



Having achieved quorum through receipt of 16 Ballots and with 2 Directors, Drew Benado and Joe Frank, and 3 Members present via Zoom. Also present were Gil Pierce and Melissa Owens of Rockwood Property Management.

Election of Directors

A final call for candidates was made from the floor. Being none, the candidates present were offered an opportunity to introduce themselves. A link to the Online Ballot was added to the Zoom chat and Gil confirmed that Ballots would be accepted until 7pm tonight. The election outcome is as follows:

LESLIE MOYEN is elected to serve a Two (2) year term.

JOE FRANK is elected to serve a two (2) year term.

ANDREW BENADO is elected to serve a one (1) year term.

Budget Ratification: Pursuant to CCR Article 6.2, a copy of the proposed 2023 Budget was distributed to the members along with an invitation to the Ratification Meeting, which is included as an agenda item at the Annual Membership Meeting. The Budget is automatically ratified unless two-thirds of the Allocated Interests of all the Owners disapprove the budget. As such, an option to reject the proposed 2024 Budget was included on the Annual Meeting Ballot. No rejections were received, the 2024 Budget is hereby ratified.

IRS Ruling 70-604: the Members present adopted the attached resolution for the year ending December 31, 2023.

Annual Meeting Minutes: as the first Annual Meeting held by Hanley Lofts Condo Association, there are no prior meeting minutes to adopt. Moving forward, the Members will adopt the prior Annual Meeting Minutes at each Annual Meeting.

Financial Review & Discussion

The current budget is posted on the website along with monthly financial reports. Beginning January 1, 2024, the assessment will be decreased to \$264/month. The following information was provided by RPM on behalf of the Board:

- More income that anticipated this year due to more unit sales and timing of those sales.
- Landscaping expenses were on target; the Board will continue to refine this line item as the community reaches buildout.
- Sewer charges will be significantly lower than expected moving forward due to billing being different from the City that originally budgeted for. Sewer charges are based on water usage per building and not based on individual units which results in lower rates.
- Building Replacement Reserve will fund future repairs and replacements at \$30k (\$10K per building) annually as a baseline but next year, RPM recommends the Board contract for a Reserve Study to help inform future budgets.

Owner Forum

Will we be treating for insect control? There is no line item for pest control, but RPM will collect a proposal for quarterly maintenance. Joe asked Val to forward any reports she received regarding pests.

Please provide more information about "Turf Spray". Lawn/turf spray to control broad leafed weeds in common areas.

With no other business rightfully come before the Membership, the meeting was adjourned at 6:21pm.

Respectfully submitted,
Melissa Owens, CMCA, AMS
Association Admin, Rockwood PM

**Hanley Lofts Condo Association
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 Hanley Lofts Condo Association is a not for profit, mutual benefit corporation duly organized and existing under the laws of the State of Idaho; 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.

The Members hereby adopt this resolution by and on behalf of the Hanley Lofts Condo Association, which will be made a part of the minutes of the Annual Membership Meeting that took place on Wednesday, November 29, 2023.