

**Apple Canyon Property Owners Association
Board of Directors Meeting Minutes
August 21, 2021**

APPROVED

2.0 Call to Order – President Barb Hendren called the meeting of the Apple Canyon Lake Property Owners Association to order at 9:04 on Saturday, August 21, 2021.

3.0 Pledge of Allegiance – after the Pledge of Allegiance, a quorum was present with the following Directors in attendance: Barb Hendren, Gordon Williams, Bob Ballenger, Mike Harris, Henry Doden, Tom Ohms, Steve Borst, John Anderson (via Zoom) and Nolan Mullen. Shaun Nordlie was also in attendance.

4.0 Approve/Adopt Minutes from the July 17, 2021 Meeting – Nolan Mullen motioned “to approve the minutes from the July 17, 2021 meeting.” Seconded by Gordon Williams, motion carried unanimously.

5.0 Treasurer’s Report – Treasurer’s Report will be in *The Apple Core*.

6.0 Committee/Commission Reports –

Legal – Steve Borst reported they met on Thursday. Commission is coming up with ideas on how to get our members to vote, awareness should be increased. Drawing at the Ice Cream Social coming up – entered in a drawing if you vote. As a Board member, this is the single most important item on our agenda right now. Next meeting is September 9.

Budget – Steve Borst reported that they have met twice since last Board meeting. A lot of discussion about the new minimum wage. Went through every R&R request as well. At the last meeting on August 9, we did come together and approve a 2022 budget: three motions coming up later. Lucky to have these members putting in the time. These people work hard and ask a lot of really good questions. Came up with a budget in the best interests of this Association.

Recreation – Mike Harris reported they are working on the Haunted Trail. Ice Cream Social – still need some volunteers. Farm to Table dinner – canceled due to Covid.

Rules & Regs – Mike Harris is asking the Board today to assist with coming up with a rule for snowmobiles on the ice. Go-karts were not allowed in the past. Now they are saying we need to come up with more information on go-karts. Please send an email to Vickie Sershon or Shaun with ideas on these items.

Trails – Tom Ohms reported they met on July 24. Next meeting is next Saturday at 8:00 am in conjunction with R&R to hammer out the go-kart item and width of machines.

Deer Management – Gordon Williams reported we had 75 kids attend the Youth Archery event, wonderful family event. Excellent volunteer count! Thank you. Deer Management Qualifications/Orientations have been conducted for upcoming year. Next meeting is August 28.

ACL Foundation – Gordon Williams reported they are planning the ACL Poker Run on September 11.

Campground – Shaun Nordlie reported they talked about the campground pavilion, still getting bids. Discussed trick or treating at the campground. More information will be coming out next month.

Board Policy – Shaun Nordlie reported that the commission has been focused on reviewing and editing policies, section 6000 (25 topics), section 7000 (28 topics), section 8 (30 topics). Goal is to have manual completed by December of 2021.

Nominating – Barb Hendren reported they will be meeting this week.

AECC – Barb Hendren reported there is a Building Code revision on agenda today.

Conservation – Mike Yorke reported they are looking at the watershed plan developed in 2016 by the County and this Association. Strategic document giving us guidelines on how to manage not just the lake,

but the property around the lake. Now five years old, time to self-assess against the standards in the document. Principle goal of this commission is assessment right now.

Golf – Shaun Nordlie reported they reviewed the Big Cup and Club Championship. R&R project for the year is cart paths and will get started right after Labor Day.

7.0 General Manager's Report – Shaun Nordlie reported they put out the warning about blue green algae on Thursday. Monitoring lake all summer, bloom signs out there. Main contribution is the hot/humid weather and no wind. Brought Joe Rush out and took samples (three areas) to see what the algae is doing and testing for toxins. Should get reports back on Monday. Warning said – be careful. Not closing the lake at this point. Stay away from the scum. Advising and educating right now. Continue to work with NorthStar. We tie everything to the lots. Allow multiple owners, etc. That has been the delay. We are progressing. Al Zobjeck then addressed the meeting: he attended the budget meeting on July 23. Asked to look at the NorthStar contract to try to reduce costs. Look at existing software as well as NorthStar system. As far as contract was concerned – one of the line items stated that our monthly lease cost is \$4,280/month for first year. Upfront cost of \$73,000 for professional services to install and get up and running. Found monthly costs will go up by 3.5% or inflation rate published by New York Times (whichever is higher). Have to get rid of one of them – agreed to adjust contract, will charge the 3.5%. At the same time, looking at overall environments of both – NorthStar and Abacus. User guides for the app. We need a user guide, especially for the homeowners and new employees. Directory – membership names and lot information, not the trusts' name. Working that out. Can't find people in the system if in a trust. Lawyer should be contacted to see if we are breaking any laws by producing some of this information – privacy laws. Another concern is the Abacus environment. Probably won't stop using that. Easier. As a Board, have to make a decision, you can't use Abacus – use new environment. Backup and recovery. Should be backing up the database as well as the local drives. Things that have to be addressed with NorthStar.

8.0 President's Report - Barb Hendren thanked the Budget Commission for their work on the proposed 2022 budget. Worked very hard starting in March, working with two different software, etc. Appreciate and admire what that Commission does. Also thank you to the Strategic Long-Range Planning Commission for their work on the 2022 Plan on a Page. Keeps us focused.

9.0 Property Owner Comments

10.0 Consent Agenda

10.1 Committee/Commission Changes – Gordon Williams motioned “to appoint Paula Wiener as Chair and Mike Yorke as Co-Chair of the Conservation Commission; Tom Sheehan to the Appeals Board; and Cindy Zophy to the Nominating Committee; and to accept the resignation of Rich Miranda from the Appeals Board and Sandra Malahy from the Legal Commission.” Seconded by Tom Ohms, motion carried unanimously.

11.0 Unfinished Business

12.0 New Business

12.1 Open Discussion – CAMP – Bob Ballenger motioned “to remove the memorial pavilion from CAMP and discontinue all planning and funding for CAMP.” Seconded by Henry Doden. Discussion: Henry Doden - spent some time looking at the plans – we have spent quite a bit of money on this. They deserve a harder look. Suggest we establish a grade level for where this building will be and have everything on the same level. Shaun Nordlie – disagree, CAMP Architecture & Design commission has been looking at admin building only – concept for this building. No decisions were made. Just starting to get into the specs when COVID hit. They were based on our specs, true. But only for the admin building. Only bids we sent out for was for admin building. Gordon Williams – if we are discontinuing planning,

where are we going with this? Henry Doden – some parts of CAMP can be brought up again. We have plenty of capital projects right now we don't have the funds for. Barb Hendren – we realize that. Shaun Nordlie – reprioritizing capital now, will get into that later in the meeting. Mike Harris – we have to address CAMP. Office does not have enough room for the people. Am for discontinuing CAMP for a while, but can't take off the board. Hard to say discontinue. Planning should be done maybe in a year or so. Gordon Williams – we have reprioritized our focus. Some of that planning should still take place, stay focused on capital spending. Tom Ohms - at some point we will have to address this building. Not a good building. Bob Ballenger – look at pieces of CAMP instead of a master plan. Time wasted on CAMP. Nolan Mullen – agree with Bob, stop and focus on what is at the top of the list. No more discussion on CAMP. John Anderson – CAMP should be divided up. Do some maintenance on the building. Shaun Nordlie – anything that would fund CAMP would have to go through the Board for approval. Mike Harris – the money we have spent on CAMP has been for plans. Was not money spent we won't need. Steve Borst – struggling with the motion. Remove the pavilion? Bob Ballenger – somehow got joined in with CAMP. That memorial pavilion has its own funds. Steve Borst – take one thing out. How do we know there aren't other things that should or could be removed? Never seen a detailed list. Bob Ballenger – want CAMP ended and don't want to see pavilion included in with CAMP, not a part of CAMP. Mike Harris – we held off on pavilion because we didn't know where the buildings were going to be positioned. \$30,000 designated fund for pavilion and another fund of about \$2,000-\$3,000. Henry Doden – CAMP has developed a bad taste in some people's mouths, eliminate the term and move on the separate projects. Barb Hendren – commission has not met for over one year. Steve Borst – stop all planning and funding for this marketing plan? Does not relieve us of our responsibility to maintain our Reserve Study. Don't know why you have to remove the pavilion. Then start addressing things like the pavilion. Replace windows, etc., motion is not clear. Just the term CAMP, and get rid of two ad hoc commissions? Bob Ballenger – CAMP is a list all projects – master list. Steve Borst – what will you do with all of those? Address them? Bob Ballenger – somehow pavilion got added to the list. Tom Ohms – disagree – whole area developed. Bob Ballenger – no chairman, no committee, no one doing anything with it (pavilion). Existed before CAMP. Barb Hendren – place mark for the whole area. Didn't want construction to impact it. Have to incorporate everything. Tom Ohms – we don't want to discontinue CAMP – just put on back burner. Mike Harris – if CAMP did come back in play it would have to be voted on. We are not dealing with CAMP right now. Barb Hendren – as a new Board member, not educated on the whole concept, that is our fault. Have you talked to anyone about it? John Anderson – I am new, understand that, but we should have papers given to us. Barb Hendren – another part of educating yourself is talking to people – both sides of the issue rather than one side. Amended motion? Amendment to the motion from Steve Borst to – “discontinue all planning and funding for CAMP.” Strike first part of the motion (remove memorial pavilion). Seconded by Nolan Mullen. Vote on the amendment: Gordon Williams – nay; Tom Ohms – nay; Mike Harris – yea; Steve Borst – yea; Bob Ballenger – yea; Henry Doden -yea; Nolan Mullen – yea; John Anderson– yea. Motion carried with six yeas. Shaun Nordlie – when you say funding for CAMP, when we have to spend money on this building is that included? No. Nothing spent on admin building or event center. Correct. Vote on amended motion “discontinue all planning and funding for CAMP.” Gordon Williams – nay; Tom Ohms – nay; Mike Harris – yea; Steve Borst – yea; Bob Ballenger – yea; Henry Doden – yea; Nolan Mullen – yea; John Anderson – yea. Motion carried with six yeas.

John Anderson left the meeting at 10:27.

12.2 Approval of the 2022 Plan on a Page - Steve Borst motioned “to approve the 2022 Plan on a Page as presented by the Strategic/Long Range Planning Commission.” Seconded by Tom Ohms. Discussion: Gordon Williams – two columns with long range goals and one-year action plans. We follow our progress and share in *The Apple Core*. In long range goals and measures – see that under improvement of infrastructure – long range capital plan to include, but not limited to flood mitigation, watershed and dry dams, etc. and campground expansion – in one-year action plan we do not bring the clubhouse over. That is his point. Long range and one-year plan separate. Barb Hendren – Commission did add to conduct

member surveys – current and future amenities – good idea. Gordon Williams – if we vote this in, it is not like we are committing anything – vision of what to look at in the future. Still has to be voted on by the Board, project by project. Steve Borst – happy with how it flows and how things were rearranged. We prioritized the lake on a lot of these categories. Changed the wording to create a long-range capital to include but not limited to flood mitigation, clubhouse and offices. We still have to think of the clubhouse and offices. Don't want to strike the whole master plan. Barb Hendren – used to get a laminated copy of this at each meeting. Shaun Nordlie – will get back to that. Steve Borst – would like to amend motion “to approve the 2022 Plan on a Page as presented by the Strategic/Long Range Planning Commission with the wording, clubhouse area master plan changed to clubhouse area and offices.” Seconded by Bob Ballenger. We have ways of doing surveys, NorthStar is working on a survey module, but not offered right now. Henry Doden – adding docks – make a change to the properties, have to notify members. If we add docks, do we notify members? Should be doing. Amendment carried with 7 ayes (John Anderson absent). Motion to approve amended motion, carried with 7 ayes.

12.3 Walk In Freezer Additional Funds – Mike Harris motioned “to approve the additional funds of \$5,109.55 to be paid to Polar King International of Fort Wayne, IN to be paid out of the R&R fund.” Seconded by Gordon Williams. Discussion: compressor problems, leaks, etc. Money is budgeted to replace but found the Polar King. With the Polar King we wouldn't have to have a roof, etc. Roof is fine and wouldn't add that extension until we redo the roof. Will go on existing footprint already there. Purchased in 1989, used unit, not sure when we put it in. Stored for a long time. Henry – rough estimate in R&R – can't say we didn't spend; we can spend on something else. Not the case. Can save money, the extra money is not free money that can go anywhere else. Shaun Nordlie – unspent money – projects completed and are done and came under budget. Any R&R that comes over budget, we come to the Board for approval on everything. No one is treating that like free money. Feel the Polar King is better suited for our needs. Showing \$23,945 under budget so far this year in completed R&R projects. Not overspending R&R budget. Henry Doden – should go back to R&R. Shaun Nordlie – it will. Won't go over in R&R budget for 2021. Motion carried with 6 ayes, Henry Doden voting nay.

12.4 Publication of the 2022 Operating Budget – Steve Borst motioned “to authorize staff to publish the 2022 Operating Budget, with a total revenue of \$4,615,967.00 and total operating expenses of \$3,631,632.00, with a transfer to R&R fund of \$537,000 and a transfer to the Capital fund of \$500,000, in the September issue of *The Apple Core*.” Seconded by Mike Harris. Discussion: Ron Carpenter reported one of the problems in the budget world, trying to look at 2022 budget and a lot of things in R&R world especially, we come up with numbers we think are reasonable in planning. Some will be under, and some will be over. Difficult, but we go forward with it. Steve Borst – Ron was a former treasurer here for a number of years – helps a lot, thank you. Couple of things to highlight. Ron, Shaun, Steve Nelson, and Steve Borst went through line item by line item and decided every asset in this Association and came up with replacement costs, etc. Reserve Study – numbers will give you the answer on some of these things. Way to fund R&R – telling us how much money to put in the fund. Not random. Ten year rolling average – unique part of what happened this year at budget. Logic built into our R&R Budget. Can we do a budget that actually shows negative bottom line? Last year was a negative penny. Did some legal research - you can fund operating at a deficit. Reason we can do this – last year operating fund had a surplus. Did a cash flow analysis, took the PPP money and any overages we saw, felt as a commission that \$50,000 was a reasonable amount we can short operating. Operating budget \$52,665 short. Ron Carpenter - realized the buildings themselves are not in the Reserve Study. When we look at what the Reserve Study will require, buildings not in there. Because of the way we were dealing with the new office building (being a capital item), going forward any new building will be a capital item as opposed to an R&R item. Also, in the next 3-5 years, Reserve Study repairs and replacement in this building – if we aren't going to replace this building, will have to deal with issues on this building going forward. Shaun Nordlie – we marked those as clubhouse (CAMP at the time). Put those back in, scheduled them going forward. 2023, 24, 25 will have to be some work on this building. Gordon Williams – line item on 2 – increase in operating revenue?

Steve Borst – overall, the commission is recommending the assessment that we are currently at, not recommending increasing that, but this is a reallocation of those dollars. More in operating, less in capital. Reduction in capital. Mike Harris – enough to cover dredging, etc.? Ron Carpenter – looked at when we thought would be done. Steve Borst – Shaun did a nice project of when projects would get finished. There is a cushion in the schedule. Winchester – \$800,000 – could get grant money, that is not on there. Motion carried with 7 ayes.

12.5 Publication of the 2022 R&R Budget – Steve Borst motioned “to authorize staff to publish the 2022 R&R Budget, in the amount of \$679,000 in expenditures, in the September issue of *The Apple Core*.” Seconded by Gordon Williams. Discussion: Tennis courts - Shaun – long discussion, done band-aids, asked for \$120,000 received \$70,000 in 2018/19. Came back out in June/July to discuss, for what we were paid to do, dead spots, not in the scope of work in the beginning. Price to fix? \$27,000 but won't fix dead spots. No solution to fixing problems with tennis courts. Pickle ball – very popular. Amenity we offer. Do we spend the money to make it a better amenity? Decided to include, want it to be an amenity we are proud of. Tom Ohms – hear all the time there are dead spots, fix it right and be done with it. Steve Borst - if we want the amenity, responsibility to do it right. Dollars for that court – rolling 10-year average, only affected this year's R&R about \$20,000. Should have a nice tennis court. Support our amenities. Mike Harris – we should have something like this from Maintenance Commission – get different bids, etc. Ad hoc commission? Mike and Shaun will discuss further. Motion carried with 7 ayes.

12.6 Publication of the 2022 Operating and Building Fee Schedule – Tom Ohms motioned “to authorize staff to publish the 2022 Operating Fee Schedule and the 2022 Building Fee Schedule in the September issue of *The Apple Core*.” Seconded by Steve Borst. Discussion: pool party – 50 or more people have to add a third lifeguard. Tom Ohms - Golf is still cheap – season pass holders make up 60-70% of our rounds. Could be higher if we put more revenue towards the golf course. Steve Borst – docks meet a lot of resistance. Not opposed to raising docks. Docks not worth anything without the lake. Did discuss raising, but not a lot of traction right now. We don't want to be fee crazy either. After these fees we would be 24% reliant on fees. Boat docks could be subsidized – waiting list is rather long. Campground – identified several utility costs that have gone up. WiFi is now included in fee. Motion carried with 7 ayes.

Tom Ohms motioned “to suspend Roberts Rule of Order at 11:26.” Seconded by Henry Doden, motion carried with 7 ayes.

12.7 ACL Building & Environment Code amendment – 1st Reading - Discussion: Mike Harris – This came up at AECC. We have an empty lot in the middle, split down the middle for each person to have ½ lot. Legal description - nothing could be built on this lot, took to Jo Daviess County – at that point came back to us. Ended up voting to where they could build on that ½ lot. Following month – someone else wanted to do the same thing. No language on this. This is what we are getting at today. Can't split lots. Henry Doden – hierarchy – last sentence shall not be bound by any decision of Jo Daviess County. Shaun Nordlie – County could still split the lot, but we are not recognizing that split. They can split the lot; we do not have recognize that as a split lot. Whoever owns it would have to pay for it. In our minds who is the owner? We would only recognize it as a whole lot. Cannot split a lot at ACL, cannot build on this ½ lot. Deed can say anything. We would get three assessments – how they pay for the one is on them. Agreement between the two property owners, both on the deed for the split lot. Good with the language.

12.8 Recording Association Meetings - 1st Reading – Discussion: Shaun Nordlie – looking for direction. Need a policy for this. Do we need to state anything in the beginning – being recorded? How long are we going to keep it available out there? Will get this written up with attorney. Henry Doden – will at least have to make the statement it is being recorded. Minutes we are required to keep. Doug said we can decide how long to keep recordings. Tom Ohms – personally like the idea, could hear

homeowners' comments on the recording. Mike Harris – don't want the recording to go over to the next month. Couple weeks – 10 days maximum. Tom Ohms – agree. Way of getting information out to the public. Disclaimer - we would announce at the beginning of each meeting that we will be recording. Leaning towards keeping the recording for 25 days. All agree.

12.9 Capital Projects Updates – Discussion: last month we talked about dredging. Things that need to happen first to get ready for dredging. Called Fehr Graham to come out and walk the dredge ponds with him. Need a quote to get a survey of each dredge pond. Report from Fehr Graham from many years ago giving us the capacity of dredge ponds. We also looked at the drainage. We have this pipe with planks that can be taken out. Also have tile that comes in with t-bars to open and close. Confusion on where those tiles are. Fehr Graham looked at this – tile system is effective but if we don't need to do that could have it drain naturally. Joe Rush walked out there, and he gave Shaun a similar assessment on the drainage itself. Last step would be to get Randy Goodwin out here – he was involved in the construction of some of these out here. Did get bid yesterday afternoon, no chance to read through it – to do survey work out there. This is #2 priority – approve this year or next year? Next month we can keep as an agenda item and talk about it more. Meeting with Frenress on Tuesday – talk about contract dredging and our lake. Looked at capacity in the coves and actual amount of silt in the coves. Question, would it be better to mechanically dredge those? Barge with a digger. Or be better to put out more pipes and hydraulically dredge? 2nd question, based on where ponds are and distance we have to go – make sure the silt ponds we are looking at – that's where we want to go or be better to go up north to use boosters and pump all in North Bay? Do part at North Bay and part in Winchester, save on boosters. Last item – polymers in Independence – pond we know isn't big enough. Not a lot of options to expand. Take liquid out of dredge material – would work but could cost a little more money. Meeting will be this Tuesday.

Tom Ohms motioned “to reinstate Robert’s Rule of Order.” Seconded by Mike Harris. Motion carried with 7 ayes. Mike Harris motioned to adjourn at 11:56 am.

Recording Secretary, Rhonda Perry

President, Barb Hendren

Corporate Secretary, Tom Ohms

Date