

**APPLE CANYON LAKE PROPERTY OWNER'S ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
FEBRUARY 21, 2015**

APPROVED

2.0 Call to Order - President, Bob Ballenger, called the regular monthly meeting of the Apple Canyon Lake Property Owner's Association (ACLPOA) to order at 9:00am, Saturday, February 21, 2015.

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

4.0 Approve/ Adopt January 24, 2015 Minutes – Mike Harris made a motion to adopt the January 24, 2015 meeting minutes with corrections, seconded by Rich Krasula. Mr. Krasula stated that he had sent in changes prior to seeing the amended minutes. Chuck Larsen had requested, through email, that a sentence in the Dam Advisory Panel report be changed from “They have \$25,000 in the 2015 budget to inspect the 290 foot long outlet pipe.” to “ They have \$25,000 in the 2015 budget to inspect the 290 foot outlet pipe which has not been inspected in over 49 years.” Janet Dowdall, Recording Secretary, thanked Mr. Krasula for his comments and asked for clarification of who received the email from John Matheson stating that he is resigning as Chairman of the Trails Committee. Mike Harris indicated he was the person that received the email from Mr. Matheson. A vote was called. Mr. Ballenger and Mr. Finley were not in attendance at the January meeting. 5- Yea, 0- Nay; Mr. Ballenger Abstained.

5.0 Treasurer's Report - Rich Krasula stated he has no treasurer's report. They still have not received the December financials from Honkamp, Krueger & Co. Mr. Harris stated that last month they approved three months and questioned why Honkamp is so belated. He noted that he does not recall there being an issue in the past. Mr. Krasula stated that there has been a problem with them being slow but thinks currently it is a result of the audit; they will not send the reports until the audit is finalized. Mr. Paulson noted that just recently our bookkeeper spent the day with our account manager from Honkamp, going over all of our processes, what she does, and what is needed, so they can better serve the Association. Mr. Paulson stated hopefully this will help expedite the process in the future.

6.0 Committee Reports

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

Trails Committee - Rick Paulson stated that the Trails Committee will be meeting next Saturday. Rick reported Mr. John Matheson has resigned as Chairman of the Trails Committee and until they elect a new chairman, George has stepped up and is helping. The committee will be reviewing the proposals for the rerouting of the trails, as well as the continuation of rebuilding trails in certain sections, including to the boat docks.

Rules and Regulations Committee - Jim Petelle thanked the board for approving the tracking procedures the Rules and Regulations Committee is implementing. He reported the committee has

been very busy creating these new procedures to help establish long-term consistency regardless of committee membership, as well as reviewing requests for changes. He stated ordinarily, each request would require motion cards, with original recommendations attached, with the resolution attached, etc. and this amount of paper, and time, is excessive. He recommended the board consider having the requests included in his [committee chair] board report and/or having a meeting with several members to review their recommendations. Second, Mr. Petelle stated the committee has submitted a list of recommended criteria that the Rules and Regulations Committee will apply each time an item is reviewed to further establish consistency. Third, Mr. Petelle encouraged the board to start the process of reviewing the Covenants and Bylaws for changes to be made in 2016, as it will take a great deal of time. Finally, Mr. Petelle stated the committee is requesting the board call a special meeting for all committees, and interested parties, after the committee's March meeting in order for the Rules and Regulations committee to present the new tracking procedures, record keeping system, the new criteria, and processes their committee has implemented.

Nominating Committee - Rich Miranda, 14A8, asked the Board's decision on hosting the 'Candidate Orientation'; He had requested a decision at the February meeting. Mr. Ballenger asked for consideration; Mr. Cocagne stated he thinks it would be beneficial, but questioned if it would be better to have the Interim Operations Director involved without the board. Mr. Krasula stated it was held last year and he thought it was very helpful to get opinions and view points from the various board members that attended. Discussion was held regarding the history of the orientation; it has been offered, but cancelled at times due to lack of participation. Mr. Paulson asked, what is the candidates' perspective? Several replied they think it would be helpful. Mr. Ballenger asked for a straw vote. A majority voted to hold it. Mr. Paulson stated he and Megan will work with Mr. Miranda to help organize the 'Candidate Orientation', to be held after the March board meeting.

Long Range Planning Committee- Chuck Larsen reported that the committee held a meeting this past week and has made a recommendation to the board, under Item 12.5.

Dam Advisory Panel - Chuck Larsen stated that the Dam Advisory Panel hasn't met. It is on their agenda to make a decision regarding the inspection of the outlet pipe at the dam.

Campground Committee – Chuck Larsen stated the Campground is closed for the season and is scheduled to reopen, weather permitting, the first weekend in April. Mr. Larsen stated he is disappointed in the Rules and Regulations Committee for not taking action on recommendations submitted to them last summer regarding the campground. A great deal of discussion ensued on the status of the rules previously proposed by the Campground Committee, as well as the Task Force, to the Rules and Regulations Committee; Communication issues, as well as disagreements in the changes from the original recommendations have resulted in the delay. Mr. Petelle stated that recommendations had been sent to the board but were returned for further review. This item was on the February agenda, but time did not permit the discussion at that meeting. Because of the extensive proposed changes, and need for through review, he does not anticipate they will be approved by the time the campground opens this year. Mr. Ballenger stated that at this time the current rules will need to stand until the new rule recommendations come back from the Rules and Regulations Committee and are acted upon by the board. Mr. Larsen again expressed his disappointment. He stated the request was submitted last summer. He also stated there is an issue with a campground member that has asked for rule suspension regarding the size of a storage shed that he purchased that is oversized. Mr. Ballenger stated that there is no suspension of rules; that means there are no rules. Deb McNamee stated that she sympathizes with that campground member and recommends that they allow him to keep the storage shed until new rules are in place. She asked for a vote to allow that member to keep his storage shed until new rules are in place. Mr. Ballenger asked for a vote. The motion carried unanimously.

7.0 President's Report – Bob Ballenger, President, stated that his President's Report will be in the *Apple Core*.

8.0 Operation Director's Report - Mr. Rick Paulson, Interim Operations Director, stated he and Mike Malon are working with UW Platteville engineering department. They are reviewing four things; the bridge over North Bay, the structural evaluation of the tower, the environmental evaluation of the fire house, and lake quality. They will be meeting with the college students on March 10th for their preliminary findings. At the end of the season, the seniors will be providing a complete report with their recommendations and findings. Next, he encouraged everyone to visit the Pro Shop Sunday Brunch. The ad for the Pro Shop manager went out yesterday, so hopefully they will find someone to fill that position shortly. Rick stated he wanted to give hats off to John Hendren at the recycling center. John was able to have someone come to our site to pick up the television sets at no charge. In the past, Rick stated he has had to load them, take them to Rockford, and pay to dispose of them. Bob Ballenger added that the Association does now have an operator for the Cove Restaurant. This will also be in his President's report in the *Apple Core*. Eric White, owner of Benchwarmers Bar & Grill in Freeport, will be the new operator. His lawyer is in negotiations with the Association's lawyer, ironing out the last few details. The Cove will keep the current name. He will be adding specials and entertainment. Mr. Ballenger stated it will be a good improvement over what they have had the past several years.

9.0 Property Owner Comments

George Drogosz, 8-48, stated his biggest complaint is the second notice he received in the mail; he has never received a second notice for any bills before and feels that it is a waste of his association money. Mr. Ballenger asked if he had paid his dues. He stated he had. Mr. Paulson explained there was a cross over between some owner paying and the mailing going out. Mr. Paulson went on to explain that the second notice was done at the direction of the lawyer. The main purpose behind the second notice is to notify property owners that do not pay their dues, or complete the Boat Slip License by supplying boat registration and insurance, that they will lose their boat slip. The Association must provide proof of attempt to notify the owner prior to suspension or loss of privilege in case of a lawsuit.

Edie Petelle, 11-209, stated she is totally against allowing the suspension of rules for the campground shed. She stated she believes the person that bought the shed knew the size rules before buying it. If they suspend the rule, than others will follow and state they should be allowed a bigger boat, ATV, etc. She stated she believes the Association has rules and they should stick to those rules and enforce them.

10.0 Consent Agenda - President, Bob Ballenger, read the recommended motion to approve the consent agenda item: 10.0 Committee changes (Resignation of Erin Winter as Chairman of the Conservation Committee and John Matheson as Chairman of the Trails Committee, both will remain on their respective committee as members; and appointment of Paula Wiener as Chairman of the Conservation Committee) Rich Krasula made a motion to approve, Josh Cocagne seconded. Bob Ballenger abstained. The motion carried unanimously.

11.0 Unfinished Business- None.

12.0 New Business

12.1 Property Owner Fee Appeal- Mr. Paulson asked if Mr. McNett was present, he was not. Rick explained that this appeal has been before the board previously and the board had made the decision to uphold the fee. Mr. Paulson explained that after speaking with Mr. McNett on different occasions regarding this issue, he invited Mr. McNett to the meeting to discuss his request. Mr. Ballenger asked

if Mr. McNett has given a written appeal. Mr. Paulson stated an email was requested from Mr. McNett, but none was received. Mr. Ballenger asked Mr. Paulson to explain the request. He explained that Mr. McNett is requesting a waiver of the \$100 OARF assessed to a previous owner on his property. He was in partnership with another person, purchased that person's interest in April 2013, but did not record a deed until February 2014. Mr. Ballenger stated that until the deed is recorded, the other person still has ownership. As there is no written appeal, and the deed wasn't recorded until 2014, the previous ruling of the board stands and no action is necessary.

12.2 Cove Lease Agreement - Recommended Motion: To approve the Cove Lease with Eric White as presented in Executive Session. The lease has been reviewed and approved by Association counsel, Phil Jensen, and Mr. White's counsel, David Olson. Deb McNamee made a motion, pending technical changes and input from board members regarding technical changes, seconded by Mike Harris. Marge Clark asked the board for clarification regarding rumors about slot machines. Josh Cocagne stated gaming machines are being considered, and would be placed out of public view in the office by the restrooms. Rich Krasula explained the technical changes needed include some outdated wording; there are a few Latin terms in the previous contracts that have never been corrected. Mr. Ballenger stated as far as they know, this language has been in all previous contracts, but Rich, and the board, want to make sure this is corrected. Bob Ballenger Abstained; Motion carried unanimously.

12.3 Sub-Committee Procedures - Recommended Motion: That every committee wishing to form a sub-committee must submit the creation of the sub-committee, its members, and its charge to the board of directors for approval. All sub-committee meetings are to be conducted following Roberts Rules of Order. Agendas and minutes of all sub-committee meeting are to be submitted to the office in accordance with the timeline set forth for all committee meetings. Mr. Ballenger then read the explanation: Over the past few months, three sub-committees have formed without the approval of the board. The bylaws state: "Article XIII Committees, section 13: With the exception of the Nominating Committee and the Architectural and Environmental Control Committee, each committee shall have power to appoint a sub-committee from among its membership or the membership of the Association and may delegate to any such committee any of its powers, duties, and functions subject to the approval of the Board." The three committees that have formed sub-committees will be asked to present a motion to the Board for approval. Deb McNamee made a motion to approve, seconded by Josh Cocagne. A great deal of discussion followed on the definition of a sub-committee and whether these three groups of people were actually sub-committees, a group being asked to do research for their committee, or groups of people acting on their own. Mr. Ballenger stated that a sub-committee can't do anything without their committee's approval. He stated if people are gathering information, they must take the information back to their respective committees, it would appear in the minutes of that committee, and the committee would then need to bring the recommendation to the full board for consideration. He stated he isn't clear on the problem. Mr. Cocagne stated he believes there is a difference between a group talking and a group appearing to represent the Apple Canyon Lake Association in doing business without the board's knowledge. Marge Clark stated, from the audience, that groups, or people, can gather information; no business can be contracted into without the knowledge of the board. Mike Harris stated, from his understanding, the issue is that their findings haven't come back to their committee and appear in the minutes. Deb McNamee stated this is in response to staff's concerns that people are representing the Association and appearing to be doing business without the board's knowledge. Both Marge Clark and Bob Ballenger agreed that they think the concerns regarding these three sub-committees need to be directed to those committees and/or individuals directly if the bylaws aren't being followed. Josh

Cocagne stated he is withdrawing his second. Deb McNamee withdrew her motion. Mr. Ballenger asked if anyone else would like to make a motion? No motion was made.

12.4 Rules and Regulations Committee Request - Recommended motion: To approve the working procedures as presented by the Rules and Regulations Committee. The Rules and Regulations Committee met February 15, 2015 and recommended that the Board approve the establishment of the procedures for the Rules and Regulations Committees as attached to their motion card. Mike Harris made a motion to approve, Chuck Larsen seconded. Josh asked for clarification of what the criteria will be used for and stated his understanding is that it will be used to provide consistency. Jim Petelle stated yes; it will be used to add structure and consistency for the committee. Mr. Ballenger asked the board to review the rough draft in their board packet provided by the Rules and Regulations Committee. He read the rough draft that includes five criteria they will use when considering specific information in order to be consistent as possible and try to avoid errors of omission. The criteria include: 1. Is it enforceable, 2. Is the language in sync with ACL operating procedures and Governing Documents, 3. Does it conform to CICAA, 4. Consider appropriate consequences for violations, and 5. Is the question necessary. Josh asked if this is something the board needs to approve? Deb McNamee stated she appreciates the Rules and Regulations attempt to keep the board aware of what their committee is doing. Mr. Ballenger asked for a vote. Rich Krasula stated that if the board is going to vote on these five criteria, he would like to see criteria number five, "Is the question necessary?" be moved to number one. Mr. Petelle stated there is actually no order of priority. All five criteria will be considered. Mr. Ballenger asked does that mean if the consideration fails any of these criteria, it will not pass. Mr. Petelle stated not necessarily. There may need to be changes based on these criteria, but they will help guide the evaluation. Discussion continued with examples of how these criteria could be applied. Mr. Krasula stated he wouldn't want a rule to be discarded simply because it may be difficult to enforce; a rule doesn't need to be enforceable in order for there to be a rule. Mr. Ballenger stated he understands Rich's point. A rule allows property owners to know the stand of the Association, even if it cannot be enforced. Mr. Ballenger asked Mr. Harris and Mr. Larsen if their motions still stand. They concurred. Mr. Ballenger abstained. Motion carried unanimously.

12.5 Long Range Planning Committee Request - Recommended Motion: To direct the Long Range Planning Committee to evaluate and suggest alternatives for the use, possible renovation, or replacement of the existing clubhouse and old firehouse facilities. Mr. Larsen read the Strategic Plan regarding the firehouse request, issue and analysis. Rich Krasula made a motion to approve, seconded by Josh Cocagne. Josh stated he thinks it needs to be done, but he doesn't know if it should be done by the Long Range Planning Committee. He questioned if this task fit into their charge and stated that he believes viability of the buildings should come before uses can be determined. Deb McNamee stated she thinks it does fall under the Long Range Planning Committee; that is their purpose. However, she stated she doesn't want a consultant hired. Mr. Krasula stated he agrees with Josh that there should be a separate committee that has more expertise on viability. Deb stated they are only looking at the alternative uses, not the technical feasibility of implementation and that the committee does have expertise to perform preliminary evaluations, as well as uses. Josh stated that because the fire house is one of the oldest facilities, the technical costs needs to be addressed before uses can be determined. Discussion continued. Mr. Paulson stated this is in the strategic plan that he has been given the charge to complete. This committee came to him and offered to help. He believes that if a different committee is formed, many of these members will be on that committee and so he doesn't think it will matter. Josh stated he wants to withdraw his second on the motion and go on record that he feels that the Long Range Planning Committee should not be the group to evaluate and

suggest alternative use for the clubhouse and old firehouse facilities. Deb McNamee then seconded the motion. Mike Harris suggested that they wait until they receive the report from the UW Platteville engineering students before proceeding. Bob Ballenger pointed out that the report isn't relevant to the motion; The motion is for the committee to evaluate and make suggestions for alternative use only. Mr. Krasula asked if everyone is comfortable with the monetary commitment and Mr. Ballenger explained that although the committee's proposal included monetary consideration, no monetary commitment is being requested on the motion card. Bob Ballenger Abstained, 5 Yeas, 1 Nay- Josh Cocagne. Motion carried.

13.0 Other

13.1 Boat Rental Program. Recommended Motion to:

- A. Suspend the boat rental program for one year, as previously acted upon.
- B. Allow K & S to rent two boats from one dock and keep the other docks available for property owners with the configuration to be determined.

Mr. Paulson explained that K & S has come back to the board with another proposal after the board suspended the boat rental program at the last board meeting. Discussion was held regarding the reasons why the boat rental program was suspended at the last meeting and the new proposal that would allow for K & S to rent two boats from one dock. They would handle all aspects of the rental program, including checking to make sure those renting boats are property owners or have an amenity tag, that the boats have proper tags, and work with security when needed. Deb McNamee asked for clarification. She stated that her understanding is that they suspended the boat rental program at staff's request. She stated that it was her understanding that staff was doing much of the work and few property owners were utilizing the program, and they weren't making money. Mr. Paulson stated that staff was fueling, inspecting, and parking the boats. They made a small amount of money but he was unable to include the cost of office staff time, and that didn't include the cost of staff benefits. Deb asked under the new proposal, what duties would staff need to perform? Rick stated none. The only thing would be security enforcing it. Mr. Ballenger stated this is an example of 'Is it enforceable'? If security checks a boat and they don't have the proper amenity tag, they can't write a ticket to that person because they are not property owners. Deb asked how Kevin's staff would be able to verify if renters are property owners. Rick stated they will be given a list of property owners and their staff would verify. Megan stated, even if they are on the list, he will not know if the property owner is in good standing. Discussion continued regarding the proposal. Mr. Ballenger asked if in the old program, it was a 60/40 split. Mr. Paulson stated yes, now it is the other way around. Again, after more discussion, Josh stated he was in favor of allowing two rental boats as an amenity, but feels they need more details. Mr. Paulson stated it is still staff's recommendation to eliminate the program for one year. Mr. Ballenger stated there is no motion, so the decision of suspending the boat rental program for one year stands.

Meeting adjourned at 10:54 AM.

Recording Secretary, Janet Dowdall

President, Bob Ballenger

Corporate Secretary, Josh Cocagne

Date