

Lake Forest Resort & Club Condominium Association
Board of Directors Meeting
September 21, 2023

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

Dan called the meeting to order at 9:20am. Present were Dan Krueger, Tim Mikel, Ross Radandt, and Michael Ebben, George Swierczynski and Sue Couture. Laurie McWard and Jay Walt participated virtually. After a quorum was established, Ross moved to adopt the agenda, with Tim seconding. The motion passed unanimously.

Dan noted that there were no visitors in attendance.

The board accepted the resignation of member Michael Schultz and thanked him for his almost 7 years of service to the association. The board appointed Mike Ebben to fill the remainder of his term through 2024. Tim moved to accept the appointment, with George seconding. The motion passed unanimously.

Secretary's Report

Tim moved to approve the minutes of the May 2023 board meeting, with Jay seconding. The motion passed unanimously.

There was no correspondence to share.

There was no other business to report.

President's Report

We've had a substantial response on the ballots mailed out to the owners to vote on the resolutions to repurpose the resort and reallocate the use of the ARF. Over 65% of the 530 eligible unit-weeks have returned their ballots by mail. With the special meeting scheduled for October 14th to vote on these two resolutions, I'm hopeful we will have even more of the owners' unit-weeks represented by either their proxy ballots mailed in and/or their attendance at the special meeting via online audio/video. The more people that vote and participate in the process, the better. As a board, we want the owners' voices to be heard. Voting is how that is accomplished.

Our financial status is strong as we head into planning for the 2024 budget. Our revenues and expenses for 2023 are performing within budget as planned for this year. This means that we are able to carry forward the excess cash from 2023 as planned to be available for offsetting any substantial number of weeks deeded back at the end of this year. This is critical for us to be able to follow through on our plan to propose a budget for next year that keeps the maintenance fee at \$1154 - the same as it was for 2023. I am confident that we will be able to do this for our owners. I also want to point out that in addition to meeting the budgeted expenses for 2024, we also plan to carry forward enough reserve cash to cover the potential expenses of 2025 in the event that we do not sell the resort at the beginning of 2025. We don't want to be in a poor cash position jeopardizing our ability to meet basic monthly expenses going into 2025 just in case selling the property doesn't happen for a while. In summary, we are financially well positioned to carry out our plan to operate through 2024 while keeping the fee at \$1154 and being prepared to sell the resort in early 2025.

Resort Manager's Report

Of the 1154 total weeks, the association currently owns 588 weeks (51% of the 1154 total weeks), 531 weeks in good standing, there are 19 pending non-judicial foreclosures and 16 pending deedbacks.

In 2022 we completed 130 deedbacks. So far this year 55 weeks have been returned with 16 more pending.

Association owned rental proceeds are up almost \$20,000 from the 2022 due to the summer weeks that were deeded back and then rented out.

We have confirmation from the Treehouse Village manager that the resort will be closed by year end and that they have an accepted offer on the property. The sale is set to close in February sometime.

There was no other business to report.

Asset Replacement Committee Report

Completed asset replacements for 2023 are as follows:

February: 109-116 guest bedroom window glass replacements \$1230

May: Completion of Resort Lodge staining \$11,000

June: 101/102 and 103/104 front entry deck replacements \$13,805

August: Condo 105 new dishwasher \$682

There are no further updates planned for 2023. Any expenditures will be on an 'as is' basis.

As of 8.31.23 there is currently \$13,267 left in the asset replacement checking account to cover anything else that may arise this year. If replacements exceed this amount before year end, funds will be drawn from the Asset Reserve Fund.

There was no other business to report.

Personnel and Policy Committee Report

Sue gave an update on how the new maintenance contractor is working out. While it isn't like having a dedicated employee on-site, the service is getting the minimum requirements complete. Employee John is still home recuperating from surgery and we don't have a firm date yet for his return.

The resort manager appraisal was presented to Sue.

There were no policy manual changes to discuss.

There was no other business to report.

Finance

Reviewed Profit & Loss Performance through July 31, 2023. Income is trending to exceed budget for the year. Most variable expenses were close to or slightly below target for budget through July 31, 2023. The Operating Contingency for Maintenance fees may not be needed at all due to maintenance fees being paid at a higher rate than expected when budgeting for 2023. This is resulting in a good financial position overall. Thanks to Sue for her diligence in working to manage expenses. These financial conditions are similar to, or maybe

slightly better, than was discussed in our May board meeting. At that time, the board decided to recommend continuing operations into 2024 at the same maintenance as 2023.

Cash flow through July 31, 2023 shows our cash position is strong as we expected when we approved continued operations through 2024. At this point in the year, revenue exceeds expenses by almost \$470K, by many annual expenses have not yet been realized. Revenue will also slow significantly as the vast majority of maintenance fee payments have been received and the peak rental periods have passed. Thus, the \$470K realized to date will shrink significantly by year end, but should still leave sufficient cash available to add to the 2024 budget allowing the resort to feasibly operate for another year.

As was mentioned above, year-end outlook projects to allow for some positive cash flow to be moved to 2024 to help cover operations for next year. This was anticipated after our May review and is continuing on that positive trend. We expect to be able to budget for 2024 with a maintenance fee no higher than 2023. This does, however, scale back many future looking expenditures and cuts other expenses very low. We perceive 2024 will be the final year to operate at a maintenance fee that is acceptable to the majority of our owners.

Operating checking account register for the months of January to July 2023 reviewed and approved.

Asset Reserve CD 1	\$78,975.20
Asset Reserve CD 2	\$64,724.14
Asset Replacements Checking	\$10,949.64
Operating Checking	\$82,142.65
Operating Money Market	\$402,300.12
Rental Trust Checking	\$92,019.58

Other Business

A committee was formed to seek out a realtor for the resort property. The committee will form a questionnaire and offer recommendations to the board by 10.14.23. Interviews will then be scheduled.

With no other business, Jay move to adjourn, with Mike seconding. The motion passed unanimously and the meeting was adjourned at 1:22PM.

Published for Review: 9.27.23

Approved: