

MINUTES for MRHOA Board Meeting held **Wednesday, Mar 5 2025** at 577 Marsh Dr

■ Present were Bruce L, John B, Zelda M, Liz F; absent Jon H.

■ Draft Minutes of Jan 22 2025 Board meeting approved (4,0).

(Amendments or material corrections, if any, to prior minutes are noted in current minutes.)

■ Next Meeting: Wednesday April 9 2025

■ Officer Reports/Updates:

☒ Treasurer & Accounting

- 2023-2024 Final Year End Comparative Statements were reviewed. The 12-31 fund balances improved favorably: Operations from \$14,376 to \$34,835 and Reserves from \$281,329 to \$332,868. The financial statements will be mailed to all units as part of the Annual Report at the end of April, together with notice of the Annual Meeting (now in May).
- A preliminary Budget for 2025 was discussed (see additional notes below). While repetitive monthly expenses are the easiest to predict, desirable and/or unpredictable expenditures continue to exceed funds available. Budget discussion will continue at April 9th meeting.
- The Board also reviewed the current financial status as of Feb 28th, including dues collections and Treasury bill investments. The current cash position is favorable, much in part from \$18,318 of 2025 dues paid before Dec 31st. T-bill yield rates are steady so far, remaining in the 4% range.
- An expense reimbursement was reviewed for 2024 Q3 & Q4 printing, mailing, and misc expenses. Postage stamps are the most costly part of mailings, but postal mail remains the most reliable form of contact to reach all homeowners. Five mailings were sent out in Q3/Q4 of 2024.

☒ Other

- Continued communication with CPA firm performing 2023 Review reinforced justification for MRHOA to continue its choice of Internal Revenue Code 528, and related 1120-H tax return, as most appropriate for the Association and how it handles reserve funds under Minnesota 515B.
- CPA firm agreed and revised some statements it made in both the original report and the original representation letter. The Association received a complete new report and letter reflecting these revisions.
- Documentation for 2024 Review will be forwarded when prepared. 2024 review covers transition from former accounting system to new, accrual-based accounting system.

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

- ☒ February 17-19th, reporting requirements under the Corporate Transparency Act, requiring all Board members complete BOI registration with the FINCEN agency, were reinstated – with a new reporting deadline of March 21, 2025. Court actions and government rulings on this requirement continue to vacillate. [Post meeting update: delayed online posting of Feb 27 government notice states FinCen will cease enforcement of Mar 21st deadline until "new relevant due dates" are passed.]
- ☒ A bid of \$4,985 for bi-annual emerald ash borer inoculation was received from Shadywood Tree. Currently there are 40 ash trees listed for treatment in mid-summer. Also, bids will be obtained and more information collected regarding early spring fungicide treatment of apple scab for about 25 flowering crab trees.

[Post meeting Note: MN does not exempt HOA's from sales tax. Lawn and garden maintenance, tree and shrub services, and other contractor services, are subject to MN sales tax. Some MRHOA costs have increased as both the Association and our Contractors have corrected billing and payment procedures.]

■ Business Continued to Next Meeting:

- ☒ Tree pruning bids are in process. Next on agenda is planning for restoration of landscaping and rock areas where trees or shrubs were removed last summer.
- ☒ Together, the new reserve study and CPA review emphasized the importance of separating the use of discretionary HOA funds into certain categories for better planning and budgeting results:
 - 1) Routine and preventative repair and maintenance performed annually, bi-annually, or sometimes tri-annually (e.g., asphalt sealcoating). Plus contingency funds to cover snow removal from roofs, excessive water usage, or some other unforeseeable cash demand.
 - 2) Capital expenditures, paid out of current cash holdings, for updating or replacement of certain components: e.g., driveways, sidewalks, yard edging with pavers, landscaping updates, moderate irrigation repairs or replacements.
 - 3) Long-term reserve funds set aside for replacement of specific components, i.e., major irrigation system repairs or replacement; twinhome vinyl siding replacement; new twinhome asphalt roofing.

Every year will involve applying some method of expenditure triage - an assignment of priorities, balancing *needs* and *wants*, in order to determine an effective use of chronically insufficient funds.

Appearances, safety, functionality, prevention, preservation are all factors considered in a cost-to-value decision.
- ☒ Efforts are ongoing to better delineate 1/65th finances applying equally to single family units and twinhome units and 1/50th finances applying only to twinhome units.

■ New Business:

- ☒ Due to deaths and other life altering circumstances, the Board acknowledged the possibility that several units, including twinhome and single family, may be put up for sale in 2025.
- ☒ TH Property Insurance: Liz F shared an email exchange with a local Farmers Insurance agent. Unfortunately, what initially appeared to be a viable alternate source for the HOA twinhome master property policy was eliminated when the agent was informed that Farmers had recently changed their underwriting parameters for accepting Minnesota HOA communities for property coverage.

[Post meeting update: Farmers is no longer accepting any new business from associations with more than 20 buildings.]