

**APPLE CANYON LAKE PROPERTY OWNER'S ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
JANUARY 24, 2015**

APPROVED

2.0 Call to Order - Vice President, Mike Harris, called the regular monthly meeting of the Apple Canyon Lake Property Owner's Association (ACLPOA) to order at 9:00am, Saturday, January 24, 2015.

3.0 Pledge of Allegiance - After the Pledge of Allegiance, a quorum was present with the following directors in attendance: Mr. Josh Cocagne, Mr. Jim Craig, Mr. Mike Harris, Mr. Rich Krasula, Mr. Chuck Larsen, Ms. Deb McNamee and Ms. Kathy Richards. Absent: Mr. Bob Ballenger and Mr. Jack Finley. Interim Operations Director, Rick Paulson, and Recording Secretary, Janet Dowdall, were also in attendance.

4.0 Approve/ Adopt November 15, 2014 Minutes - Rich Krasula made a motion to adopt the November 15, 2014 meeting minutes with two minor corrections, seconded by Josh Cocagne. The motion carried with 5 yeas, 0 nays, and one abstention from Deb McNamee.

5.0 Treasurer's Report - Rich Krasula presented September, October, and November 2014 Treasurer's reports. Rich stated that the delay in reports was a result of delays in receiving financial reports from Honkamp, Krueger & Co. Rich then summarized the end of November report, which will be published in full in the *Apple Core* and on the website.

6.0 Committee Reports

Recreation - Kathy Richards reported that the Recreation Committee held a Sledding and Snowman Building Contest last weekend and although there wasn't much snow, and it was wet, there was a nice turnout. Kathy reported that there will not be a Style Show this spring. She stated that normally the show is held every two years, but the committee voted it down this year.

AECC - Mike Harris reported that there is no report from AECC; the Committee didn't meet for the past two months.

Trails Committee - Rick Paulson stated that the Trails Committee didn't meet this past month, but he continues to work closely with the members. All the pathways to the boat docks and trails have been evaluated. At the next meeting, they will be presenting proposals of some rerouting of the trails, as well as continuation of rebuilding of trails in certain sections. The maintenance department will be working closely with the committee to prioritize next year's trail program. Mike Harris added that he received an email from John Matheson; he is resigning as Chairman of the Trails Committee.

Conservation Committee - Rich Krasula reported that the Conservation Committee hasn't meet for the past few months.

Budget Committee - Rich Krasula reported that the Budget Committee also hasn't meet for the past few months.

Campground Committee - Chuck Larsen reported that the Campground is closed for the season and is scheduled to reopen, weather permitting, the first weekend in April. The rules for the campground are still under review by the Association and hopefully will be completed before the campground reopens.

Dam Advisory Panel - Chuck Larsen stated that the Dam Advisory Committee will be talking with Paul Mauer, the State Engineer. They have \$25,000 in the 2015 budget to inspect the 290 foot long outlet pipe which has not been inspected in over 49 years. He will be calling Paul to see if he has any

suggestions of firms that have been doing work in the State of Illinois and bring that information to the committee when they meet.

Long Range Planning Committee - Chuck Larsen reported that the committee hasn't met because they had been waiting until there was a new manager in place, as well as a few other things. He stated that they received a lot of great information from the survey that went out about a year and a half ago; that feedback will be kept in mind and the data will be weaved into the master plan when it is updated.

Nominating Committee - Rich Miranda, 14A8, stated that he wants to inform the board that the deadline for applications for the Board of Directors is now closed. There are six property owners running for the 3 year terms, and one candidate running for the 1 year term. Rich recommended to cancel the 'Candidate Orientation', but stated it is up to the board. Rich Krasula stated he felt it was very helpful. Rich Miranda asked the board to let the nominating committee know if they would like to hold the candidate orientation and he will see that it is done.

7.0 President's Report - Mike Harris, Vice President, stated that there is no President's Report.

8.0 Operation Director's Report - Mr. Rick Paulson, Interim Operations Director, stated he hoped that everyone took the opportunity to read his two page report in the *Apple Core*. He stated he did receive some criticism for it being too long, but it is his attempt to try and keep everyone informed and be as transparent as possible. Mr. Paulson stated, on a positive note, the board has chosen an operator for the Cove. They will be going into negotiations with that individual within the next couple of weeks to iron out the details and he feels this is a great thing for the Association. Rick also stated that after three months as the Interim Operations Director, he has found that property owners and staff continue to persevere over what has happened in the past. He feels that in order to move forward in a positive manner, "We need to put these negative feelings and paranoia behind us." He stated he has been telling staff to "let the train go by" and he would appreciate it if property owners can also start to "let the train go by". Rick stated he will continue to update owners in his *Apple Core* report.

9.0 Property Owner Comments

Bob Stanger, 13-17, stated he would like to bring to the attention of property owners, or anyone who uses computers, a scam called PC Tune Up. He downloaded it because of an ad on AVG Security, but it caused a lot of damage to his computer. He wants property owners to be aware of this scam.

Marcy Stanger, 13-17, remarked on a few items as the Jo-Carroll Energy Board. First, everyone should have seen a capital credit on their statements. This is the co-ops attempt to show the difference between a co-op and a for profit electric corporation. Second, the energy audit program is still available, ranging in cost from free to \$350. Fees will be reimbursed if recommendations are implemented. On a different note, she stated she has information on Sand Prairie Wireless, which is also a co-op. If anyone has any interest, they may contact her.

George Drogosz, 8-48, stated he is a member of the Maintenance Committee, as well as the Trails Committee. He then stated he will take on the Chairman of the Trails Committee position, if Mr. Paulson will continue as the Operations Director. He stated it is his opinion, and he believes other property owners' feel that under Mr. Paulson's leadership everything is moving forward in a positive manner.

Marge Clark, 11-042, stated that on today's consent agenda, items 10.3, 10.4 and 10.5 there is no back up explanation or narrative. She feels that it is important that before the board votes that it is important that property owners are given that information. Transparency has been a concern that has been brought to the boards' attention. Mr. Paulson stated that those items were discussed in the Executive Session this morning, so they can actually remove it from the agenda today or discuss it

during the meeting. Marge stated that she doesn't feel that it needs to be removed; she just thinks that if it is going to be placed on the agenda, there should be a narrative. Mr. Paulson stated that there are so many caveats with these three items that it would almost be impossible to do that, but in the future he will try to include a narrative. He continued and said when the items are discussed, they will try to explain and the board can determine if they should be tabled or not at that time.

10.0 Consent Agenda - Vice President, Mike Harris, read the recommended motion to approve the consent agenda items 10.1 Ratify electronic vote Boat Slip License; 10.2 Committee Changes (appointment of Bill Windisch to the Budget/Finance Committee); 10.3 Jo Daviess County SWCD Professional Services Agreement; 10.4 Rick Paulson as a designated signer for ACLPOA; and 10.5 Golf Committee Designated Fund Purchase. Josh Cocagne requested Consent agenda item 10.1 be removed and moved to Unfinished Business. Jim Craig made a motion to approve the consent agenda items 10.2, 10.3, 10.4 and 10.5. Rich Krasula seconded the motion. The motion carried unanimously.

11.0 Unfinished Business

11.1 Mike Harris read 10.1 Consent Agenda item: Ratify electronic vote- Boat Slip License, and asked for a motion. Rich Krasula made a motion to approve, seconded by Chuck Larsen. Josh Cocagne stated that the reason that he asked to pull this out of the consent agenda is that, for one, this is voted on each year, and for two, he wants to make sure he goes on record as opposing this vote. Josh stated as long as someone is paying for the boat dock, he doesn't feel that it should matter if they put a boat there or not. Deb McNamee stated that this isn't a change. That it hasn't been enforced is the issue. She said this was a recommendation that came from the Boat Dock Committee several years back in order to make sure that the limited numbers of dock slips available were being utilized by property owners who actually had boats. In the past, property owners kept the docks in order to inflate their property value. When this change was implemented and enforced, it did what it was supposed to do which was allowed property owners with boats access to a boat slip. Josh stated that he believes it doesn't stop a property owner without a boat from buying a kayak, paying the fee, and still not using the dock. He also stated he believes it places an undue burden on the staff to send out notification, collect fees and keep track of who actually has a boat or not. It is hard to enforce, therefore he is opposed. A vote to ratify was taken. The motion carried. 5- Yea, 1 Nay- Josh Cocagne.

12.0 New Business

12.1 2015 Triathlon - Recommended Motion: To host the 20th Annual Galena Triathlon/ Duathlon at ACL; before committing to host the event in 2016, ACL will meet with the CVB, examine the 2015 event, and come to a mutual agreement by September 2015. Josh Cocagne made the motion to approve, seconded by Kathy Richards. Melosa Belger, Event Coordinator for the CVB, explained this year's proposal for the 2015 race. Currently registration for the race is much lower than years past; she believes there is an increase in the number of races in the area, as well as it could be partly because the course was changed to be very challenging. She indicated that they will be changing the course back to the original course this year which should help with the logistics of the race, as well as help decrease the number of volunteers needed. Ms. Belger expressed that she believes that the race is a great PR event for the Lake and it is a beautiful area; while several owners stated they believe the race disrupts owners with no real benefits. A memo from Cindy Carton was read by Deb McNamee stating that it is her understanding that in the past, the volunteers received \$5/hour and that money was used for a volunteer luncheon. In addition, Deb stated that it is her understanding that the CVB will not be providing volunteer T-shirts this year and asked how the decision was made and why? Ms. Belger stated the CVB needed to cut the cost of the race and that is why the decision was made. A question was asked if the CVB makes a profit and Ms. Belger stated they haven't for the past

several years. However, their board understands they are a marketing agency and receive other benefits from the race. She also explained that this year is different from the past in that the CVB is requesting only 40 volunteers, instead of the 110-120 used in the past. In addition, the ACLPOA will receive \$5 per athlete for the use of the lake, and \$1,000 to help offset some of the other costs. Several property owners, as well as board members, expressed concern over the changes. Kathy Richard stated she is extremely concerned about cutting the number of volunteers and safety. Cindy Carton explained that she believes that they will still use more volunteers but there are areas that she can reduce staff. Overall, the \$5 per athlete and the \$1000 will help offset costs. Cindy stated she believes that ACLPOA will not lose money on the event and she is willing to work on finding ways to reduce costs, as well as to use the volunteers more effectively. Mike Harris stated after looking at the numbers, he believes we are only looking at losing a t-shirt and around \$200. Discussion continued. Suggestions to use past year t-shirts to help identify staff was made and Cindy Carton stated she believes the race can continue to be a benefit to the Association. Ms. Belger thanked the board for their support and time. Motion carried. 5-Yeas, 1-Nay, Charles Larsen.

12.2 Transfer to Recreation Committee Designated Fund. Recommended Motion: To move \$1,609.57 from line item 3251-001-02 in the Communications Department to the Recreation Committee's Logo Merchandise Fundraiser Designated fund. Cindy Carton explained that they have been working with Honkamp on designated fund line items over the past couple of weeks. Honkamp will take care of this transfer. Rich Krasula stated he looked at these items and it looks as if they lost approximately \$1,000. Cindy explained that the merchandise was ordered in 2013, but the cost of the merchandise was paid in 2014 resulting in what looks like a loss in 2014. That is part of the reason for the request, so that the actual expenses verses revenues will be reflected accurately. Rich asked how these funds would be used. Rich is recommending to not having so many designated funds. Cindy explained that the Recreation Committee has three fundraisers which are different from the memorial pavilion fund. The recreation fundraisers are used for many different purposes. Rich wants to simplify things and Cindy stated this is an attempt to streamline. Motion died on the table since Honkamp was already dealing with the transfer and board approval was not needed.

12.3 Boat Rental Agreement - Recommended Motion: To eliminate the boat rental program for 1 year. Rick stated that the boat rental agreement expired this year and proposal requests were sent to five companies. They received two back; one from Frentress Lake Marine and one from K & S Marine. K & S Marine proposed 4 new boats and was better for the Association. However, after much research by Megan, staff felt it would be better to eliminate the boat rental program. Rick stated he presented this information to the board this morning during their executive session. It was proposed that the boat rental agreement be eliminated for one year and reevaluated. Deb McNamee stated that information from staff stated that 60% of rentals were guests and labor costs were much higher than projected. Marge asked if the request for proposals included new boats. Rick stated that K & S Marine did include new boats but that Frentress already has three year old boats. Mike Harris reread the motion. Kathy Richards made a motion to approve, seconded by Jim Craig. The motion carried unanimously.

12.4 Rental Boat Dock Purchase. Recommended Motion: To approve the purchase of the rental boat dock from Frentress Lake Marine, Inc. for the additional sum of \$1,906. Josh Cocagne made a motion to approve, seconded by Charles Larsen. Rick explained that the rental boat dock was put in by Frentress Lake Marine. Under Paula, the percentage paid to Frentress for the boat rentals was wrong and Frentress owes the Association over \$13,064. The boat dock can be purchased for the amount owed, plus an additional sum of \$1,906. The motion carried unanimously.

12.5 Association Boat Slip Rentals. Recommended Motion: To convert current Association boat slip rentals at Nixon Beach (4 slips) to regular licensed boat slips. Josh Cocagne made a motion to approve, seconded by Kathy Richards. Rick stated that Megan did a lot of research on this item. Currently, the association has nine rental boat docks which are very seldom rented at the same time. In addition, they make very little money. Marge asked if any consideration has been made to converting any of these docks to an ADA boat dock. Several Property Owners have expressed the need for accessible docks. Rick stated the Association has one accessible dock, if he remembers correctly, down at the Marina. It does have a ramp but it does not meet all requirements to be classified ADA. Rich Krasula asked if any of these boat slips at Nixon Beach could be converted. Rick replied that one could probably be converted but parking would also need to be adapted. Megan also stated that to put ADA compliant docks into regular licensed boat slips would create a hardship to determine who would qualify for the slip. Rick stated that the dock would be used to meet current ADA requirements for accessibility but would not be a licensed boat slip. Rich commented that he thinks that is something the board should look at in the future. Again, Mike Harris read the motion to convert the four Nixon Beach slips to regular licensed boat slips. Motion carried unanimously.

12.6 Skid Steer Purchase - Recommended Motion: To accelerate the replacement of the 1999 John Deere Skid Steer from the scheduled replacement in 2017 to 2015 due to an emergency need and authorize the Interim Operations Director to enter into a contract with Miller, Bradford, and Risberg, Inc of Rockford, IL for the purchase of a 2014 Case TR270 Compact Track Loader and Dozer attachment for an amount not to exceed \$45,000. Rich Krasula made a motion to approve, seconded by Charles Larsen. George Drogosz, 8-48, asked why the skid loader with low mileage was in such bad repair. Rick stated that due to a lack of funds, the proper maintenance wasn't being performed, as well as the machine being used as a backhoe. Deb McNamee stated that the Maintenance Department had asked the board for additional funds to purchase a backhoe and did tell the board that they needed to use other equipment improperly in order to perform necessary work. Rick stated they now have a proper maintenance schedule in place. The motion carried unanimously.

12.7 Rules and Regulations Committee Request - Recommended Motion: To approve the request of the Rules and Regulations Committee to act as a "clearing house" to request such action and track the question until it is resolved. Jim Craig made a motion to approve, seconded by Charles Larsen. Rich Krasula asked for clarification. Jim Petelle, Chairman of the Rules and Regulations Committee, stated that they asked for this because they foresee the need to get input from other committees, the board, and possibly the attorney. Someone needs to track the request to make sure it is followed through. Rich asked if they will also be making sure that new rules and regulations do not contradict other requests. Jim stated that this is why the committee is asking to be the clearing house and to monitor/set up a process to consider the issues that come before the committee. The motion carried unanimously.

12.8 Lots Recommended For Foreclosure. Recommended Motion: To Approve foreclosure of Liens on ACL Lots 03-120, 04-045, 06-100, 06-101, 07-060, 08-082, 08-110, 08-174, 08-183, 09-036, 09-051, 09-083, 09-138, 10-007, 10-142, 11-200, 11-207, 11-319, 12-028, 12-071, 12-141, 12-173, and 13-160. Charles Larsen made a motion to approve, seconded by Kathy Richards. Deb McNamee asked how many lots were foreclosed last year. Megan stated that from what she remembers it was 28; so a similar number. Josh asked if the same lots are coming back up. Megan stated not to her knowledge. Deb asked what it costs to foreclose. Megan stated it is approximately \$3,500 per lot and we do not recoup our costs. The attorney's fees are very high per lot, along with lost dues revenue. Megan stated they have some alternative ideas for foreclosure they will be

bringing to the board. Rich asked where the money goes when the lots are purchased. Megan stated they apply that revenue to the current year's fees. The motion carried unanimously.

12.9 Restricted Lots Recommended For Approval by staff - Recommended Motion:

To approve the request to restrict lots 13-081 and 10-014. The recorded restrictive covenant must be returned to Phil Jensen, ACLPOA Legal Counsel, and the Association office on or before December 1, 2015 to qualify for the reduction in the annual assessment (Dues) for 2016. If both lots are approved, there will be 111 restricted lots. Charles Larsen made a motion to approve, seconded by Rich Krasula. Deb McNamee again stated her feelings that this program is unfair and that only multiple lot owners should qualify. Mike stated that he agrees with her but that they received the opinion from the lawyers that state the way it is written, they do not have an option. Deb stated she disagrees. They have received two opinions from two lawyers with differing opinions. Jim stated the Covenants do not differentiate between home owners and although he agrees with Deb, the Covenants allow property owners to obtain Restricted Lot status. Josh stated we have 109 other restricted lots, how do we not allow these two? He stated that Jensen stated unless a financial burden on the association could be verified, the Covenants stand. Deb feels it sets up a second class and you can't do that, therefore she believes that they have the legal opinion to deny the request. Kathy stated she feels they need to put a hold on approval until they can look into it further. Rick stated he will send out both legal opinions to the board for them to review. A third opinion will be sought. Charles Larsen withdrew his motion. Josh Cocagne made the motion to table the motion, seconded by Kathy Richards. The motion to table carried unanimously.

Meeting adjourned at 10:47 AM.

Recording Secretary, Janet Dowdall

Vice President, Mike Harris

Corporate Secretary, Josh Cocagne

Date