

Special Meeting of the Five Lakes Association Board of Directors
May 9, 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 9, 2012. The meeting was called to order by President Dave Southworth at 10:00 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, Ralph Greenfield and Dick Haynack.

Board members absent: Vice President Cory Gingery and Area Representatives Tim O'Neal (available by phone if necessary).

New Business:

- Dick Haynack provided Dave with an article from the Morning Sun regarding a marine safety watch. Clare County Sheriff John Wilson is asking for volunteers to participate in the watch, similar to a neighborhood watch. The first meeting is May 20th at 3:00 pm at the 8 Point Lake Property Owners Building and a second meeting at 6:00 pm at the Clare County Sheriffs office Conference room. Dave will be participating in the first meeting and Dick at the second. The intent of the meetings is to provide safe boating laws, review common problems that occur on lakes, and cover the information required from homeowners for law enforcement to take action against offenders. There was group discussion about the value of the neighborhood watch and the frequency of patrols by law enforcement. Dick and Dave will report back to the board via e-mail with the information obtained at the meeting for further discussion.
- Frank had asked Dave if Penny Williams could attend this meeting. Because she is only a liaison to the Association, it's not appropriate for her to attend. But, to add continuity to the relationship with the Kapplinger Road residents, Frank and Tim will communicate the information from this meeting, being careful to not share information prior to communication to the Association membership.
- Dues discussion:
 - Chris reviewed a spreadsheet she created looking at the effects to the budget with various dues increases. This spreadsheet was created from Steve's budget review/ numbers from our previous meeting and some assumptions on lake treatment spending (see spreadsheet at end of minutes). In summary, utilizing the assumptions:
 - No dues increase - run out of funds next year
 - Dues at \$100 - we run at an approximate potential \$3000 deficit next year for 3 years with an incremental increase of \$1000 after.
 - Dues at \$110 - we break even next year and have an incremental increase of funds after.
 - Dues at \$120 - we have a small surplus next year and create approximately \$3000 incremental increases after.

Some discussion around the assumptions specifically regarding the reoccurring expenses of dam inspection, silt trap cleaning. The group also discussed need to parcel a percent of dues specific to the lake fund, agreement on a minimum of 80%. This discussion included changing our budget fiscal year to end in September, after lake treatment, simplifying our budget. There would be a need to prorate the budget if we choose to move forward.

Dave suggested a brief summary of this spreadsheet (addendum to minutes) be

- included in the dues invoice mailing with the notification of a dues increase proposal/vote at the annual meeting, which was supported by the group. This letter should also remind the Membership to pay their special assessment if they have not already done so. Dave asked Chris to write the dues comparison paragraph in the letter.
- At our last Board meeting a motion passed to Amend Article 7 of the by-laws to require Board members to pay dues, this notification would also need to be stated in our dues invoice letter. In order to save potential legal fees to change the by-laws, the Board discussed just sending invoices out to Board members. Steve Cohoon motioned to change our earlier position, therefore not moving forward with the by-law change, Dick seconded, motion passed 7 Yes, 0 No.
 - Dick Haynack discussed a tiered dues system for back lot owners. Many of the back lot owners have suggested their dues should be less. The group discussed the difference in home values between lake front and back-lot. Frank Oles noted, as a point of information, that during a meeting at Surrey Lake (Surrey Twsp), he learned they have two separate fees and it was eluded to that this was tested in the courts. If this is true, it may protect us if we choose to support a tier dues system. The group acknowledged the Constitution/By-Laws do not differentiate between lake and back lots, and legal counsel would be required for change. Because of the lack of time to investigate the issue prior to the potential dues increase notification, the discussion of a tiered dues system was tabled for now. Dick Haynack stated if back lot owners want to pursue a change, they should petition the Board to get it on a future agenda.
 - Frank suggested a dues increase to \$125, a 66% increase which is the same percentage as the last increase in 2004, 8 years ago. An increase of 66% could also work for 8-9 years. He also note Cory had suggested a \$135 dues. Frank stated, because of the Federal debt, we are looking at high inflation rates, impacting our costs. Dave suggested tiered dues, increasing \$5 every two years to counteract the inflation rates. Ralph commented the \$120 dues would be less than the previous 66% increase. Frank also noted if the weed treatment is extremely successful, a potential temporary dues reduction could be a future option, although unlikely. Dave commented the Board has mentioned earlier projects which could be accomplished if there was a surplus (beach sand, improved roads, fence, addressing muck in loon area...)
 - Steve asked for the Board to define projects which will be funded through the water quality fund (80% of dues). These include: aquatic weed control, water testing, permits, silt traps, dam inspection and maintenance. Fish management was discussed but the Board agreed this should be handled separately. Beach area was deemed a general fund project.
 - Dick motioned to approve the proposed increase in dues from \$75.00 to \$120.00 with a minimum of 80% of the dues be put in the water quality fund, Frank seconded. Motion passes 7 Yes, 0 No.
 - Chris & Steve will collaborate on the letter for the Association membership proposing the \$120.00 dues to be voted on at the annual meeting.
- Frank stated there was an immediate need to address the beach driveway, it has severe water damage. Dick to contact the Supervisor of Road Maintenance to see if there is some gravel available. Steve to contact Tommy Bowers to get gravel cost. Steve volunteered to grate the area prior to graveling. Chris motioned to procure gravel/pitrun, as determined by Dick, for immediate road repair, Bob seconded, motion carried 7 Yes, 0 No.
 - Dick commented on the construction of the Association roads and the impending need for overlay. He stated the road commission is responsible for the maintenance of the roads but the Association is responsible for the cost of the overlay because we are a subdivision road vs a county road. There may be a need for a future special assessment, or long term loan to

address the repairs.

- Steve reported the Millers would accept donations to offset their cost of fireworks. Although it is illegal for the Association to make a donation, the Board is supporting of notifying the membership of the opportunity to donate. The Board agreed to put a notice on the web site and have donation cups available at the Annual Meeting.

Adjournment: Southworth asked for a motion to adjourn, Chris Butche motioned and Dick Haynak seconded, Motion passed – meeting adjourned at 11:30am.

Submitted by
Chris Butche, Secretary

Addendum:

- Assumptions Using 2011-2012 budget:
 Total estimated expenses (less legal fees) \$20,000
 Lake estimated expenses (permit, dam, silt, weeds) \$16,500 approx. 80% of Budget
 Income from dues \$16,675 (16,675/75 = 223 paid)
 Dues income dedicated to lake (current) \$13,340 (80% of \$16,675)

 With dues @ \$ 100 \$17,840 (80% of 223 x \$100)
 With Dues @ \$110 \$19,624 (80% of 223 x \$110)
 With Dues @ \$120 \$21,408 (80% of 223 x \$120)

Comparisons:

No Dues Increase	year	Avail. Funds (Dues + Asmt.)	estimated expenses	Δ	year	Avail. Funds (Dues + Asmt.)	estimated expenses	Δ
	2012	\$35,000	\$ 30,000	\$5,000	2012	\$ 35,000	\$30,000	\$5,000
	2013	\$18,340	\$25,000	\$(6,660)	2013	\$18,340	\$25,000	\$(6,660)
	2014	\$6,680	\$20,000	\$(13,320)	2014	\$6,680	\$18,400	\$(11,720)
	2015	\$20	\$20,000	\$(19,980)	2015	\$1,620	\$18,400	\$(16,780)
	2016	\$ (6,640)	\$20,000	\$(26,640)	2016	\$(3,440)	\$18,400	\$21,840)

	2017	\$(13,300)	\$20,000	\$(33,300)	2017	\$(8,500)	\$18,400	\$(26,900)
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@ \$120 Dues	year	Avail. Funds (Dues + Asmt.)	estimated expenses	Δ	year	Avail. Funds (Dues + Asmt.)	estimated expenses	Δ
	2012	\$35,000	\$ 30,000	\$5,000	2012	\$35,000	\$30,000	\$5,000
	2013	\$26,408	\$25,000	\$1,408	2013\$	\$26,480	\$25,000	\$1,480
	2014	\$22,816	\$20,000	\$2,816	2014	\$22,960	\$18,400	\$ 4,560
	2015	\$ 24,224	\$20,000	\$4,224	2015	\$26,040	\$18,400	\$7,640
	2016	\$25,632	\$20,000	\$5,632	2016	\$29,120	\$18,400	\$10,720
	2017	\$27,040	\$20,000	\$7,040	2017	\$32,200	\$18,400	\$13,800
	2018	\$28,448	\$20,000	\$8,448	2018	\$35,280	\$ 18,400	\$16,880
	2019	\$29,856	\$20,000	\$9,856	2019	\$38,360	\$18,400	\$19,960
	2020	\$31,264	\$ 20,000	\$ 11,264	2020	\$41,440	\$18,400	\$23,040
	2021	\$32,672	\$20,000	\$12,672	2021	\$44,520	\$18,400	\$26,120
	2022	\$34,080	\$20,000	\$14,080	2022	\$47,600	\$18,400	\$29,200
	2023	\$35,488	\$20,000	\$15,488	2023	\$50,680	\$18,400	\$32,280

@ \$110 Dues	year	Avail. Funds (Dues + Asmt.)	estimated expenses	Δ	year	Avail. Funds (Dues + Asmt.)	estimated expenses	Δ
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	2012	\$35,000	\$30,000	\$5,000	2012	\$35,000	\$30,000	\$5,000
	2013	\$24,624	\$25,000	(\$376)	2013	\$24,624	\$25,000	-\$376
	2014	\$19,248	\$20,000	(\$752)	2014	\$19,248	\$18,400	\$848
	2015	\$18,872	\$20,000	(\$1,128)	2015	\$20,472	\$18,400	\$2,072
	2016	\$18,496	\$20,000	(\$1,504)	2016	\$21,696	\$18,400	\$3,296
	2017	\$18,120	\$20,000	(\$1,880)	2017	\$22,920	\$18,400	\$4,520
	2018	\$17,744	\$20,000	(\$2,256)	2018	\$24,144	\$18,400	\$5,744
	2019	\$17,368	\$20,000	(\$2,632)	2019	\$25,368	\$18,400	\$6,968
	2020	\$16,992	\$20,000	(\$3,008)	2020	\$26,592	\$18,400	\$8,192
	2021	\$16,616	\$20,000	(\$3,384)	2021	\$27,816	\$18,400	\$9,416
	2022	\$16,240	\$20,000	(\$3,760)	2022	\$29,040	\$18,400	\$10,640
	2023	\$15,864	\$20,000	(\$4,136)	2023	\$30,264	\$18,400	\$11,864

@ \$100 Dues	year	Avail. Funds (Dues + Asmt.)	estimated expenses	Δ
	2012	\$35,000	\$30,000	\$5,000
	2013	\$22,840	\$25,000	(\$2,160)
	2014	\$15,680	\$18,400	(\$2,720)

	2015	\$15,120	\$18,400	(\$3,280)
	2016	\$14,560	\$18,400	(\$3,840)
	2017	\$14,000	\$18,400	(\$4,400)
	2018	\$13,440	\$18,400	(\$4,960)
	2019	\$12,880	\$18,400	(\$5,520)
	2020	\$12,320	\$18,400	(\$6,080)
	2021	\$11,760	\$18,400	(\$6,640)
	2022	\$11,200	\$18,400	(\$7,200)
	2023	\$10,640	\$18,400	(\$7,760)