

SUPERIOR SHORES LAKEHOME ASSOCIATION
www.superiorshores.net

BOARD MEETING
September 19, 2011, 2011

Eide Bailly LLP
5601 Green Valley Dr., Ste. 700
Bloomington, MN 55437-1145

Present: Keith Anderson, Chuck Christiansen, Bill D'Amour, Tom Rerah, Ron Whitcomb.

Absent: Tim Ryan

LMG: Nancy Harter and Carl Neer by telephone.

Board President, Keith Anderson called the meeting to order at 5:00 P.M.

Secretary's Report: Bill D'Amour

The minutes from the July 18 meeting were reviewed, edited and approved.

The website now has an accurate archive of all SSLA Board of Directors minutes and Annual Membership Meeting minutes.

The **annual membership meeting** will be held on Saturday, November 12, 2011 at Two Harbors Bethlehem Lutheran Church 601 4th Avenue, Two Harbors, MN 55616-1411.

- 10:00 A.M. Panel Discussion
- 11:00 A.M. Annual Membership Meeting

Three Board of Directors' seats will be filled through the annual election. If you are interested in running for one of these spots please write a brief biographical sketch summarizing your interest and experience and send it to the SSLA Board Secretary, Bill D'Amour.

Motion: Tom Rerah/Greg S "To approve Secretary's report." Motion approved unanimously.

Treasurer's Report: Ron Whitcomb

Operating Fund:

YTD Operating Expenses are \$18,400 below budget, with notable favorable variances in

- | | |
|-------------------------|--------|
| • Admin. Meeting | \$5300 |
| • Website | \$1200 |
| • Legal | \$900 |
| • Insurance | \$2400 |
| • Contract/ Maintenance | \$7800 |

Offsetting adverse variances in:

- | | |
|------------------------|--------|
| • Common area Electric | \$1900 |
|------------------------|--------|

- Sewer \$ 500

The Operating Fund has a cash balance of \$128,200 to cover \$62,800 in Liabilities, providing better than 2X coverage

Replacement Fund:

YTD the Replacement Fund revenue has been \$49,100 and disbursements have been \$42,300. A detail of 2011 expenditures is provided on the Replacement Fund balance sheet.

The Replacement Fund has a cash balance of \$148,800 with liabilities of \$3700

Motion: Bill D'Amour/Greg Shields. "To approve Treasurer's report." Motion approved unanimously.

Note: Quarterly financial statements are published on SSLA website under "Resources/Financial."

**LMG Property Management Report: (All reports are archived on SSLA website)
Property Manager Report August 2011**

Asphalt:

Asphalt of Duluth has completed the crack fill of the entire property and the seal coat of the main road.

Tennis Courts:

The recall work, held over from last summer, has been completed on the tennis courts. With the repair work done on the second court, the net has been installed and we're fully open for business. The newly refurbished area has seen a marked increase in usage.

Walk Repairs:

The two walk landings highest on the priority list have been repaired. The approach at building #1 to #17-21 and the first landing at building #6 both had broken supports that were replaced. The general condition of the footings and structural integrity of the wood framing itself was found to be good. The cost of these two landings, with materials and labor, is just under \$1,250.

In the process of doing the #6 walk repair, we also added another walk light. We received complaints that this area was too dark with the large tree at its side blocking the parking lot light.

The estimate of the costs to install railings to the walk at #23 and build an extension by their utility closet to accommodate the wood box is \$1,570 with materials and labor.

Retaining Wall Bids:

Two landscape contractors, Amityville and Maple Ridge, have been working on estimates for native rock or wall block (similar to that at the swimming pool) treatments to replace the building #4 retaining wall. The third contractor, Mecklin, has not responded to our calls.

The Maple Ridge estimates are in at \$12,900 for the wall block and \$8,850 for native rock.

Amityville had hoped to get their estimate to us by the end of August, but is now asking for another two weeks.

Pool:

We scored 100% on our recent pool inspection by the Lake County Health Department.

With the abundance of hot weather, the pool has been seeing higher than usual activity.

Well System:

The building #3 well system experienced an unexplained shutdown. We were able to restart it without any problem and it has been running fine since. We did have Rasmussen Well inspect it for defects or maintenance needs, after the fact, but they found no apparent problems. The night of the failure we had extremely humid conditions. Rasmussen suspects that the pressure switch was “wet” with condensation.

Lift Stations:

The main sewage lift station at building #4 had two “alarms” during the month. Both indicated high temps on pump #2. Both motors are under warranty. Our annual inspection is due this month, so we will have them address this at that time.

Water Intrusion:

A high wind and down pour in mid August produced yet another leak at the #73B master bath window area. We had previously identified a dryer vent that was leaking, which has been repaired. We have also identified faulty window gaskets in the #73A unit, above that have been referred to the agent to execute repairs.

We also had multiple skylight leaks at building #4 during this same storm. Units #91, #97 and #101 each reported problems. A visual inspection showed no damage or evidence of how the water entered. No leaks have been reported with rains since.

Units #47 and #49 continue to have small, but persistent leaks at their skylights. These would be original windows that were not replaced when the roof was done in approximately 2005. The Association has had flashings corrected, since that time, which has reduced the problem significantly.

Forest Stewardship Program:

Jan Bernu met with Carl and Mark Nolan to tour the property and give area by area suggestions for cutting, thinning and planting to promote a healthy forest in the short and long term.

Reimbursements:

LMG had no receipts to submit for reimbursement for August.

**Motion: Ron Whitcomb/Chuck Christiansen. “To approve Property Manager’s Report”
Motion approved unanimously.**

Committee Reports

Buildings and Infrastructure: Tim Ryan (absent)

Carl has contacted 4 vendors to explore cost feasibility of constructing a ramp to the lower units

of Building 4 and set up appointments.

Grounds and Security: Greg Shields.

No new report at this time.

Insurance: Tom Rerah

The SSLA policy is up for renewal on October 1. Tom presented the new quotes. The biggest increase is in the area of the “Umbrella” Coverage. Zurich, the current carrier, is no longer writing coverage in this area. The Chartis Company will write coverage but, because of our status as having fractional ownership and rentals, their coverage is almost \$5,000 higher than with Zurich.

Motion: TR/RW. “To accept the insurance proposal as presented and authorize Vice President, Tom Rerah to execute the contract on behalf of the Association.”

Planning and Futures: Chuck Christiansen

Chuck continues to work on the projected expenditures for future years.

Old Business

Sanitary Sewer update. Keith wrote a note on the website explaining the benefits of supporting the petition of the township of Silver Creek.

Doug Wulff Memorial. Based on the Board Members’ response, Keith recommends that we hire a local chainsaw artist to create a representation of a squirrel with its cheeks filled with nuts. Doug loved to feed the squirrels.

Motion: KA/GS. “To approve an expenditure of no more than \$350 for the construction of a chain sawed squirrel memorial to Doug.” Motion approved unanimously.

Carl Neer has submitted an estimate of \$1,570 to build railings on the lower side of the walkway to Unit 23 to prevent someone slipping off the raised walkway and to build an extension by their utility closet to accommodate the wood box

Motion KA/GS “To approve an expenditure of not more than \$1,570 to add to the railings and walkway extension to Unit 23.”

New Business

CIC statutes changes. Ron Whitcomb has tracked the State of Minnesota’s rules for reserve funds. One provision is that the Association cannot borrow from the Reserve Fund. It seems to say that you have to forecast your capital expenditures for 30 years and show a plan for funding them. The law does allow for special assessments however.

The law goes into effect Jan. 1, 2012 so we will have to put the capital expenditures plan on the website. The plan must be reviewed every three years and reviewed by an accountant.

We currently have \$100,000 in replacement account. The board is concerned that we adequately and expertly project costs out for 10 years. This Capital Expenditures worksheet should be kept to those projects that are absolutely needed.

Ron recommends that, for 2012, we review Chuck Christiansen’s spreadsheet projections and

come to our October Board meeting with discussion and a proposal for a 2012 Operating Budget. Then, for the following years hire an expert agency to refine the projections for the future.

By-Laws changes and vote by members. Keith is having Jennifer Carey prepare a statement of explanation to include along with a ballot for the vote at the annual meeting.

Next meeting. October 24, 5 P.M.
Eide Bailly LLP
5601 Green Valley Dr., Ste. 700
Bloomington, MN 55437-1145

**Motion: Bill D'Amour. BD/RW "To adjourn." Motion approved unanimously.
Meeting adjourned at 7:05 P.M.**

Respectfully Submitted,
Bill D'Amour, SSLA Secretary