

Meadow Lake Country Club Estates Homeowners Association, Inc.

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**Paul Jaspar, President
Diane Dubay, Vice President
Peter Mueller, Secretary
JoAnn Cate, Treasurer**

**Marvin Galts, Director
Gabriel Hagg, Director
Jamie Duff, Director
Pete Glee, Manager**

2019 Annual General Meeting Minutes-Proposed

Date: Saturday, June 01, 2019

Time: 1:00 PM

Place: Best Western Rocky Mountain Lodge Conference Room

Members in attendance: Diane Dubay, Peter Mueller, Jamie Duff, and JoAnn Cate. By teleconference: Paul Jaspar. Also, in attendance were: HOA Manager Pete Glee, Diane Craft, and homeowners included on the meeting roster.

1. Call to Order: At 1:11 p.m., Diane Dubay notified the homeowners and board members in attendance that there were not enough attendees to meet the quorum requirement. Therefore, the Annual Meeting would not be held.

2. Introduction of Greg Peck from JCCS to make audit presentation

For informational purposes, Diane Dubay introduced Greg Peck, the guest speaker from JCCS, to review the audit process and options. Greg Peck explained that most Homeowner Associations do not need a full audit procedure since it is an extensive and expensive review of policies, procedures, and transactions. For Meadow Lake HOA, Greg Peck suggested the "Agreed Upon Procedure" audit, which would specify what Meadow Lake HOA would like to have reviewed, such as proper billing procedures and a sampling of how transactions are handled. The cost would start at approximately \$3500 and depend on what the audit entails. Greg Peck concluded his presentation and opened the discussion to the floor for questions.

Barb Riley inquired: If Meadow Lake HOA wanted to procure a loan for the purchase of a capital asset, would a bank need a full audit? Greg Peck related that most lenders do not require external audits. Diane Dubay asked: If the main concern for Meadow Lake HOA was embezzlement, which audit would be most effective? Greg Peck recommended the "Agreed Upon Procedure" audit. Shannon Bowermann questioned if there is a concern for embezzlement at this date. Paul Jaspar related the security controls currently in place: (1) Division of duties between the bookkeeper and the manager, (2) Check signing by two Board Members, and (3) Board Members who review financial statements. He stated that he is not concerned about anyone absconding with cash, and he believes that a full audit would be a waste of HOA funds. Barb Riley explained that the homeowner concern is due to the embezzlement of HOA funds that occurred in the past. Paul Jaspar mentioned that the Meadow Lake HOA Board learned from the lack of the level of oversight and have remedied the issues. Tom McElwain commented that Meadow Lake HOA also had problems with a previous bookkeeper who was not crediting homeowner accounts properly. Pete Glee explained that the issue was resolved, and the missing payments were recovered. Diane Dubay clarified that an account review of Meadow Lake HOA record keeping would be the best option. Greg Peck agreed that a sample of transactions would be the most effective audit. Tom McElwain asked if the Meadow Lake HOA management would sign a letter affirming that the process is being followed and present such letter to the homeowners. Diane Dubay thanked Greg Peck for his presentation.

3. Comments by the Board President:

Paul Jaspar shared comments thanking Diane Dubay, Pete Glee, and the Meadow Lake HOA staff for their hard work. He related that it has been a busy year with road maintenance projects and website renovations. Discussion ensued as to the voting process with vacancies on the Board. Since the Annual Meeting cannot be held, Pete Glee wondered if the Board could reappoint members at the next Board Meeting. Barb Riley stated that this issue occurred in another association last fall and related that the HOA mailed ballots to all members to approve the budget; the simple majority of respondents held the action. Paul Jaspar recommended presenting the issue to the lawyer for clarification.

Barb Riley informed the attendees that a recent Montana House Bill was approved May 8, 2019 that will affect homeowner associations and will alter the way that covenants are changed. Pete Glee acknowledged the new bill and summarized it as follows: If an HOA changes its bylaws or amendments, the homeowners who do not approve of the changes will continue to live under previous bylaws or CCR's at the time of purchase. Pete Glee will review the changes and its effect on Meadow Lake HOA with the lawyer. Paul Jaspar concluded his comments and thanked all in attendance.