

**Minutes of the Lake Arrowhead Property Owners Association
Special Executive Board of Director's Meeting
October 26, 2022**

Meeting was called to order by President Carolyn Wright at 6:32 p.m. via Zoom and in person in Lancaster Hall. **Attendance:** *Present:* Katie Warner, Dan Burroughs and Gary Smith. *Present via telecommunications:* Carolyn Wright, Paul Cutting, Dana Stubli, Nicole Burroughs, Tom Rozyki, Brandon Sears, Ron Race Sr., Judy Race, Ron Race Jr., and Dave Johnston. *Absent:* Jeff "Fango" Kennedy. Corene Ching was present; all other contractors were excused.

Contractors or Employees:

Background: During the audit, our CPA suggested that we review our contractor status to determine if they should be classified as employees. Out of our seven contracts, only two of our contractors' contracts (Roads, Grounds & Equipment and Office Manager) were given to our attorney, David Rowe of Alward Fisher who specialized in HOAs, for review, with the recommendation we transition to employees. Clarification was made that all 7 contracts were not initiated or reviewed by our attorney prior to the association using them. Specific points made included; if we were to be audited by the Internal Revenue Service (IRS), and they came to the conclusion that we should have classified our contractors as employees we could owe back taxes. Also, any unemployment that should have been paid may be collected by the Unemployment Insurance Agency (UIA).

Discussion: A ballpark amount of \$6,000 from a comparable entity, would need to be added to the budget to cover the added expenses. A lengthy discussion involving board members, pointing out several points of views, from both sides was had. Point was made about Article XI – Appointed and/or salaried contractors of the association, Section 1 of our bylaws with regards to being authorized to appoint or hire independent contractors.

Motion by Tom to have Lake Arrowhead make changes to the contracts to ensure that we maintain contractor status was made and seconded by Katie. Tom withdraws motion.

Motion by Tom to contract a labor attorney to determine if our goal of maintaining contractors, versus employees, is achievable was made and seconded by Dan. Motion carries with 7 in favor, 6 opposed, and 1 absent.

Committee to further investigate and communicate with labor attorney will consist of Brandon, Paul, Carolyn and Judy.

Ron Sr. leaves the meeting at 7:48

Server Update: All is going well minus a few kinks that Cutting Edge will work us through – awaiting final bill.

Motion to by Dan to adjourn was made and seconded by Brandon. Motion carries unanimously.

Adjournment: At 7:53 p.m. Carolyn called the meeting adjourned.

Minutes submitted by Katie Warner, LAPOA Secretary