

Prairie Wood Development Association, LLC
Members Meeting
June 2nd 2012

All board members present

Meeting Called to Order by President, Jim Cooley.

Old Business

Marina Lot

- The board members thanked Glenna Gjestvang for the opportunity to purchase the marina lot.
- 68 (the number of LLC members at the time) ballots were mailed to vote on the purchase of the marina, 63 returned, 52 yes, 11 no.
- It was purchased on 3/8/12 for \$80,000 with \$25,000 of the \$80,000 as money for lot development. Any remaining lot development funds will be returned to Glenna.
- The board members thanked Farmers and Merchants State Bank of Tolna for financing the loan.
- 40 lot owners paid their marina payment in full for a total of 47,761.20. The remaining members borrowed \$32,238.80 to be paid over the next 5 years with annual payment at 5% interest. If individuals would like to pay off their financing in full, interest will be calculated up to the next annual due date of August 1st.
- After the finance deadline, 2 more lot owners joined the LLC and paid their marina share in full. These funds are restricted for marina lot purposes.
- LLC certificates will be provided to members
- Two bids for the marina lot development were obtained. The bid was awarded to Mark Gisvold.
- Estimated completion time for the lot is two weeks.
- Non LLC association members will be compensated for their share of the dock that will be used at the marina.

Passes for LLC members

- Passes are non-sellable and non-transferable
- Each pass will be numbered to provide identification of whose vehicle is on the lot.
- Passes must be displayed in the window of the vehicle.
- Each year the passes will be a different color. Individuals who have not made their financing payment and/or dues payment will not be issued a pass for the year until it is paid.
- Unauthorized vehicles may be towed at the owner's expense.
- Scott Sondrol led the discussion to determine the number of passes to be provided per lot and how passes should be handled for LLC members who are also

providing fishing guide services. Stating that decisions made will be a starting point, re-evaluated after the first summer of use, and put on the agenda for the fall meeting.

- Rhonda Greicar made the motion that each lot owner receives two passes per lot for use by themselves, family, guests and/or for business. Gary Roehrick seconded the motion. None were opposed.
- If members need additional passes for special occasions (i.e.. family gatherings) the board members can provide those for a specific length of time.

Passes for people outside the LLC

- The board members proposed selling marina passes to the public at \$300.00 each for 1 year to generate extra funds for further marina lot development. This summer offers a unique opportunity because there is limited water access for the campers of East Bay Campground while that marina is constructed.
- Passes are non-sellable and non-transferable.
- Passes will be numbered and the boat trailer that is identified at the time of sale will be the only trailer that is allowed to be used with that pass.
- Passes must be displayed in the window of the vehicle.
- Each individual who purchases a pass will receive a list of rules and guidelines and be required to sign a liability waiver.
- An individual's pass may be revoked for noncompliance at any time.
- Mike Litzinger is willing to help with sales and enforcement of use.
- Paul Kleven made the motion to sell marina passes to the public for this year only at \$300.00 each. Lynn Cooley seconded the motion. None were opposed.
- Bob Spencer offered immediate use of his boat launch area for people who purchase marina passes until the development's lot is ready.

Boat Lift Space Rental on Marina Lot

- There are 16 spots available for LLC members only.
- Individuals must provide their own boat lift and dock. Space allows for only one dock between boat lifts. Thus, renters must make their own arrangements to share a dock.
- Proposed fee is \$600.00 per year, with electricity included.
- Renters would sign a contract for three years. At the end of those three years the current renter would be given first choice to enter into another contract. The contract price and length may change at that time. If that renter declines the spot it would be made available to other LLC members.
- Dianne Litzinger made a motion to charge \$600.00 per year for a marina boat lift space for a minimum of three years. Dave Hovendick seconded the motion. None were opposed.

Lights and Electricity

The board members proposed two light poles to be installed at the marina, one by the entrance and another closer to the boat launch. Nodak can provide electricity with a meter for \$800.00 per year for the first 5 years. Lynn Cooley made a motion for two light

poles and electricity to be available on the lot. Dave Hovendick seconded the motion. None were opposed.

Liability Insurance

Vaaler Insurance quoted the development the option of a 1 million dollar Directors and Officers policy which covers all LLC members for the annual cost of \$750.00 with a \$1000.00 deductible. The other option is for a 2 million dollar Directors and Officers policy which covers all LLC members for the cost of \$1250.00 with a \$1000.00 deductible. The development must also have a separate general liability policy specific to the marina for 1 million dollars for the cost of \$750.00 per year.

New Business

Income Taxes

The income tax returns (State & Federal) were filed for the first time in 2012. The attorney incorrectly registered the association with the IRS for tax purposes as a partnership. The tax entity type has been corrected to a corporation. There will be no need for Schedule K-1s to be filed with member's individual tax returns. The only form required to be filed with the IRS is Form 1120-H, which is specifically designed for homeowner associations. All income derived from association dues is tax exempt. Therefore, no income taxes were owed in 2012.

Meeting Adjourned

These minutes are pending approval at the next association meeting.