

QUADNA MOUNTAIN TOWNHOUSE ASSOCIATION
MINUTES OF
ANNUAL MEETING
MAY 21, 2005

The meeting was called to order by President Bob Madsen at 9:00 a.m. The official sign-in list will be attached to the master copy of these minutes.

President Madsen recognized Bill Berger and Don Peterson for their years of service to QMTA. President Madsen also introduced the current Board members. They include Dan Clark, Roy Johnson, Larry Johnson and Greg Gustafson.

Minutes of the Last Meeting

Minutes had previously been mailed to all members for review. There were no corrections or additions. A motion was made, seconded and passed to approve the minutes.

Reserve Funds

A motion was made for the following resolution:

RESOLVED, that any amounts collected by or paid to the Association in excess of operating expenses for the year ended December 31, 2004, shall be set aside for future major repairs and replacements and allocated to capital components as provided by the guidelines established by Revenue Rulings 70-804, 75-370, and 75-371. Such amounts shall be deposited into insured interest-bearing accounts. Any amounts so added to replacement funds shall be allocated to the various components at the discretion of the Board of Directors.

Officer Elections

Officer elections were held. The nominating committee had placed Larry Johnson and Greg Gustafson on the slate for election to a 3-year term. Additional nominees from the floor were Brian Majors, Darrell Norell, and Joel Richards. All nominees were approved by acclamation of the membership. Terms of the additional nominees will be set at the next regular QMTA Board meeting in compliance with By-Laws.

Financial Reports

The financial reports were presented and discussion ensued. Discussion points included the current year net income of \$8,953, costs of water and sewer, insurance costs, receivables, and cable television. President Madsen stated that the receivables shown on the balance sheet of \$10,644.47 as of 12/31/04 are under control now including one foreclosure proceeding. A member – Dick LeSavage – stated he was dissatisfied with programs and signal strength from the current cable provider. He agreed to investigate and provide a written recommendation to the Board on available providers in the area and costs.

Maintenance Issues

President Madsen provided a report of maintenance issues.

The Board has the following projects planned for 2005:

Project

Estimated Cost

Old Pool

\$4,000

Building and Siding Repair

\$7,000

Townhouse deck repair and replacement

\$5,000

Sewer Line Repair Building #7

\$3,500

Total

\$24,500

Funding for the projects is expected from anticipated revenue less ongoing annual maintenance expense and interest on the replacement reserve. There was discussion on use of the reserve. President Madsen stated that the Board plans to retain a reasonable replacement fund for emergencies, but that interest on the fund has been used for past maintenance projects and is planned to be used in 2005. He also stated there may be concerns from a tax perspective if there is a history of stockpiling money in the reserve fund.

President Madsen also stated that there may be a need to adjust maintenance fees in 2006 to take care of needed maintenance projects on our aging property. President Madsen stated that the last dues increase was made in 1991. He asked for thoughts from the group on funding. Other maintenance items brought up by members included:

Possible adult only hours on the old pool (for example: 5:00 p.m. to 7:00 p.m.)

Whether owners can powerwash and stain decks (if a community stain is identified)

Safety issues regarding the propane tank by unit 410

Patio screen doors.

Dust control on road leading to buildings 10 and 11 with calcium chloride

Mosquito control

Garages

President Madsen stated that property owners should notify the maintenance department if they need new screens in the patio screen doors. Joe Duncan stated that the resort is considering using calcium chloride and is working now on approvals, etc. with Hill City. He agreed to consider working on a joint project to resolve road dust and possibly mosquito control. It was determined that an owner survey should be conducted on several other items to provide Board input.

The membership requested information on how to communicate with the Board on maintenance and other items. President Madsen requests that all communication regarding maintenance issues be directed to:

QMTA Maintenance
300 Quadna Mountain Road
Hill City, MN 55748

Omega and other financial issues should be addressed to:

QMTA Maintenance
Attn: Bob Madsen
300 Quadna Mountain Road
Hill City, MN 55748

It was also suggested that QMTA should have a WEB site to improve communication with members. Greg Gustafson agreed to research and set this up.

Board members are identified on the attachment mailed with these minutes.

Old Business

Roy Johnson discussed the RCI program. He stated that approximately 26 property owners are active users and trade about 100 weeks each year. The RCI program is very important to current property owners, both for vacation use at a very low cost and as an attractive feature when the property is sold.

Larry Johnson asked for assistance in planting flowers in the townhouse planters. Colleen Richards (unit 301-302) volunteered.

New Business

Joe Duncan stated that he and other investors have a purchase agreement to buy Quadna and he expects the purchase to be completed within 90 days. He provided some history of ParkX activities here at Quadna and stated that Sno-Cross, which now is run all over North America, started here at Quadna. The new ownership plans to drive the resort with a number of events. Summer events include Watercross, a

motorcycle rally, boat racing, cross country races of ATVs and Bikes. Joe stated that a grants-in-aid trail for ATVs has been approved by the State of Minnesota and Quadna will be a part of that trail system.

The meeting was adjourned at 10:30.

-Joanne Madsen, Recording Secretary