

STATE OF THE LAKE 2003

Welcome to the 2003 Annual Meeting of Lake Columbia Property Owners Association.

My name is Doreen Ruede. I am the Secretary of the Association and a Board Member representing Royal Shores Subdivision.

Lake Columbia and your Association were created in 1963. As we enter our 40th year of existence, it is appropriate to reflect on the beginning of this great project most of us call home. We do so to understand where we came from, where we are and where we are headed.

Think back to 1963 and consider these facts:

Lake Columbia construction was being completed. Lots were being sold. The lake was filled with water. An island, estimated at 2 acres, had surfaced off Bay View Shores. Two marinas opened on the lake. By the end of June 1963, construction of 43 homes or cottages had either started or had been completed.

In 1963, the price of a loaf of bread was 21 cents. A gallon of gas, which was pumped for you by an attendant, was 30 cents. The average car cost \$2,300.00; the average house \$19,300.00 and government statistics reflect the average annual income was \$6,998.00. Brooklyn High School was still Brooklyn High School and was located in Brooklyn.

In 1963 after this Association was formed, the developers handed over to us the reins of the operation, maintenance and enforcement of a man-made, lake resort with deeded restrictions in the heart of the Irish Hills known as "Lake Columbia".

A waterfront lot could then be purchased for as little as \$2,000.00. Our Association dues were \$40.00 a year, which was about ½ of 1% of the average family income in 1963.

Let's look at the changes that have taken place forty years later, in 2003:

No marinas remain just single-family homes on an 850-acre lake preserve. In fact, there are 720 homes built on waterfront sites and records reflect another 117 lakefront lots still not built on. By 2003, it has also become difficult to find that 2-acre island, which has been eroded to a much smaller size by the action of the wind, boat traffic and water rebounding from sea walls, which now virtually ring the lake perimeter.

524 homes have been built on lake access sites and there are still 837 sites vacant. Most of our 1,244 homes at Lake Columbia are occupied year round by people who have moved to this community to live and work or even commute long distances to work.

There are more than 2,000 registered watercraft operating or moored at our lake on an average summer day. We have at least two police agencies patrolling the waters during the summer to make sure that watercraft laws are observed and safety maintained.

Brooklyn High School has become Columbia Central High School and is now located right next door to Lake Columbia.

The loaf of bread that cost 21 cents in 1963 now costs you 98 cents today. The gallon of gas once pumped by an attendant for 30 cents, now costs anywhere between \$1.45 to \$1.85 or more and you have to pump it yourself. The average family income has risen from under \$7,000.00 to nearly \$70,000.00. The average new car now costs over \$22,000.00 and that house you could build for \$19,300.00 in 1963 will now cost about \$214,000.00. But who would have guessed that a lakefront lot, which once sold for \$2,000.00 in 1963, would sell for \$275,000.00 in 2003. And people would now refer to that house built on that lot as a bargain at \$489,000.00!

In 1963, Lake Columbia had no weed problems. With few new homes, no phosphates from the wash or lawn fertilizers flowed into the lake water ecosystem. In 2003, we will spend nearly \$50,000.00 to control weed

growth in the same lake and caution property owners against the use of high phosphate fertilizers such as "Scott's Turfbuilder".

In 1963, we had 17 parks and the assets we placed in those parks were brand new; restroom facilities, swing sets, and boat ramps to name a few. In 2003, we have 3 fewer parks, but those same assets are 40 years older and much of it needs replacing or serious updating. Yet, modern swing sets engineered and manufactured to prevent minor injuries to children and major lawsuits against your Association can cost more than \$10,000.00.

In 1963, the 140 horsepower, Mercruiser, inboard/outboard engine had not been popularized. The jet ski or "personal watercraft" had not been invented and it would be at least 20 years before it would be. In 2003, there are more than 380 "jet skis" on our lake and the "bass boat", of which there are many, takes on a whole new meaning today than it did in 1963.

In 1963, we invited people from all over Michigan, Indiana and Ohio to visit our lake to market its offerings. Now we spend time and money trying to figure out how to keep "outsiders" off Lake Columbia.

In 1963, the dam everyone takes for granted was brand new. In 2003, the dam received its first comprehensive structural inspection. The result of that inspection disclosed the obvious; the dam is now 40 years old. It also disclosed something far less obvious; the dam has developed structural "bubbles" from annual freeze and thaw conditions and earth movement over the years. It has not lost structural integrity yet, but will in the future if repairs are not undertaken today. The cost? A mere \$25,000.00.

We have no idea how much the dam cost in 1963, but the inspection performed this year disclosed an astonishing fact that the replacement cost of our dam (if it should fail) is estimated in 2003 dollars at \$2,315,000.00. We have no idea what insurance to replace the dam would have cost in 1963 because our Association records do not reflect that insurance had ever been purchased to protect against the loss of the only asset that truly creates value at Lake Columbia, the impounded water.

It was also astonishing to discover the annual cost of insurance to replace the dam was only reasonably priced at a deductible of \$100,000.00.

So where are we 40 years down the road from the beginnings of Lake Columbia:

The water is filled with weeds, high phosphorus levels and, at times, trespassers. Everything costs ten times what it did in 1963, including the cost of repairing and replacing assets of Lake Columbia's parks, now 14 in number. Average annual family income has risen ten-fold in that same period. The one thing that has not kept pace is the cost of our annual dues to the Association. Our annual dues are still \$40.00 a year, plus a \$30 permanent special assessment, which now represents not 1/2 of 1% but only 1/10 of 1% of the average annual income in 2003.

We think the state of the lake however is good. The future looms as bright as ever for increasing property values and maintenance of those things at our lake, which maintain those values. We want to add to that investment by improving facilities and conditions of the lake, which are both visible and useful to our members and their families.

Keeping the state of the lake in good condition, however, means thoughtful foresight and vigilance to secure privacy of the lake, control the weeds, assure water quality and purity, maintain our parks, improve facilities and most precious of all, maintain, preserve and insure the dam which holds us all together.

Your Association Board is committed to these responsibilities, but satisfying them comes at an ever-increasing cost. It is a 2003 fact of life with which we must deal with now, in light of and for the future. We discovered how the costs of 1963 have risen so significantly just to maintain the present. But those costs will continue to rise as the future of this community transforms and develops.

As we purchased insurance to secure the dam against an uncertain future, we must also insure the future of our lake for the next forty years and beyond. We must adjust our approach to ever increasing costs and our thinking about solutions to the challenge of those costs.

We encourage each and every one of you to become involved with our lake. We are forming two new committees that you may be interested in joining. Information and sign up sheets are available here today.

We always value and welcome your thoughts and advice, so please join us at our monthly meetings.

On behalf of the entire Board of Directors of your Association, we thank you for coming this afternoon.