

**APPLE CANYON LAKE PROPERTY OWNERS' ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
JANUARY 18, 2014**

APPROVED

2.0 Call to Order – President Deb McNamee called the regular monthly meeting of the Apple Canyon Lake Property Owners Association (ACLPOA) to order at 9:00 a.m. at the Apple Canyon Lake Clubhouse, Saturday, January 18, 2014.

3.0 Pledge of Allegiance – After the Pledge of Allegiance, a quorum was present with the following directors in attendance: Mike Harris, Josh Cocagne, Bob Ballenger, Deb McNamee, Marge Clark, Rick Paulson, and Erin Winter. Directors Kevin Kavanaugh and Chuck Larsen were absent. Operations Director Tim Ridder and Substitute Recording Secretary Megan Shamp were also in attendance.

4.0 Record/Adopt Minutes – Marge Clark moved, Rick Paulson seconded, to “Adopt the November 16, 2013 Board Minutes as presented.” The motion carried unanimously with six yeas.

5.0 Treasurer’s Reports – Marge Clark first read the October Treasurer's Report. Mike Harris motioned, seconded by Rick Paulson, to accept the October Treasurer's Report as presented. The motion carried unanimously with six yeas. Marge then read the November Treasurer's Report. Erin Winter motioned, seconded by Rick Paulson, to accept the November Treasurer's Report as presented. The motion carried unanimously with six yeas. She noted we do not yet have financials for December and will not until the audit is complete. The Treasurer's Reports are published in entirety in the *Apple Core* and on the website.

6.0 Committee Reports

Conservation - Erin Winter noted the next meeting will be February 1.

AECC – Rick Paulson reported on projects approved and progress comparing the Building Code to the Covenants. He thanked Sandra Nolan for her prep work on this project.

Budget - Marge Clark stated the committee met in November and has explored the move to zero-based budgeting; they have two items on this agenda. The Legal Committee has not met.

Rules & Regulations – Josh Cocagne stated they are planning to meet February 8.

Trails - Mike Harris reported that the next meeting is next Saturday, February 1.

Nominating – Rich Miranda reminded the audience that Tuesday is the last day to submit an application for Board candidacy. At this time there are seven candidates.

Campground - Jim Craig invited the Board to the Mid-Winter Gathering of the Happy Campers held February 1. Everyone is welcome to attend.

Maintenance - George Drogosz stated that lack of attendance led to cancellation of the last meeting and he is concerned that work will be delayed. President McNamee assured him that work is still progressing on the irrigation system.

7.0 President’s Report – President McNamee briefly reported that under Tim's guidance, problems that have existed for years are being solved. Inefficiencies and poor practices have

been identified and changed. The Association is moving forward in a positive direction. She also provided an update on work still to be completed at the pool.

8.0 Operations Director's Report – Tim Ridder stated that the Board will participate in a strategic planning meeting in February. They will be looking at guidelines for 2014 and goals used for planning for the 2015 budget. He hopes this process will occur annually going forward.

9.0 Property Owner Comments –

George Drogosz, 08-048 – Expressed his frustration with the State of IL and the new Off Highway Vehicle (OHV) Stamp requirements for golf carts and ATVs, including those used on the ACL Trails.

Steve McIntyre, 11-151/152 – Provided a summary of real estate sales at ACL for the year 2013. His figures January through November show 126 lots changed hands, over 30 of which were homes. Numbers are looking up from previous years. We have not been as hard hit as some other areas, such as the Galena Territory. He also requested a formal response from the Board to his inquiry at the November Board meeting about Restricted Lots and Lot Combinations. President McNamee stated that Tim will work on researching the issue and the Board will then provide a response. In closing, Steve has tracked property tax values at ACL from 2005 to present and is willing to share this information with any owner who would like it.

George Drogosz, 08-048 – Urged everyone to keep an eye on their LP tank and to contact their supplier if the tank gets down to 30%. With the extreme cold, shortages have been reported and some people have had problems with their deliveries.

10.0 Consent Agenda

President McNamee read the items on the Consent Agenda; no item was removed. Josh Cocagne then moved, Rick Paulson seconded, “to approve the consent agenda items: Committee changes via motion of consent; dissolve General Manager Search Committee, ratify electronic vote - senior exemptions, and signature for bank accounts and 401(k).” The motion carried unanimously with six yeas. Erin Winter commended Tom Arzbaeher on his work as Chair of the Search Committee.

11.0 Unfinished Business

11.1 Slip Swap Procedures - President McNamee read the memo prepared by ACL Staff; the current assignment procedures do not allow the right of first refusal and to correct the current procedure, additional mailings would be required, further extending the assignment period. Josh Cocagne moved, seconded by Erin Winter, to "approve the Slip Swap Procedures which will begin in 2014 and replace the current Boat Slip to Trade Assignment & Notification Procedures." Tim Ridder gave a brief overview of the new procedure he has proposed. An event will be held in the Clubhouse to which all those on the list will be invited to attend, or send a proxy. All slips will be assigned in order of the waiting list. The slips available prior to the Swap will be published, it is hoped that those members present will provide information on slips that open up the day of the Swap. A property owner has raised concern on whether owners would maintain their seniority on the waiting list. Tim explained the proposed procedure in which the list would start anew after each Slip Swap. Rich Krasula brought up another alternative where as more slips become available, someone higher on the list who has already been passed may want

the slip. Marge Clark agreed. The question is, where do we draw the line? The current waiting list takes into consideration up to three choices the property owner has provided; the proposed procedure does not include these choices. Additional trades may occur as those in the audience choose to trade amongst themselves. After a quick poll of the Board, it was agreed upon that seniority on the waiting list should be maintained. Owners will have one second chance for assignment. Josh Cocagne amended his motion to include "The list seniority will be maintained. Each owner will be given one second chance for assignment." The amendment was approved unanimously with six yeas. Rick Paulson moved, Josh Cocagne seconded, to approve the amended motion: to "approve the Slip Swap Procedures, as amended, which will begin in 2014 and replace the current Boat Slip to Trade Assignment & Notification Procedures." The motion carried unanimously with six yeas.

11.2 Revised Boat Slip to Trade Waiting List Application - President McNamee read the memo prepared by ACL Staff. Josh Cocagne motioned, seconded by Rick Paulson, to "approve the revised Boat Slip to Trade Waiting List Application as attached to the motion card, to include maintaining seniority from year to year." The motion carried unanimously with six yeas.

11.3 Slip Assignment Day Procedures - President McNamee read the memo prepared by ACL Staff. Erin Winter motioned, seconded by Mike Harris, to "approve the Slip Assignment Day procedures, which will begin in 2014 and replace the current No Boat Slip Waiting List Assignment & Notification Procedures as amended." The same issue with seniority applies in this case. A poll of the Board showed the majority believed owners should stay on the list if they were not to attend the Assignment event. The procedures were amended to add "Those on the waiting list maintain their seniority from year to year." The motion carried with five yeas and one nay from Josh Cocagne.

11.4 Revised No Boat Slip Waiting List Application - President McNamee read the memo prepared by ACL Staff. Erin Winter motioned, seconded by Mike Harris to "approve the revised No Boat Slip Waiting List Application as attached to the motion card, to include maintaining seniority from year to year." The motion carried unanimously with six yeas. Tim Ridder noted that both applications will be updated with the new procedures.

11.5 Restricted Lot Previously Denied - President McNamee read the memo prepared by ACL Staff. Mike Harris motioned, seconded by Bob Ballenger, to "allow lot 03-095 to be restricted, recorded Restrictive Covenant must be returned to Phil Jensen, ACLPOA legal counsel and ACLPOA office prior to March 1, 2014 to qualify for the reduction in the Annual Assessment for 2014 or by December 1, 2014 to qualify for the reduction in the Annual Assessment for 2015." Marge Clark stated the whole Restricted Lot procedure needs to be evaluated for consistency. It is unfortunate that differing legal opinions exist on the Covenants and the Association needs to follow our Governing Documents. President McNamee stated under no circumstance can a burn pile be considered a structure. After much discussion, the motion carried with Erin Winter, Bob Ballenger, Josh Cocagne, and Mike Harris voting yea; Marge Clark and Rick Paulson abstaining; and President McNamee voting yea to change the outcome of the vote. Motion carried.

12.0 New Business

12.1 Request to Restrict Lot Currently Owned by ACLPOA - President McNamee read the memo prepared by ACL Staff. Bob Ballenger motioned, seconded by Erin Winter, to " allow lot 10-111 to be restricted, recorded Restrictive Covenant must be returned to Phil Jensen, ACLPOA legal counsel and ACLPOA office prior to March 1, 2014 to qualify for the reduction in the Annual Assessment for 2014 or by December 1, 2014 to qualify for the reduction in the Annual Assessment for 2015." Tim Ridder explained that this situation, in which we retain a lot after the Sheriff's Sale, is not expected to ever happen again. The Association would have had to pay about \$1,300 in back taxes, or the lot could be purchased by a tax buyer. Marge Clark wanted to clarify that the reduction would be applied at the 2014 Assessment rate, which it is. The motion carried with five yeas and one abstention by Rick Paulson.

12.2 Restricted Lot Procedure - President McNamee read the memo prepared by ACL Staff. Josh Cocagne motioned, seconded by Mike Harris, that "the Operations Director is authorized to approve or deny Restricted Lots. Any appeals of his decisions will be brought before the Board of Directors". He proposes a checklist to create a standard. Marge Clark questioned the language in the Covenants "substance and form acceptable to the Board," how is this interpreted? Tim Ridder replied that if the Board approves a procedure, and that procedure is followed, approval following that procedure would then be acceptable to the Board. The motion was amended by Josh Cocagne to include "(Pending approval by the Board of Directors of Policy & Procedure provided by the Operations Director.)" Tim asked Board members to join a task force to assist him in creating procedures for approving these Restricted Lots. Mike Harris, Marge Clark, and Bob Ballenger volunteered. The motion carried with Erin Winter, Bob Ballenger, Josh Cocagne, and Mike Harris voting yea; Marge Clark and Rick Paulson abstaining; and President McNamee voting yea to change the outcome of the vote. Motion carried.

12.3 Request to Restrict Lot Application - This item was removed from the Agenda.

12.4 Senior Exemption Procedure - President McNamee read the memo prepared by ACL Staff. Josh Cocagne motioned, seconded by Mike Harris, that "Senior Exemptions will not be presented to the Board of Directors. The Operations Director is authorized to approve or deny Senior Exemptions." The motion carried unanimously with six yeas.

12.5 Annual Application for Senior Exemption - President McNamee read the memo prepared by ACL Staff. Josh Cocagne motioned, seconded by Erin Winter, to "approve the amended Annual Application for Senior Exemption as attached to the motion card." The motion carried unanimously with six yeas.

12.6 Transition to Zero-Based Budgeting - President McNamee read the memo prepared by ACL Staff. Mike Harris motioned, seconded by Marge Clark, "to approve the transition to a zero-based budgeting policy for ACLPOA. The procedures necessary for the transition will begin in 2014, with the 2016 budgets completed on a zero-based budget." The motion carried unanimously with six yeas.

12.7 Budget Committee requests - President McNamee read the memo prepared by ACL Staff. Marge Clark motioned, seconded by Erin Winter, "to direct the Operations Director and Association staff to review and recommend changes, if needed, to the chart of accounts, and current purchase order system; and to identify which funds or activities deserve emphasis as part of the strategic planning meeting with the Board." The motion carried with six yeas.

12.8 Facility Reservation purchase - President McNamee read the memo prepared by ACL Staff. Mike Harris motioned, seconded by Rick Paulson, "to authorize the Operations Director to enter into an agreement, at a cost not to exceed \$4,000, with the Active Network for setup and staff training of the Facility Reservation module in the Class software the Association uses." The motion carried unanimously with six yeas.

With no further business to discuss, the Board recessed to Executive Session at 10:57 a.m.

Adjournment – The directors returned from Executive Session and the meeting was adjourned at 12:39 p.m.

Substitute Recording Secretary Megan Champ

President Deb McNamee

Date

Corporate Secretary Josh Cocagne