

The following relates to the recent “almost” Annual Meeting. “Almost” because for the first time in HVOA history, we did not have quorum for the meeting. I believe we were two owners short, either in person or by proxy, of having a quorum. Fortunately, the meeting was still very productive and there were no votes which required a quorum. There were two issues requiring a vote, voting for two Board positions and approving the budget. The Board members not up for a vote, Mary, Maude and Susie, talked with our HOA attorney after the Board meeting and were told as a majority of the Board [three of five members] they could appoint the two other Board members and approve the budget. They held a meeting and appointed Pete Johnson and myself. At that meeting they also appointed the Board chairperson by selecting me. Our attorney also told the remaining Board members since the budget was flat, in other words no changes, they could approve the budget for next fiscal year.

I believe we had a very productive meeting and it all worked out. However, we do not want this to happen again. HPM emailed the notice, proxy and other information on August 21st and an updated packet on August 31st. Unfortunately, they discovered that some owners did not receive the first email due to its size. They did not realize this until too late. Next year, we will use regular mail for the notice, draft agenda and proxy along with email prior to the Annual Meeting. Also, a number of owners did not either attend or send their proxy to be used by another owner who could vote their interests or to the Board as a Board vote. Decisions made by the HOA affect all of us. Regardless, if we agree or not, it is very important we all participate.

Attorney Presentation

Our HOA attorney Kristen Brown is retiring. Kristen recommended we work with Mindy Cummings who is taking over her practice and has experience with HOA's. Mindy is also a former HV resident.

Kristen addressed the following topics.

Over the past year, the Board has received several inquiries regarding concerns over renting, both short term and long term. I asked Kristen to address the requirements to change the by-laws relating to renter policies. Kristen stated to make a change, it would require a 75% approval of all owners. Given this, I would suggest it would be very difficult, if not impossible, to change the by-laws regarding renter policies. The Board also has received inquiries regarding parking policies which is under rules and regulations. Kristen stated it is a simpler process to make changes in the parking policies as it simply requires a vote of 50% of the owners attending a Board Meeting. If you have comments regarding parking policies, please email the Board.

Kristen reviewed where property ownership stops and HOA ownership begins. Owners property essentially ends with the drywall of the owned unit. Almost all other space is either Limited or Common Elements owned by the HOA.

Gutters, which have been an owner expense, are part of the roofing project. For each building receiving a roof, the gutters will be installed or replaced as deemed necessary by the contractor as part of the project. For existing gutters or owners who wish to add gutters on buildings which are not currently part of the roofing project, this continues to be an owner expense.

- Note: The Board has received concerns regarding gutters not being coordinated and a gutter on one unit may cause problems for another unit in the same building. HPM and Blue Ribbon will strive to develop a coordinated gutter plan for all units in each building under construction.

Currently about 20% of units use propane. Other unit owners may be interested in using propane in the future. HPM realized this past winter that shoveling around the tanks was being paid for by the HOA when it should have been a propane unit owner expense, according to our HOA attorney. Since this, HPM, Gary Peterson (one of our owners) and the Board have spent considerable time developing a propane tank plan which will address both current owners and possible future owners. The timing for this is excellent as the contract with the previous vendor ended in September. We hope to have this done in the next couple of months. In the meantime, current propane tank owners will receive a lower cost as a result of the bidding process which HPM orchestrated. Keep in mind, all tanks on site, whether newly installed or installed in the past, are on the common element of the complex and owned by the HOA.

Accountant Presentation

Marjorie Knaub, who leads the HOA accounting firm, Knaub and Co, reviewed our financial status. At the time of the Annual Meeting, the fiscal year was not over, but she reported we are on track to be within budget for this fiscal year.

There is no change in budget or assessments for the new fiscal year (2017-2018).

HPM Presentation

Mike Palmer from HPM reviewed the past year. He discussed pool issues, exterior building painting, compactor issues, grounds keeping and irrigation. Regarding grounds keeping, though we were pleased with our contractor in 2016, this past summer some owners, along with the Board and HPM, were not satisfied with quality of work. We will put this out to bid for 2018. One of the problems, which is constant throughout Big Sky, is the increasing costs for services. The bid we accepted from our current contractor was in the middle of the last bidding process and substantially lower than the highest bidder.

Mike met and walked our campus with the Big Sky Fire Marshall. The Fire Marshall made recommendations to improve the safety of the campus. HPM will implement suggestions as best as possible. For example, the Fire Marshall recommends 30 feet between buildings and trees. Part of what makes Hidden Village beautiful and scenic are the trees. HPM will remove branches touching buildings and assess trees next to buildings. The Fire Marshall also recommends we install an in-ground irrigation system. Finally, the Fire Marshall made two strong points- First, a fire in Big Sky is not an “if”, but a “when”; Second, Hidden Village and probably Big Sky is not defensible by the Fire Department. We, as owners need to take fire prevention very seriously.

We discussed the need for a coordinated ground keeping, landscaping and irrigation plan. Mike, who has professional experience in this area, will develop a plan for the Board and HOA to review this spring. We may not be able to do anything at this time, but having a long-term plan is both sensible and prudent.

Mike discussed that HPM has been dealing with a number of deferred maintenance issues. These are maintenance issues which probably should have been solved in the past but were not. Hopefully, owners can understand and appreciate that some issues need to be solved as soon as possible, while other more routine responsibilities may be deferred for a short period of time. Deferring maintenance does not save money. It simply costs more to do in the future or the campus and buildings deteriorate.

Finally, if you notice a parking violation, please notify HPM of vehicle improperly parked, date and time. Though HPM strives to be aware of parking violations, a couple of owners noticed an extended parking violation. I drove by the same place several times a day and never noticed it. Rather than assuming HPM is aware of the violation, please send them an email with a time stamped picture if possible.

Roofing Project

Scott and Mike from HPM reviewed the roofing project. At the time of meeting, two buildings were completed and work was started on the third. At this time, the third building has been completed and construction has started on the fourth.

Scott and Mike reviewed the process for selection of buildings this summer and going forward. Essentially, we are striving to repair the buildings with the most egregious leaks. HPM has worked very hard building a database for each building, ones that have had problems and ones that don't. HPM will monitor all buildings this winter adding to the database. This will help determine buildings to be completed in 2018.

We are very pleased with the work done by Blue Ribbon and their overall construction services have been invaluable. Since each building is different, being flexible is important. Blue Ribbon has found holes in roofs and major insulation problems which have been addressed in completed buildings.

At the meeting, several questions were asked regarding the Blue Ribbon contract. The original contract is for one year. The contract will be reviewed this winter; however, we believe Blue Ribbon has done quality work and, assuming their renewal bid is competitive, do not foresee any changes. Personally, I have spent time with several of the construction workers and have been impressed with their knowledge and commitment to quality work. Blue Ribbon has a long history in Big Sky and an excellent reputation.

It is important to point out we are paying for this project with cash from our reserves. We increased the assessment to our roofing reserves at last year's annual meeting (2016) and this has been a very prudent decision.

Finally, HPM has overseen all parts of this project, including bids, working with Blue Ribbon during each building's construction process, and met with owners who have individual questions or concerns.

Chairperson's Commentary

Though others may disagree, I would suggest our Board and probably most HOA Boards have three primary objectives:

1. Maintain and hopefully improve the quality of the HOA campus.
2. Maintain and hopefully improve the quality of life of our owner and/or their tenants or guests.
3. Increase the market values of units consistent and hopefully better than the overall growth rate of real estate in Big Sky.

In my estimation, number three is directly related to how well we do with numbers one and two.

At the Annual Meeting, I mentioned HV consists of 41 buildings, 141 units spread out over about 26 acres. If the average market value of each unit is \$300,000, the total market value would be over \$42 Million. If the average market value is \$400,000, the total market value is over \$54 Million. I cannot imagine anyone arguing it would be better if the average market value was \$300,000, regardless if they are planning to sell in the near future or not. I believe a strong case can be made for the higher our market values, the less our renter and parking problems will be. For years I have felt Hidden Village is a hidden jewel in Big Sky and we are undervalued from a market value perspective.

- Our campus is secluded and beautiful and in my biased estimation, no other HOA campus comes even close.
- We are less than a ten-minute drive from the Meadows or Town Center and it is not unusual to see deer, moose or even a bear.
- It is a 20-minute drive to the ski resort.
- We have the best pool complex in the area.
- Our roads and sewer system are practically new.
- Though there is room for improvement, we are maintaining our campus.
- And now we are addressing our roof issues and paying cash from reserves.

Hidden Village is a wonderful place to live and I would suggest our HOA fees are reasonable given the size and challenges of our complex. The increasing costs of living in Big Sky will likely affect our fees over the next few years as will future projects. The Board and HPM will strive to be as financially prudent as possible and still meet objectives One, Two and Three above.