

Harbour Towne Owners Association, Inc.
Executive Board of Directors Quarterly Meeting
March 5, 2011

Introduction and Ground Rules:

Spencer Thomas called the meeting to order at 9:00 a.m. Attendees were:

- Executive Board: Spencer Thomas, President
Diane Roush, Vice president
Darrell Barber, Treasurer
Dan Galvin, Secretary
Vince Fargo, Director
Ron Pressley, Association Manager

- Owners
Linda and Paul Bock W1006
Mary Lou Davis E308
Jim Guccione W906
Mike and Maureen Mehelic E508
Don Pogue E801

Approval of December 4th, 2010 Meeting Minutes:

The draft of the December 4th, 2010 minutes was approved via e-mail as is the typical process. (This draft was distributed to all Executive Board members on December 21, 2010 via e-mail and was subsequently approved by consensus of the Board on January 5, 2011.) Dan Galvin made the confirming motion that the e-mail approved meeting notes be formerly approved. Darrell Barber seconded the motion and it passed unanimously via a subsequent yeh/na vote.

Owners Comments:

- Mary Lou Davis E308: Mary Lou expressed displeasure that the stair tower to her unit was not included in the initial 10 towers to be refurbished in 2010 and that no time frame had been given as to when it would be refurbished. She also expressed displeasure with the railings around her unit not having been painted and indicated that overall she felt the complex looks terrible, especially the parking lot. The Executive Board explained that funds were available in 2010 to refurbish only 10 of the complex towers and that the 10 worst towers had been identified by the Board, engineer, and the property manager. Additional stair towers would be refurbished as the funds allow and in the order of priority of worst to best. Relative to railing painting, no railing painting had been accomplished in 2010, but would resume in 2011. Pressley Property Management will perform a survey of the railings and develop a priority list.
- Jim Guccione W906: To facilitate the owners understanding of where and how the maintenance reserves are being allocated Jim recommended that the Executive Board publish a 10 year maintenance plan showing the major projects under consideration, their estimated cost and timing. The long Range Planning Committee is in the process of developing such a projection.
- Don Pogue E801: Don agreed with Mary Lou's feeling about the overall condition of the complex and feels that the complex is in a crisis situation and if we are not proactive would lead to further deterioration of the complex. Don feels that more owner involvement is needed in the form of an owner committee, which would take over the Executive Boards authority to direct how the reserve funds are allocated and spent. The Executive Board pointed out that they were the entity which the owners had elected to represent them and

fulfill such responsibilities.

- Paul Bock W1006: Furthering Mary Lou's comments on the driveway Paul felt that while the driveways looked OK when you drive down, they don't look that good when you walk them. Resurfacing on the parking lot is done on a 3 year basis with most recent Resurfacing being done 18 months ago, therefore it will not be resurfaced until mid 2012.
- Mike Mehalic E508: Mike, whose unit was one of those damaged in the water leak, expressing dissatisfaction with the manner in which Ullrich Home Restoration 1) handled the remediation of his unit, showing insufficient respect for their personal property and 2) with the authorization for disposition of the personal property Ullrich had provided for his signature. Mike also questioned who was going to representing the owners with this claim and who the owners should work with. Pressley Property Management will be responsible for representing the owners, however each owner will work with the contractor assigned to their unit relative to the selection of replacement components and any modification desired to the unit during reconstruction.
- **Vote Confirmation:**
The following issues were voted on and approved via e-mail by the Executive Board in the interim between the December 4th, 2010 meeting and the March 5th, 2011 meeting:
 - Approval to accept Atlas docks quote of \$343.00/stair tower to replace the landing lights
 - Approval to accept Shipley's Painting and Drywall quote of \$450.00 for the repair of damage to E805s' utility room resulting from the sprinkler head leak
 - Approval to accept Shipley's Painting and Drywall quote of \$450.00 for the repair of damage to E501 drywall under the dining room bay window resulting form previous water leaks
 - Approval of Ever's and Company 2011 audit proposal
 - Approval of invoicing of W1402 unit owner for the remediation costs and insulation replacement cost associated with the 8-19-10 water damage to W1401 and crawl space
 - Approval of Atlas Dock to proceed with Dock F repairs in the amount of ~ \$800 to make the dock as safe as possible for the 2011 season
 - Approval of having Atlantis diving proceed with the replacement of the 18 cables identified in their December 2010 survey at an estimated cost of \$10,800.
 - Approval of acceptance of Lange & Associates 2011 security contract.
 - Approval of acceptance of Sunset Landscape 2011 lawn care contract
 - Approval of W107 owners request to perform modifications to unit
 - Denial of expanding Association provided cable TV service to include HD channels
 - Approval of Nelson Lands estimate of \$1500 to remove snow from parking lot railings
 - Approved petition For W1206 for filing
 - Approved petition for W908 for filing

- Approved inclusion of “2nd Request” reminder for owner submission of proof of insurance with 2nd quarter 2011 assessments

Darrell Barber made the confirming motion that the e-mail votes be formerly approved. Dan Galvin seconded the motion and it passed unanimously via a subsequent yeh/na vote.

Property Managers Report;

- **W905 Fire Suppression Leak:** During the heat and water checks of 1-18-2011 a water leak in the sprinkler head/line in the wall of the guest bedroom was found. The fire suppression system to the unit was shut down to halt the water flow and Ullrich Home Restoration called in to commence remediation. The leak was repaired on 1-20-11 by Missouri Plumbing who traced the source of the leak to a galvanized fitting used to connect the copper water supply line with the brass of the sprinkler head. The use of these dissimilar metals results in the deterioration of the galvanized steel fitting. An insurance claim with American Family has been filed. Remediation has been successfully completed as confirmed by acceptable end remediation air testing and reconstruction is underway with completion projected for mid to late March.
- **Fire Suppression Plumbing:** As a result of the W905 water leak, Pressley Property Management has performed a survey of the other sprinkler heads in W900 and W1000 to ascertain how wide spread the use of this galvanized steel fitting was and has found them through out the buildings. Additionally inspection of the E500 building after the water damage of 2-24-11 confirmed the use of these fittings through out the building. Given the propensity of these fittings to leak with age, it is recommended that a program be put in place to commence replacing these fittings with brass fittings. Additionally Pressley Property Management has commenced checking the fire suppression heads during the monthly heat and water checks. Numerous heads which show signs of rust have been identified and will be investigated further. Jason Cooper of Cooper SiteWorks was contacted and indicated that the fire suppression systems were plumbed by a R.L Smith, who is deceased.
- **W700 Crawl Space:** Shoring and jacking of the floor under W701 has been completed and inspected by Jason Mueller of Harms Engineering. Replacement of the tile commenced on 2-28-11 but was halted do to “spongy” subfloor in parts of the unit. Pressley Property Management inspected the situation with Ullrich Home Restoration, who recommended 1) blocking of the “spongy” areas, 2) replacement of the subfloor under the stove, and 3) removing of the carpet and pad in the dining room living room, and master bedroom to allow securing of the seams of the subfloor which have loosened up and caused linear bumps in the carpet.
- **W600 Crawl Space:** Pooling of water mid building along the west foundation was noted and inspected by Jason Mueller. Jason concurs that this is probably due to a spring and the best way to deal with it is to facilitate the water draining away and not pooling under the building. This could be accomplished by a sump pump or a drain from the site of the pooling out of the building. The amount of water which was pooling would not support the sump pump alternative, therefore Pressley Property Management will be installing a drain and purchasing and installing a dehumidifier in the crawl space
- **Dock Damage:** While the Association did not experience a dock collapse during the snow storm of 2-1-2011, a subsequent inspection by Atlas Dock on 2-14-11 revealed significant damage to the docks in the form of bent or broken purlins, bent vertical posts, broken welds, foam damage, and roof damage. Atlas Docks estimate for the repairs to the docks was \$189,750. An insurance claim with American Family has been filed and Damon Sagehorn, an engineer representing American Family, inspected the damage on 3-3 and 3-4 with representatives from Atlas Dock and Pressley Property Management.

His engineering report will follow.

- **Proof of Insurance:** To date 115 of 191 owners have provided proof of insurance as requested. A reminder will be included with the 2nd quarter 2011 assessments for those owners who have not responded.
- **December 2010, January 2011, and February 2011 Work Orders;** Attached is a list of the work orders issued in September, October, and November their current status.
- **Refurbished Stair Tower Lighting:** The installation of the new light fixtures and supports on the refurbished stair tower landings were completed on 12-22-2010
- **Refurbished Stair Towers:** Surface rust has developed on the metal edges of the landing of some of the stair towers refurbished last fall. The towers exhibiting this rust are ones used by full time owners and were routinely treated with ice melt during the winter's inclement weather. Pressley Property management is scheduled to meet with Midwest Coating on Wednesday 3-9 to inspect the problem areas
- **2010 Financial Audit:** The annual financial audit for 2010 was successfully completed by Evers and Company on 2-9-2011. The audit took only 1 day versus the normal 2 days for the audit and was described by Sonny Evers, the CPA participating in the audit as "very clean" Preparation of the Associations 2010 taxes is in process
- **Dock A Underwater Braces:** Installation of the new stronger underwater bracing on Dock A was completed by Atlas Dock.
- **Fire Suppression Backflow Valve Installation:** Installation of the fire suppression backflow valves was completed in 2 units in E100, but halted due to problems with leaking of the valves at the valve inlet and outlet, necessitating the use of Teflon tape and pipe dope to achieve a connection which did not leak. Jim Chipley who is performing the installation felt this problem resulted from the poor manufacturing tolerances of the copper fittings used at the inlet and outlet. After consultation with Watts, who manufactures the back flow valves, Jim has located alternative higher grade copper fittings which he is confident will resolve the problem and the project was re-started on 3-4-2011
- **2011 Security Contract:** The 2011 contract for security with Lange & Associates was approved by the Executive Board and signed. As in previous year's security will be on site on Friday and Saturday of each weekend from 7:00 p.m. to 3:00 a.m. from Memorial Day through Labor Day and on Friday through Sunday of the holiday weekends.
- **2011 Lawn Care Contract:** The 2011 contract for the lawn care with Sunset Landscape was approved by the Executive Board and approved.
- **Pagoda Ground Lights:** Painting of the shades of the pagoda ground lights and replacement of missing or cracked glass covers has been completed
- **Building E300 Water Main Leak:** The leak in the east side main water supply line located in the crawl space of E300 was repaired by Missouri Plumbing on 2-24-2011.
- **East Retaining Wall Erosion:** Jason Mueller of Harms Engineering inspected the east retaining wall footings on 2-16-11. Consistent with Harm's October 2008 report, Jason felt that while left unchecked the situation could eventually cause structural issues with the wall, he did not feel that the wall was in imminent danger and felt that delaying the repair a year or two would not put the wall at risk or dramatically increase the cost of stabilization. Two potential methods of stabilization were discussed. The 1st method is the re-bar reinforced poured monolith concrete cap configuration already considered.

The other method is a shotcrete approach very similar to gunite swimming pool construction, where concrete slurry is shot onto wire mesh. Jason is of the opinion that most of the walls stability stems from the footing which is under the parking lot side of the wall, with the footing on the buildings side where the erosion is occurring, primarily being for balance. Thus he feels that steps should be taken to halt the erosion but not necessarily attempt to structurally fortify the areas. This being said the shot Crete approach might be just as effective and probably somewhat cheaper.

- E500 Water Leak:** E500 suffered a major water leak on 2-24-11 affecting all of the units in the building. The leak originated in the air chamber of the water supply line which services E505 - E508 located in the E508 utility room wall. The leak was caused by the top of the cap on the air chamber blowing off which allowed water flow from the 1 ½ "line into E508 and ultimately through out the entire building. Units E501, E502, E503, E505, E507, and E507 have been seriously damaged and will require gutting back to the studs and subfloor and subsequent reconstruction. Units E504 and E508 were slightly less damaged but will require removal of the drywall up to 4' above the floor and gutting back to the subfloor. Due to the amount of water the units received replacement of the kitchen cabinets, bathroom vanities, and interior doors are anticipated. The American Family adjustor inspected the damage on 2-28-2011 and will be providing an estimate. Based on the adjustors input American Family is expected to cover all damages with the exception of personal property and betterments. This should include replacement of stoves, refrigerators, and dishwashers if deemed necessary, but will probably not cover washers and dryers since these are viewed as betterments as the units did not come with them originally. As is standard for condo policies, the Associations coverage does not include loss of use nor moving and storage of your personal property. The components which failed were turned over to the American Family adjustor to facilitate an investigation into a possible relationship between this leak and the work performed on the E300 crawl space shut off valve.
- Building Power Washing:** Sheppard's has provided a bid of \$11,300 for the annual power washing of the buildings as well as bids of \$8,700.00 for the cleaning of the wood stairs and walkways on the buildings. Sheppard's was asked to provide a bid for the cleaning wood stairs and walkways since we has previously considered application of a sodium borate solution to the walkways and steps to control the fungus which is slowly invading the wood in the complex. Preferably we would clean the stairs and walkways first, then apply the sodium borate solution. Absolute Pest is preparing a bid to apply the Sodium Borate solution.

Dan Galvin made the motion that the Property Managers report be approved. Diane Roush seconded the motion and it passed unanimously via a subsequent yeh/na vote

Treasurers Report:

**Treasurer's Report
Harbour Towne Executive Board Meeting
March 5, 2011**

1. Balance Sheet (As of February 28, 2011):

Checking (Bank Star One)	\$ 43,153.67
Golden Passbook (Bank Star One)	\$ 29,112.37
Money Market @ CBOLO (Breakwater)	\$ 23,046.53 *
CDARS (#3484) (Great Southern)	\$ 46,256.50

CDARS Invest. Acct. (Great Southern)	\$ 46,981.68
Total Funds	<u>\$ 188,550.75</u>

* Quarterly Breakwater payment due March 31, 2011

Note: In 2010, the Association spent approximately \$131,000.00 on the stair tower refurbishment project. However, to date, only \$96,466.16 of this amount has been borrowed from the \$140,000.00 line of credit extended by Central Bank Lake of the Ozarks. This was done to avoid unnecessarily paying interest on funds until they were needed by the Association.

Accounts Receivable:

As of February 28, 2011, our Accounts Receivable total is \$52,150.05.

2. Profit & Loss Budget vs. Actual (As of February 28, 2011):

Snow Removal (Acct. #81427): \$2,123.25 over budget YTD. Approximately half of the YTD amount was spent on the February 1st snow event that dumped 20+ inches of snow at the lake.

Boat dock repairs & maintenance (Acct. #846): \$14,653.79 YTD. This amount represents the final 50% payment on the new underwater bracing on Dock A and snow removal from the dock roofs after the February 1 sr blizzard.

3. Open Invoices (Accounts Receivable) Report (As of February 28, 2011):

As of February 28, 2011, there are eight (8) units that are one or more quarters in arrears on their assessments, which is down from a total of 16 units one year ago. They breakout as follows:

- 1-Quarter: 1
- 2-Quarters: 2 Units (A lien has been filed against one of these units in addition to a lawsuit requesting the courts issue a judgment against the

unit owners for the unpaid assessments. Need to file a lien against the second unit.

- 3-Quarters: 1 Unit (Owner on payment plan approved by the Board)
- 4-Quarters: 2 Units (Liens have been filed against both units. One owner is on a payment plan. Need to terminate lease(s) or establish payment plan for the other owner.)
- 7-Quarters: 1 Unit (Lease on boat slip terminated. Unit went through foreclosure and has since been sold. Waiting on general journal entries to write off as bad debt.)
- 9-Quarters: 1 Unit (Lien filed against unit, leases for boat slip & garage terminated, lawsuit filed requesting judgment against owners.)

4. **2010 Audit**

On February 9, 2011, Evers & Co. staff conducted an audit on the association's records for 2010. A copy of the audit report will be forwarded to the Executive Board for review once it is received.

Dan Galvin made the motion that the Treasure's report be approved. Vince Fargo seconded the motion and it passed unanimously via a subsequent yeh/na vote

Committee Reports:

- **Landscape:**
 1. The fall plantings were completed with the exception of the lakeside ivy replacement and 2 Knock Out roses on the east leg of the center entrance. These are scheduled for installation in April. Pressley Property Management will follow up with Nelson Land in the spring to replace any of the plantings which did not survive the winter due to the manner in which they were planted..
 2. Mulching of the upper area is scheduled for this spring. Pressley Property Management is securing quotes from LoganBill and Always Clean Lawn Care.
 3. 2011 Lawn Care: The 2011 lawn care contract was awarded to Sunset Landscaping. The frequency of the mowing the lower west side area has been increased.
 4. Tree Trimming: The trees to be trimmed or removed will be identified by the Landscape Committee during the spring meeting. Pressley Property Management will secure a quote from Colt Tree Service to trim or remove those trees identified.

Dock:

1. 4 years ago significant repairs (primarily purlins) to Dock G were accomplished with the intentions of performing comparable repairs to other docks in subsequent years. Due to other expenses the Association was not able to accomplish this. This resulted in approximately \$30,000 of repairs to Docks A, I, and H being needed. Dock I was judged to be the highest priority, to avoid structural failure. Dan Galvin and Matt Hasselbrink of Atlas Dock performed an inspection of the docks in December 2010 to further quantitate the repairs needed and Atlas Dock was in the process of preparing an assessment when the February 1st snow storm occurred. The weight of ensuing 20"-22' of snow exasperated the structural problems, to the extent these are now included in the insurance claim. The report from the structural engineer, hired by American Family to inspect dock damage, is pending but is anticipated to include those area earmarked for repair prior to the snow storm.

2. Dock F: Dock F has historically been problematic from a maintenance standpoint primarily due to its physical configuration. Consideration of alternatives to reconfigure or replace the dock is under discussion. Alternatives being considered are modifying the dock from the current "E" configuration to a straight linear configuration and potential reduction of the number of slips. The Executive Board will for finalize the alternatives for discussion at the October homeowners meeting.

1. **Long Range Planning:** Don Pogue Chairman of the Long Range Planning Committee advised that the Committee was working on identifying long term value added projects which they are recommending be presented to the owners for their input at the October 2011 homeowners meeting. Their goal is to have these projects identified with estimated costs and recommended timing by June 2011. Preliminary spreadsheets detailing the projects under consideration were distributed and discussed. These projects will be funded by the \$0.05/sq ft reserve assessment added to the assessments in 2009. Given the 257,524 assessable square footage in the complex this equates to approximately \$55,000 annually. The 2011 projects already contained within this year's budget are 1) repair of the lower east side retaining wall footing and 2) installation of lakeside railing to the promenade. Unfortunately the projected costs of these 2011 projects exceed the budgeted amount. It is hoped that these costs could be reduced by either using an alternative shotcrete approach for the retaining wall footing or just doing 50% of the promenade railing this year. To facilitate completion of these projects in a timely manner given the budget constraints, securing of a line of credit/loan much as was done with the wave break project was discussed.

Old Business:

- Insurance requirements: To date 115 of 191 owners have provided proof of insurance as requested. A reminder will be included with the 2nd quarter 2011 assessments for those owners who have not responded. In order to preclude situation such as occurred in the W1400 building, the possibility of mandating minimum liability requirements for each owner and mandatory rental coverage for those units which are rented was discussed and will be considered in the future.

- Atlantis Dock GPS Survey: Pressley Property Management presented a typical dock cable and anchor GPS survey performed on another complex. During this survey the location of each dock cable and anchor is located and documented with GPS coordinates ,depth, and length information. This information facilitates maintenance of the alignment of the docks and the location of each anchor which can avoid the need to drop a new anchor should a cable break, and the optimum placement of new anchors and/or cables when necessary. Cost of the survey varies depending upon the number of cable/anchors which are included in the survey.

- IREM Annual Expense: International Real Estate Management (IREM) of which Pressley Property is a member, compiles an annual comparison of the average expenses of multi family dwellings in various geographical areas, of which condominiums is one. The 2010 edition of the book contains comparative information for condo's in the Lake Ozark area. Pressley Property Management normalized these IREM averages to arrive at the attached comparison to Harbour Towne.

New Business:

- Main Entrance Signage; The Executive Board expressed the desire to replace the current wood main entrance signage with a laser cut sign comparable to what was installed on the west upper entrance 2 years ago. Pressley Property Management is to secure an estimate for the replacement of the sign and village.

- **Dumpster and Dumpster Gates:** Problems with use of the dumpsters by non owners is a continuing problem. Unfortunately due to their close proximity to the road this is very difficult to control. Installation of a dummy camera and posting that the area might be under video surveillance was discussed. The pin on one of the dumpster gates is missing and needs to be replaced.
- **Interruption of Electrical Service:** Issues have been encountered where unit owners have had their electrical service interrupted for failure to pay their bills. When this occurs during the winter months and the owner does not resolve the issue in a timely manner, it forces the Association to put the service into the Associations name to protect against the possibility of pipes freezing. The Executive Board will work to develop a formal policy for handling of such situations.

Adjournment:

With no further business to discuss, Darrell Barber made a motion that the regular session of the Executive Board meeting be adjourned. Diane Roush seconded the motion which subsequently passed with a unanimous yeh/na vote. The meeting adjourned at 12:00 a.m.