

**Apple Canyon Lake Property Owners Association
Board of Directors Meeting Minutes
July 20, 2024**

APPROVED

1.0 Call to Order: Meeting called to order by President Nolan Mullen at 8:00 am. Other Directors present: Bob Ballenger (via Zoom), Bill Becker, Carmel Cottrell, Brian Holt, Mark Kosco, Debra McNamee, Laura Pratt and Mike Ward.

2.0 Executive Session – motion to proceed to executive session made at 8:00 am.

3.0 Return to Open Session – motion to return to open session made by Brian Holt at 9:10 am. Seconded by Mark Kosco, motion carried unanimously.

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

5.0 Treasurer's Report - will be in *The Apple Core*. Steve Borst reported the May financials were released. June is almost finished as well. We are trending slightly below budget, but big-ticket items are coming up.

6.0 Committee/Commission Reports

Memorial Pavilion – Carmel Cottrell reported the structure has been completed. Pavers will be ongoing for next year.

Conservation – Deb McNamee reported the lake is trending down on phosphorus levels. Fishery is in good shape for blue gill and bass, but walleye has not recovered from last year. Will be watched very carefully.

Golf - Mark Kosco reported that today is the Big Cup.

Zebra Mussel – Bill Becker reported the water clarity is 9.5 feet. Many zebra mussels have been killed. 9.5 clarity is about perfect for our lake. Data will be collected, testing will continue. Little to no algae.

Deer Management – Gordon Williams reported the Annual Youth Shoot will be on August 3. We generally have a good turnout for this event - 9 am to noon. Great event.

Rules & Regulations – Brian Holt reported they did not meet in July.

Board Policy – Brian stated work continues.

Campground - Ron Carpenter reported that Maintenance removed a lot of apple trees that were dying – looking forward to getting something replanted in those areas. Road on the east side is wonderful, maintenance will work on the edges with dirt and gravel.

Sports Complex – Mike Ward reported they are pretty much through the final phase. Getting unbelievable use – tennis, basketball, pickle ball. Parking, pets on courts, signage, etc., will need to be worked on with Rules & regulations.

7.0 General Manager's Report – John Sabo reported he wanted to start by giving information about events through June 3 to July 14 – 703 calls Security addressed in that timeframe; 24 boats towed; 223 boat safety checks; 24 stickers issued; 37 residents assisted by Security; 2 vehicle lock outs; 8 people found trespassing in the spillway; 14 EMS calls; 2 heart attacks; 2 golf cart accidents (a 14 year old and 6 year old allowed to drive); 4 UTV accidents. 12 citations were issued, 66 warnings with 5 residents not caring about the fine. Personally, will not go on trails on the weekends. Disappointing. Positive – amazing turnout for other events. 4,485 pool uses during those two weeks; 18 toddlers taught how to swim; 5 pool rescues. Grateful for all of the help.

8.0 President's Report – will be in *The Apple Core*.

9.0 Any Additions to the Agenda – Bill Becker motioned “to add agenda item ‘UTV Usage Discussion’ under New Business 12.8.” Seconded by Mark Kosco, motion carried unanimously. Brian Holt motioned “to add agenda item ‘Sale of the Dredge’ under Unfinished Business 11.1.” Seconded by Bill Becker, motion carried unanimously. Brian Holt motioned “to add agenda item ‘Employee Recognition’ 12.9 under New Business.” Seconded by Mark Kosco, motion carried unanimously.

10.0 Consent Agenda

10.1 Approve/Adopt Minutes from the June 15, 2024, Board Meeting, Committee/Commission Changes, and Board Liaisons - Mark Kosco had some questions about the minutes. Nolan Mullen – remove the minutes out of this motion. Laura Pratt motioned “to approve Dave Bohnenkamp to join the Nominating Committee; to allow Mark Fill to join the Recreation Commission, to approve Sue Gardner to join the Tellers Committee, and to approve Deb McNamee to join AECC Commission. To approve the following Board Liaisons: AECC – Bill Becker; Board Policy – Brian Holt; Budget/Audit – Mark Kosco; Campground – Nolan Mullen; Conservation – Deb McNamee; Deer Management – Mark Kosco; Employee Handbook – Laura Pratt; Flood Mitigation – Laura Pratt; Golf – Mark Kosco; Legal – Carmel Cottrell; Maintenance – Bill Becker; Memorial Pavilion – Laura Pratt; Nominating – Mike Ward; Recreation – Mike Ward; Rules & Regulations – Brian Holt; Safety & Emergency Planning – Laura Pratt; Strategic/Long Range Planning – Carmel Cottrell; Tellers – Laura Pratt; Trails – Deb McNamee; Zebra Mussel – Bill Becker.” Seconded by Deb McNamee, motion carried unanimously.

10.2 Approve/Adopt Minutes from the June 15, 2024, Board Meeting – Deb McNamee motioned “to approve minutes from June 15, 2024 Board meeting. Seconded by Carmel Cottrell. Discussion: Mark Kosco will check some things against the video. Deb McNamee motioned “to table this until next month.” Seconded by Brian Holt, motion carried unanimously.

11.0 Unfinished Business

11.1 Sale of the Dredge – John Sabo thanked Carmel Cottrell for working with the broker for this purchase, excluding the piping and floats – \$272,500 cash offer. Expense related to this sale would be the crane to lift the dredge to the trailer (\$4,000). Mark Kosco motioned “to approve the sale of the dredge to Western Dredge, LLC for the amount of \$272,500, with ACL responsible for cost of loading dredge, \$4,000.” Seconded by Carmel Cottrell, motion approved unanimously. Broker is buying from us and will sell due to where the buyer lives. We paid \$279,000 for the dredge in 2006.

12.0 New Business

12.1 Family Bereavement Leave-1st Reading – Discussion: Continued work on the Employee Handbook. Motion to suspend Roberts Rule of Order by Mark Kosco, seconded by Carmel Cottrell, motion carried unanimously. This is following the new state statute. Brian Holt – suggests leaving as paid leave, not fair to ask to take unpaid time. Five days pay applied to bereavement leave. Rationale taking the benefit away? Laura Pratt – three employees on this commission and they supported this. Federal law – Family Bereavement Leave Act. Increases more opportunity to use time off, maximum of six weeks if experiencing more than one event in a 12 month period. Maybe we need to outline this better. Take back to commission for further discussion. Mark Kosco – more discussion on details. Rationale for taking away a benefit is not clear. Laura Pratt - increases more opportunity for time off. Not just for funerals, other issues listed. Back to commission.

12.2 Attendance-1st Reading – Discussion: Continued work on handbook – required attendance during regular work week and inclement weather. John Sabo - big change was to deal with inclement weather closures. Gone is the discretion of general manager and will now use Jo Daviess County Sheriff for no travel advisory. Also cleaned up details (delayed opening or early closure). Essential personnel was discussed and required to stay. Give community clear expectations and clear direction for staff. Would close less often – roads can be bad, but we need to have something

clearer. Bill Becker – consider a step process – defines where corrective action would be taken. Not up to someone’s judgement where to take corrective action. Could clarify the issue. One occurrence, two occurrences, etc. Would show where corrective action is needed. Will bring back next month.

Motion to reinstate Roberts Rule of Order by Mark Kosco, seconded by Bill Becker, motion carried unanimously.

12.3 Winchester 319 EPA Grant – Deb McNamee motioned “to accept the 319 EPA Grant and to authorize the General Manager to facilitate cost-sharing as an expense from reserves.” Seconded by Carmel Cottrell. Discussion: Ron Carpenter – always planned on this project to be paid from Capital – capital project costs. Also thought we were supposed to get a credit in this (in-kind). John Sabo – parallel process; cash audit at the end. Brian Holt motioned “to amend previous motion to read expense from Capital Project Fund.” Seconded by Mark Kosco, motion carried unanimously. Chair of Conservation, not sure who that was - the plan was to have the agreement completed in next month or two. But can’t take trees down until December or January. Start May or June of next year. John Sabo - moving on this in the next 30 days – may or may not happen. Log jam – federal government grant portal, our previous authorization has expired. Letter has to be sent and they replied they will respond within six months. Will need to gather more information. Motion carried unanimously.

12.4 Helm – Spillway Contract - Mark Kosco motioned “to approve Helm’s reduced proposal for Spillway & Channel Improvements Stage 1 for \$2,485,200; CMT Project Management \$300,000; Grand total requested for approval is \$2,785,200.” Seconded by Carmel Cottrell. Volunteers will be used as well. Motion carried unanimously.

12.5 CMT – Spillway Engineering Change Orders – Deb McNamee motioned “to approve an additional total of \$31,400 of additional monies for CMT (\$21,400 for Design Phase services and \$10,000 for Bidding Phase services).” Seconded by Mark Kosco. Discussion: Carmel Cottrell - every item by CMT always exceeds upper limit. Concerns. John Sabo – additional engineering needed. Numbers originated over 18 months ago. Motion carried unanimously.

12.6 Propane Bid Acceptance 2024-2025 – Carmel Cottrell motioned “to approve Pearl City Elevator at 1.13 per gallon.” Seconded by Mark Kosco, motion carried unanimously. Discussion: Pearl City is the incumbent and service has been good. This price extends to off the truck. Motion carried unanimously

12.7 Food & Beverage Commission – Mike Ward – The Cove, Marina, Pro Shop (excluding Golf) – three amenities. We have committees that cover almost every aspect of ACL. Nothing in terms of a commission focused on supporting food & beverage retail. Those amenities are at the top of the list, second to the lake – very critical to ACL. Throwing out the idea that we create a committee for those amenities. All three of these amenities operate in the red – part of the responsibility of the committee would be to look at operations, customer satisfaction, and make them at a minimum break even and eventually profitable. Feel strongly we could impact the financial aspects of those amenities. Optimize the value they bring to the association. Also requesting, as part of this committee if we were to move forward – a contract giving ACL monthly financials and meeting with someone each month as a relationship meeting. Having a committee that can look at the numbers, provide help and support, check on how things are going, etc. Give the GM support as well. Jon does meet with them and did receive the financials for June. Usually meet the first Tuesday of the month. Information about those meetings might be helpful. Mike Ward – soliciting feedback from ACL property owners is difficult – most of the feedback is on a whole separate page in social media, managed by the restaurant owner. Every single feedback that is negative gets deleted. Does not give the whole picture. Not suggesting The Cove is good or bad, but hard to assess and evaluate with no metrics. Charter would include soliciting feedback, good or bad. So

we can help them be successful. Deb McNamee – against a commission. Voted to close The Cove, done nothing but lose money. Mike Ward – not suggesting taking over The Cove. Not spending any property owner money in running The Cove. Suggesting we have a responsibility to every amenity we have. Mark Kosco – commission that would support those operations, suggest ideas for improvement, etc., looking at things like best practices across the board. Mike Ward – Pro Shop - 79% is cost of labor. Not a restaurant in the country that can run with 79% labor costs. We can provide recommendations for that. We can make the Pro Shop better. Help them, support them. Mark Kosco – charge for this commission? Mike Ward – does have one written up, but wanted to see if any interest here. Will take a commission to proceed. Bill Becker - too premature to start a commission for Food & Beverage – give GM time to come up with a plan. We’ve hired him to manage, give us your plan on correcting this. Deb McNamee – lot of confidence in the new GM – agree with Bill. Give all a chance. First conversation we had was loss of money with the Pro Shop a year ago. How does this happen? Mark Kosco – commission should not micro-manage. Charter should be some recommendations to improve things, identify an inefficiency, etc. Commission looking at how we are running these amenities and identify areas of improvement. Jon Sabo – with all of the work in process, no way I can address a turn around in F&B this year. For the record, 95% of HOA run restaurants never make money, we have six months of stranded costs. Originally came out opposed to this, but does not have the bandwidth to tackle this. Carmel Cottrell – information from Julie with regards on safety the last two weeks, if we can’t pull together a Safety and Security commission, how will we pull a F&B commission. Discussions have been going on – we need to do something in regards to safety and security. Nolan Mullen – seems like some are interested, some are not. Mike will bring information to board next month and we will vote. More to come next month.

12.8 UTV Discussion – Bill Becker - with the data John has shown, we have a problem. Someone will get killed. We need to get serious about this, fines will not do the job. Consider suspending privileges to deter this behavior. Racetrack on our trails. John Sabo – one of the items we are looking at is proposing a speed limit. Safe and reasonable - a person would judge. Deb McNamee – on the trails a lot, just a few bad apples, most people are respectful. Jeff Rice – co-chair of Trails – a lot of the things you are talking about have been discussed at our meetings. As we continue to improve trails, speed increases. Just a few bad apples – agree. Where do you put a speed limit on a trail? 20 mph could be too fast in certain trails. Haven’t been getting cooperation for additional costs in Safety and Security budget. Issues more at night but need the budget to support. Mark Kosco – assess a fine that will have an impact on their pocketbook. If we raise the fine to 1000 or 2500, that will send a strong message. Consider a 2500 fine. Fatal accident out here would cost everyone out here. Two strikes, maybe three – you are out, can’t ride anymore. Gary Hannon – member of Trails commission – you can give tickets for reckless driving. Don’t create rules/policies that could potentially mess up 95% of the people. Gordon Williams – need a deep dive in this and check with our attorney. In 2018 they suggested to us to not have a speed limit. Brian Holt motioned “to reinstate Roberts Rule of Order.” Seconded by Bill Becker, motion carried unanimously.

12.9 Employee Recognition - Brian Holt – we appreciate how the staff has responded in the last several weeks. Suggest authorizing Jon to spend \$11,000 to award a Christmas in July recognition for our employees. Using some of the proceeds from the sale of the dredge. Brian Holt motioned “to allow the GM to spend up to \$11,000 on employee recognition.” Seconded by Mark Kosco. Motion carried with Bill Becker abstaining and Bob Ballenger absent.

13.0 Property Owner Comments

Build on what Mike said about committees. Disheartening when we have recommendations that just get ignored. Committees have a lot of experience and knowledge, just don’t ignore us.

Jim 9-57 – would suggest that with the ATV tickets, a suspension be given as well. Secondly – profit/loss for The Cove and Pro Shop – hear all kinds of rumors. Loss of The Cove – through May – but only open for one month. Mike Ward – numbers were through May, putting into context they have only been open for one month. Costs starting January through May – includes insurance, property tax, etc. Pro Shop through May was also starting in January.

Henry Doden, 13A129 – when he was on the board, state says agenda items have to be posted 7 days ahead of meeting. Any items added to the agenda should be for discussion purposes only.

Laura Pratt – can vote if there are exergent circumstances. Henry Doden – trails – should be a speed limit on trails. Winchester Bay – plans were drawn up 4-5 years ago. Bay has changed quite extensively. To spend huge money on something that will not last does not make sense.

Nolan Mullen – agenda items – never been on a committee where you can't add agenda items. Spoke with an attorney. If the majority of the board approves, that item can go on the agenda for a vote.

Gary Hannon, Washington Lane – used to have copies on the table of the complete board packet. Sports Complex – has to get back in R&R as well. Include in budget meetings discussion to make sure maintenance goes forward. Winchester Bay – creek is close to the road, very expensive, great project. Two-year expiration date on this grant. If things don't happen soon, you won't be able to start until next year. Really close to expiration date. F&B commission – can't go back and look at what The Cove did in the past. Don't understand why we don't take the advice of an expert – Mike Ward.

Ron Carpenter – rock washed out of the stream – too many times we put rock in the streams and it is not staying. Shouldn't expect this to last forever without maintenance.

Mike Ward – long term strategic planning plan. Long term planning issues involving Maintenance – incorporated into some sort of planning plan.

Mary Hannon, Washington Lane – thank you for approving most of the funds for the Sports Complex. It is being used tremendously. Courts are consistently filled.

14.0 Adjourn – Motion to adjourn by Carmel Cottrell, seconded by Deb McNamee, motion carried at 11:03 am.

Recording Secretary, Rhonda Perry

President, Nolan Mullen

Corporate Secretary, Laura Pratt

Date