

MINUTES for MRHOA Board Meeting held **Wednesday, Jan 22 2025** at 577 Marsh Dr

- Present were Bruce L, John B, Zelda M, Liz F– and one homeowner; absent Jon H.
- Draft Minutes of Dec 4 2024 Board meeting approved (4,0).
(Amendments or material corrections, if any, to prior minutes are noted in current minutes.)
- Next Meeting: Tentative dates are either February 12th or March 5th
- By-mail Ballots opened and recorded: 49 ballots were returned, exceeding quorum of 44.
 - ❖ Election of Director: Liz Fautsch received 49 votes; no write-ins were received.
 - ❖ Change of Annual Meeting date to mid-May: 40 YES votes were received; 6 NO votes. 3 ballots were blank on this question or indicated no preference.
Board voted (4,0) to accept ballot results. (Results were audited for accuracy.)

The Board voted (4,0) to reelect same slate of officers as 2024: John Holzer, President; Bruce M Larson, Vice-President; Zelda Malo, Treasurer; Liz Fautsch, Secretary and Accounting Mgr.

■ Officer Reports/Updates:

- Reviewed: preliminary 2024 year-end Income Statement and Fund account balances. Year end fund balances reflect a 12-30-2024 transfer of \$38,325 to Reserves.
- Board approved (4,0) payment of two legal bills: \$572.00 for arrears collection effort and \$127.50 for email advice on updating governing documents.
- Board reviewed Investments status: One Ameriprise Certificate \$25,111 will renew Feb 11th (current rates in 4.0% range).

In order to maximize earning potential+liquidity, Jan 11th-12th a Board majority agreed via email to purchase additional U S Treasury T-bills. A \$25,000 auto-renewing 4-week T-Bill was purchased with Operations Funds at a rate of 4.313%. Two \$25,000 13-week T-bills were purchased with Reserve Funds at a rate of 4.319%.

Reserve Funds current balances: \$161,043 Ameriprise / \$148,048 T-Bills / \$24,346 Money Market
Operation Funds current balances: \$26,281 Checking / \$24,918 T-Bill

■ CPA Review of Fiscal Year 2023:

- Completed review was received January 4, 2025. Review Report Conclusion: "Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America."
- Although MRHOA had filed an 1120-H Tax Return for 2023, the Review included a completed copy of an alternative 1120 tax return form for 2023.
- The Board discussed the pros and cons of these two options available to an HOA for every tax year. The 1120-H is under a special IRS Code 528 that is specifically written for (3) types of HOA member associations. The 1120 is the same tax return used by all kinds of corporations, including other types of membership entities, but it treats membership dues differently than the 1120-H.
- In conjunction with the Review, MRHOA will complete its transition to an accrual-based accounting system. Insofar as the association contracted for two consecutive reviews based on this transition, the Board will give additional attention to the different risks and rewards between the two tax forms for tax year 2024.

- The Board voted (4,0) to approve the Review and return the signed Representation letter with two revisions that correct language on two statements: a note in the review on the actual tax return filed and a statement in the representation letter on the adjusting journal entries made.

■ **Unfinished Business: left over from previous meeting(s) for discussion and/or action.**

- ☒ The completed Reserve Study, received by email on October 18, 2024, permits two no charge revisions within six months of receipt. MRHOA has until April 18th to submit revisions the Board considers more appropriate to our single family/twinhome configuration.

While single family homes only participate in reserve contributions for “common” components such as the irrigation system, twinhomes participate in both the 1/65th allocation of reserves and a separate 1/50th allocation of reserves.

Having reconstructed the history of SF and TH contributions, it may be possible to reconstruct a reserve ledger that allocates past expenditures into 1/65th and 1/50th portions – resulting in a more accurate picture of current funds reserved for common components, and funds for twinhome only components.

For reserve study projections, components might also be divided into longer term funding needs such as siding and roofs, and shorter-term funding needs such as driveways, sidewalks, and landscaping.

The study also better characterizes which expenditures should be paid with reserve funds and which expenditures are rightly funded through the operations budget.

■ **Business Continued to Next Meeting:**

- ☒ The reserve study and tax return discussions merged in importance as discussion moved to creating a 2025 budget, in particular spending choices for the coming summer.

MRHOA has improved its funds position, but not enough to afford everything on the need+want list.

- ☒ Winter tree trimming is still on agenda for obtaining bids – as is planning for 2025 restoration of rock areas where trees or shrubs were removed in 2024.
- ☒ Updating governing documents is still in early stage of editing out Declarant language.
- ☒ After three contradicting Court decisions, the federal government’s Corporate Transparency Act, requiring all Board members complete BOI registration with the FINCEN agency, is now on indefinite hold.

■ **New Business:**

- ☒ TH Property Insurance: Liz F shared an email exchange with Marsh McClennan regarding possible modifications to twinhome property coverage that might be beneficial. Hartford will not accept alterations to their HOA policy as it is currently written.

Changing insurance companies is almost impossible. Some have stopped writing any HOA insurance in Minnesota and others are not writing policies for associations older than 20 years.

“I also checked with other carriers, and currently we do not have a standard carrier market who will consider quoting Marsh Ridge due to the year built being older than most carriers’ current underwriting guidelines (over 20 years old), as well as the 15 single family dwellings which most of our carriers won’t insure, even though the coverage for those is liability only.” Karen Peterson

MRHOA is fortunate that it has not had any claims that could force it into the secondary market.