

DRAFT Minutes
QUAIL RUN II CONDOMINIUM ASSOCIATION
2024 ANNUAL CO-OWNER MEETING

Wednesday, November 7, 2024, 7:00 p.m.
Oshtemo Community Center Hall, 6407 Parkview St., Kalamazoo, MI

PRESENT:

Board members: Debra Beals, Darlene Corey, Carol Gersmehl, Judy Loudin, Kimberly Nower

Management: Scott Vandeboss of Parkview Hills Management Company (PVHM)

Co-owners: Ballots from co-owners and co-owner attendees at the annual meeting total 21; 21/42 is 50% and above quorum requirements.

Meeting attendees: 14 co-owner units were represented in person at the meeting, and names of meeting attendees are listed in alphabetical order below:

(Street abbreviations: WM=Wildemere, FG=Fairgrove, SM=Strathmore, MF=Mansfield)

Carol Aldridge (WM), Debra/Bryan Beals (WM), Bob/Marty Boughner (WM), Michael Budram (WM), Darlene Corey (SM), Phil/Carol Gersmehl (SM), Ted Gould (SM), Judy Hanna (MF), Sylvia Klein (MF), Judy Loudin (SM), Holly McNally (SM), Margie Nichols (WM), Kimberly Nower (MF), Ryan Williamson (FG).

CALL TO ORDER: The annual meeting was called to order at 7:03 p.m. by Debra Beals, President of the Quail Run II Board. She thanked everyone for coming to the annual meeting and asked attendees to check their contact information on the sign-in sheet, making corrections if needed, and then initial their entry. Co-owners and Board members in the room then introduced themselves.

MINUTES OF November 8, 2023, ANNUAL MEETING:

Copies of the draft minutes from the November 8, 2023 annual meeting had been distributed with the annual meeting notification for review by co-owners.

A motion to accept the 2023 Annual Meeting Minutes was made by Sylvia Kline, seconded by Holly McNally, and approved by the co-owners' affirmative vote.

The Approved November 2023 Annual Meeting Minutes will be sent out to co-owners. In addition, the Board will send out the Draft 2024 Annual Meeting Minutes so co-owners who were not able to attend the 2024 annual meeting will know what was discussed.

REPORTS:

(1) Annual report by Board President:

The evening's agenda and handouts: The president gave an overview of the agenda and pointed out folder packets placed on all tables for co-owners so they could view handouts. Each packet held the meeting agenda and other handouts including the following: 2023 Minutes, 2024 Capital Repair Costs, Roofing and Siding Repair Plan, Master Priority Repair List, 2025 Capital Improvement Plan, 2024 Unplanned Repairs & Mid-year Assessment, Attorney Invoice Summary, Rules and Regulations, Pet Registration Form, Welcome Kit, Semi-annual Co-owner Maintenance Report, and Map of Quail Run II Streets.

Meeting norms: The President asked everyone to hold questions until reports were done, to be respectful and not interrupt a speaker, and to speak with good purpose.

Review of Board goals: The president, Debra Beals, discussed the three over-all goals that the Board formed in January 2024.

- (1) Rewrite the Association's governing documents (e.g., By-Laws, Amendments): The earliest governing documents were developed in the 1980s, had additions later, and have resulted in

contradictory statements. Furthermore, they do not address several current laws and are missing several practices current among other condominium associations. Our association needs governing documents that are clear, accurate, and up-to-date.

The Board met with the attorney from Hirzel Law in 2024 about revising the governing documents, and the Board will have discussions with co-owners in 2025 about how to change our governing documents. Co-owners will have opportunity to vote on changes in 2025.

- (2) Develop plans for our buildings on Fairgrove and Strathmore that have T111 siding: Several of the T111-sided buildings have critical siding deterioration problems. Plans must address how to finance and then implement repair on the most critically deteriorated T111-sided buildings.
- (3) Develop plans for critical repair needs that have been reported: There are critical needs in buildings and grounds on all of the Association's streets (e.g., cracks in foundations, crumbling driveways, unsafe/unstable decks).

For Goals (2) and (3) above, the Board has discussed how to use the Reserve Fund and how to use Additional Assessments to meet repair needs. In spring 2024, the Board developed a survey about options for funding repair needs. When co-owners responded to the Survey, getting a loan was the least favored choice. That left using Dues (part of which go into the Reserve Fund) and an Additional Assessment as the remaining options for funding repair needs.

Board members have devoted much time beyond the monthly Board meetings to investigate and discuss the Association's issues, especially those that fit the three main goals. Thus far in 2024 the Board has met a total of 18 times. Our Association is a non-profit; Board positions are volunteer. Boards are required by association governing documents to address repair and maintenance needs; please do not shoot the messenger when the Board seeks ways to get repairs done.

Recap about work orders in 2024: 109 work orders were placed by co-owners or Board members on behalf of co-owners. Of those, 65 work orders were about severe issues (e.g. water leaking into lower level/basement, ceiling leaks near chimney, rodents inside attic/walls, fallen tree limbs, foundations needing repair). Unusually high amounts and intensities of rain came in spring and early summer of 2024 and made leaking issues worse.

A few work orders remain to be completed in 2024: A contractor is assessing work on leaks in three units on Wildemere. Note: Other work orders will be postponed until 2025 with the exception of repair needs that are urgent emergencies.

The Long-Term Capital Plan and photos of severe maintenance issues:

The president reported that thus far in 2024 capital repair costs have totaled \$141,618.76.

She described continuing challenges that our Association faces in our aging buildings and grounds. Older buildings require repair for many reasons including the following: wear and tear, outdated systems, and materials/components that are past their expected lifespan (especially roofs, siding, chimneys, decks). Prior to 2019 the Association's Reserve Fund was under-funded. Our Association must address repair needs in order to maintain property values and to meet insurance requirements.

Co-owners are aware of the Additional Assessment in 2024 that covered critical but unexpected repairs that had to be done in 2024. The Treasurer's report (coming next) will report on that.

The president cautioned that our Association must continue to plan for repairs. She pointed to a handout in the packet for co-owners--a draft "2025 Capital Improvement Plan." The Board will discuss this draft plan at its November monthly meeting and will need to make decisions about repairs to be done in 2025 and about an Additional Assessment to fund them.

The Board thought it would be valuable for co-owners to see the repair needs that it sees during the spring Walk-Arounds and when we go to check on work order requests. The secretary,

Carol Gersmehl, distributed sets of photos to co-owners at the meeting. Each set contained 15 pages. Each page had photos that illustrate severe/significant repair needs (e.g., T111 siding, decks, driveways, garage doors, gutters, trim boards, chimney chases). Such repair needs occur on each of our Association's streets, but one must walk close to a unit to see how severe some repair needs are.

(2) Financial reports:

PVHM Property Manager's 2024 Financial Report:

The PVHM Property Manager, Scott Vandeboss, explained that "Operating" expenses are for routine expenses and "Reserve" expenses are for large-ticket projects. He summarized the year-to-date data as of the end of October 2024, noting that Legal expenses were higher than expected and building maintenance expenses were higher than had been planned for. The Association's current expenses exceed income, but the situation has been improved because of the Additional Assessment payments that are coming in.

Treasurer's Financial Report:

The treasurer, Darlene Corey, also pointed out handouts about finances that were in the packets for co-owners on tables. She presented about the following topics.

(a) Review of the need for the 2024 Mid-Year Assessment: Darlene Corey reiterated the critical project costs for 2024 that required the Mid-Year Assessment in 2024. She also gave a projection for 2025's repair costs.

(b) Summary of the attorney fees in 2024: Two-thirds of the attorney fees have come from rewriting the governing documents of the association. One-third has come from issues dealing with the contradictory statements in our current governing documents.

(c) Draft Operating Budget for 2025: The Draft Operating Budget for 2025 shows income categories and expense categories and then totals for "operating income" and "operating expenses." Reserve Funding is a separate category whose purpose is to fund large capital expenses.

Operational costs are rising. We cannot control what several service providers (e.g., Kalamazoo Water, trash & recycling) will charge. On a chart that showed six years (2019 through 2024), the Treasurer recorded that *Water* increased from \$16,764 to \$28,850; *Trash & Recycling* increased from \$7,380 to \$17,632; and *Insurance* increased from \$9,204 to \$15,615.

The Board has decided to lower the Reserve Fund from the 2024 amount of \$105,000 downward to \$85,000 in 2025; this will help to keep the monthly dues payments in 2025 closer to what they have been in 2024. However, an Additional Assessment will be needed to fund important repairs in 2025. Boards are required by condominium laws to address maintenance repair needs.

(3) Other reports:

Secretary's Report: The secretary, Carol Gersmehl, distributed a one-page document that explained the Spring Walk-Around Process and how co-owner requests get added to To-Do Lists.

Spring Walk-Around: The purpose is to gather information about maintenance issues to plan a work schedule for making repairs and to plan ways to finance repairs. The Board uses a checklist about maintenance; it lists what are Association responsibilities for repair and what are co-owner responsibilities. The section about cautions refers to further investigation by contractors and the importance of co-owners reporting issues that need to be checked. The section about triage describes how the Board must sort maintenance issues in several ways (by responsibility, safety, structural integrity, repair skill needed, and timing needed).

To-Do Lists: For lists about shorter wait-time projects, see maintenance lists in the monthly Board meeting minutes. For lists about longer wait-time projects, see lists available in the Portal: Roofing and Siding Replacement, Master Priority Repair List, and Long-Term Capital Plan.

Ballot results: Scott Vandeboss recorded choices on the ballots and announced the results.

Regarding election to the Board of Directors:

Judy Loudin and Darlene Corey were elected to the two open positions on the Board. They were the only two running for the positions, and there were no write-ins.

Regarding audit choices:

For 2023: 10 no votes and 6 yes votes, so an audit for 2023 has been opted out of.

For 2024: 10 yes votes and 8 no votes (with the requested style of audit to be compilation), so a compilation audit should be done for 2024.

For 2025: 9 yes votes and 9 no votes, so 2025 will need a new vote about this choice next year.

Announcement: Scott Vandeboss thanked the Association for working with PVHM since 2019. He stated that he understood that Quail Run II will be moving on to a new management company in 2025 because the Board seeks more direct assistance with the association's special needs.

CO-OWNER QUESTIONS AND CONCERNS:

Note: Names are listed in alphabetical order. "In-person" means co-owner was at annual meeting. "Write-in" means co-owner sent a question to PVHM before the annual meeting. *The italicized portion is an answer to the question or concern.*

Carol Aldridge, WM, in-person:

-- Why wasn't the reserve fund used for the 2024 unplanned repairs? *Scott Vandeboss explained the Reserve Fund was used for the large repairs that were anticipated, but there were more critically needed repairs than the Reserve Fund could cover. Our association is showing its age, was not properly repaired prior to 2019, and will require funds to complete all repairs in the future.*

Paul/Sandy Beiter, MF, write-in:

-- They asked about definitions of the three types of audits in the ballot. *Michigan state law now requires that condo associations ask co-owners to vote about opting in or out of audits. The three types of audits were described in the ballot.*

Marty Boughner, WM, write-in:

-- Asked about touch-up painting and power-washing. *In the annual meeting, the Board reviewed critical issues that demanded attention in 2024 and also showed photos of the most severe issues that must be addressed in 2025. Assigning priorities is a difficult process when we face severe issues like those shown in the photos. Power-washing and replacement of some trim are being considered in 2025 planning.*

Phil Borozan, MF, write-in:

-- Wanted to clarify which decks are a co-owner responsibility. *No decks on Mansfield are a co-owner responsibility. (PVHM should have sent a clarifying letter to the co-owner more than a year ago.)*

Michael Budram, WM, both write-in and in-person:

-- (write-in) He asked about posting a complete Master Deed in the Portal. *The Board is working with the Association attorney and will make sure that a complete Master Deed will be available via the new management company.*

-- (write-in) He asked that we discuss finding a new property manager or dissolving the HoA. *The Board has researched management options and has found new management. Dissolution of the HoA would require a co-owner vote with 100% agreement.*

-- (in-person) Stated that a common dues fee for all units would require a 100% approval vote to be enacted.

-- (in person) Do we have a quorum for tonight's meeting as it appears to have fewer people in attendance compared to last year's meeting. *Yes, we have more than 20% participation at the meeting. In addition, others submitted proxy ballots to PVHM which resulted in 50% participation.*

-- (in person) Are all audit options in the ballot legal audit choices per the Bylaws? *Scott Vandeboss explained they are all choices per the State of Michigan's laws about HOAs (homeowner associations).*

-- (in-person) Asked since the board has planned for 2025 additional assessment items, what happens if there are emergencies that come up like there was this year? *Debra Beal explained that there will be some funding allocated within the budgeted reserve fund for emergencies.*

John/Linda Dickey, WM, write-in:

-- Asked about routine maintenance (power-washing of siding, filling and painting bird holes, periodic asphalt sealing). *In the meeting, the Board reviewed critical issues that demanded attention in 2024 and also showed photos of the most severe issues that must be addressed in 2025. Assigning priorities is a difficult process when we face severe issues like those shown in the photos (including 4 units with severely crumbling driveways). Power-washing and replacement of some trim are being considered in 2025 planning.*

Ted Gould, SM, in-person:

-- It appears like you are asking for \$400,000 for repairs spread over several years. *Kimberly Nower explained that we are using a triage method at this time to handle repairs. Costs are uncertain in the future, but it will take several years of high funding to get the association back to where it should be. Scott Vandeboss added that our Association is paying the price for what was not done 20 years ago. He also said it is necessary to plan ahead and build up funding because that certainty lets us schedule contractors for projects.*

-- Asked what the equal percentage amount for dues would be for each unit if we chose to have each unit pay the same percentage for dues. *Scott Vandeboss said it would be 2.38% (100 divided by 42).*

Sylvia Kline, MF, in-person:

-- Asked if there will be an additional assessment in 2025. *Yes, additional information is in the packets distributed at the meeting about planning thus far for 2025.*

-- She wanted to know when landscapers would be back out to remove the leaf piles they collected today. *The landscape company uses a different truck and equipment to pick up the leaf piles and carry them away. The landscapers typically will clear grounds on one day and pick up piles on the next.*

-- She thanked the board for all it is doing for the association.

Michael Ryan, FG, write-in:

-- Requested a line-item budget for fiscal year 2025. *A draft operating budget for 2025 was distributed at the annual meeting. The Board will finalize the 2025 budget in coming weeks, and it will be posted into the Portal in December. Monthly financial updates can be viewed by appointment at the management office.*

Ryan Williamson, FG, in-person:

-- Stated that he doesn't understand why his deck is not the association's responsibility. *Scott Vandeboss explained the governing documents assigned the percentage of value to each unit, and the developer provided diagrams about units in the governing documentation. In the governing documents, there are two buildings (with a total of four units) whose drawings do not include decks; thus, these decks were co-owner additions that are not included in their percentage of value. Therefore, these decks are not part of the association's responsibility to maintain. The association is not responsible for information that a previous co-owner did not disclose. Unfortunately, Mr. Williamson was not aware of details in the governing documents when he purchased his unit. The current Master Priority Repair List includes a list of decks that are a co-owner responsibility.*

ADJOURNMENT:

A motion to adjourn was made by Holly McNally and seconded by Sylvia Kline. The motion passed. The meeting was adjourned at 8:43 p.m.

Respectfully submitted,
Carol Gersmehl