

TALL TIMBERS HOMEOWNERS ASSOCIATION 2011 ANNUAL MEETING MINUTES
AMERICAN LEGION MEETING ROOM
NORTH BRANCH MINNESOTA 55056
January 29, 2012 6:00 pm

I. ROLL CALL AND ESTABLISH QUORUM:

A sign-in sheet was located at the meeting room's entrance. Each homeowner was asked to sign in next to their address. Of the 48 homes within the development, there were 30 Lot owners present or represented by proxy establishing the number of Lot owners required to establish a quorum. This represents 63% of the Lot owners of Tall Timbers.

II. CALL TO ORDER:

The annual meeting of the homeowner's association was held on January 29, 2012 at the American Legion in North Branch, MN. TTHA President, Vince Schoon, called the meeting to order at 6:08 pm. Board members present: Vince Schoon, Randy Berglin, Julie Wermerskirchen, and Karen Johnson were all in attendance. Vince gave the reminders that parliament rules will be followed as order of procedure and only one vote per Lot will be counted. All questions shall be held until the end of a presentation.

III. APPROVAL OF THE 2010 TTHA ANNUAL MEETING MINUTES:

Scott Johnson moved to approve the 2010 TTHA Annual Meeting minutes. Jim Skroch seconded. There was no discussion/questions. Motion passed 29 ayes, 1 nay. Motion passed.

IV. WELCOME REMARKS:

Vince Schoon welcomed all present to the meeting and explained about the resignations of three of the board members (Joe Hopp, Mats Bergqvist, and Terry Berg) from this year. He also thanked the current board for their contributions and in particular Randy Berglin who has taken on the additional duties of preparing all the audio/video equipment and slide visuals for the annual meeting. A thank you was given to all the committees and the members who give their time for the betterment of our association. Lastly, approval of the 2011 Annual Meeting agenda was sought. Mark Hughes moved to accept the 2011 Annual meeting agenda as presented. Tom Davis seconded. Motion passed unanimously.

V. ELECTION OF THREE BOARD MEMBERS:

Our covenants state the there can be 4-7 board members serving. Currently there are 4. The positions that are open and their lengths of time were discussed. There are three available positions. We have received notice from two individuals volunteering to be on the board. Those members are Scott Ingram and Randy Berglin. Vince asked for additional volunteers or nominations. Discussion. Randy Berglin nominated Karla Johnson. She accepted. Vince called for the nominations to cease. Randy Berglin moved for an end to the nominations. Scott Johnson seconded. Vince Schoon called for a blanket motion to accept the nominations of the above stated individuals. Rob Sanvik moved to accept the nominations for the board positions. Discussion. Karla Johnson moved to accept the nomination for the two-year term. Mike Matz seconded. Thus, Randy Berglin and Scott Ingram will take three-year terms each. The motion from the board will be for Karla Johnson to take the two-year term while Randy Berglin and Scott Ingram will take three-year terms each. Scott Johnson seconded the motion. 30 ayes, 0 nays. Motion passed.

VI. READING OF CORRESPONDENCE:

One letter was received. This was in regards to an on-going issue, but it is resolved at this time.

VII. APPROVAL OF TTHA 2010 ANNUAL MEETING MINUTES:

This was mistakenly taken out of order on the agenda and already approved during the discussion time for item.

VIII. TREASURER'S REPORT:

1. Audit report:

Lori Berglin presented. Lori Berglin and Lynn Seim completed the audit. There were only a couple of recommendations and they will pass these onto the board for discussion at their next meeting.

2. Changing savings account to money market account:

Julie Wermerskirchen presented. In the year 2011, the board made the decision to switch our savings account at Associated Bank from a business savings account to a non-profit money market account. The old account yielded an annual interest percentage of 0.10%. Now it will be 0.20%. This will double the interest earned and yield about \$5.00 per month in interest. On October 18, 2011 our account held \$30,889.62 and this amount was put into the new non-profit money market account.

3. Investing septic funds into a higher yielding account:

Julie Wermerskirchen presented. In follow up to the question posed by the association at last year's meeting, the association asked the board to look into investing the septic funds into a higher yielding account. The fund currently has \$24,848 in it. After the allocated funds from the 2011 budget are moved into it, the new balance will be \$29,482. The board looked into this and came up with two options. One option is to invest in CD's. The current rate is 1.35% for a 5 year fixed CD. To make the most of our investment with this option the association should consider investing a minimum of \$10,000 for a period of 5 years. Early withdrawal would have a penalty applied. Whatever the interest rate is at the time we invest is what it would stay throughout the life of the CD. The second option is a six-year ten stock power CD. The amount of \$10,000 is the minimal amount for this type of CD and the APR will fluctuate anywhere from 0-6%. The interest is paid semi-annually and capped at 3%. This is FDIC insured and the money is invested in a 10-company basket (most of these are well known companies). A disadvantage of this type of CD is that the money is hard to get out. It would only be available to be withdrawn without a penalty every June and we as an association would have to sell the CD to someone else. The recommendation given to us was to do this type of investment only if our goal is to keep it to maturity. This also is a new option available to investors with the first investors being within the first 6 months of ownership. Discussion. Tom Davis moved to invest \$20,000 for 5 years in a CD and keep \$9,000 in the non-profit savings. Mike Selbitschka seconded. Scott Johnson suggested that the board split the \$20,000 into two separate but equal CD's to avoid possibly paying a penalty on more money than needed. Julie Wermerskirchen stated this would be done as procedure. Rob Sanvik moved to amend the motion on the floor to put \$10,000 in a 5 year CD and \$10,000 in a 3-year term. Scott Ingram seconded. No further discussion was had. The original motion *with the amendment* was passed unanimously. **Due to a misunderstanding in procedure found in the financial bookkeeping after the Annual Meeting, it was determined that the General Septic Fund money for 2011 has already been moved to the savings account. The unallocated funds referenced above that will be moved into the fund from the 2011 budget do not exist. They have already been moved. Due to random amounts being transferred between the checking and savings account throughout previous years, we are going to assume that the \$1134.00 overage to the 2010 budget has also already been moved to the savings account. Going forward, General Septic Fund money from the current year and overage budget funds from the previous year will be transferred to the savings account on a specified date of the current year. The actual amount of money in the General Septic Fund to be used for investing at the time of 2011 Annual Meeting was \$24,848.00.*

4. 2011 financial review:

Julie Wermerskirchen presented. An explanation of the income amounts and, in particular, the budget showed for \$400.00 in lift stations fees, we did take in an actual amount of \$450. There was a discrepancy found dating back to 2010 where one homeowner inadvertently paid \$150.00, instead of \$200.00 for their Association dues. Therefore this additional amount was collected and deposited in 2011. All of our expenses came in under budget except those that are in the misc. budget. This was over. This is due to having to pay the fees to change our covenants and By-laws. For the 2012 budget, this has been added as a separate line item as listed as document recording fees. This will no longer be put under misc. expenses. In June, the board paid out \$80.17 to have a tree removed from common property. It was felt that this posed a potential risk to those who may come around it. In August, locks for the lift stations were purchased at a cost of \$42.00. In October, a \$35.00 charge was incurred for repair of the vandalism up at the front monument. Also, in 2012 another line item was added for our post office box fee. Going forward into 2012, there are no known miscellaneous expenses expected. We came in under budget by \$1,060. The amount of \$50.00 is the amount the Association dues payment was short paid in 2010 and \$1010.00 is what was unused from the 2011 budget. \$50.00 will be transferred to the Lift Station Maintenance Fund and \$1010.00 will be transferred to the General Septic Fund. Ending balances within our accounts was presented. An explanation was given in relation to why money was taken out of the general septic fund and instead put into the lift station reserve account. The purpose of this was to properly reflect and account for the additional monies that are collected from the 8 homeowners on the shared lift stations. This additional money has been collected since 2005 and continued up until 2010. The funds for 2011 will be moved at the end of the year. In the general reserve fund \$1,000 is always kept for emergencies. There were no questions.

5. 2012 Proposed budget:

Randy Berglin presented. He stated the main reason for doing a more thorough evaluation of our operating budget stemmed from the information that was presented at the 2010 annual meeting by the septic committee. Given those projections which took us out to the year 2025 in a situation where all the drain fields and both lift stations would need to be replaced we could be looking at deficit of \$34,000. Options for making up this money were presented in the 4 different budget proposals. Although, the board per our covenants is able to raise the annual dues by 6% at their discretion, this board felt that any increases should be put to the association. The four different budgets were presented and explained in detail. Barry Mossbarger moved to accept proposal #4, which is the budget that included NO increases. Tom Davis seconded. Discussion. Tom Davis called for the question at 7:07 pm. Barry Mossbarger seconded. Vote to accept call for the question passed unanimously. Motion on the floor to accept proposal #4 was restated. 10 ayes, 16 nays. 4 abstained. Motion defeated.

Mike Selbitschka moved to accept proposal #3, which would include a 6% annual dues increase only. Scott Ingram seconded. Discussion. 16 ayes, 9 nays. 5 abstained. Motion passed.

6 & 7. Approval of 2012 TTHA Annual dues and 2012 financial report:

Randy Berglin asked for a motion to accept the 2012 budget. Mark Hughes moved to accept the budget as presented. Rob Sanvik seconded. 27 ayes, 3 nays. Motion carries.

IX. STANDING COMMITTEE REPORTS:

1. Landscape committee:

Karen Johnson presented. Thank you all who have stepped up to volunteer with maintaining our common areas. Not contracting out our services has saved the association approximately \$700.00 over the last two years. Weed control up at the front monument is our number one problem. This year the board looked into what could be done to help deter weed growth in an effort to make this area even better looking.

1. Landscape committee (cont.):

Three contractors were contacted and the board decided to propose to the association to accept a bid from Arc Irrigation for application of a liquid broadleaf and granular fertilizer with crabgrass deterrent at a cost of \$247/year for 3 applications. Linda Mossbarger moved to reject the proposal. Barry Mossbarger seconded. Discussion. 30 ayes, 0 naves. Motion defeated. Tom Davis moved for the board to sign a contract with a landscape contractor to apply a broadleaf application only **without** crabgrass deterrent for a total of 3 applications. Mark Hughes seconded. Discussion. 16 ayes, 8 naves. Motion passed. An update was given about the vandalism at the front monument. Jim Bernier did the repairs at minimum cost to the association. Any parties interested in being on the landscape committee should contact the committee at this time.

2. National Night Out:

Julie Wermerskirchen presented. Our 2nd annual event was a very successful venture. We had a total of 77 people (40 adults and 37 children) attend the evening's events. A thank you was given to the other members of the committee (Nancy Schoon and Nancy Murden) as well as all the volunteers who helped. For 2012, a new coordinator/chairperson is being sought. There were no interested parties at the time of tonight's meeting. Contact Julie Wermerskirchen if interested.

3. Architectural Control Committee:

Vince Schoon presented. The only request received was from Dean Sullivan for a patio. This was granted.

4. Adopt a Park:

Randy Berglin presented. In 2011, the TTHA took on the project of adopting a park. Our group effort helped keep clean and enhance Harder Park located in North Branch. Randy asked for a motion for the TTHA to take on a volunteer project for 2012. Mike Selbitschka moved to take on another volunteer project. Mark Hughes seconded. Discussion. Motion passed unanimously. Mike Selbitschka moved that as an association to continue with the adopt a park program through the City of North Branch. Jim Skroch seconded. Motion passed unanimously.

5. Website:

Randy Berglin presented. In 2011 our website was moved from Carl Esby to Media Junction due to difficulty in contacting Carl and concerns over where exactly the website was residing. The move came in under budget and also allowed us the capacity to upload larger files (up to 10MB) and in turn this also has enabled us to decrease our printing costs by being able to utilize our gmail email account. We did lose one part of the functionality in the form of being able to generate automated septic pumping reminder letters. Media Junction felt that this posed a security risk to continue with this function. In March 2012 our domain name came up for renewal and was re-registered for another 9 years. Lastly, he discussed the implementation of a quarterly newsletter.

6. Septic:

Karen Johnson presented. Combination locks have been placed on both lift stations as an added measure of security for our system. In follow up to a question posed last year by the association "Where does septic responsibilities of lot owners vs. the association lie"? The board's best answer at this time is we don't have a perfect way of saying exactly where every line connects or where they may veer off. It was felt if it was in question a surveyor would have to be contacted and a proper survey conducted. We do have the existing schematic of the overall sewer system for general guidance, but exact spots off everything cannot be done with 100% accuracy without a survey. The TTHA required drain field inspection was completed in October 2011 by Chris Zierke. Certification was granted with no concerns cited. Historically, annual pumping of the lift station has been completed. This year, Chris Zierke told us that he did not need the pumping report to finish his inspection report. The pumping of the lift stations was not completed this year due to an oversight on the board and committee part. We are scheduled to have this completed early spring once road restrictions are lifted. Lot owners septic pumping documentation was reviewed with members and two forms of documentation will be accepted. One is the actual copy of the septic permit pulled by the pumper. And the second is a receipt (bill of sale) from the pumper.

6. Septic (cont.):

It will be the responsibility of each homeowner to provide us with this information. Per our covenants, the board stressed the importance of each homeowner to complete their responsibility by getting the approved documentation to the board in a timely manner. The board will not go to the city and get copies for homeowners. Currently, we have 4 homeowners who we do not have the proper documentation for. The board asked for guidance on what step to take next with these homeowners who have failed to supply the needed documentation. There was a lengthy discussion on how to approach this matter, but with no real direction from the association we tabled this conversation until the VAC portion of the meeting. As this not only is a problem for the septic committee, it also is a violation of our covenants. One last question posed during this portion of the meeting was "does the need to pump every 3 years apply if a homeowner only occupies their home for certain months of the year and not the whole year"? Again, the board deferred this question until the VAC portion of the meeting. The committee does have a spot for one more committee member, volunteers were asked to contact the board.

7. VAC:

Julie Wermerskirchen presented. One change that will be made tonight is that the board will be informing the association of what violations they addressed in 2010 and specifically what was done to correct the infractions. There were a total of 16 requests/issues dealt with in 2011. 14 of these issues required formal letters to be sent to the homeowner. The other two were resolved after having a conversation with the homeowners. The board also wanted to discuss and remind homeowners the option of filing a variance if they know of an upcoming situation that would not be permanent in nature but would put them in violation of the covenants. This form is available via our website or from any board member. The board will review all variance requests and respond within a timely manner as to their decision.

Vince Schoon continued with the next portion of the VAC presentation. At the 2010 annual meeting, the question was presented to the association how does the association want to handle those issues of non-compliance. The association instructed the board to continue what they were doing and at this year's annual meeting come back to them with what other legal options exist and the cost of those options. The board contacted a local lawyer. He has represented these types of matters in the past. He also said that our covenants are a legally binding document, which would hold up in court. Vince explained the process of what step are required to bring legal proceedings against a homeowner. A detailed line-by-line outline of the costs was reviewed with the association. An approximate cost on a per case basis would be anywhere from \$1800-\$2300. Our covenants state the association can recoup the costs incurred for legal proceedings from the homeowner if the association is awarded the legal judgment. The steps taken by the VAC for any violations was also reviewed. The board was challenged this year by a homeowner regarding the interpretation for the Administrative Rule 7080.2450 pertaining to the septic maintenance. The board sought paid legal advice and we were told specifically that as long as our covenants/by-laws are as strict or stricter than the city, county or state rules the covenants/by-laws are enforceable in the court of law. The Minnesota rules state that the homeowner need to have their septic inspected, but does not specifically mention pumping. **However, because our covenants specifically state inspect and pump the covenants take priority over current written laws (s).** For the ongoing violations, the board is in need of input from the association on which direction they want to take next. In follow up to the question posed during the septic presentation regarding homeowners who do not live here year round. The board checked with the State of Minnesota and the EPA who both said in these situations it is actually more harmful for a system not to be active. Our covenants currently state our septic systems are to be inspected and pumped every 3 years. It does not state there are any exceptions to this. That is not to say that could not be changed by vote by the association, but currently the covenant is not written as such.

7. VAC (cont.):

Scott Ingram moved for the board to go back to the attorney and ask if someone takes us all the way to the court and then decides to comply, can the association go back to that homeowner(s) and recoup all the money the association in the entire process. Mike Selbitschka seconded. Discussion. The suggestion was made to consider to changing our covenant as in Article VII, Section 1 it already states in part "In seeking redress, an Owner, if found to be in violation of any provision of this Declaration, shall be responsible for all costs incurred by the association, etc." However, there was a motion on the table at this time. Thus a vote was taken on that motion. Motion passed unanimously. A special meeting will be needed for the association to hear the decision from legal counsel on this question. After checking with legal counsel on the wording of the current covenant we *may* need to discuss at that time changing the covenant wording. **Letter E. on tonight's agenda could not be answered until further advice is sought from legal counsel.** The board will convene with legal and schedule a special meeting within the next few months.

X. UNFINISHED BUSINESS:

Vince Schoon presented in the absence of Barry Mossbarger. No hunting signs have not been placed yet due to the some of the thickness of the brush around these areas. The DNR hasn't posted their state land yet. Discussion. A homeowner raised concern and asked the board to follow up on the posting of these signs, as it was stated not all areas of our land contain such thick underbrush. In the absence of Barry to gather more information on this topic, another volunteer Tom Davis stated he would be willing to place these signs if needed. Randy Berglin suggested the board should speak again with Barry and get his input and reconfirm his desire to continue with this process. The board will communicate via email regarding our findings.

XI. NEW BUSINESS:

Vince Schoon presented. 1. In follow up to the bear and coyote hunting inquiry made by Barry Mossbarger, Barry left the meeting prior to this discussion. It was not addressed.

2. The proposed covenant and By-law changes were presented by Randy Berglin. There was one exception to the information sent out previously to all homeowners. That exception dealt with Article 3, Section 3. This change was not previously included with the homeowner's packet prior to the meeting. He asked for the association to review and indicate if it is acceptable for the board to mail and *or hand deliver* correspondence to homeowners. The board would like to have the option of hand delivering information in an effort to save postage costs and also as a way to provide information and reminders in a more "neighborly" way. This simple change did not go out with the prior information sent to homeowners sent out 30 days in advance, however, there was no opposition to including this in the meeting at this time. He showed a summary of the changes and asked for a blanket approval on the covenants changes that were delivered to all homeowners. Mike Selbitschka moved to accept a blanket motion for all covenants changes. This motion was seconded as evident on the audiotape of this meeting; however, it was not clear exactly who seconded it. The motion passed by a majority in attendance.

Mark Hughes moved to change Article VII, Section 5 to state that the homeowner is responsible for what was put in by the homeowner for that home (from the house to the tank and from the tank to the drain line) and the association should be responsible for what the developer put in. Mike Matz seconded. Discussion. Jim Skroch called for the question at 9:06 pm. Vote to accept the call for the question passed unanimously. Motion on the floor was voted was restated. 10 ayes, 14 nays. Motion defeated. Mike Selbitschka made motion to accept all covenants changes. Tom Davis seconded. Discussion. 29 ayes, 1 nay. Motion passed.

XII. OTHER BUSINESS:

Mike Matz commented on the speed in which homeowners are driving within the development. A reminder was given to all to please slow down. Lori Berglin thanked the board for all of their efforts.

XIII. ADJOURNMENT:

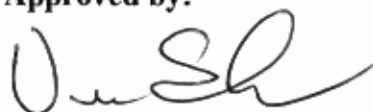
Mark Hughes moved for adjournment of the annual meeting. Don Murden seconded. Discussion. The association will reconvene for a special meeting to discuss the follow up the board will obtain from legal counsel regarding recouping costs related to bringing non-compliant homeowners to court if they should decide to comply before court proceedings commence. The 2011 annual meeting was adjourned at 9:20 pm.

Respectively submitted by:



Karen Johnson
TTHA Secretary

Approved by:



Vince Schoon
TTHA President