

STATE OF THE LAKE 2005

Welcome to the 2005 annual meeting of the Lake Columbia Property Owners Association. My name is June VanBuskirk and I am the General Manager of your association.

I am pleased to present the "state of the lake". This is a review of the events in 2004, and what is planned for 2005. Your board had to face several unexpected issues in 2004. They have also had to deal with the changing financial issues of the association for 2005 and beyond.

The financial strength of your association should be very important to each member of Lake Columbia. We live on the finest lake in Mid-Michigan. Through the strength of your association, property values continue to increase at a higher rate than other private lakes and other association properties in Mid-Michigan. The quality of life (our Lake Columbia "lifestyle") and our return on our investment into our homes far exceed those of surrounding communities.

Your association board is committed to keeping your home values up, while providing you, your family, and friends a clean, safe, private lake and parks for us all to enjoy now and in the future. This is not a small task and it demands a lot of hard work from the board, the members, and our office staff.

Like I said earlier, 2004 presented some unexpected challenges:

1. Property Tax on all Association Properties – Parks

The local tax assessor decided to interpret a state ruling to the effect that he would place a value and tax every one of the 19 parks. The assessed values are about \$1,300,000.00, thus creating a property tax bill of about \$60,000.00. This was totally unexpected and your board decided to challenge this ruling through the Michigan Tax Tribunal. We assume this legal battle will take over a year before we receive a ruling.

Thus we have a new expense of \$60,000.00 per year. In review, our association owns and maintains 19 parks, 8 bath houses, 9 boat ramps, and our office.

2. Sewer Hook Ups, Etc.

Your association has paid \$59,000.00 in sewer fees. There will be additional hook up expenses in 2005.

3. Sale of Association Owned Lots

Your board worked very aggressively in 2003 to sell association lots. These are lots the association purchased at various tax sales. Some of these lots had been owned for up to ten years and longer. The proceeds from these sales enabled the association to pay for the sewer expenses. Thus there was no need for a special sewer fee to the members.

4. Lake Management – Weed Control

As you know, weed control is one of the biggest single expenses. After several years of inadequate service, the board hired a national company to analyze our lake and they presented a five year plan. We had better results last year and we will have the lake sprayed in May.

5. Parks and Improvements

We continue to update playground equipment and picnic tables, etc. in the parks. A new rock sea wall was installed a long Castlewood Drive. We anticipate a busy year in the parks with the bath houses as we complete the work of grading, seeding, and clean up after the sewers are installed.

6. Building Control Committee

Your building review committee was very active in 2004. The new homes are getting bigger and bigger. In fact, homes are now being bought and either torn down or moved to make way for larger ones. The price of lots are setting records each month.

2004 was a very active year for your board and the association. Your board has also taken on the responsibility and task of insuring the financial strength of our association for the future. The board has had to deal with unforeseen major expensive items like the new \$60,000.00 property tax assessment, and the always rising expenses provided through your association such as weed control, park/sea wall maintenance, legal, etc.

The board presented a dues / membership fee, which would allow the members to receive the benefits of a financially strong association. This plan would also allow your association to become tax exempt from federal and state income tax and S.B.T. tax.

The outcome of the vote will determine what services will be provided in 2005 and beyond. All services have a price tag and we appreciate all of those who voted. The outcome of the vote will be available Wednesday, May 4.

We live in the best lake community in mid-Michigan. You can make your association stronger by becoming involved in your association. Stop by our office anytime or visit us on line for updates involving your association. On behalf of the entire board of directors, we thank you for coming this afternoon.