

GLFPC Summary/Interpretation

GLA Finance/Collection Committee Meeting

February 17, 2016

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Your suggestions are welcome should there be oversights or errors.

Described as a working meeting, Finance Committee Chairman Rudy Parker convened the meeting about 6:45 pm at Liberty Hall. All of the other committee members were present: board members Charlotte Mizzi, Dennis Riley, Dan Kehoe, and landowners Regina Wunsch, Debbie Blais, and Debbie DeGraaf plus about 10 landowners.

Copies of the past due assessment list, that were numbered and labeled confidential, were distributed to all attendees with the specific instructions that all copies would be returned at the end of the meeting and that none of the content could appear on the Internet. While work to collect on the 75 past due accounts remains on-going, Murphy reported that eight accounts are recently paid up and eight more are nearly so. Volunteer Debbie DeGraaf was thanked for her interest and long hours of calling members with delinquencies. Wunsch explained that some past-due accounts still need to be recalculated because not all of them have been assessed interest, and some have had the interest and penalties combined with the principal in such a way that the interest has been compounded. Per the current GLA covenants, the 18% interest on past due accounts is simple interest.

How to handle the recalculating work is a bit like triage, according to Murphy. For the accounts that need immediate corrections, given pending changes in ownership, it was decided that Wunsch and DeGraaf would recalculate those, perhaps manually. And by consensus it was agreed that other recalculations could wait until the end of tax season, when GLA's newly hired bookkeeper would have time to handle them using Quick Books.

As he has done before, Kehoe urged that no action be taken on the large past due accounts (mainly those that owe the members more than \$10,000) until the interest rate is reduced from the current 18%. Montana law allows a maximum of 15% simple interest on past due assessments. GLA's Governing Document committee has recommended that the new interest rate would be 3% above a stable reference line such as the Prime Rate. Per some

estimates, as much as 2/3rds of the large past due accounts is interest and penalties.

Though some committee members appear inclined to agree with Kehoe that the proposed interest reduction should be retroactive, some landowners disagree. If applied retroactively, landowners reason that it would be unfair to those who have already paid the 18% interest in good faith. The Governing Document changes up for discussion do not address or mention whether any change in interest rate would be retroactive.

Copies of the lien notice letter which the board has used in the past to send to past due account holders were circulated and discussed. When questioned about the kind of lien used by GLA, Murphy said it was a contract lien, which does not expire. However Kehoe corrected that saying that while GLA's lien looks like a contract lien, it is actually a lien tied to the GLA Governing Documents. He said the GLA liens do not expire because the covenants tie the lien to the land. Several attendees stated that contract liens expire in 7 years.

It was reported that there is an immediate need to file at least two liens, and that GLA's former paid Administrative Assistant Denise Kirk has been hired to file these. It was also agreed that Kirk would be hired to train Vice-President and Committee member Riley who volunteered to be trained to file and release liens in the future.

GLFPC Note: *There was no mention of any meeting notice or minutes where such an action was voted on – thus landowners can only wonder how these actions are decided and by whom. Even though the intention to file liens and train a replacement to Denise Kirk may be practical, the lack of due process is problematic.*

Discussion about a request for a break or some kind of negotiation on past due amounts on two parcels, NG 65 and NG 39, which are both owned by the Church Universal and Triumphant, and leased to two different lessees drew strong feelings. It was announced that C.U.T. may potentially “take back” both parcels by terminating the 99-year lease on them. Parker said that making a deal would be ok. Hearing others say “no” to any deals, Kehoe claimed the board has the authority to reach a settlement on these accounts. He reasoned it is better to get some money than have the account unpaid. Both accounts are in the five-digit range for back assessments and interest owed. One is for \$22,000 and the other is for \$18,752.

Other landowners stated strongly that the board does not have the liberty or authority to reduce a balance due or give money away until and unless there is a membership vote to do so. Wunsch and others reminded the committee that they are dealing with corporate money, and corporate funds are protected by law. When asked what prompted this discussion of negotiation, as there will be no apparent change in ownership or escrow involved and a

lien currently exists on both parcels, Parker answered that the church would actually pay assessments, if the leases were terminated. The parcels have been under C.U.T. ownership, would continue under C.U.T. ownership and the C.U.T. has the ability and choice to pay their assessments whether the parcels are leased or not. Murphy, obviously distressed by what she called fighting, called for moving on to the next agenda item and prevailed, with no decision, nor conclusion made on C.U.T parcels NG 65 and NG 39.

The Agenda Item to "draft" a Collection Process proposal for a Board of Directors vote in March was changed to discuss one that had already been submitted to a GLA collection attorney for review – apparently unbeknownst to Board Members other than Dan Kehoe. Kehoe reported that an 8-page draft payment plan policy is under review by the collections attorney and that, at this time, the current 2013 Assessment Policy remains in effect. The draft under discussion was not available for review by the Finance Committee. The new step in draft policy calls for a 30-day notice period before past due account names are given to the Collection Attorney. It was explained that the collection attorney will be working on an hourly basis and that the cost of collecting past due accounts will be the responsibility of the delinquent member.

And lastly, in what appeared to be a new initiative, the committee reviewed a list of GLA parcels that are listed for sale on the Internet. The list was generated by a landowner and sent to the committee prior to the meeting. Parker said he did not have time to work with the list because it did not show parcel numbers. To ease things, Murphy gave Parker a copy of the list, which she reworked prior to the meeting that linked parcel numbers to the specific listings. Murphy announced that the list revealed that parcel SG 51 had been subdivided, with 3 individual subdivisions now offered For Sale. She speculated that because the subdivision had not been reported to the GLA, that past due assessments would have to be calculated for this account.

While the agenda indicated that if the meeting went past 9 pm, the unfinished business would be taken up at the next meeting, the meeting adjourned about 8:30 pm. Next Finance Committee meeting is set for March 30, 2016 at 6:30 pm in Liberty Hall.

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