

Minutes of the
Joint Inform Meeting of the
Mount Kemble Lake Association and the Lakeshore Company
December 13, 2011

Austin Godfrey opened the meeting at 7:35pm and announced that the tax savings from having placed the properties into conservership should be between \$32,000 and \$35,000. The town will confirm the exact amount before the February taxes are due.

It is the board's recommendation to wait a full year before considering a reduction in dues until we have exact numbers and know the full financial impact of last year's resolutions.

Austin also mentioned that the current by-laws are contradictory, out of date and will need to be completely updated, perhaps next year.

Austin introduced Terry Dwyer and thanked him for all his efforts on the community's behalf in putting together the information on the proposed measures to make the Association more efficient.

Presentation of Proposal:

Terry began by explaining that this proposal is intended to improve the efficiency of the Mt. Kemble Lake Association and Lakeshore Company by:

1. Consolidating all maintenance activities in the Association and
2. Having the Lakeshore's dues reduced to \$0 and having the dues paid to the Association increased by the same amount the Lakeshore dues are reduced with **no** difference in total dues. Dues will be paid to the Association in equal amounts in equal time intervals (quarterly or monthly).

Q John Murray asked if the Lakeshore Co. would be able to make assessments in the future.

A. Barbara Coulter responded that both the Lakeshore Co and the Association could levy an assessment in case of emergency. The current proposal is to set Lakeshore's amount of assessment to \$0, not to remove its ability to assess.

Q Carl Bonar asked if this dues change would be in effect immediately.

A. Austin responded that 2/3 of the members must approve any changes to the Association's dues and it takes a full 30 days for any changes to go into effect. We will vote on these changes at the January 2012 Annual meeting.

Benefits:

The Association would be responsible for all maintenance and planning. Resident/Government interactions would be simpler with dues payment to one company and equal payments throughout the year. Additionally, there would be savings realized on liens for dues-delinquent properties and a substantial savings of volunteer time for the treasurer on collecting dues.

Lakeshore/Association Relationship:

The Association will pay rent to the Lakeshore Company for the use of all of Lakeshore's facilities and property. This rent will be adjusted to cover Lakeshore's expenses.

By-Law changes:

The by-law changes needed to make these changes were discussed. There is also a bylaw change giving the Association the right to go to the court for rent receivership on delinquent properties.

Barbara Coulter will be sending out two letters (one to residents who prepaid for the roads and one for those who did not) to MKL residents explaining the new dues structure

Questions and Comments

C. John Murray pointed out that only the Association votes on dues not Lakeshore.

C. Carl Bonar: Great idea to consolidate dues into one company.

Q. Gail Chalfant asked about the shares of stock.

A. 10 years ago most companies went to electronic management of shares and thus there are no longer paper shares distributed by the Lakeshore Company. If someone wants a paper stock they can request that the

Lakeshore treasurer create one for them. Shares in the Lakeshore Company are automatically transferred upon the sale of a home; the seller is no longer a shareholder in Lakeshore and the buyer automatically is granted one share of stock. If a homeowner wants to charge the property buyer a fee for the stock it is entirely up to them. The Lakeshore Company has no say or financial interest. Tawnya pointed out that last year the members voted to charge a membership fee of one year's dues for new members, which is similar to a stock sale, except the proceeds in this case go to the Association.

Q. Gill mentioned that the Association does not pay tax but the Lakeshore Company does and wanted to know that if having the Association pay only enough rent for the Lakeshore Company to pay bills would be a problem with the tax authorities.

A. Barbara Coulter and Austin both spoke to the tax attorney and the tax accountant who felt this would be fine. The Lakeshore company has never given a dividend and in the past has accumulated money, paid the IRS, then spent the money and gotten a refund. We will not be shielding profits but permitting the accumulation of reserves without the tax payments and tax refunds.

Q. Chris Allen asked why we did not remove the dues due-dates from the bylaws now, leaving them to the discretion of the Board.

A. The board wants to concentrate on these measures first and needs more time to address the entire by-laws. There is also the question of how much detail goes into the by-laws versus using resolutions and rules and regulations.

C. John Murray suggested that the bylaws read that the dues be collected no less frequently than quarterly.

C. Gail Allen suggested having it read collected quarterly.

C. Chris Allen felt that we need more time to work out the bylaw changes.

C. Gail Chalfant commented that she is in favor of the dues simplification but questioned the Lakeshore's relationship with the State.

A. The Lakeshore Company's relationship with the state will not change. Lakeshore will pay its bills from the rent it receives from the Association. The bills will be folded into the new contract.

Q. Terry Dwyer asked what the group thought of the general concept of simplifying the bylaws, and putting some of its details into a document of Board Resolutions and the Rules/Regulations.

A. The group agreed that this would be a worthwhile effort.

There were no further comments or questions and the meeting was concluded about 9:30pm.

Respectfully submitted,
Tawnya Kabnick
Secretary