

Westbrooke Condominium Association dba  
**MEADOW CREEK CONDOMINIUMS**

**MINUTES OF ANNUAL MEETING OF MEMBERS**

Community Room, 823 Old Settlers Trail, Hopkins

**Wednesday, December 6, 2010**

**PRESENT** Board Members: Koleen Saifa-Bonsu, Anne Denelsbeck, Doug Harbrecht, Sandy Miller, Pat Olsen, Cecelia Timm, Enrique Torrano, Veronica Virtue, John Ward

Owners of 167 units

Staff: Dave Stendal, Ben Fotland, Patty Tomaino (Omega).

**Call to order**

Board Meeting called to order at 7:15 P.M. by John Ward, President.

**Introduction and welcome**

**Crime Prevention Presentation by Anne Buck, police liaison for Meadow Creek.**

- Anne Buck brought information and business cards for members, best way to contact her is by e-mail.
- Eliminate the opportunity for crime: don't leave valuables in car. One of highest incidences in Hopkins.
- Vandalism and theft up a little this year in Hopkins. Have made some arrests. Tends to spike this time of year along with residential burglary.
- CrimeReports.com is a site on which you can search any Hopkins neighborhood for various types of crime. Can also access this site at the library.
- Provided a handout with holiday safety tips:
  - Keep your unit locked.
  - Stay aware when shopping.
  - Don't transfer gifts to trunk after you park.
  - Have neighbor keep an eye out if you are away.
  - Use a designated driver, and buckle up.
  - Don't carry large amounts of cash or every credit card you own when shopping at this time of year. Don't leave purse open.
- Rental property owners – there is a strict code for rental property. About 65% of Hopkins housing stock is rental. Criminal background check is required on each adult living at a rental property, this is available to the city. Rental license required. Must use crime-free housing lease addendum signed by renters and must enforce it (no illegal activity; this is a lower threshold than criminal activity). City will start nuisance property process for complaints.
- Owner does not need a rental license if the unit is family occupied.
- New police chief, Mike Reynolds. Each pair of officers each shift has a quarter of the city assigned.
- Handed out curfew rules. Asked people to report violations to police.
- The department appreciates suspicion calls and calls due to noise etc.
- Handout - Training in January for landlords, 8 hour program. Learn how to keep crime out of rental property.
- Police work closely with our office (Patty). Patty gets a copy of the events going on here at Meadow Creek (police reports).
- Owner occupants can also get a misdemeanor offense if there are problems with number of occupants, parties, etc.
- If police have occasion to knock on door and see that unit is a mess, it may trigger an

- inspection by the housing inspector.
- Owner asked if cameras in the parking lots have been helpful. Anne was not aware of them. She noted that the police department has a free service to make recommendations on things such as camera locations and other safety recommendations.
- Commented that Meadow Creek has a great national night out every year.

### **Confirmation of Bylaws requirements**

Ben Fotland, Omega Management – part of their job as a management company is to certify that we are doing business tonight in accordance with the Association Bylaws. Omega is certifying to this, and provided a signed document.

### **Declaration of Quorum**

Quorum was declared.

167 units (30.82%) were represented in person at the meeting.

229 units (43.32%) were represented in proxy.

This is a total of 74.14% which meets the requirement of 50% for a quorum.

### **Reading of Minutes of 2009 Annual Meeting**

Motion to waive reading of the minutes, seconded, and passed.

### **Reports of Officers**

John Ward, President

- A change in management companies was made this year after a great deal of deliberation. This was due to a philosophical difference with how the property was being run and not addressing the growing financial difficulties (ed: management favored in-house staff over contractors to save money after pool cost overruns in 2006; implemented during 2008; at the end of 2009 the Board determined this was not helping the association recover financially but management was unwilling to change approach and did not submit a revised bid when Board was considering management change). Management companies were researched that had experience managing large associations. The list of Accomplishments that was mailed out summarizes some of the changes that have been made.
- We have been building the Association's cash position in order to have adequate working capital and to build the reserves needed for repair and replacements. Improvement in cash has largely been due to staff reduction, contracting out as needed instead. The board and management also went over the budget line by line looking for savings (ed: some expenses have been deferred until there is sufficient operating capital and new management has opportunity to develop reserve plan).
- Omega reduced the number of line items in the budget to make it easier to read. Omega negotiated a reduction in trash hauling cost with our existing contractor. The objective is to maintain the level of service while cutting costs and working carefully to improve the property.
- Lack of handicap accessibility to the office area and community room is one concern. A plan to improve the community room was presented to members a few years ago, but was voted down in favor of the pool. We understand the need to continue to improve the community room; the storage area in the back corner was removed, and the leaks and roof problems in the area of the back stairway have been rectified.
- Improvements to the landscaping are being planned, including improved pruning and adding trees and plantings judiciously.
- The front doors to the buildings and the common halls need attention, but we don't want to put undue burden on owners in the current economy.

- An association this size cannot be run by anyone other than an experienced management company.
- We are on a good solid road, though not exempt from foreclosure problems due to the current real estate market, but are in better shape than many condominiums in the area. We are aggressively managing accounts receivable, pursuing banks after foreclosure, etc. When a unit goes into foreclosure, the bank pays the dues from the point they take over but we usually don't receive payment until closing when the unit eventually sells (ed: we do charge late fees though). We also determine if we can go after the former owners via personal judgment.
- John noted that he recently sent a letter to the owners at his own expense. He has been on the Board a long time and owns a lot of units. He has taken good care of them, invests a lot of money in them. One of the first things he does after buying a unit is to replace the patio doors. This provides energy savings that helps the Association. He is very proud of what his units look like. He is concerned about the financial viability of the association if a group of negative, angry people get control. If we maintain the property, the values will return. At one time we were down to 35% rentals and this is now up to 40%. In the current environment many owners can't sell their unit without taking a big loss, so wind up being landlords. This is not necessarily bad, the Association has lost less money to investor owners than to resident owners. The situation will improve but we have to keep the property viable.
- We should be concerned about people contacting the Star Tribune, the city, and the attorney general's office and damaging the reputation of Meadow Creek. Realtors will steer people away from a property that is seen as being in turmoil. We need to protect our reputation. There are people running for Board positions claiming that the Board members are too old. Do you want those candidates running the Association?

Enrique Torrano, Treasurer

These are some budget highlights, there will be a more detailed budget presentation later in the meeting.

Financial accomplishments:

- Accounting simplification – reduced line items in budget. This makes it easier to track.
- Have changed accounting from in-house to outsourced to Omega, which is included in the management fee. This provides better control at a lower cost.
- The 2009 audit was revised to change the accounting of capital expenditures. Expenses for capital improvements such as the swimming pool had been capitalized rather than expensed by Dunbar Strandness and the previous audit firm. Because such assets cannot be sold, categorizing them as assets rather than expenses makes it more difficult to get an accurate picture of the Association's financial position. However, both methods are regarded as generally accepted accounting practices.
- Through the property tax protest, we obtained approximately \$80,000 in property tax rebates from prior years for owners who participated in the tax protest. Also, those properties will continue to have lower taxes going forward.

A history was provided:

2004 - Capital Improvement Project 2 (CIP2).

2006 - Pool construction.

2007 - Cash flow problem was detected. This was due to pool cost overruns (due largely to a sewer line that had to be relocated that was not on any plat drawings) in addition to things like the water meter replacement mandated by the city to allow radio reading of meters, which had to be replaced at our expense.

2008 - In-house maintenance implemented as proposed by Dunbar Strandness and approved by members in an effort to reduce expenses.

2009 - Board review of in-house maintenance revealed that savings had not materialized.

2010 - changed management company and reduced staff.

For 2011 – plan to develop and fund the reserve plan.

Veronica Virtue

Sales report for 2010 sales through Nov 30, 2010.

- 15 sales, 8 were foreclosures
- Provided details of the sales – unit size and month of sale.
- While some sale prices are low, they are likely to be distressed sales and do not represent fair market prices. As low as \$29,500 for a 1 bedroom.
- Highest prices were \$67,000 in July, and another for \$73,000 2BR no garage.
- Less than 6 currently for sale, no information if these are foreclosures.
- In foreclosures, banks often dump the units which results in low selling prices.

John Ward noted that the Association obtained a unit through a foreclosure, an unimproved 2 BR standard, all we did was clean and paint. It had some odd improvements in the kitchen area. It sold recently to an owner occupant. The mortgage appraisal was \$60,600 and it was sold for \$54,895 by the Association.

### **Accomplishments**

Dave Stendal, Omega Management

- Main accomplishment is the finances. When Omega came in May of 2010, the Association had about \$247,000 in Accounts Payable and \$33,000 in the bank.
- At the end of November, all bills as of that date have been paid and the Association has about \$232,000 in bank. Working capital is needed going into winter, as we can have \$150,000 gas bill for a month, but now have the cash to cover it.
- This is about a \$300,000 swing to the good since May.
- Main savings was from staff reduction. Three highest paid positions were let go. Staff had been paid by Dunbar Strandness, now paid by Omega. Office staff reduced from 3 to 1.5, 2 maintenance techs eliminated, have 3 building techs instead of 4.
- Also put the brakes on expenditures except as needed, in order to build the necessary operating cash position (ed: can't keep putting off expenditures, so the assessments are not "too high". Next step is to develop the reserve plan and build reserves to address the deferred expenses). Painted gable ends. Replaced a rotting wooden retaining wall with a boulder wall, fixed the roof over the back stairs of community room to help resolve water problems.
- Closed the pool in May and September to save money on energy and chemicals.
- Bid out trash collection, kept same company but reduced cost \$24,000 per year.
- Reduced phone costs, numbers and features, saving \$5,000 per year.
- Put stop to IT support. Accounting is now done at Omega and included in Omega's standard monthly fee whereas before it was performed by the additional Meadow Creek office staff. Had been using Great Plains accounting software in-house which requires a lot of support as reflected in the high monthly bills we had been incurring.
- Accomplishments are further detailed in the handout.

### **Presentation of 2011 Budget**

Enrique Torrano, Treasurer.

No dues increase for 2011.

2010 - raised cash, will appropriate some to reserves.

2011 - plan to appropriate 442,000 to reserves.

Two items not in budget should help financial position:

1. CIP2 (HIA) rebate from city. Payments by homeowners through property taxes are ending this year (for those who did not choose to pre-pay). The city withheld additional funds in case of defaults, and this will come back to us in 2011. Not shown

in budget. This may accelerate our ability to fund the reserves, but may be rebated to individual owners, to be determined.

2. Funds may come in from the Comcast marketing proposal. Asked lawyer to evaluate if there are any contract provisions we cannot accept. This is a \$120,600 offer that could also accelerate our ability to fund the reserves.

Pie chart of expenses was presented (percentages are rounded).

- 24% to reserves
- 24% utilities
- 11% administrative
- 27% Operations and maintenance
- 4% contingency
- 9% taxes and insurance
- 2% financial

Income – budget \$1,865,000 almost all from assessments, a little from laundry and rent.

Changes that will generate savings:

- Eliminated in-house accounting
- Reduced personnel as Dave noted above
- Eliminated in-house maintenance (members are encouraged to let us know if this is working for cleaning etc.)
- Reduced cost of several service contracts
- Reduced office workload, simplified operations

## **Election of Directors**

Explanation of voting procedure

As in several prior years, candidates were required to submit their candidacy prior to the meeting.

Due to the resignation of Scott Cutsforth in late 2010, four positions are open this year. The person getting the fewest votes will get the 1 year position.

Appointment of election judges

Two volunteers were appointed, Glyde Burdick and Heather Durand.

Introduction of candidates.

As in prior years, candidates were allowed three minutes each to present a brief statement to the members. Todd and Bert registered complaints that they were not aware of this ahead of time so could not present their entire speeches.

Todd Bacon

Anne Denelsbeck (incumbent)

Koleen Saifa-Bonsu (incumbent, replaced Scott Cutsforth remainder of 2010)

Bert Schmidt

Cecelia Timm (incumbent)

Veronica Virtue (incumbent)

Balloting and tabulation (the meeting continued while ballots were tabulated).

**Unfinished business** (from last year's annual meeting)

No unfinished business. No comments from members.

## **New business**

### Plans for 2011

Members suggestions were solicited for future projects

Mary Lunsu 816-2

Would like new doors and frames for each unit.

Doors are owned by the member. The office has a list of contractors in the office.

Certain standards must be followed, such as color, fire rating etc.

Have to pull a permit to replace.

Possibility of group purchase program, went by the wayside with economy, but can reconsider it.

A suggestion was made to enlarge the doors to the bathrooms in the community room to accommodate wheelchairs. Not that expensive, perhaps \$300 per doorway.

Mel Pittel raised the issue of removal of John Ward from the Board. Mel presented a new petition for a special meeting to remove John, claiming to have the 25% of ownership required in the Bylaws.

Dave Stendal noted that the petition is not a vote, it is a petition to call a meeting to take a vote. Mel was advised that he could make a motion to amend the agenda to call for a vote immediately rather than call for a separate meeting, but declined.

A member asked that her name be removed from the petition and noted that others can also remove their names. Found after she signed that the statements made had been lies. Demanded that Mel and/or his supporters leave her son alone as they had repeatedly come to his door for a signature.

Suggestion to insulate roofs. Board will consider, we have looked at options in the past, added insulation and sealed air leaks into the attics.

Todd Bacon recommended a computer for members to use in the office, could be fairly inexpensive. So those without one could have access to association e-mail and website. Interested in having a garage, and asked that we go forward with the program. Thinks there should be a letter to solicit interest. (Building of additional garages was approved at the last annual meeting. Commitment of enough people is needed in order to build a bank of garages, need 5 or 6 in the same area).

Asked that Association documents be put on line. (We have been working on this, addressing a problem with uploading new documents to the web site).

An owner noted that she called the office about her interest in a new garage and was never contacted.

**Dave suggested that a list could be started tonight at the meeting.**

Kathy Ness – suggested that candidates statements were hard to read, could we get them by e-mail next year or at least have them typed?

Many members don't have a computer at home. We are required by state law to mail out the meeting materials.

**Note to have statements of candidacy typed next year.**

A member expressed concern about water running into his garage and bad shingles. Doug Strandness had said there was a warranty on the shingles.

**Management will look into it.**

A member asked when we will take down some trees and branches?

A pruning program will be started in 2011.

Unit number 831-8.

Capital improvements had gone on hold, is a reserve/replacement plan a goal for 2011?

Yes.

Peter Neally – are security cameras still not connected?

None have been installed since spring, had been done under Dunbar Strandness.

They are operational (Patty).

Concerned that police service was not utilized

**Board will look into getting input from police.**

Reserve plan?

Dave wanted to get some operating experience before revising.

We have done roof replacements on a schedule.

Boilers as needed as their life seems unpredictable, so keep one in stock so it can be changed rapidly if one starts to leak.

Major replacements are triaged to manage cash flow.

We had been lead to believe our parking lots had to be fully replaced, which triggers drainage requirements from city that drives cost to \$500,000 to 1M. We are working on repair instead. Tuck point buildings every summer so brick does not need to be replaced.

Gable ends stained with high quality stain.

Mortgage companies look for realistic reserve plans.

Julie Knutson

Old Settlers Trail

Excited about rain gardens.

If letter was from John why did Board sign it?

Different letter.

Attorney letter Nov. 4? Can get copy.

Mel Pittel

Stated that many people think he may be difficult to work with but he is not impossible.

Thanked people for coming out tonight.

The important thing is to not be complacent.

Expressed pride in his band of malcontents.

Peter Neally – There is an uplift in the sidewalk by 936-8, has been raised the whole summer. Has funding been reduced for this?

**Management will look into it.**

Sue Winship, 904 and 952

Has been in smaller associations. Suggest forming small committees chaired by Board members to deal with various issues. Would report at Board meetings. Committees would then be responsible for communications. Chair of committees would report to Board meetings. Could improve communications.

Vanessa Leak 708-6

Concerned about snow. Garage was not plowed out, did not have access to car for 24 hours. Fell in lot. What is being done to address this?

We have 24 hour service, she should call office if she cannot get to garage.

Normally at least lanes are plowed in lot so cars can get out, do further cleanup later.

A member asked what the Comcast issue is.  
Described issue, lawyer looking at contract, not getting rid of WPC. Comcast offered \$120,600 to have their marketing materials in the office area. Need to make sure this does not conflict with WPC contract, and does not include undesirable provisions.

Charlie Pirkl

Much has been said of Dunbar Strandness, blaming them for past performance.

Is it not true that the Board signed off on all expenditures during that time?

Yes, though approvals may be for budgeted projects rather than line items within the projects. As stated much of the issue was cost overruns on pool and attempt at saving money by hiring staff instead of contracting.

Charlie again expressed concern about the accounting for replacement of the pool . Doug Harbrecht provided a summary along with copy of the ledgers that show the supporting information. Charlie complained that it was difficult to read as the spreadsheet printed on two pages. Doug said he would e-mail the spreadsheet to Charlie.

A member asked if the Annual Meeting could be changed back to Saturday?

It is not possible to change the requirement in the Association Bylaws which specify the first Monday of December. Given that a member (Mel Pittel) lodged a complaint that we were not following the Bylaws, they need to be followed.

**Adjournment** at 10:15 pm.

Announcement not yet made of election results, still counting. Will mail out results.

Members were invited to wait for the results if they wished.

#### **Announcement of election results**

|                    |           |
|--------------------|-----------|
| Todd Bacon         | 26.2968 % |
| Anne Denelsbeck    | 52.4008 % |
| Koleen Saifa-Bonsu | 50.2898 % |
| Bert Schmidt       | 23.4619 % |
| Cecelia Timm       | 50.082 %  |
| Veronica Virtue    | 49.6645 % |

Anne, Koleen, Cecelia, and Veronica are elected to the Board.

As described in the election procedures, Veronica had the lowest vote total of the candidates elected to the Board so will have the one year term, the others are elected to three year terms.

25.72% of ownership was held in proxies by the Board.

17.60% of ownership was held in proxies by the Pirkl/Pittel group.

30.82% of ownership was present in person.

Respectfully submitted,



Doug Harbrecht, Acting Secretary