

**Apple Canyon Lake Property Owners Association
Board of Directors Meeting Minutes
October 21, 2023**

APPROVED

1.0 Call to Order: 8:00 am.

2.0 Executive Session – 8:00 am.

3.0 Regular Meeting Called to Order at 9:08 am.

4.0 Pledge of Allegiance – after the Pledge of Allegiance, a quorum was present with the following Directors in attendance: Nolan Mullen, John Anderson, Bob Ballenger, Bill Becker (via Zoom), Mark Carmel Cottrell, Brian Holt, Kosco (via Zoom), Debra McNamee, and Laura Pratt. Interim General Manager Mike Harris was also present.

5.0 Approve/Adopt Minutes from the September 16, 2023 Board Meeting - John Anderson motioned “to approve/adopt the minutes from the September 16, 2023 Board Meeting.” Seconded by Carmel Cottrell motion carried unanimously.

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

7.0 Committee/Commission Reports

Zebra Mussels – Norm Vandigo - Boat owners are not finding zebra mussels. Will have a better idea when lifts are pulled out of the water. McCloud asked if we would eliminate the algae in the back bays. Algae absorbs the EarthTec QZ before Zebra Mussels.

AECC – Dave Allgood - met on October 7. Septic inspection program is complete and all compliant. We had lot combinations and a couple of permit approvals.

Campground - Ron Carpenter reported there were lots of kids for the Trunk or Treating event. Winter Gathering is first weekend of February. Will go forward with the pancake breakfast event again.

Flood Mitigation – Ron Carpenter reported we will drop the lake a couple of feet this year. Still waiting on the IDNR permit. Having a peer review go over the CMT plan. Hope to advertise to contractors by the end of November giving notice of the project. Would like to get the bids back around the first of January. We would like shore to be allowed to be stored on the greenway this and next fall to speed up the process of getting them out of the water before we drop the lake level.

Memorial Pavilion – Carmel Cottrell reported the concrete foundation is in. Thistle has the posts in and will complete the structure. Then the electric will be put in. Beautiful area.

Conservation – Deb McNamee – Removal of brush from the Clubhouse point has begun. A proposal was sent to AECC to not allow erosion blankets used by landscapers—as a board this should be discussed.

Sports Complex – Gary Hannon reported they had to reinforce the entire base, which was probably the cause of the problem in the first place. Fencing may or may not get in this year. Next phase will be in the spring.

8.0 General Manager’s Report – Mike Harris reported on dredging – still have three coves or bays that need to be dredged: Washington Cove, Hawthorne Bay, and Jefferson Cove. This week Helm will black top the road from Deer Run to the Fitness Center. LED lights installed in the Cove and Clubhouse parking lot. The knife valve, a secondary valve should be installed the first week of November.

9.0 President’s Report - will be in *The Apple Core*.

10.0 Any Additions to the Agenda – Nolan Mullen combined 13.5 with all of the recommendations from Budget Commission. Carmel Cottrell motioned “to add 13.6 Dredge to the agenda.” Seconded by John Anderson, motion carried unanimously. Laura Pratt motioned “to add 13.7 Shore Station Storage on the Greenways to the agenda.” Seconded by John Anderson, motion carried unanimously. Laura Pratt motioned “to add 13.8 engagement of the Honkamp accounting services to the agenda.” Seconded by John Anderson, motion carried unanimously.

11.0 Consent Agenda

11.1 Committee/Commission Changes – Laura Pratt motioned “to appoint Susan McDonald to the Board Nominating Committee; Nick Gouskos and Mike Tyson to the Trails Commission; to appoint Randy Meyer as Chair of the Trails Commission; to allow Steve Nelson to resign from the Flood Mitigation Ad Hoc Commission; to allow Mike Yorke to resign from the Vice Chair of the Conservation Commission and to appoint Pam Opyd as the Vice Chair of the Conservation Commission.” Seconded by Deb McNamee, motion carried unanimously.

12.0 Unfinished Business – None

13.0 New Business

13.1 Buoy Request - Deb McNamee motioned “at least one buoy be placed between docks 7-248 and 7-253 to prevent boaters from running too close to shore and allowing the waves more time to settle out before hitting stationary objects.” Seconded by Brian Holt. Discussion: has anyone gone out and inspected these locations? Send back to Maintenance for more investigation. Should create a process for future requests. Motion fails with seven nays and one yea by Brian Holt.

13.2 Proposed 2024 Calendar - Deb McNamee motioned “to approve the 2024 proposed calendar.” Seconded by Carmel Cottrell. Motion carried unanimously.

13.3 Hand Railing at Clubhouse – Laura Pratt motioned “to approve JLS Fabrications to fabricate and install railings on the handicapped ramp and a railing on the steps at the Clubhouse.” JLS was the lowest bid. Seconded by Brian Holt. Motion carried unanimously.

13.4 Helm Proposal – Laura Pratt motioned “to approve the Helm proposal to fix the soft grade which is present on the courts with RX 1200 Geogrid and Aggregate Base (Ca-10) for a cost of \$23,299.00.” Seconded by Brian Holt. Motion carried unanimously.

13.5 Budget Recommendations #1 - to recommend the BOD keep the Pro Shop and the Cove open year-round, raise dues 15%, implement an across-the-board fee increase that averages 13%, transfer to R&R \$500k and transfer to Capital \$500k.” (Motion failed with 0 yeas and 9 nays at Commission level.)

Budget Recommendation #2 - recommend the BOD close the Pro Shop from November 1 to March 31 and to keep the Cove open year-round, raise dues 15%, implement an across-the-board fee increase that averages 5%, transfer to R&R \$500k, and transfer to Capital \$500k.” (Motion failed with 2 yeas and 7 nays at Commission level.)

Budget Recommendation #3 - to recommend the BOD keep the Pro Shop open year-round and close the Cove from November 1 to March 31, raise dues 15%, transfer to R&R \$500k, and transfer to Capital \$500k. (Motion carried with 6 yeas and 3 nays at Commission level.)

Budget Recommendation #4 - to recommend the BOD consider closing the Cove until a new tenant can be found, keep the Pro Shop open year-round, raise dues 11%, transfer to R&R 500k, and transfer to Capital \$500k. (Motion carried with 6 yeas and 3 nays at Commission level.)

Discussion: Ron Carpenter, Budget Comm – went through the numbers for each of the scenarios. The first two were voted down; last two were voted approved. Wanted to give all discussion points to the Board. Nolan Mullen – we will have to make separate motions to publish – operating (R&R) and fees. Mark Kosco– we, the Budget did not have any direction whether the Cove or Pro Shop would be open or closed. Reason why we have these options. Nolan Mullen – do not want a 15% budget increase. They ran the numbers as if we operated a certain way for each scenario. Don’t need to tie the Cove or Pro Shop to the actual Budget. It is just the way they ran the numbers. Steve Borst, Budget Comm – first meeting our Finance Manager, handed us the employees’ proposed budget for us to review, to give you the best advice we can. The very first meeting, she handed us a budget with her best guess that in 2024, the Cove would lose \$450,000. Pro Shop has been open year-round for years – we know what that will do.

Bob Ballenger motioned “to close the Cove on November 1 and reopen on March 31; keep the Pro Shop year round.” John Anderson seconded the motion. Discussion: Carmel Cottrell – bad management at the Cove. We didn’t have a chance. Pro Shop is working. But people still like The Cove. Could keep the Cove open; close the Pro Shop and take the employees from Pro Shop and bring them to the Cove. John Anderson – to move everybody down there makes no sense; hard time to get the trucks down there in the winter – will cost us more to keep that open than the Pro Shop during the winter

Mark Kosco motioned “to suspend Roberts Rules of Order.” Seconded by Carmel Cottrell, motion carried unanimously. Carmel Cottrell – we did have a food and beverage manager, we had two, now they are gone. We have no power there to change anything. Randy – is the manager. When you have a question about the Cove, ask Randy. Deb McNamee – don’t feel confident in the Cove numbers or the management structure. To reduce the Budget costs, more must be done with less. Labor costs need particular scrutiny. Propose a hiring freeze until a new manager can review open positions. Nolan Mullen – we don’t make a motion to shut down the Marina or close the pool when there are problems. Understand these are hot topics but we leave that up to management.

Mark Kosco motioned “to reinstate Roberts Rules of Order.” Seconded by Carmel Cottrell, motion carried unanimously.

Roll Call Vote: John Anderson – yea; Brian Holt - nay; Bob Ballenger – yea; Laura Pratt - yea; Carmel Cottrell – nay; Deb McNamee - yea; Mark Kosco - nay; Bill Becker – yea. Motion CARRIED with five yeas.

Recommendation #3 – Nolan Mullen – publish this budget with a 15% increase and would like to propose some fee increases and publish that. We can still do some work on the budget even though it is published. Adopt the updated budget at the December board meeting. We can always come down from a 15% increase. Publish the fee adjustments in the *Apple Core* too. Will have another vote in December. Publish the proposed budget as recommended by the Commission along with the fee schedule – get them published. We are not adopting the budget, just publishing it. Mark Kosco motioned to “recommend to publishing Budget Recommendation #3 (to recommend the BOD keep the Pro Shop open year-round and close the Cove from November 1 to March 31, raise dues 15%, transfer to R&R \$500k, and transfer to Capital \$500k).” Seconded by John Anderson, motion CARRIED unanimously.

John Anderson motioned “to authorize staff to publish the recommended 2024 Operating Budget, with a total revenue \$5,383,533 and total operating expenses of \$5,379,910 in the November issue of the *Apple Core*, with a transfer to R&R Fund of \$500,000 and transfer to Capital of \$500,000 in the November issue of the *Apple Core*.” Seconded by Laura Pratt, motion CARRIED unanimously.

Laura Pratt motioned “to authorize staff to publish the attached 2024 Operating Fee Schedule and the 2024 Building Fee Schedule in the November issue of the *Apple Core*.” Seconded by John Anderson. Motion CARRIED unanimously.

Carmel Cottrell motioned “to authorize staff to publish the recommended 2024 Annual Assessment of \$1430 in the November issue of the *Apple Core*.” Seconded by Laura Pratt, motion CARRIED unanimously.

Budget Recommendation #5 – Brian Holt motioned “to authorize staff to publish the 2024 R&R Budget in expenditures of \$601,500.” Seconded by Carmel Cottrell, motion CARRIED unanimously.

John Anderson motioned “to suspend Roberts Rules of Order.” Seconded by Carmel Cottrell, motion carried unanimously.

13.6 Dredge – Discussion: Carmel Cottrell – opportunity to sell our dredge that has been sitting. Good opportunity to get rid of that equipment. Worth \$200,000 to \$300,000. Ask Mike Harris to figure out what this is worth and talk with Fretress to see if interested.

John Anderson motioned “to reinstate Roberts Rules of Order.” Seconded by Brian Holt, motion carried.

13.7 Shore Station Storage on the Greenway – Laura Pratt motioned “to approve placement of shore stations on nearby greenways for the 2023 & 2024 boating seasons only. The shore stations must be removed from the Greenways in a timely manner the following springs.” Seconded by Deb McNamee. Discussion: Guidelines to figure out where these should go? Part of the draw down and spillway project. Deb McNamee recommends having a date to get it out by and if not out set up a fine system. Bob Ballenger – every shore station is touching the bottom right now. If you drain the lake, every shore station will stay there. They don’t need to come out for a draw down. Laura - We cannot be the ones to recommend leaving shore stations in. If we tell people to leave them in and they are damaged during the winter, they will look to us to fix it. Vote: four yeas, two nays from Bob Ballenger and Mark Kosco, John Anderson abstained. Nolan Mullen voted yea, motion carried with five yeas. Bill Becker was no longer at the meeting.

13.8 Honkamp Contract – with our financial manager leaving us – management pursued a contract solution for short term. Bids came in with Honkamp being the lowest. Deb McNamee motioned “to approve engaging the accounting services of Honkamp, PC for \$2600/month.” Seconded by John Anderson. Motion carried with Bill Becker absent.

14.0 Property Owner Comments

Jody Ware 12A134 – cannot vote on any item not posted on the agenda. Some things today were voted on. Look at Robert’s Rules of Order. Hope the Budget committee [commission] was able to work with real data. Lately, we are not getting numbers, the Treasurer’s report. When we decide to close the Cove did the Board take into account that this will cost money to winterize and additional employee expenses. The board did an analysis in 2020 and 2021 when it was shut down – propane and electric were very high. Tough decisions made today.

Henry Doden, 13A129 – big question should be what are we doing with conservation. One bay has never been dredged. Marina Bay has never been dredged because it has a golf course above it. Grasses keep down erosion and slow down the water. The pond across from the old Maintenance building had cattails, which pulls phosphorus and minerals out of the water.

George Drogusz 48 on Constitution – update on dredging – came in Washington Cove Wednesday and also working today. Looks like they are about half-way through the Bay. Restaurant situation – should be separate from the Association, even if they are run by the Association. Can’t make money to stand by themselves, close them.

John Diehl 6-71– Speaking as my role of supervisor in Thomson township taking care of financials – not in charge of the roads. But related to roads, we have new street signs. These roads are maintained by the township, not the county. This was a township project, initiated by me. Originally we thought it would take 3-5 years, for the over 1000 streets. However, the Township budget did well and was able to transfer an additional \$10,000 to the Road budget without any additional tax money needed.

Gary Hannon 8-239– Strong disappointment and lack of understanding on what the Cove needs to be successful. Cove did not have leadership to be a destination place even through the winter months. After an entire season, we are back to square one. We need help from an expert in the field to make it right. The Cove can be and should be a destination restaurant. It takes money, talent, foresight and commitment. You refuse to hire a much needed outside expert. Disappointing we cannot invest \$20,000 in one of our finest amenities.

Brett Livengood 12A251 I’ve been on the budget commission for the last three years. Close the Cove on November 1; raise dues 15% in order to publish. Sounds like you are kicking the can down the road. Need to extract the expenses out of the equation. Disappointed that I heard you want to approve a budget but not make a decision on the Cove. So intertwined, cannot be removed from one another. Now take the expenses out of the equation now that we are closing the Cove. Still have a lot of work to do without a financial manager, full time general manager, food & beverage manager.

Mike Ward 1-229 Jefferson Court – as a property owner and successful restaurant owner, closing the Cove does not support the vision of the board in January. Previous restaurant did make money. Keeping Pro Shop open during the winter – will cost a lot of money. Lost sight of the goal, the vision – most important thing for any organization. The Cove was never set up properly. We’re making a decision based on financials. Let’s finish what we started, optimize the food and beverage amenities. Don’t give up on the vision we all had in January for the Cove and the Pro Shop.

Diane Carr 3-39 – most people come here for the amenities. The board’s responsibility is to optimize all amenities. We do have a chance to optimize the winter hours and make the Cove and Pro Shop profitable. Then when our big season comes next year, we will be ready. Consider a manager to take charge and get us on track financially.

Steve Nelson, Budget Comm – talked about the budget – none of us want our dues or fees increased. R&R schedule –Budget commission really scrutinized that schedule. Scheduled expenses and reserve contribution by year. This year’s recommendation of \$500,000 to put towards R&R – that is close to \$300,000 underfunded already, even if approved \$500,000, kicks the can down the road again. For the next 10-15 years, if we fund R&R, we need to have substantial increases.

Motion to adjourn by John Anderson, seconded by Deb McNamee at 11:07 am. Motion carried.

Recording Secretary, Rhonda Perry

President, Nolan Mullen

Corporate Secretary, Laura Pratt

Date