

MINUTES: MRHOA All-Member Annual Meeting May 27, 2026

Sunday 6:30 pm Delano Senior Center

- Board Members Present: Jon Holzer, Bruce Larson, Liz Fautsch, Dave Penney (absent John Beltrand)
 - Minimum quorum of 44 was not achieved – 34 units were represented in person (6 of 15 single family units and 28 of 50 twinhome units). No motions or votes were planned or took place.
 - Attending units received a two-sheet handout [see attachments](#)
- Meeting was called to order by Jon Holzer, Board President
 - Present board members were introduced for benefit of new owners.
 - Members were reminded that by-mail ballots will again be used for election of two Directors.

Similar to a townhall meeting, questions from owners were answered throughout the meeting.
--

- Liz F related highlights of newly passed MN HOA Bill of Rights that will go into effect Jan 1 2027 and will impact MRHOA's governing documents and administration.
 - In the last three years MRHOA has already increased financial transparency in a number of ways.
 - ✧ detailed reporting on how each dues dollar was spent in a given year or series of years
 - ✧ split record keeping for common (1/65th) and twinhome only (1/50th) operating expenses
 - ✧ reconciled 25-year history of reserve funds to properly delineate allocation between common area reserves (1/65th) and twinhome only reserves (1/50th)
 - ✧ better budget and cash flow projections based on unit appropriate allocations
 - Current reports with above transparencies recently provided to owners:
 - ✧ 2025 Annual Report and Financial Statements mailed at end of February 2026
 - ✧ 3 Yr Dues Allocations and 2026 Budget & Cash Flow Projections mailed first week of May 2026
 - Member opinion at the 2025 annual meeting was to have a CPA conduct a review of the associations financial statements more often, perhaps at minimum every other year. The process for these reviews is now handled via online document sharing, allowing the board to consider another Midwest CPA firm that appears to be more attuned to smaller HOAs like MRHOA.
- Jon H spoke on the MRHOA Reserve Study completed in October 2024.
 - Jon displayed the study spreadsheet illustrating year-to-year calculations that determine projected reserve dollars needed to finance major repair or replacement during the extended life of each component covered under the association's declaration.
 - ✧ building components include: roofs, vinyl siding, soffits/ fascia/shutters ... and more
 - ✧ site components are driveways, sidewalks, the irrigation system, trees, retaining walls ... and more
 - ✧ the study spreadsheet calculated transfers to reserves of \$0 in 2024; \$34,500 in 2025; \$69,000 in 2026; \$103,500 in 2027; with years 2028-2031 also ranging above \$100K
 - ✧ the reserve study does not take into consideration other financial factors affecting demands on the association's cash position for each fiscal year, nor does it calculate or make recommendations for increases in annual assessments or other special assessments
 - ✧ this 2024 professional study replaces a 2004 spreadsheet (source uncertain)

- Driveway replacements were noted as a currently targeted concern with over half the twinhome driveways still in need of a full tear out and replacement. Replacement dollars are in the 2026 budget, with specific units yet to be selected.
 - Sidewalk to stoop risers that don't meet code are also budgeted for correction in 2026.
- Bruce L addressed the ever increasing imperative to update the association's governing documents, in particular the Declaration – the document that legally binds the property to the association as a covenant running with the land.
- Updating sections that must follow statutory changes (since 2000) that supersede any existing conflicts in the current documents
 - Ambiguities in the declaration on “who performs” the work and “who pays” for the work recently gave the board cause to take a close read of the Article VI sections covering assessments.
 - ✧ in addition to annual and special assessments, Section 6 allows a third assessment category - when an expense benefits fewer than all units, the HOA may assess only the benefited units.
 - ✧ the above described category [defined in Minnesota 515B.1-103 and governed in MN 515B.2-109] is called “limited common elements” (LCEs) [owners were mailed an intro to LCEs along with the notice for this meeting] [see attachments](#)
 - Bruce also covered the Twinhome LCE Grid printed on back of agenda [see attachments](#)
 - ✧ as part of a document update, a survey of individual properties is needed to quantify the elements that are truly “common” to all 65 units, the elements that are standard to all 50 twinhome units, and the elements that would qualify as LCEs by statute definition.
 - ✧ professional legal opinions will be necessary, in particular on the various types and locations of retaining walls: 3 level mortar block, granite slab, boulder style
 - ✧ rewritten documents will, by necessity, detail the “who performs” and “who pays” responsibilities in concurrence with the “fee simple” status of MRHOA properties
 - ✧ owners should expect to see board members and/or volunteers walking about with clip boards and taking photos for the survey
- Using big screen images of Wright County aerial photography, Liz F explained how MRHOA differs from other Delano HOAs with respect to platted “common area” lots. Unlike Kings Pointe, Delano Crossings, and Wright Neighborhood – MRHOA has **no** common area surrounding the twinhome units. Every MRHOA member owns a “fee simple” lot in its entirety, lot line to lot line as shown on the plat.
- Meeting was adjourned.

ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION
AND USE THEREOF

Declaration Page 4

Section 2. UNITS.

There are sixty-five (65) Units, fifty (50) Twinhome Units and fifteen (15) Single Family Units. Except for any rights reserved to the Declarant under this Declaration, no person may create additional Units by the subdivision or conversion of Units pursuant to Section 515B.2-112 of the Act.

Each Unit constitutes a separate parcel of real estate. The Units shall each be improved with one Dwelling and all Units and Dwellings will be restricted to residential use. Unless stated otherwise in this Declaration, an Owner shall be responsible for maintenance of the Unit and the Dwelling thereon.

The identifiers and locations of the Units are shown on the Plat, which is incorporated herein by reference. The identifier for a Unit shall be its lot and block numbers and the subdivision name. The front, rear and side boundaries of each Unit shall be the boundary lines of the platted lot upon which the Dwelling is located or intended to be located as shown on the Plat.

ARTICLE VI
COVENANTS FOR MAINTENANCE ASSESSMENTS

Declaration Page 10

Section 6. ANNUAL AND SPECIAL ASSESSMENTS.

Except as provided in Section 7, below, Single Family Assessments, Twinhome Assessments, and special assessments must be allocated as defined herein. This requirement shall not apply to:

- (a) common expenses or portions thereof benefiting fewer than all of the Units, which may be assessed exclusively against those Units benefited in proportion to the common expense liability percentages indicated on Exhibit C attached hereto for those Units;

515B.2-109 COMMON ELEMENTS AND LIMITED COMMON ELEMENTS.

(a) Except as limited by the declaration or this chapter, common elements other than limited common elements may be used in common by all unit owners. Limited common elements are designated for the exclusive use of the unit owners of the unit or units to which the limited common elements are allocated, subject to subsection (b) and the rights of the association as set forth in the declaration, the bylaws or this chapter.

(b) Except for the limited common elements described in subsections (c) and (d), the declaration shall specify to which unit or units each limited common element is allocated.

(c) Unless otherwise provided in the declaration, if any chute, flue, duct, wire, pipe, conduit, bearing wall, bearing column, or other fixture or improvement: (i) serves one or more but fewer than all units and is located wholly or partially outside the unit boundaries, it is a limited common element allocated solely to the unit or units served; (ii) serves all units or any portion of the common elements, it is a part of the common elements; or (iii) serves only the unit and is located wholly within the unit boundaries, it is a part of the unit.

(d) Unless otherwise provided in the declaration, improvements such as shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, decks, patios, perimeter doors and windows, and their frames, constructed as part of the original construction to serve a single unit or units, and authorized replacements and modifications thereof, if located wholly or partially outside the unit boundaries, are limited common elements allocated solely to the unit or units served. e.g. roofs, vinyl siding

(e) If the declaration so provides, and subject to any different licensing provisions in a declaration recorded before August 1, 2010, the declarant may grant to a unit owner an exclusive license for the use of a common element originally designed and constructed to serve as a garage stall, storage locker, or other similar common element space, in which case the common element license shall be deemed to be appurtenant to the unit owner's unit, subject to transfer if so provided by the declaration. The declarant shall, at the time the license is granted, provide to the unit owner a common element license evidenced by a separate instrument signed by the declarant and provide a copy of the instrument to the association. The instrument shall, at a minimum, identify the licensed common element, the unit identifier of the unit to which it is appurtenant, and the section of the declaration governing common element licenses. If the declaration so provides, the declarant may require the onetime payment to the declarant of a consideration for the grant of a license.

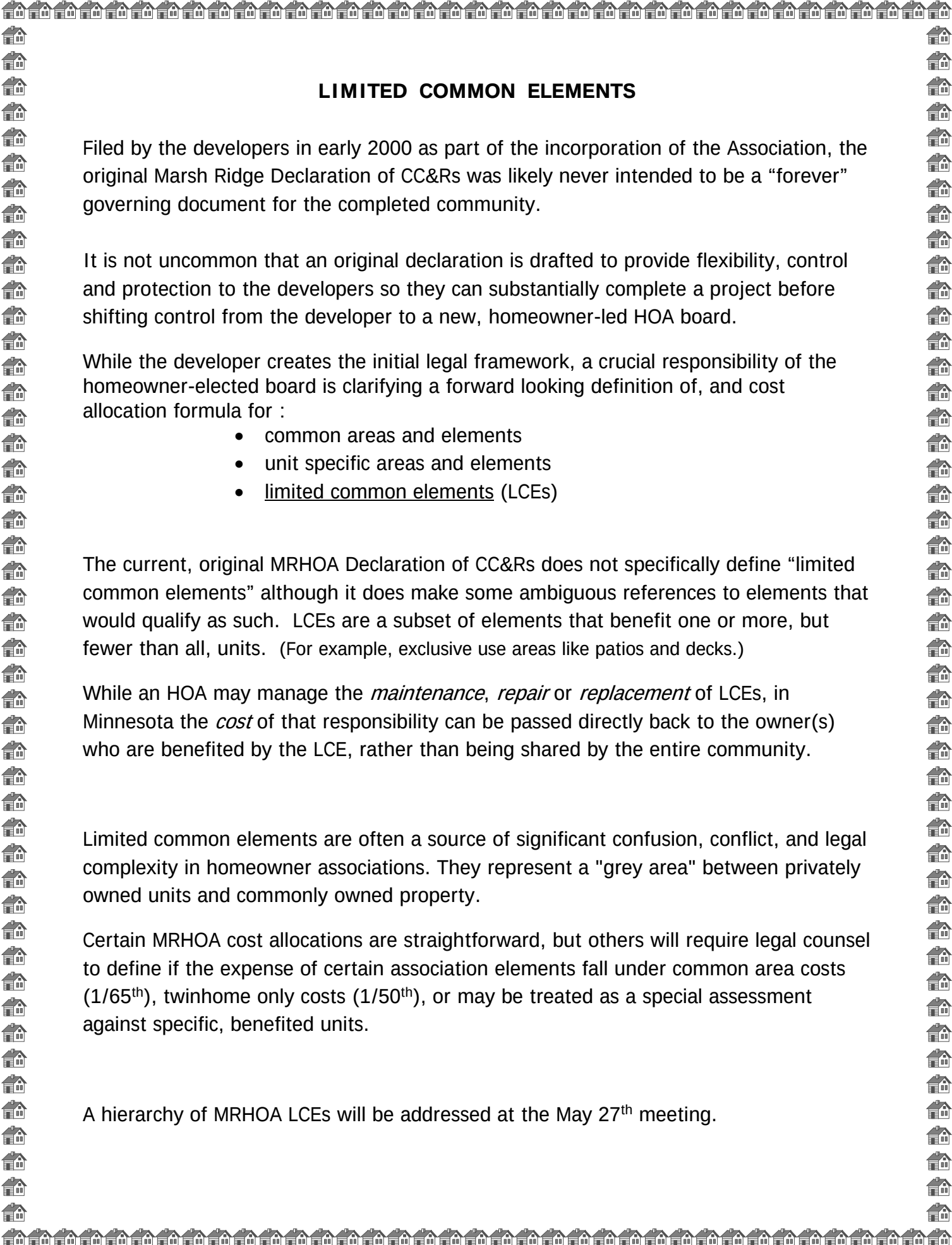
(1) A common element license may be held only by a unit owner, and the purported transfer of a license to a person other than a unit owner shall be void. Except as provided in the declaration or this subsection, no interest in the common element license may be held or transferred separate from the unit.

(2) The right of any declarant to grant a common element license shall terminate at the earlier of (i) the conveyance of all units to persons other than a declarant or (ii) ten years after the recording of the declaration.

(3) The document granting the common element license shall not be recorded. The association shall maintain records of all common element licenses including originals or copies of the common element licenses and transfers of common element licenses authorized by the declaration.

(4) A common element license granted pursuant to this subsection shall not be subject to the approval requirements set forth in section 515B.3-102(a)(9).

(f) An allocation of limited common elements may be changed by an amendment to the declaration executed by the unit owners between or among whose units the reallocation is made and the association. The amendment shall be approved by the board of directors of the association as to form, and compliance



LIMITED COMMON ELEMENTS

Filed by the developers in early 2000 as part of the incorporation of the Association, the original Marsh Ridge Declaration of CC&Rs was likely never intended to be a “forever” governing document for the completed community.

It is not uncommon that an original declaration is drafted to provide flexibility, control and protection to the developers so they can substantially complete a project before shifting control from the developer to a new, homeowner-led HOA board.

While the developer creates the initial legal framework, a crucial responsibility of the homeowner-elected board is clarifying a forward looking definition of, and cost allocation formula for :

- common areas and elements
- unit specific areas and elements
- limited common elements (LCEs)

The current, original MRHOA Declaration of CC&Rs does not specifically define “limited common elements” although it does make some ambiguous references to elements that would qualify as such. LCEs are a subset of elements that benefit one or more, but fewer than all, units. (For example, exclusive use areas like patios and decks.)

While an HOA may manage the *maintenance, repair or replacement* of LCEs, in Minnesota the *cost* of that responsibility can be passed directly back to the owner(s) who are benefited by the LCE, rather than being shared by the entire community.

Limited common elements are often a source of significant confusion, conflict, and legal complexity in homeowner associations. They represent a "grey area" between privately owned units and commonly owned property.

Certain MRHOA cost allocations are straightforward, but others will require legal counsel to define if the expense of certain association elements fall under common area costs (1/65th), twinhome only costs (1/50th), or may be treated as a special assessment against specific, benefited units.

A hierarchy of MRHOA LCEs will be addressed at the May 27th meeting.

Standard Common Elements (1/65th)		TH Grounds - LCE Status: Pending Determination	
Entryway	open green spaces (lawn)	Softscape:	Lawn
Lots A,B,C	boulder walls, paver edging, decorative rock trees, shrubs, plantings		Shrubs, Perennials
	signage, lighting, sprinkler sytem	Trees	Front Yard
			Side & Rear Yard
Sprinkler System	(3) system control component groups		
	(3) system control structures	<u>Hardscape Rock Areas:</u>	
	pipng grid & sprinkler heads		Front Yard
			Side Yard
			Rear Yard
			Front Street Corner
Non-Standard Elements - Pending Determination		Edging	Plastic, Pavers
Perimeter Buffer Trees			
East Hillside 3-Level Mortar Block Retaining Walls		<u>Retaining Walls:</u>	Boulder or Granite Slab
<u>Twinhome LCE - Limited Common Element</u>			
TH Residence - LCE Status: Pending Determination		TH Residence - LCE Status: Pending Determination	
Building	Vinyl Siding & Trim Components	Building	Concrete Front Stoop
	Soffit / Fascia & Components		Faux Stone Trim
	Roofing & Components		Front Stoop Support Column
			Painting: Wood Trim / Garage Door (Ext)
	Egress Door (Front, Patio, Deck, Storm/Screen)		
	Windows & Screens	Misc	Front Stoop Railing
	Overhead Garage Door (not opener)		Exterior Light Fixtures (3) & Outlets
			Shutters
Hardscape	Driveways		Gutters & Downspouts
	Sidewalks		Air Conditioner & Pad
			Water Spigots - Exterior Wall
Deck	Support Structure & Posts		
	Deck Boards	Exterior Vents:	Fireplace
	Railing, Privacy Fence/Panel		Dryer
Patio	Concrete Pad		Furnace & Air-to-Air
	Privacy Fence/Panel		Bath Fans & Plumbing