

Quailwood Meadows Town Homes
Board of Directors Meeting
November 14, 2008

I Call to Order

The meeting was called to order by Marge Belson, President at 5:00 p.m.

II Roll Check

Marge Belson, President; Bill Atherton, Vice President; Bob Conklin, Treasurer; Shari Olson, Financial Consultant; Genene Walker, Strategic Planning Consultant; JoAnn Conklin, Recording Secretary; Marsha Dashney, HOAMCO Community Manager; and Tammy Pasco, HOAMCO Executive Assistant to Chief Operating Officer. There were also 22 Townhome residents present.

III Approval of Minutes of October 10, 2008

Bob Conklin made a motion to approve and Bill Atherton seconded the motion and they were approved as written. They are available to all residents on the Townhome website.

IV Robert Barry of Burdman & Shore, Attorneys at Law Update

Explanation of the letter that was recently sent to all the involved Townhome residents restating the terms of the Construction Defect claim for the Quailwood Meadows Townhomes.

- The action will be funded entirely on a contingency fee basis of 40%.
- This fee will be taken only in the event of a successful recovery.
- Any costs incurred by Burdman & Shore such as filing fees, payment to general contractors, architects, and/or engineers in pursuit of this claim will also be deducted from any settlement or award.
- A proof of claim has been filed on behalf of the Townhome Association in Federal Bankruptcy Court.
- Townhome owners and Townhome Association will be notified of any demands, notices, offers to settle, or responses to offer to settle by Empire. To date no demands or offers have been made.
- The Firm plans to seek a leave of the Bankruptcy Court to proceed against the insurance assets and give Notice and Opportunity to Repair to Empire pursuant to A.R.S. 12-1363, et seq. Additional demands and offers of settlement will be made based upon the response(s) from Empire and/or its other entities.
- If Empire declines to make suitable repairs, a lawsuit will be filed.
- Any and all settlement offers, if proposed, will be taken to the respective homeowners and/or the Homeowners Association for their consideration.
- Burdman & Shore hired a general contractor to do a preliminary investigation of six properties and plan a future comprehensive investigation by an architect and an engineer when the amount of the insurance coverage is disclosed. At this point, the firm is attempting to keep costs to a minimum.

- The reorganization bankruptcy filed by Empire will convert to a Chapter 7 bankruptcy in December but this will not mitigate the time frame of the proceeding against Empire.

Robert Barry concluded by fielding questions from Board members and residents.

V Larry Harding and Don Michelman of House-Chilson & Associates Re: HOA Insurance Coverage

The coverage includes: Common areas, Board Members and spouse, Directors and Officers liability of \$1,000,000, Property values of \$65 per square foot on 69 buildings or 138 Units, and an Umbrella Liability of \$5,000,000,

Larry Harding and Don Michelman recommended an upgrade of the property values of each unit from \$65 to \$125 per square foot. The Townhome Board will clarify the insurance coverage with the CC&R's and document this in writing. The Townhome Board will meet with Larry Harding and Don Michelman by the end of 2008 to upgrade the Insurance coverage and to explore other coverage tailored to townhomes at a more competitive rate as this policy expiration date is March 15, 2009.

VI Homeowners Forum

A resident brought up questions regarding delinquent and unpaid dues. They were reminded that this is an item that the Townhome Board addresses during closed sessions. They also brought up questions regarding the delinquencies on the Master Board and again they were asked to bring this up to the Master Board at one of their meetings.

There was a question regarding who owns the Community Center and Tammy Pasco of HOAMCO replied to this question by stating that Empire Company owns the building and leases it back to the community. It is therefore a part of the Bankruptcy process and right now that is a concern for the community.

VII Treasurer's Report:

Shari Olsen went over the October 2008 Financials regarding the Reserve fund, Operating Expenses, Receivables, Cash Disbursements, and Net Income. A motion to accept October 2008 Financials was made by Bob Conklin and seconded by Bill Atherton and they were approved.

The 2009 Budget for the Townhomes was discussed during the meeting. The Management contract covers a scope of services including financials, physical compliances, management of RFD's, sub-contractors, etc. Shari Olsen asked about the Reserve Study Update in the 2009 budget. Tammy Pasco stated that the amount of \$2500 was for a review to be done on the Reserve Study. HOAMCO and the Townhome Board feel that there is no need to increase the monthly dues at this time for the Townhomes. Bob Conklin made a motion to accept the 2009 Budget and Bill Atherton seconded the motion. The final Budget version will be sent out with the December HOAMCO mailing.

VIII Management Report:

Because Marsha Dashney has tendered her resignation effective November 21, 2008, HOAMCO has assigned Tammy Pasco to take on the responsibilities for the Townhomes. She can be reached at the HOAMCO office Monday thru Friday. Marsha Dashney stated that she

would like to thank everyone for their support and will miss everyone when she leaves. The Management Report will be discussed as items on the agenda are discussed.

IX Ongoing Business

Sewer/Lift Station: The R.F.P. (Request for Proposal) has gone out to five companies and two have come back with bids. Fann Environmental bid was for \$14,153 and A&D bid was for \$6,721. A&D, located in the Prescott area, will complete all the work and fabricate all the materials. According to Tammy Pasco, they have provided high quality work in other communities. Geneene Walker suggested that a representative from the Public Works Department and the contractor come to the site to ensure agreement on what needs to be done to have the Pump Station brought up to code and given over to the town of Prescott Valley. Bob Conklin made a motion to move forward with the A&D bid and it was seconded by Marge Belson. Bill Atherton will email all parties involved in this process to set up a date and time to meet. Bob Conklin reminded the Board that we would need to have the sewer lines flushed out before the town of Prescott Valley accepts the Sewers and Lift Station. This will be contracted separately. Tammy Pasco indicated that she will be in touch with vendors regarding this.

Landscaping Contract: The Townhome Board voted to give Specialty Landscaping their notice for termination of services pending the consideration of bids from other companies.

Weed Abatement: The Townhome Board is still working on getting bids for the weed abatement. Two bids have been received which include mulching of the cuttings. More negotiation is needed and the Townhome Board hopes to accomplish this by the next meeting in December.

Responsibility Chart: The Responsibility Chart is in its' final stages of completion and will be included in the December mailing.

X New Business

Geneene Walker spoke about the signage for the Townhome streets. The Board has met with the Director of Public Works for the town of Prescott Valley who made suggestions regarding placement of these signs. "Caution Children at Play" signs will be placed near the park area, under these "Caution Children at Play" signs will be a 90* left arrow sign, and putting up three 25 mph signs (one on Cortina, one on Casa Bella and one on Amor) at the entrances and removing the 20 mph signs (one on Cortina and one on Casa Bella). There is a need for people to slow down in the Townhome community and with these signs in appropriate placement, it is hoped that residents will comply. The vendor is Highway Technology who will be placing these signs and the estimated cost will be between \$550-\$600. Motion to move forward was made by Bob Conklin and seconded by Bill Atherton and this project is scheduled for January 2009. Marge Belson has been in contact with Neighborhood Block Watch and they will also be placing three signs at each point of entry to the community.

A question was asked about putting a sign at the Community Center entrance as there is a blind curve as one exits the facility. The resident was directed to pose that question at the next Master Board meeting.

XI Announcements

Next Board of Directors Meeting is scheduled for Friday, December 12, 2008 at 1:00 p.m. at the Community Center.

The residents were encouraged to visit the Townhome website and to email suggestions and concerns to a board member to be brought up at the next Board of Directors meeting in December. The website address is: <http://quailwood-townhomes-hoa.ihostvm.com>

XII Adjournment

The Townhome meeting was adjourned at 6:59 p.m.