

Public Board Meeting
Minutes from
January 12, 2004
7:30 p.m.

Pursuant to the rules of the Board of Directors, a regular meeting of the Board of Directors of Lakes of the Four Seasons Property Owners Association, Inc. was called to order at the Lakes of the Four Seasons Club building in Lake County, Indiana on Monday, January 12, 2004.

Members present: President Batton, Directors Rogers, Kiest, Peterson, and Mason.

Staff present: Community Manager Robert A. Campbell, Attorneys Theodore A. Fitzgerald, and Brian E. Less.

Following the call to order by President Batton, the Pledge of Allegiance to the Flag, President Batton asked for a motion to approve the Public minutes from December 15, 2003. A motion was made by Director Mason to approve the minutes from December 15, 2003, seconded by Director Peterson the motion carried 5-0-0.

Next, President Batton asked Attorney Fitzgerald to read the list of applicants for membership, and Director Mason made a motion that members be approved as read. Following a second by Director Rogers, the following resolution was unanimously adopted 5-0-0.

“Be it resolved that the following named owners of property in Lakes of the Four Seasons subdivision be approved for regular membership in the Association:

| | | |
|------------------------|-----|--------|
| Batasar Regalado | Lot | P-592 |
| Michael Finnelly | Lot | P-617 |
| Ken & Joan Miller | Lot | P-723 |
| Scott & Emily Evans | Lot | P-914 |
| Hisae & Chris Shea | Lot | U-1050 |
| Alan & Carol Helverson | Lot | U-1500 |

“Be it further resolved, that the Secretary notify the applicants of their approval for membership.”

Next President Batton and Director Kiest gave their presentation on property values in LOFS verses Valparaiso and Crown Point (This was the same presentation given at the December 15, 2003 meeting).

Resident Konowalik questioned whether or not we could do part of the golf course irrigation system ourselves and save money? Director Kiest stated that this project is huge and next to impossible to do ourselves. He stated that as a Board they look at all options.

Resident LaDuke stated that in years past our property taxes and POA assessments were always a couple hundred dollars less than neighboring towns, and that is why a lot of people decided to move out here. They were willing to make the drive for a couple hundred-dollar savings. She stated that this Board is pricing people right out of why they moved here in the first place.

Resident Everett stated that he just could not imagine a cooler that would cost \$30,000.00. He asked if there was a way that we could get a slightly used or refurbished one? Resident Everett also questioned the \$20,000.00 that will be used for the Security remodeling and wondered what was going to be done with that building. He stated it needed to be torn down. Director Rogers agreed with Resident Everett however that fee was going to be \$80,000.00. So the Board reduced the budget and believes for \$20,000.00 the mold that is a problem in that building can be addressed, and add five to six feet to make the building larger.

Resident Derry stated that \$12,000.00 is the maximum amount of money that should be spent on a walk-in cooler. He stated that we could buy two for that price. Manager Campbell stated that this is a difficult situation. The 37-year-old cooler is part of the clubhouse sidewall. The insulation is rotted and the cooler is sinking into the ground. Manager Campbell stated that we figure the budget with an estimate and always try to beat the estimate. Resident Derry stated that since we are a non-profit organization do we put our bids out in the local papers? He stated that this is a free service, and it could save us some dollars. Manager Campbell stated that no we don't do that, but we could certainly start.

Resident Facemyer questioned the mold and asked if we turned in a claim on it? Director Mason stated currently it is hard for us to receive quotes on insurance, if we start turning every little claim in we will never be quoted. Resident Facemyer questioned how the lease purchases were bid? Manager Campbell stated that these are just estimates with an estimated rate of 6 1/2 % and the time frame in which to pay it back changes as well, depending on the best deal for the POA. Once the budget has been approved, then the Department Directors go out and receive the bids. Golf maintenance equipment has three bidders Toro, Jacobson, and John Deere. Manager Campbell stated that we always hope for cheaper financing than we put into the budget.

Resident Facemyer stated that the budget is inaccurate; they should be listed as leased items or financed items. With a debt finance; he questioned if the buyout was zero? Manager Campbell stated that with the backhoe the buy-out is \$1.00.

Resident Everett questioned the 6- % interest on the trucks we purchase; Manager Campbell stated that we pick the best package we can purchase through the dealership or bank. Manager Campbell stated that with zero percent financing we always figure the best deal. On our last truck zero percent would have cost us \$2000.00 more than receiving the rebates.

Resident Everett asked if we bid out the irrigation system. Manager Campbell stated yes they had, one contractor did not bid the job, one was too far away, and one was too busy. That left four bidders, Mid West, Commercial, one from North West side of Chicago, and a firm out of Dubuque Iowa. Manager Campbell stated that the difference between the high and the low bidder was a difference of \$90,000.00.

Resident Everett stated that with the state of the economy his firm has held the line on upgrades, yet we are going to spend 800.00 on computers? He also stated that the burden should be on the golfers, and the price for a membership should be around three to four thousand dollars.

President Batton responded stating that the golfers are paying ten percent more this year, and whenever there is a need the WGA and the MGA step up to the plate and contribute to "their" golf course, i.e....sandtraps, more cart paths paved.

Resident Facemyer questioned the 4.35 adjustable one-year loan, he stated he had talked with Manager Campbell's "Centier guy" and he stated that the rate was 6% and he did not advice the POA to use the one-year adjustable rate. Resident Facemyer stated that he understands that this years budget is balanced with this rate, however what happens in the next nine years when the rates start to climb? Manager Campbell stated that currently the loan is a one year fixed rate, and he will pick the best possible way to finance our community loan. Resident Facemyer stated that it makes sense to secure the loan at 6% for the life of the loan and not have a variable rate. Resident Facemyer questioned why the budget was not out for the resident's to have a copy to look at? The projected copy is very hard to see and understand without the sheets being in front of you.

Resident Bouska asked what is wrong with the current irrigation system? President Batton stated that it is shot, and it is hard to get parts for it because it is so old. Director Peterson stated that is cost \$42,000.00 a year for the maintenance of the old system. President Batton stated that the old system is 30 years old, and this new system will last a long time.

Resident Derry stated that there is a golf association with the website of VGA.com and we should look into joining this association as we could save a lot of money on supplies, and purchases.

Resident Facemyer stated that the monthly hit of the restaurant is unacceptable, and the Board hasn't moved since the last meeting, and the 26th is the final budget. He asked if the Board would let us know what they are going to do before the 26th?

Manager Campbell stated that we have two corporation, one for profit and one not for profit. The country club is owned by the POA and in the past have always had to tap the line of credit to get us through March 1. When the restaurant is in the hole, the POA picks up the tab.

Resident Smith stated that he has no problem spending ten dollars in the restaurant however it should be on a quarterly basis. We seem to have a high- end restaurant, and the demographics show that we are not a high- end community. Resident Smith stated that he has said this before, but when the 19th Grille had pizza, they did a really good business. He went on to say that he believes that there needs to be two different management teams in place one for the Grille and one for up here.

Resident Derry asked who watched the food costs? Director Mason stated that it would be the Food and Beverage Manager, Marvin Trinkaus. Resident Derry asked if we were giving him an incentive if he met his goals? Director Mason stated yes he was. He stated that we are not using competitive bidding as we only use two suppliers and we should be asking for more bids on our food. Director Mason stated that we all get hit—the committees that use our facility don't pay for the heating and lights, and the BOD do not want them to pay either, we all get hit one way or another it is our clubhouse.

Resident Aimutis stated that every year our dues increase and every year that restaurant loses money. Director Mason stated that we have to cover the restaurant's loss.

Resident Derry stated that 51% for labor costs is way too high. He stated that Briar Ridge is operating at 30%.

Resident Konowalik stated that with the \$120.00 assessment, residents should be able to use it for golf, pool or whatever. He stated that in ten years his dues have doubled.

Resident Everett wanted to compliment the Food and Beverage Department, he stated that he had his reception here recently and the food was outstanding. He suggested that we try the entertainment book buy one-dinner get one dinner free. Director Mason stated that this was a great idea.

Resident Bouska asked what percentage of the residents uses the restaurant? Director Mason stated that there is no way of knowing because some resident's pay with cash, he stated that he would estimate that 15 to 20% of the residents use the restaurant. Resident Bouska asked if this was a trail basis or a one-time thing?

Resident Derry stated that his company would offer a consultant to evaluate the restaurant at no charge to the POA.

Resident Evans stated that we need to do something different. He does not believe the high end pricing is the best idea. He stated that he moved here a year ago because of the lower taxes and the ability to play golf, he stated that we all need to support the amenities—it's a great place to live.

Resident Facemyer questioned how much Peterson's Ditch upgrade cost? Director Mason stated it was nearly \$154,000.00 and that fee was cash with no additional debt to the community. Resident Facemyer stated that the cost base for the \$120.00 charge is 89.7%

based on the Boards numbers that nets out to \$12.00. Mr. Facemyer stated he would rather give the board \$12.00 not the \$120.00.

Resident Aimutis stated that we need to advertise the restaurant out by the 117th Street gate as well as the front. Manager Campbell stated that we had just settled a lawsuit with a company who took payment and never produced a sign for the side gate. She also asked if the directional enforcer was gone for good, she was hoping it was. Manager Campbell stated no that we have to put in one more strip so it goes the whole length of the road.

Resident Everett stated that the assessments have gone up 200% in the past five years. He asked if we could have a one-time assessment to make the restaurant profitable and then have it run in the black? Director Mason stated that the covenant will not allow for special assessments. He stated that the Board keeps raising the budget; they should look at ways to cut the budget.

Resident Marcheschi stated that the Board is pricing everybody out of here.

Resident Bondi stated that White Hawk had an ad in the paper stating the there restaurant was casual dining. He stated that we need to prioritize what needs to be done in the restaurant, so it can stay in business. These dues are going to exceed our taxes at some point very soon.

Resident Haworth stated that he has recently moved in here, loves the Clubhouse and is sad that it is shut down for these three weeks, he had to take his family to Valparaiso and spend forty-five minutes in the car to get there!

Resident Bouska asked how long the \$120.00 restaurant credit would last and will it increase every year? President Batton stated that the Board of Directors change every year so he could not answer that question.

Resident Willette stated that the restaurant would never be able to handle the residents if everyone came up to use their \$10.00 credit. He also stated that when he moved out here the dues were \$65.00 a year, he has been retired for six years and his pension does not go up the same way the dues go up.

Resident Swanson stated that we spend way too much money on capitol expenditures and the irrigation system is another example. Four or five years ago we spent a chuck of money to dredge the lakes. The dues never go down. The cooler price is out of hand. Maybe a new Board would lower the dues.

Resident Everett stated that we need to take advantage of this free marketing survey that resident Derry offered to us.

Resident Wolfe stated that having the budget on the screen is very hard to see, and he has 20/20 vision. He felt he should be allowed to have a budget during the presentation. He

asked why the Board does not lease the restaurant? He stated that then you could lower the dues and the restaurant would not be our problem anymore.

Resident Gonzalez (L-142) stated that instead of spending \$750,000.00 on an irrigation system he would like the Board to think about putting in sidewalks, streetlights, etc.... Director Rogers stated that we have to take care of the infrastructures. We upgraded the pool when it needed repairs, we just can't let the golf course amenity die; the Board has to take care of it.

Resident Gonzalez (L-571) stated that they are retiring and they won't be able to live here much longer with these huge increases.

Resident Brankle stated that possibly property values are down because we have a brown golf course. As the WGA president, she believes, as does the WGA group, that a green golf course will increase the values of our homes.

Resident Everett made a comment that we do not live in Gary or Detroit and he believes a budget for security at \$640,000.00 is way too high. He stated that we should decrease the number on the security force and we should have three to four bar code gates at the front gate. He stated that many times when he goes through the gate all three quad cars are sitting at the gate and the dispatchers are on the phone, probably talking to their boyfriends. President Batton stated that in the year 2003, there were 530,000 people registered through that front gate, and President Batton asked resident Everett how would he know if that dispatcher was on the phone with an emergency or not? Resident Everett stated that we should have a system like Double Tree. Director Rogers asked him how many people live there compared to here? He stated that people are speeding on Kingsway going 45 miles per hour while three squad cars sit up at the front gate. He stated that all other companies are lowering costs, benefits, and people are being laid off, and we are going the other way.

Resident Slafkosky asked if the \$1200.00 assessment included the \$120.00 food credit or was that on top of the \$1200.00? Resident Slaflosky stated that he doesn't know which way the community is going, and what direction the Board is going.

President Batton responded to the Kingsway spending, he said that he has spent many shifts on Kingsway at the three way stop by the 117th street gate and said within a twenty minute span he stopped thirty-five cars. Director Rogers stated that she could attest to that as she was one car that Officer Batton had stopped for rolling the stop sign.

Resident Konowalik stated that you can go through the front gate and state your name as "Smith going to Jones" and they will let you through. Mr. Konowalik stated that during the holidays he had a relative come through the gate and they stopped him and asked for identification. President Batton stated that sometimes it is hard to judge who is telling the truth however, as residents we should be glad when the dispatchers ask for identification.

Resident Konowalik asked since the officers are commissioned do the tickets issued in here stay in here or go to county? President Batton stated that they stay inside the gate. He also stated with a budget of \$640,000.00 he felt that the garbage can issue should not be an issue; everyone's garbage can should be off of the street. President Batton stated that once the budget is complete the Board will be going through another 6-inch binder in Manager Campbell's office, and Security will start to enforce all of our rules.

Resident Facemyer asked if the utilities from the Pro Shop building were included in the entire Restaurant budget? He also stated that the Board needs to cut this budget and show the residents where the budget was cut. President Batton stated that not all of the utilities are allocated to the restaurant, some go to golf services. President Batton also stated that the budget they start with is much larger than this one, and the Board has already cut \$800,000 to \$900,000 before the resident receive the preliminary budget. Resident Facemyer stated that the Board should come back and say this is what we have done to lower utilities....., or this is how we cut our insurance expense..... He stated that the fixed expenses are not broken down-how much are we paying for a ream of paper?

Resident Everett questioned how many lots were not paying their dues? Manager Campbell stated that there are about 150 lots that are delinquent. We have put some lots in foreclosure (the very high balances) and we put liens on each year that the residents don't pay their dues, Manager Campbell said. Once the home is in bankruptcy, we usually have lost any hope of receiving monies owed to us. Our outstanding receivables are \$324,000.00. Out of fifty-seven foreclosures we might collect on only forty—if we are lucky, Manager Campbell stated. Resident Everett stated that there are a lot of concerns from residents, and at the next meeting you are going to approve the budget with no more conversation with the residents? Resident Everett suggested another meeting with the residents. President Batton stated that the budget must be passed by February 1, 2004.

President Batton stated that in previous years the Board has received estimates on what it would cost to have security hired out. The fees were higher. President Batton stated that if we open the gates up the municipalities use a formula of 2.4 officers per 1000 residents and our officers would more than double, and this would be paid for by a tax increase of some sort, and you would not have the service that we have now.

Resident Everett questioned about L-5 and how that floor plan was ever approved? President Batton stated that we are working out an agreement with the owner, and the floor plan was an over sight of the building control committee back in June of 2002.

Resident Zackiewicz stated that he believes Security is an important part of our community and answering the phones up there is very important. The issue of signing people in will never be completely accurate, but if we go to bar coding that is just a tape and you receive no benefits with a tape.

Resident M. Brown had a few comments; he stated that he assumed that Director Kiest and Batton left out the year 2000 because it made their charts not make any sense (he was referring to the presentation on property values). He went on to say that he is a 34-year-old man with 20/20 vision and he could not read the numbers on the screen. He told Director Mason that he made an effort to come to the meeting, hadn't ate dinner and did not appreciate him talking throughout the entire meeting. He told Director Rogers that he didn't think it was funny of her rolling through a stop sign on his street. Director Rogers stated that she was not making fun of her being stop, but to prove a point that Officer Batton is stopping people on his street.

Resident Haworth stated that he is all for security and would like to see a Directional Enforcer on the Forest Land entrance. He stated that he doesn't know why but security took away a neighbor away in handcuffs the other day, and he was grateful he didn't have to wait until county got in the gate.

Resident Moss stated that with regards to the kids going through the ice this past weekend he said he tried for fifteen minutes to tell the kids to get off the ice—they would not listen.

Resident Swallers asked a few questions about the budget; he stated that the Board must have taken off the non-course use golf cart sticker because it was at zero. Also he noticed that this Board did not increase amenities across the board they just picked a few. President Batton stated that they just hit the high motorboats in hopes of people not purchasing large motors for our lakes—the lakes are really not big enough for them. Manager Campbell stated that the non-course use golf cart was an oversight on his part—they are in the budget for \$75.00.

Resident Green questioned \$14,000.00 for the resurfacing of the tennis courts, wasn't that just done five years ago? President Batton stated that it was not done correctly it was just a cap coating.

Resident Clark stated that she was a new resident and she used her buy one get one free dinner and did not like the restaurant, she said they do not go out a lot and she didn't really care to eat up here again. She questioned the \$200.00 transfer fee as well. Manager Campbell stated that the BOD started that many years ago, and it is basically another way of making revenue, most associations have these fees. Resident Clark questioned why they could not use a VA loan in here. Manager Campbell stated that LOFS does not care what kind of financing residents choose, that is the realtors telling potential customers that we do not allow them.

Resident Norwine questioned if the businesses pay us for security to patrol around their establishment. President Batton stated that once a shift security goes outside the gate and does the parameters of the community.

Director Rogers stated that the Fundraising Committee had calendars for sale at \$10.00 a piece and if anybody wanted to purchase one they were up here at the table.

Next Director Mason made a speech pertaining to Winfield Township Assessor John Curley. His speech pertained to Mr. Curley and suggesting that we open our gates to the public (Attached is a copy of that speech).

The meeting adjourned.