

HLA Board Meeting March 17, 2014
Minutes
Call to Order: 7:04 pm

Roll Call

<u>Present</u>			<u>Absent</u>
President Coan	Treasurer McGrath	Director Buckowski	Director Weir
Vice Pres. Stickrod	Secretary Shake	Director Pirtle	

Approval of Previous Minutes

Motion By: Vice President Stickrod

Seconded By: Secretary Shake

Vote tally: 5-0

Approval of Expenditures

Motion By: Treasurer McGrath

Seconded By: Vice President Stickrod

Vote tally: 5-0

Treasurer's Report

Please see page 8

Questions: None

President's Report

- As you know Saturday is the annual meeting, please come out, we'd like to see a lot of people here

Committee Reports

Member Chaired

- **Conservation**
 - Discussed the items to be presented at the annual meeting.
 - We need board approval to spend \$3,000 out from the lake fund to order the fish for stocking the lake, per the shocking report from the DNR. It was missed last month.
- **Environmental Control**

Nothing to report
- **Road Committee**
 - Need to know when are we meeting to come up with a plan for road maintenance?
 - Also requesting time at annual meeting to make a presentation.
 - Secretary shake: Do you have the sample sign for the annual meeting?
 - Bud: Yes it will be at the annual meeting, did you get a bill?
 - Treasurer McGrath: yes we got a bill
 - Bud: There should have been a revised bill. Have you paid it yet?
 - Treasurer McGrath: We have not gotten it yet.
 - Bud: have you paid the first bill?
 - Treasurer McGrath: Yes, but we have not seen a second or revised bill yet.
 - Bud: He may say forget it, it's only a couple dollars.
- **Rules & Regulations**
 - Have been working on finalizing the update
 - Had one informational presentation on Saturday, another one tonight. Please stay if you're interested in learning about the bylaws changes.
- **Executive Finance Committee**

No additional report, see treasurer's report

Board Chaired

- **Road Repair/Maintenance**
 - Starting to work on filling potholes as it dries out.
 - Got a load of new cold patch after the annual meeting. More to come at annual meeting
 - Please hold Pothole repair requests until after April 1.

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- **Office Org.**
 - Finalizing Annual meeting prep
 - 2014 Vehicle Stickers available at the office, license plate registration form is online
- **Pool & Lodge**
 - After the last meeting I called GE Rich, they pulled water main, found the freeze, thawed out the meter we've had water ever since. We aren't 100% there are no breaks, but there's no bubbling up. Our guys have done women's bathroom repairs.
 - Secretary Shake: Where are we at with hiring a pool manager and lifeguards
 - Director Pirtle: I sure don't know. I've been filling in with Lodge stuff, but haven't done anything with the pool stuff.
 - Margaret: I emailed him, and Director Weir said he hired a manager

Director Buckowski arrived.

- **Administrative & HR**
 - Doing good, now new employees, haven't gotten rid of any, generally a good sign.
- **Building & Zoning & Security**

Nothing new to report
- **Outdoor Amenities**
 - Waiting for everything to thaw. Hopefully spring will get here eventually
 - Treasurer McGrath: The freeze has pulled the fishing docks out of the ground
 - Vice President Stickrod: They're designed to slide up and down the poles, the poles all still seem to be anchored, they appear to be doing what they're designed to do. We'll make sure there's no damage and reassess after the ice all thaws.
- **Website**
 - Pothole cleanup status posted after meeting
 - Did get Garage Sale coordinator. Working with her to get a date set.
 - Next project is to clean up committee and special interest group pages.

Unfinished Business

- **Annual Meeting**
 - Ballots and Proxies went out. If you think you should have gotten ballots and didn't, see me.
 - Teller committee is set, thank you Becky McGrath for chairing and all those who volunteered to help.
 - Set-up will begin at 8am Saturday morning.
 - Need agenda! Who needs time?
 - Road Committee? yes
 - EFC? NO, but accountant will be here and needs time
 - ECC? no
 - Conservation? yes
 - Lawyer? Just an intro

- **Jeremy Janssen CreatiVets event**

- President Coan: 5k has been moved outside the lake to not infringe on our 5K in October.
- Vice President Stickrod: We need clarification on which type of fish and length that they are supposed to be pulling out of the lake.
- Unknown Member: Who is this for and what are their percentages?
 - Vice President Stickrod: CreatiVets, an organization that raises money for wounded vets.
 - Unknown Member: That's what they're saying, do you have percentages and stuff.
 - Vice President Stickrod: Jeremy did a presentation last month. He is a member, and could do his without our permission, but was courteous enough to ask. most of what he's asking do to, we don't have the power to say no to.
- Unknown Member: Is the fishing derby open to HLA members or the public.
 - Vice President Stickrod: the way he approached it was that we would limit boats to HLA boats
 - President Coan: He is also asking residents to take people out.
 - Vice President Stickrod: If a member is not in the boat with them, they can't go, but if members want to go out with them we can't tell them no
 - Director Buckowski: He doesn't think it's going to be a big number anyway
 - Vice President Stickrod: Its us supporting one of our own, he is a member.
 - Unknown Member: I had a party down at the lake and I was told my buddies couldn't be fishing.
 - Vice President Stickrod: If you go out with them, or have enough friends that are members to go out with them, sure you can. As long as there's one member on each dock or in each boat, they are the "sponsor" If a member is associated with it, we can't tell them no. If we want to change that, we need to do it now, before this comes up
- Marvin: Regarding the 5k part, who's going to be participating in the run? The Vets or other people raising money but on our property.
 - Treasurer McGrath: they're not doing it on our property
 - Vice President Stickrod: that's correct, they're not closing our roads, so it doesn't matter.

New Business

- **Finance Committee:** Treasurer McGrath made a motion that the Finance committee must approve any expenditure over \$2,000 purchased by HLA, Vice President Stickrod seconded the motion
 - Treasurer McGrath: Currently the EFC had control over any expense over \$2,000. They have to approve it before it can be spent. As now just an advisory committee, I would like to see an official policy put in place by the board to continue the current practices.
 - Director Pirtle: So if the road committee approves \$50k of road repairs, and puts out bids, gets the lowest price, even though it's in the budget it also has to be approved by the finance committee.
 - Treasurer McGrath: That's what I'm suggesting yes. It give us a financial checks and balances. They can do the due diligence from a financial perspective, making sure the numbers make sense. Otherwise there's no need for a finance committee. This is the reason for having it, to oversee the financial stability.
 - Bud McGrew: Are you saying that a contract would have to be approved by the finance committee and the board.
 - Treasurer McGrath: Yes. For example, the cold patch was going to be close to \$2,000 so we approved it over e-mail and then the next committee meeting, it went into the minutes.
 - Director Pirtle: Why did we change it
 - Marvin: It's in the NFP act, committees are defined by who's in them, and current EFC doesn't meet the requirements. The committee cannot make any actual binding decisions.
 - Treasurer McGrath: Unless the board does what I'm suggesting tonight
 - Marvin: That's still in an advisory capacity.
 - Treasurer McGrath: What I'm trying to do is get it through the financial people before the board approves and spends it. Unless it's an emergency.
 - Marvin: SO it not really giving power to the committee, it's just a best practices procedure.
 - President Coan: another good example is the truck transmission,
 - Treasurer McGrath: we needed it the next day and got e-mail confirmation through the EFC in 45 minutes.

Minutes

- Director Pirtle: I'm thinking about worst-case scenario, and at some point this is going to become red tape
- Treasurer McGrath: perhaps, but I see it as another check, financial people looking at financial stuff.
- Director Pirtle: So what is the motion? Is the finance committee going to recommend the purchase or approve the purchase?
- Secretary Shake repeated the motion.
- Vice President Stickrod: if we had it 5 years ago we wouldn't have had a problem. That's why we started the EFC, so we would have a check for the treasurer and the board. So the person who is keeping the books isn't cooking the books and walking away with \$300,000 of the Association's money.
- Director Pirtle: I'm not an attorney or a parliamentarian, if this becomes a red tape thing can the board change it?
- Vice President Stickrod: we can change the members of the finance committee.
- Treasurer McGrath: I don't think so
- Vice President Stickrod: well the chair at least.
- Treasurer McGrath: The board can re-nig on this whenever they want to, but until the new board comes in we would like this in place.
- unknown Member: I share Bob's thoughts, I think this is just going to be red tape and I don't want the board to be held hostage. As long as the board can take it back, I don't see an issue at this time.
- Becky McGrath: It gives motivation to make the members of the EFC be number focused.
- Unknown Member: the 3rd party accounting firm checks that too
- Treasurer McGrath: but if someone isn't checking them too that can be a bad thing. I've found some errors they've made too
- Unknown Member: that's the day to day
- Treasurer McGrath: You're right. After Saturday the 3rd party firm will not be a choice, it will be required by the bylaws.
- Director Pirtle: I'm ok with the oversight, I think it's a good idea, as long as we're not writing something in stone that can't be adjusted.
- President Coan: This can be adjusted any time by the board.
- vote 6-0
- **Check signing and invoice approval**
 - Treasurer McGrath provided sample expenditure approval. The suggestion from the Finance Committee is to get a rubber stamp made for all invoices, if under \$1,000 it must be approved and dated by the overseeing board member. Over \$1,000 the treasurer or another board member must also approve the invoice. Anything over \$1,000, 2 board members are seeing the invoice before it gets paid. The reason for this is to hand over all check writing to the accounting firm.
 - This will 1) take the liability for writing checks off the board members and 2) streamline the process. Today I approve all the invoices and if I don't know what they are I am reaching out to the board members to approve, and it slows everything down.
 - Motion by Treasurer McGrath: We put the expenditure approval process in place beginning March 24 for all invoices that are coming in (Under \$1,000 requires 1 board member signature, over \$1,000 requires 2 signatures) Second by : Vice President Stickrod
 - Secretary Shake: Can we get stamp that quickly?
 - Treasurer McGrath: I can get one tomorrow.
 - Unknown Member: What's the cost of the firm doing this?
 - Treasurer McGrath: They will do it for free, in fact they suggested it, they would prefer it.
 - Unknown Member: So we're already paying for their services and they just do it?
 - Treasurer McGrath: It actually makes life easier for them
 - Jim Flynn: What about payroll?
 - Treasurer McGrath: Not a factor, done by someone else.
 - Dave Riggert: What I'm interested in that this will match up with the new bylaws.
 - Treasurer McGrath: Let me review, what this says is that at any point in time on that motion, once I make it, the board members can say nope, we want to take that back over.
 - Vote 5-0
 - Treasurer McGrath: I'll get the stamp made and leave it with Margaret

- Motion by Treasurer McGrath: Take all the check writing privileges away from the board and assign them to Don Heinold, CPA and firm. Seconded by Director Buckowski
 - Unknown Member: Who's auditing them if they're writing the checks
 - Treasurer McGrath: As long as the treasurer doing their bank reconciliation there will be that check. It's saving time for the board, plus streamlining the process. The accountant will mail them directly. It benefits us as we take the volunteers out of the process so bills aren't late, don't go missing, don't go out unsigned.
 - Unknown: What about in the case of the truck transmission?
 - Inaudible
 - Treasurer McGrath: Yes, we have very few we deal with that don't bill us. If there's an emergency it doesn't take much to run to Eureka to get a check or Shelli will bring us one.
 - Unknown: Most will bill
 - Treasurer McGrath: The only ones that won't are Menards and Staples. In a true emergency, Shelli will bring us a check for whatever we need. She has said that. If she can't we can go get it.
 - Becky McGrath: Clarification are you motioning give the accounting firm to write checks or to remove the capacity of the board to write checks?
 - Treasurer McGrath: What this means is that tomorrow all Board Member names will be off the signature line and the accounting firm will be on. After Saturday the board can do what they want. I and the finance committee believe that this is the best course of action. We see no downfall in doing this.
 - Dave Riggert: would you say the driving force behind the motion is to prevent the issues we had over the last couple years.
 - Treasurer McGrath: Yes. I would agree.
 - President Coan: Less chance.
 - Marvin Theobald: So how does this apply? Where is this documented?
 - Vice President Stickrod: It will be in the minutes.
 - Secretary Shake: Just like any other decision that the board make, where it should be documented is in the minutes. It will be here. Unless a motion is made to change it, that is the process that will be in place.
 - Vice President Stickrod: Will it fall apart in the future maybe, but not if you all are still sitting out there.
 - Jim Flynn: Problem is 10 years from now when you all are done no one is going to know where to look for this.
 - Unknown Member: What about amendments and such? Saying oh it's in the minutes is easy, but where?
 - Jim Flynn: Down the road no one is going to know about it, and no one is going to know it's in the minutes.
 - Secretary Shake: How about this, Margaret and I will put together a document with policies and procedures the board has passed, a summary document that references a brief description and the date it was approved. Then the minutes can be pulled for further information.
- vote: 5-0
- **CDARS and FDIC insurance**
 - Treasurer McGrath: As you are well aware, the bank only insures 250k, we have about 152k uninsured. After discussion with the bank, they used to pledge securities to cover us. They don't have any to pledge right now and won't in the future. We have 2 options:
 - Move some money to a different bank
 - CDARS: we put money in CDs, they invest that money in other banks around the area. Paper transaction with a different bank, allows all of our money to be insured, but technically they're in CDs managed by First Security..
 - The EFC has decided that we don't want to leave the bank so CDARS is our best option.

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- Treasurer McGrath mad a motion to Open 4 CDs, 50K each
 - 1 90 day, funded from general fund
 - 1 180 day, funded from lake fund
 - 1 9 months, funded from lake fund
 - 1 12 months, funded from general fund
- The motion was seconded by Secretary Shake
- Director Pirtle: Why can't we have 4 accounts and have 4 separate 250 limits
 - Treasurer McGrath: As a company, they group all four accounts together. Even CDs not in the CDARS program are counted towards our total.
- Unknown Member: What's the worry?
 - Treasurer McGrath: If the bank goes under we lose anything uninsured
- Unknown Member: I don't understand why the bank is strong arming us that they are not going to get securities to comer this. It seems like we're rolling over
 - Treasurer McGrath: They're not strong arming, they use the securities they have available for municipalities.
 - Unknown member: Why didn't you check other banks, what happened to the days when you used to get a free toaster for being a member. When banks fought to get your business. Make them work for it instead of rolling over.
 - Treasurer McGrath: Here's why we didn't. Currently we don't have a lease for our office space, they've made the decision we can stay, but we don't have it in writing. We can burn that fire, and then maybe get kicked out, but we don't feel it's a good idea
 - Unknown Member: hearing that the bank is making the calls here is disturbing.
 - Treasurer McGrath: The bank has made no calls. WE as the finance committee have made the decision to stay with this bank.
 - Unknown Member: But they're holding back on the lease and then all this other timing.
 - Vice President Stickrod: I think your misinterpreting. The lease is not up for another 2 years, that was the original contract made when the bank was built.
 - Unknown Member: Are they on HLA property
 - Vice President Stickrod: It was, and we sold it to them. And so that was Commercial property. Part of that agreement was that we had a 20 year office space in their new building. That agreement is up in 2 years. And over last summer a committee was formed to figure out where we should relocate the office to, and how much it would cost us. Through that process it was determined that we should negotiate a renewal of the lease with the bank for 5-10 years until we can generate enough money to build our own office on our own property. SO we're trying to not get kicked out of the bank so that we don't have to move before we have the money to build an office. The best situation for us it to build a new space down at the beach when we have the money.
 - Unknown: So it hasn't been budgeted
 - Vice President Stickrod: It's starting to be budgeted now, but we can't do it in one year.
 - Unknown Member: From what I read the bank said they needed the space and we had to go.
 - Treasurer McGrath: That's what they said originally, but they have confirmed we can stay there, but we don't have it in writing. As the finance committee, we thought we could burn the bridge, but why. We can get good rates on a cd they are being very helpful. We have a good working relationship with them.
 - Vice President Stickrod: They have been very god to Heritage Lake, and very helpful through the investigation process. They're not the big bad bank.
- Unknown Member: It seems like...
- Treasurer McGrath: as far as securities, you'll find it very hard for a bank to pledge securities for a homeowners association.
 - Unknown: it doesn't hurt the association to take it to somewhere else
 - Treasurer McGrath: it doesn't but we'll likely make le3ss on interest if we just take it somewhere else and put it in a savings account.
 - Unknown Member: You could at least throw it out there to other banks. It doesn't hurt the association to take a look at other options.
 - Treasurer McGrath: I agree 100% and the EFC did take all those options into consideration, and this is the recommendation they are making.

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- Bill Schaumburg: A couple comments We traded the lots for the free rent. We had an office up here at the lodge before the bank was built. Several times it was broken into, ransacked. It was a big pain in the butt to have it up here. The office person had to take things home so it didn't get stolen, it was a pain. They work with us, I'd prefer to keep with them if we could
 - Dave Riggert: Was the Lake CD amounts based on the budget Conservation gave you?
 - Treasurer McGrath: Yes. Although in reality it comes out of the general fund and then is true uped when necessary. The reason we did the 9 month is that at the end of the year, we need access to those funds to get us through to the next assessments.
 - Secretary Shake: In my experience with other volunteer based NFP organizations, this is a common practice for extra funds. I can tell you of three off the top of my head that use CDARS account for those funds that are over FDIC insured limits.
 - Unknown Member: But if you put this in a different type of account it could earn an extra \$1,000. Why wouldn't we want that in our pocket? Just because a woman's group does it that way? It doesn't make sense from a business perspective. I understand volunteers don't put a whole lot of time and effort into it, but ..
 - Secretary Shake: It's not about the effort and time, it's about the protection. These are professional designation societies in the Insurance Industry, they know what they are doing and what the insurance means,
 - Unknown Member I'm just pointing out there are better options. I know there are better options, but that doesn't mean that people actually do their homework on researching those options.
 - vote 5-0
 - Treasurer McGrath: I will try to get this all set up this week. One note, as the CDs come up for renewal, they need to be reviewed, probably with the finance committee to discuss renewals based on budgets and needs.
 - Unknown Member: What is the interest rate on the 90 day
 - Treasurer McGrath: 0.1%
 - Unknown Member: And on the year
 - Treasurer McGrath: 0.3%
 - Vice President Stickrod: we appreciate your input, if you would like to have more input, please contact Bonnie Lempke and join the finance committee.
 - Unknown Member: I'm just a good faker
- **Fish Stocking**
 - President Coan entertained a motion to approve up to \$3,000 to restock the fish in the lake
 - Treasurer McGrath made the motion.
 - Director Buckowski Seconded the motion
 - Director Pritle: Does that money come from the lake fund?
 - Treasurer McGrath: Yes. It will be paid originally out of the general fund and then the lake fund will pay back the general fund at the next true-up.
 - Vote 5-0
 - President Coan will send an e-mail to get Finance committee approval.
 - **Open Floor for Members**
 - Pete: What is the work by the old sandy beach?
 - President Coan: that is Ameren, they are doing core samples and replacing the towers for the power lines. They gave us a letter that they will repair our roads for any damage they cause. Core samples now and will be updating the towers.

Executive Session

Motion By Treasurer McGrath

Seconded By Vice President Stickrod Vote tally 5-0

Executive Session Adjournment

Motion By Vice President Stickrod

Seconded By Secretary Shake Vote tally 5-0

Meeting Adjournment

Motion By Vice President Stickrod

Seconded By Director Buckowski Vote tally 5-0

Treasurer's Report

March 17, 2014

All data presented is as of February 28, 2014.

The Total Cash Balance is \$402,892.50 and is made up of the following fund balances:

General Fund -	\$164,327.59
Lake Fund -	\$147,019.70
Road Fund -	\$41,517.46
Emergency Fund-	\$50,027.75

Just a friendly reminder, HLA will NOT accept any cash payments. Please send a check, money order or think about having direct draw setup.

The outstanding receivables total is \$200,109.80, an decrease of \$65,034.60 due to the 2014 general assessments receipts coming in, along with past dues being collected. For additional breakdown, please refer to the attached Balance Sheet.

Collection Data: Of the 83 owners we sent to collection in August we have the following: 49 paid, 4 written off, 8 on payment plans, 11 sued & judgment, 3 going to court in March, 3 bankruptcies, 3 still working, 2 not enough to be cost beneficial to sue yet. During the month of February we received an additional \$2,943.04 in payments for a total of \$19,950.92 in a 7 month timeframe. Our portion of the total is 75% or \$14,963.19.

The Year-to-date Net Income is \$210,086.77 with Revenues of \$245,926.37 and Expenses of \$35,839.60. Please see the attach Profit and Loss Statement for further detail. Abnormal expenses during February were transmission for the truck, lodge repairs, and legal fees for the review of the bylaws. Gas and the snowplowing costs were also above normal levels.

Starting this month we are providing and posting a Profit & Loss statement by fund for the members to have a further breakdown.

As for actual Cash details, for the month of February the cash deposits were \$36,108.40 (Mainly 2014 Assessment collection) and the cash expenditures were \$19,692.34 (Big Items: 4K Transmission, 2K lodge, 2K lawyer, 1K Gas, Increased labor for plowing). Please see the attached monthly reports for further detail.

With the new bylaws what was the Executive Finance Committee is now just an advisory committee per the new laws and has no power over any decisions of the board. In order to have it be an Executive committee, the majority of the members would have to be BOD. Thus being said, the Advisory Finance Committee continues to meet and discuss the financial decisions needed to support Heritage Lake.

This concludes the treasurer's report for March 17, 2014.