



Board of Directors Meeting

May 20, 2017

Board Members Present:

President Pat Leach, Vice President Sallie Halverson, Secretary Doug Allen, Bud Morice, Brenda Tuck, and Tom Fannon

Board Members Absent:

Al Evan

Resort Manager:

Carrie Tainter

The Board President opened the meeting at 10:00 a.m. in the Gentry Hall with 58 owners and associates members present.

The Board President advised the audience that the open part of the meeting usually runs about one hour for questions to the board. After the hour the board goes into closed session to discuss personnel issues, individuals that have been banned from the resort, and items talked about in the open part of the meeting.

The Board President asked for Tom Fannon to explain to the audience the status on the proposed waste water treatment plant.

Tom explained that last month MECO Engineering has submitted a Water/Antidegradation request to DNR with the required permit fee of approximately \$250.00. MECO will also need to request the DNR's Division of Geology and Land Survey to perform their Geohydrologic Evaluation of the proposed site. Once this is completed then a report can be submitted to Lost Valley for a review. Once DNR approves the facility plan MECO can proceed with the design phase. DNR's time frame for the reviews could take up to nine months. Once DNR approves all of the submitted documents then Lost Valley will be able to request bids on the final project. The entire project is required to be completed by November 2018.

An owner asked if there were already bids submitted? Tom Fannon advised there were five (5) proposals submitted but the proposals were not the final bids for the project.

The Board President asked the Resort Manager to explain to the audience the status on the new pool.

The Resort Manager advised she had sent out 11 requests for bid letters to the following companies:

Vaughn Pool- Jefferson City, Capri Pools-St. Louis, Pool Tron-St. Louis, Westport Pools-St. Louis, Baker Pools-St. Louis, Boland-Washington, Heritage Hills, Washington Pool and Spa, Ozark Pool and Spa-Washington

So far only two companies have replied.

An owner asked what the bid range was that had been received. The Resort Manager advised the quotes range from \$500,000.00 to \$550,000.00.

The Board President advised he would answer the question as he sees someone in the audience stand up. He also asked for the audience to try and not ask the same question multiple times to help to speed the meeting along.

An owner asked how long did the board know there was a pool problem and a waste water plant problem?

The Board was aware the pool had been leaking for the last several years. The board had chosen over the last several years to repair the leaks rather than to replace the pool. We have come to the point in time that the pool has to be replaced. There is no way to continue to fix the pool. You are just throwing good money after bad. This year it was on the board agenda for the January meeting to have the pool plans in and go out to bid to replace the pool.

Regarding the waste water plant:

On January 18, 2017 it was disclosed to the board that the waste water plant was no longer in compliance because DNR and EPA had changed the rules on waste water treatment plants. Our current system was designed for 50,000 gallons per day. There are certain times of the year Lost Valley Lake exceeds the 50,000 gallons of per day. On major holidays Lost Valley is running over 200,000 gallons a day instead of the 50,000 gallons the system was designed for. No one told us there was a problem until the rules and regulations had changed. As a Board this was found out in January. Three days before the board meeting is when the Board was notified. There was a special board meeting called on January 18th and that is when the board found out the issues of the waste water plant and the estimated cost. As soon as the Board found out the issue it was disclosed to the owners that were present at the January 21st meeting.

An owner asked if there was money setback for capital improvement projects?

The Board President advised that yes there is 3% of the maintenance fees set back every year in the budget that goes into a capital improvement fund. The money is spent to put new roofs on the buildings and other capital improvements throughout the resort. Currently there is \$75,000.00 in the capital improvement fund.

If you do not have the money you have to choose rather to raise the annual maintenance fees by whatever amount is necessary or spending a much lesser amount out of the existing budget to pass it and that is what the board chose to do. You look at the minutes over the past several years it was discussed to replace the pool but the board decided as a group, to patch the pool rather than replace the pool and then replace the pool this year (2017) and then the waste water treatment plant issue came up. So what the owner had asked about the pool it was going to be replaced in 2017.

The other thing was to redo the roads and other improvements on the resort the dues were raised pretty significantly and then the board froze the dues for five years. An owner stated but the roads were not done. The resort manager advised she had a map to point out the roads that were done and what sections still need to be repaired. The point is the board could not go back and raised the dues.

The Board President discussed the assessment issue. Why the board did not do an assessment, it requires a 2/3 approved vote of the membership to approve an assessment. To send out the ballots it takes up to 5-6 thousand dollars for each mailing. You have to successfully get the number of people to pass the vote for assessment, so instead of spending that money the board choose to do the projects by raising the dues to cover the expenses.

An owner asked about the financial statements for the resort. The Board President advised the statements are available at the resort office to be reviewed by the owners.

If the wastewater plant had not come up then the pool was going to be replaced out of this year's budget. Because of the treatment plant the budget would not be able to cover the expenses without the increase in the dues.

An owner asked why the resort did not earmark money for certain projects out of the capital improvement account? If the money would have been earmark for a certain project then something else happens then we would be forced to close the resort because the funds would not be available to cover other projects. The board and managers are trying to operate within a set budget without raising the dues and operate within those parameters.

The owner asked if there is anyway the resort can send out a courtesy letter or give out a notice? The Board President had explained that in a previous discussion because of the time table. The maintenance dues bills come out in January of each year.

The board finds out January 18, 2017 about the sewer treatment plant three days before the board meeting. We have to make a decision at that board meeting we had no time. There is no way we can notify all of the owners in a week.

An owner asked if the resort is planning on doing the pool and the treatment plant this year (2017)? The answer is yes. From what the board has been told the pool may not be operational unless it can be patched by an outside company. Regarding the sewer treatment plant, the board has no options, it has to be done or the resort will be forced to close by DNR Regulations. The owner advised that in effect the resort is earmarking the dues increase toward the pool and treatment plant by the amount the dues were increased. The second question the owner ask will the amount of dues increase going to cover the cost of repair or will there be another increase next year? The Board President advised the board is unable to answer that question at this time until the total amount that is paid by the owners is collected. So the owner asked again so there could be another increase next year. The Board President advised there is always a chance of that, but the board hopes they will not have to increase the dues. The board will not know until October the answer to the owner's question. Because of all of the payment options the owners are paying is why the board will not have the total amount paid. The owner stated by having a fixed income it would be nice to know ahead of time of any increases. The Board President also agreed with the owner on knowing the increases ahead of time would have been nice..

An owner asked if Rita Ranch or the new lake was the cause of the treatment plant issues. A board member advised that there are only 2-3 individuals staying at Rita Ranch which would have no large effect on the treatment plant. The problem is DRN and EPA has made it more restrictive, for example the 2nd quarter of this year the resort was out of compliance and there was no body on the resort using the treatment plant. The treatment plant has been upgraded twice since the resort was started to handle the additional sites and the plant was ungraded again to handle any additional increase of flow but DNR and EPA increases has made it impossible for the current treatment plant to meet the new regulations.

An owner asked if the new regulations were state wide. The board advised county and state wide.

An owner asked a question about the special assessment and that his reservations were being held hostage until his dues are paid and he did not feel this is acceptable. He also asked why there was not a plan to take care of the special assessment or increase in the dues. The resort manger advised there was a payment plan put in place and it was sent out with the first bill notices that were sent out. The only reservation you cannot make without having your dues paid in full are the major holidays. The history has show that if the resort allows owners to come in on major holidays they pay up to the holiday they want to use then the owner will stop paying the dues unit the next time they want to use the resort. Whatever rules and regulations that were in place in reservations prior to this event has not changed.

An owner kept stating items about a special assessment and Board President corrected the owner by advising him it was not a special assessment but an increase in the yearly dues.

A discussion was held again on why the board choose to increase the dues instead of the doing the assessment. The board choose to increase the dues instead of taking a chance of not passing the assessment and being forced to close the resort to all members including the members that have paid their dues in full.

Everything on the Lost Valley Lake Resort is owned by Lost Valley Lake Resort.

An owner stated where are all of the owners at all of the past board meetings? One owner advised a lot of owners travel a lot and are unable to make the meetings.

An owner brought up about using technology to get the information out to the owners. The President agreed but reminded the owner that not all of the members have access or use electronic equipment.

An owner brought up that what really bothers him are owners or associates that are taking up a site on a weekend. The owner or associate comes in on a Friday night, sets up their camper for the weekend and leaves Sunday evening leaving the AC on during the week. They come back on the following Friday and start the process over again until their time runs out. The owner advised he had to leave for an emergency and had fill out a form before he could leave his camper on a site. The Board President advised that is brought up at a lot of the board meetings. The Resort Manager advised that security does check the resort during each shift trying to stop this issue. Letters are sent out to the violators and if it continues the owner is reprimanded.

An owner stated there has been several times he was advised by reservations there were no sites available in a certain area and the owner seen the site he wanted was empty all weekend.

An owner made a commit regarding the answers on the phone to the questions the owners were asking. The second question was about trying to do the voting on the internet. A Board member advised that in a matter of 80 days there were over 32,879 phone calls made to the resort. That is not including the phone calls to the credit department. A lot of the callers had been very rude to the employees on the phones. The resort has lost several employees because of the way they were being treated on the phones. You have to remember a lot of the workers answering the phones are kids not adults. The second question of about doing voting over the internet, how would the vote counter know if it were an owner casting the vote or an associate casting the vote. That is why the owners are required to come to a meeting to vote. The board meetings have always been held on Saturdays except the annual meeting which is held on the 4th Sunday in September since the resort was started. There are never meetings being held during the week for the owners. If the owners look in the bylaws, that was the day that was set when the resort was formed.

An owner ask where the information came from regarding the treatment plant. A board member advised the information came from MECO Engineering. The State of Missouri requires that Lost Valley Resort has to work with an engineering company.

The state will not talk to Lost Valley Resort directly. MECO Engineering did a yearlong study and submitted 5 different systems proposals that would meet DNR and EPA requirements. The proposals ranged from \$1.6 million dollars to \$4.8 million dollars. The board received the \$1,6 million proposal from MECO engineering and the Resort Manager had already received a quote from Vaughn Pool Company for \$550,000.00 dollars to replace the pool, by adding the numbers together and divide that by the number of owners is what gave the board the amount of percentage increase that was needed to cover the pool and treatment plant.

An owner was asking about the amount of water being lost from the pool. The board member explained how the loss was figured. He also explained that a leak detection company has been hired to find the leaks and check on the safety of the pool. Because of the past rainy weather conditions the company has cancelled several times. The leak company was set to come to the resort on May 20th to find the cause and locations of the leakage.

An owner asked what happened to the information and vote that was taken on freezing the dues at age 65. A board member advised that there was not enough owners that would give the needed information so the board could make a decision on this matter so the issue was dropped.

A discussion was held regarding the sales meetings that were being held.

An owner asked why the 40 and over group has to be so spread out throughout the condos. A board member advised, because some the owners are smokers and some owners have pets.

An owner asked if the pool was covered under an insurance policy since it was used during the fire by the fire department. A board member advised that was not a covered claim in the policy.

An owner asked how much money has been collected so far for the two projects. A board member advised at this point \$1.425 million is in escrow for this time. The owner also asked how much money was needed and the Board President advised just over \$2 million. He also advised because of the payment plans the board will not know the entire amount collected until October.

One owner made a statement:

Her husband and herself had been on the board of directors at Meramec Valley and it is not an easy job and by the way, the board members do not get paid a dime. It is not the board's fault the dues had to be raised. The board members are doing the best they can but all she is hearing is complaining and more complaining. But you know what; it is the only show in town. I am here almost every weekend and almost every holiday. I have two reservations on the books I can get in any where I want to go. I may have to work at it, I may have to call every other day but I get my reservation. I am here all of the time with my family. Another owner asked how do you do that. She advised you can have two reservations on the books at all time.

What she was trying to say, they were on the board at Meramec Valley now, call it, look at it. It is a beautiful place but it has gone down and down, that is why we are here and this is the only show in town. I cannot put my camper in my subdivision and do you know what it would cost to store my camper big bucks. I can store my camper at Lost Valley Lake, I am at Lost Valley very weekend I am just a number and that is what I like.

An owner stated she had upgrade to the Premier program and she was advised her dues would not be increased to more than 10%. She asked for the board to show where the board can increase the dues to any amount. She was concerned there may be an issue later on down the road.

A board member advised in the Lost Valley Lake bylaws July 1st, 1987 article 7, if the board of directors take no action of raising or lowering the dues then the dues automatic escalate to the cost of living index. Since there was an increase in the dues then the automatic escalation did not come in to effect.

A discussion was held on the ownership of Rita Ranch and future expansion in regards to the treatment plant. The occupants of Rita Ranch are also owners of Lost Valley Lake and they pay the same maintenance fees as all owners of Lost Valley Lake Resort. Mid America owns Rita Ranch not Lost Valley Lake Resort. The owners at Rita Ranch are paying for the upgraded sewer system and the pool through their Lost Valley Executive and maintenance fees.

An owner asked a question regarding the ownerships that are being turned back in, are they going to Lost Valley Resort. The board members advised that Lost Valley Lake Resort does not sell or buy any ownerships. The returned ownerships go back to Mid America to handle. Any ownerships that Lost Valley Lake Resort owns' cannot be sold until the developer is sold out ownerships.

The question was asked did the board look at different options to pay for the treatment plant. The board advised they checked into a loan but the banks advised it would be difficult to give Lost Valley Lake Resort a loan because who do they go after if the loan is not paid. They would have to go after every owner to get the banks money back. It would put every owner at risk along with their credit. This was not an option. The board looked into if DNR would let Lost Valley Lake pay for the treatment plant with installments. DNR refused to let that option happen. The project has to be done and completed by November 2018.

An owner asked about the time frame on the treatment plant.

- a. First a study had to be done to see what type of system that is needed which takes about a year
- b. The engineering firms puts a plan together to met the new DNR requirements
- c. A plan is submitted to DNR for approval which can take up to 9 months for their review
- d. Once approved by DNR then the approved plan is sent out for bid to the contractors

- e. The bids are reviewed by the engineer and Lost Valley Lake personnel
- f. The contract is signed and projected is started

An owner asked for the board to do a better job of informing the owners of the different issues. A board member advised the audience that Lost Valley is still growing on the technology.

Here are some of the ways Lost Valley Resort tries to communicate with the owners.

- a. Facebook Page
- b. We address the unofficial Facebook Page
- c. We address issues on the unhappy camper secret meeting Facebook Page
- d. There is now a blog on the Lost Valley web site
- e. Newsletter
- f. Board of Directors and Managers meetings
- g. The Resort Manager mails out a managers letter annually

These are just some of the ways Lost Valley tries to communicate to the owners.

The Board President advised the audience that every time the board meets and the owners are asking questions information has been published that has been given out. Some people just do not pay any attention to the information and that happens at every single meeting.

A board member advised a generic letter was sent out asking for the owners email address and a lot of the owners refuse to give the resort their email address which makes it difficult to pass the information out through technology.

An owner asked why the new membership cards have an expiration date on them? The Resort Manager advised she would check into the issue.

An owner asked for a more detailed financial report of Lost Valley Resort budget. It should be broken down better and where is the money being divided up. There is also a \$307,000.00 given as a management fee. I have never gotten a complete explanation of where the money is being spent. Can someone explain where this money is being spent?

The Board President advised that anyone can go to Barb Miller and she can give you any financial information for the Resort. In this industry there is only a certain way that they can count for what is necessary in the financial report.

Another board member advised what the management fees cover; the money does not go to marketing or sales. It covers the management over site that Mid America provides for Lost Valley Lake Resort. It includes the collections and credit departments, accounting, the IT department, social media, Mid America is also trying to help with activates information and functions.

An owner also was very concerned about the roads to the 500 sites of how rough the road is. It is tearing up the campers. You can see the skid marks all over the road where campers have been going. When is this road scheduled to be done?

A discussion was held on when the lodge will be done.

An owner asked about the safety of the pool. The Resort Manager advised that the Resort has hired an outside company to test the pool. The company is scheduled to survey the pool today.

The company has been scheduled 4 times and the weather has stopped the survey from happening each time.

The open meeting was adjourned at 11:45.

The closed board meeting was moved to the Monroe Room.

The Board President opened the closed meeting at 12:21.

An owner came before the board members to explain the situation of why he had been banded from Lost Valley Lake Resort. After a discussion regarding the issue the board members directed the Resort Manager to send the owner a letter with the decision of the board members regarding this matter.

The Board President asked for a motion on the January 21, 2017 board minutes. Tom Fannon made a motion to approve the minutes. The motion was 2nd and the board approved the minutes.

A discussion was held among the board members regarding the issues that were brought up during the owner's meeting. The members all agreed to try and improve the information that is put out on the Lost Valley Resort web site. A board member counted up the other day and there are over twenty (20) different ways the Resort tries to communicate to the owners.

There was also a discussion on a possible IT committee. A board member advised he did not feel we were ready for an IT committee at this time but it would be an option to look into in the future. The board member appreciated the owners offer to help.

A board member also brought up it cost over \$15,000.00 to mail the yearly calendar, that is why the owners are ask to pick up the new calendars when the owners check in.

The Resort Manager advised the board members the pool leak detection company (American Leak Detection) is now on the property to survey the outdoor pool. A report will be given to the Resort Manager when the repairs and survey is done.

A board member also brought up he would be checking on the issue brought up in the meeting about owners not being able to get on a site and the owner finds the site empty all weekend. The question is, did someone have a reservation and they just did not show up.

The other issue discussed was the owners that come in on a site for a weekend and leave Sunday with their camper still on the site and return the next Friday for the following weekend. The Resort Manager advised that they do send out letters to the individuals that are repeat offenders of this issue.

There was a clarification from the Resort Manager regarding an owner allowing his/her associate to come onto the resort with a letter from the owner to allow the associate permission to come onto the resort without the owner being present. The Resort Manager advised that the associated will also need to purchase an associate card.

A board member advised she had been asked several times after the meeting if the dues were going to be increased or are the dues going to stay the same. There was a discussion on this issue but there is not an answer until October when all of the dues are paid on the payment plans.

The board talked about the 3% from the maintenance fees that goes into the capital improvement fund. The 3% will be discussed during the next budget cycle of whether it will need to be increased in the future.

The board discussed the repair of the roads on the resort.

A board member wanted to discuss if there was a way to get the board minutes out faster to the owners. A motion was made by Sallie H. to have the minutes sent out electronically to the board members for approval. The Resort Manager will mail the minutes to the board members that do not have access to the email system. Once the corrections have been made, the minutes will be sent out to be posted on the Lost Valley Resort web site. The motion was seconded and all board members approved the motion.

A board member asked if the trailer washing that is allowed on the 4 weekends be extended to the full week instead of the weekend only. There are times when some of the owners cannot come out on the weekends because of work or other issues. Doug A. made a motion that in 2018 the owners be allowed to wash their trailers the full week instead of just on the 4 weekends during the year. The motion was seconded and approved by all board members. The Resort Manager will update the 2018 calendar to reflect the four (4) weeks the trailers can be washed.

A board member brought up they are allowing an outside company (Albright Trailer Washing) to come onto the Resort to wash owner's trailers at the trailer owner's expense.

Sallie H. read a letter to the board that was given to her from Ms Dana Godard Eisemann regarding the transfer fees. This is a Mid America Resort issue and not a Lost Valley Lake Resort board issue.

The board members signed a Resolution to Accept Certain Abandoned Undivided Interests from Mid America Resort.

Bud M. made a motion to adjourn the meeting, the motion was seconded, all members approved the motion. The meeting was adjourned at 12:56.

Minutes Approved Electronically: June 19, 2017 by President Pat Leach, Vice President Sallie Halverson, Brenda Tuck, and Tom Fannon. No response from Bud Morice or Al Evans

Minutes Submitted by: Doug Allen, Secretary