

June 13, 2013
Heritage Lake Board Minutes
Special Meeting

Meeting called to order by President Coan.

Roll Call

Present – Director Johnson, President Coan, Secretary Weir, Director Magarity, Director Bukowski
Absent- Director Lundeen

President Coan thanked everyone for coming and gave everyone a brief overview of the purpose of the meeting and how it will be handled.

President Coan turned the floor over to Director Johnson.

Director Johnson gave the following statement: “It has been a pleasure serving you for the last seven years, but it has been brought to my attention that the membership no longer has faith in me, so, I’m done as of now. Thank you very much. Whatever you find out tonight, I wasn’t involved in.”

President Coan gave the following statement to the membership:

“It has come to the attention of the Heritage Lake Board of Directors that there is a strong possibility that there has been criminal misuse or theft of an undetermined amount of Association funds. We do not have an exact dollar amount related to those funds, as the investigation is ongoing. At this time, the appropriate authorities have been notified and they are investigating. The Tazewell county Sheriff’s Department or other authorities will release additional information as that information becomes available. Due to the sensitive nature of the investigation, the Heritage Lake Association Board of Directors and its individual members have no additional comments, as we do not want to interfere with the investigation. As information becomes publicly available, the membership of the Heritage Lake Association will be updated via communication at regularly scheduled Board of Directors meetings and on the Heritage Lake Association website <http://heritage lakeassociation.com/hla/blog/>

Again, this is an ongoing investigation and the Heritage Lake Association Board of Directors have been advised not to comment on and specifics at this time.

An Executive Finance Committee has been established to develop budgets and to oversee/approve all future expenditures of the Association. Additionally the Committee will review, put in place and oversee appropriate controls and processes related to the accounting and recordkeeping. The committee is comprised of six Heritage Lake Association Members, Jim Flynn, Bonnie Lemke, Cory McGrath, Amy Swanson, Sarah Stalzer and Marvin Theobald along with the Board President Coan and Board Treasurer Strickrod.

Thank you for your understanding into this matter.”

President Coan presented a Code of Ethics policy for the board to approve and sign.

Treasurer Strickrod made a motion to approve the Code of Ethics

Secretary Weir seconded the motion

Motion passed unanimously

President Coan entertained the idea of someone making a motion to approve a charter of an Executive Finance Committee.

Treasurer Strickrod gave a proposal of what the Executive Finance Committees purpose, guidelines, roles and responsibilities would be. They are as follows:

Purpose: to act on behalf of the Board to provide guidance related to ensuring the financial stability of Heritage Lake Association.

Committee Guidelines:

A chairman shall be appointed by the treasurer

President and Treasurer will participate in the committee

All actions of the committee are subject to the approval of the Board

Roles and Responsibilities:

Oversee the general financial obligations and operations of the association

Keep Board informed of financial health of the organization

Oversee the annual financial planning process and advise Board by October Board meeting each year

Ensure the Board is performing against budget guidelines on monthly basis

Develop and advise Board related to financial controls and processes

Conduct the annual review of the book keepers and Accounting firm

Advise the Board on appropriate collection procedures

Meet in the event of a financial emergency

Secretary Weir made a motion to approve the charter of the Executive Finance Committee

Director Bukowski seconded the motion

Motion passed unanimously.

Treasurer Strickrod gave the following treasurers report:

1 st Security checking account	\$ 6,221.00
Money Mutual Lake Fund	\$86,778.89
Money Mutual Road Fund	\$11,926.45
Overall Liabilities	\$30,199.27

(Cory McGrath from the Executive Finance Committee interrupted to clarify that the actual Liabilities were closer to \$60,000 but could not be verified yet)

Treasurer Strickrod made a motion for a Special Membership meeting for July 13, 2013 and a reconvened meeting (if needed) for July 20th

Seconded by Director Magarity

Passed unanimously

Treasurer Strickrod made a motion to change regular Board of Director meetings to the 3rd Monday of the month.

Secretary Weir seconded

Passed unanimously

New Business:

Treasurer Strickrod made a motion to remove Renee Lundeen from the Board of Directors
Seconded by Director Bukowski
Passed unanimously

Motion to accept Director Johnsons resignation made by Secretary Weir
Director Magarity seconded the motion
Passed unanimously

Floor open to members:

Marvin Theobald inquired about creating an email list to deliver documents and updates to membership instead of postal service mail. Treasurer Strickrod stated that the finance committee is going to be looking into that.

Jim Flynn stated that he didn't think that we could remove a member of the board without a membership meeting. We will have our attorney look into it.

Jim Flynn questioned rather our monthly board meeting that was scheduled for Wednesday the 19th would still be on the 19th or if it will change to the 3rd Monday. Board decided that it would stay on the 19th for this month and change to the 3rd Monday the following month.

Marvin Theobald stated that he had been told that equipment owned by Heritage Lake has been taken offsite for personal use, specifically the pool pump and the compactor. Board did not have any knowledge of it and would look into it.

Karen Duffy stated that she was surprised and alarmed at the behavior of the board and membership at the prior meeting. Secretary Weir stated that the Code of Ethics that the board signed address conduct of the Board and hoped the membership would follow the same guidelines.

Kevin Robbards asked if there is a reason for membership to go out and solicit people to pay assessments. Board stated that they are not asking for anyone to prepay at this time.

Peggy Neri asked if we have insurance to cover us on our loss by theft. Answer was yes.

Bob Porter asked if there are processes limiting amounts of expenditures. Answer was yes.

Peggy Neri asked if at an annual meeting the membership could vote to change the bylaws to state that we always have a finance committee. Board responded that we could vote on that, although the board at that time could also have a vote to change that aspect of the bylaws that we don't always have to have a finance committee.

A member who did not give their name inquired about our current procedure on collecting bad debts and when late payments fees are incurred. Board response was that we send out the original bill, wait three months, send out a second reminder billing, wait another 3 months, send out a final billing, wait three months and then send them to collections. Each time an additional bill is sent out a late fee is

charged. After we send them to collections, an attorney sends them a letter and we go through the legal system. We do put a lien on the property when we turn them over to collections.

Follow up question by the same member. What percentage of fees and assessments goes uncollected? Board states that it is averaging around 16% - 20%.

Dave Riggert made a statement regarding the earlier statement about theft or employee dishonesty. He said one option was to abolish the current board system that we have right now and put in place a single person or management company that will cover all of the day to day operations currently covered by the board and leave the board in place to cover the long term strategic planning of where we are supposed to be such as capital expenditures, projects, whatever. Long term good of the association. But maybe what we need to think of now is this and we will talk of it more often is called an association manager and I think I am going to keep researching this and I will report to you on maybe getting some of these people here and let us at least here how other associations like this are being run without any problems.

Another member who did not give their name asked if the accounting firm has been reinstated or replaced. Board stated that the accounting firm is still in place and we can't really go into further due to the ongoing investigation spoke of earlier.

Bill Schamberg stated that the past few years there has not been an annual audit. Treasurer McGrath stated that the association does not need an audit. An audit they would come in and check our controls, segregation of duties ect, ect. If we have these procedures in place then we do not need them to come in and do an annual audit. We do need them to come in and check our numbers, but not to do a full audit because it is just too costly and for the value it would add it is just not worth it. Mr Schamberg stated that when he was on the board they always had a yearly audit. Treasurer McGrath stated that he thought they had a yearly compilation which is just a summary of financials in a pretty format. Mr Schamberg said no they took all of our records and worked through them. Treasurer McGrath stated that is what a compilation is.

Richard Bremner asked the following question. How many of the current board members were here when we passed the lake fund, because he heard that we were planning on raiding the lake fund to get us through the predicament and the second part of my question is how we are going to get through the next 6 months. Do you have any plans on how we are going to pay our bills or keep the maintenance going. Board response was that is part of our plan for the board meeting next week is to present some plans on how we are going to get through after we talk to our attorney and see what our options are and what funds would be available for us to use.

President Coan told the membership that he has contacted our previous attorney before, the firm of Johnson and Buntz and we went back and made contact and made contact with Brian Mooty, who is on a temporary basis until I get approval from the board since he has previous knowledge and is a very good municipal attorney.

Presiden Coan also wanted to thank all of the volunteers that have been at the office. They have been doing great. Some of you don't know that they have all been volunteers. Barb, Becky and Marvin.

President Coan followed up with by stating that a lot of this would not have happened without the work of Cory McGrath's hard work which has made this much easier for us and the officials looking into this.

Rodney Strickrod made a motion to move to executive session and was seconded by director Bukowski.

Returned from Executive session at 9:07

President Coan appointed Cory McGrath to the Board of Directors as the Treasurer, move Rodney Strickrod to the Vice-President and make Tim Weir the secretary.

Vice President Strickrod made a motion to add Cory McGrath to the Board of Directors.

Seconded by Chuck Bikowski

Passed unanimously.

Motion by Director Magarity and seconded by Director Bukowski to retain Brian D Mooty as Heritage Lake Association attorney.

Passed unanimously.

Motion to adjourn by Director Magarity

Seconded by Director Bukowski

Meeting adjourned at 9:10PM