

	Mtg 1	Mtg 2	Mtg 3	Mtg 4	Mtg 5	Mtg 6	Mtg 7	Mtg 8
Slide: <u>Scope & Assumptions</u>	generated brief comments around the bullet on the \$400 "temporary" assessment and whether or not the general perception is that it will go away. Some thought it was perceived as going away, some thought it was perceived as permanent.				It was noted that the \$250 Dam/Dredge assessment goes out for an additional 16 years and is specifically time bound to 20 years. It was suggested that this be noted in the presentation			
Slide: <u>Dues vs Annual Operating Expenses:</u>					It was noted that this is a mix of operating and capital expenses. It was noted that until recently the two orgs were in a pretty good cash position, but that Lakeshore had to spend a lot on recent repairs.			There was discussion regarding dues and the \$400 road assessment. Some participants thought it went away in ~ 3 years, others thought it would stay in place.
Slide: <u>Activities to Date:</u>			The question was posed regarding which other lakes/associations that we review as comps. Response: Green Pond, Lake Mohawk, Harding Green, Bonar's California condo and committee member's personal experiences	The question was posed regarding whether the comparable communities were roughly the same size. Response was that Green Lake was larger, but overall the comps are roughly comparable				

Noted that Lakeshore spent accumulated savings over the past couple of years and will probably have a dues increase.

It was noted that the cast iron pipes seem to be in good shape, but the galvanized are more problematic so we are trying to plan ahead. A question was posed regarding whether we have tested the pipes to determine if there is actually problem. The response was that we are not aware of any reliable tests. We know that Alpine pipes are a problem.

Noted that the “guesstimates” are adjusted for anticipated inflation. Question posed regarding there is an expectation to replace the tanks? Response was ‘yes’, it’s accounted for in the 2nd 10 year period and is estimated at approximately \$300K in today’s dollars

Question was posed whether we would ever have to replace the entire water system in total, at one time? The response was probably not. There was discussion regarding how much pipe has been replaced to date - Primrose hill and Trails End; and how much we probably have to replace – Alpine and parts of LTW and LTE.

Slide: Water System:

Question posed regarding whether or not we have to chip & seal the new roads. Response was “yes” based on Paul Fox’s (town engineer) recommendation. This differed from the questioner’s recollection. Question whether or not the chip & seal reserved still existed. Response was “yes” and it’s included in the financial info.

It was noted that it is not a general understanding that the new roads need to be chipped and sealed. It was understood that a part of the rationale for doing the roads the way they were done, was to avoid the chip and seal process.

Slide: Roads:

brief discussion on when the various areas were most recently dredged and what are the anticipated cycles. It was said that the Breeder Pond is on a 25 year cycle and was done ~ 15 years ago. The Lagoon was done about 5 years ago.

Question posed regarding whether both the previous lake dredging and the roads will be paid off when the lagoon and breeder ponds need to be dredged. The response was that yes, both should be paid off. This generated the comment that there is time to build up the reserves once the roads/previous dredging are paid.

Question posed regarding whether there had been any discussions with Paul Fox to minimize the run-off coming into the lake. Response was that there had been any discussion recently with Paul Fox, but that the run-off isn't from any one specific area, it comes from all around the lake and beyond. There was a suggestion that maybe there may be funding sources from the DEP. Question was posed whether we could benchmark the lake and figure out the timing more accurately. Response was that we are trying to figure how to do this.

The question was posed as to whether the estimated \$49,500 for the lagoon may be high.

Slide: Project
Detail (#11)

Slide: Options:

The water company restriction limiting the total households was brought up and it was noted that current information indicates that the HH limits no longer exist. The question was raised regarding whether the tax reductions happened as anticipated. The question was raised as to how we would execute and enforce the membership fee without spending a lot of money on the process. It was suggested that maybe there be a back-up plan of increased dues and fees for those who did not pay the membership fee at their closing. It was suggested that we put together a package of obligations for real estate agents explaining the lake and its requirements such as dues and rules and membership fees if implemented.

It was noted that other than the water company, it is unlikely that there would be an emergency that could not be put off awhile to get financing in order.

Question was posed whether we could get insurance to cover a failure of the dam. Response, probably not.

Slide: MKL Tax
Map

It was suggested that lots be sub-divided sold to adjacent homeowners with the stipulation that it could not be used to build a new home, but would be added to the homeowners existing lot allowing for new septic or allowing for an addition to the existing home. It was suggested that the money from a land sale would go into a trust. It was suggested that there be a combination of selling and tax abatements. The question was posed regarding what to do with the lake dredge if the ball field was sold. The follow-up question was how much would it add to the cost of dredging if the ball field was not available. It was noted that the ball field is the most salable lot since it would not require hook-up to the water system. This was followed up with the comment that ball field seemed like a complicated sale. It was noted that the tax abatements were done about 15 years ago, and that some of the aqua lots are buildable, others are not buildable.

One participant did not think \$35K in taxes was a lot of money to pay in order to keep the lots from being built upon yet available for an emergency.

Questions whether we could sell lots for open space – maybe there's money available? Response, usually there is a requirement/desire for public access if land is purchased for open space. Suggested that we could allow adjacent home owners to split and purchase lots between the houses with deed restrictions regarding subdividing and building. Regarding ball fields there was receptivity to selling it which lead to a discussion regarding the desire for more houses in the community. Overall the group did not want to see more houses in the community, but if we did build houses, the ball field was most probable. Question was posed regarding ability for additional hook-ups to the water company and it was noted that we are not limited.

Managing Fiscal
Challenges,
Membership
Fee with Sale of
Property:

: Question posed regarding whether the Membership Fee would conflict with the Lakeshore Stock sale during the real estate transaction. The underlying premise being that the stock price is negotiable and additional money to the seller. The response was that the Membership Fee should not conflict much, if at all, since one cannot own Lakeshore Stock without also owning property. It was also noted that some people have not had to pay for their stock, others refused to pay and the sale still went through with stock being provided to the new owners by Lakeshore for no fee.

Comments were made that there are advantages to borrowing the cost of the improvements, such as those who are actually using the improvement are paying for it. There was general discussion that a mix of borrowing and other methods would be good.

One participant asked why we didn't do a membership fee sooner. Overall most people in the group were receptive to the concept. There was discussion that the membership fee is a negotiating point, with one participant saying it comes from the seller not the buyer.

Slide: Anticipated
Dues Increases
for Capital
Projects

One participant suggested that we sell land. It was noted that we have to pay capital gains taxes if we sell land, unless we can transfer other land to an organization like the Harding Trust. The question was posed regarding if we put land into tax abatement, could we take it out and sell it later. The response was “yes”, but that we would have to pay penalties.

The idea of selling lots was brought up and it was noted that we would have to pay taxes on the money. It was noted that it would take at least a year for tax abatements or other ideas to be implemented. There was discussion regarding anticipated prices for lots. Question was posed regarding whether all community members paid their dues. Answer was “yes”, although timing is sometimes an issue. It was noted that there are “no free rides” regarding dues. Question was posed whether people can still use facilities if their dues are not paid. Response was that they do not receive their badges if in arrears.

Question was posed regarding how much have we spent on the water system in the past 10 years? Response, probably around \$125K over past 5 years.

Slide Options -
Increase
Revenue

The question was posed whether a membership fee would make it harder to sell a home. The response was not necessarily as it shows financial planning by the community. It was noted that membership fees would go directly to the community. Some members said that the membership fee was reasonable if it were part of the home sale negotiation process. It was noted that it takes about a year to implement a membership fee.

One respondent was strongly opposed to the concept of a membership fee because he would not be able to sell his house with it imposed. (at the end of the session he had reversed his opinion)

There was clarification that none of monies had actually been committed. A participant asked about doing a survey to verify that residents still want these projects given the cost. The response was that a survey had been done within the past few years and that it indicated residents want these projects.

Slide Options -
Reserve
Funding

One participant asked where the current reserve monies are and whether they are receiving interest? The response was that they are in several easily accessible vehicles which are paying the market rates (which isn't much). One participant noted that a large reserve amount would need a committee to manage it – its liquidity and investments.

Participants wanted to know how the fee would be executed and the community assured of receiving it. There was some concern among the participants regarding its impact on house sales.

Comments & Ideas generated at the end of the presentation:

Buy MKL homes currently on the market and hold them to sell until the real estate market improves – thus generating profits which could go into the reserve fund. There was some discussion that this would require funding which doesn't currently exist, and quite a bit of volunteer time to manage and maintain.

One participant expressed some skepticism on \$110K costs for water system ... thought it was more like 70% of that

Selling the ball field was suggested as it would have minimal impact to the community and have its own well. This raised the question of how many additional houses could the Water System support without additional state regulations. It was noted that recent information has found that the water system isn't constrained by the number of houses as previously thought.

There was some receptivity to selling the ball field. It was noted that we would pay taxes on the money, there was concern about the existing sludge and where to put future lake dredge.

A concern was raised regarding the overall lack of long term organization memory. It was noted that if something like a membership fee were to be implemented, it would need to have very clear guidelines because as a community we tend to forget what we agreed upon.

The question was posed regarding whether the roads and water company projects will be managed together for financial efficiencies? The answer was that that is the intention and that's why the two organizations are together.

One participant noted that she already pays about \$4k in taxes, plus the joint dues are ~\$3K, how much more was expected of her? The response was that it depends on how we want to address the reserve question.

Some participants liked the Membership Fee concept because it allows MKL to be maintained in a quality manner which was believed to increase home values.

The question was posed whether there is a capital level that the boards cannot go past in spending? The answer was "yes" for the association per the by-laws. However, Lakeshore does not have a cap on the level it can spend.

Another participant noted that we've had large dues increases over the recent past and that we need to watch what we are doing. That the community has "gone to the well too many times".

It was noted that dues went up quite a bit to pay for major repairs and catch-up maintenance

Buy Bill's lot and hold to sell at a later time. Again, this would require funding. It later segued into a discussion as to whether or not the community would want to buy the lot so that a future home would not be built on it.

One participant was concerned that large dollar amounts would scare people

Regarding the selling of land, two participants were not supportive in general, although they were less opposed to selling the ball fields. Two participants were generally supportive of selling land.

The comment was made that many boards just assess their communities, although this is less of an option for MKL.

It was noted that 20 years is too far into the future to project and save/reserve money. It was noted that 10 maybe too far given concerns regarding organizational memory.

One participant thought it was a good idea to plan ahead and was "glad to hear a lot of the water pipes are in good shape".

Another participant noted that our dues are almost as much as our taxes, but that the dues are not tax deductible.

There was discussion regarding lots to do a mix of selling to adjacent homeowners and putting the remainder into tax abatements. Possibly holding out 1 or 2 as "insurance". However, the majority did not want to see more houses and if we are not willing to build more houses, then allow adjacent owners to split the land and put the rest into abatement and not pay taxes

One person vocally did not like the percentage membership fee idea because it was perceived as impacting the home price and noted that it isn't a stable source of revenue generation.

There was discussion regarding the details behind some of the figures and inflation rates used.

It was suggested that we approach homeowners with vacant lots between their homes to see if the homeowners are interested in splitting and buying the land.

An idea was brought up to charge residents a penalty if their remodeling projects take longer than a pre-identified time period, for example a year. There could be some type of monthly fee imposed until the work is done.

There was receptivity to putting some of the land into easements. This is especially true of the lots that are on revolving tax assessment.

One participant did not like the idea of selling land to be developed. He liked the current density of the lake. There seemed to be general agreement on liking the current density level.

The participants liked a combination of ideas – membership fee + tax abatements + selling some land.

Question posed what to do with the dredge if the ball field is sold and what would be the incremental cost to remove the dredge.

One participant felt that the numbers were “alarmist”. The group was asked if they felt it was “alarmist” overall? One respondent said we needed to plan for the future. Another likened it to their home where you have to anticipate for items needing to be replaced or repaired. Another respondent agreed that the plan is a good approach but was trying to “digest the magnitude of the numbers”. He thought it was good have a plan but that we should work on the starting point – maybe this level of reserve amounts are too large to start. He noted that perhaps the history of the lake does not support requiring such large reserves.

The dog run was mentioned in passing and invoked a strong negative reaction from one participant, especially in light of possible dues increases.

It was suggested that all lots be put up for sale simultaneously and to let the market determine which are considered to be most “sellable” with the highest offers accepted and the remaining lots set aside or put into tax abatement.

One participant noted that so far nothing dire has happened, if it did could we borrow the money. The response was that it may be difficult to borrow the money.

The question was posed whether or not we could sell the water company. The answer was that we could not find any buyers.

Fundraising efforts such as selling MKL logos/crests... was suggested. It was noted that we need to think in magnitude of \$5K-10K per fund raiser. A couple of participants liked the Beach concession idea. There were mixed reactions to the suggestion of renting the clubhouse for higher rents.

One person was receptive to the percentage membership fee concept. Upon further discussion this person suggested a flat rate membership fee versus a percentage. There was some support of a flat fee idea.

One participated wondered if the town could pave our roads, or some savings could be realized by using their contractors

It was suggested by two participants that we maximize our position by using a variety of funding sources, ie tax abatements + selling land to offset and balance the dues/assessment needs.

Participants wanted to know what kind of services could be cut back, for example possibly landscaping.

It was noted that we use to have a policy of creating individual project reserves for \$50,000-\$100,000 and suggested that maybe we should go back to doing this.

The question was posed regarding general thoughts on selling the ball field. Some said it would depend on how it was developed, how many homes were put on it, whether or not it was one large house (not necessarily considered a positive), how the house/homes would be accessed. There was a lively discussion regarding whether or not the community would actually agree to sell a lot with some participants strongly advocating that it would be impossible to garner agreement.

There was receptivity to selling the ball field or other lots. The question was raised as to what we would do with the dredge without the ball field.

The question was posed regarding what is the value of the liquor license? How much is the insurance? Could we sell the license? If not, could we save insurance money by people bringing their own liquor versus buying it? There seemed to be a sense that the community enjoyed having a pay bar.

General consensus seemed that the fee should not be less than \$5,000 and could be more. Comments were made regarding the importance of positively positioning the fee to make it seem valuable to the people coming into the Lake. (as in all of the amenities/lifestyle that you receive living at MKL)

One participant wondered what benefit we had by having the roads private ... can MKL be annexed by Harding

Regarding Membership Fees a concern was voiced that we do not want to make the sale cumbersome for the homeowner/buyer. It was noted that membership fee process/transfer fee is a common real estate transaction and should not be problematic.

An idea was brought up to develop a funding source, much like the building fund concept used by various institutions, and residents would have a certain amount of time to pay the amount in addition to their dues.

It was suggested that we deal with emergencies with a line of credit instead of a general reserve. The line of credit should be ~\$75,000-\$150,000. It was noted that lines of credit may have associated costs. It was noted that it may be worth the additional expense.

It was noted that putting lots into green acres would mean losing the option to sell them in case of an emergency.

It was noted that it may be expensive to sell a lot (cost of surveys, wells...) and that the expense reduce the profit.

General consensus of the membership fee was positive. One person noted that many retirement communities have them.

The question was posed whether or not we could sell the dredge as a fertilizer after it was dry. Possibly mixing in the leaves as a compost product.

Question was posed regarding if the community agrees to setting aside a certain amount of dues towards a reserve would dues still go up? Response, yes.

It was suggested charging people according to what they use at the lake. Most people did not seem to like this idea.

The question of whether or not a membership fee could be rolled into a mortgage was raised.

It was noted/discussed that large dues increases and the magnitude of the increases is concerning to people

Question was raised regarding whether the buyer is required to buy the membership fee or could opt out. The response was that it is required.

It was suggested that the clubhouse be rented out more aggressively and to people outside of the lake. It was noted that there are associated increases to the clubhouse expenses such as wear and tear or insurance. Participants countered that if enough money was raised, it would offset the additional expenses. It was also suggested that a management company could be hired to manage the rentals. It was also suggested that a pilot program be tested. It was also suggested we make it easier to rent the clubhouse, possibly reduce or eliminate the rider requirement. The question was posed whether it would limit community members being able to use the clubhouse if it were more aggressively rented.

It was suggested that we should develop a track record showing how well we're able to manage long-term improvements/big projects.

The question was posed regarding how the membership fee impacts the price of the Lakeshore stock when the house is sold. After discussion, the group decided it doesn't impact the stock because it's two different transactions and the stock is worthless without owning the property.

It was suggested charging people who do not volunteer. One person thought that this would inhibit volunteerism.

The question was posed regarding how the membership fee is executed? Specifically how the community would be assured that it would receive the money. The group felt strongly that the membership fee should be paid directly to the community.

Question posed regarding what happens if a number of septic systems fail simultaneously. A definitive answer was not known.

Overall people liked the idea of moving lots into tax abatement.

It was suggested possibly selling private MKL bonds to residents

A percentage versus a flat fee for the Membership Fee was preferred.

It was suggested that something similar to TGIFs be implemented to raise funds. These could be open to the public and possibly managed by an outside company.

It was noted that we do not pay taxes on the Clubhouse. This lead to a discussion that the township agreed (some time in the '70s) that the MKL residents pay an "enhanced" property tax. This is because our community is worth more due to the assets such as the lake, clubhouse than the houses would be worth without these assets.

One participant noted that based on personal experience in a Summit condo, it is very important to have a reserve and a formal process to manage it.

Question posed regarding selling the water company.
Response, no takers.

Overall people seemed receptive to selling the ball field if it is buildable. The question of where to put the lake dredges was brought up. It was also mentioned that there may be issues regarding perks and soil problems since the previous lake dredges were put there. This was countered by the comments that professional engineers were utilized when the dredges were put in the field so there should not be any issues, also perk tests would need to be done and are a cost of doing business.

A question on the MKL stock arose ... e.g. was it to be sold separately at closing, etc.

Question posed regarding how complicated is it to put the land into tax abatement. Response was that it isn't difficult, the township simply has to agree. It was noted that temporary tax abatements may not be possible anymore.

It was suggested that a combination of raising dues, borrowing, selling assets, and community membership be used.

It was noted that the dredge cycle is 80 years based on history and that if we keep the smaller areas clear it should help us maintain the 80 year cycle.

One participant suggested implementing the membership fee in phases, start with a smaller percentage and increase it over time.

One participant suggested assessing community members a fixed amount to jump start the reserve process.

It was noted that the \$400 dues assessment for the roads could be kept in place for the reserves. One participant said that he thought that the \$400 would go away at the end of the period. It was explained that this is not technically required. To which the participant responded that "it sounds like Washington".

Sell the ball field before we need the money, not when it is a crisis, so that we receive the best price. It was noted that the ball field would have its own well and not tap into the existing water system.

A question arose on taxes to be paid on interest revenues from reserve accounts

Most participants were OK with the tax abatement concept, one was not overly supportive.

It was suggested that we investigate renewing the road loan and borrowing against it.

It was noted that selling the ball fields may create a large inequity in housing prices if one large house was put on the lot. It was suggested that it could be sub-divided into 4 lots.

It was noted that once we sell an asset (land), it is gone and we cannot tap it again.

The 2 column 10/20 year slide needs better explanation

Question was posed whether we could get the township to do more for us, ie roads, snowplowing... the response was probably not more, the township currently does as much as is required.

It was suggested that we open a line of credit. When noted that this has potential costs, it was countered that it may be worth the cost.

It was noted that selling an asset doesn't really plan for the expense.

Build a retirement home in the ball field.

The question of fixed-income affordability of MKL arose

It was noted that there is probably a 1-2 year lag before any of the proposed activities would be implemented.

It was suggested that we issue bonds within the community.

A concern was noted that should a substantial reserve be developed, people may decide they prefer to tap into the reserve versus paying dues.

There was acknowledgement that there may have to be a dues increase. One person voiced a concern for those on a fixed income. This person also suggested that if a community member is receiving a township tax reduction (having gone through the formal process of applying and showing need) then the community should honor that and reduce the community dues/fees (which has been done in the past).

One participant mentioned that MKL won't return to the good old days. Volunteerism for the MKL community was a large part of people's life then

A participant voiced a concern for community members on a fixed income. A comment was made that the Membership Fee concept addresses some of the concern regarding people on a fixed income.

It was suggested that we sell the water company. It was noted that it was investigated but there was not any interest.

There was some receptivity towards a membership fee since it's from the buyer.

It was suggested that we combine ideas, raise dues + membership fee (flat or percentage) + tax reduction to yield the most revenue.

One participant wondered how we can use people's talents to generate revenues for MKL

The issue was raised regarding how people on a fixed income can qualify for reduced taxes from the township (response that there is a formal process) and it was assumed it would reduce the dues that person pays to the community as has happened in the past.

It was suggested having Harding annex the lake. It was noted that the township is probably not interested.

It was requested that we speak to other communities that have implemented a long term plan (over 5 years) and obtain the details as to what was done well, what needed to be improved and what kind of organization memory they developed. This may help us learn how to allocate and spend over a longer term. (going back to the need to develop a track record)

It was noted that the monies set aside from previous land sales were transferred to the dam project and that this transfer of funds was approved by a 2/3 majority vote.

It was suggested that we maximize the MKL assets. For example open the beach to or rent the clubhouse to people outside of the community

Question was raised regarding impact of delinquent dues, it was noted that this problem is confined to small number of people, so not a huge revenue issue.

It was suggested having people pay for their actual water use. This is perceived as a reallocation of funds.

It was noted that the \$400 is recognized by many as a temporary assessment. It should be reduced for at least a year to show that we can keep the commitment of a temporary dues increase. If it is needed at a later point, then it should be brought back up to the community for a vote.

It was suggested that if people prepay their dues they could receive a discount. (an outgrowth of the discussion around some people prepaid the \$400 assessment and received a discount)

Question was raised regarding what it means to "scale back services". This generated a discussion regarding the cost of using professionals versus things previously done by volunteers. It was noted that we could go back to volunteers for some things, but there seem to be fewer volunteers which lead to the supposition that people prefer to pay for professionals to do some kinds of work.

The question was posed as to how much would be saved if we closed the clubhouse. It was noted that this would lead to more costs associated a lack of maintenance/heat

The question was posed as to where is the closest community to MKL that has a membership fee.

Two people said that they would prefer to pay their dues monthly. There was some discussion regarding the receptivity of doing this online to make it easier for the treasurer.

There was also discussion around balancing paying for services versus how the community looks versus safety issues versus basic maintenance versus liability issues.

It was suggested that we poll the community as to what it wants. It was noted that this was done and Karen Sabol has the information. It was also noted that that is also the intent of the outreach meetings.

There was a discussion regarding the funding trends for the capital items and that perhaps the timeline could be modified, smoothed out or normalized. It was agreed that this could be done, but it doesn't create a significantly different scenario to explore.

It was suggested that people be charged based upon the resources they use, such as the beach, garden, tennis court

There was a brief discussion about renting the clubhouse to people outside the community. General consensus seemed to be that it wouldn't generate significant amounts of money and would add additional expenses.

It was suggested that we put the lots into conservation easements with covenants to be able to dump the lake dredge.