

GLFPC Summary/Interpretation
Of the GLA Finance Committee meeting on January 20, 2016

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Finance Committee Chairman Rudy Parker called this meeting to order in the kitchen area of Liberty Hall in NG at 6:30 pm on January 20, 2016. Last on the 10-item agenda was a 6-page letter from GLA's financial consultant Regina Wunsch listing numerous problems with the directions and financial data that Parker had given to GLA's newly hired bookkeeper, Julie Indreland.

Committee members present were Dennis Riley, Dan Kehoe, Charlotte Mizzi, Regina Wunsch, Debbie Blais, and Debbie DeGraaf, plus at least eight landowners.

A line-by-line review of the 2016 Draft Budget generated detailed discussion, first about projected income, and then projected expenses. Land assessments for 2016 are expected to generate about \$71,000 income. Dwelling assessment income is expected to be about \$52,000. The latter represents an increase of about \$2000 over last year due to the addition of 19 new dwelling assessments. With about \$10,000 of income from Golden Age Village, the total income is about \$131,000. The projected expenses are about \$142,000.

Due to this \$11,000 discrepancy, some attendees discussed where to find the additional funds to balance the 2016 budget. Some committee members reasoned that the projected income for the payment plans for past due assessments, which has averaged at least \$10,000 for several years, should be used to balance the budget. Others reasoned that the needed funds should come from GLA's unallocated savings account because that is assured money. Fearing that it would appear GLA was living above its means should money from savings be taken to balance the budget, yet accepting that mainstream budget planning calls for the use of actual funds not expected funds, the committee finally agreed to transfer money from savings to balance the budget.

Committee member Dan Kehoe said it is reasonable to expect that the payment plan income will increase in 2016 because the plans to use a collections attorney to actively collect past due assessment are nearly finalized.

In a landowner-initiated discussion about the use of liens on past due accounts, Parker called it "a slip for sure" that the board had failed to put liens on past due accounts last year. One landowner pointed out that \$4000 of lien income was lost last year when the GLA did not file the required paperwork on time and wanted to know what was being

done to prevent similar scenarios. No specific answer was given, other than the expectation that collection letters from the attorney will make payment plans look far better than liens.

It was explained that the income from past due accounts is largely lien income, given that there are only three active payments plans at this time. The past-due assessment list made available at the January 11, 2016 Board meeting shows 75 parcel assessments as outstanding.

In the review of projected expenses, it was noted that, as usual, this year's snow budget of about \$22,000 is padded so that funds are available when needed to deal with major snowstorms. If this year is like last year, then approximately half of this amount will be needed for snow removal. Several committee members said they hoped the "leftovers" might be used to fund a second snowplow truck.

By far, the biggest change in projected expenses is for roads with nearly \$95,000 budgeted for 2016. This represents an increase of \$58,000—money, which in past, would have been used to pay down the road loan, incurred when some GLA roads were paved. This money is no longer needed because that loan was paid off in 2015. While the Road Committee has yet to officially meet and plan how to use this additional money, some speculated that as much as \$25,000 might be needed to get a professional road maintenance plan. Others wondered if the money might be used for a second snowplow truck, but Kehoe reminded the attendees that a new snowplow truck is actually a capital expense.

When one landowner called discussion on the projected expenses of nearly \$2000 for the Parkland/Recreation fund (the former Soccer Field), "as clear as mud," deliberation followed, but it was not clear just how those projections would be spent.

Questions about whether to keep the estimated \$6,000 for litigation led to a consensus that the amount should not change. Kehoe explained that, if GLA prevails in having the remaining O'Connell lawsuit dismissed, it is likely that GLA will face a new lawsuit. If that happens, then it is likely that GLA will file a vexatious lawsuit against the O'Connell's to end all lawsuits.

Reflecting on this possibility, others asked if \$6000 was really adequate, given that GLA board does not have liability insurance. Kehoe further explained that the board has earmarked \$30,000 in savings for the legal defense fund, if needed. He added that about \$5000 has already been spent to prepare for a possible vexatious litigant lawsuit.

Questions about document production costs of \$1700 were answered, when it was explained that Alyssa Allen had been paid to prepare legal paperwork in 2015 and that her services may be needed in 2016.

Detailed and confusing discussion regarding the cost of legal advice for non-lawsuit matters followed. For example, should covenant interpretation and enforcement be part of the overall administration costs? Members debated whether to include such things in the administration costs. Nevertheless, the committee reached the consensus that GLA's bookkeeping system needs to be simplified.

Others cautioned that if too many line items are modified or combined in a move to simplify the books, it would be difficult to track and compare costs from year to year. Countering that notion, some said that too many details set the stage for mistakes.

Other projected expenses show \$14,000 for the administrative assistant's yearly wages. This calculates to 20 hours/week at a cost of \$12-13/hour. Interviews to fill the soon-to-be vacated position are scheduled for Saturday, February 13, 2016. Admin. Asst. Karleen McSherry gave her resignation effective January 31, 2016.

GLFPC Note: *The GLA will be without an administrative assistant beginning at the end of January, and has scheduled interviews for mid-February to fill the position.*

Questions followed about the nearly \$2000 for lien expenses, which led to the understanding that while the cost of collections per the GLA Governing Documents is to be paid by each past-due account holder, there is need to have some up-front money for the collection attorney.

Tangential discussion confirmed that GLA uses three attorneys. Kehoe called the use of specialized attorneys, "the best way to get the best bang for the buck." One landowner said the work of the Legal Committee is confusing because there are no reports, updates or official meeting minutes. No answers followed, given that Parker called this discussion "off topic." In the end, it was decided to keep the cost of legal fees for 2016 at \$5000.

Little conversation followed on the \$2000 cost to rent facilities, the \$600 needed for real estate taxes that are due on the GLA common properties and the \$300 set aside for food at the 2016 Annual Meeting.

Having found consensus on the 2016 Draft Budget, Parker then asked for instructions on how to direct the new bookkeeper to handle unspent funds from 2015, noting that the board had departed from its usual practice last year. Three years ago, the board passed a motion that all unspent monies at the end of each year were to be transferred to the road fund. However, last year left over funds were used to build the \$30,000 legal defense fund and to pay off the road loan ahead of time. By consensus, the committee decided to seek advice from the Road Committee before addressing Parker's question.

Given that GLA's road budget has a separate account for NG and SG, the allocating of

leftover funds to our roads can get complicated considering that the split is not exactly a 50:50 cut. The discussion of how to handle leftover snow funds (which are not split) from 2015, led to the decision to leave the extra money in the savings for now.

The committee decided that the February 12th membership letter would include the year-end balance sheet for 2015, related profit and loss statements, and the draft 2016 budget, assuming it is adopted at the February 8th, 2016 Board Meeting. The mailing will also include information about the proposed Project Review application fee increase for landowner perusal and input.

Parker's proposal to pay GLA employees with a direct deposit process was discussed, but no action was taken. His proposal that GLA should have a way for members to use credit cards to pay assessments was tabled, pending the call for more information. One landowner offered to send Parker a link to information about a credit card payment service that was cheaper than the one Parker had suggested.

Kehoe volunteered to work on the ongoing and still incomplete task of recalculating the totals on some of the past due assessments. Kehoe indicated that it was unclear how the interest has been calculated, and Parker said he needed help with those recalculations.

When a landowner asked why one financial report said the total of past due accounts was \$268,000 and on another report, the total was closer to \$280,000. It was determined that the lesser amount did not reflect interest on past due assessments from 2015, and an invoice for about \$5000 sent to the Erickson's for fees related to a previous variance request.

Regarding another issue, Parker said he still needed to complete the invoices with the receipts, noting that he had not been consistent when he started the job. On another matter, he agreed to write a letter to two members on payment plans to renegotiate the payment amounts, because their payment amounts are not high enough to cover current assessments, while lowering their past-due balances.

Parker also asked for direction on how to oversee the new bookkeeper, given that Wunsch's long-standing volunteer work as a financial consultant to the GLA is ending.

One landowner suggested that if the books were truly transparent, a group of landowners could be trained to do the oversight. However, Mizzi said checkbook information is private and should not be put out to the public on the Internet.

“And why is that?” asked another landowner.

“Because we are a private corporation,” answered Kehoe. “The fact that you are asking tells me you have little discrimination about what goes on the Internet and what does not.”

“But landowners have a right to know about the checkbook details and it does not matter whether the rest of the world knows or not,” responded a landowner. Other attendees agreed, stressing that landowners have a right to know *all* the details about how their money is spent.

“But the majority of the landowners have not asked to know these things,” Kehoe said. “Only a few ask, and while they may be entitled to the information, they are not entitled to put it on the Internet,” he continued.

“So we really need a way to better inform landowners and that is a challenge to the board,” said another.

“And that is a lot to do when we are trying to get all the other stuff done,” added Kehoe.

With a quick retort, another landowner said, “Well that is the job and if you do not want the job, then don't take it.”

Returning to the agenda, the committee agreed that there is a need to do a monthly review of the books and that the process used by Wunsch should be written down, so the process can be passed on to those handling the books in the future.

During closing remarks, Parker said he had not known that Wunsch had been checking the financial reports for several previous treasurers. After Parker has been informed of Wunsch's consistent financial supervision, he exclaimed, “I love it! Are you willing to continue as my assistant?” He added that he would like to work with Wunsch as long as she did not post his errors on the Internet.

Wunsch clearly stated that she has never been an assistant to anyone and that she had only volunteered to work with Minnick and with former Treasurer Janice McCann because they had asked for her help.

Kehoe reflected that it would be great for GLA if Parker were to rely on Wunsch for her oversight, but that it would be unfair to Wunsch. Wunsch agreed, clarifying that the present system is not sustainable.

When asked if she could provide oversight until GLA makes other arrangements, Wunsch agreed to make sure that reports for the February mailing were accurate, but only after she had time to complete her own corporate tax work.

Noting that he had work obligations the next day, Parker adjourned the meeting about 9:30 pm and agreed to finish the agenda. Committee member Charlene Murphy's offer to stay longer and continue the meeting was not accepted, due to the fact that most wanted

Parker to be part of this vital discussion. Most notable was Wunsch's letter to the Board, listing the necessary corrections in order to complete the 2015 books, as well as directions for the new bookkeeper. Another Finance Committee meeting to address these important concerns, was scheduled for the following Wednesday, January 27, 2016, at the same time and location.

GLFPC is reminding all landowners of the upcoming February 8th monthly board meeting at 7 pm at St Johns Church. Please attend. The larger the force the greater the possibility for positive change in our community!