

**Apple Canyon Lake Property Owners Association
Board of Directors Meeting Minutes
August 18, 2018**

APPROVED

2.0 Call to Order - President Jody Ware called the regular meeting of the Apple Canyon Property Owners Association to order at 9:00 a.m. on Saturday, August 18, 2018.

3.0 Pledge of Allegiance – After the Pledge of allegiance a quorum was present with the following directors in attendance: Jody Ware, Bob Ballenger, Barb Hendren, Gary Hannon, Jon Sonntag, Mike Harris, Steve Tribbey, John Diehl, and Gordy Williams. Shaun Nordlie was also in attendance.

4.0 Approve/Adopt July 21, 2018 Minutes –

4.1 – Gary Hannon moved “to approve minutes of Executive Session July 21, 2018.” Gordy Williams seconded. Motion carried with 7 ayes and one abstention. These minutes will remain closed.

4.2 – Mike Harris moved “to approve the open session minutes of July 21, 2018.” Seconded by Steve Tribbey. Motion carried with 7 ayes and one abstention.

5.0 Treasurer’s Report – Gary Hannon reported that July revenues were \$335,998 and YTD revenues are \$1,931,254 and were over budget by \$5,417. Operating expenses were \$325,574, and YTD \$1,788,113, and under budget \$31,899. The above activity resulted in YTD operating revenues greater than operating expenses by \$143,141, which was over budget by \$37,316. R&R expenditures for July were \$58,656.

6.0 Committee Reports

AECC – Joe Wiener reported that in the last couple of months, they’ve had two new houses completed and issued final occupancy. At their last meeting they had six new houses, a garage, and an addition under construction and are busier now than 1-2 years ago.

Budget - Gary Hannon reported they had their last budget meeting last week and wrapped up all the budget requirements. You will see the results of that wrap up later on today.

CAMP Finance & Marketing – No meeting.

CAMP Architecture & Design – Joe Wiener reported there were two meetings this month, and there is another meeting August 30 at 10:00 a.m. They’re working on schematic design now. We originally had CAMP’s Master Plan, and a concept was proposed as part of that Master Plan for a new building here. In doing due diligence, they’ve been looking at where the septic system might go, and also the soil borings as the new building proposal included a basement. The borings report came in and the geotechnical findings were that the hard rock is too close to the surface, and we can’t build down. So we are looking at other options as you would expect to happen during the schematic design process. The committee met two weeks ago with the architects, and we asked them for options. The committee talked about replacing this building totally, using part of this building only and building new somewhere else. The architects came yesterday with four different sketches of options, which I’m looking forward to talking with the Board members about at the workshop after this meeting. The committee wants to meet the needs of the community and reduce expenses where possible and move ahead in a timely manner. The feedback from the architects so far is pretty encouraging.

Campground – Campground Committee met on July 27. They discussed the pavilion project they would like to see come to the Budget Committee, and the whole discussion was on how they have a nice amount

of designated funds that they would put into the pavilion. The pavilion is not just for campers, it would be for the entire membership. Also discussed the seasonal camper list they would like to develop which would be a form of communication for emergencies and events.

Conservation – Paula Wiener wants to let everyone know Conservation is alive and well and growing. They did lose a member who had been on the committee for years, but this year they got Kerstin Stolpe-Friend, and the Board is hopefully going to approve another new member today. They are working on getting the Buffer Zone demonstration project underway and decided to move it so that they don't interfere with whatever happens in the clubhouse area. They are looking at moving it to the Marina area, but that isn't solidified yet. The Greenway Stewardship program is running very well after all the work they put into getting the administrative procedures on paper and straightened out. The big thing they're looking at developing is a Watershed Day in May and would like to pattern it after the Science Saturdays. They want it to be for everybody, not just kids, and are looking at having different stations around the property doing different things – looking at water, plants, animals. They're looking at outside sources, such as the Extension Office and Jo Daviess Conservation Foundation to see if they could supply us with something. If all goes well, by that time, Paula will be a Master Naturalist, and maybe can do something too.

Deer Management – Jon Sonntag reported the Youth Archery event went over very well. It was warm, but they had a lot of people show up. Having the Science Saturday going on the same day helped keep people flowing to both events, which worked out very well. This morning is the qualification going on over at the quarry, and they will have orientation in a couple weeks to go over the rules.

Golf – John Diehl reported they met on August 7 and continue to monitor the condition of the golf course, which they feel is generally very good, but they do have suggestions for minor improvements. Reminder the Big Cup Tournament is going on today, and they have a Property Owner's Tournament Sept. 15 & 16.

Lake Monitoring – Steve Tribbey reported they went out on August 7. The surface temp. was 24.5-25°C. The dissolved oxygen at the surface was 8.4 parts/million, and at 9 ft, it was 7.46, dropping to 3.46 at 11 ft, so that 9-10 ft level is where the oxygen drops off. They did notice a lot of duckweed floating on the lake, probably due to the heavy rain 2 days earlier. The lake water level was 800' -6", which is 6" over normal.

Legal - Jody Ware reported they met last Sunday and believe they have completed the Amended Covenants. They met with AECC representatives yesterday because three sections of the Covenants are related to Architectural and Environmental Control, and they will be taking the Covenants to their next meeting to discuss and give feedback. Once they hear back from AECC, they will be submitting Amended Covenants to the Association Attorney to do a complete review. From the Covenants, they will next move on to Bylaws, and the end of the discussion is that a lot of the information that is in the Covenants is also in the Bylaws. There were some concerns about that and it's really believed that the Covenants is about being an owner of property of the lake, whereas the Bylaws are more procedural, concerning the legal, and Board, etc., so we need to do some cleaning up on that. Shaun did receive some information from American Legal, the company we hired in December to do a codification process with all of our documents, and they gave us an outline yesterday. Our vision is that in a year, all of our documents will be digital, and you'll be able to search everything by word, so if you want to have a campfire, you type in the word "fire", and it will go through all the documents – Rules & Regs, Bylaws, etc. and you'll be able to find the language that pertains to that particular topic. So we got some good feedback on this process, and will meet again next Sunday.

Nominating – Barb Hendren reported there was no meeting.

Recreation – Mary Hannon – we have our biggest event coming, the Ice Cream Social on the Sunday of Labor Day weekend. After that is the Haunted Trail, so we're winding down from the summer. We still

have open tee times up to 3:00 for the Big Cup Tournament today, or just stop by for a meal between 11:00-6:00. We have raffle prizes.

Rules and Regulations – Shaun reported they finished up review of the Boating section, which will come to the Board in September, and started on the section on Burning. That will go back to Rules & Regs for the September meeting.

Safety and Emergency Planning – Jody Ware reported they have a couple of pieces that they need to complete in the Emergency Dam Manual and are working on the Operations Manual.

Strategic & Long-Range Planning – They met last Friday and continue to work on input and clarification on the Foundation application process for the IRS status so that is pending at the State level. They have a meeting in three weeks to start going back and visioning long-range capital projects for the lake.

Trails – Gary Hannon reported they met on July 28 and are still having a discussion with Greg Stauder, a civil engineer, on potential options for a dry creek crossing at North Bay. Still looking at a trail ride date at Lake Carroll. Considering extending the curfew time on the trail after an ACL sanctioned event.

7.0 General Manager's Report – Shaun Nordlie reported on the Cove. He confirmed that last night, he got the signed termination letter from Eric White, so the rumors are true – after Labor Day, Eric will no longer be operating the Cove. Labor Day Monday will be his last day. He will be operating Thurs – Sunday these last few weeks and will be closed Mon – Wed since things have quieted down. Within the agreement, we laid out the timeframe for him getting his stuff out of there and getting it clean and getting our stuff in there for the new operators. Our timeframe would be an RFP going out in September for potential operators. We will set up an ad hoc committee and start interviewing in October, and the goal will be to have the Board approve a new operator at the December meeting.

8.0 President's Report – Jody Ware wanted to highlight that at our last meeting, Jack Finley shared an article from *The Des Moines Register* about the growth in different counties in Iowa, and why the growth is taking place. One thing he said because that's what we're looking at here at the lake. We're talking about being progressive and having vision. What do we want Apple Canyon Lake to look like as we move forward to the next 50 years? His one comment was that where there is progress, there's enthusiasm, and people tend to gravitate to enthusiasm. That goes along with a recent article I read in *The Community Association Institute* about "Home is Where the Amenities Are". You hear so many ideas about what you want to do in the future, we hear great conversation on the water shed project, conservation, trails, looking at rules and making adjustments to our rules so we can continue to participate in amenities. Again, I think we need to look forward for our Association. The workshop about the CAMP update taking place after the meeting today will be a great conversation. I hope you're able to stay and follow up on where we're trying to go – this isn't about now, it's about 10-20 years from now and where do you want to see ourselves.

9.0 Property Owners Comments –

George Drogosz 8-48 – Questions about the Cove and Pro Shop – why don't we run the Cove since the operator is leaving? Shaun Nordlie asked him to come in and have a discussion. Mr. Drogosz also commented on conditions at Nixon Beach. Also commented on the great shape of the trails and need to keep them up with grading.

Fred Pfeiffer – 3-14 – Commented on "amenity lots" and how a dues increase could impact them. Concerned with rising expenses of taxes and water utilities.

Ron Carpenter – 11-247 – Commented on the budget process and the demand for outside sponsorship of building projects; would like the board to look at this issue. Commented on increased dues and pointed

out that the Association is also hit with rising expenses in utility bills and taxes – when the dues were raised five years ago, the increase being discussed now is less than 3% per year (which is the cost of living increase).

Paula Wiener – 9-227 – Commented on the Cove menu and would like to see a better menu and food. The menu should not be matched to the Pro Shop.

Norm Vandigo – 12-277 – Commented on the soil borings report and the CAMP project. The soil borings report shows we can't build the concept we originally thought. He wants to make sure we build something for the future our children and grandchildren can be proud of – don't skimp on it.

Henry Doden – 13-129- Commented on the Cove sign on Highway 20. Also commented on the need to control water coming into the lake by use of dry dams and a new spillway. Galena Territory has done a lot with this. We need to promote water gardens that include cattails as they will help with the algae in the water. The trails need to be graded. Jody Ware pointed out that several items to control the water flow into the lake are included in the 2019 budget.

George Drogosz – 8-48 – Commented on trail grading equipment. Steve Tribbey pointed out that Maintenance was out on the trails last night grading behind his house.

Dave Allgood – 13-174 – Relatively new member here and not surprised to see a dues increase being discussed. Seeing a dues increase is a good thing since it shows a healthy budgeting process. He doesn't think people understand what the board has done over the last few years – he has familiarized himself with the board actions and our community is in a lot better shape than some of our neighbors.

Fred Pfeiffer – 3-14 – Commented he was on the committee that built the new Cove and financed the first operator. He knows what the costs are to have a full-service menu and does not feel it would pay to offer this in a seasonal setting. We need to consider this when hiring a new operator.

10.0 Consent Agenda

10.1 Committee Changes – Barb Hendren moved “To approve the Consent Agenda items: Committee Changes (to appoint Melissa Parages to the Conservation Committee and accept the resignation of Mike Harris from the Safety and Emergency Planning Committee”. Seconded by Bob Ballenger. Motion passed unanimously.

11.0 Unfinished Business

11.1 Deer Management Committee Designated Funds Expenditure – Secretary – Jon Sonntag moved “To approve the expenditure of \$250 from the Deer Management Committee's Designated Fund to reimburse John Sershon for monies expended for Secretarial Duties.” Seconded by Mike Harris.

Discussion: As in the past, we have received no receipts for the expenses incurred. This will probably be the last year we receive this request as there will be another secretary for next year and they will use the office for copying and printing, etc. This is for expenses incurred in the 2017/18 deer season and will come from the Deer Management Committee's Designated Fund. Motion passed with 7 yea and 1 abstaining.

11.2 ACL Building & Environmental Code: Exterior Maintenance – Bob Ballenger moved to suspend Robert's Rules of Order, seconded by Steve Tribbey, for the purpose of discussing this item. Joe Wiener, Chairman of the AECC was invited to participate. AECC originally recommended using the 2006 code. Jo Daviess County uses the 2012 code. The AECC does not take any exception to adopting the most recent code (meaning 2018). What they're using now is from the 1990's and have been unable to follow up on complaints from people who live next door to someone who doesn't maintain their property. We have places with unused vehicles sitting with grass growing up around them, boat trailers with the same thing, uncut grass, exteriors with roofs in poor shape, and the AECC could really use something we could

point at and say yes, this is what we need and would like you to have done with your property. Our intent is NOT to do like at Lake Carroll where people drive around and look for problems. The 2018 code is online so if we used that one, people could go online to use it. We could also keep a hard copy in the Maintenance Office for people to look at, and the GM could direct someone to become familiar with the code so they can help people who have questions. Jody said that the last AECC minutes say that the committee wanted to stick with the 2006 code and wondered if that was correct, because she was told that 2012 code is what the committee is looking at to remain in alignment with Jo Daviess County. She did a cross check between the 2006 and 2012 codes, and sections 302.4 "Weeds" and 302.8 "Motor Vehicles" are the same in both, and it seems the language AECC is looking for is there in the 2012 code. Joe said that AECC is very comfortable leaving our rules and regulations the same as Jo Daviess County as in the 2012 code. It will make everything easier for everyone. That is why we wouldn't necessarily take the most recent code. The resulting memo to the board is the memo in the packet today Item 11.2. In Section 302.4 "Weeds", they want to require people to keep invasive species out as per the guidelines for Greenway Stewardship and the Illinois DNR pamphlet "Landscaping for Wildlife". Jody commented that in June we approved the Greenway suggested planting list – are the plants in these publications in alignment? Joe believes they are but would need to check with Conservation on that. Jody said this is an example of why we're doing the codification process, to prevent confusion between different documents for property owners. It is part of our mission to maintain the integrity of this area and its natural beauty and hopes that the Illinois DNR document and our Greenway Stewardship program are in alignment. Joe said he'll look into that but commented the real point here is that they want to require people with a house on a lot to keep their grass less than 8". Another question the Board had was about Motor Vehicles - 302.8. If there's nothing in the language stating you can't store unregistered golf carts or ATV's, then it's ok to store unregistered vehicles. What we're concerned about is that these vehicles look bad and are unsightly – we don't want people going out and weed whacking around them. Also, we don't want them stored on greenway space or vacant lots. Jody – that is in the Covenants. It's not a prohibitive cost to sticker a vehicle (\$5). Bob Ballenger is questioning the sentence "Painting of vehicles is prohibited unless conducted inside an approved spray booth" and is not aware of any spray booth around here. Does this apply to our Maintenance Department? Joe stated that AECC has no jurisdiction over the Maintenance Dept. Bob questioned the need for this sentence and was told it is in the memo because it is mentioned in the code. Gary Hannon said he believes it's our duty to keep up with the most current code but is ok if we follow what the county is following. In going forward, we should state we will keep up with the county and adopt what they are using. #2 – Couldn't access the 2018 code as you have to be a subscriber to even look at it. Are we subscribing to it, or should we subscribe to it? Also, is the latest code online where anyone can look at it without subscribing? Joe said we are not to his knowledge subscribing but there are several different websites you can go to and get it for free without being in violation of the copyright. He can share this information so they can be reviewed if needed. The 2012 code can be reviewed legally. Gary would also like to make sure the intent is stated here that we're not proactively going after homeowners for violations. Gordy pointed out that the Building Inspector should have the right to issue a violation if he sees something that is against the code. Gary asked if someone has a lakefront hillside that is full of weeds, realistically, he's in violation. Others agreed with this statement. Jon Sonntag said that the intent would help clarify the rule in relation to other rules in different areas (Buffer Zone and Greenway Stewardship say you can't touch weeds). Joe countered that the Buffer Zone and ACL Greenway rules use the words "should be left as is or restored to native vegetation as much as is practical". The words "as much as is practical" would cover these situations. Joe's personal opinion as a licensed professional is that the code is to be administered uniformly, and it's up to the GM to decide whether to hire or assign people to look for problem situations, but when problem situations come to the attention of the committee, he will, as the Chairman, expect the committee members to act according to

the Code and if it's a situation of violation of the Code, will ask the Building Inspector to issue a citation after meeting with the property owner to help resolve the situation. The idea is to work with the property owner to help correct the situation if it's in conflict with the code first, and if the Building Inspector is blown off, then a citation will be issued. If the property owner wants to fight that citation, then the Board appeals process will be followed. But we're not in the business of letting people off the hook because it's expensive, inconvenient, or they don't want to do it. Gary also questioned the intent of the word "unregistered" in item 302.8 "Motor Vehicles". It's currently allowed if you have unregistered vehicles on your property, does this mean a rule change? Mike said he believes the intent is if you have an unregistered vehicle and you have weeds growing all the way around it, that's a reason to go ahead and say something. Jody brought up some property owner comments from our last meeting where someone is looking at old vehicles right out their back windows. The intent is that we're not going out and looking for old vehicles, but if there is an old pickup truck parked along the property line with weeds growing around it, that's not ok. It's also only \$5.00 to register a vehicle. Joe said the important words to consider are "no inoperative". If vehicles are being stored or just dumped, those need to be addressed. Others said that as this is written, it doesn't match the intent. Gary said he would still like to have the intent of the rule recorded. Also, there may be unintended consequences as a result of adopting this code – have we gone through everything carefully to make sure there is no conflict with our other rules and regulations? Joe said yes, to the best of his knowledge, we have gone through it, and there is nothing. Jody said if there is a conflict, we are stricter, which we have the right to be. Joe said if something like that comes up, the AECC will review the situation, possibly suggest a variance be granted, and suggest a rewording for the Board to review. Joe asked whether the Board would like to send this memorandum back to AECC so that they can rework some of the language to say we're requesting 2012, and maybe there's something we can do and get some comments regarding 302.8? Jody said she thinks we are ok on that. Joe suggested we vote on it as is and if it fails, AECC will try to rewrite it in such a way as it will pass. We need to document the discussion on the intent somehow. How to do this – part of the motion? Or just noted in the minutes? Jody – on our feedback back to AECC, we will tell them that the 2012 International Property Maintenance Code is fine with us and we would like to continue to stay in alignment with Jo Daviess County Property Maintenance Code. Also, a sentence of intent that would cover the items 302.4 and 302.8 so we are clear in the future. Gary had one more point: could we run this by Conservation Committee for a cross check, because we already have lists of plants out there and we don't want to be in conflict with them. Bob asked in Section 302.8 what about inserting the word "spray" in the final sentence about painting the vehicles. This since there are other methods of painting vehicles, and the rule as written would totally outlaw any painting of vehicles, and if that word is added, it would prohibit only spray painting of vehicles. Jody agreed, and Joe said he would check with Rick Paulson on why that was in there. Gary questioned whether the exception was already addressed in the chapter on 302.8 of the code. Discussion was closed, and Mike Harris moved to reinstate Robert's Rules of Order; seconded by Gordy Williams.

12.0 New Business

12.1 Lot Combination Request – Gary Hannon moved "To approve the Lot Combination Agreement requested by Brent L. Smith and Joanna Sherman for Lots 103 and 104 in the Apache (7) Subdivision. Once recorded, the lot combination agreement may not be revoked or rescinded." Seconded by John Diehl. Discussion: are the lots adjacent? Yes, AECC reviewed and approved. Motion passed unanimously.

12.2 Publication of the 2019 Annual Assessment – Gary Hannon moved "To authorize staff to publish the 2019 Annual Assessment of \$950 in the September issue of *The Apple Core*". Mike Harris seconded. Discussion: Mike pointed out we have many irons in the fire, he believes we should go with the full 15%

increase rather than the 11.75% recommended by the Budget Committee, especially after listening to Henry's comments earlier about all the things that need to be done. Other Board members in agreement. We held dues for five years, and expenses have continued to go up, so it's warranted. Also, we got behind by not addressing increased expenses over the past five years, and the 15% will help with our capital needs. John Diehl commented if we had gone with some smaller increases to meet increasing expenses over the last few years, we wouldn't be in the position we're in now. Mike commented we need to go the full 15% - if we raise it \$127.50, we will be able to come up with \$65,000, which doesn't seem like a lot right now, but will turn into some decent money over the next several years. Jon Sonntag would prefer that we be debt free - we could put this money away and shorten our loan and reduce our interest when the time comes to build. We're only talking \$25.00 per year more. We should be putting money aside now for all of our projects coming up. Gary pointed out that the Budget Committee overwhelmingly recommended an assessment increase of \$100 which is an 11.76% increase. Their discussion on why a 12% increase vs. 15% centered on the perception of the ownership. Gary was in favor of 15% - so what does 15% mean? It brings the dues up to about \$977.50 (not including OARF). Ron Carpenter, long-time member of the Budget Committee, explained their discussion. They were discussing the \$125 so it was a round number as opposed to \$127.50, and people were really concerned about the message we were sending if we went the whole 15%. That was a big concern on the committee. To Ron, it doesn't matter because it's only \$25. Ron said if the Board does change the number, will have to designate to what fund it's going to. The Budget Committee recommends to set money aside for the R & R and the Capital Fund, so if the assessment is raised \$25, you have to decide what fund you're going to nail it to. Mike Harris made an amended motion: "The Board recommends to authorize staff to publish the 2019 Annual Assessment of \$977.50 in the September issue of *The Apple Core*". Bob Ballenger seconded. Roll Call vote on Amended motion: Ballenger: Y, Hendren Y, Hannon Y, Sonntag Y, Harris Y, Tribbey Y, Diehl N, Williams Y. Motion carried. Roll Call vote on Original motion: Ballenger Y, Hendren Y, Hannon Y, Sonntag Y, Harris Y, Tribbey Y, Diehl Y, Williams Y. Motion carried. Gary thanked the Budget Committee for all their work and due diligence. They had some good discussions.

12.3 Publication of the 2019 Operating Budget - Steve Tribbey moved "To authorize staff to publish the 2019 Operating Budget, with a total revenue of \$4,116,370, and total Operating Expenses of \$3,167,666, and a transfer to the R&R Fund of \$800,000 and a transfer to the Capital Fund of \$148,704 in the September issue of *The Apple Core*." Seconded by Jon Sonntag. Discussion: Shaun Nordlie – with the change in the increase in dues, we have an additional \$73,568, so we'll have to amend this with corrected total revenue of \$4,189,938 and need to discuss whether that goes to Capital or R&R. All agreed it should go in Capital, which would result in a total transfer of \$222,272. Ron Carpenter mentioned that based on the Reserve Study over the next 5 years, the Budget Committee worked out that we will need to be setting aside about \$800,000 to match our R&R expenses. So the R&R of \$800,000 came from that calculation. Shaun used the dues calculator (which takes into account 2,743 lots and Restricted Lots and Senior Exemptions) to come up with the revised Revenue numbers. Bob Ballenger moved to amend the motion to read: "To authorize staff to publish the 2019 Operating Budget, with a Total Revenue of \$4,189,938 and Total Operating Expenses of \$3,167,666, and a transfer to the R&R Fund of \$800,000 and a transfer to the Capital Fund of \$222,272." Seconded by Gordy Williams. Discussion: None. Roll Call on amended motion – Ballenger Y, Hendren Y, Hannon Y, Sonntag Y, Harris Y, Tribbey Y, Diehl Y, Williams Y. Motion passed. Roll Call on original motion – Ballenger Y, Hendren Y, Hannon Y, Sonntag Y, Harris Y, Tribbey Y, Diehl Y, Williams Y. Motion passed.

12.4 Publication of the 2019 R & R Budget – Mike Harris moved "To authorize staff to publish the 2019 R & R Budget, in the amount of \$516,400 in the September issue of *The Apple Core*." Seconded by

Gary Hannon. Discussion: Gary would like to change the wording of the motion. The \$516,400 transfer is for expenditures, which is different from the transfer of \$800,000 approved in the last motion and explained by Ron Carpenter. Gary would like to clarify and add the words “in expenditures” after the \$516,400. The excess amount is to save for future years which will be higher. Mike Harris moved to amend the motion to read “To authorize staff to publish the 2019 R & R Budget, in the amount of \$516,400 in expenditures in the September issue of *The Apple Core*”. Seconded by Jon Sonntag. Discussion: none. A vote was taken, and the amended motion passed unanimously. A vote was then taken on the original motion and it passed unanimously.

12.5 Publication of the 2019 Operating and Building Fee Schedules – Bob Ballenger moved “To authorize staff to publish the 2019 Operating Fee Schedule and the 2019 Building Fee Schedule in the September issue of *The Apple Core*”. Seconded by Barb Hendren. Discussion: The increased annual assessment listed at the top of the form will be changed to \$977.50. There are two changes in fees highlighted in red – the boat rental and pool party. A vote was taken, and the motion passed unanimously.

Motion to adjourn by Mike Harris at 11:09 am.

Recording Secretary, Barb Hendren

President Jody Ware

Corporate Secretary, Barb Hendren

Date