



SPANISH PEAKS OWNERS ASSOCIATION

Minutes of Board of Directors Meeting February 13, 2012

Notice of the meeting was waived by unanimous consent of the board. The meeting was held via telephonic conference.

Board Members present in person or by telephone: James J. Dolan, Karen Roberts, W. Dean Genge

Advisory Committee members present in person or by telephone: Tom Nolan, Walter Blessey, Jon Dudley, Peter Lee

A quorum was established with three board members present and Mr. Dolan, as Chairman, called the meeting to Order at 9:15am MST.

Old Business:

1. **Meeting Minutes:** The board approved the minutes of the December 23rd, 2011 meeting as revised.

New Business:

1. **Welcome Advisory Group:** Mr. Dolan welcomed Messrs: Blessey, Dudley, Lee and Nolan to the newly formed advisory group and noted the board's appreciation of their willingness to participate and advise the board.
2. **Review and Status of items from December 30, 2011 Annual Meeting of Owners:**
 - a. Consider limiting snow removal to reduce expenses: Mr. Genge reported that there is no opportunity to reduce the snow removal expense because owners have a right of access to properties and roads must be cleared for access to properties for sales.
 - b. Confirm trails valuation basis: Ms. Roberts has reviewed and verified the invoices for development of trails and established that the valuation basis is appropriate. Subsequent question whether the bankruptcy affects the valuation. The board does not believe the bankruptcy affects the valuation. Advisory Group Member Dudley asked if the SPOA trails comprise all of the trails at the club. The SPOA trails are those on Common Area. The SPOA trails at times cross over or intersect with club owned trails. It was previously anticipated that the SPOA would develop future additional trails.
 - c. Create advisory group: The Advisory Group has been created and is in attendance.
 - d. Reduce bank charges: The Treasurer has opened a Wells Fargo lock box product that will let us save about 40% (roughly \$300/month vs \$600 per month).
 - e. Ensure safety of cash balances in reserve, transfer fee, and operational accounts: The Treasurer reports the SPOA currently has a lockbox account at PNC Bank that will soon be closed, an operating/lockbox account with Wells Fargo Bank, and three

accounts at American Bank—reserve, transfer fees, and ARC deposits. Although it may be more convenient for the management company to keep the ARC deposit account at American Bank, which is physically located in Big Sky, there is no benefit in keeping the reserve and transfer fee accounts at a local bank. The Treasurer is investigating the pros and cons of moving all of the various bank accounts to Wells Fargo. The basic premise is the safety of deposits. American Bank is on the government watch list. The Treasurer will continue the process and report at next meeting.

- f. Research alternatives to reduce cost, increase visibility of security team: Mr. Genge reported that Markus Kirchmayr of Alpine Management was asked to investigate potential savings. Mr. Kirchmayr said Alpine would be willing to consider managing the security, but not without a long-term contract. With the current uncertainty regarding the outcome of the bankruptcy, the board believes a long-term contract is not advisable at this time. The board also requested that Mr. Kirchmayr investigate the possibility of outsourcing to another security firm. He spoke with Rocky Mountain Security and concluded it would cost the SPOA roughly \$50,000 more annually than it is currently paying and that it, “Looks like security at SP currently is a bargain.” The board also asked Mr. Kirchmayr to investigate renting a truck to improve visibility. He found the lowest cost to rent a truck for a 2-month period is \$3,888.79. The board is investigating other arrangements to supply a pickup truck with an SP Security logo at lower cost. Separately, with the objective of increasing the visibility and presence of the security team, Mr. Dolan verbally, and Ms. Roberts in a letter, requested of the trustee that security be permitted to base its operation out of the SP entry house. No response has been received.
3. **SPOA Bankruptcy Claims:** The question was raised whether the SPOA has any bankruptcy claims, and if so, to have an SPOA attorney file the claims. Mr. Nolan was asked to consider potential claims.
4. **Treasurer’s Report:** Ms. Roberts reviewed the written report she submitted to board and advisory group. She discussed delinquencies and collection efforts, which are meeting with some success. She also discussed providing some leniency on late fees and interest charges based on confusion following bankruptcy. Ms. Roberts is conducting SPOA Owner audit against county records to make sure the association has accurate records of all properties and owners. She is also checking the status of collection of Transfer Fees on Fleming and other properties that have been auctioned or foreclosed and will continue to investigate the impact of foreclosure on collection of transfer fees and assessments. Mr. Dolan suggested that the SPOA Treasurer should communicate with title companies in Gallatin and Madison counties to ensure SPOA preserves its rights to collect and that banks and title companies are notified of requirements. The board discussed the depreciation schedule on trails, the change by the SPOA accountant RC Holsinger from the original depreciation schedule, and the need to get an accounting opinion and establish a policy for depreciation of trails.

5. **SPOA Legal Counsel:** The Board budgeted \$10,000 for legal bills for 2012, and will conduct interviews and make a Board recommendation.

New Business:

1. **Road Maintenance and Reserve Fund:** Mr. Lee asked a question about the necessity of the proposed summer road maintenance. The Board said the roads had been inspected by Jon Olsen last October, and that the Board would have an inspection done again prior to scheduling the work if weather permits prior to the need to lock in the contractor. Mr. Dolan noted that the Board reported in December that it has budgeted for an update of the reserve study during 2012, and until the update is complete there is no responsible way to revise the reserve assessment.

Mr. Dolan then asked for a motion to adjourn the meeting. Ms. Roberts moved and Mr. Genge seconded the motion. The meeting was adjourned at 10:30am.

Date and time of next Board Meeting – March 12, 2012 at 9am MST.



W. Dean Genge
Secretary for the Board

3/14/12

Date