

The Lakeshore Company
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November 1, 2010

To The Mount Kemble Lake Community:

The Lakeshore board approved a \$250 per year increase in the Lakeshore assessment at its October 13th meeting. Beginning in 2011 the annual assessment will be \$1,250 per year; \$625 in January and \$625 in July.

The board considered a number of factors in making this decision. The primary factor was the declining cash of The Lakeshore Company. For the three years ending December 2009, The Lakeshore Company had negative cash flow of approximately \$200,000, primarily to replace leaking water mains. While this decrease was largely attributable to infrastructure spending, there was a significant decrease nonetheless, and we still have potential capital spending requirements given the age of our water system.

Another factor we considered was that the Lakeshore assessment was never raised to cover the debt service of the Dam and Dredging loan. This amounts to \$23,000 in additional annual spending. You may recall the Mount Kemble Lake Association raised its dues \$250 per year to cover its portion of the debt service.

As noted in the 2010 first half summary posted on the community website, the Lakeshore year-end cash balance is projected to be approximately \$8,000, excluding the impact of any budget variances. Unlike the Association, the Lakeshore Company does not have any designated reserves for unbudgeted expenses. Therefore, the projected cash balance is at a sufficiently low level that it does not provide for any significant unbudgeted expenses. Therefore, the board concluded it was essential to increase the assessment.

The Lakeshore Company Board
Austin Godfrey, President
Bob Yingling, Treasurer,
Nancy Priscu, Secretary