



**Lake Forest Board of Directors Annual Meeting
January 17, 2023
Minutes**

Location: Evergreen Forest Elementary School

Board members present; Kathleen Emmett, Kim Busenbark, Deanna Rocamora
Member-at-large: Alex Broman, Shannon Hildreth

Board members absent: 0

Guests: 9

Time started: 7:00 pm

2023 Budget

The 2022 budget vs actual dollars used was reviewed line item by line item. Line item 8 appears to be overfunded (has more money than was budgeted). This is due to a refund check from SCJ received in February 2022.

The 2023 proposed budget was provided. Addendum A.
Changes include an increase in the cost of utilities and services indicated on line item's 27 & 28.

Water-Irrigation projected usage costs, including backflow testing for 2 meters, is approximately \$940. The 2022 budget allocated only \$500. The 2023 proposed budget line item was increased to reflect the actual cost.

The portable bathroom in Hearing Park is serviced approximately 15 times per year. The cost for this service has increased from \$45 per service to \$60 per service. This was increased on the 2023 proposed budget from \$600 to \$900 to reflect the increased service fee.

Discussion occurred regarding what the special assessment of \$40 per year is used for. It was explained that the Special Assessment portion of the annual dues is placed into the Reserve Fund. The Reserve Fund is basically a savings account that supports the Reserve Study. As stated on reservestudy.com "A Reserve Study is the art and science of anticipating and preparing for major common area repair and replacement expenses. Reserve Studies allows the persons responsible for any property to offset the ongoing deterioration of the property's components with Reserve Funds to ensure their timely repair or replacement. A well-crafted Reserve Funding plan will ensure that irregular Reserve expenses are offset by ongoing, regular Reserve contributions, avoiding the need for alternate forms of additional funding."

The beautiful neighborhood in which we all live, includes 22+ acres of greenbelts and common areas including a waterfront park, swimming dock, play structure, picnic tables, covered picnic area, 3 entrances, round-a-bouts, sign boards, neighborhood signs, lights, fencing, keypads, 10 retention ponds and many more items that need maintenance. The cost of this maintenance is shared by each resident through the annual HOA dues. The portion residents paid before the assessment barely covers the cost of yearly maintenance and did not provide enough contributions should a major event occur. All residents who own property in the neighborhood would share the cost equally if a major event were to

happen (fence falling down, trees that fall, pavilion roof replacement, swimming dock repair/replacement).

Association Reserves is the company who performs the Reserve Study. The latest study can be found on lfha.info. The cost is approximately \$900 per year and is represented on line item 23.

Line item 23 also includes the potential cost of a professional audit. The LFHA financial documents are required to be audited every year. This could cost approximately \$8000k with a CPA . An alternative is to have a committee of neighbors audit the books. However, to opt for a committee of neighbors, a vote of the residents must occur. The vote is only valid if a quorum is reached as indicated in the By-Laws. If no quorum is reached, a second vote can occur. It was stated by our bookkeeper that the industry rate for a professional audit has increased from \$5000k to anywhere between \$7000-\$8000. There is currently not enough revenue to increase the budget of 2023 to reflect this industry increase. The 2023 budget for line item 23 will remain \$5000k.

Association Reserves was contacted by the Treasurer to initiate the 2022-2023 Reserve Fund Report. The next site visit will occur in 2024. Once received, the report will be uploaded to the LFHA website.

Voting Results for 2021 Audit

Ballots were distributed in December and due 1/17/23 at 7pm. Per the LFHA Articles of Incorporation, a quorum of 60% is required. This means 251 residents need to respond to the vote. 156 votes were received. The results were (130) 83% in favor of a special committee performing the audit and (26) 16% against. Per the LFHA Articles of Incorporation, a second vote can occur with a minimum quorum of 30% or 125 responses. A second vote will occur, ballots will go out in February.

The lead audit committee member was present and stated how much she appreciates the homeowners who participate in the audit committee. They are very thorough and dedicated to ensuring the financials are accurate and complete.

A recommendation was made to include 2 years in one audit vote. The process for the 2021 audit vote has already begun so it may not be possible this year. This is a great suggestion in the future.

Election of New Board Members

The open positions for 2023 are President, Vice President, Secretary, and a Member-at-Large. These are 3-year positions.

The floor was opened for nominations, none were received. The current volunteers will stay in their positions until other volunteers come forward.

The 2023 LFHA officers are as follows:

President	Kathleen Emmett
Vice President	Open
Treasurer	Kim Busenbark
Secretary	Deanna Rocamora
Member-at-Large/ CCR's	Alex Bromen

Member-at-Large/Maintenance Chair	Shannon Hildreth
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CCR Report

The 2022 CC&R Annual report was presented. A continued nuisance was discussed. No further action was taken. Report included as Addendum B

Maintenance Report

There are 4-6 volunteers who meet weekly and spend 40-45 hours per month performing jobs around the neighborhood. They clear the greenbelts, prune and weed the entrances, coordinate and maintain service of the plumbing and electrical, remove noxious weeds, fix ruts on the roads from the garbage trucks and take the responsibility of ensuring the 10 retention ponds are in compliance with the county regulations. They use their own tools, gas and time to keep the neighborhood maintained and safe. The bookkeeper estimated that this small group of volunteers is saving the residents of the LFHA approximately \$65k per year by volunteering their time.

A resident electrician will assist with fixing the lights at the NE entrance, deadline has been given.

Waterfront Project

Since receiving the permits, there have been multiple attempts requesting bids. Very few have been received. The scope of the project has been discussed at every board meeting. The project needs to be completed by 2025 according to the permits. Safety is a priority however in addition to lack of bids, funding and direction of project continue to be a hurdle for moving forward. A call for volunteers for the committee was made.

The members of the Waterfront Project are:

- Kathleen Emmett
- Jeff Heard
- Alex Bromen

Residents are highly encouraged to join any of the committees.

Long Lake Management Division

LFHA has 2 seats on this committee. Kathleen has held one of the positions for about 20 years. All residents are encouraged to participate on the LFHA board of directors or on the Long Lake Management Division (LLMD). The LLMD consists of the lake front homeowners. Because LFHA has a park on the waterfront, the residents have representation on LLMD

The annual meeting is 1/26/23 at 6:30pm at the Lacey Community Center.

Special Assessment

A proposal was made to form a committee to research, plan and present information about implementing a special assessment to cover the cost of the annual maintenance contract. The scope of this committee would take into consideration current market maintenance rates, inflation and inclusion of the labor provided by the maintenance volunteers. Using the information provided by the bookkeeper (the maintenance volunteers provide a cost savings of \$65k/annually) If and when the volunteers are no longer able to participate with community maintenance tasks, the neighborhood will have to pay a service to do it.

A motion was made, seconded, and carried to adjourn the meeting.

Meeting Adjourned at 9:00pm

Projected 2023 Budget		2023 Budget
Ordinary Income/Expense		
Income		
	2023 Association Dues (\$174.54 & \$87.29 Dues with Credits Applied \$0.00)	72,919.01
	2023 Special Assessment(\$40.00 & \$20.00 Reserve with Credits Applied \$0.00)	16,880.00
	Credits Prepaid for 2023 in Dec 2022 \$	
	Total Income	89,799.01
Expense		
2	Tax Preparation Fee/IRS/Property Taxes	250.00
3	Insurance (April)	8,000.00
4	Licenses & Fees (May)	10.00
Maintenance		
	Reserve Fund Contribution Special Assessment (\$40 & \$20 \$0 with Credits Applied	16,880.00
5	Fence/Signage Repairs-Maint.	2,000.00
6	Common Area Maint/Mowing (at \$2,300) for 12 months)	27,600.00
7	Volunteer Projects/Petty Cash/Garbage	600.00
8	Hearing Park Maintenance/Waterfront	500.00
10	Other Landscaping/Trees	9,000.00
12	Theft & Vandalism	50.00
*	Total Maintenance	56,630.00
Office Expenses		
15	PO Box Rental (Due in February)	375.00
16	Postage	800.00
18	Supplies	800.00
19	Telephone (at \$40.00 per month)	480.00
20	Website/Email	350.00
*	Total Office Expenses	2,805.00
21	Community Events	900.00
Professional Fees		
22	Legal Fees	300.00
23	Accounting Fees/Reserve Study	4,500.00
24	Bookkeeping (at \$360.17 per month)	4,322.04
*	Total Professional Fees	9,122.04
Utilities		
26	Electricity (at \$825.00 per month)	9,900.00
27	Port-a-potty (at \$60.00 per Service at 15 Services)	900.00
28	Water - Irrigation (\$60 per Month & Backflow 2@\$110)	940.00
*	Total Utilities	11,740.00
Total Expense		89,457.04
Net Ordinary Income		341.97
Other Income		
	Interest Income (at \$50.00 per month aprox)	600.00
Total Other Income		600.00
Net Other Income		600.00
Total Net Income		941.97

CCR Annual Report for 2022

1. A total of 134 courtesy letters were sent to homeowners for CCR violations in 2022 (this is an increase of 28 from 2021). Of these 26 were second courtesy letters for repeat or uncorrected violations. Four lots received fine letters.
2. Breakdown by violation types [discrepancies between totals and breakdown by type are due to single letters containing multiple violations]:
 - a) Courtesy Letters #1: (104)
 - i. Garbage/recycle cans in view – 38 (down from 45 in 2020)
 - ii. Trailer/boat/RV storage – 15 (up from 12 in 2020)
 - iii. Greenbelt violations – 2
 - iv. Greenbelt encroachment - 5
 - v. Property appearance (includes lawn/weeds) – 18 (down from 39 in 2020)
 - vi. Parking vehicles on lawns – 14 (up from 3 in 2020)
 - vii. Commercial use of property – 1
 - viii. Nuisance/business/poultry - 1
 - b) Courtesy Letters #2: (26)
 - i. Garbage/recycle cans in view – 13 (up from 6 in 2021)
 - ii. Trailer/boat/RV storage – 1
 - iii. Greenbelt violations – 2
 - iv. Business/Nuisance/Poultry - 1
 - v. Property appearance/Yard – 7 (up from 0 in 2021)
 - vi. Parking vehicles on lawn – 2
 - vii. Inop vehicles - 2
 - c) Fine Letters #3: (4)
 - i. Garbage/recycle cans in view – 3
 - ii. Weeds/dandelions - 1
3. Homeowner corrections in 2022: Seven violations from 2022 are carried over to 2023. Three lots are in fine status. All other violations in 2022 were corrected by homeowners.
4. Report Notes:
 - a) Three to four CCR drive around inspections were performed every month.
 - b) Some violations were corrected by personal communication between the CCR Chair and homeowners or email to the Board without the necessity to send a courtesy letter.
 - c) A number of first time violations were the result of new owners who were not aware of the CCRs. The CCR Chair made note of this when sending courtesy letters and edited the letters to welcome the new owners to LFHA and ensure they knew about obtaining their codes for Hearing Park entrance.
 - d) The Board obtained attorney advice to handle greenbelt encroachments and hired a surveyor to confirm one greenbelt's borders. The survey

Addendum B

resolved two suspected encroachments in favor of home owners. The survey results also identified several other lots with portions of fence or structures that protruded across or into the greenbelt border. Border lines were marked by the surveyor and a copy of the survey is available on our website. LFHA sent notice of results to two homeowners that absolved them from previous violation notices.

- e) LFHA Board had phone consultation with attorney scheduled in February 2022 to review lot 1055 non-compliance with CCRs.
5. CCR annual report on January 17, 2023 by Alex Broman. Copies of Courtesy Letters sent to homeowners in 2022 are on file on LFHA BOD Google drive.