

SHAREHOLDERS GENERAL MEETING - MAY 12, 2022 7pm-9:30pm

Pledge Allegiance to the Flag

A moment of silence and prayers for persons from our community that have passed, Bert Bowen and George Wilson, our serviceman, first responders and especially Ukraine.

Please take the time to view the easel with photos of our community Mascot. Bert was loved by all, he always greeted everyone with a big smile and brought cheer to everyone. He was always the first one in the pool. The word "Gentlemen" was him, a gentle man, a great guy, we all loved him and he will be missed by all. Heaven gained a true angel.

Role Call- Tony Mingo, here; President Nick Recanati, present; Vice President Frank Bracco, here; Treasurer Marilyn Collichio, here; Secretary Marie Persichilli, here; and Steve Jakalow is on vacation.

Motion not to read the minutes, all in favor, aye, accepted, yes.

President Nick Recanati- speech is attached

Vice-President Frank Bracco- speech is attached - Barbara Balasiano was asked by the board to research Ocean Ride bus service and she presented her research to the community.

Treasurer Marilyn Collichio- speech attached- 2021 operating budget was \$699,395.70 and our 2022 operating budget (OB) is \$876,419.31. We will have a deficient of \$232,419.31. Increases in lawn, insurance, salaries, inflation, etc., costs have hurt our community.

<u>Carefree 2022 Budget</u>	2021	2022
Salaries	\$149,574.13	\$163,035.80
Office Expense	38,584.29	42,056.88
Utilities	21,842.60	23,808.52
Maintenance	338,436.00	482,973.24
Professional	149,511.60	162,967.64
Fed Tax	1,477.00	1,577.23
Total OB	699,395.70	876,419.31
Yearly Association Dues	647,027.60	644,000.00
Under-Funded/OB	-\$ 52,368.10	-\$232,419.31

(divide \$232,419.31 by 1610 = \$144.36 per house increase for 2023)

Complete line item budget for 2022 will be published in the Gazette.

All 2023 transfer fees will be deposited directly into our Reserves and will no longer be used to supplement the overspending of our operating budget.

Marie- I have nothing much to say as Secretary, it is my job to keep everyone in check with all the necessary information and keep accurate reporting records. However, Marilyn and I did work together on the financials and we, along with the board will answer any of your questions regarding the budget and the necessary increases. The 2023 increase will be about \$140 per year added to the current \$400 a year. We must balance our budget. Understand, we are spending more than we

bring in, we don't have the money. If we continue this pattern, we will have nothing left in our reserves in a few years. With the necessary increase in our dues covering the operating budget, we will be able to fund our reserves properly in accordance with our bylaws. (*ARTICLE III, Section 7, U. pg 1-13*) Our bylaws require all transfer fee income to be deposited into our reserve fund. The transfer fee income is approximately \$80,000-\$100,000 a year. In July, 2019 a Capital Reserve Study was conducted by the Falcon Group, which cost the community about \$3,800. Unfortunately, that study was completed, and filed away in a drawer, never to be discussed or shared with the board members or Shareholders. That study is extremely important, it identifies the expected capital improvements and ensures that we have the proper savings to avoid special assessments for all Shareholders. Prior leadership opened this fund with only \$100,000 even though, at that time, we had about \$400,000 in our reserves. I can not tell you why they did not start with the \$400,000. But I can tell you that nothing has been added to our Reserves because 4 years later it is still about \$400,000, which means it is grossly under-funded. According to the Falcon Capital Study, we should have about 1 million in our fund by 2023. Folks we are no where near that amount. With the required increase in your dues starting next year we will have the funds necessary to cover our operating expenses and be able to contribute the mandatory transfer funds into our reserves. Why do we need that much money in that fund? Our building is over 40 years old, according to that study we will need a new parking lot within a few years, you want that money in that fund, so that we do not get hit with a special assessment. We project that if we are able to cut expenses and save money that could adjust the future projections. Understand, when a contract is coming up for renewal, you need at least three months prior to expiration to ensure that you are in complete compliance, collected at least 3 bids and were able to negotiate the best vendor contract for the community. We can not properly secure the best vendor contract in 3 weeks, obtain only one bid, that is unacceptable and it will never happen again. It violates our governing documents. As we had mentioned last month, the board will be instituting a Financial Committee, we have had a great response for volunteers. This committee will assist the board in reviewing all vendor bids, contracts and assist with financial budgeting and reporting. They will be the watch dog of the board. The board should not run without checks and balances. No business, no corporation, nobody works that way. Everyone has someone watching what they are doing. The problem with the last administration is that they did what they wanted to do, not what was necessarily good for the community. This committee will ensure that we never find ourselves in this financial abyss. In order to provide total transparency all vendor contracts, including the rejected ones, will be in a binder in the office for all Shareholders to view, this will provide you the confidence necessary, so you will know that the board will always do their due diligence and act in the community's best interest. I promise you, that with these mechanisms in place, we will never experience financial problems again. If the board is doing something wrong, that Financial Committee will advise and assist us and protect all of us. That is part of the corrective action we are putting together to meet our financial goals, achieve financial stability and bring back Carefree Strong. Years ago, Berkeley faced similar issues, they worked diligently to correct the problems

and are operating within their budgets. Without taking the necessary steps to correct all our financial problems, we will be in receivership and the State will take over. This is not a threat, it is reality. We have discussed our current issues with our attorneys and our accountant, they fully understand our situation, and with their assistance, we, as a board will fix this before the State takes over. We don't want that. You don't want that. More importantly, you don't want them telling us that we need a management company to run this place. Let me tell you something, I have heard in the street, that I am the one pushing to hire a management company, there is no way in heck that I am going to do that to you guys or myself. That would mean about \$100 a month in yearly dues per Shareholder. I am trying everything, I have worked endless hours, I am in the office weekends, I am reviewing community files, I have read 5 years of board minutes, which by the way, have very little reporting information regarding the actual operation of the community and community business. This is necessary to try to piece together how our community was run. Another huge problem in this community, is with your vendor contracts, any corporation, anybody out in the audience that has a business can verify what I am going to say, you should always have the awarded contract accompanied by the other two or three rejected contracts. This supports your decision of choice. When I look for documentation in our files, folks there is nothing there. I have never worked for any organization that does not have all the backup information in the files to support the decisions made by leadership. Retaining all this information protects our community. As Nick informed you, many contractors hired by the previous leadership were not State Registered or Insured. We had a handicapped ramp done without permits. You paid \$3,800 for that and it may have to be ripped out and redone. This board will ensure that every vendor's State of NJ Registration and Insurance will be checked prior to awarding the contract. As a Shareholder it is your right to view all association information. We will open up to questions. With your patience, understanding and commitment to Carefree this necessary increase will save our community. I am very sorry but this must be done.

Marilyn- We managed to save \$24,000 by not having lifeguards. The two lawn cuttings eliminated will save \$38,000. That gave us \$62,000 to put back into our operating budget. Read executive board minutes, discussion with our Accountant- Kathy Perry, CPA - Discussion about this years financial status and explains year end report. Board reviewed report with her. KP If you look at your 2019 Capital Reserve study you can see that you do not have the proper funding. I do not think that you are budgeting properly. Explains what an audit is. Our company only does a review we are not contracted with your association to do an audit. We have never done an audit of your association. When preparing your yearly report, we review your improvements done and compare it to your engineer report to ensure that you are only using money that is earmarked as replacement funds. Many times you misuse those funds and I have to move them into the proper buckets. MP Explains that the Falcon Study was only started in 2019 for \$100,000 even though we had over \$400,000 in our reserve fund. KP You will definitely have a problem with your reserves because we are not budgeting correctly. She offered to come to our next meeting to explain to our Shareholders that we have a major problem with our budget and reserve accounts. MP Reviews numbers with Kathy and shows her the board's concern with funds in 2019.

We do not understand what happened. KP I can not tell you what happened, maybe the audit will. I only work with the records I receive from your office, not the actual invoices. MP We compared all the Profit and Loss Statements for multiple years to come up with our findings. Discussion about the negative \$75,000 ML. Our association does more cash transactions than checks. KP Cash transactions are never a good form of association business, it does not provide accurate reporting methods. Cash always causes issues in Corporation accounting, that is why associations use checks and credit cards for purchases so that they can audit properly. Their invoices will match the payments. Wilkin and Guttinplan would be my first choice for an auditor because they do 1,000s of HOA audits. I recommend a special assessment and a raise in your yearly dues. Be very careful not to spend all your reserve funds because you can get into real trouble. You must budget reserve dollars into your Shareholders yearly dues and allow a percentage for inflation. What type of service do you want us to do just a review, which is what we are currently doing and have been doing for years or an audit reporting, which is the next level of service...MP We can not do the needed audit with you because we were advised it had to be with an independent company. KP No, I did not mean the necessary audit, I meant changing the level of service our company provides your association. But I feel with the new Board's active financial involvement you should be ok with the current review, which is what we are currently providing, instead of changing to the audit. It is much better for me to work with a board that is involved, so that we can identify the issues immediately and address them. It seems that you have a handle on your financials now, if you were doing business as before, I would recommend a more comprehensive and audit style from us. We can always change from review to audit if your association feels the need. Your minutes were like a OH WOW, I was very impressed with what you are doing and that you already knew that you were in financial trouble. Looks like you guys caught your deficient and are doing a great job identifying the problems and working towards correction. MP Thank you, it was a lot of work. Unfortunately, it went undetected for over 4 years. The prior leadership did not do an operating budget since 2019 and as you can see, overspent and used the earmarked reserve funds to pay operating bills. They kept the dues low and mislead the community to believe everything was wonderful. KP That is not good, it gave your Shareholders a false sense of financial security. If you need my help to revise your reporting style, I will be happy to help.

Cleaning Contracts - Currently we pay Clean \$1225 a week, 5 days a week and they charge us extra for the bathrooms and showers in the summer \$67,850 a year. We also got 3 estimates from other cleaning companies. One is \$1550 a week for a total of \$80,000 a year; East Coast \$8119 a month \$97,413 a year; I must make a statement regarding the last estimate, this company is owned by my son, he has been in business for 18 years, and \$940 a week for a total of \$48,880 a year, he will also do the showers and the bathrooms included in this price. I have no financial gain, I have nothing to do with his company but I wanted an open book that he is my son. He will treated no different than any other vendor.

Tony- I think it is totally wrong for any board member's family to get a contract. It's a conflict of interest, he knows the bids because his mother has them. There is no way he should get this contract. No way in the world, it is wrong. Just because he is

the cheapest doesn't make him the best. Its in the bylaws, no one from the board should get a contract. Get other bids, there are plenty of companies. It is in our bylaws that it must be an unanimous vote, I vote NO!

Marie - Can I interject on this? I have been in non-profit for 38 years, we are a non-profit organization, and I am going to talk to you about conflict of interest. Tony you are wrong about the conflict of interest, first of all you interpreted our bylaws incorrectly. *Article III, Section 4, A. Conflict of Interest, page1-9- fact Marilyn Collichio is not financially invested in her son's company. She provided total disclosure.*

Conflict of interest in a non-profit is very easy to understand. The first and foremost thing you do legally is you must disclose to the community that you are related to the person providing the service, She is getting no direct financial gain from her son's company. We have multiple bids. If you want 5 bids we will get five. Feel free to get your own bids to support your claim and if you find a less expensive contractor then the board will consider them. These issues should have been discussed privately with our fellow board members prior to this meeting, so, we would have been aware of your personal opinions, before you addressed them in front of the shareholders.

Tony - You want transparency. Let's hear it. My wife received a letter telling her she could not work at the pool because of conflict of interest. Steve Jakolow's wife she teaches chair yoga and gets paid cash, off the books, not declare it and everything. According to them, she is a private contractor. If she is, she might be licensed to teach but is she insured to teach. That's ok, but we are going to give Marilyn's son a \$50,000 contract?

Marie - Hold on, you all need to know the facts about Mr. Jakalow and his wife. I have a statement to read on their behalf. Bev and Steve are on a much needed previously planned week vacation. He regrets not being here to speak on behalf of his wife and entrusted me to speak on their behalf. This is a known fact in our community that she teaches this class, the board has been previously questioned about her ability to teach the yoga class because Steve serves the board. He is now being accused by Tony that he is violating our community's code of ethics, this accusation is personal and meant harm. Bev is a certified licensed yoga instructor, she provides a service enjoyed by many, for our community, her once a week yoga class generates revenue donated to the community and promotes good-will. She is not paid by the association, she is not on our payroll, she is an independent contractor. She pays taxes. So you are wrong Mr. Mingo.

Tony- I'd like to see that one. She gets cash not even a check.

Marie- She reports her income to their accountant... *(Cut off by Tony, unable to finish)*

Tony-We will find out if she does! Why doesn't she get a check? Sorry about this but you wanted transparency. Right is right, I tell it like it is. Janet Cooper you run it, don't you pay her cash? (Janet Cooper did not respond.)

Audience response to Tony- You want transparency? What about the truth about you?

Nick- Please come to order. We will answer all questions. I am the President, I am not going to close this meeting, I want to hear from everyone.

Kevin-Everyone calm down. I understand, I am in the same boat as you are, the last guy said he did it the same way...Mr. Vice President, says he sees the bus go by and no one is riding it. You claim you did not see the books, why? You claim you did not see anything that was going on over the last 4 years. You didn't know what was going on. Frank- that is true, this was covered earlier in the meeting, we were kept in the dark.

Bob Durbow from Bingo - We have an announcement for all of you and the board, we the committee are resigning. Let me explain this to you, last Tuesday was the last official Carefree bingo, we will not run bingo. It will be up to the board to appoint a new committee. As a committee we don't feel that we can work with this board, all money is in the bank where it belongs. We are returning the keys. *(The keys were thrown forcefully at the Board. Resignation letters submitted by committee officers with no prior notice to the board. NO official bingo records were surrendered at the time of resignation by this committee).* I am returning these keys because I don't want the cops coming to my house like they did to Joe Marone. *(Disruptive, loud - Bob yells shut up to Terri and others.)* Update: New Bingo Committee Officers are securing the bingo license and looking forward to re-opening as soon as possible. Anyone interested in volunteering for bingo and/or the bingo café, please contact Dawn Dalbo at (407) 402-7461.)

Fran- Was a travel agency owner and years earlier offered her services, but the board refused her help. Years later she was approached to arrange a trip for the Men's club, "I broke my ___ and got a great rate, he said we don't know yet. My rate was \$500 cheaper but they choose Liberty instead. It wasn't this board. Everyone seems to be given up their positions, that is not fair, how are we supposed to get out of the hole? I will fight for this board, all of them."

Issue with Turf Masters. What happens if this company goes bankrupt and they have our money. How can we be in such a hole when our Clubhouse was closed? Marilyn-our office staff and employees still worked through COVID, utilities, insurance, etc still had to be paid. Turf Masters is paid on a monthly basis, we are not in any risk.

I am looking at this budget and you did a good job but I want to see a line item budget. I understand that everything increased. Marilyn- We are committed to providing a budget and here is the line item and what is included. Marie-The format that you were provided was recommended by our accountant. We were under fire to get this done. We had a lot on our plate, we gave you a condensed version, here is the line item budget but it is still hand written. I promise that no later than Tuesday of next week the line item budget will be typed and available in the association office and on the Carefree website for all Shareholders. **Marilyn-**We will also put it in the Gazette.

Joe Marone-Over the last 12 years or so, you guys have gotten to know me very well. Going back 12 years is when I was brought on to this board. I served as Secretary, Vice-President, I did snow removal, code enforcement, you know what I am getting tired of it. I volunteer services include the poolside café, bingo kitchen, Freecare, paper recycling, and collection of items for the boy scouts and veterans. I also served with the Toms River police for 38 years. Recently I got a letter from Carefree, I was terminated and to return all the keys to the clubhouse. They couldn't wait for tonight's meeting so they sent the police to my house. Yesterday I turned them in. I just wanted a signed receipt that I gave them to them. I like the people standing behind me but I don't want to see you ruin yourselves. You just have to get these people off the board. Sign a petition for 400 signatures for each one. *(Mr. Marone received two letters from the Board requesting that he surrender his keys to the office. He did not. The officer was sent to his home to avoid any issues.)*

Barbara B. - I feel very sad that these people are being spiteful by jumping ship. In the interest of true transparency, Mr. Mingo, did your wife work as a badge checker, when she did not live in this community and wasn't a shareholder?

Tony - Absolutely not.

Barbara B.- It is public knowledge that you did not close on your house until June. When you moved back...

Tony - you are wrong, you are wrong.

Barbara B. - You were also the treasurer of the men's club

Tony - Actually it didn't matter, because I made no deposits during that time.

Barbara B.- You shouldn't throw stones...

Tony- My wife lived here. Wanna bet on it? You don't know what you are talking about, get your facts straight. Don't be talking about my wife. Tony jumped up, ripped off his jacket and angrily responds to Barbara. Two men quickly positioned themselves, one blocked the stage stairs and another quickly escorted Barbara to join her husband, back to their seats. Prior to Saul joining his wife, he removed the microphone from Barbara and returned it to the board table. There was yelling, screaming and total confusion, Suddenly, unprovoked Ray Mecca jumped across persons sitting in their seats and punched Saul in the head. Many people yelling call the cops, men rush in to pull Ray Mecca away from Saul. Shareholders screaming at Ray to stop. Tony-My wife is sick. Shareholders - Call 9-11. Screaming, many shareholders were screaming. People were fearful and were running out of the meeting.

Police arrive. Report is filed. Ray Mecca was given a summons for assault and a court date was scheduled.

Total chaos, no order, Shareholders continue to leave the meeting.

Nick banging the gavel and wants to call the clubs.

Ray Mecca-Do the clubs so we can get the ____ out of here.

ADR- If you have a dispute with the board or a neighbor. The procedures are written and ready to go. I have two people on the committee and looking for more volunteers.

Election -We are looking for volunteers for the election. We will be calling for candidates and anyone that wants to volunteer please contact me. Everyone is welcome.

Men's Club-I am stepping down from the Men's Club as President. That also involves bingo kitchen and poolside café. I am canceling all 4 bus trips. If the board decides they want to do the trips, I will give the information to them. I have checks to reimburse them so I can close out all the men's club records. To say thank you is very mild, I thank you all for the support you gave the men's club over the last 5 years. The 50 50 will be held on Memorial Day. Sorry I have to do this, all the trips were filled up, but this is the only way I can do this.

Darts- I resigned from darts and pool

Neighborhood Watch-Meeting on May 26 at 1:00 pm. We have received some blinking slow down signs. The coalition meeting discussed the deer population. I am very disappointed in what I saw tonight but I am going to continue to do my best.

Brian- I sit on a similar board and I listened to the two ladies. I heard you ladies say you have the answers. The board I represent had a forensic audit. I am the treasurer of that community. I know that every budget has to have a line by line item. I know that it is not easy. Just do what you are doing and we will get through this.

Terri- I have been on the board for many years. I will tell you this, when I was on the board, every member knew what was happening, everything was discussed. Every member talked with the lawyer at the same time I did, because that call was made at the meeting. Don't let me hear I did it the way it was done for 12 years, it was not done that way, maybe some of it had to do with COVID because they were not meeting as much. But when the situation comes up, you have to get 3 bids and you don't, and you don't tell the rest of the board, because you did not have a meeting, don't blame it on these people, they found out about it later. I love this community. I love the men's club. I love Tony for saying what he felt he had to say. Don't blame past boards. I thought I did a great job. I know that I made mistakes. But every single board member knew every thing that we were doing. We are known as the best community and by doing all this fighting is disgraceful. And you will be sorry for what you did.

Dave- Those people that think you are not represented, you vote for these people and you have the right to vote them out. But from what I have seen and heard, these people have worked very hard putting in a lot of extra hours that I did not hear other boards doing in the past. Because of this problem, they are working hard, apparently some things were done without their knowledge. I support this board. We need to be transparent.

Meeting Adjourned

**Minutes prepared by Marie Persichilli, Secretary
Carefree Board of Directors, May 14, 2022**