

# 2023 Annual Meeting Minutes

6pm on November 15, 2023 via Zoom and in-person @ Liberty Lake Library



## Draft pending Membership approval at 2024 Annual Meeting

Having achieved quorum through the collection of 667 ballots, the meeting was called to order at 6pm.

Director Karen Pagliaro was present in person along with about 25 Members, Gil Pierce, Vaughn Dieter, Sarah Smith attended in person and Melissa Owens of RPM attended via Zoom along with 9 additional Members.

### ELECTION OF DIRECTORS

Nominations were called from the floor and the candidates were announced. Present candidates were given an opportunity to introduce themselves and comment on their campaign for Director. Members that have not yet voted were prompted to submit their Ballot online or in person before the polls close at 7pm. Verification and tally of the ballots yielded the following election outcome:

Candidate	Votes	<b>BALLOT RESULTS:</b>
Vicky Markussen	425	<i>Vicky Markussen and Byron Koch were elected to serve a three (3) year term and Diane Grecco was elected to serve a one (1) year term.</i>
Byron Koch	315	
Diane Grecco	276	
Karen Pagliaro	251	
Susan Ashley	249	
Sara Martin	178	
De Scott	2	
Michelle Cordill	1	
Denyse Erdos	1	
Quorum Only	72	

### FINANCIAL REVIEW

**Main Association** income and expenses are on target for 2023. Dues will increase from \$22 per month to \$24 per month in 2024.

The Board is reviewing landscaping proposals collected from several contractors and will make a decision at the next Board Meeting in 2 weeks. The proposed budget is based on contract numbers provided by the current vendor, Clearwater.

### **Gardens Ridge**

Positive income cashflow, still resulting in a deficit but less significant than anticipated. Started the year with a negative cashflow of \$26k but a utility billing error of \$12k in the HOA's favor offset the deficit sufficient to avoid another special assessment in 2024. With the billing error corrected this allows the Dues to stay the same for 2024. Regrettably, RPM does not know how or why the street light billing was inaccurate as this took place prior to our management contract.

### **Rocky Hill Townhome & Cottages**

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Approximately \$2k under budget with small negative cashflow predicted in the 2023 Budget. \$339 per quarter is the 2023 rate and leaving this rate will create a small deficient in 2024, however, this small deficient still leaves an operating cash balance of double the expenses. No increase for 2024.

A reserve study update is underway for 2024. The findings will provide valuable funding advice for Board's consideration in regarding to future budgets.

A copy of the current and historical budgets are available on the website along with detailed quarterly financial reports for Member download and review.

## NEW BUSINESS

**2024 Budget Ratification;** without 51% of the members present in person or by proxy to reject, the proposed 2024 Budget is hereby ratified. Payment information for 2024 will be sent to Members once a new management company is hired.

**IRS Ruling 70-604;** a motion was made, seconded and passed without opposition, a copy of which is attached hereto.

**2022 Annual Meeting Minutes** were adopted without opposition by the Members present.

## MEMBER FORUM

*Why don't you reflect Main Association dues as an expense on Gardens Ridge and Rocky Hill budgets?* Gil responded that there are many different ways to accurately represent the budget, but the Board is welcome to change the format as it sees fit with the new management company. The method represented in the current and 2024 Budgets is aligned with industry standards and stands up to annual audit by an independent CPA.

*Why won't we know the election outcome tonight?* RPM validates the Ballots received tonight and reports tomorrow to ensure accuracy.

*Did we try to bid out the landscape contract to lower rates?* Yes, RPM solicited bids on behalf of the Association but rates are going up regardless.

*What reassurance do we have that the outgoing Board will make decisions in the best interest of the community at large?* Directors are bound by law to make decisions that benefit the community at large. A fiduciary duty is imposed by the CCR, state and federal laws to protect and support a Director's decision provide it's made in good faith.

*Can we make the Board wait until the new Board takes over in January to hire a manager?* Members may attend to witness the Board make decisions on behalf of the Association and provide feedback during Homeowner Forum. Members may also submit written feedback to the Board before and/or after the meeting.

A Member attending by Zoom asserts the same sentiment, that Directors are compelled by Fiduciary Duty. They further expressed frustration for this line of questioning by other Members present.

*Is the landscape contract parsed out by cost center?* Yes.

*Why does Melissa Owens record inaccuracies in the minutes?* Gil responded that Melissa is an RPM employee that lends her many years of experience to the benefit of the Association's record keeping.

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Ultimately, RPM serves at the pleasure of the Board. All minutes, etc, are submitted to the Board for review, editing and approval prior to admission to the HOA's records. Karen asserted that she's identified potential inaccuracies in the minutes, but the Board didn't agree and approved without changes.

*Who is the Board considering for the management contract? WEBB, OPS and Sentry*

*We can pay a lot less for management if the Directors perform the officer duties to which they're assigned. Secretary should take minutes; Treasurer should keep spreadsheets for review by the membership; President should write checks and sign contracts. These jobs are more appropriately done by the Board, not a manager.* Karen agreed that the Board should consider this approach but reiterated that she is only one Director.

A Member attending by Zoom requested that we read their comment: *Someone needs to pay bills, negotiate contracts, ensure we don't violate state law...this is a mgmt. company of course.*

As shared at the start of the meeting, the election results will be tallied and validated tomorrow, and the results will be announced to the Board. RPM will distribute the outcome at the Board's direction.

With no other business rightfully brought before the Members, the meeting was adjourned at 7:20pm.

Respectfully submitted,  
Melissa Owens, CMCA, AMS  
Rockwood PM

## ANNUAL ELECTION: IRS REVENUE RULING 70-604 Excess Income Applied to Future Obligations

EXPLANATION: Tax experts recommend that all HOA hold an annual vote on elective IRS Ruling 70-604, which allows the HOA to file Form 1120 (vs 1120H) thus only net non-membership income would be taxed. If the election is not made, any excess membership income would be subject to higher taxation.

Essentially, this election gives the Association's CPA the opportunity to file the tax form (1120 or 1120H) that's most advantageous for the HOA (whichever form provides the lowest tax liability). Most CPAs make this election on behalf of their clients when filing the HOA's annual return; this election documents the CPA's authority to make such a determination. The Association has always applied excess income (if/when it exists) to future obligations, this election resolution formalizes its decision to do so.

WHEREAS the MeadowWood HOA is a not for profit, mutual benefit corporation duly organized and existing under the laws of the State of Washington; and

WHEREAS the members desire that the corporation shall act in full accordance with the rulings and regulations of the Internal Revenue Service;

NOW THEREFORE be it RESOLVED that any excess of membership income over membership expenses for the year ending 2023 shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.

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The Members hereby adopt this resolution by and on behalf of the Meadowwood Homeowners Association, which will be made a part of the minutes of the Annual Membership Meeting that took place on Wednesday, November 15, 2023.