



FIVE YEAR PLAN SUMMARY TO REVITALIZE LAKE FOREST

(See entire plan details at www.lakeforestycc.com)

LAKE FOREST IN 2010

LFPOA is presently struggling to meet its financial obligations and the facilities are in serious decline both financially and structurally. The Association has approximately \$500,000 of debt that matures in 2012, an operating budget that does not break even, no capital reserve funds and dilapidated amenities that require immediate repair. The failure to establish appropriate capital reserves combined with the debt is proving to be crippling to the association's ability to deal with declining facilities and property values. Immediate action is required for the association to avoid bankruptcy and to prevent the loss or forced sale of assets.

At this time the association is suffering from the absence of strong leadership. There seems to be some uncertainty as to who is in charge of various aspects of the association's business affairs. The overall condition of the facilities is poor and there seems to be a lack of vision and management capacity to bring about improvement. While it is clear that the association's financial position is limiting there is no reason for the facilities not to be kept clean and presentable.

The Association's amenities including golf are underutilized which places the burden of subsidizing operational costs on owners. Association amenities by design should add value to both resident's lifestyle and property values. Unfortunately the condition of the existing pools and tennis facilities is poor and the golf operation produces a significant loss all of these factors have a negative impact on lifestyle and most importantly property values. The need to re-establish the amenities within Lake Forest is critical. The amenities are failing business centers that are adding cost to each resident. In essence each member of the association is a failing business owner. The challenge is one of cultural change for the association that has a 38 year history and a lack of vision for how to move forward in today's environment. If Lake Forest fails to address its administrative inefficiencies and failing amenities then a further decline in property value and potential bankruptcy will follow.

Vision Golf & Association Management Five Year Plan to Rebuild & Revitalize Lake Forest

Vision Golf & Association Management proposes the following immediate action that will benefit the quality of life for all Lake Forest residents and a five year plan to revitalize Lake Forest into a highly desirable Eastern Shore residential community offering prospective home buyers the best location combined with a complete set of amenities for recreational living. Vision will work with the Association Directors and residents over the coming years to develop a plan that is supported by the residents of Lake Forest and adds value to their home and lifestyle.

20 Step Immediate Improvement Plan (please see complete Vision plan & qualifications at www.lakeforestycc.com)

1. Keep all existing amenities open with improved operation and service, no property sold.
2. Convert Lake Forest from a 501.C.7 corporation to a (CIRA) Common Interest Real Estate Association. This change would allow the Association to market to and receive revenue from non-members/public without significant tax consequence. Lake Forest would be able to maintain it's tax exempt status for member revenue.
3. Eliminate member fees for use of pools and tennis. No more nickel and diming residents with charges to swim or play tennis. When your monthly dues are paid these amenities are included at no charge.
4. Improved communication to residents and transparency.
5. Upon changing to (CIRA), open the yacht club to non-members with association members retaining reservation priority
6. Remediate clubhouse site to improve curb appeal, critical to potential buyers.
7. Clean up playground facilities and upgrade existing pool furniture.
8. Resurface two hard courts at tennis center.
9. Lower golf fees for voting members as follows:
 - Family Golf membership lowered from current rate of \$2,025 to \$1,395.
 - Single golf membership lowered from current rate of \$1,350 to \$995.
 - Range membership lowered from current rate of \$200 to \$175.
 - 9-hole Junior golf membership at \$295.
 - 18-hole Junior golf membership at \$695.
10. Refurbish Yacht club kitchen to facilitate a higher level of food service and bring into compliance with health department.
11. Add language to by-laws defining the rental process and associated fees. We often find a higher incidence of violations in rental properties thus putting disproportionate hardship on the association. The application process and enforcement of the documents needs to be stronger.
12. Add language to the by-laws to strengthen the covenant violation process. The current 30 days to remedy is too long, we recommend shortening to 10 days and amending the language for the procedural process.

13. Implement marketing strategy to attract new members, events and non-member play for golf and participation at yacht club.
14. Analysis of existing golf equipment inventory shows a number of pieces are not necessary and some pieces have never been used. We recommend selling equipment that is not necessary and removing inoperable equipment.
15. Engage architect to initiate redesign of the club house/19th hole exterior replacing cedar shake with hardy plank siding. Also create low-cost outside seating area.
16. Cultivate the city's involvement in Lake Forest. Leverage large political base to ensure that roadway projects are completed that provide aesthetic and functional improvement to the six mile Ridgewood/Bayview loop.
17. Improve conditions of the 9-Hole Lake Course. Seek additional grant funding and participation from the U.S.G.A First Tee program and the P.G.A.
18. Engage Friday Construction and the city of Daphne to promote Lake Forest and its amenities.
19. Outsource common area maintenance to include: entrances, monument/directional signage, swimming pools, tennis, marina, yacht club and 19th hole. Partner with existing volunteer committees including the garden club, landscape coalition and improvement committee to improve landscape appearance with emphasis on utilization of seasonal color changes via annuals, periodic trimming, pruning and mulching
20. Utilize Vision's well established in-house accounting system for managing accounting/control matters including the use of consistent policies and procedures for the collection, receipt and deposit of all revenues; cost estimating and reporting; maintenance and payment of invoices; and preparation of budgets and reports. Vision's internal controls; cash handling, invoice reconciliation, inventory management and payroll verification are rock solid.

Vision's Five Year Capital Improvement Plan for Lake Forest

While the immediate steps described above are critical, it is equally important for the LFPOA to have a five year plan to revitalize the community in order to remain an attractive and viable neighborhood well into the future.

Development of a primary centralized amenity facility on the existing Club footprint is recommended for consideration. The modern amenity package would include a centralized resort style swimming pool with tennis courts, fitness center, updated club house and entertainment center. This facility, adjacent to the 19th hole and golf course would provide a popular social experience with all activity occurring in one location that would also be beneficial for food and beverage revenue.

The revenue needed for the construction of the contemporary and centralized amenity package would come from dedicating a capital reserve fee within the monthly dues. Dues in 2011 would remain at \$43.50 and would increase \$1.45 per year to \$50.75 in 2016. At the end of five years \$1,799,490 plus interest income would have been generated for the renovation of existing facilities and the development of the centralized amenity center. It is clear from our

experience working with numerous communities that those communities who invest in maintaining or developing amenities that are attractive to potential buyers benefit significantly in property values. Additional revenue for this project, if desired, could come from the institution of a re-sale capital contribution fee of \$1,000. Based upon 2009 sales, this change would generate an additional \$500,000 for the five year capital improvement campaign and would increase the five year capital improvement fund to \$2,299,490.

If well managed, highly amenitized communities remain desirable to all demographics. It is highly recommended that Lake Forest modernize in this regard by offering a product that helps add value to today's home buyer. Vision will work to gain the confidence of property owners by presenting clearly this five year revitalization plan that brings into focus the value of living in Lake Forest. Vision currently manages over 60 highly amenitized Master Associations and has experience managing golf clubs as well, which is unique to Lake Forest needs.

Why Vision Golf & Association Management

In addition to managing over 60 highly amenitized properties, Vision is unique to the needs and requirements of Lake Forest in that we specialize in home owners associations which operate golf courses. At Vision Golf & Association Management, our emphasis is to provide hands-on professional guidance, training, and direction to association board of directors, owners and staff to maximize the results of every club we manage. Throughout our twenty-year history we have established a reputation of exceeding client expectations. Vision's Executive team's experience includes operational and financial management of some of the world's finest clubs and resorts in addition to over 200 community associations. Our association management team has more than 100 years combined industry experience serving communities of all sizes with dedicated resources in budgeting, governance, operations and training for homeowner associations. Our accounting team is skilled in developing realistic operating and reserve schedules to allow for proper maintenance and reserve collection. Please see our detailed qualifications and experience at www.lakeforestycc.com which includes details on our; Association management services; Golf management services; Food and Beverage management services; Agronomic services; Centralized accounting services; Human resource services; Consulting and strategic planning; Asset evaluation; Short term crisis management; Marketing and merchandising. All of our employees are fully trained under our proprietary PEAK performance training program. The foundation of this training is based upon our strategic traits of Professionalism, Ethics, Appreciation and Knowledge.