



BIG SKY OWNERS ASSOCIATION

Board of Director's Meeting Minutes May 28, 2010

Big Sky Owners Association Board of Directors met May 28, 2010 at 9 AM at the Big Sky Owners Association in Big Sky, Montana. Directors in attendance included: Kevin Frederick and Don Loyd. On the phone were Michelle "Mitch" Furr, Rumsey Young and Greg Ruff. Barb Starz, Steve Barrett and Will Brunner were not able to attend. Mary Jane McGarity, and Krista Mach represented staff.

1. **Membership Forum:** Sharon Douglas attended the meeting.
2. **Call to order:** Kevin Frederick called the meeting to order at 9:10 AM.
3. **April 16, 2010 Minutes - Don Loyd made a motion to approve the April 16, 2010 minutes; Mitch Furr seconded. Motion unanimously carried.**

4. Finance Committee

March Financials - Mary Jane McGarity reported that the financials were provided to the Finance Committee for review and comment. Mitch Furr noted a decimal error on the Account Summary report for the current month. Krista will amend for the June financial report.

Motion by Mitch Furr to accept the unaudited April 2010 financials as presented; Rumsey Young seconded the motion. Motion unanimously carried.

A/R Reports- Kevin Frederick asked about Accounts Receivable. Krista Mach reported that she had sent 10 letters to homeowners with delinquent accounts and had heard back from 8.

Risk Management- Mary Jane McGarity reported that BSOA funds deposited at American Bank exceed FDIC insurance limits. Consequently, authorization was requested to move funds out of American Bank and into the distributed PrimeVest account.

Motion made by Don Loyd to authorize staff to move \$125,000 from American Bank to PrimeVest; Rumsey Young seconded the motion. Motion unanimously carried.

2010-2011 Budget- Kevin Frederick and Mary Jane McGarity presented the 2010-2011 BSOA Budget to the Board. At this meeting, the Board was asked to accept the budget. The accepted budget will then be mailed to the membership as part of the Annual Meeting Membership and Ballot Packet at the end of July. The accepted budget is "presented to the membership" by the BSOA Treasurer at the September 3, 2010 Annual Meeting, and becomes effective October 1, 2010.

The process for developing the budget involved a meeting with the Executive Committee to determine wage and benefit spending followed by a Finance Committee meeting to create the balanced budget. The biggest challenge this year was to work to hold assessments steady while:

- Absorbing a \$33,460 increase in the winter road maintenance contract;
- Acknowledging a predicted \$30,000 write off (bad debt) for the Lodges at Big Sky; and
- Trying to provide some funding (\$10,000 proposed) to the Snow Express which runs winter shuttles in Big Sky.

Kevin explained that holding assessments steady while managing a \$73,000 increase in expenses resulted in a variety of approaches:

- Make all assessments (including raw land) uniform at \$360 per year. This option would require a vote of the membership and would place a economic burden on a very few individual members who own large land tracts in BSOA;
- Tighten spending in several categories (22 of 38 expense categories have reduced budgets for next year);
- Increase the use of electronic messaging to the membership and reduce paper newsletters to one per year;
- Other reductions as noted in the budget attached to these minutes.

Specific questions and discussion followed:

- Mitch Furr inquired about the Transportation District allocation and was curious to know how the \$10K amount was derived. Mary Jane McGarity explained that it was selected based on the Transportation District budget as presented to the Resort Tax which included contributions from Big Sky Resort (\$15K), Moonlight (\$5K), and Madison County (\$30K). Several members contacted the office and requested a BSOA budget allocation for local shuttle service last spring when service was cut. The Board directed Mary Jane McGarity to work with Gallatin County Commission to try and secure funding for Big Sky Transportation from them as well.
- To achieve a balanced budget, Kevin Frederick and Rumsey Young explained that there are three viable options: Change raw land assessments from \$35 to \$360; raise all improved membership interest assessments by \$10; or fund the deficit out of reserves. Mitch Furr and Don Loyd did not support "deficit spending" out of reserves and both supported a minimal increase in assessments. All board members present also supported the maximum increase allowed under the bylaws for the raw lands.
- Cost saving suggestions included moving the annual meeting and increasing the use of the internet for membership communications.

Motion made by Don Loyd to move that we accept the budget with a maximum increase on raw land (\$3.50) and implement \$10 increase per membership interest for all other properties; Mitch Furr seconded the motion. Motion carried unanimously.

5. Chairman's Report

a. Old Business

Ponds/Lights/Translators- Mary Jane McGarity informed the board that we received the 310 permit approval from the Gallatin Conservation District and are waiting on the 404 permit from the US Army Corps of Engineers to proceed with the bridge footing investigation at the Little Coyote Pond. Northwestern Energy has erected light poles on Curly Bear and was provided arms that did not fit. New parts are on order. Several years ago the FCC issued a

notice of violation to the BSOA for a failure to register the translators. BSOA responded over 3 years ago, and in the past month, the office was contacted by the FCC reducing the fine to \$500. Mary Jane McGarity reported that she received Executive Committee approval via e-mail confirmation to pay the penalty and put the protracted issue to rest.

b. New Business

Meadow Village Signage- The total cost for the new signs in Meadow Village will be \$3300 and the money will come out of operating reserve. Michele Geppert needs to meet with the Condo Associations to make sure that the signs are acceptable. Mindy Nowakowski is working on the sign easements. Michele needs to meet with Hidden Village and see if they will pay for part of the sign. Motion made by Rumsey Young to approve the spending of the money for the signs after Michele has meet with the Condo Associations; Greg Ruff seconded the motion. Motion unanimously carried.

6. Committee Reports

- a. **Executive** - The Executive Committee has been working on the HR and Policy & Procedure manuals. The Executive Committee directed Mary Jane McGarity to hire a HR professional to complete a review of the document. Ellen Feaver of Anderson Zurmulen completed the review and Mary Jane is finalizing the updated document for approval by the Board.
- b. **Legal** - The Legal Committee continues to work on a variety of jurisdiction issues.
- c. **Nominations-** Motion made by Mitch Furr to increase the available Board of Director positions from 8 to 9. Annual director election will include 3 three-year terms and 1 one year term; seconded by Greg Ruff. Motion unanimously carried.
- d. **BSAC** - The Robbins house has been sold to Trever Smith of Bozeman and they have already contacted the office regarding planned improvements to the property. Covenant compliance tracking sheet was reviewed.

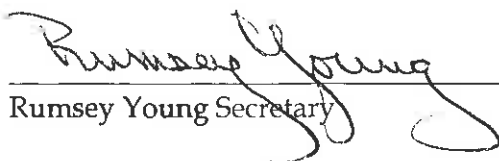
7. Staff Report- Mary Jane McGarity provided an overview of her staff report. Don Loyd commented that staff should not be picking up debris on owner property.

8. Other- Miscellaneous feedback from the membership included working on speed reduction for Highway 64 and Highway 191. Informal discussion was held regarding the pedestrian tunnel. Mary Jane McGarity will plan a trip to Helena to discuss these topics with appropriate personnel from the State Transportation Department.

9. Adjourn- Motion by Greg Ruff to adjourn the meeting; Mitch Furr seconded the motion. Motion unanimously carried.

The next BSOA meeting will be July 16, 2010.

Meeting adjourned at 10:30 AM.



Rumsey Young Secretary

**Big Sky Owners Association
2010-2011 Operating Budget**

Budget Category	2008-2009	2009-2010	2010-2011	Difference	Notes
					<i>Slight Increase in Assessments/Absorb Snow Plow Increases and Bad Debt/Fund Snow Express</i>
Assessment Income	\$ 830,000	\$ 833,000	\$ 860,014	\$ 27,014	Invoice at \$370(2322)+ raw land at\$38(23)= \$840,240
Madison County Owned Roads	\$ 78,800	\$ 80,180	\$ 82,600	\$ 2,420	Ref contract at \$82,600 invoiced to MadCo
Interest Income	\$ 26,000	\$ 10,000	\$ 12,000	\$ 2,000	
BSAC-Design Review Fees	\$ 6,000	\$ 6,000	\$ 8,000	\$ 2,000	Slight projected increase
LMR X-Country Ski Pass Sales	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	
Miscellaneous Income	\$ -	\$ -	\$ -	\$ -	
Title Company Income	\$ 1,000	\$ -	\$ 3,000	\$ 3,000	Current income is at \$1500 mid-year
Covenant Compliance Penalties	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	Steady
Office Projects (funded from Condo Reserve)	\$ -	\$ -	\$ -	\$ -	New category - funds condo improvements - none expected
Special Projects (Funded from Operating Reserve)	\$ 8,400	\$ 17,000	\$ -	\$ -	Transferred from reserve: continued jurisdiction project
Pond Project (Funded from Pond Reserve)	\$ 10,000	\$ 5,000	\$ -	\$ -	Transferred from reserve - pond work - total TBD
Total Operating Revenue	\$ 986,200	\$ 977,180	\$ 991,614	\$ 14,434	
Wages	\$ 215,000	\$ 208,500	\$ 216,500	\$ 8,000	Includes Architect and Additional Atty Hours for Covenant Project
Payroll Taxes	\$ 25,000	\$ 16,500	\$ 17,200	\$ 700	Calculated
Employee Benefits	\$ 30,000	\$ 35,000	\$ 34,400	\$ (600)	Per Exec Comm Meeting 05/7/10 and Finance Comm 05/11/10
Retirement Benefits	\$ 18,000	\$ 16,000	\$ 16,100	\$ 100	Calculated
Total Staff Expenses	\$ 288,000	\$ 276,000	\$ 284,200	\$ 8,200	
Office Expenses	\$ 10,000	\$ 12,000	\$ 7,800	\$ (4,200)	Lean spending as much as possible
Telephone & Internet	\$ 6,000	\$ 4,000	\$ 4,800	\$ 800	
Utilities	\$ 4,000	\$ 12,000	\$ 10,000	\$ (2,000)	
Office Leases/Equipment	\$ 8,000	\$ 6,000	\$ 5,000	\$ (1,000)	Renew copier lease
Property Taxes	\$ 4,000	\$ 5,000	\$ 3,000	\$ (2,000)	Adjusted to reflect open tract value and accessibility with DOR
Insurance (D&O/Gen Liability/Umbrella)	\$ 10,000	\$ 8,600	\$ 10,000	\$ 1,400	Per three year agreement through 2011
COA Assessments (Center Lane)	\$ 8,400	\$ 9,000	\$ 9,600	\$ 600	Fixed
Software and Subscriptions	\$ 5,000	\$ 4,000	\$ 3,800	\$ (200)	Lean spending as much as possible
Total Office and Administrative Expenses	\$ 55,400	\$ 60,600	\$ 54,000	\$ (6,600)	
Communications-Web Site O&M	\$ 6,000	\$ 6,000	\$ 6,000	\$ -	
Communications-Quarterly Newsltr & Post	\$ 18,000	\$ 18,000	\$ 5,000	\$ (13,000)	Reduce to one mailing a year
Legal	\$ 5,000	\$ 5,000	\$ 1,000	\$ (4,000)	Need for outside counsel minimized with current staff
Elections-Ballots/ Annual Packet	\$ 10,000	\$ 6,000	\$ 5,000	\$ (1,000)	Adjust to last year actual cost
Finance-Annual Audit and Tax Prep	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	Per three year agreement through 2011
Personnel-Training and Travel	\$ 7,000	\$ 7,000	\$ 6,800	\$ (200)	Lean spending as much as possible
Meeting Expenses	\$ 6,000	\$ 6,000	\$ 3,000	\$ (3,000)	Eliminate BOD Annual Party / lean spending on meetings
Annual Meeting	\$ 5,000	\$ 6,000	\$ 5,000	\$ (1,000)	Includes Member Reception - Adjust to last year actual
Jurisdiction Project	\$ 10,000	\$ 5,000	\$ -	\$ (5,000)	Fund with Operating Reserve \$
Special Projects (Historical)	\$ 11,000	\$ 4,500	\$ -	\$ -	
Total Board/Committee Expenses	\$ 88,000	\$ 73,500	\$ 41,800	\$ (31,700)	
LMR X-Country Trails	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	
Signage Repair/Replacement	\$ 3,000	\$ 3,000	\$ 1,000	\$ (2,000)	
Winter Road Maintenance	\$ 406,000	\$ 430,000	\$ 463,460	\$ 33,460	96(\$23,734)M+ 12.18(\$15,800)G+ 7800NF+ 150WC=430K
Towing	\$ 3,000	\$ 1,500	\$ 1,000	\$ (500)	
ROW Noxious Weed Management	\$ 8,000	\$ 8,000	\$ 7,000	\$ (1,000)	\$350/mile(approx 20 miles)
BSCC Membership/Donation	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	
Snow Express Contribution	\$ -	\$ -	\$ 10,000	\$ 10,000	NEW Category at membership request
HCR Donation	\$ 2,000	\$ 2,000	\$ 2,400	\$ 400	Include HCR Assessment
Historical Expenses	\$ 10,000	\$ -	\$ -	\$ -	
Total Activities Expense	\$ 507,000	\$ 519,500	\$ 559,860	\$ 40,360	
Bad Debt	\$ 7,500	\$ 12,000	\$ 35,000	\$ 23,000	Lodges at Big Sky is \$30K
Miscellaneous/Contingency	\$ 14,300	\$ 9,580	\$ 13,754	\$ 4,174	adjust to balance rev and exp
BSOA Condo Reserve	\$ 5,000	\$ 1,000	\$ 1,000	\$ -	Per Reserve Schedule
BSOA Operating Reserve	\$ -	\$ 5,000	\$ 1,000	\$ (4,000)	Per Reserve Schedule
BSOA Pond Reserve	\$ 5,000	\$ 1,000	\$ 1,000	\$ -	Per Reserve Schedule
Special Project 2008- Membership Dbase	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)	Work to complete in-house
Special Project 2008-BSAC Guidelines Revised	\$ 6,000	\$ 4,000	\$ -	\$ (4,000)	Complete by end of FY2010
Special Project - Ponds	\$ -	\$ 5,000	\$ -	\$ (5,000)	Fund with Pond Reserve \$ - total cost not yet known
Big Sky Community Projects	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)	Can't afford this year
Total Other Expenses	\$ 47,800	\$ 47,580	\$ 51,754	\$ 4,174	
Total Expenses	\$ 986,200	\$ 977,180	\$ 991,614	\$ 14,434	