



**Wynstone Townhome Association
Annual Meeting Minutes
October 11, 2006**

The seventh annual meeting of the Wynstone Townhomes Association convened at 6:30 p.m. on Wednesday, October 11, 2006, in Heritage Room 4 at the City of Eden Prairie offices located at 8080 Mitchell Road. The meeting was called to order by Brian Nielsen, Board President. Other Board members present at the meeting were Herb Legler, Vice President; Larry Greely, Treasurer; Mel Hunker, Board Member At Large; and Cathie Hegg, Secretary.

The roll call was conducted by Herb Legler and showed the following members present:

Rick & Sandy Rikhus	Jacquelynne Schuminski	Tom & Linda Carlson
Ruth Cina	Brian Nielsen	Joe and Kay Rogness
Helen Carlson	Herb & Marilyn Legler	Melva Mayclin
Safeer Mirza	Wally & Margaret Naas	Michael Kaluza
Jim Nelson & Betsey Whitbeck	Cathie Hegg	Joan Carroll
Mary Anderson	Mel & Shirley Hunker	Larry Greely
Gene and Ruth Kamin		

The following members had authorized proxy forms: Jim Heller, Stan & Barbara Gillman, Roxanne Garoutte, and Gloria Husby).

Proof of notice of the meeting was acknowledged, and minutes from the previous annual meeting held on October 13, 2005 were approved by the membership after a motion was made by Betsey Whitbeck and seconded by Margaret Naas.

PRESIDENT’S REPORT – Brian Nielsen

President Brian reported on the changes made from the previous year including the installation of new private/locked mailboxes, new mulch, early replacement of the exterior lights, and the set up of a new web site and Wynstone email system that links our home addresses to our own personal email addresses.

Brian reported that things seem to be running adequately for the association and that homeowners appear to be getting their needs met on a timely basis. He did note that there were a couple of miscommunications; but hopefully those have been corrected.

BOARD MEMBER AT LARGE REPORT – Mel Hunker

Mel reported that the front and side of all homes and the gazebo areas were re-mulched. He said that a memo was sent to the homeowners inquiring if any wanted the rear of home also re-mulched. Mel said that the Board determined the costs for the re-mulching including the additional costs for those units that wanted the back of their homes also re-mulched. Mel noted that six units are all stone in

the back and therefore require no re-mulching. Mel said that the Board received some replies back from homeowners and mulched those back areas where requested. Mel stated that if we missed one or two who wanted the back re-mulched, we can get that done. Mel noted that the re-mulching really improved the appearance of our grounds as the re-mulching was much needed. The mulch used is of a higher quality and will probably have to be replaced only once every five years.

Mel reported that the Board arranged for the painting of deck railings where needed. He said that a hail storm had damaged some decks. He said that two decks were so badly peeled that they had to be re-finished. Mel said that the refinishing was done at no cost/additional charge to us as the contractor backed up their work.

Mel noted that the decks should probably be re-painted every 3 years. He suggested that we rotate the decks perhaps doing twelve one year and twelve the next so that we don't get hit with all of the expense in one year. Mel also reported that the accountability of the costs for re-painting/repairing the decks has been moved so that it will now be included in the reserve account.

Mel said that he had received complaints about drainage and leaking regarding some homeowner roof drains. He said that following a review and discussions with one of manufacturers and installers, it was identified that the diversion shield above the drain troughs were too small resulting in some leaks in some homes. Brian sent out a request for homeowners to let the Board know if they had any leakage problems. Based on homeowner responses, approximately eleven homes had the drains repaired. He said that we will still need to do some additional calking in the summer of 2007. Mel said that he also had some extra replacement diversion shields made in case others have the problem in the future.

Mel reported that after several attempts, we finally got the foundation fixed for 13652. He said that this time the home at 13652 was resealed from the outside rather than the inside – and it appears to be successful.

Mel said that 4 sprinkler heads had to be replaced; however, Mel replaced them himself saving the association approximately \$300.

Mel reported that we lost one tree this year; and this same tree had been replaced ~ 4 or 5 years ago. It was reported that maple trees can't stand over watering, but two or three are planted too deep and are sitting in a watery area – thereby making them vulnerable. Jim & Betsey noted that they had one tree that was planted too deep; however, it was pulled up and is now doing well. Mel cautioned that homeowners should not over water trees in their yards if they water in addition to the automated sprinkler cycle.

Mel reported that tree replacement costs have been added to the budget.

Mel reported that there have been some problems with the hedge trimmers, as the guys aren't watching closely enough and are hitting some of the trees. He said it is not a problem with bigger trees, but smaller trees could be damaged and/or killed. He said that next spring we will put plastic shields around every small tree that doesn't have mulch around it. He said that the shield is expandable and will grow with the tree.

Property Enhancement Committee – Betsey Whitbeck

Mel asked Betsey Whitbeck to report on the efforts and progress of the *Property Enhancement Committee*. Betsey noted that Marilyn Legler has done most of the work maintaining the front garden and gazebo areas. At Betsey's suggestion, and following some discussion regarding past damage to the plants in the garden and gazebo areas, the homeowners voted to leave the plants up and not cut them back so much. Betsey noted that some of the plants are very big; and she is not sure what to expect for the size of some of the plants next year. Everyone acknowledged that the garden and gazebo areas really add to the attractiveness of our neighborhood.

Betsey reported that some bushes around the gazebo area are dying. Mel reported that the landscapers suggest cutting the bushes way back to see if they will come back. Marilyn noted that it is very hard to keep anything growing with the trees taking so much of the water. Therefore, next year rather than planting so many plants around the gazebo area, we will try a couple of potted geraniums.

Betsey inquired and Mel confirmed that the landscapers will replace trees that are girdled if they don't survive.

VICE PRESIDENT'S REPORT – Herb Legler

Herb noted that he is responsible for overseeing Board meetings if the President is unable to attend. He said that he is also in charge of the homeowners' insurance program. Herb reported that we had no insurance claims this year.

SECRETARY'S REPORT – Cathie Hegg

Cathie reported that her 3-year term is complete and we will be looking for one Board Member replacement at this meeting. She noted that the workload for Board members is significantly less than it was in the past now that we are a more mature, six year old association.

TREASURER'S REPORT – Larry Greely

Larry Greely presented the Annual Meeting Financial Report for 2006 which had previously been mailed to the homeowners. Included in the financial report were the following unaudited financial reports prepared using fund accounting:

- Statement of Assets, Liabilities & Fund Balances-Tax Basis as of September 30, 2006
- Operations Actual vs. Budget – January through September 2006
- Operations budget – January through December 2006
- Statement of Operations – By Fund – January through September 2006
- Operating Cash Flow – 2006
- Reserve Funding Summary – 12/31/06
- 2007 Budget Planning Breakdown

Larry noted that all September income/expenses are included to be as up to date as possible, thus the date of September 30, 2006 is used for all reports and budget to date comparisons.

Larry summarized the 2006 financials noting that the reports presented are for this meeting and are not the annual report totals. However, he also reported that last year there were no significant changes from the report presented at the annual meeting and the numbers on 12/31/05.

Key points of Larry's presentation include the following:

State of Assets, Liabilities & Fund Balances – Tax Basis

- ◆ As of 9/30, we have \$2,584.09 in operating cash in our check book
- ◆ Money market funds total \$2,306.76
- ◆ Securities are in fixed amount CDS (not floating) totaling \$78,681.86
- ◆ Total cash available = \$83,572.71
- ◆ Liability side = no outstanding liabilities. All bills have been paid. All reserves have been funded and in some cases funded differently to get a better rate. Larry reported the following:
 - He borrowed 3 months of funding, transferring money out of operations to get the best return at 5.17%.
 - The CD amount of \$43,000 at 5.17% is locked up for 17 months.
 - It does not make sense to transfer the funds in the other CDs to the 5.17% rate because termination and other fees would offset any potential additional dollars earned.
 - The rates are slowly improving, and as they improve it helps in funding the long term items in the budget.

Larry reported that tonight we will vote on a budget in excess of the CPI index. (He noted that our increased budget need is approximately 11% which is much higher than the CPI.) If our increased budget needs are below or at the CPI, the Board can approve the budget on its own. Larry stated that the Board is asking for a \$20 monthly increase; and that this increase needs to be approved in writing by the homeowners since it exceeds the CPI. Larry also noted that the insurance rate changes are not included in documents that limit the increase in dues because the Board/Association is required to have insurance. Larry noted that some associations leave insurance out of the dues and bill the homeowners separately for insurance. He also noted that we could decide to all obtain our own separate insurance policies; however, the Board would still be required to verify and validate that all homeowner insurance policies met the Association requirements.

Larry reported that the association did not have a lot of substantial problems regarding cash flow for association maintenance. However, he noted that the budgeting for some items was tighter than normal. Larry also reported the following:

- We are running right on target with the budget. Mulch was never budgeted or assessed for; but now has been added. We moved money on paper from another area to this area to cover the mulch.

- We realized approximately \$600 in savings for watering/lawn care over projected which should help an otherwise tight budget.

Larry reported that there are no uncollected dues and that the automatic dues collection works great.

As far as cash flow, Larry is projecting that we will break even with ~ \$600 to \$700 left. Therefore, we don't have to move monies around on paper to finish the operating year.

Larry discussed the Board's philosophy on reserves which is noted on the web site and included in his report.

Larry noted that the Reserve Study software is still a DOS system. Larry said that he has taken the initial Reserve Study that was done and converted it into an Excel format. Larry said that the initial Reserve Study used 3 elements: He said that he used projected costs (2001 or 2002) and increased these costs by a 2.5% compound cost inflation factor per year. He then subtracted anticipated interest revenue to come up with the amount we recommend to fund on a current basis – e.g. 2007. This year he added the cost of mulch replacement. He reiterated that this mulch has projected life of 5 years. And although it is more expensive, it will deteriorate and disappear at a much slower rate. He has projected that we will need to spend another \$2000 to \$3000 in 5 years for mulch replacement. He also has projected that we may need to replace the mail boxes in another fifteen years.

Larry reported that based on the Reserve Summary, the Board is recommending that we increase our monthly dues from \$180 per month to \$200 per month for a \$20 monthly dues increase. Larry said that he has run reserve increases out another 3 years, and that we can anticipate a \$5 to \$10 increase annually based on the line item reserve only. Larry emphasized that this annual dues increase amount is normal/expected in an association when run on a reserve basis. During questions from homeowners, he noted that associations that do not increase monthly dues by \$5 to \$10 every year are probably not funding their reserves correctly or they are relying on special assessments. Based on discussion among the homeowners the consensus seemed to be that we would like to avoid special assessments due to the negative impact when trying to sell our homes at a later date. Larry said annual monthly increases of \$5 to \$10 can be explained especially when seen positively because they are used for improvements.

Larry noted that not many items are flexible within our budget.

Larry noted that our insurance rates increased 11%, and discussed the reasons insurance rates have gone up at such a rate.

Bottom line – the \$20 monthly dues increase as recommended by the Board is primarily due to increased expenses for lawn care, snow plowing, insurance, and reserves new line items.

Our options to covering the increased costs and catching up on reserves are as follows:

- ◆ Raise the dues
- ◆ Don't fund all reserve line items

- ◆ Special assessment for the cost of the mulch which hadn't been budgeted and we 'borrowed' from another area.
- ◆ Leave dues alone and special assess the difference = single check for each homeowner for \$240 per year and leave dues at \$180.

Larry noted that we have a substantial short fall in the reserves – e.g. ~\$40,000. He said that we won't ever get caught up without another special line item in the reserves – e.g. ~\$15/month per homeowner for the next 10 to 15 years. Larry also noted that although this is not an issue for us, if we were an older association and had FHA financing, our budget wouldn't get passed due to more than a 5-year short fall.

Larry stated that special assessments are to be used for unusual or unexpected expenses – not what you know will need replacing, etc. He noted that now we are trying to fund everything – which is appropriate.

Larry responded to a question about special assessments for things on reserve line items.

Larry also responded to a question by saying that we would not realize any significant savings by paying insurance annually or semi-annually?

Larry responded to a question about the potential of giving our street to the city so that it would be maintained by the city. Larry said that the city would not take our street because we don't meet city code. Even though we don't receive a tax break for maintaining our own street, Larry noted that if the street or sewer system fails, it's our problem and our financial responsibility.

Larry ended his report by noting that our association is financially very health; and we are much better off than a lot of associations. He said that we are doing a good job of trying to do things correctly and in maintaining the complex.

The homeowners approved the Treasurer's Report by raising hands.

After discussing the pros and cons of increasing dues vs. special assessment, the homeowners voted (written vote) and 23 of 24 approved the budget which includes a \$20 per month increase in dues.

OTHER BUSINESS

Tom and Linda Carlson are not getting emails. All other homeowners reported that they are. Linda requested that Board correspondence be sent requesting return receipts. Brian responded by noting that some will decide not to respond, and in addition there will be some level of apathy to the issues. Tom noted that they did get communication through April when a switch was made to use the Wynstone email connection. Brian reported that he thinks the email issue has been corrected for the Carlsons. In addition, all documents are now posted on the web site and will continue to be posted in chronological order.

ELECTION OF INSPECTORS OF ELECTION

Jim Nelson and Mike Kaluza were elected to serve as election judges.

ELECTION OF NEW BOARD MEMBERS

Cathie Hegg has completed her 3-year Board term. Brian Nielsen and Herb Legler each have one year remaining on their 3-year terms; and Mel Hunker and Larry Greely have two years left on their 3-year terms.

There was one nomination for the Board: Helen Carlson

Since there were no additional nominations, and only one Board position to fill, a motion was made and approved that the association suspend nominations and elect Helen to fill the open Board position.

UNFINISHED BUSINESS

Web site and email as discussed previously.

NEW BUSINESS

It was suggested that the Board investigate the side walks situation as some are falling apart.

Questions were asked about the status of the new development behind proposed to be built on the corner of Baker and St. Andrew behind us. Joan Carroll attended the meeting with the neighboring homeowners, developer and the City Planning Committee. She noted that concerns were raised about increased traffic. She said that the proposal by the developer was thrown out and he has to come back with something different. She noted that some neighbors were very vocal against the development of that property. The options are 17 condo units or 5 single family homes. The homeowners on St. Andrew and Vervoort prefer single family homes. Joan reported that the developer had no landscaping planned. Some homeowners felt the proposed 17-condo unit was too large for such a small lot. The developer only planned for two non-resident outside parking places.

The meeting was adjourned at 8:20 p.m.