

**MINUTES OF THE ANNUAL MEETING
OF THE LACROFT CONDOMINIUM ASSOCIATION
JULY 6, 2019**

DRAFT-SUBJECT TO OWNERS' VOTE OF APPROVAL

WELCOME

President Ron Bovee welcomed owners to the 45th annual La Croft Condominium Association meeting in the Community Room at 103 West Dixon Street, Charlevoix, MI.

He introduced the other members of the Association's Board of Directors –Sue Conway, Stuart Goldblatt, Dale Herder, Chuck Marquis, Helene Predhomme and Doug Walker. He also recognized Resident Manager Scott Richards and his wife Lynn Richards who have been at La Croft for 14 years.

Ron thanked John Bolhouse, who was in attendance, for his years of service on the Board from 2006 – 2018, many of those years serving as president. He also thanked Lois Bolhouse whom he described as the "President of Flowers" at La Croft.

Ron then asked Sue Conway, Secretary of the Board, to call the roll of owners to determine a quorum for the meeting.

ROLL CALL BY UNIT

Owners of 44 units were represented at the meeting – 37 present in person and seven present by written proxy. This constitutes 68.75% of all 64 units, well above the 25% quorum requirement for the meeting.

APPROVAL OF 2018 MINUTES

Dale Herder moved to approve the minutes of the 2018 annual owners' meeting. The motion was seconded by Chuck Marquis and passed by voice vote with no audible dissent.

FINANCIAL REPORT

Treasurer Stuart Goldblatt referred to year-end financial statements and reported that the Association ended the recent fiscal year very close to budget once again.

Stuart asked Bob Hoffman of Hoffman McLane CPA firm to comment on Association finances. Bob has worked with La Croft for over 20 years. His firm represents approximately 75 Michigan condominium and homeowner associations and is familiar with best practices in condominium finances.

Bob noted that the La Croft financial statements are presented in a different format this year, listing the operating fund, pooled reserves fund and special reserves fund separately. He stated that La Croft finances continue to be well managed through active Board oversight and involvement but cautioned that as the building is older, it is important to maintain adequate reserves. He believes the Association reserve balance is “healthy”; however, he recommends that La Croft continue to build reserves. He said that mortgage lenders consider a condominium association’s reserves in making loan decisions, and a “strong reserve balance can increase the value of a unit at the time of sale”.

Stuart directed attention to page 9 of the Financial Statements -- the schedule of revenues, expenses and changes to the fund balance between 2018 and 2019. He said that because of price increases, he recommended, and the Board has adopted, a 4% increase in operating dues and a 4% increase in the Pooled Reserves assessment, which is necessary to replenish the Pooled Reserves fund (formerly known as the 13th month assessment) back to \$163,000 by the end of the fiscal year, assuming no unexpected large expenditures. Meanwhile, Special Reserves will continue to be collected at the rate of approximately \$112,000 per year to finance the Long-Range Plan previously presented to owners in the Newsletter and set forth on page 10 of the Financial Statements.

Next on the agenda was an owner vote to waive the annual state law requirement that a condominium association with annual revenues greater than \$20,000 have its books, records, and financial statements independently audited or reviewed by a certified public accountant annually. The requirement may be waived by a vote of co-owners each year and Stuart said that La Croft owners have voted to waive an audit each year since the law became effective.

One owner suggested the Board consider having a review periodically (such as every 5 to 10 years) and another asked Bob Hoffman what proportion of his Association clients do reviews. Bob said that only eight of the 125 associations he represents do reviews. All other do compilations, the same as La Croft. He explained the difference between an audit, a review and a compilation and said he does not believe an audit (estimated to cost between \$15,000 - \$20,000) would provide much additional useful information.

It was moved by Stuart and seconded by Doug Walker to waive the state audit requirement for the 2019 - 2020 fiscal year. The motion passed by voice vote with no audible dissent but with one written ballot voting NO.

LANDSCAPE & ARCHITECTURE COMMITTEE REPORT

Landscape & Architecture Committee Chair Dale Herder directed owners to the L&A Committee's written report, a handout they picked up outside the room. The report contained a listing of all projects completed, underway and/or planned at La Croft.

He began by noting that the four factors considered in Committee decisions are: Safety, Structural Integrity, Cost, and Aesthetics. Dale then said there were two natural events during the year that were unexpected and seriously impacted La Croft. These were 1. the rapid rise in Lake Michigan waters to a level not experienced since 1986; and 2. the "bomb cyclone" in late February with strong winds, wind-chill temperatures 40 degrees below zero and 4-ft. snowdrifts on our roof that caused a roof drain to freeze solid. When temperatures thawed the following week, five units on the 6th floor were damaged by leaking water from the roof. Major damage was averted by quick action on the part of Scott and others.

With regard to the rising lake level, Committee member Chuck Marquis reported that the Army Corps of Engineers expects that water will rise this summer to reach the unprecedented 1986 level but also predicts that it will not go much higher than that.

Dale then briefly described major Committee projects that have been completed or are underway as well as projects in the Long-Range Plan.

* Projects completed/underway

- *Repair of broken drains on the pool bottom
- *Removal of the wooden platform deck on the boardwalk
- *Moving concrete pillars to fortify the boardwalk
- *Renovation of the footbridge at the center tower
- *Replacement of locks on all condo entry doors
- *Measures to mitigate water intrusion (elastomeric paint application)
- *Analysis of current condition of cast iron drainpipes

* Long-range plan

- Beach maintenance --- \$24,000
- Elevators ---\$70,000
- Waterproof Building---\$120,000
- Tower Interiors and Mail Room Lobby --- \$22,000
- Plumbing Stacks ---\$231,000
- Community Room ---\$93,000
- Roof Inspection ---\$3,000
- Carport ---\$35,000
- Railings ---\$130,000
- Reseal Catwalk Balcony Decks ---\$15,000
- Repair lights along W. Dixon Ave.---\$5,000

After completing his report and responding to owner questions, Dale turned the floor over to Stuart Goldblatt, a member of the Board's Community Room Design Team. Stuart said that last year the Board appointed Sue Conway and Helene Predhomme and himself to prepare a design concept for updating the Community Room area. The Team worked with Sara Fisher of Indesign in developing a proposal and cost estimates for renovation of the community room, the kitchen, bathrooms and entryway. Stuart described the updates and replacements planned for each area and invited owners to view the design plan and samples of types of materials, furnishings and fixtures displayed at the front of the room.

During the comment period following Stuart's presentation, there was owner discussion regarding the plans and the cost of the project, both subject to Board approval. Stuart said that it is the Board's responsibility to maintain the common areas of the building and, except for two new couches purchased five years ago, the Community Room area has not been updated for at least 20 - 25 years, and the kitchen has not been renovated since La Croft was constructed 44 years ago. If approved, the project will be scheduled for completion next spring.

Stuart said that the display materials would remain in the community room for the next few days for owners to view.

RESIDENT MANAGER'S REPORT

Scott Richards, Resident Manager, welcomed owners to La Croft and said that Dale had very thoroughly described the work that has gone on at La Croft this year so he had little to add but wanted to mention just a few things.

First, "flushable" wipes are NOT flushable. A recent bad experience has made this evident. Dale warned owners not to flush anything other than bathroom tissue -- not Kleenex or anything else!

Scott also asked owners and their guests to exercise care in using the new stairway to the beach at the south end of the boardwalk.

Finally, storage room aisles should be uncluttered and free of everything except one screen/storm door for each unit stacked against the wall. Ron asked owners to remove all else during the next two weeks or it will be discarded. He said that many of the items in storage rooms were likely left by former owners no longer at La Croft.

ELECTION OF DIRECTORS

Since he was a candidate on the ballot, Ron asked Sue as secretary to handle the election of the directors. She noted that ballots were distributed in the meeting packet mailed to owners last month nominating Ron Bovee and Stuart Goldblatt, both current directors, to an additional three-year term on the Association's Board (2019 – 2022). The mailing requested additional nominations by or on behalf of interested owners, but none were received. There being no additional nominations from the floor, it was moved by Dale Herder and seconded that Doug Walker that Mr. Bovee and Mr. Goldblatt be re-elected. The motion passed by voice vote with no audible dissent.

OLD AND NEW BUSINESS

Ron asked whether there was any old or new business to be brought before the meeting. One owner asked if chlorination of the pool could be reduced. Ron asked Scott, who is a certified pool operator, to respond. Scott said that during busy weekends such as this one, it is necessary to raise chlorine to a level that insures the safety of the increased number of swimmers, but he will check to see if it can be safely lowered a bit.

John Bolhouse (Unit 309) thanked board members for their efforts during the year and especially recognized Dale Herder's work as editor of the spring Newsletter. John said he thought the newsletter was "outstanding".

Helene Predhomme, who oversees the La Croft website (**lacroft.com**), reported that an E-Blast feature is being added to the site to disseminate notices and time-sensitive information to owners. She asked owners to submit their email addresses by using the Contact button in the owners-only area of the website.

With no other comments or questions, Ron thanked the owners for attending and encouraged everyone, together with family and guests, to attend the evening potluck social event at 6 p.m. in the Community Room.

NEXT MEETING

The next annual owners' meeting is scheduled for Saturday, July 4, 2020, at 9 a.m. in the Community Room.

ADJOURNMENT

There being no further business to be brought before the meeting, Ron requested a motion to adjourn. It was so moved and seconded, and the meeting was adjourned at approximately 11 a.m.

Respectfully Submitted,

Sue O. Conway, Secretary