Middleton Estates Community Association

Carlisle, PA 17013

Monthly Board Meeting

Date: July 12, 2022

Time: 6:30 pm

Location: Stuart Community Center

Board Members in Attendance: Jan Verow, Jennifer Callahan (via phone), Judy Darr, Jordon Michaels, Jim Porter

Non-Board Member Officer in Attendance: Marc Michaud, Treasurer

Board Members Absent: Shana Strohecker, Joe Tubioli

The meeting was called to order by Jan at 6:43 pm.

Due to the resignation of Board member Katie Landis subsequent to the May meeting, and in accordance with Article 7, Section 2 of the BYLAWS, Judy Darr was appointed to the Board prior to the July meeting.

May Minutes: Because the June meeting was cancelled, the minutes of the May meeting were approved by an email vote on June 24, 2022.

Open Floor:

Open Floor began at 6:43 p.m. No members were present. Open Floor ended at 6:43 p.m.

Committee Reports

Recreation - Waived

Budget/Finance – Waived – See New Business

Architectural & Maintenance – Waived

OLD BUSINES - None

NEW BUSINESS

Financial Review

Jan distributed copies of the First Amendment to the BYLAWS which is dated August 28, 1997.

Jan distributed a proposal from our landscaper, Fraker's Ground Maintenance, covering 2023-2025. The existing contract expires at the end of 2022. The Board will review for discussion at a future meeting.

Jan also distributed various financial documents which had been provided by our Treasurer, Marc Michaud. They included a Customer Balance Summary which itemizes past due annual assessments by address; a Past Due Aging report which shows dollar amounts and percentages of assessments that are more than 30, 60, 90, 180, 365 and over 365 days past due, and a Trending report projecting income and expenses for the remainder of the Association's fiscal year from July 2022 to March 2023. These documents, along with related financial topics, were the subject of discussion during the balance of the meeting.

Jan pointed out that based on the Trending report our expenses are projected to exceed revenue by about $2,063 through March and that this is the continuation of a trend that has been ongoing for several years. Based on her review of financial documents for past years, the cumulative shortfall through March 2023 is anticipated to reach nearly $27,000. Some of this was due to large expenses in past years such as paving the parking area on the north side of the community, grinding sidewalks as a maintenance and repair item, etc. Though funds have historically been transferred from the Association's Money Market Account to cover the deficits, this cannot go on indefinitely and budgets need to be balanced on an annual basis.

We looked at individual expense items to consider anything that might be done to save money. The three largest annual budget items are lawn care (including weekly mowing, mulching, shrub trimming, etc.), trash removal and snow removal. These three areas represent about 90% of the annual budget and leave little room for any savings.

We discussed some of the other budget items, though many of those are also fixed expenses. Jan had met with Cindy Carothers at the accounting firm (SEK) that prepares the annual Compilation Report and tax return. Jan had questions about the fees charged, since the Compilation Report is not an actual financial audit. Cindy explained that the preparation of this report on an annual basis was necessary in order to have it available if it was ever requested by the IRS.

Software fees in the budget are for the annual license for QuickBooks, which we have been using as our accounting software since 2010.

Our annual insurance coverage is a Directors and Officers (D&O) policy with other coverages included. Jim is in the process of reviewing the coverage and will report on it at a future Board meeting. He noted that our current policy renews annually in February.

We discussed the ACH fees from Member's 1st and it was learned that we are budgeting $300 per year for this and that only 4 homeowners are using this service.

Marc did not have an exact breakdown of how many homeowners pay their assessment annually, semi-annually, quarterly and monthly, but he was able to report that more people pay on an annual basis than pay monthly. This led to some discussion on whether or not it might make financial sense to discontinue offering ACH as a method of payment. No decision was made.

We also discussed the pros and cons of keeping the annual discount in place but eliminating the discounts for payments made other than annually. No decision was made.

More significant than the method or discounting of payments is the amount of assessments that are late. The amount is increasing and has risen by slightly over $1,900 since March 2022. Discussion of this issue included suggestions for assisting new homeowners in understanding the assessment payment process so that they do not immediately fall behind. Jan explained that she has been personally meeting with each new resident to introduce herself and provide them with information including a copy of the BYLAWS and other documents.

Further discussion was held on the topic of those homeowners who are several months or more behind in assessment payments. The current process involves sending a letter when a payment is late and then filing an action with the District Justice one the payment becomes 90 days past due. If a judgement is obtained we file a lien on the property and then wait to collect our assessment until the homeowner elects to sell the property.

We talked about the possibility of taking a more proactive approach such as working with those in arrears to establish payment plans, earlier and more frequent contact with those in arrears to prevent past due amounts to become unmanageable, initiating collection activity, determining if (in the case of a homeowner who is renting the property) we have a legal basis to attach the tenant's rental payments or, in the most egregious cases, enforcing the lien by instituting foreclosure proceedings on the property in accordance with Chapter 53, Section 5315 of the Uniform Planned Community Act. We would need to seek legal counsel before attempting any of these activities. No decision was made on this matter but it will be the subject of further discussion.

Another method of balancing our budget is increasing revenue. One potential source of income would be to charge a fee for Resale Certificates, which are presently provided at no charge. Another would be to increase the HOA initiation Fee, which is currently $200. Raising annual assessments is also an option, though the 1997 Amendment to the BYLAWS limits such an increase by the Board in any given year to 5% of the current assessment. At this time that would limit such an increase for 2023 to $2.50 per month or $30.00 per year unless a special meeting of members of the Association approves a larger increase. This option will be considered at a future Board meeting.

Playground

The topic of the playground area was briefly discussed. Judy suggested that we might consider using millings of replaced driveways as a base layer of fill for the playground area. Jordon suggested considering a type of hard packed base that would likely not wash away with the repetitive flooding of the area. Either method would need to be covered with a top layer. Jordon suggested a padded rubber top layer and noted that he is aware of such an installation in the area in front of Children's Hospital at Hershey Medical Center.

NEXT MEETING DATE: The next Board meeting is scheduled for August 9, 2022.

Marc made a motion to adjourn, Judy seconded and the meeting adjourned at 8:03 p.m.

Submitted by Jim Porter

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