

**MINUTES OF THE ANNUAL MEETING  
OF THE LACROFT CONDOMINIUM ASSOCIATION  
JULY 1.2017**

**WELCOME**

President John Bolhouse welcomed owners to the 43rd annual meeting of the La Croft Condominium Association held in the Community Room at 103 West Dixon Street, Charlevoix, MI.

John said that in three days we will be celebrating the 4<sup>th</sup> of July, our country's birthday. John's travels in the U.S. this year – including to Orlando, San Diego, Las Vegas, Bryce and Zion Canyons, and Alaska -- reminded him what an awesome country we live in and that we don't have to travel outside the U.S. for incredible sights and experiences.

John then introduced the other members of the Association's Board of Directors – Ron Bovee, Sue Conway, Stuart Goldblatt, Dale Herder, Chuck Marquis and Helen Predhomme and recognized Resident Manager Scott Richards and his wife Lynn Richards who have now been at La Croft for 12 years.

He 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 42 units were represented – 31 present in person and 11 present by written proxy. This constitutes 65% of all owner units, well above the 25% quorum requirement for the meeting.

**APPROVAL OF MINUTES**

Ron Bovee moved to approve the minutes of the 2016 annual owners' meeting. The motion was seconded by Mike Predhomme and passed by voice vote.

**PRESIDENT'S REPORT**

John opened his report by introducing five new La Croft owners since the last annual meeting. He asked each to say a word about themselves.

Unit 107. Dennis and Suzanne Parker, the new owners of unit 107, are newlyweds, having been married last October.

Unit 205. Joseph Kuczborski was not in attendance but it was reported that he is a retired Air Force major and former priest. Prior to La Croft, he owned a condo at The Dunes in Charlevoix .

Unit 310. Joel and Nancy Kaufman closed the purchase of unit 310 yesterday. They live in West Bloomfield, MI where Joel is an attorney and Nancy is a speech pathologist. The Kaufmans have 3 adult children and are very familiar with La Croft since Joel's sister Sheryl Weismann and his brother-in-law David Leyton both own La Croft units.

Unit 406. Tom and Ellen Maleck, new owners of unit 206, have been married for 54 years. Tom is a retired civil engineer and professor and Ellen is a retired principal. Tom said they have lived in several condominium developments and are very pleased and impressed with the quality of La Croft and its maintenance.

Unit 504. Joseph and Paula Silver of Huntington Woods are the new owners of unit 504. They were not present at the meeting.

John said that this marked the 7<sup>th</sup> year that the Board has published an annual La Croft Newsletter in the spring. He noted that the entire Board is involved in preparing the newsletter articles with Scott Richards as the photographer. He especially recognized Dale Herder as the person who “made it all happen”.

John thanked owners for responding to the questionnaire sent out earlier in the year which provides very helpful information for the Board on the owners' concerns and interests.

John acknowledged and thanked members of the La Croft community who assisted in planting flowers and with other landscaping duties this year: Lois Bolhouse, Marilyn Mancuso, Rick and Jean Belvin, Scott and Lynn Richards, and Sandy Gerlach. He also thanked Priscilla Bovee and Diane Herder for their work cleaning up the library in the Community Room and donating unneeded books to the Charlevoix Library.

John reported the purchase of two new pool area umbrellas and four heavy granite umbrella bases, two for the new umbrellas and two for our existing umbrellas. He asked owners and their guests to be on “umbrella watch” at the pool since, despite heavy new bases, strong winds off Lake Michigan can be a problem. He asked people to please close the umbrella they are using when leaving the pool area.

John reported that the 13<sup>th</sup> month assessment levied each January since 2010 has helped build up the Association's reserves and thanked owners for their support of this annual assessment as well as the recent assessment for waterproofing the center tower. He said that later committee reports will address the importance of keeping up with repairs and maintenance and reserving funds for both expected and unexpected expenses.

John then addressed the issue of beach erosion and lamented that our formerly wide sandy beach is now narrow and stony. Sandbags have been installed along the boardwalk and around the “grand” (center) staircase and will remain there until the water recedes, he said. The north stairway is gone as a result of last winter’s high water, wind and waves and will not be replaced during continuation of the high water. John also warned that some of the concrete pillow revetments have slipped out of place, and he asked owners and their guests to be very careful as they are quite slippery. These will be moved back in place this fall.

## **FINANCIAL REPORT**

Treasurer Stuart Goldblatt introduced Bob Hoffman, the Association’s CPA, to comment on the Association’s finances. Bob said that he has worked with La Croft for approximately 20 years. His firm represents over 50 condominium and homeowners associations so he is familiar with best practices in condominium finances. He advised that La Croft has strong reserves and its finances continue to be well managed through Board oversight and involvement.

Bob recommends that the Association continue to build its reserves, particularly because of the age of the building. He said that mortgage lenders consider an association’s reserves in making loan decisions and a strong reserve balance can increase the value of a unit at the time of sale.

In response to a question about the recommended amount of reserves, Bob said that there should be a minimum 3 months of operating reserves and a larger amount of replacement funds. One owner noted that an outside company could perform a reserve study to determine the useful life of the building and its assets in order to recommend a reserve level. Bob agreed but warned that once a study is done, there are ongoing costs to update.

Stuart said that ideally he would like operating reserves equal to one year of expenses (approximately \$215,000); however he realizes that his view is conservative and he said the Board is comfortable with an emergency reserve of \$140k–\$150k for unplanned expenses. One example of such an unexpected expense is the amount needed to move the concrete revetments back into place (\$12,000).

The Board is now considering the establishment of “special reserves” to be used only for specific future projects that the Landscape & Architecture Committee identifies as needed during the next ten years (e.g. new railings, roof, elevator replacement, etc). The issue is when to collect these reserves, and the Board would appreciate input from owners.. As a simplified example, if a new roof will be needed in 10 years and is estimated to cost \$100,000, should we collect \$10,000 a year for 10 years or \$100,000 in year 10? Stuart said there is no right or wrong answer. Owner comments at the meeting

on this topic indicated support for setting aside amounts for these projects each year so that a large assessment is not required in year 10. It's our "insurance" that La Croft will always be the top notch building on the Lake, one owner said. Stuart asked that others who preferred not to speak at the meeting provide the Board with their views as well.

Stuart then reviewed the Association's year-end financial statements. The La Croft annual operating budget showed a small surplus of income over expenses for the 2016-2017 fiscal year that ended April 30. Expenses have been fairly consistent, and Stuart believes the Association should maintain its solid financial position for the upcoming year. Therefore, he will recommend to the Board at its meeting later this day that quarterly dues not be increased for the 2017-18 fiscal year.

Next on the agenda, John Bolhouse asked for an owner vote to waive the annual state law audit requirement for the current fiscal year. The Association waived the audit for the prior three years, and Bob Hoffman, who is familiar with our internal financial controls, does not believe an audit, which would cost between \$15,000 - \$20,000, would provide much additional useful information. It was moved by Julie Roberts and seconded by Mike Predhomme to waive the state law audit requirement for the 2017 - 2018 fiscal year. The motion passed by voice vote with no audible dissent but with one written ballot voting NO.

## **LANDSCAPE & ARCHITECTURE COMMITTEE REPORT**

Chair Ron Bovee began his report by noting that the four factors considered in Landscape & Architecture Committee decisions are, in the following order: Safety, Structural Integrity, Cost, and Aesthetics.

Ron then referred to the Committee's written report and proceeded to describe L&A projects recently completed or currently underway:

- Completion of the G-3 project on time and within budget (reconstruction of parapet wall on building roof; sealing decks 2 – 6 on east side of building; replacement of boardwalk; complete renovation of swimming pool and pool area; repair and addition of new railings in several areas; reconstruction of soffits with vents on east side of building.)
- Carport roofs repaired, coated and sealed.
- Placement of protective sandbags along board walk and moving of revetments back in place that were dislodged by winter high water and ice.
- All dryer vents cleaned.
- Waterproofing center stairs and tower.

- Repair archway deterioration throughout building.
- Pool lounges and chairs power washed,; small tables replaced; two new umbrella and 4 granite bases.
- New washing machine in laundry room.

Ron then discussed the Committee's Project Timeline document that was attached to the written report. It looks ahead ten years to identify needed projects and their anticipated cost. He cautioned that the current Timeline is a "work in progress" by the L&A Committee and will be submitted to the Board for study and decision making.

Committee member Dale Herder then reported on Lake Michigan water levels, stating that the Lake is now four feet higher than January 2013, the fastest rise in recorded history (4 feet in 4 years). He reported on the sandbag placement and said that the Committee will continue to monitor the beach and will work with engineers at the state and federal levels to address erosion control, but he reminded the group that "Mother Nature always bats last!"

Following Dale's report, one owner said that a long-range solution would be to pin the concrete pillows together. Another mentioned bringing in boulders to create riprap much like the Beach House next door. Another said that a steel sheet sea wall could be a more permanent solution. John said the Board would discuss these suggestions.

A question was asked concerning the need for reinforcement of the catwalk bridge extending from the building to the parking lot. Ron said the walkway has been recently inspected and there is no immediate issue, but the Board will discuss additional reinforcement.

## **RESIDENT MANAGER'S REPORT**

Scott Richards, Resident Manager, reported that his major projects were covered in the Annual Newsletter and Landscape & Architecture Committee report. . He reported that last winter was fairly mild and fortunately there were no frozen water pipes in the building or any unit.

He said that one of his roles is to serve as project manager for the Board on specific work projects throughout the year. John noted that Scott has been very busy during the last three weeks working to complete all the pre-season projects to ready La Croft for the summer season. These spring projects cannot be easily scheduled because the

onset of “midgies” and weather often determines when things can be done. He thanked Scott for his conscientious commitment to La Croft and the owners.

### **SOCIAL COMMITTEE (formerly Rules & Regulations Committee)**

John held up two three-ring binders – one a set of the master deed, condominium bylaws, amendments and other recorded documents that govern La Croft, the other a summary of those documents prepared by our attorney. These documents are our “Social Contract” with each other, John said. When any one of us buys a unit at La Croft, we are also buying into what these documents require and expect of us as neighbors. He implored the group to take 10 or 15 minutes to re-read the last three page of the Summary that set forth the Rules and Regulations the Association has adopted. “We are all neighbors and are all responsible for making this the wonderful place we want it to be. If you see something - rules being ignored or something that is not right- say something.”

### **ELECTION OF DIRECTORS**

John reminded the owners that ballots were distributed in the owners’ meeting packet nominating Dale Herder, Chuck Marquis and Helene Predhomme to three-year terms on the Association’s Board of Directors (2016 – 2019) . All three currently serve on the Board and were willing to be renominated. He then asked if there were any additional nominations from the floor.

There being no additional nominations from the floor, it was moved by Melvy Lewis and seconded by Ron Bovee that Herder, Marquis and Predhomme all be re-elected. Motion passed by acclamation with no audible dissent.

### **OLD AND NEW BUSINESS**

John reported that he had no additional old or new business to discuss and would open the floor to owner comments but first wanted to comment on the concerns raised at last year’ meeting about the noise and dust generated by the expansion of St. Mary’s Cement Company.

At last year’s meeting it was suggested that the Board and individual owners contact the Michigan Department of Environmental Quality (DEQ) and the company itself about these concerns. John then read portions of a letter sent on behalf of owners by the La Croft Board on July 17,2016, to the DEQ with copies to cement factory officials and WATCH, a local environmental watchdog group asking for information on

compliance by St. Mary's with federal and state environmental quality laws and regulations.

Responses came from both parties. St. Mary's officials said they had spent \$29 million on pollution control and listed their actions to abate noise and dust pollution at the facility, including, among other things, installation of 40 dust collectors on site and monitors on the stacks, which measures they said far exceed the DEQ pollution abatement requirements. This was confirmed to John by the DEQ.

Some owners said the efforts taken so far have not resolved the noise and dust problems and heavy plumes of dark smoke have been emitted from the stacks from time to time. One owner suggested that a "top notch" environmental attorney be consulted; another recommended contacting other condo associations in the area to see if collective action might be appropriate. John thanked the owners for their suggestions said the Board would consider them.

#### **NEXT MEETING**

John thanked all the owners for attending today's meeting and encouraged them to attend the evening's Social Event at 6 p.m. in the community room. He announced that the next annual owners' meeting will be held on Saturday, July 7, 2017, at 9 a.m. in the Community Room of La Croft Condominium.

#### **ADJOURNMENT**

There being no further business to be brought before the meeting, the President requested a motion to adjourn. It was moved and seconded that the meeting be adjourned, and the motion was approved at approximately 10:55 a.m.

Respectfully Submitted,

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Sue O. Conway, Secretary