

## Glastonbury Landowners For Positive Change

**This Summary/Interpretation of the GLA Finance Committee Meeting April 27, 2016 is offered as a volunteer service by the GLFPC**

*Your suggestions are welcome, should there be oversights or errors.*

### Key Points

- Opening the meeting, Treasurer Rudy Parker asked volunteer Regina Wunsch how much was in GLA's unallocated savings.
- Rudy Parker's wife, Clare Parker, claimed Wunsch had hidden the real costs of snow removal in High South when she volunteered to bring the GLA books up to "standard accounting principles" at her own expense.
- Rudy Parker apologized for his continual mistakes cited by Wunsch, which she previously detailed in several letters of concern and counsel to the GLA Board.
- Rudy Parker said he would make a one-page synopsis of the monthly financial reports for presentation at future board meetings. The goals are for ease of understanding and saving time.
- Kehoe said the interim interest reduction from 18 to 12% on past due accounts is retroactive, even though that was not part of the unanimous board vote at the April 11, 2016 Board Meeting.
- Landowners questioned the prudence of reducing GLA interest to 12% at a time when there is a shortage of funds for extensive upcoming road maintenance.
- GLA's newly hired bookkeeper, Julie Indreland, will sort through the incorrect balances on the past due accounts. The errors are due to inconsistent charges, some with simple interest and some with compounded. There was no discussion of how much this extra work would cost the GLA.
- No new liens can be filed until the balances are recalculated, which will be done by Indreland and her associate.

### Summary and Interpretation

GLA Treasurer Rudy Parker convened the Finance Committee meeting on Wednesday, April 27, in the kitchen at Liberty Hall just after 6:30 pm. He noted that this was the fourth meeting of the year. A few directors and a dozen or so landowners were present, as was an Indreland's associate, Micah. The first comment by Parker was, "If Regina is my right hand, then Micah is my left."

Though not an agenda item, Parker asked volunteer Regina Wunsch what is the amount in GLA's unallocated savings account. She responded that Indreland would get the information tomorrow. Parker stated, "That the Road and Weed Committee is very eager to see if there is extra money to fix the roads this year."

There is a new layout and a "received column", which was just added to the monthly financial reports so that the board can track the rate of collected assessment payments. Currently, that is at 66.11% of what was budgeted and 56.9 % of what we have invoiced. Last year the collection rate was about 85%, based on the annual budget. Though Parker claims the sky is not falling, the 2016 Budget will be short by about \$25,000 if this rate continues, per one landowner's calculations. Parker contended that the payment rate will improve towards the end of the year. Wunsch countered him, noting that there is no historical basis to validate his theory.

In her handout titled a "Ten-year Overview of Snow Removal Costs" Clare Parker, the treasurer's wife, claimed that when Wunsch's donated personal funds and volunteered her time to bring GLA bookkeeping practices up to standard accounting principles, she hid the real cost of snowplowing in High South. Rudy had given his wife the snow removal costs dating back to 2006. Clare Parker has long contended that the GLA Road Committee spends an unfair amount of money plowing High South roads.

*GLFPC Note: Clare Parker's handout was not part of the agenda, but took considerable meeting time for discussion.*

Wunsch pointed out to Clare, "That she takes issue with personal unsubstantiated attacks. Now that is libel." She explained, "That wages and contractor costs were lumped together and no one accounted for overhead. All of the information up to 2014 is totally skewed." Most importantly, "it was the responsibility of the head of the Road Committee at that time, Robert Wallace, to tell the drivers how to fill out their reports," Wunsch expressed. Further, "the reports were heavily skewed for North Glastonbury, which was plowed at only 2 inches and the ice on the paved road was treacherous with lots of ice storms. We need to talk about sanding," she concluded.

Having received Clare's overview prior to the meeting, Wunsch wrote an email to the committee requesting that the snow report be corrected. As evidenced by the handouts, Wunsch's request was ignored.

The report is inflammatory and incorrect, concluded Wunsch. "I did not redo the books to hide the snow removal costs for High South." When Clare agreed to correct her report, a landowner called for those involved to apologize to Wunsch. Clare acknowledged that she had no proof for her allegations and apologized. In turn, GLA Board President Charlotte Mizzi apologized to Wunsch on behalf of the board.

Citing the report, which showed the average snow removal costs at about \$10,000 for the last ten years, the treasurer announced that the current snow removal budget is 'too padded' and that it should be reduced to free up more money for road maintenance. However, Wunsch counseled that the report is based on errors and until the overview is completely corrected, it should not be used to draw any conclusions. Others, remembering the huge snowfall of 2010, thought it was pointless to lower the budget for snow removal. It was agreed to revisit the matter in November.

As tension eased, a landowner stepped up to say that a better way to deal with snow removal costs in High South is to let him remove his property from the Association. He added that he and his neighbors have already spent \$156,000 of their own money to plow snow and maintain the roads in that area. "But to let any landowner out of the Association is a recipe for disaster," Parker claimed.

The next agenda item were letters from Wunsch to the board, dated March 21, 2016 and April 7, 2016. Encapsulating her letters, Wunsch stated, "That the treasurer's February Reports are not sufficient to derive the financial status of the organization. All of the essential information is missing and no board member noticed. Income and collection rates were not there. You can't do business this way. I find this disconcerting." Wunsch pointed out that the board as a whole, not just the treasurer, is responsible for complete and accurate financial records and reports. Parker admitted, "It was my fault that I did not give Micah the correct instructions." With that said, he apologized.

It was noted that three board members had abstained from approving the February Financial Reports because they did not understand them. Kevin Newby had voted "No." Wunsch said, "It is someone's responsibility to compile the information in a user-friendly manner and present it to the Board and landowners, and to conduct business responsibly. You are managing landowner's funds."

Parker agreed, as did Kehoe, that there could be a one-page synopsis of key points for the board to review monthly. Parker said he would do that. A landowner added it would give everyone more time to study the reports if Parker made them available at least a day or two ahead of the meeting, rather than just an hour or two.

Wunsch also stated, "that she is still waiting," per her letter, for a signed statement from GLA's attorney that says, "that the board can discount assessments and past dues at will, on a case by case basis according to their discretion. I want to know if this is legal. I haven't received anything yet." She advised, "I believe, that there needs to be a structure in place with procedures and guidelines that the board should follow and they need to be applied to everyone. Constraints need to be in place under which the board negotiates."

Per Kehoe, the attorney has written that the board has the discretion to negotiate settlements because it has the authority to file a lawsuit. Wunsch believes however that the discretion to settle a lawsuit differs from the discretion to negotiate the interest rate on delinquent financial contracts.

There was no consensus that Wunsch's question would be answered about whether the board has the discretion to negotiate financial agreements. Instead, both Kehoe and Murphy reminded Wunsch that the committee is working on a uniform collection policy that will treat everyone the same. Kehoe added there would be no negotiation on any past due accounts until the uniform criteria is in place.

Though Kehoe has said this in the past, he again said it would be more reasonable to negotiate and get some money for the roads rather than spending money on an attorney to collect all the money due to GLA. He added, "A bird in the hand is worth two in the bush." One landowner said it was not prudent to lower the potential income from past due accounts at a time when there is critical need for road funds. Another reminded Kehoe, that per the GLA Covenants 11.01 and

11.06, all collection costs are to be paid by the delinquent member, not the association. Kehoe defended that payment of collection costs are often delayed.

Ongoing discussion about how much revenue now stands to be lost because the board voted to lower the interest on past due accounts from 18 to 12%. There were significant differences in speculated calculations. It was agreed, however that past bookkeeping mistakes and inaccurate past due balances would first have to be recalculated by the accountant.

In her letter, Wunsch also questioned what criteria the board uses for appointing directors. DeGraaf is experienced and successful with collection work (her recent collection phone calls netted about \$8,000 back to GLA). Regina said she and DeGraaf work well together. Dobrowski declared that DeGraaf had been too critical of the board to serve on the board. Mizzi alleged that though the appointment was a hard choice, that there were two very different skill sets, but the board needed Johnson to serve on the road committee. A landowner spoke up, "You already have ten people on the road committee. Why do you need one more?"

The issue got more conflicted when a landowner said Johnson, who is in his eighties, was too old to serve on the board and that Johnson appears to sleep during the meetings. Mizzi took immediate exception to this comment and said age discrimination is not fair and that while it might look like Johnson sleeps at the meetings, he does not. Noting that she herself is 76 years old, Mizzi stated there is no way she will ever tolerate any age discrimination.

A final point in Wunsch's letter called for someone on the board to routinely check the bookkeeper's work and reports because she was no longer willing to do so. Wunsch explained that the bookkeeper is amazed that no one on the board is doing this. "Someone else must be appointed to handle this task," she declared.

When board members Newman Brozovsky and Richard Johnson were named as directors "who need to do something", and could be considered for this task, there was an obvious lack of enthusiasm among the committee members. Instead, Murphy offered to routinely check the reports. A landowner said, he too, would gladly do the work, even if it took 10 hours a week, and that he would do it for free. The committee was unreceptive to his offer. Instead, the consensus was that Vice President, Dennis Riley (absent), would be assigned this work. Wunsch offered to train him.

Mizzi called the April 22, 2016 meeting with the new bookkeeper "a good one" and reported that there is still no timeline for sending out eleven new liens. Wunsch explained that there is a lot of work to correct inconsistent interest rates on each balance before the liens can be filed. Some accounts were charged simple interest and some were charged compounded rates.

When asked whether the lien balances were going to be calculated at 18% (per the Covenants) or at 12% (per the board's recent vote), Kehoe said the interest reduction is retroactive. However, the treasurer thought the rate reduction was not retroactive. Kehoe explained the board needed to bring the interest rate into alignment with the law. It was agreed that the 18% baseline balance would be calculated for each past due account before any reductions are considered. However, the next billing cycle on May 30<sup>th</sup>, accounts will be charged the 12% interim rate, retroactively.

***GLFPC Note:*** When the board voted at the April 11th Board Meeting to reduce the interest on past due accounts, retroactive was not part of the motion. Kehoe's claim that it is retroactive is

*counter to what the board voted on. Speculation is that Kehoe is pushing to make the interest reduction retroactive, because at least two of the largest past due accounts are owned by his employer, Church Universal and Triumphant, and other parcels by Church members. Until interest rates are recalculated on past due accounts, there is no way to know how much money will be given away due to the board's unanimous vote on April 11, 2016, never mind Kehoe's retroactive maneuver.*

As is the case with other Finance Committee meetings, there were at least four other agenda items that had not been addressed. This meeting concluded shortly after 9:00 pm. The next Finance Committee meeting is on June 1<sup>st</sup> at 6:30, Liberty Hall kitchen.