

QUADNA MOUNTAIN TOWNHOUSE ASSOCIATION
MINUTES OF
ANNUAL MEETING
MAY 3, 2008

- I. 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.
- II. Minutes of the Last Meeting
Minutes of the last annual meeting were mailed to each owner following the meeting and are also available for review on-line at www.qmta.org. There were no corrections or additions. A motion was made (Larry Johnson), seconded (Milt Dupre) and passed to approve the minutes.
- III. Treasurer's Report
Treasurer Nancy Deaton presented the financial report. Highlights included:
- 2007 Highlights – Association Fee Revenue \$206,000, Expenses \$204,500, cost per unit per month is \$185
 - 2008 Forecast – Assoc Fee Revenue \$209,000; Expenses \$214,000, cost per unit per month is \$194
 - 2007 Expense Breakdown – Operations/Maintenance 47%; Utilities 26%; Tax and Insurance 18% and Administration 9%
 - 2008 YTD Results – Income under budget by 2K due to limited contract labor by Villas; Admin costs over budget due to legal expense – liens filed on delinquent owners; current delinquencies nearing \$22K (\$18K is from 4 properties); Utilities over budget by 10K due to 2 large propane bills; all other areas on track
 - Discussion Items –
 - pool charges to Villas/Timeshares planned to generate an extra \$7000 in revenue
 - propane issues
 - plan to continue dues equalization in 2008 (some units will see increase of 10%, 4 bedroom and unit 329 will see decrease of 10%)
 - firewood issue
- IV. Reserve Funds
President Madsen discussed the need for a resolution transferring excess funds to the reserve account. The following motion was made (Dianne Corcoran), seconded (Larry Johnson) and passed:
- RESOLVED**, that any amounts collected by or paid to the Association in excess of operating expenses for the year ended December 31, 2007, 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.
- V. Board Elections
President Madsen thanked the outgoing members of the Board for their service: Dan Clark and Greg Gustafson. President Bob Madsen discussed the nomination process and that bylaws limit the number on the Board to nine. Director Joel Richards represented the Nominating Committee which included himself and Nancy Deaton. He discussed the election process, introduced nominees which were Milt Dupre and Bob Madsen. He called for nominations from the floor and Kelsey Gustafson was

nominated. Nominations from the floor were requested a second and third time before closing nominations. A motion was made, seconded and passed for a vote of acclamation of the three nominees.

VI. Maintenance Report

Director Major provided a maintenance report in the absence of Director Clark. Highlights included:

Winter Report:

- Dock Repair
- Several dead or dying trees cut down
- Large number of hours checking units for heat or water problems with the cold weather

Spring and On-going Report:

- Spring cleanup is in process
- Dock installation before opener
- Open newer pool by May 23
- Open older pool before July 4
- Chimney and electric heater filter cleaning
- Help as needed on buildings 4 and 5 projects
- Fertilize and weed kill lawn
- Flower planting and maintenance
- Villa spring clean-up
- Usual summer maintenance

Director Richards agreed to coordinate dust control and mosquito control with the city and resort.

VII. Old Business

A building restoration overview was provided by Director Major and Director Traut. Director Traut showed several pictures of Building 4 as it was being renovated and highlighting problems faced in the renovation.

VIII. New Business

A. Director Beisner provided a legal report. He stated that unit 315 is in process of foreclosure.

Director Beisner also discussed the special assessments. He stated that the Board has a fiduciary responsibility to care for and fix, repair, or replace buildings, equipment, pools, tennis courts, fences, etc. to ensure its livability and use. We hired John Russo (referred to QMTA by our management company - Omega) to inspect our buildings to see what, if any, repairs should be done. We were concerned about roofs and windows. Several QMTA people followed John around. He was more concerned about the siding and its poor condition. He said we needed siding more than the roofs because of today's "mold" issue. We needed to address the poor conditions of buildings 1-5 fast. Buildings 6-10 have 10-15 years of normal wear and tear if painted. Building 11 has to be addressed after buildings 1-5 are completed. Building 11 had a fire some years ago and it was obvious it was not rebuilt to the same quality of buildings 6-10.

B. Director Beisner provided a legal perspective on managing our environment. We live in an association and our association was set up whereby when you step out of your door the association controls everything. Any alterations, decorations, additions, etc. must have approval of the Board of Directors or its dedicated committee. This is also true for any landscaping or plantings an owner wants to do. We all want to improve our environment but what may be a silk purse to some may be a sow's ear to others. Other things may become a maintenance issue. We have to keep in mind the overall goals and intention of the association. Forms and guidelines can be downloaded at these links: [Letter](#) | [Form](#) | [Guidelines](#)

C. President Madsen briefly commented on the handouts of proposed rules established by the Environmental Control Committee and encouraged members to voice their opinions on these

through our web site. Opinions received will be shared with the Environmental Control Committee before going to the Board for approval and implementation.

D. Breakout Sessions were established. Group summaries/action plans from the Breakout Sessions follow:

Building 1

Leaders/Recorders: Joel Richards, Colleen Richards, Dave Traut

Roster sign-in: Present were #301 Joel & Colleen Richards; #302 John Eirich; #306 Roy Johnson; #307 Thomas Dwight; #308 Kelsey Gustafson. Absent were : #303 Myrna Deyoung; #304 Keith Olson; #305 Darlene Smith.

Meeting began @ 10:30 a.m. with the following subjects discussed.

Special Assessment to owners: All agreed that this assessment would probably stand, but everyone in agreement that a new contractor be found. All voting for: 5 owners, voting against: none.

Project Manager hiring: None liked the concept of a middle man; everyone in agreement that an overseeing project manager would be an asset. Discussion followed that it did not specifically have to be a Mr. Russo, but certainly someone albeit locally if possible. A vote was taken as to whether we needed a Project Overseer . All voting in favor: 5, Voting against: none.

Schedule - Current /Revised issue was discussed. It was accepted that the new schedule being Sept/Oct. start date looked good. All voting in favor: 5; None voted against.

Specifications: As to specifications much discussion was given by all present as to whether or not sheds would remain attached. (Yes). That all would prefer the color option to be Canyon for overall siding. This color was chosen from the proper Edco user chart presented. The willow trim would remain willow and the door coloring would be exterior T- Tone with interior door being willow. All voted for, none voted against. Discussion was held concerning heaters, noted that they could be replaced at any time as the measurements would remain same as existing. The exact nature of furnace handling was also discussed with the reassurance of Joel, Bldg. Leader and Mr. Traut assuring that these would not be a problem and would not have to be disconnected by owners and removed prior to siding. All were concerned that the maintenance sheds at the end of the bldg. be remodeled as to a cement floor being installed and rotting materials internally be taken care of. All voted for, none voted against. Discussion was also held as to the option of having Anderson or other installer , including owner , an allowable possibility.

Off peak heating possibilities were also discussed and explained by Joel and Mr. Traut as to how this could be done. Off peak heating possibilities will be looked at later and discussed as a building-wide issue.

Other concerns were shed doors being replaced totally. Joel fielded complaints by all present as to the assessment costs with the present Columbus Construction and the quality of the work observed on bldg. #4. All were under the impression that bldg. #4 was an experiment and further work by Columbus would be based on the outcome of bldg. #4. Mr. Traut and Joel were in agreement that legality of having to continue with Columbus Construction would not be an issue. Also, all were in favor of a new Contractor . All voted for a new contractor ; none voted against. Those belonging to RCI were encouraged that Egress windows would be replacement window in loft.

This was a truly a good meeting enriched with the leadership/knowledge of Board members Joel Richards and Mr. Traut. They were properly thanked for their contributions and comments were further made on the willingness of Joel Richards to be present and available to keep an eye on progression.

Building 2 and 3 Group

Leaders/Recorders: Bob Madsen, Building Rep (Vyril Norby)

I. Roster Sign-In

Attendees provided contact information. Representatives from 4 units in Building 2 and 2 units in Building 3 attended the meeting. Copies of the contact information will be provided to attendees.

II. Special Assessment to owners 2/26/08 – due date 7/31/08

- Timeshare owners of 310 expressed concern regarding impact on their association. They had not expected decks to be included and requested alternatives. A meeting subsequently was scheduled and arrangements made to proceed.

- Concern was expressed regarding other timeshare units ability to proceed. QMTA is responsible for 315 and proceeding with foreclosure. Unit 324 has made arrangements. Units 309 and 310 have concerns. Al Beisner, chairman of QMTA Legal Committee, will meet with them.

- Other unit owners in attendance were on board with the project and assessment. A final bill with any changes should be sent before 7/31/08 due date.

- Consensus was all funding should be resolved before project starts.

III. Special Assessment Detailed Documentation

A detailed breakout of the assessment by unit was reviewed. A copy will be provided to the attendees. Other owners, by building, can request information also.

IV. Project Management

There was general agreement that the association should hire a professional to support project implementation.

A proposal by CC&I – John Russo – was reviewed and deemed to be acceptable. It was recommended this be an Association cost (from Reserve Fund) rather than individual owner cost.

Cost Summary

- Prepare Specs – Buildings 1, 2, 3	\$1,595
- AIA Contract – Annual	<u>425</u>
Sub-Total	2,023
- Project Inspections by Building	3,450

V. Specifications

Specifications for Buildings 4 & 5 were reviewed and appeared to be satisfactory based on cursory review. Copies are available upon request to Bob Madsen. Specs to be revised by CC&I (Russo), if we hire as project manager.

VI. Issues/Answers/Recommendations

a. Buildings 1, 2 and 3 should be done simultaneously. This could reduce costs, improve contractor efficiencies, and limit impact to QMTA in terms of unit use, grounds repair, etc.

b. Funding – resolution must be in place. No impact should accrue to owners who pay.

c. Communication – There is a need for better communication going forward.

d. Time share rental schedules must be considered during implementation phase.

- e. Decks – in general decks seem sound – do they need to be replaced? Requested an evaluation before project starts and advise owners. Also review drainage issues, particularly after downspouts were removed. Note specific issue #310.
- f. Drain problem issue to resolve. There is an accumulation at bottom of Building 2 steps.
- g. Fire egress – make sure windows are compliant. Provide reference to web site – specifically V. Norby. Use www.fire.state.mn.us – choose Fire Code Questions – scroll down to Inspection Policies – General and pick INS-04 Egress Windows.
- h. Color pallet – reviewed Building 4.
 - Terratone siding/willow trim
 - Acceptable to attendees. Some hadn't seen it and would do so.
- i. Builder.
 - Stay with present contractor unless we are not satisfied with work/costs.
 - Present contractor has experience on working on Buildings 4 and 5 which will transfer to Buildings 1, 2, & 3.
 - Relationship has been established
 - Process of reviewing specs, bid, selection, etc. is complex. If new contractor selected, must ensure contractor has good track record.

Building 4 Group

Leaders/Recorders: Bryan Major, Nancy Deaton

Building 4 owners discussed overall project issues with Bryan Majors. The owners were satisfied with the way the building turned out, but did express dissatisfaction with the process itself. Communication was a big issue. The owners didn't feel as if they were kept informed and many times their questions/concerns went unanswered. Numerous construction issues were faced throughout the process. However, many have been corrected at this date. Some construction issues were still unresolved and Bryan met with owners at the building to address the outstanding issues.

Financial summary of the project was presented by Nancy Deaton. Although the project was slightly over-budget, the owners will not be responsible for any overages.

Building 5 Group

Leaders/Recorders: Doug Mandy, Joanne Madsen

Roster was completed by attendees. Present were: Hiller and Maia Pilli #334, Douglas and Judith Mandy #337 and Joanne Madsen #340. In addition, Dan and Patricia Clark (#336) had provided their proxy to Bob Madsen.

All present were aware that new front doors had been installed and replacement windows were installed as expected. There was a discussion regarding egress requirements and that the windows ordered and installed in the bedrooms by the contractor could not meet egress requirements. The group was assured that no payment would be made for the incorrect bedroom windows or their installation. The group was unanimous is that bedroom windows must meet egress requirements and have the Anderson warranty.

The group agreed they wanted to go ahead with renovations if the window issue can be resolved timely and the building completed by June 15, 2008. Subsequent to the meeting, the contractor agreed to do a rush order on the bedroom windows and proceed to work on decks and some siding in the interim in order to meet a June 15 deadline.

The proposal by John Russo to manage the building project was reviewed. All agreed that to introduce his services at this point would delay the project. All were in favor of a Board representative and a Building representative to manage the building project on this building. President Madsen and Doug Mandy agreed to serve as the Board representative and building representative, respectively.

It was agreed that the 337-340 side should be completed first if any choices needed to be made there are 2 rental units on that side which have bookings.

Colors, etc. were determined as follows:

- Siding Color – Terratone as in Building 4. Doug Mandy suggested that since we share a parking lot with Building 4 we should consider the same color. Additionally, the recreation building, maintenance building, linen building and wood sheds will be painted Terratone.
- Entry Door Color – Group decided they would like to see what Building 4 does on these before making a decision. Some do not want willow.
- Shed Door – Group decided these should be painted Terratone so they blend in rather than standing out.
- Hardware and Lighting – Same as Building 4.

Building 6-11 Group

Leaders/Recorders: Al Beisner, Judy Traut

Al began the session by giving the report that Russo was hired to inspect all the town home buildings. Russo's report concluded that the buildings 1 - 5 needed immediate attention; as well as building 11, due to poor workmanship after the fire. It was noted that new roofs already have been put on Buildings 1 - 6, and this was covered by insurance, due to hail damage. Buildings 7-11 roofs look good. Buildings 6 - 10 could be good for an additional 10 years with some new paint. Paint would be covered by the association dues.

After giving the report from Russo, homeowners started with questions, concerns, comments, etc.

Comment that Russo didn't do a thorough job inspecting. There is rot starting on some of the town homes. Would like to get an expert to look at Buildings 6 - 10 again.

If the town home owners and the Board is made aware of rot or other deficiencies and we don't correct them, we could be sued. (Need to follow professional inspector's observations.)

Contractor has bids now for buildings 1, 2, 3 and 5 - and should continue with project.

Hire a consultant that could oversee 3 buildings at a time vs. draw it out over 8 years.

Use reserve fund for paint. Concensus was that the reserve is for major failures/problems.

When a bid is done for building 11, get an estimate on the other buildings at the same time.

Questions were asked as to how much this project would cost each owner. Judy reported what their two town homes were assessed.

Will there be insurance coming in for Building 7-11 roofs? No, these roofs will not be covered by insurance.

Do we have this inspection report? Yes

Could our decks be 2 ft longer, so a patio table and chair set would fit?

Al mentioned that the Board has authorization to go forward if Russo says the buildings are in need of new siding. *It's not a matter of IF, it is a matter of WHEN.*

Color pallet - can we choose? If the red roofs stay the siding should coordinate.

What is the timeframe?

Some homeowners are trying to sell their units, do they have to disclose the assessment even if the project will not be completed for 10 years? Yes, because the town home owner was made aware.

Final comment: Get the town homes inspected again, Get Bids for the town homes 6 - 10 when they get the bid for Building 11, Vote at Fall meeting.

President Madsen confirmed that the social would be held at the QMTA recreation building at 5:00.

The meeting was adjourned at 11:15.

Joanne Madsen, Secretary