

Special Meeting of the Five Lakes Association Board of Directors
May 17, 2012

A special meeting of the Board of Directors of the Five Lakes Association was held at the home of President Dave Southworth on May 17, 2012. The meeting was called to order by President Dave Southworth at 10:30 a.m.

Roll call was taken:

Board members present: President Dave Southworth, Treasurer Steve Cohoon, Secretary Chris Butche and Area Representatives, Bob Chamberlain, Frank Oles and Ralph Greenfield.

Board members absent: Vice President Cory Gingery and Area Representatives Tim O'Neal and Dick Haynack.

Old Business:

Dave stated the purpose of the meeting was to revisit the passed motion of a dues increase to \$120.00 on May 9th. On Tuesday, May 15th, PLM provided new information from the survey, the need to treat 50 acres. With this new information, it was prudent to revisit the financial analysis put together by Chris. This review resulted in an revised proposed dues increase to \$100.00, approved through a phone polling of the Board on May 16th: 6 members approved, 3 were unavailable at the time of the poll. Dave stated the next steps were to have this special meeting to review the budget with this revised information and asked each Board member to ask any questions of Chris regarding the financial model. The results of this review could 1) resend the May 9th passed proposal and make a new proposal or 2) amend the May 9th proposal to the \$100 proposed dues revision. Frank Oles questioned the legitimacy of an amendment vs. a resend and re-proposal but, Dave stated he had investigated Roberts Rules of Order (for Dummies) and an amendment is acceptable.

Chris asked the Board members to acknowledge their agreement with the assumptions of the model, with out that agreement, the results of the model are void. Assumptions:

- 80% of dues to water quality fund
- \$30,000 first year spending & \$25,000 second year spending, third year spending of \$18,400 (20% increase to current budget)

Chris reviewed the results of the model under 3 dues proposals:

- @ \$120.00, after 3 years, the model predicts the Association starts generating a significant surplus
- @\$110.00, after about 4 years, he model predicts the Association starts generating a surplus
- @\$100.00, we fall into a small deficit.

Based on these results, if we all agree with the assumptions, Chris stated we either have to have a plan to spend the surplus or reduce the amount of monies we take in. Dave asked if the model had yearly funding for the silt trap and dam inspection, which are not yearly expenditures, and if so, could the lack of spending offset the deficits showing with the \$100 dues. Chris stated yes, for simplification, the model did include all known expenditures. Dave also asked Steve if the CD could also be utilized to offset the potential deficit. Steve stated yes, although the Board discussed the CD monies could better be utilized to cover any catastrophic dam failure, insurance policy would not cover.

Discussion:
Frank Oles:

- Asked if the \$25,000 was contractual, Chris noted all the assumptions were just that at this time, we have no firm estimates, just discussion.
- Stated in August of last year, we had 33% of the lake infested with weeds, in September, that grew to 37% and based on Bre's current assessment, we have 40% weed infestation, an escalating problem.
- Noted we are estimating \$30,000 for lake treatment this year and Bre has stated she would like us to plan on similar dollars for the subsequent year, therefore disagreeing with the model assumptions. Dave also noted Bre's communication of her history on Sanford, Wixom, Houghton, and Budd lakes was a reduced treatment costs the second year although she suggested equal amounts of money being budgeted for the second year. Frank noted, if we move forward with the \$120.00 and our spending is \$30,000 the second year, we are looking at approximately a \$3,000 deficit. If we move forward with a dues of \$100, this could mean a deficit of over \$7000 over the next two years, difficult to recoup with \$100 dues. In this case, we would be challenged with the same difficulties we were earlier this year asking where we would get this money or what area's of the lake are we not going to treat. Frank stated in the past he was acceptable to not treating Lone Pine and Kapplinger shoreline because of the lack of infestation, his position, and probably those of the Kapplinger residents would be different based on the current state of the lake.
- Noted there are potential costs associated with the dam which must be considered as part of the water quality fund expenditures.
- Recommends maintaining the \$120.00 dues proposal, preparing for the worst, hoping for the best and revisiting the dues amount over the years, potentially even reducing dues vs. having additional dues increases to cover the potential deficit with a \$100.00 dues.

Bob Chamberlain:

- Noted the smaller the dues increase, the more likely the dues proposal will pass.

Ralph Greenfield:

- Agreed with the assumptions of the model
- Would like to see some contingency money for additional projects (ex. beach improvements, park,) but, is concerned the higher dues proposal may not pass.
- Noted Bre also commented that sometimes in the third year of lake treatment there is a increased cost over the second year.
- Discussed a concern over additional assessments (burden) which might be required to address the road re-pavement although the group stated this is not part of the money for the dues proposal and if this would some day need addresses, it would probably have to be handled through a long term loan. Frank supported Ralphs concern of overburdening our membership and reinforced by properly funding now, this could be lessened.
- Is supportive of between a \$100 and \$110 rate

Steve Cohoon:

- Stated if he was asked by the membership if we really needed the dues increase, he could substantiate the \$100.00 as truly needed but, did not believe the \$120.00 could be substantiated.
- Believes the potential deficit at \$100 would be funded with the money not spent on a yearly basis, i.e. dam inspection and silt trap.
- Also, even with the \$110.00, some additional money will be generated over time.

Chris asked if we should take three proposals the annual meeting - no increase (ok through next year), \$110 or \$120 increase. Frank stated Board has the responsibly to present our findings and recommendations. Dave asked Steve, of the 80 members who haven't paid the assessment, what percent of those does he think will pay. Steve stated approximately 40, which have probably just forgotten. He did note on member asked if this was legal assessment, and Steve said it would probably be difficult to recoup in court, so, this member will probably not pay.

The Board was polled for their recommendation for the dues rate:

Steve - \$100

Ralph - \$110

Bob - \$100

Frank - \$120, although can support \$110

Chris - \$110

Dave - \$110

At \$110, there will be some contingency for other Association improvements and/or potential reconsideration of a dues reduction in the future.

Dave asked for a motion to amend the May 9th approved motion for dues set at \$120.00 to \$110.00. Ralph made the motion, Frank seconded. Dave called for a voice vote:

Steve - Yea

Ralph - Yea

Bob - Nay

Frank - Yea

Chris - Yea

Dave - Yea

Motion passed, 5 Yes, 1 No.

Chris Butche motioned and Ralph Greenfield, Motion passed – meeting adjourned at 11:10am.

Submitted by
Chris Butche, Secretary