

Glastonbury Landowners For Positive Change

The mission of the GLFPC is to foster a landowner's association, of the people, by the people, and for the people of Glastonbury, create a harmonious and inclusive community, and enhance property values.

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

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

Key Points

- GLA Treasurer Rudy Parker confirmed that at least one GLA member has been given a 50% assessment discount for 10 years. When questioned directly, Board Secretary Charlene Murphy admitted she was treasurer when this practice was started, and that she did not remember the details. Murphy responded that she would research the situation. Former and current board members have repeatedly defended that no assessment discounts have ever been given.
- Parker insisted he has a right to give away GLA's landowner money, claiming the GLA is a non-profit charitable organization, which should have compassion for those with financial hardships. Landowners who argued that no board member is allowed give corporate landowner money away, were dismissed by Parker.
- Parker's statement that liens expire and need to be updated every three years diffused a long-standing argument between landowners who understood that liens expire, and the board that historically claimed otherwise. As of July 8, 2016, twelve liens were newly filed. Parker estimated that 27 to 30 older liens are waiting to be renewed.

Summary and Interpretation

A meeting of the GLA's Finance Committee was held Wednesday, July 27, 2016 at Liberty Hall in North Glastonbury.

AGENDA:

1. Update on recalculation process by Accounting & Tax Solutions.
2. Update on lien filing process
3. Update on collection efforts of past-due accounts
4. Rate of collection on 2016 invoices
5. Update on 11.06
6. Feedback on Collection Procedures
7. Signing of confidentially agreement members Finance Committee/Panel
8. Feedback on Treasurer's Report
9. Next Finance Committee meeting

The only committee member in attendance was Rudy Parker, who is the chairperson. The other members Dan Kehoe, Charlotte Mizzi and Dennis Riley were absent. Seated next to Parker was Charlene Murphy, non-committee member and board secretary, who agreed to take the minutes, which would be "sketchy," she said. Numerous landowners were present.

To address the first agenda item, Parker reported that the accountant's work to update and recalculate past-due assessments is still not complete. He explained that the work is tedious and difficult due to inconsistent bookkeeping practices in the past. The largest of GLA's past-due assessment account is over \$24,000. Until the exact balances are known for each of the dozens of older delinquent accounts, the board cannot collect this significant debt.

Attendees were allowed to see, but not keep, handouts of Parker's working records for the past due accounts, dated July 24, 2016. The treasurer's work was missing any current total of the amount of past-due assessments. The only past-due assessment total provided, and endorsed by Parker, was \$260,309.87, which dated back from December 31, 2015.

Discussion ensued about the board's plan to reduce GLA's interest rate from 18%

to 12%, along with the board's desire to also apply the reduction *retroactively*. Most attendees agreed that the interest rate should not be lowered. Parker defended the 6% rate reduction, saying the collection attorney advised the 12% rate. In answer to a landowner's question, Parker stated that Collection Attorney Rick Landers did not advise that any reduction be applied retroactively. When questioned by Parker, not one of the attending landowners supported the lowering of the 12% interest rate charged to past-due accounts. Landowners agreed that making the interest rate reduction *retroactive for up to twenty years on delinquent accounts* is unfair to landowners who are current in their assessment payments.

Parker also reported new lien filing is underway for delinquencies that are more than two years old. No liens were filed in 2015. Ten members had liens placed on their properties for the first time. Eleven members received certified letters warning them that liens will be placed on their property within 30 days, unless those members take appropriate action.

The step implemented to collect more recent past due monies, include a personal letter from Parker and phone calls to about 40 delinquent members from volunteers. This volunteer initiative netted about \$13,000 in 2016. By contrast, \$15,000 was collected in 2015. Fifteen landowners are now paying, and eleven more are working on payment plans. Past due payment funds are put into GLA's unallocated savings.

GLA's current rate of land assessment collections has dropped to 72.4%. The current dwelling assessment collection rate is 71.6%. Both rates were in the 80% range earlier this year. Because GLA's 2016 Budget was based on an 85% collection rate, one could interpret these numbers as resulting in a projected budget shortfall. However, Parker predicts that, "per the trends", the GLA collections will reach or exceed the 2016 GLA Budget needs.

The fifth agenda item focused on Covenant 11.06, which partly states that the obligation to pay member assessments shall not be altered, unless by landowner vote. In violation of 11.06, Parker defended the board's on-going 10-year reduction of this one member's assessment, because he equates our non-profit Landowners Association with a "charitable organization." Others disagreed with Parker, saying that *no board member can legally give away landowner money*.

Further statements made by this treasurer were cause for concern by all who heard them. Parker revealed that he so believes in the community-wide benefit of lowering the interest rate on long overdue delinquent accounts that he is ardently campaigning for the change to the 11.06 Covenant. A landowner then clearly pointed out to him that being both a board member and an officer, he cannot discuss his personal views regarding the change to 11.06 nor can he exercise his influence over the way landowners vote. Parker did not appear to agree.

Parker is “cooking the books,” proclaimed another landowner, who then asked Parker to step down from the board. Parker retorted that he sees such attacks as his “Badge of Honor.”

When asked if he would take his own checkbook out to help a member in financial difficulty, Parker said, “NO”! Yet he continued to insist that he supported this discount. He was so assured of his conviction, that he demanded Murphy include his support of charitable discounts be recorded in the official meeting minutes. By contrast, Murphy voiced that she did *not* support any discounts, even though this particular discount started when she served as the GLA Treasurer.

Another said that even if Murphy's research finds a board motion that authorized this discount in 2006, it is *highly questionable* that it included the words, “in perpetuity.”

GLFPC Note: *Because the GLA Covenants stipulate member powers and duties, and Bylaws stipulate board powers and duties, it is reasonable to conclude that the term “Association,” as referenced in Covenant 11.06, refers only to landowner authority. The covenants supersede the Bylaws. To date, there is no known written landowner policy or procedure that establishes any standards to provide for discounted assessments. Parker's open admission that at least one discount is happening, confirms a long-held suspicion and concern on the part of GLFPC and others, that discounts were, and are most likely, being given.*

GLFPC concerns also extend to the use of board discretion for all money matters. In particular, GLFPC questions whether board discretion can trump state corporate law, which establishes corporate fiscal and money management practices for non-

profit corporations such as GLA.

In the interest of time, Parker called attention to the next item about how he should document the overspending on administration and roads in the 2016 GLA Budget. The board had already transferred \$40,000 from unallocated savings to the Road Fund for additional spring grading and gravel needs this year. An additional amount of about \$4,000 had also been moved from unallocated savings to the Administration Budget. By consensus, it was agreed that Parker would consult with GLA's former volunteer financial consultant, Regina Wunsch about how to record the over-budgeted items.

Parker proceeded to ask for feedback on his newly simplified treasurer's report, which had been recommended by Wunsch. Most said that the shortened report was welcomed and easier to understand. The new format will include monthly updates on the amount in unallocated savings, and the total amount of delinquent assessments, as suggested by landowners.

Final discussion focused on feedback to pending changes in the GLA Collection Policy. One unanswered question was, which collection policy was used to send the recent lien-warning letters to landowners: the one posted on the website, dated 1-1-2013, or the one dated in April of this year? Per landowner input, Covenant 11.06 says **members**, not the board, determine the changes to the Collection Policy. However, many board members believe they have autonomous discretion over all GLA's Governing Documents, and thus, can avoid a landowner vote to change the Collection Policy. Acknowledging that this is a complex and controversial matter needing more review, it was determined that the focus of the next Finance Committee meeting would deal with the Collection Policy. That meeting was scheduled for Wednesday, August 17 at 6:30 pm, at Liberty Hall Kitchen. Landowners are encouraged to attend.

The meeting adjourned about 9:00 pm.

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