

HLA Board December 15, 2014  
Minutes  
Call to Order: 7:04 pm

### **Roll Call**

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

### **Approval of Previous Minutes**

Motion By: Director Weir                      Seconded By: Treasurer Waldorf                      Vote tally: 5-0

### **Approval of Expenditures**

Motion By: Treasurer Waldorf                      Seconded By: Director Weir                      Vote tally: 5-0

### **Treasurer's Report**

Please see page

### **President's Report**

No Report

### **Committee Reports**

#### **Member Chaired**

- **Conservation (Dave Riggert)**

- Lake Draw Down – We have some concerns with ice formation on the lake. As the lake continues to draw down, and the lake water level drops below the ice. We should probably err on the side of complete safety for the membership. If there is any chance that there could be a pocket of air under the ice we either need a notice campaign or stop the draw down. There were a number of things that we wanted to accomplish with the draw down, kill milfoil and see if it will work. Tonight we decided that we may shut the valve earlier than we thought.. But we are thinking that if we have a week of freeze. Lake is down 30 inches before we opened the valve. It will probably go down another foot before we have any ice issues. The solution to get the full draw down would be to start earlier. We could start in October and still get all the boats out and get a full draw down before the ice forms. I think we're going to shut it down near the end of the year. If we continue to have warm weather, we will have the full draw down
- Sediment basins themselves, we've gotten bids on them. We asked for bids from 4 contractors, and have only gotten 2 bids back. Of the 2 you saw the numbers MTG excavating 15,000 and 24,100 for the 2 sediment basins. Paul Miller 6,500 and 13,900 for the 2 basins. Conservation is recommending that Paul Miller's bid be accepted. It will satisfy the engineering requirement on the original basin. Basin 2 is a little more to create a ledge to drain the sediments and then retrieve them and put them up. They need to be done. Paul has suggested that he may be able to get it done before the end of the year if we approve it quickly enough. If we do not, then we're into the road limitation issues. If we need a variance for that we can talk about it, but hopefully we can get it done before then.
- We're still thinking next year to line the dam drain tube.
- President Coan: Will you be the one to call Miller if approved?
  - Dave: Yes
- Director Weir: How do you think the sediment basins performed?
  - Dave: Well they're full. They filled sooner than anticipated. The original plan was for 3 basins. Long range, after all 3 are done and functioning, and we've budgeted to clean them all out regularly.
  - Director Weir: How long since we started the first one?
  - Dave: It was built in 2006-2008
  - Director Weir: So it's filling up every other year
  - Dave: Every 2 to 3 years yes. But the issue with basin 1 itself is if the structure isn't taken care of it will fill up faster.
  - Director Weir: if we lower the level of it a foot, won't it just fill up faster?
  - Dave: Not necessarily. How much faster it flows over the dam doesn't affect the function. It's the normal collection that we're dealing with.

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- Director Weir: that one seems to me like it isn't performing very well.
- Dave: I agree if you're going to have 100 year events every couple of years, its going to be a problem
- Director Weir: Even a substantial rain has that effect.
- Dave: WE would be open restructuring the whole thing. But for this year we need to at least clean it out.
- Weir: Rather than spend the money to clean it out, why not just reengineer it?
- Dave: Let me review that with the committee. I think we'd rather err on the side of collecting sediments than not
- Shawn: We are concerned about the schedules with digging it out. The elevation at the front of the basin has dammed up at the top of the basin. If the basin is cleaned out I believe it will solve the problem. What is the schedule for doing it?
  - Dave: We working around the weather, the road restrictions, the spring rains, contractor availability, and equipment availability.
  - Shawn: You do realize that delays have an impact on the upstream settling of these deposit?
  - Dave: that the timing of the cleanout impact upstream settlements?
  - Secretary Shake: Is your question about the frequency of it being done in the past or December versus August in years going forward.
  - Shawn: Frequency, that maybe it should have been done 6 months ago.
  - Dave: I wouldn't argue with that.
- Director Pirtle: So when you dig it out, it's not as simple as just digging it deeper? It seems that if you drop the base a foot then dropping the base a foot would give you the same basic design.
  - Dave: Maybe. I'll need to review it with Paul Miller. We paid a good sum for the engineers to design it, and I'm not in a position to argue with them.
  - Director Weir: But didn't they say it would last 5 years?
  - Dave: I wouldn't say that. What they couldn't tell us is we would have as much rain as we've had in the last several years.
  - Director Pirtle: I'm just wondering if that while we've already got the equipment in there it might be the cheapest solution to improve the usefulness of it.
  - Dave: It seems like it would be I agree.
- President Coan: Hasn't Mr. Miller suggested that he would have designed it differently than the engineers did?
  - Dave: Just about everyone who has looked at t has had an opinion on the design. But I'm not an engineer, and I'm not going to just let anyone off the street tell me how to change it.
- Marvin: Regarding Bob's question, there's some preliminary indication that the dam may be higher than it was originally designed to be. Lowering the dam I believe would put it back into specs of what the original design was. In reality we need to insure that the dam is where it was designed to be.
  - Director Pirtle: If it's filling up, when you go a foot deeper at that given width it seems like the design would be kept intact.
  - Marvin: You've got to have that slope maintained. When you go a foot deeper at that given width you actually don't gain all that much because of the slope.
- Bud: When the basin was dug out the first time, Paul Miller enlarged the basin to a rectangular shape instead of a pear shape so it had more capacity after the first round of sediment was removed.
  - Director Weir: Would it be that much more to have him enlarge it again?
  - Bud: As the water moves up, the sediment is going over the edge of the basin.
- Dave: I will talk with Miller in advance about expanding or enlarging the basin.
- **Environmental Control (Bud McGrew)**
  - 1 Tree removal permit

- **Road Committee (Shawn Cassatt)**
  - We were asked to take a look at putting together a second option for redoing all the roads. We came up with a plan that I will submit to the board instead of trying to read through it. We don't have solid numbers, but in order to get them, we need to do an assessment of the roads we have. 60% of our roads would just need an a1 seal coating, 20% would need no work, and 20% would need reconstruction. Similar to what we're paying an engineer to do right now. We do believe that we can give you very similar information. The road committee as a whole is not even in favor of this, and some would be happy with the status quo.
  - Director Pirtle: You were going to try and get an end loader to do work at the boat ramp
    - Shawn: I have access to that.
- **Finance Committee (Jim Flynn)**
  - Finance would like to recommend approval of the next phase of the study. Are there questions
    - Bud: As I read through Herrmann's report, under upcoming schedule they mention a preliminary report; I believe we need to bring that to the membership BEFORE we go to the county and prior to the annual meeting.
      - Jim: The reason that there is that next phase in there, and I do not disagree with getting the membership involved as soon as possible, we have to have realistic numbers before we can get into those discussions with the membership. The purpose of that first meeting with the county is to go over each of the reports and item they found and come back with a recommendation, because a big portion of the study that was done by the county in 2011 a big portion of the cost was the moving of the utilities and widening of the shoulders of the road. Informal discussions with the county/township have been that we wouldn't have to do as much of that if the township would agree to accept the roads at a standard of less than the country standards. We are way premature to be able to say this is the number and this is where we are at. If we were to have a membership meeting now, it wouldn't be much different than the 2013 annual meeting. We would only have very broad ranges. What I believe we will get with this next phase of the study is an agreement with HLA, the township, and the county that if we proceed in the specific ways, they will accept the designated roads.
    - If we go back to some discussions with the board back in July, the board's concerns were that for us to jump into a development agreement with the county and the costs associated with it would be a scary liability. What was asked of the Finance committee was to determine a way to mitigate the liability to going forward with the settlement agreement. The first phase was answering all of the questions the board, next the first phase of the engineering study. If we turn around now, we will not be able to give the membership the information they asked for.
    - Bud: Then what kinds of specs does the county require as to width of roads.
      - Jim: The first meeting with the county they talked about not expanding the roadway and the shoulder to the full county specification, and the township agreed at that point to that idea.
      - Bud: County specs are much more than what our design can handle and they are asking us to do more than a new subdivision.
      - Jim: I can't answer that. Similar to the sediment basins, we are acting on the opinions of professionals. All I can tell you is that the engineer speaking on behalf of Tazewell county and HLA were coming to an agreement.
      - Bud: I think you need to ask that question. What is the standard cross section to be, and if it's more than a new subdivision, forget it.
    - Secretary Shake: Are we wasting money going into conversations with the county about what the county is going to require if we don't know that the membership wants to dedicate the roads to the county.
      - Jim: I don't know that it is in the best interest of HLA to dedicate the roads, that's what this study is about. The opinions of the finance committee are varied, but what we are seeking is a professional engineer with the county and the township to have a solid feasibility study so that when the engineering study is done there won't be as many surprises down the road. So the goal is to be able to come away from the study that if we do they will accept the roads.
      - Bonnie: If we go to the membership with the study and they ask can we then

dedicate the roads we don't have an answer without going through this.

- Jim: The opinion I've seen expressed was "How do we find out what the membership is willing to pay to improve the roads." That is the question we are all seeking.
- Bonnie: That is what the finance committee has been charged with finding out. I can't tell you how to calculate anything without a number of what it will cost.
- Secretary Shake: I guess where I'm struggling is that if the end game is not necessarily dedicating the roads to the county, because we don't even know if the membership wants that. Are you telling me that the specs of the county are not published somewhere that we could pull them and take them with the engineer and ask what would it take to get to these specs. It just seems like a ton on money and a ton of hours for a negotiation for a contract that we may not even want to enter into.
  - Jim: Is that a question or a statement?
  - Secretary Shake: It's a question. Are you telling me the specs are not public record somewhere? If you're going to build a shed you go look up the code and you make sure that what you built meets that. I'm Naive about this, I admit, but it seems like a huge expense for this next step on a big what-if.
  - Jim: It's a negotiable area, and what the numbers were based on in 2011 was based on the full county specification and best guesses on the number of culverts that would have to be replaced. The next phase is to negotiate is that if we do something less than the county specifications, we are looking for them to give us agreement to a specific set of specifications, ie don't widen the roads and move the utilities. If we can get to that agreement, which was unofficially agreed to by the engineers. Then we will be significantly ahead of where we were before. We are at a point of negotiation right now, and if we do not do this now, we will not be at a point to be able to go to the membership and say that this is what the county has agreed would be acceptable. Does that answer your question?
  - Secretary Shake: I think so, and there's a point here that I think this is the first time I've heard it so I just want to clarify. So the standards that we are negotiating with the county are "good enough" for them to agree to take our roads, but not up to the full published standards. Is that a fair statement?
  - Jim: Its absolutely a fair statement. The opinion of Hermann & Associates, given the terrain of HLA to widen the shoulders and roads to the county specs would require significant work in terms of changing the roads, the assist. County engineer said that I agree, but that doesn't mean that they will agree in the end. He agreed in principle that it was true and that it would be overkill to do all of that work for a great deal of change to the structure and substructure of the roads.
  - Bonnie: Without the county's agreement on something, the SSA option is off the table.
  - Vice President Stickrod: I thought we could do the SSA without turning the roads over?
  - Bonnie: That is true, they have to be in agreement with the work to issue the bond. We have to have open communication with them to get the bond issued.
  - Jim: I tried to explain that in the document but I ran out of room. Without this negotiation, dedication is not an option. Without the negotiation the SSA is an option if we maintain communications. One of the items of highest priority was the sustainability of the process. This is in no way meant as a comment on the road committee, but where we are at today, the roads do not appear to be in as good of shape as the township roads. Sustainability is extremely important to the salability of the neighborhood.
- Director Pirtle: There was an estimate of \$50,000 before we came up with a good number to go to the membership.
  - Jim: That number is I believe based on the 2 phases of the engineering study (approx. 18,000) and an estimate from the attorney to get through the entire SSA process.
  - Director Pirtle: So you want to get that spent and get those good numbers before the annual meeting

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- Jim: If we are going to go to the membership at the annual meeting to get to those numbers. In order to get to the dedicated roads, that's the \$20,000 in engineering fees, the \$10,000 for the attorney would only be fully realized if we go into the SSA
- Director Pirtle: I'm hesitant to, to me the worst result is if we continue to spend money towards a goal the membership is not going to support. From my point of view there is a number out there that the membership will support. Rather than spending money on negotiations and engineers, I would rather spend that time and money figuring out what the membership WILL support. You say that Tazewell county is getting tired of talking to us, I think the membership is getting tired of the roads. What I don't want to have happen is we spend the 50,000 +/- and we come to the annual meeting and they turn us down, and we've lost the memberships support. I appreciate everything you're trying to do, but I'm looking at it from what will the membership support. If we ask before we spend the money or after we spend the money makes a difference in that support.
- Jim: Having sat in your seat I get it, but the single most important thing to the finance committee has been the sustainability and the salability of whatever solution we come up with. When you look at market research studies, you have to look at variables involved in that, ie. It's going to get cold this winter and we want to stay warm. The type of coat will be more important to some than others, there are a lot of interrelated factors. Until we can go to the membership and say a or b or c and we need to be able to say very specifically what the attributes of each of those choices are. We had several meetings and filled the lodge for those meetings and talked about what we thought the parameters were going to be, but we were wrong. And we didn't have agreement from the county and the township. Going back to finance's opinion from the beginning, salability and sustainability are those things in place. We are needing to go to the next step of the feasibility study in order to go there. If we don't we are out of the option of getting an SSA as funding mechanism, and we're depending on our committees and our people to do the research and the future planning.
- Director Pirtle: With the same analogy if I go out to buy a coat, it's going to be a different coat if I have \$100 to spend versus \$500 to spend. I want to make sure I know how much I have to spend before I go shopping. So what I'm saying is that before we spend this kind of money, I want to get the majority of the membership to say yes, spend it to get this information, because I'm not sure where this 50,000 is coming from, and I want to avoid the likelihood of the membership coming in and saying "You did what?"
- Vice President Stickrod: How much have we spent so far?
- Jim: Let me first respond to Bob, other than making up numbers, as all we have is projected numbers to take to anyone.
- Director Pirtle: We can go to the membership and say We have this plan, and it's going to cost this much. If you would like to have the option to have an ssa to dedicate the county the entrances and the ring road, it's going to cost you this.
- Jim: We don't have that number yet though.
- Director Pirtle: You know what the estimate is going to cost.
- Cory: As a finance committee member, I'm not going to go present to the membership without fact and data from experts. We are using these experts to leverage with the county in these negotiations. The level of benefit we get from their relationships with the county is not something you can quantify in dollars.
- Director Pirtle: If we do this and the membership says their limit is lower than what you've negotiated, you've done a tremendous job negotiating something the membership doesn't support.
- Treasurer Waldorf: On the flip side,
- Cory: If someone else does it, you're going to have a good majority of the membership that say no. I want an expert to tell me within a range, here is what it's going to cost.
- Director Pirtle: And I'm fine with that, just show me that the majority of the membership will support spending 50,000 to get that expert opinion because I

haven't heard that from the membership.

- Bud: The second phase says that Herrman and Associates will prepare preliminary cost estimates and then have a second meeting with the county. We should bring that to the membership before the second meeting with the county
  - Director Pirtle: But at some point we need to get the support of the membership.
  - Treasurer Waldorf: If you go to the members and ask which coat they want, they're going to pick the cheap coat because it's the cheapest. I'm going to get something and it'll be fine. Without knowing exactly what the coat is, there's no way to make a decision, your gut is to go with the lowest amount.
  - Director Pirtle: So it's your opinion that the majority of the membership wants to spend 50-60 thousand to get this estimate?
  - Treasurer Waldorf: I think the majority of the membership want good data on which to make decision, and they want good roads. And in the course of this discussion we've gone to 50 or 60, but we're really only talking about 20 or 25 thousand right now.
  - Director Pirtle: Without spending money on the side roads, how do you give them that big picture that they're looking for.
  - Treasurer Waldorf: There's no way to ask the membership. But Shawn and Bud have a suggestion that they pull the estimate on those roads instead of the engineer. At one point we asked the Finance committee and the Road committee to beat this out at a time other than at the board meeting.
- Shawn: After only one year of the road committee we've taken great strides to improving the roads we had, but we'd like to get it on a long term plan. We're just getting started with a new format to the committee and the analysis and the work. Now with all that has been out in place, we believe that we can start making progress. It doesn't all happen all in one year, and we don't want it all to happen in one year, but more on a rotation. Let's preserve the roads that are good. You've created a committee and given them an opportunity, but we've only had a year to show progress.
- Marvin: at 3.5 million you will come up over 1,000 a year to each homeowner to support this. Lot owners are going to pay hardly anything, and the homeowners are going to bear the brunt of the burden. If you break that down, my numbers may not be 100% valid, and there is a where to say that the members are going to be per member. That's what Bob's getting at is what can you afford. You can't buy the \$500 coat if you just can't afford it. You buy the best you can afford. There's an opportunity to answer some of these things.
- Jim: Right now it is really unfair to talk about a set of specifications that don't exist. Obviously the high end numbers are not going to be salable, we're just trying to get the numbers that we can put in front of the membership and sell. While I appreciate that this road committee has been only at it for a year, we're dealing with 45 years of road deterioration and 45 years of board inaction. No disrespect to anyone in the room, but the membership doesn't trust or respect the Road committee or the board because they have not historically performed, and we are trying to come up with something that is sustainable, and in order to do that we need hard numbers. There are at least 3 people in this room that helped with the original SSA proposal the number one salable thing about that petition was that we were out road business.
  - Director Weir: And you're saying that we're not out of the road business with what you're doing.
  - Jim: I don't know. Until we go through this process and have a concrete answer from the county and the township, then we'll know if we'll be able to be out of the road business.
  - Director Weir: But not for all the roads.
  - Jim: We will not be out of the road business for the others, but having to assess that value as part of a Heritage Lake Association if we do a SSA, and I'm not recommending that, I don't know yet.
  - Secretary Shake: I feel the horse has been dead for half an hour, we're saying the same things over and over again and not really getting anywhere. I want to make sure I'm understanding where we're at, what the finance committee is recommending right now. We're not talking about another 30,000 being spent right now. We're talking about \$9,460 for the next phase. That will get us to a point where you will feel comfortable going in front of the membership with a

presentation.

- Jim: Not necessarily. As much as I agree with Bud that we go to the membership before we go back to the county a second time. But at that point in time we have not addressed the side roads. Before we can go to the membership we need an estimate on the costs for the side roads. Herrmann and associates has said they can give us that number based on average repair costs.
- Bill Schaumburg: For the first 25 or 30 years the association was here there was no road fund, it came out of the general fund piecemeal. Now you know why the roads are the way they are. We've got to do something. The SSA
- Vice President Stickrod: So How much are you asking for approval for tonight?
  - Jim: \$9,460 for the next phase of the feasibility study.
  - Vice President Stickrod: And how much have we already spent?
  - Jim: \$8,920
  - Director Pirtle: Plus 2,500 in attorney fees according to our expenses
- Director Weir: Are there any more attorney fees in phase 2.
  - Jim: There are no more attorney fees until we enter into the SSA.
- Vice President Stickrod: So tonight you're looking for \$9,460 to get us a good number on what it will take to do the roads to the county specs.
  - Director Pirtle: No what it will take to do 3 miles of roads to the county specs.
  - Jim: A good set of what it would take to get our roads up to the county's specifications.
  - Director Weir: So it's a good tool for us to have for knowing where our roads are lacking on those 3 miles
  - Jim: Absolutely.
- Director Weir: I'm with you Bob, I don't like spending money period. But there's been a lot of incontinuity with what is done with the roads.
- Jim: Another perspective, we're talking about 19,000 divides between 1100 lots, we're talking about approximately \$17 per lot to get this more solid information.
- President Coan: Bob, Rodney, Bud, and I were on the road committee 3 years ago. We have spent countless hours working on it, and I believe that it was. I believe we need an expert opinion and fresh eyes on the roads. If we don't do anything, we're driving on dirt, we're all driving on dirt.

## Board Chaired

- **Maintenance**
  - We took the docks out on the dam and put them on the beach to protect them from the lower water levels
  - Rebuilt sign at the bank
  - Rebuilding the sign at the beach
  - Getting plows and salt shakers ready for snow
  - New fan installed at lodge
  - Going to repair the ramp at the boat launch, put in a ditch, and rebuild the ramp.
- **Office Org.**
  - Statements went out. If you didn't get one, you probably don't owe us any money, but check with the office if you're unsure.
  - Office closed on the 24<sup>th</sup> and 31<sup>st</sup> for the holidays.
- **Pool & Lodge**
  - Pool
    - nothing
  - Lodge
    - Need to get a buffer for the floor in here.
- **Administrative & HR**
  - No report

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- **Building & Zoning & Security**
  - No report
- **Outdoor Amenities**
  - It's cold out.
  - We're lowering the lake
- **Website**
  - Hosting and bill for this year was paid
- **Social**
  - Christmas party was a success, 40-50 kids. Lots of good feedback.
    - Cory: Did we fund that, how was that funded
    - Secretary Shake: It was funded out of extra member services funds from this year,
    - Cory: So we funded that?
    - Secretary Shake: Yes, to the tune of about \$122. There were some donations from members, t that includes the refreshments and the decorations which I did buy some that will of course be saved for next year.
    - Treasurer Waldorf: Did the photographer do well?
    - Secretary Shake: They felt it was good for them, they came in and gave a for members because they were here.
  - Next is chili cookoff in Feb.

**Unfinished Business**

- **2015 HLA Budget**
  - Treasurer Waldorf: approve 2015 budget as distributed to members
  - Director Weir: Second:
  - Vote 5-0, motion passes
- **Fire Place Procedures**
  - Rodney still needs to do that.
- **Annual Meeting**
  - Intent to run letters are due January 20, 2015
  - Date of record Wednesday February 4th
    - Cory: Does the January 20<sup>th</sup> date, do you have to be paid in full by that date to run, or is that February 4<sup>th</sup> as well?
    - Secretary Shake: You have to file intent by the 20<sup>th</sup>, but the ballots are not made until after the date of record, so they have until then to pay.

**New Business**

- **Phase 2 Contract for Feasibility Study for Roads and Drainage**
  - Treasurer Waldorf: Motion to approve \$9,460 to continue the feasibility study
  - Vice President Stickrod: Second
    - Director Pirtle: I have no confidence that a majority of the members are going to agree to spend the additional money to not be out of the road business. I think we're throwing good money after bad.
    - President Coan: One of the big things was that the board or the committee would not be in charge of the funds. It would be handled by the county, the contracts would be handled by the county.
    - Vote: 3-2 (Waldorf, Stickrod, and Weir aye, Shake and Pirtle nay). Motion passes.
- **Retention Basin Cleanout Bid**
  - Director Wier: Motion to approve the Paul Miller bid and include a variance for use of the roads at the discretion of the road committee.
  - Second: Secretary Shake
    - Vote: 5-0, motion passes

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**Open Floor for Members**

None

**Executive Session**

Motion By Director Weir

Seconded By Vice President Stickrod

Vote tally 5-0

**Executive Session Adjournment**

Motion By Director Weir

Seconded By Treasurer Waldorf

Vote tally 5-0

**Meeting Adjournment**

Motion By Vice President Stickrod

Seconded By Treasurer Waldorf

Vote tally 5-0

## **Treasurer's Report December 15, 2014**

All data presented is as of November 30, 2014.

The Total Cash Balance is \$508,613.36 and is made up of the following fund balances;

**General Fund - \$92,024.78**  
**Lake Fund - \$81,886.80**  
**Road Fund - \$58,622.35**  
**Emergency Fund- \$62,415.23**  
**Lake Fund CD – \$100,179.90**  
**General Fund CD – \$100,239.83**

The outstanding receivables total is \$65,811.17 an increase of \$487.58. For additional breakdown, please refer to the attached Balance Sheet.

The Year-to-date Net Income is \$143,684.41 with Revenues of \$418,430.91 and Expenses of \$274,746.50. Please see the attach Profit and Loss Statement for further detail. Previously approved road repairs of \$42,914 were completed in November. \$6,000 in court costs were advanced to pursue 30 members for collections. There were no unusual expenses in November.

As for actual Cash details, for the month of November the cash deposits were \$27,706.32 and the cash expenditures were \$69,729.81. . Please see the attached monthly reports for further detail.

The 2015 proposed HLA budget summary was mailed to all members on November 12<sup>th</sup> and posted on the HLA website.

Finance committee update: The second engineering study of the roads was conducted. The feasibility for road repair and drainage repair was developed and posted on the HLA website. The committee approved by email to recommend funding of \$20,400 to clean the sediment basins.

This concludes the treasurer's report for December 15, 2014.