

**INDIAN LAKE CLUB, INC., Indian Lake Estates**  
**Member Special Assessment Meeting**  
**January 7, 2023**

**The Meeting was held at the Lake Toxaway Fire Department, 850 Blue Ridge Road at 10:00 a.m.**

<b>Presiding:</b>	Jan Harden, President
<b>Attending</b>	Dick Hennig, Vice President, Jeannette Lee, Treasurer, Rich Firebaugh, Hedgie Bartol, Committee Chairmen Ron Harden, Everett Bedenbaugh
<b>By Phone</b>	Barbara Pence, Secretary, John Pappas, Gina Brown
<b>Absent</b>	Allen Eason
<b>Community</b>	Nine members of the Community attended by phone, Twenty-two members attended in person.

The meeting was called to order by Jan Harden

**Review of ILC Funding History**

1. Everett Bedenbaugh advised the first special assessment at ILC was in the late 1990's for paving of the roads; but there are no club records to document the magnitude of that assessment.
2. In 2007-2009 the Indian Lake Dam repairs, estimated at \$100,000, but costing over \$250,000, depleted our treasury and that— coupled with construction equipment damage and Haywood Electric damage from underground electric made our roads extremely unsafe.
3. At September 12, 2009 Annual Meeting, the community discussed the need to repair ILC roads, giving an estimate of \$400,000. A Special Assessment of \$1900 per lot was considered. Instead of going that route, loans were obtained from several owners raising \$130,000 at an interest rate of 5%. Loans were repaid by not charging annual assessment fees to those owners loaning the money. Annual assessments were increased from \$834/lot to \$941/lot. Road repairs were completed over several years and in 2014 the assessment for improved lots increased to \$984 and unimproved lot assessments decreased to \$840.
4. These additional funds have allowed us to replace the water tank at the park, replace the guard rails along Indian Lake Road, spend \$350,000 on paving of roads and make repairs due to washouts and dam issues.
5. He advised we also began to build up reserves at that time.
6. During 2021 tropical storm Fred caused approximately \$350,000 in damage to Rainbow Lake, washouts along our roads and a major washout at the base of the spillway of Indian Lake Dam.
7. In December 2021, the membership overwhelmingly approved obtaining a FEMA SBA loan to cover Fred expenses. We were turned down by FEMA. During 2022 we made repairs to minor washout areas along Indian Lake Road and replaced the drainpipe at Rainbow Dam. These unexpected repairs depleted \$130,000 from our reserves and we still have over \$180,000 in road and dam damages to repair due to Fred.
8. The Community has a reserve of approximately \$250,000, which is not adequate to fund the five-year infrastructure capital projects that the community is facing. The Special

Assessment that is needed to accomplish the improvements cannot be extended beyond the five years. The Special Assessment valued at \$375,000, equals \$580 per lot per year for five years. This is approximately equal to the damage caused by tropical storm Fred. If Fred has not occurred, there might not be a need for it, but it did. The State mandates the repairs to Indian Lake Dam, roads deteriorate over time and as more homes are built, additional wells will be mandated by the State. Maintaining infrastructure is EXPENSIVE but vital to the safety of the Community and to the value of our properties.

9. Everett answered a question explaining the repair in 2006 to Indian Lake dam which involved placing a slip tube inside the underground pipe, which was estimated at a \$100,000 cost, but in reality once state requirements were met, we spent over \$250,000 and it still does not work, but it does not collapse.

#### **Review of Five year general expenses and annual assessment income**

10. Jeannette Lee, Treasurer, advised current income is approximately \$120,000. She reported that over the last two years we are 100% caught up; there are no outstanding assessments from previous years and only one member paying for 2022. She stated we will work with members for payment plans if needed. She also advised that the mandates by the State for studies, H&H and EAP have cost us \$70,000, without approval to move forward. John Pappas worked for years updating the Emergency Action Plan which means showing what happens downstream from us if the dam collapses. The EAP is so difficult to prepare that an engineering firm had to be hired to prepare the EAP at a cost of \$20,000.
11. Income in previous years was \$140,000 and since Jeannette has been treasurer in 2013, she has caught up back assessments which has dropped our annual income to \$120,000.
12. In past years we had an excess of between \$40-50,000 in our reserves which has allowed us to complete repairs needed. The damage done this year wiped out three years of reserves and we are not done paying yet.
13. In going forward we used a conservative 4% inflation rate which also increases our expenses to \$80-90,000 year. We do not want to raise our annual assessments; by doing a special assessment over five years we felt it was more affordable to do \$580 per lot as opposed to asking each member for \$1500 this year.
14. A question was raised about the state mandates, wondering if there is any way to circumvent that cost. Rich Firebaugh explained that our problem is this is a private community with a private recreational lake; it is not open to the public. Although we have been trying for years to get approval to make repairs, we are inundated with new requirements and new regulations.
15. Jeannette also advised that she and John Pappas worked on grants and loans and because we are a private community, we have been turned down in every case. A bank would require assets which we do not have; a loan would have to be personally guaranteed by a member.
16. Matt Pickens also reminded us that our dam is considered a high hazard dam; from the top of the berm to the bottom it is in excess of 50 feet which dictates the mandates because it could involve loss of life from down below if it should fail,
17. Jeannette reminded the community that all financial information is posted on the website on a monthly basis for every member to read and raise questions.

#### **Review of Estimated Dam Capital Requirements**

18. John Pappas, head of Lakes and Dams Committee, advised when he joined the Lake and Dams Committee in 2010, both lakes and dams were inspected twice a year; at some point Rainbow Dam did not need to be regulated. He also advised one of our members Matt Pickens who works at Duke Power with dam maintenance has been a big help to us in dealing with dam issues.
19. In 2012 we received a Notice of Deficiency by NC Dam Safety for concerns with our concrete spillway. Hydrostatic pressure underneath the spillway is causing the concrete joints to not hold their caulk. Attempts to re-caulk failed. A repair plan from an Engineering firm, T. E. Allen was estimated at \$250,000; funds which we did not have at that time.
20. We requested more time from Dam Safety. We sought out another engineering firm, Ed Medlock, who developed an alternative repair, estimated at about \$150,000. These plans were submitted to NC Dam Safety. During this time NC Dam safety was dealing with a coal ash retention pond problem which was polluting waterways and all state resources were tied up on that problem for about a two-three year period. Finally in 2017, we received a response with detailed questions one of which was the submission of results from a Hydrologic and Hydraulic (H&H) Study, which models a worst-case weather event and the dam's ability to handle the event.
21. With this requirement, it took us about 2 years to find an engineering firm to develop the data set required and operate the software modeling tools needed to determine the voracity of our dam and spillway. With a very capable engineering firm called Blue Earth, a response to the questions and our H&H study were submitted to the state and we continue to wait for approval to move forward. The good news is that our H&H study demonstrates that we can withstand a worst case scenario. If that were not the case, we would be required to make significant changes to the dam, raise the height of the dam, a new spillway, etc. resulting in repair costs in the millions.
22. In 2021, Tropical Storm Fred caused significant damage to our community; exposing issues with Rainbow Lake Dam and creating a sinkhole on the back of the dam, causing a washout on Indian Lake Road and a major mudslide at the foot of the Indian Lake Dam spillway. We were able to do an emergency repair to the sinkhole on Rainbow Lake Dam for about \$4000 and then studied how to repair the damage
23. John thanked Rich Firebaugh and Tracy Jones who came up with a plan to repair the dam and put a new pipe through the dam at a cost of about \$80,000.
24. In 2022 NC Dam Safety inspected Indian Lake Dam again and issued a second Notice of Deficiency primarily because of the mudslide and minor issues on the back of the dam. We developed plans with Medlock Engineering to repair this mudslide and have these plans, along with the original spillway repair plans before NC Dam Safety for approval. While we spent around \$15,000 for the development of the repair plans, we estimate the actual repairs, once approved to be around \$250,000 - \$300,000. The minor issues on the back of the dam were repaired in 2022 by Boyd McNeeley at a cost of \$22,000, but we are still waiting for approval on both sets of plans.
25. John stressed the difficulty in getting a contractor to give us a hard bid when we do not know when and if the work will start. John again credited Matt Pickens for his help and contacts in finding contractors come out and look at the problem. The repair at the mudslide at the back of the spillway could cost \$250,000 - \$350,000 – the major problem

is access. There is no access road to the bottom of the dam. It will be a challenge to access the area to bring in equipment for repairs.

26. He expressed the frustration with turnover of personnel at Dam Safety. Currently he has a contract that is looking at our two repair plans. We are hoping for approval in 2023 to repair the spillway estimated at \$125,000 and the mudslide repair of \$250-\$350,000. Because of the concern of weather events, Dam Safety is getting more technical about requirements for the EAP and the Inundation map. NC now is requiring a software modeling tool to prepare this map which is expensive. NC Dam safety will also require all repair work be supervised by a professional engineer. We have to carefully maintain the flow of water out of the dam so we don't harm wildlife, there are environmental concerns, silt, construction debris which could poison the lake – all of which balloon the cost of the repairs. Unfortunately, it is a High Hazard dam and we don't have a choice.
27. A question was raised as to whether we could abandon this project and cut our losses. John and Hedgie responded that getting rid of the dam is not a possibility...it would have to be approved by the state. Matt Pickens advised that a dam in Asheville that is being decommissioned is costing millions of dollars.

#### **Review of Road Capital Requirements**

28. Ron Harden advised the most important item in roads is conserving what we already have. Expensive repairs caused by Hurricane Fred – previous plans to repair Cherokee Circle have been put on hold because of the Hurricane as emergency repairs depleted most of our budget. We still have a repair for a washout on Indian Lake Road pending, estimates are expensive but it is not deteriorating at the present time. A conservative estimate for annual upkeep on the four miles of roads in ILE is approximately \$20,000. We will try to maintain what we have; Cherokee Circle and several areas on Indian Lake Road will need repair over the next five years. We will also have to replace some culverts and add rock to control erosion in our ditches.
29. Bottom line, we need to maintain what we have and repair what is needed.
30. Everett also mentioned that the heavy construction equipment for dam equipment would also affect our roads. Also when we have contractors we ask them to bring in their heavy equipment on smaller trucks; if damage occurs it will be charged back to the homeowner or contractor. Questions were brought up over the damage to a driveway caused by turnarounds at dead end roads. Rich Firebaugh stated he would work the homeowner to help repair that damage. Ron explained a situation with Comporium where damage occurred to our roads and we received payment from the contractor for the repair.

#### **Review of Water System Capital Requirements**

31. Rich gave a history of the water system in ILC – In 1991, the Indian Lake Company was transferred to Indian Lake Club, Inc. This included all roads, two lakes and the existing water system together with all equipment and supplies and all green areas. In 1994 we installed the well at the waterfront park which was indicated to serve 61 houses.
32. DPWSS has given us current approval to serve a population of 75.
33. We currently serve 57 properties. Two homes are being built on Rainbow's End and construction will begin soon on a new home on Indian Lake Road; ACC plans for two additional homes have been approved and three property owners have recently purchased lots with plans to build in the near future which could potentially lead to 65 properties being served.

34. In the five year plan we have estimated a cost of \$20,000 to hire an engineering company to evaluate our system to see how many homes we can serve. Adding a new well would entail finding a location for the well site, drilling, and adding tanks.
35. A question was asked about cost for a property owner drilling a well on his property – Rich advised permission would have to be given and the cost could be well over \$20,000 to drill a well and assessments would still be charged to the property.
36. We will not know what we need until the evaluation is completed.
37. Rich also advised that this community has been financially sustainable over the last 30 years, with a reserve of \$75,000. We plan to keep that reserve but need the funding for the capital requirements.

### **Funding Sources Review**

38. Everett Bedenbaugh introduced himself stating he and Joyce bought their home in 2007; he joined the Board in 2009 and served as President and continued on the Board for several years, managed roads and now manages the Website. He encouraged everyone to use the website to keep up with information in the community.
39. Everett read the information in Article VII, Section 1 on Assessments and Section 3 on Special Assessments stating the Board has the power to levy assessments and special assessments “upon determination that they relate to the health, safety and welfare of Members as a whole for the prevention of a health hazard within the Estates or for other purposes as well. No special assessment shall be effective if 50.1% of all members of the Club shall object to the proposed assessment.”
40. At the last annual meeting, Jeannette expressed her concerns about funding upcoming expenses and The Board of Directors established a Five Year Finance Committee of Hale Campbell, Rich Firebaugh, Jeannette Lee, and Everett Bedenbaugh to evaluate various methods of providing for the shortfall.
41. Options discussed were;
  - a. **Issuing HOA Bonds** – would require membership approval, put a burden (30 years) on present and future owners; and repaid interest could equal principle,. It was determined HOA Bonds were not an option
  - b. **Government Loan or Grant** – John Pappas and Jeannette Lee worked diligently to try and obtain FEMA grants/or SBA loans. The membership approved applying for an SBA loan; we were turned down by each agency. This was not an option.
  - c. **Loans from Members** – Previously member loans allowed the members to be reimbursed by not paying assessments. It was determined that assessment income was needed for operational expenses. This was not an option.
  - d. **Obtaining Commercial Loan** – Would require membership approval. Would have to be co-signed by members as the association does not have assets and the interest charged would be significant. This was not an option
  - e. **Special Assessment** – If a one year assessment was levied to cover the \$375,000 capital shortfall, each lot would be assessed \$2907. A five year assessment was discussed to reduce the impact on each property owner. If during the completion of the projects, the amount of money spent is less than estimated; the fifth year amount could possibly be reduced. If not, an additional assessment would have to be considered. The five year assessment would result in an annual fee of \$580/lot which works out to less than \$50/month per lot.

42. The Board of Directors determined that the five year special assessment is the best option and approved it.
  43. A question was raised about increasing the five year assessment because of inflation – Jeannette responded that we are trying to do it in a manner that is affordable to most members and this is a best guess estimate.
  44. Dick Hennig questioned the State getting involved in our water system; he feels this could be addressed by our current Maintenance contractor. Discussion was held and this will be looked into.
  45. A question was asked about the percent of homeowners paying assessments, Jeannette advised we have 99.9% of homeowners paying their annual assessments.
  46. Discussion was held about seven lots which are in foreclosure and not paying assessments. Rich advised the property is tied up in the estate and does not have a clear title. This will go through foreclosure – assessments have not been paid on these lots since 1990s.
  47. Discussion was held about being able to provide for future repairs; Rich advised we are doing the best we can to project out five years with the information provided to us.
  48. A member expressed appreciation to the Board for their work but expressed his frustration with the way in which the accounting of the assessment was presented. Also he questioned if the property values would go down with the assessment.
  49. Hedgie advised he disagreed with that assumption, he advised if we do not do the assessment, our property values would decrease. He stated that if we looked around, we would find that our annual assessment is exponentially low for the amenities we receive compared with any other HOA out there. Not maintaining our community would certainly drop our property values.
  50. A member questioned approaching the Board for information and Jan Harden advised that the Board is always open to comments from the community.
  51. A question was raised about property owners who are not full time residents using the facilities, roads, water, etc. It was advised this is a shared community. There was a question as to insurance; Jeannette advised insurance would be looked into.
- A Motion was made by Hedgie to ask for votes or changes to votes already sent in. The community registered their votes.
52. Gina Brown made a suggestion for all members to consider serving on the Board or on a Committee from time to time. One does not have to be in residence at ILE – work can be done through phone or email and she recommended people consider participating.

#### **VOTING RESULTS**

53. Rich Firebaugh reported 54 lots voted in favor of the Special Assessment and 25 lots voted against the Special Assessment. The Special Assessment is approved.
54. Jeannette advised that the Special Assessment invoices would be sent out and she would be available to discuss any payment options.

There being no further business, the meeting was adjourned.