



Old Lyme Shores Beach Association
P.O. Box 80
South Lyme, CT 06376
oldlymeshores.org

Dear Fellow Association Members,

My name is Diane Duhaime and, as some of you may know, I am the new President of our Association. This is not the circumstance under which I would have hoped to first introduce myself as such. We all view Old Lyme Shores as a peaceful and beautiful retreat from the madness of the world. This is what makes addressing challenges within our Association particularly unpleasant for everyone.

The attached presentation discloses financial observations made by your volunteer Association officers and board members, and Water Pollution Control Authority (WPCA) board members who are working diligently to understand and get answers to the legal expenditures that were paid from our budget over the past few years. Our duty is to serve the membership, which means we must present and address these observations and questions to you forthrightly no matter how unpleasant.

By way of background to the attached presentation:

- Questions presented in writing and at Association meetings about legal expenditures from our budget were not answered
- At the 2023 spring meeting, and then at the 2023 fall meeting, the proposed FY2023-2024 budget (with a 31 percent tax increase) was not approved by a vote of the Association. The Association charter was not followed for either meeting (non-compliance in prior years went unrecognized because there were no large tax increases those years), and the members nonetheless voted down the proposed budget and mill rate at the fall meeting*
- Thereafter, additional Association members joined in asking about the legal expenditures and took notice that the main need for such a big tax increase in the proposed budget for FY2023-2024 seemed to be because of increased legal expenditures
- Before 2020, our Association rarely employed outside legal counsel. When it did, the legal expenditures measured in hundreds of dollars for a given year. With the start of the pandemic, the legal services budget line grew from **\$0** to **\$2,500** (FY2020-2021). But then it increased to **\$22,500** (for both FY2021-2022 and FY2022-2023), and to **\$57,500** in the proposed budget that was not adopted by the membership for this year (FY2023-2024)

- Our capital reserve account plummeted from **\$149,805.78** as of June 2018, to **\$91,040.15** as of September 2023. If the proposed FY2023-2024 budget and mill rate were approved by the Association membership, we might have depleted most or all of it by the end of this fiscal year in June 2024.

We realize the timing for sending this communication is not ideal, but your right to have it as soon as reasonably possible takes precedence over waiting until after the New Year. Please note that we are continuing to work diligently to get answers and determine the next best steps for our Association concerning this matter, including review of the law firm invoices and work product recently received by us, and preparing a proposed budget for FY2024-2025 that should ensure our Association finances are strong enough to meet all of our maintenance and improvement needs and to begin replenishing our capital reserve account.

Please send any questions or comments to governance@oldlymeshores.org.

Respectfully,



On behalf of:

Officers:

Diane Duhaime, President
Paul Yellen, Vice President
Norm Yester, Treasurer
Joanne Gilland, Secretary

Board of Governors:

John Mandracchia
Jay Moynihan
MaryKate Reynolds
Scott Rottinghaus
Kathi Sticklely
Gregory Symon

*Per the unanimous vote of the Board of Governors at the December 6, 2023 Special Meeting, you will receive an overpayment credit on your next Association tax bill if you paid the full amount on your 2023 tax bill (since the budget and mill rate remain unchanged from 2022). Please note, however, that even after applying the overpayment credit, your 2024 tax bill is likely to be higher as can be seen from the observations set out in the attached presentation.