

**QUADNA MOUNTAIN TOWNHOUSE ASSOCIATION
MINUTES OF
ANNUAL MEETING
AUGUST 30, 2014**

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 last meeting and are also available for review on-line at www.qmta.org. There were no corrections or additions. A motion was made by Geri Julson and seconded by Norm Carlsen to approve the minutes. The motion passed.

III. Reports of Officers

President Madsen presented his Year in Review report which was handed out to those present. He stated that during the 2013-2014 period the Board, Omega and homeowners pursued implementation of plans to improve our buildings, common properties, and administrative processes.

• **Board of Directors**

During the first half of the year, the Board faced challenges to implement Association requirements primarily due to the number of board members and requirements set forth in the legal documents. Directors Traut and Zimmerman resigned after selling their units making a quorum at the meetings difficult to maintain. The requested by-law change to reduce the number of directors from 7 to 5 failed by a small margin. In June, two new directors, Larry Johnson and Blaine Smith, were appointed to complete the terms of Traut and Zimmerman. The excellent candidates coming forward for Board elections is very positive.

Norm Carlsen resigned as President due to personal issues. Vice President Madsen was elected President again, and Blaine Smith was elected as Vice President. Three open positions will come up for a vote at this annual meeting.

Thank you goes to all who served this past year. The current board consists of Blaine Smith, Vice President, directors Norm Carlsen, Terry Harmston, Larry Johnson, Bryan Major, Joel Richards and myself. There are many opportunities for owners to serve.

• **Building Renovation**

Building 1 renovation was completed in June with Building 11 completed for the most part in August. The doors and final items will be done this fall.

This is a major accomplishment with all buildings renovated. Three individual units remain; one in Building 7 and two in Building 2. Legal/collection actions are currently underway with court

dates set and legal processes underway.

- **Unit 316 – Two bedroom loft**

After a lengthy and costly process, Unit 316 was foreclosed and is owned by QMTA. Plans are to sell the unit. Rental in the interim is being considered.

- **Common Properties**

Sidewalks for all buildings and Building 2 steps are done.

Gene Benes is our full time maintenance person with Milt Dupre half time. Joel Richards is Board Maintenance Chairman.

Near record snow and cold during the winter and late spring caused the pool and regular duties to be challenging. Common property improvements implemented by our maintenance staff are evident. Included are renovation of the new pool building, restoration of the island by Building 6, dock repair, painting and repair to several common buildings, tree trimming, deep pool painting and multiple other items. Both pools received high scores by the County inspector. This was all done by our staff with big savings to the Association.

- **Administration**

Omega Management provides financial and administrative management support to the Board and Association. This past year focused on collections, legal, insurance, financial audit, implementation of new legal document requirements and the Reserve Plan.

- **Financial**

Our financial situation has stabilized with expenses controlled within budget, collection procedures in place, and Omega coordinating the financial reporting process. Collection issues have been reduced to a few and all are in some phase of legal action. The biggest portion is the three owners with renovation assessments.

- **Propane**

A new propane policy is being implemented this fall. Owners have been advised.

- **Reserve Plan**

A 30 year comprehensive Reserve Plan has been developed for both the common properties and the buildings. The Plan details every major cost item to be addressed, life cycle and estimated costs. This was a mammoth effort by Omega and the Board. Implementation is underway. Assessments are included in the monthly maintenance charge.

- **Golf**

Partners in Action has leased the golf course to Bob Hagen. This course is valuable to all of us in terms of our property values. Your support is important. Use the course, buy a season pass or punch card, etc. In order to preserve the course, the greens in particular over next winter, hole sponsorships for all 9 holes were sold at \$500 each. Sponsors were friends of Quadna interested in keeping the course viable. Your input going forward would be appreciated.

Treasurer

Treasurer Joanne Madsen highlighted the 2013 financial results, briefly discussed the actual to budget

for the first six months of 2014, and discussed collections issues.

The expense breakdown for 2013 shows that maintenance costs continued to be the largest portion of our expense – 48%. Other categories were 22% for taxes and insurance, 14% for administration, and 16% for utilities. There was a favorable variance in all four expense categories for the year. She stated that in reviewing the year-end income/expense statements for large unfavorable variances, one expense category needed explanation. The Maintenance Supplies line item was over budget by \$3700. This was due to our maintenance staff doing activities, such as renovating a pool building that had been planned as reserve items.

Actual expenses through June – half of the year – were reviewed. At the end of June we had a favorable variance in all four expense categories. The Chemicals and Supplies line item for the swimming pool was higher than expected and was due to the additional supplies for the painting of the deep pool.

Treasurer Madsen stated that while our actual to the budget numbers appear good, she needed to make you aware we are currently going through a severe cash crunch due to collections issues. Collections, including legal fees, are charged to the unit and are part of our receivables.

Collection issues are a concern on four units. Our attorney is suing one owner for the amount of the renovation and monthly assessments since July of 2013. A default judgment has been filed in district court. We have a judgment against another owner primarily for the roof special assessment. Our attorney is sending out bank garnishments and pursuing a motion on the order to show cause. It is expected that ultimately, we will collect on these two units. The remaining two units involve timeshares managed by Partners in Action. These are units [REDACTED] and [REDACTED] [REDACTED] apparently is defaulting on these units and we are proceeding with legal actions. Treasurer Madsen stated these will probably not be collected until the foreclosure is complete on the 52 timeshare weeks in each of the two units. Based on our experience with the timeshared unit 316, legal fees are expected to be about \$20,000 for each of these units. We also know that back taxes are owed. We have learned that clearing title to a timeshare also takes a long time.

Unit 316 can be rented or sold now. The Board may decide to rent it through the winter months and then put it on the market in the spring. She asked that if any members are interested in the unit, they should contact her directly or let us know of your interest via our web site.

Lastly, reserve issues were discussed. She stated the sidewalk for Building 11 was completed and the steps were completed leading to Building 2 (railings will be installed this fall). That completes all concrete work until we have to start over again, which is planned in 2025. Repair and sealcoating of the asphalt was planned for 2014. There were some difficulties in finding a vendor in our area who do the hot oil and sealcoat. The Board has now decided to approach the project in two phases doing replacements of the deteriorated asphalt this year (by the dumpsters) and the seal coating next year.

IV. Other Reports

Maintenance – Joel Richards

Director and Maintenance Chair Richards reported that our maintenance staff has removed several trees that were diseased on our common property in lieu of having this done by a professional. A few, however, will have to be removed by a professional tree service.

Director Richards stated that new pool covers were needed for each of our pools at a total cost of \$2600.

He also stated the Board is considering moving some dumpsters as part of the replacement project of the deteriorated asphalt.

Director Richards informed the membership that, in his opinion, current wood burning fireplaces could be unsafe. He agreed to provide an enclosure in the next mailing to the membership regarding safety

concerns of the Preway fireplaces. It was suggested that owners contact a chimney sweep to have an inspection done of their fireplace. Owners who wish this done may use the 'Contact Us' button on our website, qmta.org, to let us know of their interest in this. Perhaps we can get a group discount on the service if there is adequate response.

There was a member request that the pool temperature be raised. Director Richards stated the pool temperature is set at 78 degrees currently. Owners who want the pool temperature increased should use the 'Contact Us' button on our website to let us know of interest in this.

Building Renovation – Milt Dupre

Milt Dupre was unable to attend the meeting. President Madsen provided the report on behalf of Milt. Building 11 renovation is essentially complete with the following exceptions:

- Shed doors and front doors need to be painted. The shed doors were planned to be completed the week of the annual meeting and the front doors the following week.
- The contractor was expected to be here the week of the annual meeting to address minor issues on unit 410.
- Peterson Contracting is considering a different latch for the shed doors that will allow minor movement of the front decks without jamming the shed doors. This is being installed on building 11. If it works, it will be installed on building 1 as well.

V. Election of Directors

President Madsen reported there were three open positions on the Board and called for nominations from the floor before closing nominations. Candidate Marie Olson was nominated from the floor. Ms. Olson was introduced and provided a verbal candidate profile. He also introduced the names of four other candidates that had provided their profiles: Mark Antonich, Terry Harmston, Blaine Smith, and David Wesley.

Election judges were appointed for the collection of ballots and tabulation: Dianne Corcoran, Doug Mandy, and David Stendal.

VI. Unfinished Business

None

VII. New Business

President Madsen provided information on the current status of the golf course and reported on a meeting of local stakeholders with representatives of Blandin Foundation. Member Nathan Rollins stated that the city has approved a feasibility study and Blandin Foundation has agreed to fund the study.

Member Geri Julson stated our members should be encouraged to pay for golf instead of sneaking onto the course.

The 'No Trespass' and 'Keep Out' signs were discussed which discourage members and guests from walking down to the beach. It was noted that two groups that have coming to Quadna for years for family reunions had stated they would not be back because they were not allowed access to the beach area. Secretary Madsen stated that she had been asked to research this subject and that we have an easement to the beach. She will ask our attorney to write a letter to Partners in Action regarding our legal easement.

There was a complaint regarding our cable service. It was suggested that all members concerned about the quality of service call SCI Cable directly to request better service.

President Madsen noted that Gordy Stutzman was in the audience. Gordy, now age 92, is a QMTA pioneer, having owned here for nearly 40 years. He has been active on the QMTA board, QMR Co-op Board and the RCI Exchange program and helped navigate us through the highs and lows. Thank you, Gordy.

VIII. **Announcement of Election Results**

Election results were announced. Three new directors are: Mark Antonich, Blaine Smith, and David Wesley.

IX. **Adjournment**

A motion was made, seconded, and passed to adjourn the meeting at 11:15.

Joanne Madsen, Secretary

Notice: The next regularly scheduled board meeting has been rescheduled for Saturday, September 27, at 10:00 a.m. in our Community Building.