

Minutes

Mission Bay Community Center General Meeting

December 17, 2008

The meeting was called to order at 4:00 p.m.

A sign-up sheet was provided and those in attendance included:

Wayne Finney, Mission Bay Steering Committee member, and Sharon Finney	Don & Irene DeBorde	Alice Oechsli
Ron Hone, Mission Bay Steering Committee member, and Bonnie Hone	Barry Flamm	Steve & Brenda Olsen
Rick LaPiana, Mission Bay Steering Committee member, and Barb LaPiana	Steve Gillette	Suzanne Orchard
Jill Southerland, Mission Bay and Preserve Steering Committee member, and Mike Southerland	Lauren Guthrie	Judy Preston
Russ Pilcher, Mission Bay Steering Committee and Board member, and Barb Pilcher	Nancy Hackethorn	Gerald & Helen Raunig
Gordon Zimmerman, Preserve Board member, and Abby Zimmerman	Rob & Johanna Hanson	Judy Riekema
Dennis Duty, Mission Bay and Preserve Steering Committees and Board member	Buryl & Berte Hatlestadt	Tom Ryan
Tim Hinderman, Mission Bay and Preserve Board member	Laura Hone	Joan Samsel
Bill & Susanne Beck	Greg & Cathy Hudowalski	Dean Swanson
Roger & Claudette Beckendorf	Jane Irwin	Bonnie Triepke
Linda Bone	Francis Jones	Mark & Kathy Beckley
Bruce Bowman	William Jones	Meg Fair
Connie Brownell	Herb Kimball	Dale Stoverud
Richard Carlyle	John Lowell	Glenn Gordon, Association Mgr
Jim & Deborah Chapman	Ron Normandeau	Kari Mausshardt, Accountant
Jules & Ann Clavadetscher		

Dennis opened the meeting by explaining that all Mission Bay and Preserve owners were invited since members of each association pay dues toward the Community Center. The purpose of the meeting is to share information including the proposed budget for 2009 for the Community Center and to receive feedback from owners.

Dennis introduced the Mission Bay Steering Committee that oversees the Community Center. Dennis also introduced the Mission Bay and Preserve Board of Directors.

Proposed Budget for the calendar year 2009

Dennis introduced Kari Mausshardt who provides accounting services to the homeowner association.

Kari explained the process to create the proposed budget for the calendar year 2009. She created a version that was reviewed in detail by the Steering Committee. The version sent to owners with the meeting notice included changes recommended by the Steering Committee.

Kari provided some information about the following line items:

- Lease income – the realty office is leased by Mission Bay Realty (Northwest Holdings). In prior years, 100% of the lease income has been treated as operating income by the association. The Steering Committee recommended that the association take steps to minimize its dependency on the developer (Northwest Holdings), be more conservative in regards to lease income, and increase the balance of the reserve account for the Community Center. Therefore, ½ of the lease income was treated as operating income on the proposed budget for 2009 and ½ was treated as a contribution to the reserve for the Community Center. All lease income has been treated as operating income in prior years.
- Association Manager's payroll costs– effective July 1, 2009, the association will pay 100% of the cost of this position, as was discussed at the June 2008 general meeting. The 2009 proposed budget includes 75% of the cost of the position paid by the association for the period January 1, 2009 to June 30, 2009 then 100% of the cost of the position paid by the association effective July 1, 2009.
- Tennis Court annual maintenance – the proposed budget for 2009 includes annual maintenance recommended for the tennis courts. In 2008, a more intensive re-conditioning service was provided that's recommended to occur once every three years The costs incurred during 2008 were charged to the reserve for the Community Center.
- Dues – the proposed budget for 2009 includes an increase in dues of \$6.00 per month to offset the effect of the treatment of lease income, payroll costs and tennis court maintenance.

The owners in attendance were given an opportunity to ask questions about the proposed budget for 2009. The following information was shared during this period:

- Association Manager's position – the Mission Bay Homeowner's Association began processing payroll for this position in May of 2008. Previously, the developer's payroll included the person in this position and the developer charged the association for the agreed upon share of the

payroll costs. Worker's compensation insurance and payroll taxes are included in the cost of this position. The payroll for the association is processed by Ronnie R. Davis, CPA, PC. The Steering Committee will take over the direct management of this position in 2009, selecting one member in January to be responsible for the immediate oversight of the position.

- Exercise equipment – the equipment is currently leased. Russ Pilcher provided an explanation of the process the Board went through when the lease option was chosen. When the lease expires, a new analysis will be performed to determine whether or not a lease is in the best interest of the association.
- Solar heating for the swimming pool – Wayne Finney provided an update regarding the solar heating research he has performed. He also noted that propane costs were lower than expected in 2008. Mark Beckley, an owner in the Preserve volunteered to work with Wayne to continue to evaluate this potential long-term cost savings improvement. Mark has experience in the solar power industry. Wayne and Mark will continue to evaluate this option for the association.
- Community Center refinancing – Dennis provided some details regarding the proposals obtained for the re-financing of the Community Center. The facility is financed with a commercial loan through First Interstate Bank. They agreed to match a lower rate (6.5% fixed for five years) offered from another lender during the proposal process. The monthly payment will be \$4,804. The principal remaining is \$627,546. The remaining amortization period is 19 years.
- Maintenance of tennis courts and pool – in 2008, a summer employee was hired to perform miscellaneous maintenance. The proposed budget for 2009 for the Community Center includes 3.5 hours per day. The wage rate for the position in 2008 was \$12.00/hour until June 30th then \$15.00/hour effective July 1. An owner requested that the positions such as this one be posted in the future.
- Committee to establish guidelines for possible fees for the use of the Community Center – Dennis asked for volunteers to serve on this committee and to recommend a policy. Sharon Finney agreed to serve on the committee and asked other volunteers to contact her if they want to assist her. Sharon committed to present a proposal to the Steering Committee allowing enough time for them to finalize a proposal for the June 2009 general meeting.
- Cost controls, increase in dues – several owners questioned the efforts to manage expenses for the association and the rate at which dues have increased over the past several years. Ron Hone and Rick LaPiana explained that in addition to the change in treatment of lease income and payroll costs, there have been a number of expenses paid by the developer in the past that are now paid by the association as the owners take over the management of the association. They also reiterated their desire to increase the balance of the reserve accounts to prepare for necessary repairs and improvements in the future and minimize the need for special assessments. Dennis Duty and Tim Hinderman explained that in prior years, dues were kept as low as possible but noted that some years required special assessments because the dues weren't sufficient. Reserves weren't a priority for the association in earlier years but have become a priority in recent years. The Steering Committee was set up to take over the

management of the association from the developer. They expressed their commitment to focus on managing the costs of the association while creating adequate reserves. Owners are becoming more cost conscious as a result of the increased dues and many are offering suggestions to reduce expenses, reduce some services provided by the association, and create volunteer groups to perform some services currently performed by paid contractors. The Steering Committee members asked that the owners continue to provide them with their suggestions.

- Steering Committee appointment – Dennis Duty reiterated that the Steering Committee was formed to take over the management of the association from the developer. He explained that specific guidelines have not been established regarding the election of members to committees or their tenure. Dennis noted that the Board and Steering Committee would begin establishing those rules along with increased organizational structure and procedures at the January 2009 Steering Committee meeting. There are currently five members that serve on the Steering Committee. All Steering Committee members are owners of property in Mission Bay or the Preserve. Each member resides here for the majority of the year and serves as a volunteer of the association without any compensation. Jill Southerland noted that the Mission Bay homeowner association is in an infancy stage. She was previously a general manager for a 1,500+ homeowner association. She commented that the Steering Committee is working hard to improve the structure of the association and its management including communication to owners. Dennis noted that over the past year, the Steering Committee members have been very active in their efforts to gain an understanding of how the association is currently managed so they are able to begin the process of taking over its management from the developer.
- Steering Committee meeting notification and minutes – Steering Committee meetings are posted on the white board at the Community Center and owners who have signed up to receive the minutes from their meetings will receive email notification regarding upcoming meetings. All owners are welcome to attend the Steering Committee meetings but will need to request to be placed on the agenda if they wish to participate in the meeting to ensure the meetings can be managed efficiently and sufficient time is scheduled. An owner asked if they could request a meeting with the Steering Committee to discuss issues since it can be difficult to discuss issues in detail at the general meetings. The committee members noted they would be willing to participate in that kind of meeting upon request and welcome questions and suggestions from all owners. Dennis also noted that minutes are now emailed to owners who have signed up to receive them. If anyone would like to receive them but is not, they should notify the association manager, Glenn Gordon and provide him with their email address.
- Format of financial reports distributed to owners – an owner requested that future reports include some comparative information, including projected actual results for the current year compared to the current year budget. Kari explained that the Steering Committee was provided with projected results for 2008 for comparative purposes when they reviewed the proposed budget for 2009. Dennis Duty and Kari agreed to provide that information on future reports for owners.
- Impact fees for roads – some discussion was held regarding owners concerns about large trucks, etc. Varying opinions were expressed and Dennis asked that after listening to the

discussion, the Board or Steering Committee will decide whether or not to establish a sub-committee to review the issue further.

- Newsletters – Rick LaPiana noted that the Steering Committee has agreed to create a quarterly newsletter to improve communication within the association, including updates regarding cost savings measures.

Audit Committee, distribution of actual financial results

Kari explained that an audit committee has been formed through the Steering Committee. As a result there is a new procedure for the distribution of the actual financial results for each year. The audit committee will review the financials after each calendar year-end. Once they have performed their review, the actual financial results and their report will be emailed to owners or mailed with the second quarter homeowner invoices. Rick LaPiana and Wayne Finney have volunteered to serve on the audit committee and they are seeking an additional member. Jack Riekena volunteered to serve as well. Rick noted that this is a volunteer committee that will perform a review, not an official audit as defined by accounting standards.

Policy for delinquent dues and assessments

Kari provided a draft of a proposed written policy for the treatment of delinquent owner dues and assessments. The policy includes late fees that will be assessed and a description of the review process by the Steering Committee and the Board's authority to file a lien and/or revoke privileges. Rick LaPiana questioned Kari's explanation of the policy and the committee agreed to review it once again and communicate any changes before late fees are assessed. The proposed date for late fees to be assessed is May 1, 2009.

Design Review Committee

Dennis explained that the Board recently approved one design review committee to serve the Mission Bay Homeowners Association. There used to be a separate committee for the Village within Mission Bay. The members of the current committee for Mission Bay are Su Orchard, Suzanne Beck and Tim Hinderman. The Preserve has its own separate design review committee.

Adjournment

Dennis closed by noting that the message is "loud and clear" that owners want to see costs reduced. The meeting was adjourned at 5:30 p.m.

Minutes
Mission Bay Master Association General Meeting
December 17, 2008

The meeting was called to order at 5:45 p.m.

A sign-up sheet was provided and those in attendance included:

Wayne Finney, Mission Bay Steering Committee member, and Sharon Finney	Don & Irene DeBorde	Alice Oechsli
Ron Hone, Mission Bay Steering Committee member, and Bonnie Hone	Barry Flamm	Steve & Brenda Olsen
Rick LaPiana, Mission Bay Steering Committee member, and Barb LaPiana	Steve Gillette	Suzanne Orchard
Jill Southerland, Mission Bay and Preserve Steering Committee member	Lauren Guthrie	Judy Preston
Russ Pilcher, Mission Bay Steering Committee and Board member, and Barb Pilcher	Nancy Hackethorn	Gerald & Helen Raunig
Dennis Duty, Mission Bay and Preserve Steering Committees and Board member	Rob & Johanna Hanson	Judy Riekena
Tim Hinderman, Mission Bay and Preserve Board member	Buryl & Berte Hatlestadt	Tom Ryan
Bill & Susanne Beck	Laura Hone	Joan Samsel
Roger & Claudette Beckendorf	Greg & Cathy Hudowalski	Dean Swanson
Linda Bone	Jane Irwin	Bonnie Triepke
Bruce Bowman	Francis Jones	Glenn Gordon, Association Mgr
Connie Brownell	William Jones	Kari Mausshardt, Accountant
Richard Carlyle	Herb Kimball	
Jim & Deborah Chapman	John Lowell	
Jules & Ann Clavadetscher	Ron Normandeau	

Dennis opened the meeting with an explanation that the general meeting for the Community Center had just ended and that the purpose of this meeting is to review the proposed budget for 2009 for the Mission Bay master association and receive feedback from owners. He noted that there will continue to be a general meeting for the master association in June of each year. This year-end meeting was added since the association has changed to calendar year financial reporting.

Dennis provided proof of due notice. Introductions were made at the earlier meeting so they were not necessary.

The minutes from the June 2008 general meeting were approved by all members present.

Dennis noted that during the Community Center general meeting, he explained that the Mission Bay master association now has one design review committee for the entire association.

Proposed Budget for the calendar year 2009

Dennis introduced Kari Mausshardt who provides accounting services to the homeowner association.

Kari explained the process to create the proposed budget for the calendar year 2009. She created a version that was reviewed in detail by the Steering Committee. The version sent to owners with the meeting notice included changes recommended by the Steering Committee.

Kari provided owners at the meeting a supplementary schedule that provides details about several of the budget line items, including dues, lawn care (mowing), plant bed maintenance, fertilization and weed control. Owners were given an opportunity to review the schedule and ask questions. The schedule lists each common area that is maintained by the association and details about the service schedule and costs.

Kari noted that additional common areas were added in 2008 that will increase maintenance costs in 2009. The new common areas were in the Village/Montana Landing area of the association. She also noted that irrigation water is a concern because of the increased common areas and a defective meter in one area that is expected to be replaced before next spring.

The proposed budget for 2009 includes an increase in dues of \$3.00/month.

Audit Committee, distribution of actual financial results

Kari explained that an audit committee has been formed through the Steering Committee. As a result there is a new procedure for the distribution of the actual financial results for each year. The audit committee will review the financials after each calendar year-end. Once they have performed their review, the actual financial results and their report will be emailed to owners or mailed with the second quarter homeowner invoices. Rick LaPiana and Wayne Finney have volunteered to serve on the audit committee and they are seeking an additional member. Jack Riekena volunteered during the Community Center general meeting to serve as well. Rick noted during the Community Center general meeting that this is a volunteer committee that will perform a review, not an official audit as defined by accounting standards.

Dues, reserves, management

Additional discussion was held regarding increases in dues, the transition of the management of the association from the developer to the Steering Committee, and the change in philosophy among membership to build reserve balances for the association.

Walking Path

An owner requested an update regarding the walking path. Dennis explained that a walking path had been proposed along the county road that would be paid in part with a grant through the county. The county was going to pay $\frac{3}{4}$ of the cost. When the actual costs were determined, the county chose not to participate because costs were much higher than originally expected. The high costs were due to required specifications to address safety issues. The developer plans to create a walking path within the association that will get members to Highway 35. A gravel path is currently in place. The walking path will not be next to the county road because of the safety issues.

A motion was made for the Steering Committee to bring recommendations to the June general meeting with their recommendations about what sub-committees will be formed to assist in the management of the association. The motion was defeated. It was noted by Dennis that the Steering Committee would however provide an update to owners at the June meeting. He also noted that owners can sign up to receive meeting minutes from the Steering Committee meetings. If an owner wants to receive the minutes they should provide an email address to Glenn Gordon.

Adjournment

The meeting was adjourned at 6:15 p.m.