

July 15, 2013
Heritage Lake Board Minutes

7:00PM Meeting called to order by President Coan.

Roll Call

Present – President Coan, Treasurer McGrath, Secretary Weir, Director Bukowski, Director Magarity, Vice President Stickrod

Approval of June 2013 Meetings Minutes

Secretary Weir informed Board that the minutes were not finished yet and will be presented with current meeting at next scheduled board meeting.

Approval of Expenditures

Motion to approve made by Treasurer McGrath

Seconded by Director Bukowski

Motion passed unanimously

Floor opened to members

Matt Eggenberger wanted to know what the Boards position was of the speed bump that has been removed. Are we going to replace it or have we talked to Randy on his concerns?

Board Answer-It was in the middle of someones driveway and on the road project we are working on, we were recommended to remove all of them to save wear and tear on the plow equipment. We are going to remove all of them as soon as we get money saved up to do so.

Mr. Eggenbergers's follow up question-So are we going to remove all of them.

Board answer-All of the ones except for the ones by the beach area.

2nd question by Mr. Eggenber-Are we going to replace the vacated board position?

Board answer-We are going to discuss that in Executive session.

Dave Riggert-So are you going to appoint someone tonight?

Board Answer-Possibly. We want to make sure the person is willing to take the position.

Dave Riggert-Wants to make sure website is up to date and wants to know if we have updated the most recent CICAA Act?

Board Answer-Not yet.

Dave Rigger-Were the revision of the by-laws from the March Board meeting officially been amended yet?

Board Answer-No, we are letting our attorney amend the by-laws, CCCE&R's with the new CICAA Act.

Our previous attorney resigned and we have just hired new counsel.

Marvin Theobold-There are many dated items in the bylaws and rules and procedures, besides what is changing because of the CICAA. If we are going to go through all of these it would be good to have some membership input and really scrutinize them before we submit them to the board and get the membership to approve them. These changes would have to be, I believe, approved by the membership.

Board answer- they only need to be approved by the board except the articles we changed at the annual meeting, which require membership approval.

Mr Theobold-Would a committee be in order to review them?

Board answer-We would be okay with that. The only stipulation would be that they need to be done quickly and properly. Asking another committee to do another thing is timely. We need to put a very

strong restriction that we are going to establish a committee, and by the August meeting they are going to present the rules and regulations, and then by the next meeting they are going to present the CCE&R's and then the next meeting they will present the by-laws approved by the attorney, so by the end of Sept for the October meeting we will have the final draft of everything. Committees have a tendency to drag things out longer.

Mr. Theobald-maybe we could just email you any changes we see fit.

Pete Burdette-You said earlier that previous boards chose not to enforce the rules, which is not right. I was on the board and tried to enforce them but didn't have the backup of the board. How do you plan on enforcing them?

Board answer-That is why we are redoing all of the rules, so that all of the board will stand behind the rules.

Member who didn't state name-Is this a good time to ask for an update on the investigation.

Board answer-That will be addressed later on in the meeting.

Matt Eggenburger-He recommends we add the items of rewriting the rules, CCE&R's to the new business section of the agenda.

Nicloe Shake-Has the board given any thought to temporary speed bumps which could be removed for winter?

Board answer-we have used those in the past and they would be stolen almost immediately.

Nicloe Shake-Is there any reason the restrooms are not labeled on the outside of the building?

Board answer-The doors were repainted last fall and probably were not replaced. We will have new signage installed.

Member didn't state name- With the situation that the association is in and you said you would approve expenditures in executive session. Is there any way that we can see those?

Board answer- we don't approve them in executive session. The financials are on the website. The financial statements will be posted the Tuesday before the meeting, we have an EFC meeting on the Monday before they approve it for that month and year and on Tuesday we will give it to Holly or whoever is in charge of website updates. It should be really transparent the financial situation we are in.

Matt Eggenberger-Could you bring some copies to the meeting?

Board answer-yes.

Vice President Strickrod wanted to know if he should work with Jan at the office in rewriting the rules and regulations? Treasurer McGrath stated the he thought it should be by a committee if membership wanted to do it that way. The board asked for volunteers. Wes Stockham volunteered to chair the committee. Jan Bremner, Rick Stokes and Arlene Hunter volunteered to be on the committee.

Treasurer's Report

All data presented is as of June 30, 2013.

The total cash balance is \$84,525.29 and is made up of the following fund balances:

General Fund - \$60,532.36

Lake Fund- \$ 1,870.04

Road Fund - \$22,122.89

In June 2013, per the opinion of our lawyer Mr. Mooty, \$85,000 was transferred from the lake fund to the General fund to be used for operating activities. These fund monies are being tracked very closely and will be repaid in the future.

The outstanding receivables total \$115,586.67. Please refer to the attached Balance Sheet for a further breakdown. The major components of the outstanding debt are \$3,628.53 of day to day operation costs and a \$29,475.80 credit card balance. The credit card balance is not being paid pending the investigation at this time.

The Year-to-date Net Income is \$114,856.71 with Revenues of \$294,569.82 and Expenses of \$179,713.11. Please see the attached profit and loss statement for further detail.

The Executive Finance Committee has been meeting on a very regular basis and working towards implementing steps to ensure the financial survival and stability of the association. Here are the items that have been executed and are on the horizon to be completed:

Completed:

Bonnie Lemke was appointed as Chair of the Executive Finance Committee to replace Cory McGrath as he was appointed to Treasurer by the Board.

Janet Bremner has taken on the role of temporary Office Secretary. This will help to get the office back in order and standard office practices back in place. A permanent replacement needs to be identified and hired in the near future.

Payroll has been outsourced to Sharp Payroll, Inc. starting July 1st. Hours of employees are being signed off on by the Board member responsible for their area.

Spraying of the Lake, Restocking of the fish, and Mowing of the Dam has been approved up to a certain dollar threshold.

An Expenditure Approval has been adopted. EFC must approve any discretionary spend over \$2,000 before a Board member approves for their employees to purchase an item. All expenditures will be approved by the EFC.

A mirror image of the computer has been approved to preserve information that has the possibility of being overwritten as we continue to use the computer. This was based on the advice given by our lawyer.

A detailed budget process has been executed by the EFC with Board member participation and a Budget for the remainder of 2013 has been approved by the EFC. This is based only on required expenditures with no discretionary or major repair items.

In Progress:

Items have been identified in the cost structure that have potential to be reduced and are being pursued.

A comparison of the Tazewell County Recorder's records and the customer listing in the accounting software is underway for data accuracy.

A subcommittee is being assembled to reassess the late fee and service charge structure.

3 competitive bids for outsourcing the accounting functions of the association have been collected and a decision on a company will happen in the near future.

Standard financial procedures are being reviewed and will be implemented as they are approved.

The property lien process is being reviewed and a standard procedure will be developed and put back in place.

These are a few of the items that are currently ongoing with the Executive Finance Committee. An update will be given at each Board meeting during the Treasurer's report.

Along with the EFC activities there have been standard operating procedures put in place for invoice processing/check writing, deposits, payroll, and mail. These procedures will evolve as the Board moves to an advisory role and items are being outsourced in order to add additional needed controls.

Motion to approve Director Weir
Seconded by Vice President Stickrod
Motion passed unanimously.

President's Report

We don't have any update to give on the ongoing investigation yet.
New hours for the office are Monday and Tuesday 8 – noon and Wednesday 2 – 7.
The EFC has finalized the 2nd half of the budget for approval.

Motion to approve the remaining 2013 budget by Treasurer McGrath
Seconded By Director Magarity
Motion passed unanimously.

Committee Reports

Membership chaired

Conservation - Bill Schamburg and Dave Riggert – The gentleman that we had trained to treat the lake can not do it this year due to injury. We had \$3,000 in the budget to hire someone to treat the lake if that was the case. Bill Schamburg called Wayne Herndon with DNR and he agreed to come out and treat the lake with our chemicals for free. We are going to purchase the rest of the chemicals for the second treatment of the lake for Mr Herndon to apply. We are going to have another person get certified to spray the lake so hopefully we won't get in this situation again. We have contracted the mowing for the dam and for the dam inspection.

Environmental Control

A couple of tree removal permits and a couple of permits to build sheds.

Road Repair

Have road signs for Board review to replace missing ones. Board asked that he gets us three samples to review at the next meeting.

Board Chaired

Office organization

New hours of operation for the office

Director Weir needs approval for two lot sales and recommends we come up with a procedure for future lot sales and do not sale lots.

Building and Zoning

Finance

Pool

Diving board broke and needs to be replaced. It is \$1050.00 to replace. We were shut down on July 15th 2013 due to low chlorine level. It was low due to lifeguard at the time adding water since the water level was low. By the time the inspector was finished with their inspection, chlorine levels were within acceptable ranges and we reopened.

Lodge

Someone punched a hole in the drywall in the men's restroom and needs to be repaired. We have had 5 rentals in the past month.

Maintenance

Complaints of goose droppings at beach. Maintenance is going to work on picking it up.

Administrative and Human Resources

No report

Outdoor Amenities

We did not pass our inspection for the beach, but we have corrected all violations and they have said we are OK to open. We have sent out notices that campers are not allowed to stay year round. We have had some problems with vandalism at the beach area. If you see someone misbehaving there, please let someone on the board know.

Unfinished Business

Office relocation planning committee – We have two people volunteered to start working. Nicole Shake will be the chair of this committee. Marvin Theobald and Crystal Coan will also be on the committee. Our current lease is up March 2016.

New Business

Website maintenance and updates – Holly has asked that we have one person who we have that sends additions, notifications and updates for the website. We need to look into redesigning our website. Cory McGrath will be our contact leason between the Board and HollyHock Design.

Executive session

Motion to move to Executive Session by Secretary Weir at 8:55PM

Seconded by Director Magarity

Passed unanimously

The Board returned from Executive session at 9:33 PM

President Coan had to leave the meeting during the Executive session.

Treasurer McGrath made a motion to add Nicole Shake to the Board as a replacement for Renee Lundeen.

Seconded by Director Bukowski
Motion passed unanimously

Vice President assigned Nicole Shake as the secretary and move Tim Weir to Director.

Motion to adjourn made by Director Weir
Seconded by Director Magarity
Motion passes unanimously
Meeting adjourned at 9:38PM