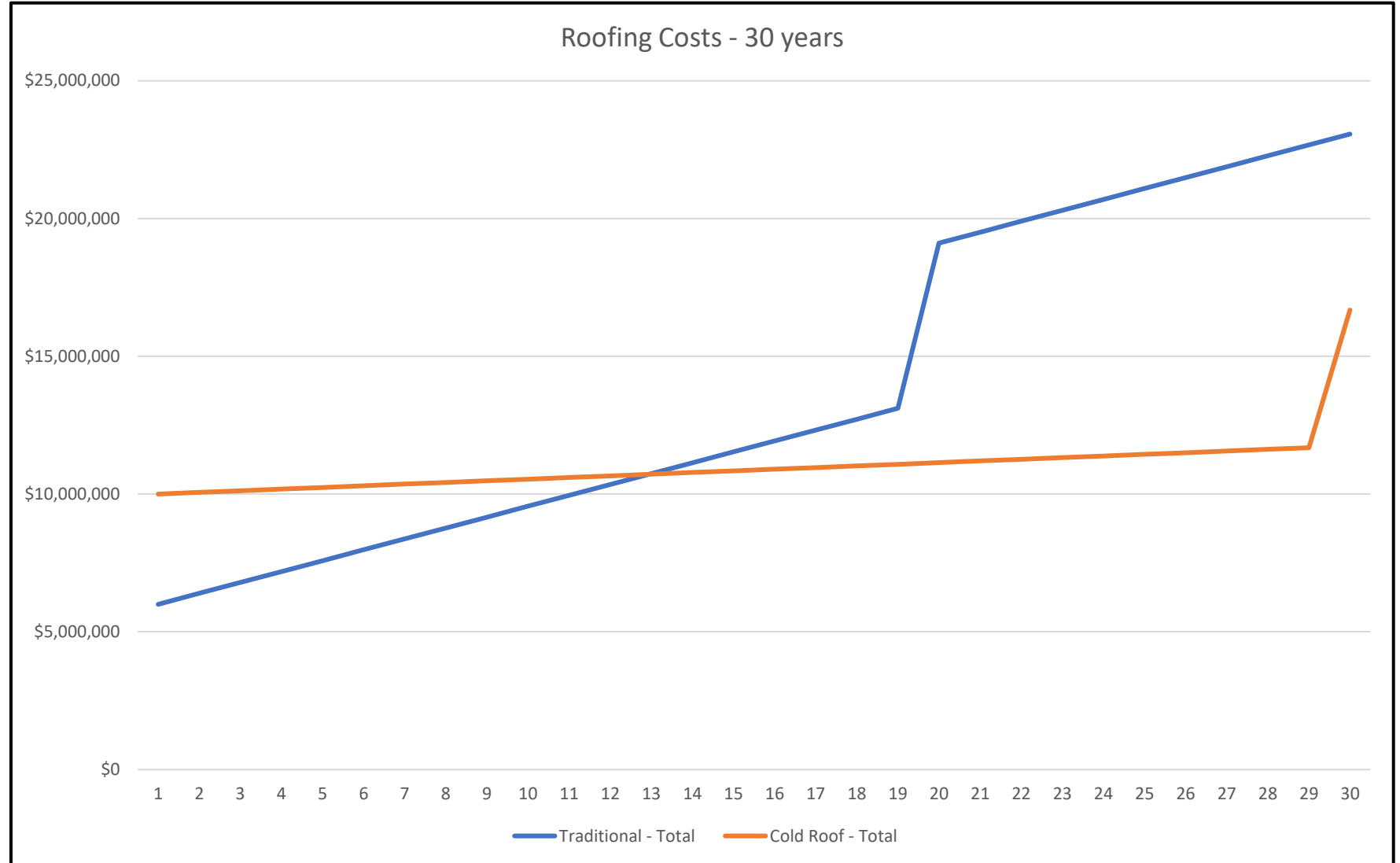
Traditional Re-roof vs Cold Roof - Comparison

Firelight Roofing Cost Projections - 30 years ** not adjusted for inflation							
Traditional with heat tape			Cold Roof				
Year	Cost	Traditional - Total	Notes	Year	Cost	Cold Roof - Total	Notes
1	\$6,000,000	\$6,000,000	traditional reroof	1	\$10,000,000	\$10,000,000	cold roof
2	\$395,000	\$6,395,000	annual electrical and maint costs	2	\$60,000	\$10,060,000	
3	\$395,000	\$6,790,000		3	\$60,000	\$10,120,000	
4	\$395,000	\$7,185,000		4	\$60,000	\$10,180,000	
5	\$395,000	\$7,580,000		5	\$60,000	\$10,240,000	
6	\$395,000	\$7,975,000		6	\$60,000	\$10,300,000	
7	\$395,000	\$8,370,000		7	\$60,000	\$10,360,000	
8	\$395,000	\$8,765,000		8	\$60,000	\$10,420,000	
9	\$395,000	\$9,160,000		9	\$60,000	\$10,480,000	
10	\$395,000	\$9,555,000		10	\$60,000	\$10,540,000	
11	\$395,000	\$9,950,000		11	\$60,000	\$10,600,000	
12	\$395,000	\$10,345,000		12	\$60,000	\$10,660,000	
13	\$395,000	\$10,740,000		13	\$60,000	\$10,720,000	
14	\$395,000	\$11,135,000		14	\$60,000	\$10,780,000	
15	\$395,000	\$11,530,000		15	\$60,000	\$10,840,000	
16	\$395,000	\$11,925,000		16	\$60,000	\$10,900,000	
17	\$395,000	\$12,320,000		17	\$60,000	\$10,960,000	
18	\$395,000	\$12,715,000		18	\$60,000	\$11,020,000	
19	\$395,000	\$13,110,000		19	\$60,000	\$11,080,000	
20	\$6,000,000	\$19,110,000	traditonal reroof with heat tape	20	\$60,000	\$11,140,000	
21	\$395,000	\$19,505,000		21	\$60,000	\$11,200,000	
22	\$395,954	\$19,900,954		22	\$60,000	\$11,260,000	
23	\$395,954	\$20,296,908		23	\$60,000	\$11,320,000	
24	\$395,954	\$20,692,862		24	\$60,000	\$11,380,000	
25	\$395,954	\$21,088,816		25	\$60,000	\$11,440,000	
26	\$395,954	\$21,484,770		26	\$60,000	\$11,500,000	
27	\$395,954	\$21,880,724		27	\$60,000	\$11,560,000	
28	\$395,954	\$22,276,678		28	\$60,000	\$11,620,000	
29	\$395,954	\$22,672,632		29	\$60,000	\$11,680,000	
30	\$395,954	\$23,068,586		30	\$5,000,000	\$16,680,000	reshingle

Assumptions	Initial	20 Years	10 Years	Annually
Traditional Reroof:				
Tear off and dispose old roof material (20 year life)	x	x		
Install 220V recepticle for heat tape (one time)	x			
Install Raychem or Bylin heat tape in valleys and drip edges (10 year life)	x		x	
Annual electrical consumption costs for chalet owners/condo owners	x			x
Annual winter maintenance:	x			
Roof shoveling	x			x
Heat Tape repairs/troubleshooting	x			x
Cold Roof:				
Shoveling costs for Cold Roof (little expected)				
60k per year to fund future projects				

Traditional Re-roof vs Cold Roof – Comparison, cont.

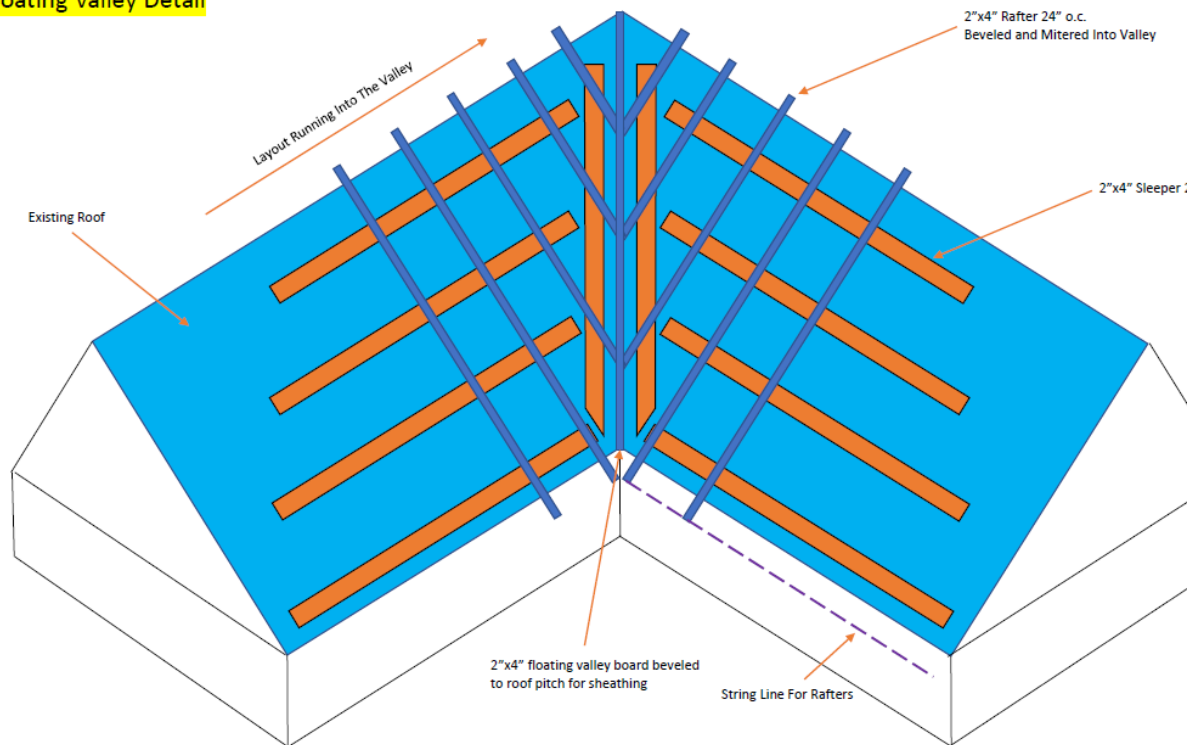
Assumptions	Initial	20 Years	10 Years	Annually
Traditional Reroof:				
Tear off and dispose old roof material (20 year life)	x	x		
Install 220V receptacle for heat tape (one time)	x			
Install Raychem or Bylin heat tape in valleys and drip edges (10 year life)	x		x	
Annual electrical consumption costs for chalet owners/condo owners	x			x
Annual winter maintenance:				
Roof shoveling	x			x
Heat Tape repairs/troubleshooting	x			x
Cold Roof:				
Shoveling costs for Cold Roof (little expected)				
60k per year to fund future projects				



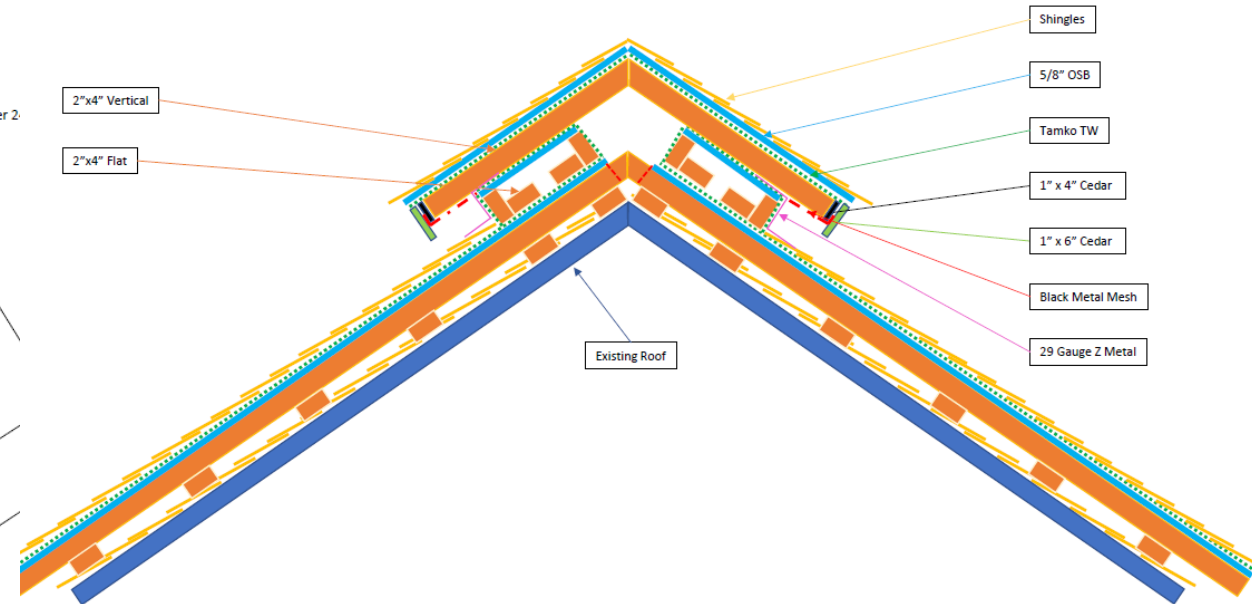
What is a Cold Roof

Cold Roofs are an over deck ventilated roof system that allows the final roof surface to maintain a cooler temperature by alleviating the transfer of heat from the unit by a passive air flow process. This discourages snow sitting on the final roof surface from turning to ice, thus reducing or eliminating ice dams and subsequent damage.

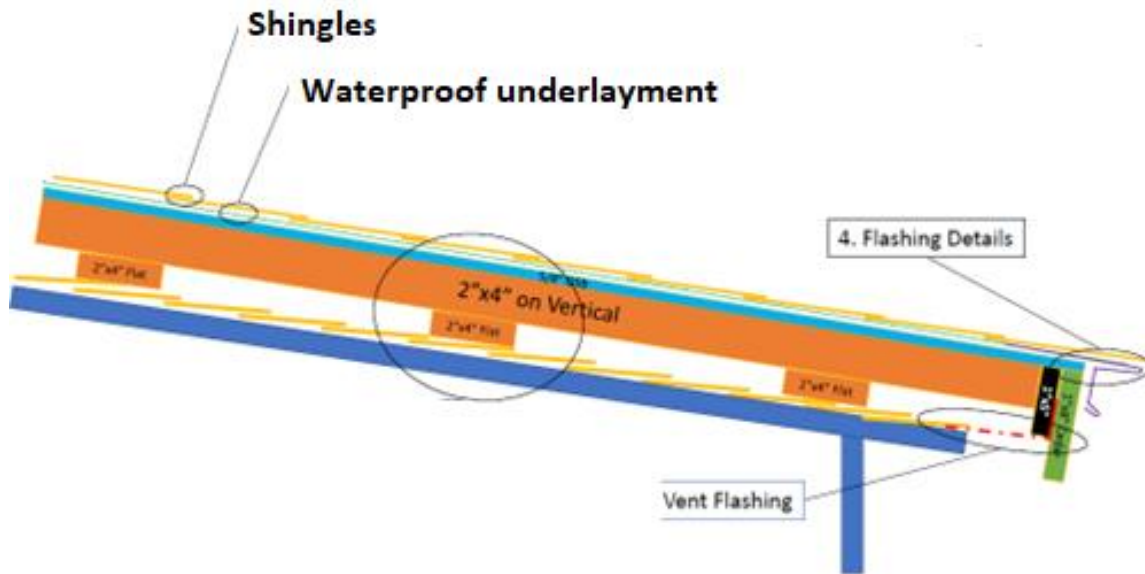
Floating Valley Detail



Boston Detail



What is a Cold Roof, cont.

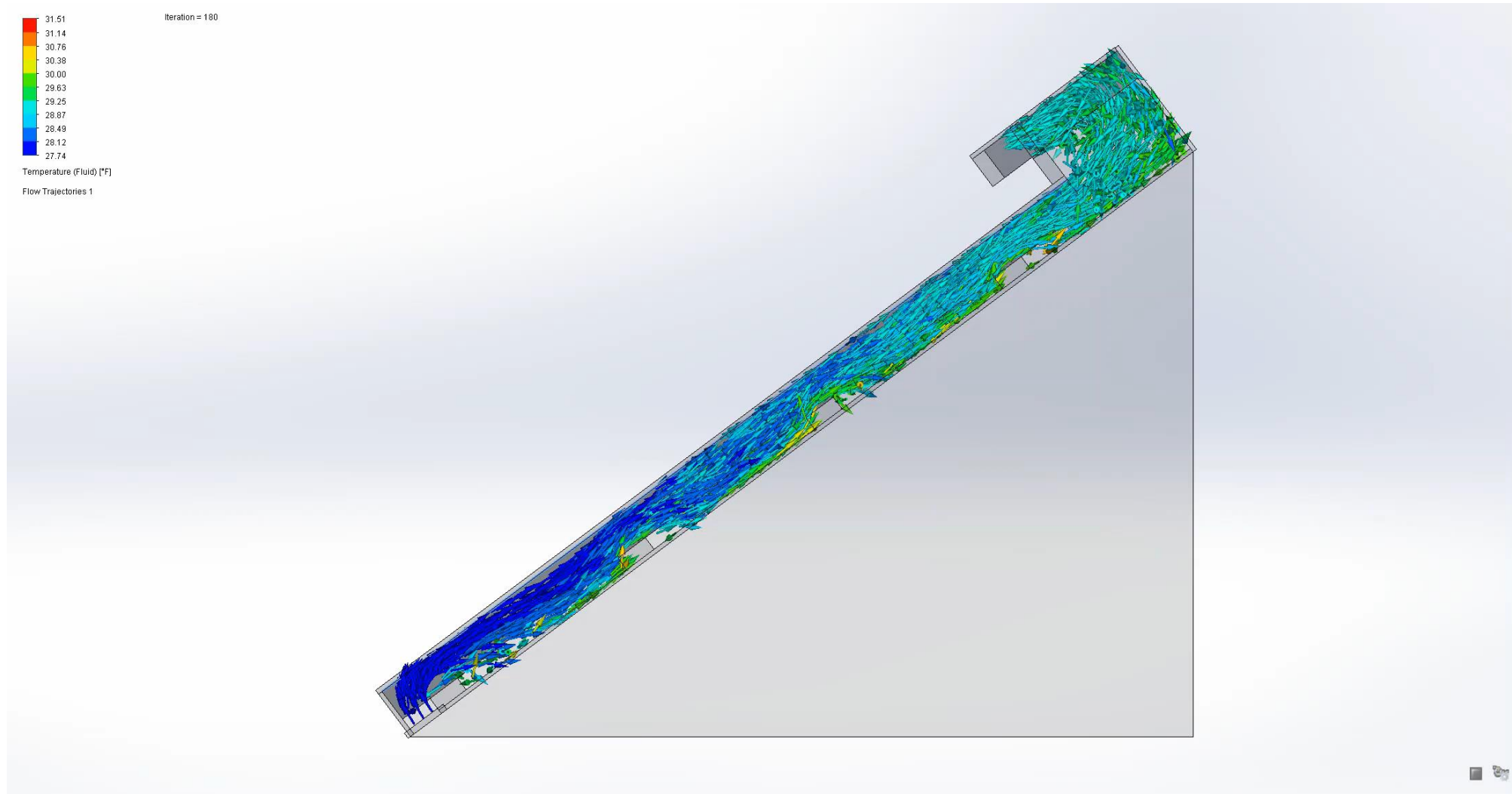


Cold Roof Cross Section

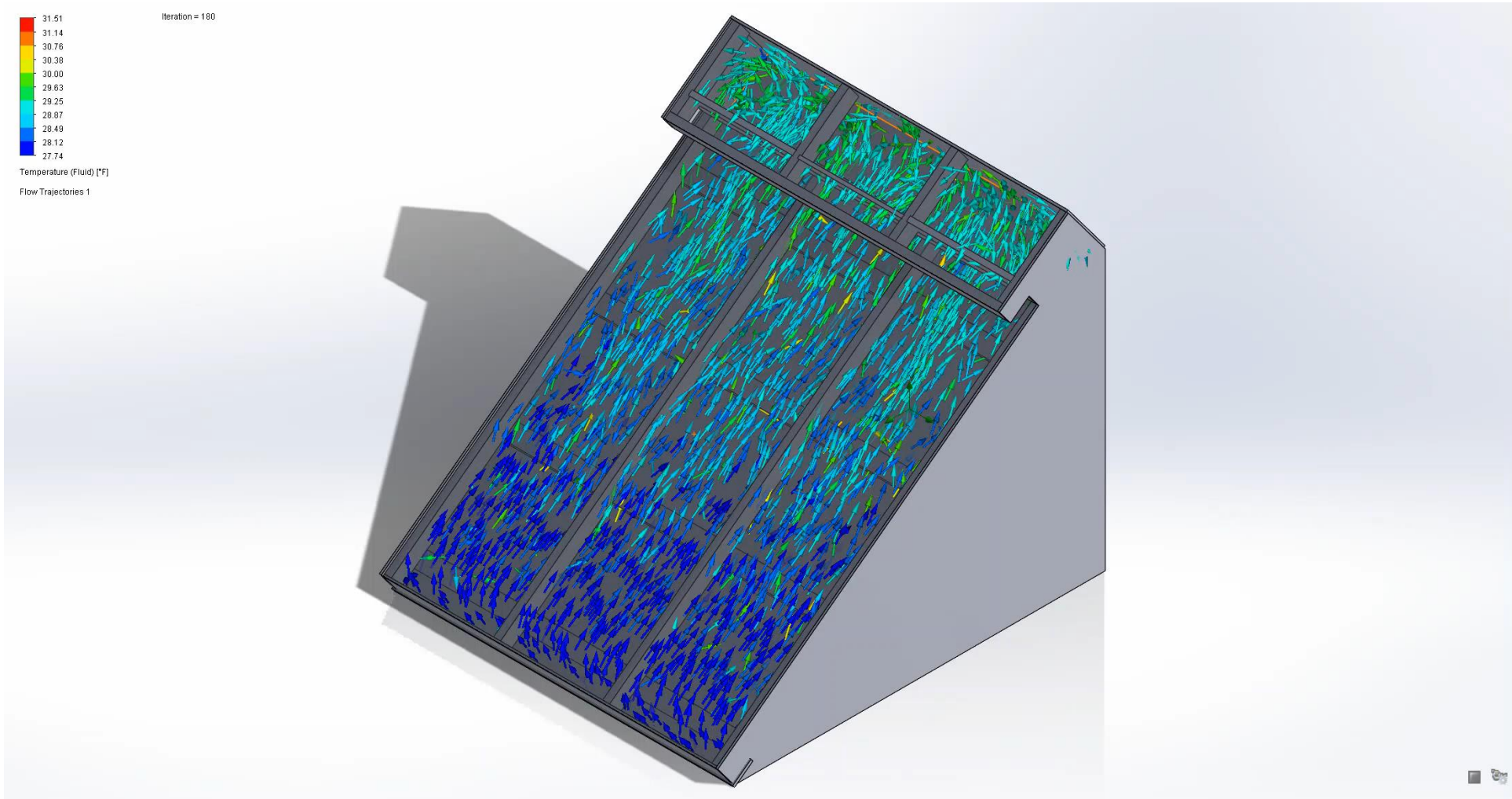


Cold Roof Top View Rafters

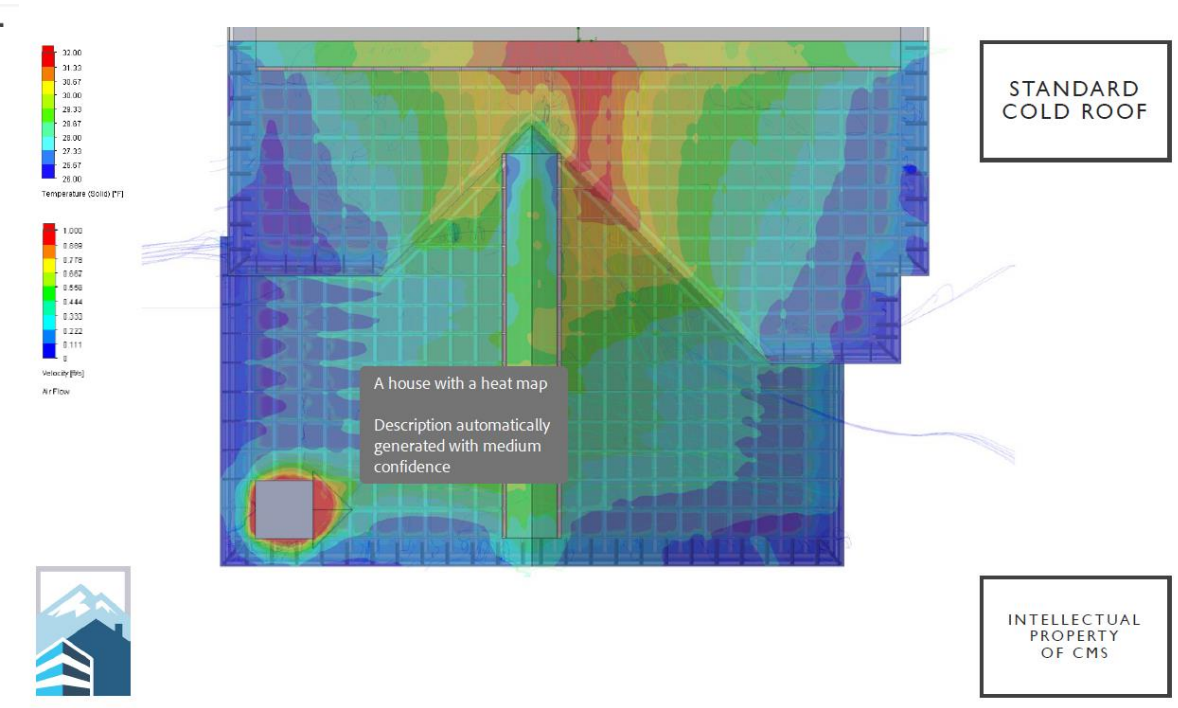
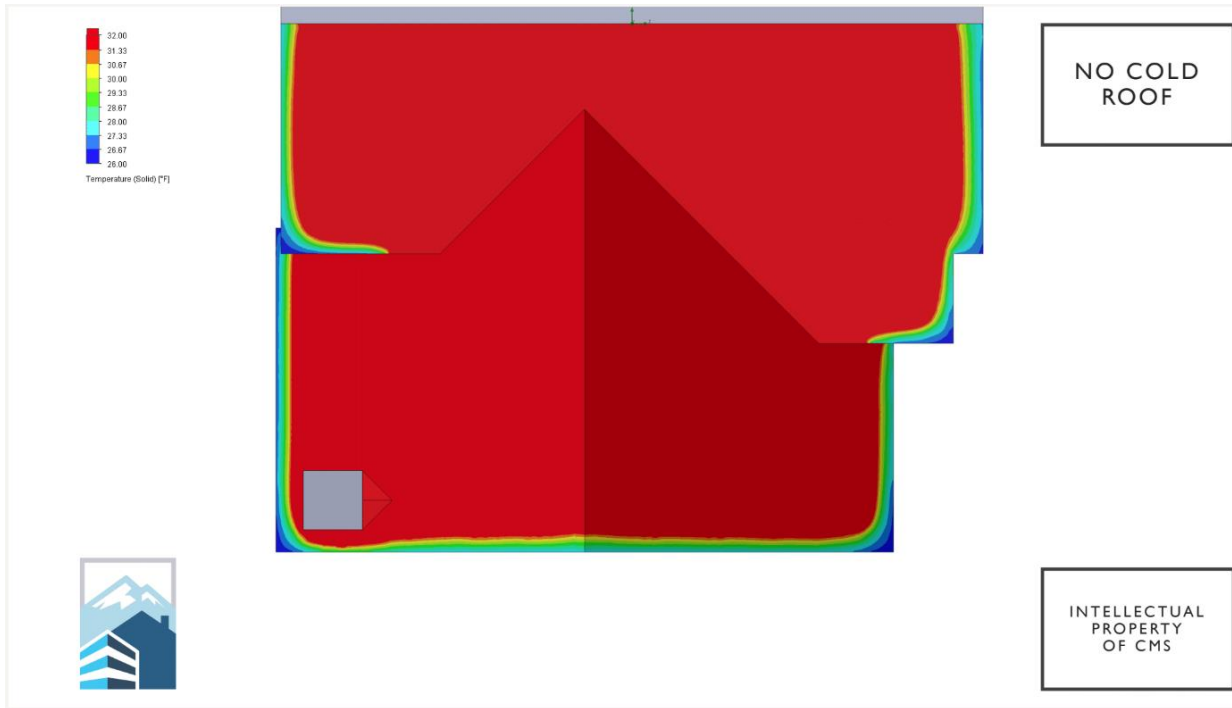
Cold Roof Air Flow – Side View



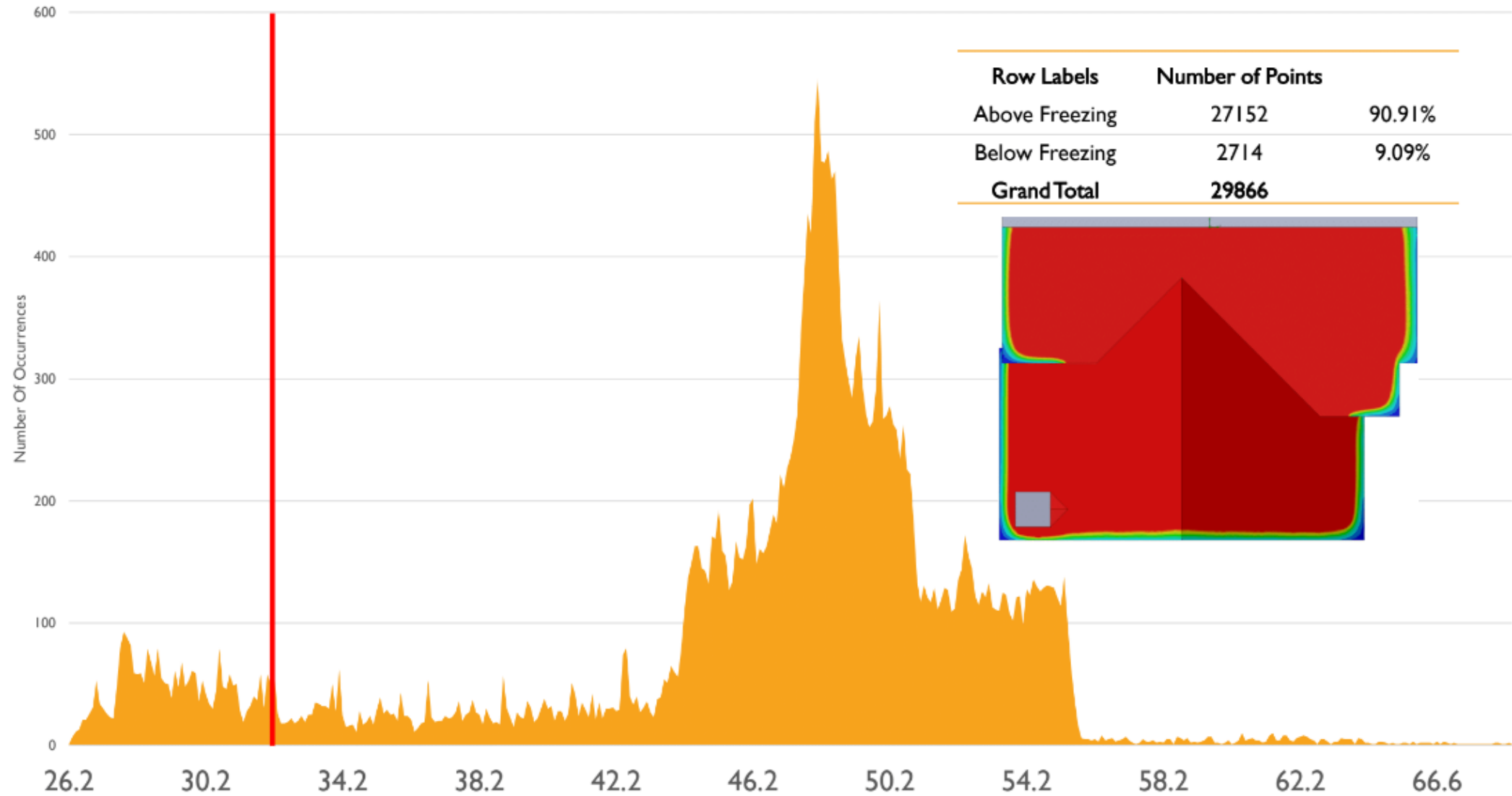
Cold Roof Air Flow, cont.



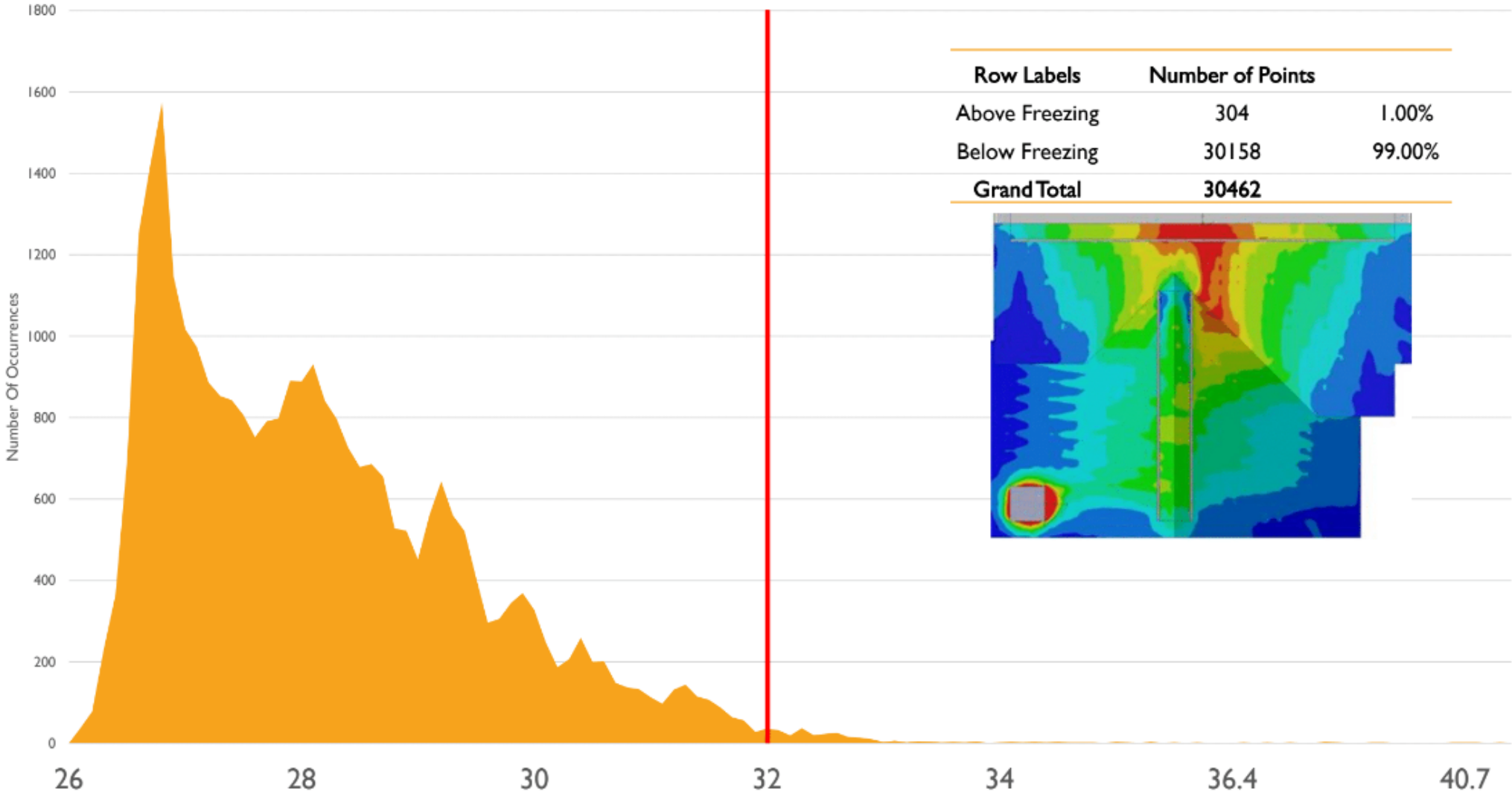
Existing Roof Heat Loss vs. Cold Roof



No Cold Roof Temperature Histogram



Standard Cold Roof Temperature Histogram



Other Successful Cold Roof Projects in Big Sky

- Hidden Village – 141 units
- Spanish Peaks – 55 units
- Tamarack Court – 29 units
- Park Condos – 32 units
- Alpine Meadows – 8 units
- Townhomes at Crail Ranch – 20 units
- Black Eagle – 33 units
- Fairways – 4 units
- Cowboy Heaven Luxury Suites – 4 units
- Upper Pines – 14 units
- Pine Ridge Condos – 10 units

• These Big Sky Condo Association's all suffered from poor roof performance, heat loss, ice dams, leaks, and damage. They have upgraded to a cold roof system and eliminated ice damming and leaks almost entirely. Approximately 75% of them have or are still utilizing a commercial construction loan with a local lending institution.

Discussion



Heat loss and ice dams will not be mitigated by a traditional re-roof. These ice dams on new roofs will shorten the life span of the roof surface

Project Costs

Twilight Roofing			
	CR over existing	# Bldings	Total
2 plex	\$98,464.00	32	\$3,150,848
4 plex	\$189,248.00	9	\$1,703,232
4 plex w/parapet	\$189,248.00	9	\$1,703,232
Condo	\$374,504.00	4	\$1,498,016
Roof Subtotal			\$8,055,328
Mechanical			\$210,000.00
Insulation			\$516,000.00
Project Subtotal			\$8,781,328.00
Contingency (10%)			\$878,132.80
Project Management (on P.Sub 3.4%)			\$298,565.15
Contribution from Reserves			-\$1,500,000.00
Project Total			\$8,458,025.95

Firelight Building Types



Chalet Fourplex



Condo Building – 20plex



Chalet Duplex

Project Financing

- The Board of Directors is currently working with local lending institutions to finance this project
- We expect to have secured loan terms in the very near future to distribute to the entire ownership
- Borrowing money will require a 75% or more vote of the entire membership
- Once loan term information is distributed to the entire ownership, this vote will be held soon after
- What we expect:
 - \$1,500,000 will be paid towards the project from the association's reserves
 - Owners will have the option to pay for their portion of the project in a lump sum and opt-out of the loan program, or;
 - Owners can participate in the construction loan program which will be amortized over 10- or 15-years including interest
 - The Line of Credit (LOC) will be interest only during the construction period
 - The Board of Directors are considering increasing quarterly assessments during the construction period to cover the cost of debt service

Construction Loan – Frequently Asked Questions

****The following is general construction loan information/FAQ's. Specific information regarding the loan will be distributed with the applicable lender term information.**

Q: How are Construction/Term Loans structured?

A: Like a line of credit, there are no interest charges until the funds are used. The loan remains interest only during construction and then moves into a defined repayment period. The HOA can determine the repayment period based upon member's comfort level with the assessment amount required to meet loan payments.

Q: Is there a down payment on the project?

A: There could be up to 25% down payment of the project costs at the front end. It is used for the initial draws on the project contract. Special assessment dollars are typically used for this payment.

Q: What is the collateral?

A: The HOA guarantees the loan with an assignment from the HOA – which is the right to impose and collect from unit owners. If the HOA falls behind on payments, the bank has the right to use collected assessments to make the loan payment and/or impose an additional assessment if needed to make the loan payments.

Q: Is a lien placed on my unit?

A: No. The construction/term loan is not reported as a mortgage or a lien for the individual unit. This is a UCC (Uniform Commercial Code) filing and is disclosed as a Special Assessment in real estate listing agreements and Buy-Sell Agreements.

Construction Loan – FAQ, cont.

****The following is general construction loan information/FAQ's. Specific information regarding the loan will be distributed with the applicable lender term information.**

Q: Will this be an advantage when selling my unit?

A: It may be an advantage because buyers will know exactly what their liabilities are for the remaining term of the loan. New roofing will increase the appeal of your unit and likely increase its value.

Q: I don't like loans. Can I pay construction costs upfront?

A: If you pay your portion as a lump sum before the project starts, you will not participate in the loan. You will not have a Special Assessment for loan repayment. If you originally do participate in the loan, you will have an annual option to repay your balance. At those designated times, if you pay off your loan (there is no prepayment penalty) your special assessment will end.

Q: Will I be liable for owners who fail to pay their assessment?

A: Yes, but is no different from the normal situation. Owners share in covering unpaid dues or assessments. Most HOA's have the ability to charge fines and place liens on units in arrears. So, if any participating unit doesn't pay their assessment toward the loan, a lien will be placed on that unit and the funds will be collected when the lien is cured or at the time of unit sale, at which time the HOA will be reimbursed for contributions that they may have made toward that unit's arrears.

Q: Is there a fee to obtain an HOA Construction Loan?

A: Yes. There is an origination fee the loan amount. The fee covers the bank's monthly construction inspection visits and disbursement for each monthly draw. Exact fees will be distributed with loan term information.

Construction Loan – FAQ, cont.

****The following is general construction loan information/FAQ's. Specific information regarding the loan will be distributed with the applicable lender term information.**

Q: What actions does the HOA need to complete prior to taking out a loan?

- A: There are several steps that must be taken to prepare for project commencement and closing of a loan.
1. Per the association's by-laws the project expenditure must be properly approved.
 2. A bank might also require members to approve the use of a loan and the special assessment amount needed to make loan payments.
 3. The Construction Loan only begins when construction begins. This requires that the contractor is identified, contracts are signed, and the construction date determined.

Q: Are there other fees to set up the loan?

A: Approximately \$14.00 to record the UCC filing.

Q: What are interest rates?

A: Interest rates are similar to commercial loan rates and are based on the Federal Home Loan Bank index, which is most closely tied to T-bill rates. 3-, 5-, 7- and 10-year adjustable rate options are typical choices. These rates change over time. Your loan officer will provide current rates on request.

Q: When does the bank begin charging interest?

A: Interest charges begin when HOA dollars are exhausted and loan draws are required to pay construction costs. Typically, HOA funds remain in and loan draws are deposited to the HOA checking account. The HOA pays invoices from this account.

Construction Loan – FAQ, cont.

****The following is general construction loan information/FAQ's. Specific information regarding the loan will be distributed with the applicable lender term information.**

Q: What are the main advantages to taking out a Construction Loan?

1. Timeframe: With a loan, the siding/roof can be replaced now, and followed with the assessment. The alternative is to collect special assessments for years until all work can be paid in cash.
2. Aesthetics: A rundown property detracts from re-sale value. The appearance of the property will be improved with re-siding, which will certainly enhance property values. New roofs require less annual maintenance and costly repairs are eliminated.
3. Certainty: Owners and buyers will have defined financial obligations.

Next Steps

- Questions on financing options
 - Please submit questions about this project to **jburgess@hpmmontana.com**
 - A FAQ response sheet will be re-distributed for owner review
- Voting Process
- Timelines
 - Project Timeline
 - Voting Timeline



Heat tape tends to migrate the ice dams and can often exacerbate the roof ice



Icicles from heat tape damage siding and create dangerous safety conditions



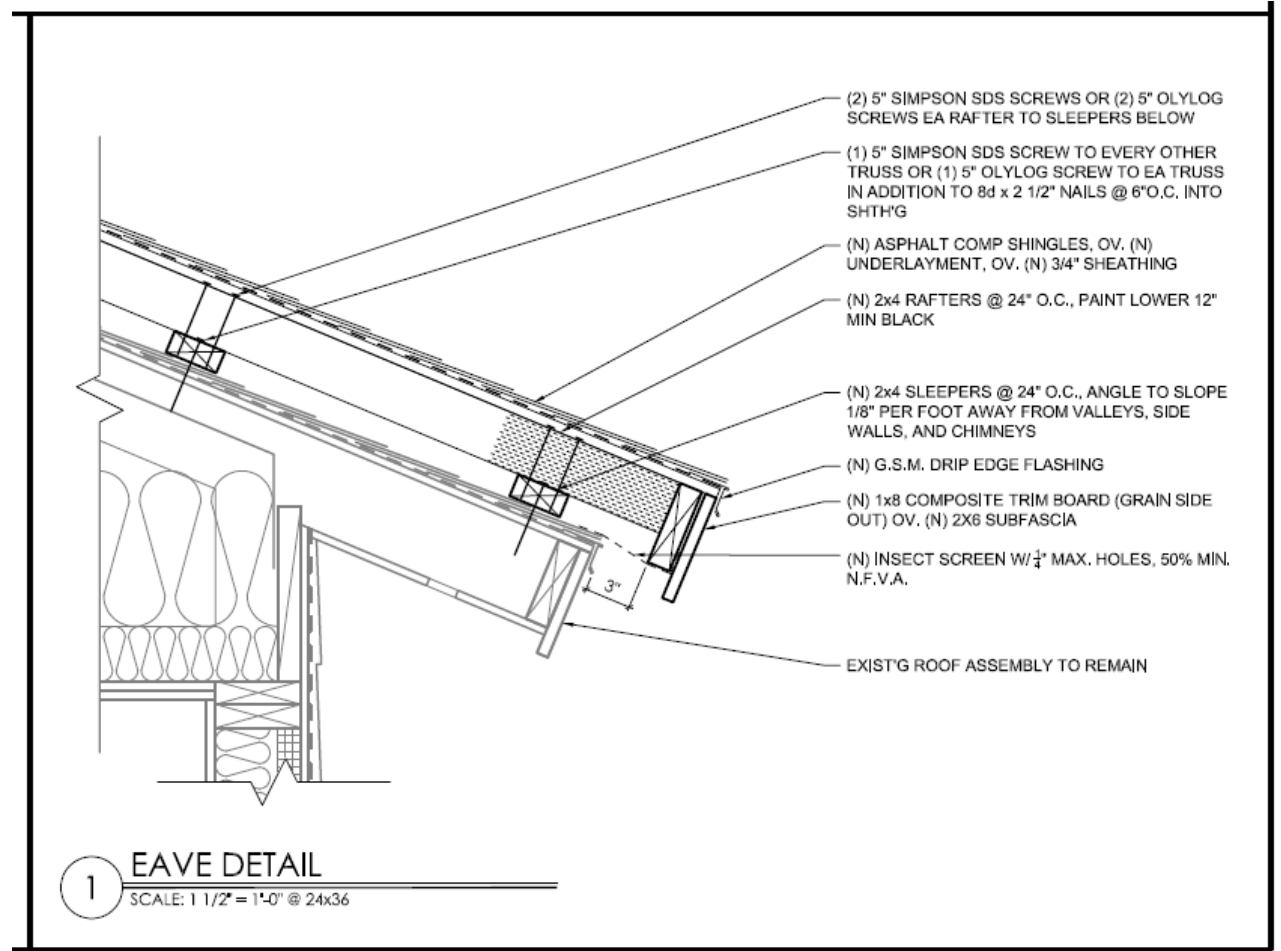
A roof leak is penetrating a bedroom in condo building C



This type of drywall damage is common throughout the association due to roof leaks



Roof heat loss and ice formation damages gutters, siding, and creates unsafe conditions on ground level



Cross framed cold roof buildout over existing