



SPANISH PEAKS OWNERS ASSOCIATION

Spanish Peaks Owners Association Board of Directors met May 14, 2014 at the CrossHarbor offices located at 123 Snowy Mountain Circle in Big Sky, Montana. Directors in attendance included: Matthew Kidd, via teleconference, and in person, Bayard Dominick, and Karen Roberts. Mindy Nowakowski represented staff.

1. **Establishment of Quorum:** Mr. Kidd determined that a quorum had been established.
2. **Call to Order:** Mr. Kidd called the meeting to order at 10:35 a.m.
3. **Minutes of February 14, 2014:** Motion made by Karen Roberts and seconded by Matthew Kidd to approve the February 14, 2014 minutes as presented. Motion unanimously carried.
4. **Treasurer's Report Q2 FY204**—Ms. Roberts presented to the Board her treasurer's report for the period ending April 30, 2014. She noted that actual income and expenses were on track with budget except for:
 - a. Transfer fee income is over budget by \$88,700 due to the sale of a number of Spanish Peaks properties during the first half of this fiscal year (i.e., November 2013 through April 2014).
 - b. Security expense is under budget by \$90,000 as a result of the SPOA not yet receiving a security invoice from CrossHarbor. This situation should be resolved over the next month or so, and the SPOA should then receive security invoices on a regular basis.
 - c. ARC expense is under budget so far this year by approximately \$5,000. This under-budget situation is a timing issue since ARC fees are received at one point in time and the expense related to the review, approval, and management of the projects occurs over the course of the following 12 to 24 months.

Motion made by Bayard Dominick and seconded by Karen Roberts that the financials and treasurer's report be accepted as presented. Motion unanimously carried.

5. Committee Reports

- a. **Manager's Report**—Mr. Luedtke's of Alpine Property Management, requested the Board's input on the following items:
 - i. Mr. Luedtke wanted permission to proceed with purchasing the "No Outlet" sign to be installed at the intersection of Eagle View Trail and Goshawk that he and Jon Olsen agree is necessary. The Board agreed.
 - ii. Mr. Luedtke wanted to know whether he should have the stone pillars repaired that are located at the entrances of each road. Mr. Dominick informed the Board that the pillars near the old construction entrance are expected to be replaced this summer with structures that conform more closely to the large entrance pillars on Ousel Falls Road. As such, these pillars are not to be repaired. The other stone pillar road markers, however, need to be repaired until the Developer decides whether or not to replace them.



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- iii. Mr. Luedtke wishes to know if the Board would like him to look into the possibility of planting whitebark pine trees on some of the open spaces within Spanish Peaks and paying for the project from the transfer fee fund. Until CH SP Acquisition LLC (CHSP) completes an overall plan for the development, the Board does not want Mr. Luedtke to pursue this option.
- iv. Mr. Dominick was appointed as the management company's contact for issues relating to CHSP.
 - v. When construction begins on the new hotel that is planned for the development sometime over the next few years, Mr. Kidd said that CH SP would be responsible for any related road damage caused by their construction vehicles and traffic. As such, the SPOA does not need to include funds for this potential damage in its reserve.
 - vi. Mr. Luedtke is to coordinate forestry management issues with Mr. Dominick.
 - vii. The bridge that crosses the South Fork of the West Fork River at the end of Ousel Falls View Road is neither the responsibility of the SPOA nor CH SP.
 - viii. Last week, Ms. Roberts sent Mr. Luedtke a copy of the SPOA Board Resolution for the Containment of Trash and Foodstuffs which addresses the concerns he raised in relation to the trashcans.

Motion made by Karen Roberts and seconded by Bayard Dominick that the manager's report be accepted as presented. Motion unanimously carried.

- b. ARC Report General Report—Motion made by Karen Roberts and seconded by Bayard Dominick that the ARC report be accepted as presented. Motion unanimously carried.

6. Resolution on the Establishment of an Assessment Collection Policy

Ms. Nowakowski presented to the Board a draft of the assessment collection policy that she wrote and which was reviewed by Ms. Roberts. This resolution formally addresses collection issues not specifically addressed in the Declaration.

Motion made by Karen Roberts and seconded by Bayard Dominick that the Resolution: Establishment of an Assessment Collection Policy be adopted as presented. Motion unanimously carried.

7. **Discuss Investment Plan/Policy and Next Steps**—Ms. Roberts presented the example of an investment ladder provided by Bratton DuBose of Wells Fargo that could be used for investing the money held in the reserve fund. Since the example was received just prior to the meeting, none of the Board members had time to adequately review the proposal. Ms. Roberts said she would review what was received from Mr. DuBose, get back to him with any questions, and report back to the Board via email.



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- 8. Use of Transfer Fee Funds**—Ms. Roberts told the Board that, although never formally documented, the money held in the transfer fee fund was originally intended to be used for the Spanish Peaks trail system—to maintain and/or expand this system. Ms. Roberts said that she was in favor of using the transfer fee fund for two items (1) to purchase and develop a small playground near the location of the current swimming pool, and (2) to expand the current trail system. Since Mr. Dominick is working with CHSP to establish an overall improvements plan for the development, he said that he would take the lead on how best to use the transfer fee fund and report back to the Board at the next meeting in June.
- 9. Snowplow Contract for Winter 2014-2015**—The Board will ask Mr. Luedtke to contact Kevin Kusto owner of K7 Snow Works, Inc. and request a proposal for snow removal for the upcoming winter including pricing options of 3-year and 5-year contracts. Ms. Roberts said she would contact Mr. Luedtke with this request and ask that the proposal be available for the Board’s review at the June 13th meeting.
- 10. Excess Traffic on Ousel Falls and Ousel Falls View Roads**—Ms. Roberts reported that she received an email from a member who was concerned about the amount of non-Spanish Peaks traffic on Ousel Falls and Ousel Falls View Roads that connect the Big EZ main entrance and the secondary entrance of Yellowstone Mountain Club with South Fork Road. The member believes that the Access Easement Declaration between Yellowstone Development, LLC, Yellowstone Mountain Club, South Fork Montana, LLC, RSH South Fork Investment Partners I, LTD, and RSH South Fork Investment Partners II, LTD restricts the use of the access road to the owners of the properties located within the Big EZ and Yellowstone Mountain Club. If this were the case, then use of Ousel Falls and Ousel Falls View Roads by non-Spanish Peaks owners would also be restricted. The agreement, however, specifies that all guests, employees, licenses, agents, contractors, vendors, and other invitees of any owner be allowed to use the easement between Spanish Peaks and the access to the Big EZ and Yellowstone Mountain Club. In addition, Ousel Falls and Ousel Falls View Roads are designated as public county roads and, therefore, access to these roads cannot be restricted.

Ms. Roberts said she would contact the concerned member and relay this information.
- 11. Speed Limits on Spanish Peaks Roads**—Ms. Roberts told the Board that she has received emails from two SPOA members requesting that a speed limit be placed on Ousel Falls and Ousel Falls View Roads. The Board agreed. Motion made by Karen Roberts and seconded by Matthew Kidd that the Board move ahead with petitioning Gallatin County for a speed limit for Ousel Falls and Ousel Falls View Roads. Motion unanimously carried.
- 12. Weed Control of Member-owned Property**—Ms. Roberts proposed to the Board that the SPOA offer its members weed control service provided by the company that performs weed control for the SPOA. Since the current weed control vendor uses chemicals to control weeds, each SPOA Member wishing to accept this service would need to sign an agreement with the SPOA that allows for the spraying of these chemicals on their property and which also obligates each member accepting this service to reimburse the SPOA for the cost of this weed control service. Prior to making this offer available to SPOA Members, Ms. Roberts said that she would obtain a cost per acre and a list of



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chemicals used. The Board agreed for Ms. Roberts to proceed with the weed spraying proposal.

13. Other Business

a. Ms. Roberts updated the Board on a number of issues:

i. **Update on Cabin Staining**—Letters and/or emails were sent to the owners of Cabins 2, 4, 5, and 6. All owners have agreed to re-stain their cabins during this summer.

ii. **Delivery of Bear-proof Trashcans**

Per my discussions with Jason Veitch of Republic Services, the demand for bear-proof trashcans has risen within the Big Sky community to about 1,000 units. This demand is the result of the Bear Aware initiative raising the issue of responsible trash handling within the community. As such, Jason consolidated all of the orders and as of the writing of this report, he has received approval from his corporate office for the project and the funding. As yet, however, he has not actually received the funding, which totals about \$250,000.

Jason told me, however, that since I was one of the earliest people to contact him for the bear-proof trashcans, he should be able to fund the Spanish Peaks portion of the units from the money he has available in this year's budget. As such, he expects to be able to deliver the requested trashcans to SPOA residents sometime during the next few months.

iii. **Reserve Update**—Ms. Roberts contacted Reserve Advisors, Inc. to perform an update of the SPOA reserve for roads, trails, and other common elements. The onsite inspection for this update is scheduled for Monday, July 21, 2014 at 10:00.

b. Mr. Dominick explained to the Board that the Aspen Grove road area is being turned into a Rural Improvement District (RID). Once the RID is in effect, the SPOA will no longer be responsible for paying a fee to the homeowners associations that maintain the roads that provide access to the Spring Creek Reserve area of Spanish Peaks.

14. **Adjournment**— Motion made by Karen Roberts and seconded by Bayard Dominick for the Board to adjourn the meeting. Motion unanimously carried.

The next board meeting of the SPOA will be held on Thursday, June 8, 2014 at 9:30 AM MST.

Meeting adjourned at 11:37 AM MST.

Bayard Dominick, Secretary for the Board

6.13.14

Date