

**LAKE HOLIDAY PROPERTY OWNERS' ASSOCIATION  
ANNUAL MEETING AGENDA  
December 9, 2018– 2 pm**

**A. Declaration of Quorum:**

President Leidolf declared that a quorum has been reached. 10% of the total membership is needed for a quorum, there are 3865 total votes and 386 votes would need to be cast. By the beginning of the meeting there were 805 votes cast 685 in favor of the budget, 88 against and 32 Abstains, thus we have a quorum, and we can call the meeting to order.

**B. Call Meeting to Order:**

After calling the meeting to order, President George Leidolf welcomed the residents to the 2018 Lake Holiday Annual Meeting. The purpose of this meeting is to approve the 2019 budget, swear in the continuing and new board members and announce the officers for 2019 Members present: President George Leidolf, Vice President Jay Wiegman, Secretary Dorothy Fleming, Treasurer Greg Wasson, Directors James Bianchi, Ahren Lehner, Michael Ivanauskas, and General Manager Jon Boussein.

**C. Pledge of Allegiance:**

Members rose and recited the pledge.

**D. Approval of Minutes of 2017 Meeting:**

Director Michael Ivanauskas made the motion to approve the minutes. Motion was seconded by Vice President Jay Wiegman, Motion carried unanimously, thus the minutes of the December 2018 meeting have been approved as submitted.

**E. President's Address: President's Address-2018 Annual Meeting**

Welcome to the 2018 Lake Holiday Property Owners Association annual meeting. The recent election resulted in two of the three incumbents winning another two-year term. The winners were Jay Wiegman, Raymond Uzumecki, and James Bianchi. Joe Kotalik and Jody Otto, and I ran for office, but failed to get sufficient votes to place in the top three. Even though I also lost, it was gratifying to have more members interested in serving on the Board of Directors.

The new Board of Directors and officers for 2019 are: Jay Wiegman, President; James Bianchi, Vice-President; Greg Wasson, Treasurer, Dorothy Fleming, Corporate Secretary, Michael Ivanauskas, Director; Ahren Lehner, Director; and Raymond Uzumecki, Director.

I want to thank everyone for the support and assistance I have received over the years. It has been an honor and privilege to serve as a director these past years. It has been a pleasure to work with the Board of Directors and our General Manager. Thank you all.

We recently received a letter from the law offices of Richard Balough, our attorney in the Utility Services of Illinois, Inc. case detailing the final water rates approved by the Illinois Commerce Commission (ICC). We were partially successful in reducing the company's rate request. The ICC rejected our request to have the fixed charge of a bill at a uniform level regardless of meter size. They did, however, indicate that this issue may be readdressed in the next rate case. Since the fixed component of a bill did not change, the approved revenue charge for usage was set at \$10.07 up from \$5.71 per 1,000 gallons of water. This letter will be printed in our newsletter and placed on the Association's web site in the near future. I am certain that the comments and letters filed with the ICC by members of the Association helped to limit the rate increase.

I want to review some of the highlights of 2018. We replaced 13 aging docks, replaced an aging playground swing set at Beach II, purchased a gator, and power washer allowing maintenance to keep our docks and walkways clean. Beach II was dredged, clean sand added, and curbing installed along the beach side of the parking lot.

An additional 17,000 pounds of carp were removed. Plans have been made to continue removing carp next spring. The USDA Wildlife Service removed 238 resident geese from our lake. One estimate I saw indicated each goose produces up to three pounds of fecal matter per day. Therefore, up to 714 pounds less is deposited in the lake and on green areas per day. There was a noticeable decrease in goose dropping in the green areas, beaches, and docks within a few days. Algae in our lake, while present at times, was not as bad as prior years. Removing the carp and geese appears to have had a positive effect on summer water quality.

We cannot rest on our laurels. The fight for better water quality needs to continue. After all, the lake is the crown jewel of our community. The Association has a staunch ally in the Lake Committee co-chaired by Will Olson and Bob Bailey. They study

lake conditions, research possible solutions, and recommend actions to improve the lake. Bob has just stepped down and will be replaced by Brad Baird as co-chair. Other members include Rich Johnson, Jeff Hamer, John Lamont, Ron Barker, Ray Uzumecki, and Tim Van Fleet, Property Manager. These people spend countless hours to protect and improve the lake.

If a member receives a citation they feel was not deserved or there were unusual circumstances that should be considered, they can request a hearing before the Citation Committee. This committee can invalidate a citation, suspend or reduce a fine if warranted. The committee was chaired for many years by Ron Barker who has recently stepped down to be replaced by James Bass. Other members of this committee include Tom Ciciora, Wanda Bass, John Lamont, John Niemann, Bill Goodin and James Bianchi.

The Finance Committee chaired by Don Kieso provides financial guidance to the Board and General Manager. They review the audit of the association books and review the budget prepared by our General Manager. Members include Reed Martin, Howard Habenicht, Greg Wasson (LHPOA Treasurer), Ray Uzumecki, Lynn Menth, Dennis O'Connell, and Jon Bouxsein. Our association is in excellent financial health thanks to the efforts of these people.

Violations of LHPOA covenants and rules were not rigorously enforced for many years. The Variance Committee was formed to help members bring their property into compliance or get a variance for a violation. This committee is chaired by Ray Uzumecki and includes John Niemann, Michael Kroll and Dorothy Fleming, Board Liaison. They have spent many hours tramping up and down hills working with members to help bring properties into compliance which eliminates problems when properties are sold.

The Rules Committee, chaired by Susan Bukvich, works to clarify and simplify rules proposed by the Board. Other members include Don Wiley and John Lamont.

The Recreation Committee, chaired by Nikki Lorenzen and assisted by many others, provides fabulous events for all members including Family Fest, Chili Cook-off, Meet Santa, fireworks on the Fourth, etc. All the workers deserve recognition and thanks. I don't have space or time to name them all, but there are a few I could name - Sharon Shepard, past committee chair; Ray Conley, fireworks coordinator, and Vince Zito, Santa. Our thanks to these and all the unnamed volunteers.

The Engineering Committee chaired by Ahren Lehner reviews the annual dam inspection results and other projects recommending courses of action. Other members include Ray Uzumecki and Matt Hanegmon, Dale Smith, and Albert Schnell.

The Landscape Committee is responsible for designing the improvements on our entrances, around the lodge and green areas. They work closely with our Property Manager and Maintenance Staff improving the beauty of our development. The committee is chaired by Rich Johnson and includes Forrest Rackmyer and Dorothy Fleming, Board Liaison.

Our clubs offer fellowship and make life more enjoyable at Lake Holiday. The Ladies Club hosted another successful Home Tour in September. They decorated the lodge and sold hand crafted items, home baked goods, and served their delicious turkey sandwiches. They use the profit from the Home Tour to finance projects around the community. The Fishing Club hosted their annual Kid's Fishing Tournament in May providing fun, food, and prizes for the kids. They also hosted another Illinois High School Sectional Bass Fishing tournament. The club raises walleye at the hatchery/rearing pond to replenish fish taken by anglers. The Fishing Club works hand-in-hand with our General Manager and a professional biologist to develop a fish stocking plan. This year 1,000 small mouth bass, 2040 walleyes, and 100 muskies were released into the lake in October. Where would we be without our hard-working staff? In the office, on the lake, on the roads, in the green areas, etc., they continue to amaze me with their level of professionalize and dedication. They are friendly and always willing to lend a hand. They are a great group of people who help to make living at Lake Holiday so enjoyable.

Jon Bouxsein, our General Manager, does an outstanding job managing the association's day-to-day activities, assets, holding down expenses, budgeting, and advising the Board. He made my job a great deal easier.

I want to acknowledge the Board of Directors. They are a hard-working group, functioning as a team, respecting each other's opinions and position. Not always agreeing with each other, but always able to reach a consensus.

In summary, we have a great group of employees and volunteers running Lake Holiday making it a wonderful and beautiful place to live and raise a family.

And now, on to the main purpose for this meeting, Greg, are you ready to present the 2019 budget?

## **F. Treasurer's Presentation of 2019 Budget**

### **Introduction:**

Hello and thank you all for coming. Your participation is so important to maintaining a successful, organized strategic plan for our community.

This is my sixth year serving as Treasurer of the Lake Holiday Property Owners Association. During my time on the Board of Directors for Lake Holiday we have met many challenges – maintaining an aging infrastructure, lake maintenance and engineering challenges, improve existing amenities, efforts to save money in day to day operations, and paying back the 2015 road overlay project. The board has been fortunate to rely on a panel of highly qualified individuals. These members review our budgets, strategically plan for the future, and respond to the unforeseen. The success of these plans is evident in the strong financial health of our community. We must acknowledge our current financial condition is a result of the policies set forth by current and previous boards, committees, and management members. Our policies may be conceived by any one of these people as well as from our membership, legal counsel, ILAC (Illinois Association of Lake Communities) or a variety of other sources. So, this process can be as simple or complicated as an issue may require. The Lake Holiday Property Owners Association budget, for example, is produced and revised a number of times before is reviewed, and ultimately approved, by you.

- 1) An initial budget is designed with the knowledge and expertise of our General Manager, Jon Bouxsein. Jon has done an outstanding job managing our community, upholding our rules, identifying potential flaws in our policies, forecasting future challenges, managing our legal representation, preparing our budget, and so many other vital tasks. If you've worked with Jon, then you know he's doing a great job and we're extremely lucky to have him.
- 2) The Budget is then reviewed privately and within several meetings by the Finance Committee. The Finance Committee is comprised of successful accounting and finance professionals. I'd like to thank all who participated in the Finance Committee for their contributions to the 2019 Budget. Chairman Don Kieso, Reed Martin, Dennis O'Connell, Howard Habenicht, Ray Uzumeki, Lynn Menth and George Leidolf. Aside from reviewing for accuracy in accounting, this committee has played a large part in ensuring the strong financial position we have found ourselves in these recent years. At this time I would like to recognize the contribution of outgoing Board President George Leidolf. For my time on the Board, George has had the unenviable position of Board President. In serving this position, you become the focal point of complaint and criticism. With 2,000 member lots, it is impossible to make everyone happy. George has always done his best to serve the membership as a whole and listen with an open mind to those not in agreement with the Board's decisions. His leadership will be greatly missed by the Board and many members of the Association. Thankfully he will continue to serve on several committees and as a member of the Fishing Club. Thank you George.
- 3) The Lake Holiday Board of Directors performs another series of reviews and revisions, and finally, the Budget is approved to be distributed to the membership by the Board of Directors.
- 4) The final version of the budget is published for the membership to vote by proxy. The budget is designed to satisfy our needs for the future, and if the vote passes, it will be used for the coming year. If the vote is not approved, it will be revised until the membership finds it agreeable. Many of you were kind enough to provide comments regarding the budget via email prior to this meeting. This allows me time to thoroughly consider a response, and I thank you for this. Although, some of these comments seem to beg a change to the budget. These comments are welcome, discussed, and considered in future budgeting, but please be aware that by this stage of the process, changes cannot be made unless this budget does not pass voting by the membership.

### **The Goals of the 2019 Budget:**

I'll be brief; these goals I outline haven't changed in 7 years.

- **Minimize any increases in membership dues.** We know every dollar counts, and this must be weighed when asking our members to contribute to our community.
- **Reduce unnecessary costs and increase value for the membership.** As we continue to look for cost savings, in recent years we have renewed our commitment to providing additional amenities.
- **Responsibly plan for reserve fund contributions and capital expenditure projects while planning for future capital outlays.** Our strategy has been to avoid special assessments or large changes to annual contributions. We

feel this stability is important to the membership so it becomes crucial to plan ahead and consider any needs that may arise in the future. This can be a very difficult task.

### **Overview of Budget:**

Lake Holiday Property Owner's Association's total forecasted expenses for 2019 are divided into three categories; Operating Expenses, Capital Outlay & New Assets, and Reserve Fund Contributions.

Operating Expenses is the largest of these three categories, accounting for nearly 79% of total expenses. This Operating Expense budget is comprised of 7 Divisions: General Property Division, Lake Division, Maintenance Division, Security Division, Office Division, Conservation & Property Improvement Division, and the Campground Division.

Today, we will be mainly focusing on the association budget as a whole, but we will also look at where each dollar of our individual contributions is spent – to keep things in perspective. So for instance, of next year's proposed \$910 contribution for a lot with a house, approximately \$718 of that will pay for these divisions. The remaining \$192 will pay for capital outlay, Reserve fund contributions, and capital replacements to be discussed later.

**General Property Division - \$217 for a lot with a home.** Nearly \$537,000 of our \$2.25 million total expenses is budgeted for this division alone. This funding is a \$14,170 increase from last year. Over half of this division's expenses are paid out for refuse collection – \$350,561 (over an eighth of our total expenses). 2019 is the sixth year of the Association's contract with Groot Sanitation. So to put things into perspective, of the \$910 contribution, approximately \$142 pays for your refuse collection.

The general Property Budget also includes items such as legal, audit, collection and insurance fees. Over the last few years, budgeted funding for these services has not changed much. This Budget also includes Director's fees, license fees, advertising, engineering fees, etc. these fees have not changed.

**Lake Division – Lots with a home will contribute \$11.89 to the lake division this year.** This division will receive the same funding for 2019 as it did in 2018. Our Lake Committee has shown the Board evidence of the impact on our lake by carp, and we are committed as a Board to doing everything we can to lower the number of carp per acre in our lake.

**The Maintenance Division – Lots with a home will contribute \$121.93 in 2019.** The Maintenance Division budget has increased approximately 13.40%.

**Security Division - Lots with a home will contribute \$158.48 to the security division this year.**

I'd like to take a moment during this address to identify the value our security division provides this community. It is so important to retain these experienced professionals required to safely serve the security challenges of our community. Please take the time to support, and even thank, our security officers for the service they provide. Their jobs can be made more difficult by those of us that fail to understand the challenges they face. Our need for the safety and security of association property are great when compared to the infrequency of local law enforcement patrols and the inherent risks of lake recreation.

**Office Division – A lot with a home will contribute \$186.19 to the office division this year.** The office division budget will increase by 7.18%. Added costs for health insurance, has played a factor in this increase. This division pays for wages, payroll taxes, health insurance and pensions. The office division employs six individuals including our general manager and public works manager. This division also pays for our monthly newsletter and other mailings.

Conservation & Property Improvement Division and Campground Division - A lot with a home will contribute \$21.87 to conservation and \$0.91 to the campground divisions next year.

In summary, operating expenses by division has seen an increase of approximately \$18.93 for a lot with a house from 2018. The 2019 Budget Committee also reviews the expenses of all these divisions cumulatively. A summary of all the division's operating expenses can indicate total Employee Compensation, total Insurance costs, total Repairs, and Supplies. This is independent of the Capital reserves and Fund Contributions. Employee Compensation and Benefits account for 55.17% of the total Operating Budget. This amounts to a \$55,342 dollar increase or a 5.99% increase from 2018.

Comparing our total compensation expenses to last year, we will be anticipating an increase of \$55,340 in 2019. This increase is tied to many factors including but not limited to pay increases for current employees and the hiring of additional employees to patrol the Association and also maintain the common areas.

When reviewing the summary of Operating Division expenses, Refuse Collection stands as the second largest expense, over 19% of Operating Division Funding. Further highlighting this line item is the near 3.75% increase. While we will experience a yearly increase based on our contract, the total paid on a yearly basis is still less than what the competitors bid was. The Board can also request proposals next year to make sure we are getting the best possible deal for our membership.

This summary of operating expenses has a line item titled "all other". "All other" includes about \$31,000 for legal, audit and collection fees, approximately \$30,000 for contracted services such as engineering, about \$33,000 for newspaper printing and

postage, and the balance for items such as training, uniforms, election expenses, etc. For 2019 All Other has been increased by 1.33%.

### **CAPITAL OUTLAY & RESERVE FUNDS**

This concludes our overview of the 2019 Operating Expenses. Let us now move on to the second, and smallest, of the three components of our total budget.

#### **CAPITAL OUTLAY**

This year the Board has made the decision to allocate monies for outdoor fitness stations. The location is yet to be determined. The Association will also allocate funds to improve the signage and landscaping at Beaches 1 and 2. Posts with rope fencing will be added to the entrances to continue updating the appearance of the lake and provide a unified theme. New picnic table will be purchased to replace our aging tables. Lastly a loader will be purchased for the JD 3520. In regards to Capital Outlay, please remember the Board serves a diverse population with different wants and needs. The Board and management does it's best to make upgrades to fit the diverse needs of its member both geographically and demographically.

#### **RESERVE FUND CONTRIBUTIONS**

Finally, let's review the last of the three components of our budget, the Reserve Fund contributions.

**Lake Maintenance Fund.** The lake maintenance fund will continue to be a fund used to pay for contracting services such as dredging and spoils basin excavation and hauling.

It is believed by the Lake Committee, staff and Board that dredging at the mouth of the creek will remove materials deposited in the lake from the watershed. Annual survey results indicate when dredging may be required. For 2019, funding was increased by \$33,095. Our engineer believes dredging won't be required until Fall of 2019 or 2020. It is important to remember there is a specific amount of silt and muck build up required before dredging operations can become efficient. We currently have enough money saved to perform a similar operation to our last contracted dredging.

**Dam Reserve Fund.** The Dam Reserve Fund was added to the budget in 2011 even though LHPOA had been saving in previous years. This year \$50,000 has been budgeted for the Dam Reserve Fund. We will be rebuilding this fund over the coming years to payback money, which was borrowed to provide an in house loan for our roads. It's important to note, we currently have credit in place with Resource Bank, and should we need more money than what's currently available, Resource is ready to loan us the amount needed, in excess of one million dollars. It's been recommended by the Finance Committee the Association have one million dollars in reserve for the eventual major overhaul or replacement of the dam when it's necessary. In coming years it will only be necessary to budget the money needed to replace what is spent on maintenance of the dam on a yearly basis. The Finance Committee believes it's important to be able to show financial institutions the memberships willingness to reserve money for its dam should we need a large loan down the road.

**Capital Reserve Fund.** The Capital Reserve Fund is used to provide for future replacement of certain assets and is based on a study performed each year that estimates such future costs. This study takes into account the effects of inflation and future earnings of the fund. Maintaining this fund serves to eliminate large unexpected special assessments or large dues increases. This reserve also serves to cushion the association during times of economic stress and improve our financial position if it becomes necessary to negotiate a loan. For 2019, we will be adding \$229,646 to the Capital Reserve Fund. \$205,035 is being allocated to pay back the 2015 Road Loan. This is an increase of \$88,369 from last year and the minimum amount the Board committed to paying back on a yearly basis. The Capital Reserve Fund has now been paid back in full, and next year the Association will begin paying off the debt to the Dam Fund. The Finance Committee felt it was better to payback the Capital Reserve fund more quickly than the Dam Reserve Fund as the Dam seems to be holding up well with regular maintenance.

So, while we are contributing the \$229,646 to maintain this fund to replace assets in the future, some of those assets will become due to be replaced next year. Because we maintain this fund to level off asset replacement costs, our contribution rate will not change drastically annually. The items being replaced this year include carpeting in the lodge, lake buoys and an office computer. It is important to note that some savings may be realized when comparing our budget with what we will actually end up paying for these items.

**Infrastructure Fund.** The infrastructure fund will receive \$50,000 in funding as we begin to reserve money for association infrastructure projects. Lake Holiday's infrastructure is aging and it's important we maintain it in order to keep ongoing costs to a minimum.

#### **BUDGET SUMMARY**

We have finished reviewing the 2019 operating budget. In sum, the operating divisions still account for nearly 79% of the total expenses, or \$718.71 per household contribution. This represents an increase of \$18.93 from last year.

Looking closer, Capital Outlay represents 2.50% of total expenses, or \$22.77 per household, showing a \$0.20 decrease from last year.

Reserve Fund Contributions decreased \$18.74 compared to your contribution last year. Of your \$910 contribution, \$187.31 of it will go to maintaining these funds.

This is a summary of the three expense categories we have just discussed and the required income required to satisfy them. Note the \$1,774,353 in Operating Expenses; \$56,100 for Capital Outlay; and \$416,147 for Reserve Funds.

**Other Income.** LHPOA is anticipating no significant change in other income. By working out payment plans with our members, we are collecting less late fess than in the past. Overall this is great for our friends and neighbors who may find themselves on hard times.

**Prior Year Surplus.** We are anticipating a budget surplus of \$100,654 in 2018 which, and like every year, is *being used to reduce the revenues required for 2019*. Keep in mind our managers are overseeing an operating budget of nearly one and a half million dollars, we are happy to find \$100,654 was saved in the previous year. The surplus is due to closely monitoring expenses experienced throughout the 2018 budget year and saving wherever possible. Also, LHPOA must provide employees with the option of Health Insurance coverage. The budget must be able to provide this benefit to each employee, although many employees opt out and additional funds become available thus adding to the surplus.

#### **DUES ASSESSMENT**

The total dues to be paid by members for 2019 are \$1,782,564. The proposed 2019 dues are \$910 for a lot with a home and \$751 for a vacant.

#### **Comments**

I only received one comment from membership via email prior to the meeting. I have already responded via email to the member but will paraphrase his comments and my reply to him as it may answer some questions in the audience today.

**Reading through the proposed budget I noticed the item for the adult fitness stations to be placed in a green area. Exactly what are we purchasing? What green area will these be placed in? Will there be any required maintenance for these items?**

The location of the fitness stations is yet to be determined. The types of stations being purchased is yet to be determined. The pieces are similarly priced, so we budgeted for a certain number as compared to certain pieces. We will be asking the advice of local fitness experts prior to ordering. There are large green areas on both the Somonauk and Sandwich side of the lake. A couple that come to mind are the basketball courts near the county line entrance, the 1685 green area, or the campground. Member input would be sought prior to making a final decision. Ideally a walking path would accompany these stations so you could break up the exercise movement with a walk or run in between. The equipment is manufactured by a playground company, so it is meant to withstand the elements and be low maintenance.

**In regards to computers, I understand the need to replace equipment of this nature. The hardware becomes outdated quickly and electronic devices are very susceptible to power fluctuations, dust, moisture, etc. What I am questioning is the cost. Exactly what are we buying for \$2,623? This is quite high for an office computer. I understand pricing and cost increases, but this seems to be pricey.**

**Has there been any consideration to having a lease contract with hardware support with a company like Dell or HP? These contracts provide for an upgrade over a time period. I am uncertain as to how many systems we have. I am assuming a three year replacement program. Our needs might be too small for them to consider it, but it could be worth looking into.**

The office has a total of five computers. In the past, as we purchased computers, we started to save for their replacement in the capital reserves. It was looked at the same as a security vehicle or maintenance tractor. The \$2,623 represents the amount saved for this computers replacement since the day it was purchased. We will most likely spend much less on the replacement computer, and the excess funds will offset next year's dues. Going forward, we will not be reserving for computer replacement. When a computer requires upgrading or replacement, it will just be paid from a line item on that year's budget.

At this time I would like to ask if there are any comments or questions from those present.

We can now proceed to vote on the budget. At this time, members voting in person are allowed to present their votes. After the counting of the members present, the results are:

<u>807</u>	Total votes counted
<u>687</u>	Votes FOR the Budget
<u>88</u>	Votes AGAINST
<u>32</u>	Abstained

#### **G. Business-Approval of the 2019 Budget**

Treasurer Greg Wasson then made the motion to accept the approved budget. Motion was seconded by Corporate Secretary Dorothy Fleming. Motion passed unanimously.

#### **H. Installation of the Directors and Officers**

General Manager Jon Boussein then swore in the seven directors who will be in office for the year 2019. The seven directors are Jay Wiegman, Greg Wasson, Dorothy Fleming, Ahren Lehner, Michael Ivanauskas, James Bianchi and Ray Uzumecki.

At this time Jay Wiegman thanked George Leidolf for his many years of service on the Board and on behalf of the Board and Staff presented him with a tackle box with a plaque. All applauded George for his service and stated he will be missed.

**I. Meeting Adjournment:** With the installation of the board complete, President Leidolf thanked everyone for coming and asked for a motion to adjourn the annual meeting. Motion to adjourn was made by Vice President Jay Wiegman and seconded by Michael Ivanauskas. Motion carried unanimously.

Respectfully submitted,  
Dorothy Fleming  
Corporate Secretary  
(10 members in attendance)