

**Lake Forest Resort & Club Condominium Association**  
**Board of Directors Meeting**  
**May 4, 2023**

**Call to Order, Establishment of Quorum, and Adoption of Agenda**

Dan called the meeting to order at 1:14pm. Present were Dan Krueger, Laurie McWard, Jay Walt, Tim Mikel, Ross Radandt, and Michael Schultz, with George Swierczynski absent. Also present was Resort Manager Sue Couture. After a quorum was established, Laurie moved to adopt the agenda, with Tim seconding. Dan noted that there were no visitors in attendance.

**Secretary's Report**

Tim moved to approve the minutes of the December 2022 board meeting, with Ross seconding. The motion passed unanimously.

Correspondence was shared from Kathy Budnik, Bob and Marilyn Wolf, Phil Hesselbein, Karen Lindstrum, and Mary Beth and Tom Goldrick. Additional questions which were emailed by owners will be answered in the upcoming Report to Owners and the planned Open Forum to Owners.

There was no other business to report.

**President's Report**

Through the first quarter of 2023 and looking ahead to year-end, Lake Forest is in a financially sound position to meet its budget for this year. Not only did we have more people pay their 2023 fees than we planned for, but we also carried forward about \$80,000 of excess cash from 2022. Those attending the Annual meeting may recall that we voted to carry this excess money forward to help counter the potential of having many more owners deeding back their weeks than we budgeted for. So, we should have this excess cash amount going into 2024 since it is "extra" (that's a good thing).

In 2022 we had 134 unit-weeks deeded back, and so far for 2023 we've had another 60 unit-weeks deeded back. As most owners know by now, the chief problem we've been dealing with over the past several years is "Owner Shrinkage". This is the growing number of owners deeding their weeks back to the Association. So, as we look ahead to 2024, the board is gathering the necessary information to best evaluate (or should I say "estimate") our financial ability to continue operations for another year. This is why we conducted the last two owner surveys. We're trying to gauge how many people are willing to pay for 2024 – at what could possibly be an amount similar to the fee we paid for 2023 - \$1154.

Simply put, we don't want to just guess how many people are unwilling to pay a similar or higher fee. Hearing from the owners about what they are willing to pay, or not pay, and how they feel about continuing or terminating operations at the end of 2023, is critical to our projection of whether we can be financially viable for 2024.

As a board we are trying to balance the reasonable viability of operating in 2024 with a fee similar to what we had for 2023 – against the potential of having to assess owners' midway through the year...or even worse, file bankruptcy. Nobody wants that. That's why at this Spring board meeting we will be evaluating the survey results, and analyzing our budget line items (both expenses and income) to see if this is a reasonable possibility.

Currently Lake Forest has 530 unit-weeks in good standing (out of a total of 1154). Given the gravity of our current position with a very low number of remaining unit-weeks, I'm proposing to the board that we communicate (by mail and email) our analysis and findings from our meeting today to the owners in a "Report to Owners". Along with this report, we should also provide answers to the questions and ideas offered by many owners in the last few months. Following this report being mailed out, I am also suggesting that we hold an "Open Forum" that is live streamed via Zoom. This will give owners the opportunity to ask further questions about our current and future viability.

### **Resort Manager's Report**

As of today: The association owns 569 weeks. (49% of the 1154 total weeks)

There are 26 delinquents this year. Lien notices are going out next week.

There are currently 8 Non-Judicial Foreclosures pending.

38 owners are still on a payment plan for 2023 for an approximate total due of \$28,467.

So far this year 40 weeks have been returned with 20 more pending. Seven are still pending from last year.

Annual Maintenance in all condos is complete and Spring cleaning is on schedule and should be complete by mid-May.

Maddie is not coming back this Summer to work in the front office as she is staying in Madison for an internship. I have hired a woman part-time who has 20 years of experience in hospitality group sales and revenue management. Her name is Angela and I look forward to working with to build on our rental program.

Housekeeping is fully staffed at the moment and Summer staffing is looking good.

We have some summer weeks that have opened up so we'll be concentrating on getting those filled. I'm still actively working with Amy from Life in Wisconsin – bartering for social media postings which help promote the resort. I've also run promotions with all the OTA's over the winter and continue to do so through to this Fall.

On Wednesday 4/19 I had a Zoom meeting with Donald Killingback who is Director of Rental & Owner Retention for Grand Pacific Resorts. After sitting through an hour Power Point presentation I learned GPR's roots are in the timeshare industry and their focus is in assisting resorts to stay financially healthy while enhancing owner benefits. Basically, they offer varying levels of management services. I was specifically interested in their Rental Distribution Program which helps resorts monetize HOA owned inventory. However, I discovered that much like RCI's Sell & Return Program which I looked into last year, they require a significant amount of year-round inventory that we can't provide. And, they charge a 35% commission and want total control of the rental program – including a new booking engine. This scenario won't work for us so I won't be pursuing this any further. We do quite well with administering the rental program ourselves and with the expertise of Angela – now in our front office – we hope to expand it even further.

### **Asset Replacement Committee Report**

Completed asset replacements for 2022 and proposed replacements for 2023 were reviewed. The front of the Resort Center Lodge building staining was done last fall, while the remainder will be done this spring. The replacement of two upper level entry decks (101-102 and 103-104) will be completed this spring, weather

permitting. There are some asset replacement funds that were carried over from previous years to cover any incidental replacements needed. There was no further business to report.

### **Personnel and Policy Committee Report**

There were no new personnel or policy changes to discuss.

### **Finance**

Due to a delay at the accountant's office, 1<sup>st</sup> quarter 2023 reports are not yet ready. The closing out of financial year 2022 must be completed before we begin reporting on 2023. The 2022 compilation is expected next week. We will be getting the first quarter 2023 reports shortly after that. As of now, the 2023 are draft reports.

Reviewed a draft of the 1<sup>st</sup> quarter Profit & Loss Performance. At this time, a draft is all that is available. Income is showing below budget, but that does not include uncollected maintenance fees. With that factored in, we are actually above budget on income. Rental income is right on target. Expenses were under budget through 1<sup>st</sup> quarter resulting in a good financial position overall for the first quarter.

Also reviewed a draft of Cash flow for the first quarter. We are in a strong position for 2023 due to fewer deedbacks/delinquencies than anticipated. Thus our revenues are higher than projected. Expenses on target to date. If this holds true, we may have some cash available at year end for either shutdown expenses or to move forward toward 2024 operations should the owners opt for it.

Operating checking account register have been reviewed and approved.

Asset Reserve CD 1	\$78,287.80
Asset Reserve CD 2	\$64,401.02
Asset Reserve Money Market	\$17,685.82
Asset Checking	\$18,077.35
Operating Checking	\$38,013.07
Operating Money Market	\$51,578.54
Rental Trust Checking	\$64,380.48

Will review the Accountant Compilation Report for 2022 once received and update the board on that review. The same will apply for tax returns for 2022.

### **Other Business**

A legal services update was presented by Tim. With no other business, Jay move to adjourn, with Ross seconding. The motion passed unanimously and the meeting was adjourned at 2:35PM.

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Approved: 9.21.23