

QUADNA MOUNTAIN TOWNHOUSE ASSOCIATION
MINUTES OF
ANNUAL MEETING
JUNE 2, 2012

I. Call to Order

President Madsen called the meeting to order at 10:00 a.m. He welcomed the group and reminded all to sign the register and deliver any proxies they were holding to the Secretary.

II. Confirmation of Bylaws Requirements

David Stendal, Omega Management, Inc. discussed the requirements in our Bylaws for the annual meeting.

III. Declaration of Quorum

Secretary Madsen stated that the review of the register of owners present or represented by proxy constituted a quorum for the annual meeting.

IV. 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, seconded, and passed to approve the minutes.

III. Reports of Officers

President

President Madsen highlighted an aggressive action plan to improve and maintain our environment, buildings, common properties and administrative processes.

- New Legal Documents were approved by the owners and recorded with the State of Minnesota and Aitkin County. This was a major step forward and provides many benefits for the members in the years ahead. Our documents now conform to Minnesota Statutes.

- Building Renovation of buildings 3, 6, 9, 10 and 2/3 of building 2 were completed including new sidewalks provided by the Association's reserve fund.

- Omega Management was hired to provide Administrative Services as well as Financial Services for QMTA.

- QMTA legal matters, focusing on collections were consolidated with Ryan & Brucker attorneys in Aitkin, Minnesota. Currently there are six active collection matters in process.

- The Maintenance Service Policy based on the new legal documents, homeowner input, legal and management input is in final draft.

- Our maintenance budget was reduced from 2 full-time employees to 1.5 following Dave Ingwell's retirement in November 2011. Gene Benes assumed full time responsibility with support from part time or contract services.

- A reserve fund survey was conducted with excellent owner response. Omega Management is working with the Board to do a complete evaluation of our common property and will develop a Common Property Reserve Fund action plan.

- Our financial situation has stabilized with expenses within budget, collection procedures refined, and Omega coordinating the financial reporting process.

Treasurer

Secretary Joanne Madsen highlighted the 2011 financial results, briefly discussed the 2012 budget, and provided some information on financial expectations for the balance of 2012.

- The expense breakdown for 2011 shows that maintenance costs continued to be the largest portion of our expense – 49%. Other categories were 18% for taxes and insurance, 17% for administration, and 16% for utilities.

- In planning of the 2012 budget, maintenance payroll was reduced with the decision to lower our staff to 1.5 full time employees. With the decision to lower our staff to 1.5 full time employees, we also lost some income from the Villas. We increased our Administrative Support budget in place of volunteers.

The income from Monthly Assessments was calculated in accordance with our new legal documents.

IV. Committee Reports

Maintenance – Joel Richards

Director Richards reported that we have experienced problems with well #5. As a result, actual expense to date is about \$3000 more than we budgeted for.

Director Richards provided his telephone number to the membership and encouraged them to contact him directly as needed.

Building Renovation – Milt Dupre

A renovation update was provided:

- Building 1: Assessments have been issued and collections in progress
- Building 2: Five of the eight units renovated; legal action on remaining units in process
- Building 3: Renovation essentially complete; chimney painting scheduled
- Building 7: Assessments issued, payment due by August 1; construction planned after Labor Day
- Building 11: Bids received with multiple options on decks; owner meeting scheduled; possible 2-phase construction with roof and decks one year and windows/doors and siding next year; construction schedule not yet determined

V. Excess Funds

President Madsen discussed the need for a resolution transferring excess funds to the reserve account. The following motion was made, seconded, and passed:

RESOLVED, that any amounts collected by or paid to the Association in excess of operating expenses for the year ended December 31, 2011, 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.

VI. Board Elections

President Madsen reported there were three open positions on the Board and called for nominations from the floor before closing nominations. Candidates Bryan Major, Joel Richards, and David Traut were introduced for three year terms. The three candidates were elected with a vote of acclamation from the membership.

VII. Unfinished Business

None

VIII. New Business

Reserve fund survey results were reported. Results were compiled by Omega Management, Inc. and reported by Secretary Madsen. They will be mailed with the minutes from this meeting.

IX. Adjournment

A motion was made, seconded, and passed to adjourn the meeting.

Joanne Madsen, Secretary