

**Shoshone Hotel Condominium Owners’ Association**

**Minutes of the Quarterly Board of Directors Meeting**

Meeting Date: January 10, 2020

Meeting Time: 10:00 AM

Location: Big Sky Water & Sewer, Big Sky, MT

 **Owner Comments:**

Dan Lueck – VRBO guests were putting garbage and towels in the hallway. Can we send out the “do’s and don'ts” again to owners so that everyone is on the same page. 1962 – Yolanda

Cynthia Wolfe suggests that a laminated sheet with the rules be left on the table of the units and permanently posted on the door of these units. Murray added that in addition to those rules, we need to add no dirty dishes in the hallways and elevators. Kurt added that hall walks are done at noon and in the afternoon. Kurt is not opposed to knocking on the door and asking them to contact the rental manager for the rules.

 **Announcements:**

Murray Morgan wished to step down as President and Lance was elected as President. Murray has been on the board for 13 years and served as President for many of these. Murray is going to remain on the board, but just as a member. The board has been a truly independent owner-led board, and Murray has fought for a long time to get fair and competitive pricing for the services provided to the owners.

Robert Orsello decided to step down from the board for family reasons. We all appreciate all the years he devoted to working for owners and for the greatly improved maintenance and care of our lovely building..

 **Meeting Called to Order:**

 The meeting was called to order at 10:03 AM by Lance Wallin, Board President. Board members present were Lance Wallin (President), Renee Andrews (Secretary) (By Phone), Jan Lampe (Treasurer), Cynthia Wolfe (Board Member), and Murray Morgan (Board Member). A quorum was determined with all Board Members present.

Owners Present in Person: Patricia and Earl Rasmussen (1939)

Owners present via phone conference were Dan Lueck (1961), Dave Lahr (Prime Properties), Lynne Benton (1975)

Also present were Patrick Riley, legal counsel for the SCHOA, Kurt Graden, (Facility Manager) Prime Property Management, LLC, Lindsay Hauge, (Property Manager) Saddle Peak Properties LLC., and Samantha Honatke, Accountant, present by phone.

**Approval of Minutes from the Prior Board Meeting:**

June 7, 2019 – Motion to Approve : Cynthia Jan 2nd – Motion Passed

August 29, 2019 – Jan is adding additional information from the financial reports

Cynthia Approves with additional information

Lance 2nd

Motion Passed

Final Meeting Minutes will be posted on Website by Saddle Peak Properties, LLC

**Treasurer’s Report:**

Jan presented the Treasurer’s Report.

In the interest of time, Jan will not go line by line. She will be asking if there are any questions and will go over highlights.

Balance Sheet Summary:

As of 12-31, several owners have participated in the loan payoff program. The amount is $128,756.65. These funds will be sent to First Security Bank by the 15th of January. February 24th the loan will amortize.

There is an unresolved lien on one owner’s account.

Equity: The kitchen loan will change once the kitchen balances are reapplied.

EIFS Savings: $555,000 in this account so far.

Income/Expenses: Spa Memberships are only from November. A December statement has not been received yet. There have been 55 memberships sold for the month of December. These are about 50% employees and 50% locals with these memberships. The cost is only for the winter season.

Shoshone didn’t budget for a unit lease this year. We will be about $8500 short because we are over budget on a couple of categories. The budget will not need to be adjusted.

Major Repairs: $135,000 These include Fire Suppression and light fixtures, 44 toilet replacements, Wifi Equipment upgrade, 11 heat pumps and one replacement sofa.

$76,836.00 Income for the quarter

Knaub completed a compiled financial statement for the 9-30-19 date. Jan would like to have this approved and submitted to be posted to the website.

Renee Motions to approve

Cynthia 2nd

Motion Passed

**Facility Manager’s Report**

 Kurt Presented the Facility Managers Report Below.

1. Eleven heat pumps were replaced during the shutdown. The water supply

hoses were replaced with stainless braided hoses and boiler drains were added to improve serviceability. This work was completed for about $6,500.00 and **under budget.**

 2. Windows and doors

 2.1. Four doors were selected to be replaced. However, due to an error at the

factory, the dimensions were wrong and thus the doors could not be installed as scheduled during the fall shutdown. The doors selected for replacement will now be replaced during the spring shutdown.

2.2. Twenty one IGU’s (Insulated Glass Units) window panes were replaced. There

were 15 balcony doors with failed IGU’s that were replaced on the 7th floor.

We saved 20+ doors’ good IGUs out of the older metal doors that have been replaced with new wood clad doors. We had these installed into the remaining metal doors with failed glass. They were installed at a labor rate which saved approximately $8,000.00 had we ordered new replacements.

 Comment: “Failed glass” means windows which have failed seals in between the double plates of glass, with entry of moist air which makes condensation and a blurry view.

Comment: How much would it cost to buy a lift? Kurt: $150-$250K. Renee was wondering if this could be a shared piece of equipment with Boyne and maybe even Big Sky, but liability issues are a concern.

 3. Carpet

3.1. The elbow elevator carpet was replaced during the fall shutdown. This

was the result of bleach products being spilled on it only a few days after it was replaced during this last winter shutdown. We are exploring “carpet tile” options so that damaged areas may be replaced more efficiently.

3.2. We have investigated replacing the aged hall carpet with a patterned carpet tile

in order to better hide unwanted blemishes as well as potentially making it easier and more cost effective to replace areas damaged by spills and other unforeseen wear and tear. We will see the bid estimates for cost comparison between the two. We do not see this as an immediate decision however recommend that it be considered in phases starting next fall.

Comment: We can prepare for this with the next budget. We will need the design committee to come up with a pattern that will go with the current theme of the Shoshone.

Comments: Lynne would like the hallways to flow with the new lobby themes in the Shoshone. **If** Boyne has plans and will share any of their lobby plans with the Shoshone HOA, we will certainly take their plans and choices into consideration.

Comment: Jan and Lance met with Madeleine earlier this week. There is inadequate signage to help guests know where the Shoshone is. The discussion with Boyne has been initiated.

4. Plumbing

4.1. The hot water tank was replaced during the fall shutdown. The installation went as smoothly as hoped for. The final invoice for the installed tank was **$1,055.00 under** the budget.

4.2. During the Hot Water Tank replacement, the plumbers found the circulation pumps at the heat exchangers on the domestic hot water system not to be stainless steel, which is introducing rust into the hot water system. These were replaced while the plumbers were working in that area.

4.3. There were 44 toilets replaced during the shutdown. There were two toilets found that required a different toilet style to be used due to the rough in dimension of the flange to the wall. These two toilets were in separate units, so we had them order the same style of toilet for both bathrooms in these two units in order to have a cohesive look and design. We were able to take the four toilets intended for these rooms and have them installed into two other units thus making the total of toilets installed 44 opposed to the 40 bid. With only one water line requiring to be moved and no flanges that needed replacement the total project was completed **$5,244.00 under the** estimate.

4.4. Units found to need plumbing repairs during fall inspection were repaired during the shutdown period.

 5. Elevators

5.1. Both elevators were inspected by the state inspector and have been

recertified for use. It was recommended that we move the fireman override controls from behind the Huntley front desk to the elevator call button locations at each elevator on the first floor. We will get bids to see what the cost will be to move these as recommended by the state inspector.

Comment: Lynne and Dan would like to know if dues will be going up, down or staying the same. Dan would like to have an updated reserve study done on an annual basis to know what money is to be expected and when. Board members mentioned that we won’t be able to know for sure until we have the EIFS (exterior building cover) inspection and estimate, which is a process currently in its first stage with an experienced exterior consulting company.

6. Fire Suppression

6.1. Fire Suppression Systems (FSS) completed the bid work of replacing the

remainder of the smoke detectors with multi criteria devices. All of the Shoshone now has multi criteria devices. These devices detect heat, low temp, smoke and CO. The installation of these has already prevented at least 1 known false alarm.

6.2. We have been talking with FSS about the different options available that

allow us to see the status of the alarm panel in real time. We recently learned of another option not yet released that is expected to cost less than the bid of $2,885.72 for the dialer option we currently have. This will allow us to see what the panel is notifying, as well, but will not require the costly programming of the dialer currently bid. This option is expected to be available within the next 6 months.

6.3. FSS installed the water flow horn strobe at the exterior of the Shoshone as required by code as well as requested by the deputy fire chief. We dug the trench required to run the appropriate wires and assisted in pulling the wires, which saved the project additional labor costs.

6.4. We are continuing to work with Johnson Controls to establish the schedule and cost of repairs in order of priority for the items noted on their fire suppression systems inspection report.

7. Internet

7.1. The Connect Group installed the new internet firewall and Access Points. They were able to set the system up in a manner that was nearly seamless. Since the opening of the Shoshone for the winter season we have only experienced one issue that was isolated and corrected very quickly.

8. Roofing/Skylights

8.1. Due to early snow, cold temperatures and some confusion on the roofing

companies’ part, the skylights and roof inspection will be rescheduled for the spring shutdown.

9. Electrical

9.1. The remainder of the ceiling light fixtures at the common bathroom

entrances and the balconies have been replaced.

 10. Systems Monitoring

10.1. We received a proposal from Triage Corp. to update and continue

collecting energy use data. We will also receive notifications when temperatures and flows are outside the normal ranges on the heating and cooling systems as well as the pool. We currently collect some of this data daily when we do the mechanical inspections once daily, however with this we will be made aware of problems between our daily inspections. There is a one-time cost of $2,850.00 to recalibrate the monitoring equipment. There is an option for $365.00 to purchase data collected from 2011 to 2019, including a monthly breakdown of 2019 to use as direct reference with today's usage. The continuing annual cost bid is $960.00 per year or $80.00 per month for continued database cloud depository service, monthly and annual energy report, daily pool temperature chart, watchdog- real time monitoring for temperature limits with email/text alarms.

11. EIFS

11.1. WJE sent one of their team to the Shoshone Tuesday the 7th to visually

inspect the EIFS cladding. We will schedule a conference call as soon as we receive the report.

Comment: Rasmussen’s wanted to thank the board for all of their hard work and understand the process and how long it takes to get these things done.

12. A few mentionable preventative and maintenance items we did during the

shutdown that saved the HOA additional money.

● Cut, stained and finished window replacement stops for the IGU window stops that were replaced this shutdown. Approximately 80 windows stop trim pieces.

● Touch up paint and varnish in halls, doors and units as needed.

● Snaked all bathroom drains to help prevent leak and drainage issues during rental season.

● Replaced and or serviced 17 bath fans.

● Stocked light fixtures in the rooms for the electricians in order to save in their labor cost for the light fixture replacements at the balcony doors.

● Assisted with removing and installing the WiFi access points saving the labor costs to do so by The Connect Group.

● Dug trench for the horn strobe.

● Stayed in contact with Boyne when the pool was drained during the fall shutdown just a few weeks prior to the open of the rental season.

● Staying in contact with Boyne and the pool company that provides the chemicals, concerning the chemical levels as they became very low even running out during the Christmas and New Year’s week.

Energy Systems Monitoring funds request - $4175

Jan Motions to Approve the funds request

Cynthia seconds

Murray abstains

Renee abstains

 A 10 minute Break is beginning and the meeting will resume at 12:05 PM

**Property Manager’s Report:**

The HOA portion of Minnick Management, Inc. has become Saddle Peak Properties, LLC. Lindsay is still the owner of Saddle Peak Properties. As a reminder, the new contact information is below:

Saddle Peak Properties, LLC
PO Box 4240
Bozeman MT 59772
406-581-0142
lindsay@saddlepeakproperties.com
[www.saddlepeakproperties.com](http://www.saddlepeakproperties.com)

Saddle Peak has distributed a newsletter, furniture updates, kitchen updates, meeting minutes, agenda’s and other pertinent reminders to the owners.

We have assisted in answering the Realtor/Potential Buyer Questions about the Shoshone.

Lindsay will be working with Lance on a potential additional Survey going out to the owners. Asking owners how many units they own, so an accurate representation is made on survey numbers.

**Old Business:**

**Concern by a guest:** Pool wasn’t hot, equipment wasn’t working, steam room was out of order, no hot water in men’s shower room, hot tub lukewarm. Pool was rather empty around the holidays because of the issues. This happened when an owner visited their unit over Christmas.

Shoshone doesn’t maintain the health club or the pool, it is run by Boyne and we don’t have an option to step in. The sauna was closed for some period of time. We were told by Boyne that there was extra staff added after the holidays. They have had good reviews on surveys and trip advisor websites.

Goal is for the pool to be around 90 degrees and the hot tub at 100 degrees. When the plastic door between the hotter and pool is left open, there are issues with the temperatures. Kurt can get in contact with the new maintenance person and see if we can remedy these issues. Kurt is reading the pool temps everyday and they have been within the normal range each day. The temps of the pool and hot tub area were recorded as normal during the time period the guest noted.

Kitchen updates:

Kitchen renovation was completed **under budget and weeks ahead of schedule**! Thus , Rental managers were able to get into the units and clean them early in time for the opening of the holiday season. SKAMOL installation went well, with many positive reviews by owners.

$1,644,000 was the total cost for the kitchen. $1,119,000 of the construction loan was used. There was money left over from being under budget and the Board will decide what to do with that amount this summer (probably apply it to the loan when we can).

Many owners are going to be paying off their costs for the kitchen early, to avoid the interest on the $892,000 current loan at the 5.86% interest rate. It is a 7 year arm and will come up in the year 2031.

We have received positive comments from owners and guests very pleased with the outcome. The contracting group did the renovation work for **under budget and ahead of deadline**. This was undoubtedly because of Jan’s and Kurt’s onsite presence and help coordinating and communicating over many months.

Owner Comment:

Lynne Benton said that during the holidays she noticed that Shoshone units with Boyne were set at a much higher rental amount than the VRBO owners’ rental rates. She is concerned that the non-Boyne condos were therefore rented out before the Boyne units?

Board members replied that the Board has no control over rentals and that all condo owners have a choice of what to do with their individual units. They can set their own rates if VRBO, but they do not choose their rates if with some other rental company such as Vacasa. Also, rental costs these days are highly variable and fluid, often automatically set by digital algorithms which keep track of demand.

Lynne would like to talk to an owner/board member regarding the branding of Boyne and of the Shoshone, pricing of Boyne vs owner managed units, etc. Renee voiced her concern about talking with Lynne because of the ongoing lawsuit that Lynne filed against 3 individual board members. Lance reminded Lynne that he has communicated many times with her to try to explain to her about rentals and financials.

Addressing some of Benton’s iterated concerns about rentals, the Board talked about how owners who do not utilize Boyne for their rentals

1. Cannot use the bell service or front desk. But the Board discussed the fact that there was no bell hop service before this decade and we/guests managed to take our luggage up ourselves. Also, check in’s are all done online and it is “direct to room” now in many hotels and common in the rental industry.
2. Murray noted that the Shoshone has always had a Western branding and we will keep that theme. We have no control over what Boyne chooses to do to the entrance lobby and other decor in their areas. We would like to have a mutually beneficial and cooperative relationship with Boyne.

Electrical Metering: Boyne has to approve any installation and work done to separately meter the Shoshone. Shoshone would be responsible for the cost and installation of this.

Under Boyne’s proposal, someone would have to figure out an appropriate allocation for the peak demand surcharge on a monthly basis. That would presumably fluctuate in different amounts between either Shoshone or Boyne and need to be reconciled for every monthly electric bill.

Shoshone needs to hire an electrical expert to review the electrical system and opine as to whether or not the current split is accurate. We have foregone this the past couple of years. AC units are to be installed into the Huntley rooms creating an even heavier burden on the existing meter. We need an electrical engineer to look at this split. We will need a comparison of the new bills to the bills from the last 4-5 years to determine the difference. Boyne began adding the Huntley A/C units in 2019 or even 2018.

Action: We need to find a consultant to come and take a look at the electrical split between Shoshone/Boyne. According to the agreement, we must notify them by September, but we were not informed by Boyne yet that any additional loads had been or would be added onto the buildings.

**New Business:**

In the Lynne Benton Complaint against Murray Morgan, Robert Orsello, and Renee Andrews, the attorney for those three defendants has submitted a request for indemnification from the SCHOA.

There are currently 2 lawsuits:

1. the lawsuit the Bentons brought against Morgan, Orsello, and Andrews

2. a declaratory judgment action brought by **Renee Andrews, Murray Morgan, and Robert Orsello** against the SCHOA’s insurer of Directors and Officers, **RSUI**. This lawsuit is to get the insurance policy to be honored.

Indemnity is controlled by the Montana Non-Profit act, which provides at section 35-2-447 that the SCHOA may indemnify individuals made a party to the proceeding because the individual is or was a director, against liability incurred in the proceeding if they: (a) engaged in good faith conduct, and (b) reasonably believed in the case of conduct in their official capacity that the conduct was in the SCHOA’s best interest, and in all other cases, that the conduct was at least not opposed to its best interests

Patrick would like to be clear that this has the words MAY, not SHALL, which implies a choice. There are also standards for Montana law that demand mandatory indemnity. Both the mandatory and permissive statutes on indemnity are rear facing and phrased as being result-dependent. However, there is also a statute, Section 35-2-449, which provides for the advance payment or reimbursement expenses that have occurred in advance of the final disposition of the proceeding. Under Section 449, the SCHOA has authority to pay for or reimburse the reasonable expenses in the advance of the final disposition of the proceeding if: (a) each named party provides a written affirmation of his or her good faith belief that he or she has me the standards for indemnity under Section 447; (b) each named party furnishes the SCHOA with a written undertaking to repay the advance if it is ultimately determined that the director did not meet the standard of conduct; and (c) a determination is made that the facts known to the directors making the determination to advance expenses prior to final disposition of the proceeding would not preclude indemnification under Montana law.

Murray, Renee, and Robert will provide the written affirmation and written undertaking referenced in section 449. Jan, Cynthia, and Lance must make a determination that they do not know of any facts that would preclude indemnification under Montana law.

The question raised is whether or not the SCHOA attorney Patrick thinks that signing these is a good idea. Patrick says he does not see anything to indicate that the directors have done anything wrong.

The determination to advance expenses under section 35-2-449 can be done by the Board Of Directors by a majority vote of a quorum consisting of the directors not party in the lawsuit proceeding.

Patrick asked Lance, Jan, and Cynthia in turn whether any of them

1. know of any facts that would indicate that Murray, Renee, and Robert have not engaged in good faith conduct or

2. did not reasonably believe that their conduct was in the best interest of SCHOA.

 Lance, Jan, and Cynthia each answered they did not know of any such facts. Each indicated that under the facts known to them, Murray, Renee, and Robert have always looked out for the owners of the SCHOA’s best interests, and they have worked very hard in good faith, doing so.

This effectively satisfies the 3rd prong of section 449. There are still a couple of written affirmations to be done.

Cynthia moves to have Shoshone pay for and reimburse the reasonable legal expenses incurred by Murray Morgan, Renee Andrews and Robert Orsello in connection with the Benton lawsuit and coverage action against RSUI, in advance of the final disposition of those proceedings, with the following understandings.

1. That they will each furnish written affirmation of the directors’ good faith belief that he or she has met the standards for indemnification under Montana law
2. That they will each personally execute a written undertaking to repay such advance of expenses if it is ultimately determined that they did not meet the standard of conduct for indemnification under Montana Law
3. If the same expenses are ultimately recovered from RSUI or elsewhere, the advances shall be repaid to the SCHOA.

Jan 2nds the motion

All in favor

Comment:

There are a lot of reports that the **Benton** lawsuit is causing harm to the property values in the building. Various real estate agents, potential buyers, and owners, have mentioned that their realty transactions are being negatively affected.

Lance moves to adjourn

Jan 2nds

All in favor

Adjournment: 1:25 PM

**NEXT MEETING:**

April 3rd, 10 AM – Big Sky Water and Sewer

June 19th 10 AM – Big Sky Water and Sewer

August 28th 10 AM – Big Sky Water and Sewer

August 29th – Annual Meeting - Big Sky Water and Sewer