

ANNUAL MEETING MINUTES - 2023
MIDDLETON ESTATES COMMUNITY ASSOCIATION

Date: March 1, 2023

Time: 7:00 p.m.

Location: Stuart Community Center

Board Members in Attendance: Jan Verow (President), Jennifer Michaud (Vice President), Jim Porter (Secretary), Judie Darr, Jordon Michael, Shana Strohecker

Also Present: Marc Michaud (Treasurer) and Cindy Carothers, CPA

Association members representing a quorum were present.

Jan Verow presided and called the meeting to order at 7:00 p.m., made some opening remarks and introduced the Board members.

Approval of Minutes of 2022 Annual Meeting – Members reviewed the minutes of the 2022 Annual Meeting. Joe Tubioli made a motion to accept them, Pat Manhart seconded and the minutes were approved.

Compilation Report – Cindy Carothers, CPA reported that she had reviewed financial records provided to her and prepared her compilation report based on that review. She emphasized that this was not a full financial audit. She pointed out that expenses exceed income for the period reviewed by over \$15,000.

Jan Verow pointed out that a full financial audit would cost between \$6,000 and \$7,000 and that the Association simply does not have the funds available for it.

Treasurer's Report - Marc Michaud provided a financial overview, discussed the 2022-2023 budget and answered several questions from the members. As of March 1, 2023 our expenses exceed income.

Marc explained that the Board's increased focus on collecting on past due accounts might require an increase in attorney expenses going forward.

Someone asked how many people were using the ACH service for automatic withdrawal of dues from their bank account and Marc replied that it was 7 people, but that the ACH option has only been available for about 1 year and he was hopeful that more people would opt into it in the future. Pat Mainhart asked why the bank was charging us for ACH services and Marty Line made a motion to eliminate the ACH option for payment in order to save that expense. Katie Landis, the previous treasurer, explained that the ACH option was put in place as an alternative to accepting credit card payments which were more expensive to process. Marc commented that if we eliminated the ACH option and went with a credit card option the fees would likely need to be charged to the homeowners paying by credit card. Joe Tubioli suggested that continuing the ACH option was probably the most cost effective method available and was therefore a good investment. After further discussion, Marty withdrew her motion.

Marc reviewed the various line items in the budget and projected a deficit of about \$7,710 for the fiscal year ending March 31, 2023. He pointed out that dues have not kept pace with inflation and suggested that, had dues increases been tied to the Consumer Price Index (CPI), a common tool used to determine the rate of inflation, dues would need to be about \$60 monthly.

The 2023-2044 proposed budget we reviewed. Joe Tubioli made a motion to accept, Katie Landis seconded the budget was adopted by unanimous vote.

Nominating Committee – Jim Porter reported that the three nominees for Board positions, Judie Darr, Christina Gerlach and Jennifer Michaud had all been elected.

Annual Review – Jan provided an overview of the Board's activity over the past year and answered several questions. Topics included: Addressing past due accounts; coming up with a more realistic budget, bringing on a new, more aggressive attorney, increasing communication with homeowners, repairing sinkholes at the park and addressing lawn care and snow removal services.

She pointed out that one priority of the Board was to more aggressively seek payment on past due accounts. She pointed out that at the end of 2022 the past due balance was \$14,232.73 and as of the date of the Annual Meeting was \$7,572.23, with another \$700 plus dollar check due to be received shortly. This effectively cuts the past due balance by over 50% due to increased collection efforts.

In the past the philosophy had been to wait until property with a past due balance was sold, at which point the Association would receive their funds after the sale closed. Before implementing the new collection procedures the Board officers met with a local attorney, Hubert Gilroy, for advice. He will now be sending letters to past due homeowners and initiating lawsuits to collect as necessary.

Jan explained that with the reserve funds having been depleted to cover operating expenses over the last several years, even the new dues rate of \$52.50 is not sufficient to balance our budget, let alone build the reserve funds back up. Katie Landis commented that this problem had been developing for some time and that a few years ago she had told the Board at the time that things could not continue the way they were going.

In response to a question, Jan explained that the state of PA does not require a reserve fund, but that as rule of thumb, an association should maintain such a fund as a form of savings account to be used toward repairs, improvements, etc. that are not general operating expenses. Dues should be set at a level to fund all operating expenses and to retain or replenish a reserve fund.

The subject of mailboxes was brought up. Katie Landis mentioned that the Board had received a prior estimate of \$20,000 to replace the mailboxes, some of which date back to 1987 and the newer ones from 1999. Someone asked if we could have the Postal Service provide home delivery and eliminate the mailboxes. The answer is no. The Postal Service will not do home delivery in communities such as ours.

The topic of a dues increase was brought up and we discussed the need for a special meeting to address it. This led to a general discussion about the Bylaws and the restrictions on changing them. Someone suggested just changing them anyway and Katie Landis pointed out that the last time a Board tried to change the Bylaws illegally the Association was sued. Jan said she would look into a special meeting but warned that a change to the bylaws would require 82 votes. In response to a question as to whether a

person could vote if they were not at that meeting Jan referred them to the Bylaws where proxy voting is explained.

Jan discussed the landscaping/snow removal services provided by John Fraker. Janna Books commented that 3 estimates were received and John's was the lowest. John is doing a good job and works with the Board to stay within our budget.

Complaints regarding pet owners were raised. There is an ongoing problem with owners not cleaning up after their dogs and allowing dogs off leashes. Jan responded that action will be taken by the Board, but that proof is needed. She encouraged residents to provide pictures of offenders if possible. The Board can then deal with them directly, file complaints with the Township, etc.

Joe Tubioli asked if the Board was going to develop a capital expenditure budget with specific repairs and improvements listed. As examples he mentioned the mailboxes, sidewalk repair and the playground. Jan replied that at this time there is simply no money for such improvements. Joe suggested that even in the absence of funds being available, there should be a list of priorities established. Marc Michaud agreed.

Motion to Adjourn: Barb Kell made a motion to adjourn, Bea Erickson seconded. Upon unanimous vote the meeting was adjourned at 8:36 p.m.

Minutes submitted by Jim Porter