

VALLEY  LAKES
COMMUNITY ASSOCIATION II

Spring 2009

Follow-up on the March 10th Board Meeting

In the Budget portion of the meeting, the Board adopted the 2009 Operating Budget. The 2009 budget reflected a 44% reduction in annual assessment, reducing the 2009 quarterly assessment to about \$19, down from the \$34 a quarter in the 2008 budget. We were able to achieve the reduction due primarily to lower landscaping costs, reductions in management and operating expenses.

The lower landscaping cost came from the discovery that the ponds we were maintaining didn't belong to Valley Lakes 2. In fact the ponds belonged to the adjacent townhome associations. So in 2008 the pond maintenance, along with the surrounding areas, was taken over by Fairfield Lakes, Remington Trails 2 and Coventry Glen.

The discovery that the ponds were not owned by Valley Lakes 2 came about when our property manager at the time discovered Lake County Property Tax bills in old files delivered from our former Property Manager. Since wetlands and common areas like those we own are not taxed by the County, this caused him to investigate the bills. He found that our common areas are divided by the County into many smaller parcels, each having its own Property Index Number (PIN). Initial search of County records showed that some of the PIN's had outstanding taxes due. At that time we turned the matter over to a property tax specialist in our attorney's office who researched the matter.

The attorney confirmed that a number of our parcels did indeed have back taxes due and more seriously, some of the parcels had already been sold for non-payment of taxes. We found out that we could recover the sold property by paying the back taxes, fees and penalties. The total cost to recover the parcels and to pay off the taxes due on the rest of our properties was greater than \$30,000. We had no choice but to recover the parcels, so we directed the attorney to pay the back taxes, fees and penalties. We also asked them to file the needed paperwork to lower the property assessments on these parcels, so in the future they would not be taxed.

Having wetlands assessed to a minimal value is usually done by the developer, so that Associations like ours do not have to pay property taxes on wetlands. This was never done by the developer or the original property manager. It's believed that they should have made the effort to get the parcels properly assessed, thus avoiding the tax liability for the Association.

At this time due to efforts by our legal team, all Association property is up-to-date. None have outstanding taxes due, all lost parcels have been recovered, and all parcels have been reassessed to have property values of \$1 - \$3 so as to avoid future property taxes. Based on the options of our lawyer and PSI Property Manager, we are investigation options to recover some if not all of these funds. This effort is currently ongoing and little more can be said about this effort at this time.

We were able to offset the large outlay of funds for the payment of back taxes with the savings we had from suspension of pond maintenance. Using our savings in this way eliminated the need for a special assessment for the taxes.

June 3rd Board Meeting

There will be a Board Meeting on June 3, 2009 at 2:00 pm, held at the Coventry Glen Clubhouse, 1399 Coventry Glen Dr., Round Lake, IL.

Annual Meeting

Also on the March 10th meeting date we had scheduled an Annual Meeting. We'd like to thank all the Members who attended the meeting and those who took the time to send their Meeting Proxy forms but unfortunately we did not get the required number of Members for quorum. Since the Annual Meeting and Board Elections could not be held without quorum, the existing Board of Directors was held over for another year.

Our next scheduled Board Meeting will be held on June 3rd, 2009 at 2:00 PM at the Coventry Glen Club House located off Fox Trail at 1399 Coventry Glen Drive, Round Lake, IL. This meeting will be for general Board business and it will include a public session for Member Questions. All Valley Lakes 2 Members are welcome to attend this meeting.

Change in Property Manager

The Board found it necessary to terminate the Property Specialist management contract. PSI had been our property manager since August of 2007 and although in the early part of the contract they seemed to do well, we found that PSI had become unresponsive to the needs of our Association. The final issue was their reluctance to implement audit and accounting best practices set forth by our accounting firm. This caused the Board to issue a letter of termination as of April 30, 2009.

At this time we are interviewing other management companies and hope to have a selection soon. Until we do, members can contact the Board via email at mailbox@ValleyLakes2.org or by phone at 224-515-0427 for Association business. The Board will try to respond to Member questions in a timely manner.

For updates on these and other Association news see our Web Site at www.ValleyLakes2.org.