

Meadow Lake Country Club Estates Homeowners Association, Inc.
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Diane Dubay, President
Bruce Beecher, Vice President
JoAnn Cate, Secretary
Peter Mueller, Treasurer

Gabriel Haag, Director
Marvin Galts, Director
Paul Jaspar, Director
Pete Glee, Manager

2017 Annual Meeting Minutes

Date: Saturday, June 3, 2017

Time: 1:00 PM

Place: Best Western Rocky Mountain Lodge Conference Room

Members in attendance: Diane Dubay, Peter Mueller, Marvin Galts, JoAnn Cate, and Pete Glee. By teleconference: Paul Jaspar.

Also in attendance were: Diane Craft and homeowners included on the meeting roster.

1. Call Meeting to Order: Meeting was called to order at 1:22 p.m. by Diane Dubay.
2. Opening Comments: Diane Dubay introduced board members, HOA manager, and the HOA bookkeeper, and she expressed appreciation for those attending.
3. Proof of Notice of Meeting: Pete Glee confirmed that the Notice of Annual Meeting was posted on the website on March 28, 2017.
4. Roll Call and Certification of Proxies and Quorum: JoAnn Cate verified that quorum requirements were met with a minimum of 80 (present and by proxy) needed for the quorum, 85 confirmed, and another 10 to be counted when Marvin Galts arrived.

Information/Action:

5. **Approval of Minutes of Annual Meeting (6/04/2016)** Diane Dubay called for the approval of minutes of Annual Meeting of June 4, 2016. Glen Varzari made a motion to approve Minutes of the Annual Meeting of June 4, 2016 as presented. Ann Timmons seconded the motion. Motion carried.
6. **General Manager's Report:** Pete Glee enumerated the members of the following committees: Nominating, Election, ARB, BIM, Finance, and Community Center. He stated that the HOA bookkeeping is now handled by Diane Craft, who is available in the office M, W, F. Building Standards and Community Standards were mentioned as Governing Documents. He expressed concern over the 80 timeshare unit representatives missing for this election. Pete Glee also related that he met with JCCS regarding HOA financial records and had subsequently completed an internal audit to reconcile accounts. The audit uncovered several bookkeeping errors and approximately \$25,000 in outstanding undeposited funds. 52 letters were sent to homeowners requesting their assistance in resolving funds that had not been deposited into HOA accounts. The undeposited funds have been reduced to below \$16,000, and he is confident that the remainder will be resolved. A future external audit will also be performed.

Steps taken to eliminate future errors:

Memorized transactions to ensure that homeowners are billed.

Monthly reconciliation of accounts to be reviewed and signed by the HOA Manager and available to the Board.

Discussion ensued with questions from the floor regarding the HOA financials and audit issues: Is fraud suspected? Shouldn't the missing checks or credit card payment have been found with bank reconciliations? Pete Glee answered that the reconciliations were not being completed and that bookkeeper error, rather than fraud, is the issue. To avoid future discrepancies, payments by check and deposits are now scanned and saved, and updated statements are being sent with current invoices. Russ Gregory suggested an annual audit, and Diane Dubay acknowledged his suggestion; the Board will consider a yearly audit as an option. Paul Jaspar emphasized that it has been an advantage to have Diane Craft and Pete Glee looking at the financials with "fresh eyes", and Pete mentioned the benefit of having Paul Jaspar as a retired CPA to assist the HOA.

7. Standing Committee Reports:

ARB: Diane Dubay related that the Building Standards Document had been under review to merge the Mountain Watch and Meadow Lake standards. The final revision was approved by the ARB and will be considered for adoption at the next Board meeting. Two (2) new Mountain Watch homes and one (1) Whisper Village home were completed during CY 2016. Current homes underway include MW-147 Marzik, with the final landscaping plan nearing completion, and B-26 Biggs, with construction proceeding at a steady pace and no issues. Westcraft Lots D25 & D26 have plans approved and are pending construction. MW-140 Hitchcock property: ARB met and approved, in concept, proposed plans prior to the purchase of property. The HOA is awaiting compliance and road deposits from the homeowner, and construction is scheduled to break ground next week. Two (2) major remodel projects were completed during CY 2016, and MW-146 Hunt/Izzo have begun an approved re-landscaping project scheduled for completion at the end of July 2017.

Social: Diane Dubay briefly reviewed the social functions throughout the year, including the rib fest and the annual garage sale. She also mentioned that there is a need for a chairman and co-chairman for the Social Committee.

BIM: JoAnn Cate related that the upgrade to the entrance at Meadow Lake is almost complete, with the installation of new light poles, new light fixtures, and the removal of both the median and the bushes. Maintenance to fix potholes and re-crown the roadway at the entrance is scheduled for the upcoming week. After an electrical problem for watering the plants is resolved, hanging plants will be placed on each of the entrance light poles.

The project to replace yard light fixtures and bulbs has begun, with 20 of approximately 52 globes already replaced. Owners will receive letters, if they have upgraded fixtures, to give them the option of the new HOA fixtures. If they choose to keep their fixtures, they will be responsible for the maintenance. The HOA will continue to maintain the new fixtures and bulbs. The new fixtures will contain LED 7 watt frosted bulbs, and the MLHOA will receive a rebate from Flathead Electric for the conversion.

The weed management program was reviewed and updated. JoAnn mentioned the importance of homeowners recognizing and eliminating noxious weeds; photos of the targeted weeds are posted on bulletin boards throughout Meadow Lake. The two (2) landscaping contractors this year are Biggy's and Lawn Care Specialties. The flood lights for Meadow Lake sign are now functional. A new road sign was installed at the intersection of Gleneagles Trail and Oakmont Lane. Crosswalks, speed bumps, and golf cart crossing paths have been repainted. Lastly, the

dead tree survey was completed, 42 trees were tagged for removal, and the majority of the dead trees have been removed.

Finance Committee: Marvin Galts led the discussion by mentioning the Finance Committee consists of three (3) members that have been evaluating what to do with the \$500,000 in reserve funds. Approximately \$150,000 - \$200,000 will be spent on future projects, such as pathway improvements, sealcoating, and some possible overlays to the roads. At present, the committee thinks it would be best to wait on changing any HOA fees until planned projects are finished and another reserve study is completed. The Finance Committee also requested an internal audit of the HOA books, which has been concluded.

Community Center: Marvin Galts related that there is not yet a solution to accessing the pool and recreation center that already exists in Meadow Lake. He proposed that the HOA might possibly build its own facilities and asked the homeowners if they would be willing to contribute to the project. A lively discussion ensued, and many expressed frustration over the issue. Some homeowners were told that they had use of facilities and golf when they originally purchased their properties. The issue has been ongoing for over 5 years, and the homeowners feel that it needs to be resolved. The suggestion was made to send out a survey immediately to determine who would be interested in using facilities. Comment was made that there is too much money in the HOA accounts. Marvin reiterated the need for future expenditures for upgrades and maintenance of pathways, roads, and drainage. Pete Glee stated that a contractor will be coming in the next week to provide an updated estimate for an overlay on roads, which will cost approximately \$1/sq. ft. Homeowner remarked that the HOA should not be spending the reserve funds all at once but should plan projects out over time so as to have less money in accounts, thereby reducing HOA fees by possibly 25%-30%. He would like to see the reserve study; Pete Glee agreed to get him a copy. Dialogue continued as to the why another facility needs to be built. Can Gil Lynch charge homeowners for the use? Gil Lynch stated that there is not enough pool capacity in the summer, and he does not like that the HOA wants access to both off-site and on-site facilities. Barb Riley of Meadow Lake Real Estate commented that there has never been an assurance that off-site facilities are available to MLHOA owners, but properties have been marketed with the assertion that on-site facilities would be available at an additional fee to the homeowners. She notices that the only high-demand time periods for facilities are during a few holidays and weekends in the summer, so why not limit homeowner usage during these time frames? Homeowner stated that the Wave costs \$85 per month, and he would much rather have access to Meadow Lake facilities at a cost rather than drive to Whitefish. Action: Pete Glee will send out a survey to determine homeowner interest in a community center. Discussion of the community center concluded. Final comments highlighted the need to fix the roads correctly by raising manhole covers and repairing cracks before an overlay. The poor drainage, especially in Pine Valley, also has to be addressed and rectified.

8. Strategic Plan Review:

Diane Dubay itemized the following programs and studies reviewed: Improvements to the sidewalks on St. Andrews are under study, New Owner Welcome Program has been successful, reviews of Building and Community Standards, along with maintenance schedules, have been performed, BIM committee provided updates on projects, and the election process is reviewed on an annual basis.

9. Financial Report: Pete Glee stated that he had reformatted the financial report. He reviewed the financials as presented, highlighting increases for board member reimbursement and dead tree removal in Pine Valley. Due to the Hodges embezzlement and the errors from the previous

bookkeeper, Homeowner wants to know what type of insurance the HOA has and what is the coverage limits in the event of a misappropriation of funds; he also recommended an honesty bond. Diane Dubay stated that Pete Glee would research the details of the insurance. JoAnn Cate also indicated that multiple signatures are required for checks in order to assure the safety of accounts. Regarding the Hodges embezzlement, Marvin related that approximately \$100,000 in restitution is being received. Homeowners asked why checks and credit card payments for 52 homeowners were not recorded properly. Diane Dubay stated that the bookkeeper was not reconciling accounts, and that the HOA was relieved when her resignation was received and a new bookkeeper hired. She reiterated that the issue of missing payments in the "Undeposited Funds" account will be resolved. Barb Riley had concern over lost checks with personal account information possibly exposed. Marvin agreed that it is important to confirm that payments are received and deposited by the HOA. Tom McElwain motioned to accept financials as presented, and Sandy Boone seconded the motion. Motion passed.

- 10. 2017-2018 Budget Proposal:** Pete Glee directed attention to the proposed upcoming budget. Gerry Gaede motioned to approve the 2017-2018 Budget Proposal as presented, and Russ Gregory seconded. The motion passed.
- 11. Community Center Workshop Proposal:** The proposal was tabled due to the aforementioned discussion and move to conduct a homeowner survey before any action is taken.
- 12. Election of Board Members:** Peter Mueller was re-elected as a Timeshare Member, and JoAnn Cate was re-elected as the At-Large Member.

Other Items:

- 13. Public Comment:** Homeowner asked why Board Minutes are not posted in a timely manner. Pete Glee stated that he would update the minutes on the website. Barb Riley asked if committee updates could also be posted on the web; Pete Glee said that after a technical issue on the website is resolved, he will post the information.
- 14. Next Meeting:** Saturday, June 2, 2018@ 1:00 PM (location to be announced)
- 15. Other Items:** No other items were discussed
- 16. Adjournment:** Diane Dubay adjourned the meeting at 3:15 PM.