

Island Hills Condominium Association

Phases 1 and 2

P.O. Box 340 Sturgis, Michigan 49091 e-mail: bob@pse-usa.com

March 4, 2021

To all members,

Attached are the 2021 dues invoices. Due date is April 15, 2020.

Dues have been reduced for this year:

\$250 for HOMES

\$125 for EMPTY LOTS

Please make check out to "Island Hills Condominium Association" and mail to:

(Return Envelop Enclosed)

Island Hills Condominium Association

P.O. Box 340

Sturgis, Mi. 49091

If anyone has any questions, please respond with an e-mail * or a letter.

* We are having a difficult time communicating with members who don't give us an e-mail address. This is probably MY fault with *some* members. In the past I took "liberties" I should not have taken when I forwarded "political" e-mails to Condo members. As of this date, **I will discontinue that practice since it is more important to be able to communicate to all members by e-mail if they have one.** If possible, when you mail in your payments, **please specify an e-mail address where we can contact you AND a cell phone number.** It is in every member's interest to enable us to contact you. I will be sending out an e-mail blast to all addresses I have indicating dues letter is going out as a test of the list I have on hand.

Below is a PARTIAL list of names that I don't have an e-mail address for:

John Walsh

John Merbs

Steve Rank

Carol Garner

Harry Agapidis

Megan Zagon

Thank you.

Bob Griffioen

Updates/new business:

Due to Covid-19 restrictions, we did a mailing to the membership and received unanimous consent from all members [i.e. those who responded], to forego the 2020 Annual Membership Meeting and to extend through 2021, the current Board Member and Officer structure.

The following structure remains in place for Island Hills Condominium Assns. Phases 1 and 2 for 2021:

Phase 1

President/Treasurer: Robert Griffioen
Vice-President: Christian Griffioen
Secretary: Jessica Griffioen

Phase 2

President/Treasurer: Robert Griffioen
Vice-President: Christian Griffioen
Secretary: Jessica Griffioen

Enclosures:

1. Raintree Blvd. Road Reconstruction Maintenance Agreement
2. Raintree Blvd. Snow Removal and Median Mowing Agreement
3. Year-end bank statements for General (3a.) and Road funds (3b.)
4. 2021 Budget
5. Detailed checking account statements for General (5a.) and Road Fund (5b.)
6. Current Road Fund Summary.
7. Road Rating evaluation by Barry Cox (Sturgis Road Maintenance expert.)
8. History of Road Fund Disbursements
9. Cumulative Analysis of Total Dues Paid by All Condo Members
10. Property Owner Composite Depiction of Roads Used To Access Their Property
11. Gardner Management Company (11a.) and Summary of Island Hills Phases 1 & 2 Condo Duties (11b.)
12. Amendment Island Hills Condo (Phase 1) (12a.) and Amendment Island Hills Condo Phase 2 (12b.)

FORWARD

Negotiations are complete with LTPOA for a permanent long-term solution regarding Raintree snow removal and median mowing. The agreement is enclosed. We also accomplished an agreement for major repairs on Raintree, which is also enclosed. Road repair agreements will be based on a case-by-case rationale henceforth.

There are two (2) distinctions that must be made for the two (2) agreements with LTPOA:

1. We have agreed to pay LTPOA a “one (1) time” road repair amount of \$56,647.60 Any future such agreements will be negotiated on a *case-by-case* basis.
2. We have also agreed on an annual \$1,041.07 **snow removal** and median mowing contribution. Our Condo will be responsible for snow removal from the second left turn onto Irongate (going Southwest), to the end of the cul de sac.

Items 1 & 2 have no relation to each other. i.e. The ongoing \$1,041.07 **annual** contribution is for snow removal and median mowing ONLY, and has nothing to do with road repair projects.

From my multiple and thorough reviews of the history, as well as my own personal involvement regarding this subject, the former Boards in our Condos have ALWAYS taken the position that, “We *should*, from a *moral* standpoint, pay “something”, but we are *not* OBLIGATED to pay *anything*.” **This is not correct.** I have had two (2) independent Attorney firms review all pertinent documents regarding this question, and they came to the same conclusion: **OUR CONDO IS OBLIGATED TO PAY ITS FAIR SHARE FOR RAINTREE BLVD. MAINTENANCE.** **THIS CONTINUES TO BE THE CURRENT BOARD’S POSITION** and is reflected in both attached agreements.

Discussion: Condo Roads

As mentioned above, I have attached reports on the final agreement we reached with LTPOA on the long sought-after snow removal agreement which now includes a mowing clause for the MEDIANS on Raintree. I have also attached the independent and “one-time” agreement for resurfacing Raintree Boulevard from Findlay Rd. to the end of the cul de sac. i.e. Pulverize and rebuild Raintree just to the end of the double lanes, and from there, patch where needed, and chip & seal to the end of the cul de sac. This is scheduled to be completed THIS year.

We have reduced dues this year by cutting costs, and will only maintain a budget for ongoing routine expenses. **Road funds will no longer be coming from the general annual dues.** An analysis of **enclosure 9** clearly shows the Condo Membership’s long term dependance on the dues paid by a disproportionate number of empty lot owners, in particular, the current developer, Terra 88, LLC. It can justifiably be defined as a “developer” because that’s **exactly what it has turned out to be.** It bought up 105 of 125 of the empty lots in a *failed* development in Phase 2 *alone*. [84%] The difference is that the original developer was NOT required to pay dues, yet the **successor developer**, Terra 88, LLC., has been paying dues for the last 11 years. It has contributed \$206,795.27 **[see enclosure 9]** in cumulative dues since 2010, whereas the remaining Condo *combined* Phase 1 & 2 membership paid a grand total of \$177,178.02. These unsold “successor developer” lots, mainly the 44 empty lots on Gales Court, have received minimal benefit over the years except for mowing and sealing, *yet* has, **by itself**, paid \$72,450 in dues, most of which was spent on *other* projects in the Condo. For example, Condo documents show that \$32,269.09 was spent on Hidden River and Brookstone Drives alone. **(see enclosure 8 and the excerpt from “8” below)** In February 2017, when the new Board assumed control of the Condos, *another* \$40,000 was *planned* to be spent on *more* repairs on Hidden River and Brookstone Drives. Had the Board not been replaced at that time, and unbeknownst to the membership, this *would* have brought the new total spent on these two (2) roads to \$72,269.09. To make this situation even

more alarming, after all this, these roads, still need to be **rebuilt** due to poor construction by Excell Paving, a company that was not held responsible for the poor construction they did. [Per paraphrased statements found in former Board Meeting minutes.] Our consultant, Barry Cox, said that it would have been a waste of money to do further repairs on Hidden River and Brookstone Drives, since they needed to be “pulverized” and re-built. After reviewing everything, the new Board decided not to commit any more funds to roads that require reconstruction, other than possible spot repairs. That includes Gales Court and Brandywood Dr.

Ultimately, it now appears that the only way to obtain sufficient road repair funds, henceforth, is by **special assessments** applied to the property owners of the roads that need repair. We will have enough funds leftover, after our commitments for next summer, to do *some* repairs.

We are open to suggestions for a better plan if there is one.

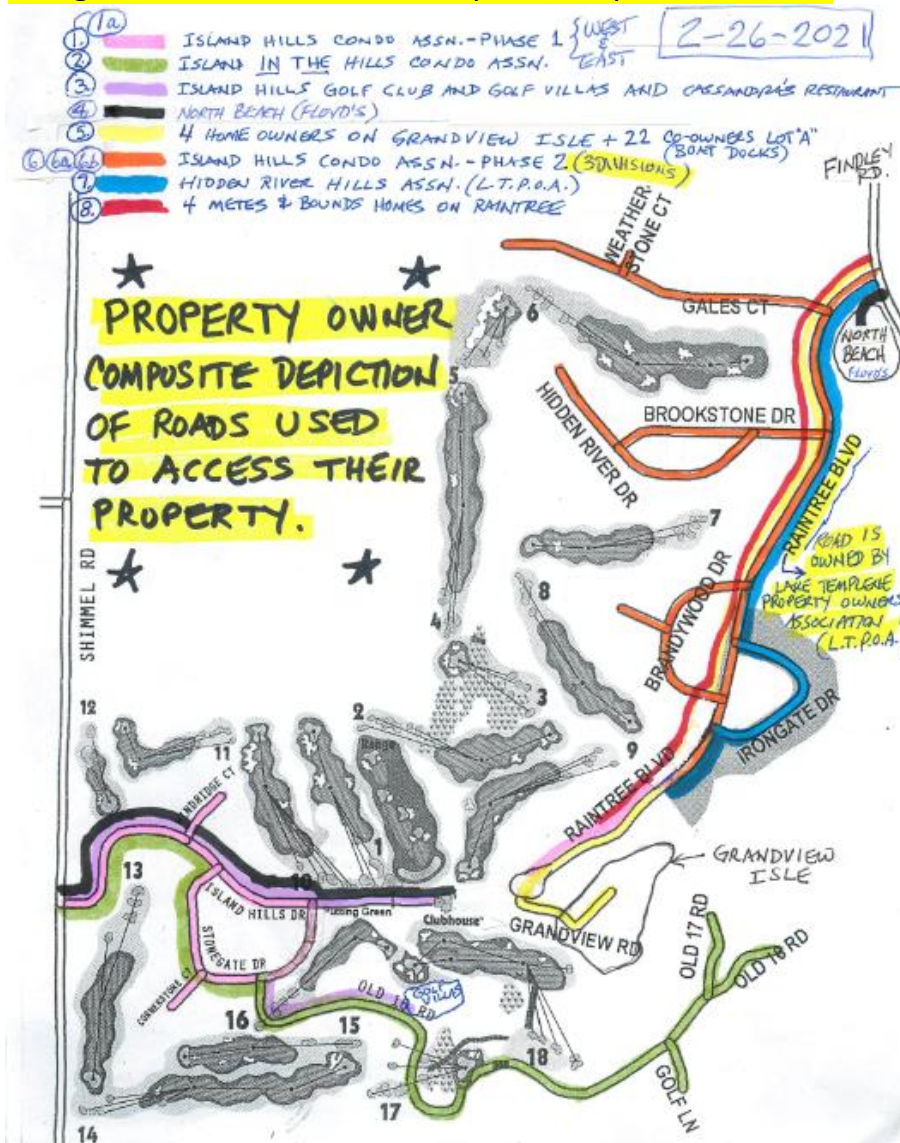
“Copied and pasted” enclosure 8 below

CUMULATIVE HISTORY from 2007-2020 for Island Hills Condo. Assoc. Ph1 & Ph2 Dues Collected, Road Funding and Repair Dispersements									
Year	Dues Collected	Road Deposits	Repairs	Invoice #	Invoice Date	Check #	Contractors	Location of Repairs	LTPOA Mnt
2007	\$4,675.00	\$0.00	\$0.00						\$0.00
2008	\$13,025.00	\$0.00	\$2,000.00 \$2,000.00	7575 (A) 7576 (B)	10/17/2008 10/20/2008	1031 1031	Pavement Restoration Pavement Restoration	Hidden River Dr Island Hills - Sub Division	\$0.00
2009	\$14,500.00	\$17,075.00 -\$15,760.00	\$10,760.00 \$10,305.00	2604 (C) 2604 (C)	9/11/2009 9/11/2009	Bank Ccheck Bank Ck + 1066	Excell Paving Excell Paving	Asphalt Patching & Chip N Seal - (Deposit) Asphalt Patching & Chip N Seal - (Final)	\$0.00
2010	\$31,302.38	\$1,450.00 \$975.00	\$6,686.25	Breakdown of invoice 201000842 (D) 10/4/2010		1116	Island Hills, LLC Asphalt Solutions	Island Hills Condo, PH1, sections A,B,C (Total invoice \$14930.00)	
2011	\$26,225.00 Estimate \$33K	\$650.00	\$3,300.00 \$3,250.00	2925 (E) 2925 (E)	9/15/2010 9/15/2010	1131 1149	Excell Paving Excell Paving	Brookstone & Hidden River Dr - (Deposit) Brookstone & Hidden River Dr - (Final)	\$1,650.00
2012	\$30,800.00	\$0.00	\$4,150.00 \$11,800.00	3300 (F) 3417 (G)	12/5/2011 6/5/2012	1177 1209	Excell Paving Excell Paving	Seal Coat Applied Brookstone, Gales Ct, Culverts & Patches	\$1,650.00
2013	\$27,548.46	\$0.00	\$5,321.00 \$3,349.21	24918 (H) 24919 (I)	9/10/2012 9/10/2012	unknown 1256	Niblock Niblock	Improvements to Island Hills Drive Improvements to Windridge Court	\$1,650.00
2014	\$33,178.00	\$0.00	\$14,095.00	4309 (J)	9/30/2014	1319	Excell Paving	Brookstone, Hidden River Dr., & Island Hills D	\$1,650.00
2015	\$34,655.00	\$25,000.00 \$15,000.00	\$0.00						\$1,650.00
2016	\$34,015.00	\$15,000.00	\$0.00						\$1,650.00
2017	\$33,750.00	\$9,134.17	\$0.00						\$1,700.00
2018	\$33,549.45	\$16,803.82							\$1,650.00
2019	\$33,750.00	\$32.74							\$1,650.00
		None available due to large legal and administrative expenses.							
2020	\$33,000.00	\$34.24	\$11,124.00						\$1,650.00
		None available due to large legal and administrative expenses.							
Actual TOTAL dues collected:	\$383,973.29	Actual Bank Deposits to road fund:	\$85,394.97	Actual TOTAL spent on repairs:	\$88,740.46				

Based on the analysis of all HISTORIC invoices for road work, it appears that the total spent from 2008 thru 2020 on Hidden River Dr. and Brookstone ALONE is \$32,269.09. (36.4% of the total collected.) After all this, these roads, TODAY, are dilapidated and need to be rebuilt due to poor construction by Excell Paving, a company that was not held responsible for the poor construction they did. In February 2017, when the new Board assumed control of the Condos, another \$40,000 was planned to be spent on **more** futile repairs on these *same* roads. This *would* have brought the new total spent on these two (2) roads to \$72,269.09 and they still would need re-building. Our consultant, Barry Cox, said that would have just been spending "good money after bad" since the road needed to be pulverized and re-built. The plans were changed.

The next three (3) "copied and pasted" pages are from enclosure 10. This map shows a color-coded depiction of the various roads used by the multitude of property owners in all three (3) Condos as well as the Golf Course. It also shows the basic idea of creating "Divisions" within the Condos that will be responsible for their own private roads. It's based on an old idea that is missing in the world today called "common sense." The map speaks for itself and is only being presented at the present time to show the direction we are considering. Preliminary investigation by Eric Scheske indicates there is case law authorizing Condos to allow this in lieu of the common element laws, which don't appear to be practical in Phase 1 & 2 Condos, at least for some of the roads, which are now being defined as Divisions. Notwithstanding, current Condo by-laws already have language that allows this, which was why we created amendments giving discretionary authority for an elected Board of Directors to do something like this, as well as to specify how the funds can be raised. Amendments to By-laws Phases I (enclosure 12a.) and Phase 2 (enclosure 12b.) are for creating flexibility for Board to make adjustments to assessments based on users and non-users of formerly defined Condo "common elements." Prior to these amendments, there was no way to address certain inequitable situations in a reasonable manner. An example of this is in regard to the Snow Removal Agreement with LTPOA for Raintree. i.e. NO PROPERTY owners in Phase I who come in from the Shimmel Rd. entrance EVER uses Raintree to access their property. Therefore, we felt the need to make an adjustment for those property owners exempting them from paying dues for Raintree maintenance.

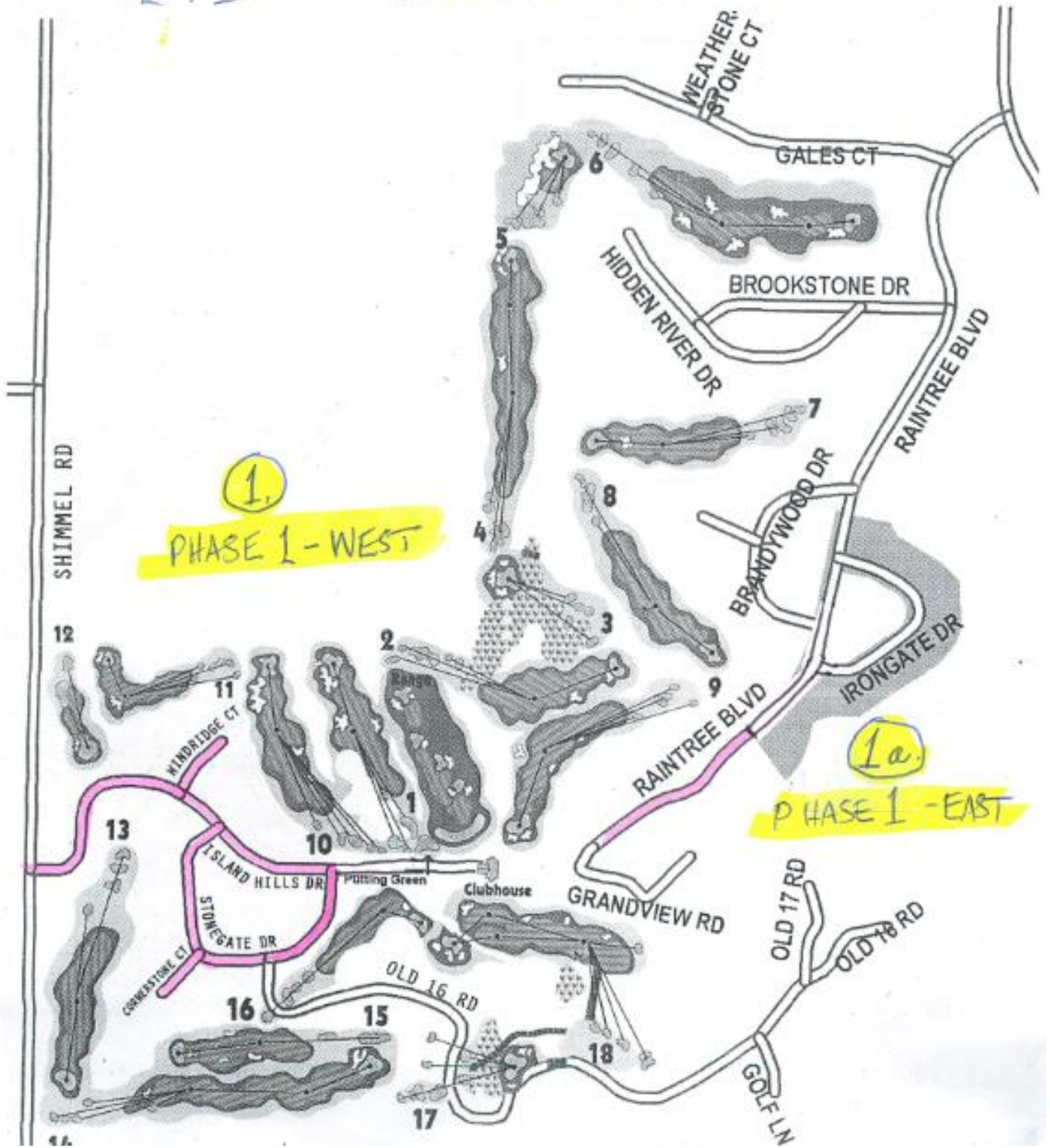
3 Pages from enclosure 10 "Copied and pasted" below



1.
1a.

PHASE 1 OF ISLAND HILLS CONDO. ASSOC.
[WEST] 47 HOMES & LOTS TOTAL

PHASE 1 OF ISLAND HILLS CONDO ASSOC.
[EAST] 21 HOMES & LOTS TOTAL

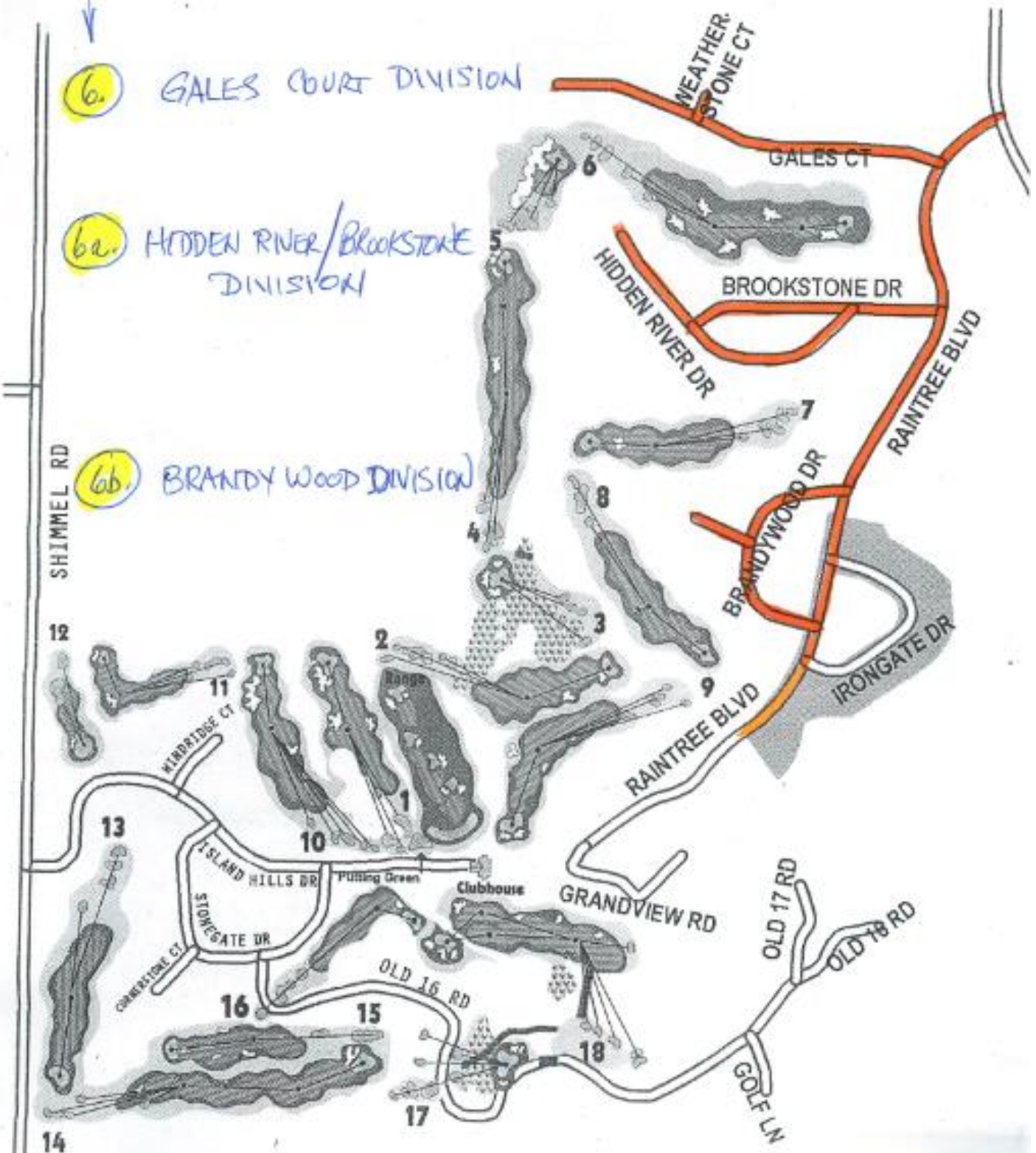


PHASE 2 OF ISLAND HILLS CONDO ASSN.
125 TOTAL OF HOMES & LOTS

6. GALES COURT DIVISION

6a. HIDDEN RIVER/BROOKSTONE DIVISION

6b. BRANDYWOOD DIVISION



No matter what we end up doing on the roads, particularly in Phase 2, it is unlikely that we would reconstruct *any* roads in Hidden River Hills Dr./Brookstone Dr./or Gales Court until *after* homes are built. Common sense says, “Why build a new road and then turn right around and destroy it with cement trucks, semi-trailer deliveries of home building materials, etc?” The answer: **You wouldn’t**. What that means is, for now, there are no plans to do ANYTHING to these roads, *other* than possible spot repairs. That is the plan of Terra 88, LLC for Gales Court AND Brandywood Divisions. i.e. On Gales Court, the homes will be built *first*, and we will amortize [guessing] \$3,000 per lot x 44 lots to raise \$132,000 for the road. Same for Brandywood Division. Same for Hidden River Hills/Brookwood Division. No one in Phase 1 WEST **Division**, nor anyone on Raintree will be asked to contribute to any of these private roads. That is our current plan. From my view, I just don’t see any other way to do this.

The \$85,368.94 minus the \$11,124.00* that we spent last fall on “OVER BAND CRACK SEALING REPAIRS,” and minus the \$56,647.60 Raintree Blvd. repairs, leaves \$17,597.34 to do possible “spot” repairs as needed. However, once that runs out, **there will be no more funds collected**, and any *new* work will require a **special assessment** to those who need the repairs, with no contributions from non-users.

* The invoice was actually for \$14,702.00. However, a \$1,789.00 contribution was made by BOTH Island Hills, LLC. [i.e. the Golf Course] and Island IN THE Hills Condo Assn., which reduced the amount for our Condo share to \$11,124.00.

I realize this is a lot of information to analyze. We did our best to explain everything in great detail in case we missed something. **We would greatly appreciate any constructive criticism we can get from the members.** Our goal, as it was with LTPOA, is to be *fair* with all parties. If there is something anyone believes we have missed or misrepresented, please let me know, but please make certain any discrepancies are documented. I should point out that when we assumed control of the Condos, we were given all the historical records which we thoroughly reviewed *multiple* times before this letter was written.

To be continued...

Condo Management Company

We have been struggling for the last four (4) years trying to get all three (3) condominiums we manage solvent and under control. As everyone may or may NOT know, all three (3) site condos were *failed* developments that my family “blindly plowed into” when we bought the golf course in 2010. With Attorney, Roger Bird’s, help I have been trying to find a Condominium management company to run all three (3) condos in our place. We spent a day last fall with a representative from Gardner Management Company in Kalamazoo hoping that they could take over. That was the day we discovered we were in the wrong business. I have attached a summary of what they offer at a MINIMUM cost of \$6,500 per year, **PER CONDO**. That’s \$6,500 x 2 = \$13,000 per year! Obviously, that didn’t go any farther. Adding insult to injury, below is a list of duties that Matt Rehling and I perform that we prepared for Gardner to review and quote. Following our list below (enclosure 11b.) is their list (enclosure 11a.) of what services they would provide which does NOT include the costs associated with our list below:

Island Hills Condominium Association Ph. 1 & 2 Duties

1. Invoice membership Dues each March 1st for Dues each year.
2. Generate a spreadsheet for all dues so it can be tracked quickly without always using a PC.
3. Generate payments for all normal condo service billings.
4. Collect and apply and deposit all incoming dues checks and update spreadsheet and QuickBooks.
5. Collect up needed information from quick book and bank account to fill for taxes. Meet with them if needed and answer questions for the filings.

6. General account payment for City of Sturgis electric for \$1925.00 to cover the street lighting electricity for the year. (This will stop the need for making out checks each month for the usage.)
7. General account payment to the LTPOA for snow and road MEDIAN mowing. \$1,041.07
8. General account payment to the State of Michigan for the corporation name annual fees. \$20.00 each. (Island Hills Condo. Assoc. & Island Hills Phase 2 Condo. Assoc.)
9. General account payment as needed for legal fees for the condo.
10. General account payment for the Condo Assoc insurance premiums for each year.
11. General account payment to Finnerman Custom Services for the road edge mowing during the season. (Only as needed.)
12. General account payment to Scott Mingus for mowing the empty lots during the season. (2-3 cuts)
13. Complete all work updates in the Condo QuickBooks software.
14. Reconcile all bank statements in QuickBooks software.
15. Generate and deliver any transfers of funds when needed.
16. Research all upcoming projects. Contact service / construction businesses.
17. Meet with companies for the quotes on projects and compare all the collected quotes. Make out spreadsheets for the collected data so there can a meeting on the findings.
18. Make recommendations for the needed repairs to condo property and utilities.
19. Research better utility options if needed for the condo.
20. Update member contact lists.
21. Administer Condo annual elections and setup meetings.

GARDNER MANAGEMENT COMPANY
CONDOMINIUM ASSOCIATION SUMMARY OF DUTIES

THEY GAVE US A
MINIMUM CHARGE
OF \$6500 ANNUALLY
PER CONDO.
\$13,000 TOTAL

- Maintain a 24 hour answering service for emergencies
- Work in conjunction with the Board to prepare annual budget
- Collect/track receivables and review/process payables
- Prepare monthly financial statement of income and expense with comparison to budget
- Provide year end financials for tax preparation
- Work in conjunction with the Board to develop a capital improvement program
- Work with accountants to ensure that proper forms are filed with State and Federal Agencies
- Develop and implement supervisory programs suited to the individual needs of the property
- Obtain competitive bids on all contract work, including insurance
- Maintain point of contact for all Co-owners for all concerns pertaining to contractors servicing the Association
- Conduct site inspections as agreed upon
- Work with attorneys to facilitate condominium document interpretation and amendments
- Work with lenders, Realtors, title companies and any other relevant party to aid in transfers of ownership, financing and refinancing
- Respond to Co-owners, Committee members and Board members as they request.
- Facilitate communications between Co-owners, Committee members and Board members
- Work with Co-owners and webmaster to maintain website as desired
- Field Co-owner complaints about the behavior of fellow Co-owners (anonymously).
- Investigate violations of the Condominium rules and communicate with Co-owners to remedy
- Provide economies of scale we can pass on to Association whenever possible
- Work with insurance adjusters, specialty investigators and agents as needed
- Maintain files and historical data of the Association (hard copy 7 years, electronic for life of management agreement)

We are still searching for a company that is affordable...

Dues collections

This year, we will no longer be contacting people who are late in paying their dues. We have decided that from now on, we won't spend any of *our* time making "collection calls." No courtesy letters...No warning letters...No nothing.

Instead, Matt Rehling will monitor this. Interest and penalties per the by-laws are 18% annual. **We will be charging this rate on a "pro-rata" daily basis on amounts due and will be adding it to *next year's* dues invoice.** If late *again next year*, after forwarding the previous balance plus interest and penalties per the by-laws to the *next* year invoice, we will skip the "formalities," and **file a lien** on the property. At that juncture, we will continue the tab, now adding the administrative and filing costs of the lien PLUS the cost to remove the lien if the property owner decides to pay.

Matt and I are very busy people. We will no longer make any attempts to chase down the *same* delinquent payers year after year as we have done in the past. For the record, **it's ALWAYS the same members every year.** "90%" of members ALWAYS pay on time.

Our hope is that drawing attention to this problem will motivate members who are chronically "late payers" to change their habits, thus enabling *us* to enjoy more leisure time, even as we continue to manage the Condos in the best interest of the Membership. We would really appreciate it!

If anyone has any questions, please send me and e-mail or a letter.

Thank you.

Bob Griffioen