

**APPLE CANYON LAKE PROPERTY OWNERS' ASSOCIATION
BOARD OF DIRECTORS MEETING
JANUARY 18, 2014
9:00 A.M. - ACL CLUBHOUSE**

CONSENT AGENDA NARRATIVE

**CATEGORY: NEW BUSINESS-COMMITTEES
AGENDA ITEM: 10.1
SUBJECT: COMMITTEE CHANGES VIA MOTION OF CONSENT**

- A. To appoint:
1. Kathy Richards to the Rules & Regulations Committee.

RECOMMENDED MOTION: APPROVE THE APPOINTMENT OF KATHY RICHARDS TO THE RULES & REGULATIONS COMMITTEE.

**CATEGORY: NEW BUSINESS-COMMITTEES
AGENDA ITEM: 10.2
SUBJECT: DISSOLVE GENERAL MANAGER SEARCH COMMITTEE**

The General Manager Search Committee has completed its charge.

RECOMMENDED MOTION: DISSOLVE THE GENERAL MANAGER SEARCH COMMITTEE.

**CATEGORY: NEW BUSINESS-RESOLUTION
AGENDA ITEM: 10.3
SUBJECT: RATIFY ELECTRONIC VOTE - SENIOR EXEMPTIONS**

ACL Property Owners may apply for an Annual Senior Exemption on their dues in accordance with the ACLPOA Amended and Restated Covenants, Article VI, Section 13:

Senior Exemption. If a Dwelling qualifies for the Annual Senior Citizen Assessment Freeze as provided in the Jo Daviess County, Illinois Ordinances in effect from time to time, such Dwelling shall be exempt from any increase in future annual assessments which become effective the year after the granting of such Senior Citizen Assessment Freeze. The Owner of a Dwelling which qualifies for this Senior Exemption shall before January 1st provide the Association with satisfactory evidence that the Dwelling has qualified for the County's Senior Assessment Freeze program for the following year. Such dwelling shall continue to remain liable for any ACLPOA Special Assessments approved pursuant to Section 4 hereof. All such ACLPOA Senior Exemptions shall end on the year immediately following the first to occur of the conveyance or transfer of the Dwelling to a third party or the death of the last surviving Owner entitled to such Senior Citizen Assessment Freeze.

At this time, the following owners have provided the necessary information to qualify for the Senior Exemption and are requesting the Board approve their request to have their Dues exempted from increase in 2014. The motion was sent to the Board for electronic vote December 16, 2013.

1. 08-116 2. 14-046 3. 09-063 4. 12-122 5. 08-235 6. 11-064 7. 08-161
8. 14-017 9. 05-006 10. 08-066

RECOMMENDED MOTION: RATIFY THE ELECTRONIC VOTE TO "APPROVE THE ACLPOA ANNUAL APPLICATION FOR SENIOR EXEMPTION – 2014 FOR LOTS 08-116, 14-046, 09-063, 12-122, 08-235, 11-064, 08-161, 14-017, 05-006, AND 08-066."

CATEGORY: NEW BUSINESS-RESOLUTION
AGENDA ITEM: 10.4
SUBJECT: SIGNATURE FOR BANK ACCOUNTS AND 401(K)

Remove the previous Interim Operations Director Marge Clark from any and all bank accounts on which she is still listed and designate Tim Ridder, Operations Director, and Marge Clark, Treasurer, as the designated signers for US Bank and Amerifunds, the Association's 401(k) provider. Remove the previous Interim Operations Director Marge Clark and previous Treasurer Mike Harris from any and all bank accounts on which they are still listed and designate Tim Ridder, Operations Director, and Marge Clark, Treasurer, as the designated signers on the Citizens State Bank CD account and Apple River State Bank Petty Cash account.

RECOMMENDED MOTION: TO REMOVE MARGE CLARK, AS INTERIM OPERATIONS DIRECTOR, AND MIKE HARRIS, AS TREASURER, FROM ANY AND ALL BANK ACCOUNTS ON WHICH THEY ARE STILL LISTED, AND DESIGNATE TIM RIDDER, OPERATIONS DIRECTOR, AND MARGE CLARK, TREASURER, AS THE DESIGNATED SIGNERS FOR US BANK AND AMERIFUNDS ACCOUNTS, THE CITIZENS STATE BANK CD ACCOUNT, AND THE APPLE RIVER STATE BANK PETTY CASH ACCOUNT.

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AGENDA NARRATIVE

CATEGORY: UNFINISHED BUSINESS – BOAT SLIPS
AGENDA ITEM: 11.1
SUBJECT: SLIP SWAP PROCEDURES

The annual Slip Swap will replace the current Boat Slip to Trade Assignment & Notification process. The Slip Swap procedures are included in the Board Packet for review.

RECOMMENDED MOTION: APPROVE THE SLIP SWAP PROCEDURES, WHICH WILL BEGIN IN 2014 AND REPLACE THE CURRENT BOAT SLIP TO TRADE ASSIGNMENT & NOTIFICATION PROCEDURES.

CATEGORY: UNFINISHED BUSINESS – BOAT SLIPS
AGENDA ITEM: 11.2
SUBJECT: REVISED BOAT SLIP TO TRADE WAITING LIST APPLICATION

The Boat Slip to Trade Waiting List Application has been revised to reflect the new Slip Swap procedures. Going forward, the Boat Slip to Trade Waiting List Application will be valid for the term of one year. The current list will close the Friday prior to the Slip Swap, and property owners may submit their application for the next year's Boat Slip to Trade Waiting List beginning the Monday after the event.

RECOMMENDED MOTION: APPROVE THE REVISED BOAT SLIP TO TRADE WAITING LIST APPLICATION AS ATTACHED TO THE MOTION CARD.

CATEGORY: UNFINISHED BUSINESS – BOAT SLIPS
AGENDA ITEM: 11.3
SUBJECT: SLIP ASSIGNMENT DAY PROCEDURES

The annual Slip Assignment Day will replace the current No Boat Slip Waiting List Assignment & Notification process. The Slip Assignment Day procedures are included in the Board Packet for review.

RECOMMENDED MOTION: APPROVE THE SLIP ASSIGNMENT DAY PROCEDURES, WHICH WILL BEGIN IN 2014 AND REPLACE THE CURRENT NO BOAT SLIP WAITING LIST ASSIGNMENT & NOTIFICATION PROCEDURES.

CATEGORY: UNFINISHED BUSINESS – BOAT SLIPS
AGENDA ITEM: 11.4
SUBJECT: REVISED NO BOAT SLIP WAITING LIST APPLICATION

The No Boat Slip Waiting List Application has been revised to reflect the new Slip Assignment Day procedures. The current list will close the Friday prior to the Slip Assignment Day, and property owners may submit their application for the next year's Boat Slip to Trade Waiting List (if they have received an assignment) or No Boat Slip Waiting List beginning the Monday after the event.

RECOMMENDED MOTION: APPROVE THE REVISED NO BOAT SLIP WAITING LIST APPLICATION AS ATTACHED TO THE MOTION CARD.

CATEGORY: UNFINISHED BUSINESS-RESOLUTION
AGENDA ITEM: 11.5
SUBJECT: RESTRICTED LOT APPLICATION PREVIOUSLY DENIED

Property Owners may apply to have their lot Restricted based on the following:

Amended and Restated Covenants, Article VI, Covenant to Pay Assessments, Section 12. Restricted Lots. The Owner of any Lot upon which no Structure has been erected may enter into an agreement with the Association wherein the Owner agrees that said Lot shall remain forever vacant open space upon which no Structure of any kind shall be erected, except one requested by the Association and agreed upon by the Owner and the Board. All agreements creating a Restricted Lot shall be in substance and form acceptable to the Board and suitable for recording, and when agreed to by the Association shall be recorded with the Recorder of Deeds of Jo Daviess County, Illinois. Restricted Lots subject to such an agreement shall beginning in the year following the recording of such agreement be liable for only sixty per cent (60%) of any future annual assessments. Restricted Lots shall continue to remain liable for any Special Assessments approved pursuant to Section 4 hereof. The Owner of a Restricted Lot shall have all of the rights and privileges of any other Owner, except as modified by such agreement, and shall continue to remain responsible for the maintenance of such Restricted Lot as is the Owner of any other vacant Lot.

At the November 16, 2013 Board meeting, the request to restrict lot 03-095 was denied. Following the Board meeting, the property owner contacted the Association Office stating that the location noted in the photos was a remnant of the previous owners' burn pile, and was never a structure. Based on this new information, and considering that Restricted Lots wherein structures have been removed have been approved in the past, Management is recommending that the Restriction for lot 03-095 be approved, and if the Restrictive Covenant is returned to the Office prior to March 1, 2014; the Restriction will be applied to the 2014 Annual Assessment. If lot 03-095 is approved, there will be a total of 92 Restricted Lots.

RECOMMENDED MOTION: ALLOW LOT 03-095 TO BE RESTRICTED. RECORDED RESTRICTIVE COVENANT MUST BE RETURNED TO PHIL JENSEN, ACLPOA LEGAL COUNSEL, AND ACLPOA OFFICE PRIOR TO MARCH 1, 2014 TO QUALIFY FOR THE REDUCTION IN THE ANNUAL ASSESSMENT FOR 2014 OR BY DECEMBER 1, 2014 TO QUALIFY FOR THE REDUCTION IN THE ANNUAL ASSESSMENT FOR 2015.

CATEGORY: NEW BUSINESS-RESOLUTION
AGENDA ITEM: 12.1
SUBJECT: REQUEST TO RESTRICT LOT CURRENTLY OWNED BY ACLPOA

Property Owners may apply to have their lot Restricted based on the following:

Amended and Restated Covenants, Article VI, Covenant to Pay Assessments, Section 12. Restricted Lots. The Owner of any Lot upon which no Structure has been erected may enter into an agreement with the Association wherein the Owner agrees that said Lot shall remain forever vacant open space upon which no Structure of any kind shall be erected, except one requested by the Association and agreed upon by the Owner and the Board. All agreements creating a Restricted Lot shall be in substance and form acceptable to the Board and suitable for recording, and when agreed to by the Association shall be recorded with the Recorder of Deeds of Jo Daviess County, Illinois. Restricted Lots subject to such an agreement shall beginning in the year following the recording of such agreement be liable for only sixty per cent (60%) of any future annual assessments. Restricted Lots shall continue to remain liable for any Special Assessments approved pursuant to Section 4 hereof. The Owner of a Restricted Lot shall have all of the rights and privileges of any other Owner, except as modified by such agreement, and shall continue to remain responsible for the maintenance of such Restricted Lot as is the Owner of any other vacant Lot.

Lot 111 in Eagle Subdivision is the only lot remaining from the 2013 Sheriff's Sale and subsequent lot sale. ACLPOA currently owns this property. We have found a buyer and transfer of ownership is pending preparation of a deed by Association legal counsel Phil Jensen. The buyer is requesting that their Request to Restrict Lot be considered prior to the official transfer and applied to the 2014 Annual Assessment. They have already paid the \$1,300 in back and current taxes the Association would otherwise have had to pay this year to prevent the lot from being sold to a tax buyer. Sandra Nolan, ACL Building Inspector, has verified there were no structures on the lot. The lot was also cross-checked with the County to make sure there is no septic system on the lot. If lot 10-111 is approved, there will be a total of 93 Restricted Lots.

1. LOT 10-111 – APPROVE

RECOMMENDED MOTION: ALLOW LOT 10-111 TO BE RESTRICTED. RECORDED RESTRICTIVE COVENANT MUST BE RETURNED TO PHIL JENSEN, ACLPOA LEGAL COUNSEL, AND ACLPOA OFFICE PRIOR TO MARCH 1, 2014 TO QUALIFY FOR THE REDUCTION IN THE ANNUAL ASSESSMENT FOR 2014 OR DECEMBER 1, 2014 TO QUALIFY FOR THE REDUCTION IN THE ANNUAL ASSESSMENT FOR 2015.

CATEGORY: NEW BUSINESS – RESOLUTION
AGENDA ITEM: 12.2
SUBJECT: RESTRICTED LOT PROCEDURE

Management is requesting that the Restricted Lot Procedure be amended so that the Operations Director is authorized to approve or deny Requests to Restrict Lots. Any appeal of the Operations Director's decision will be brought before the Board of Directors.

RECOMMENDED MOTION: THE OPERATIONS DIRECTOR IS AUTHORIZED TO APPROVE OR DENY RESTRICTED LOTS. ANY APPEALS OF HIS DECISION WILL BE BROUGHT BEFORE THE BOARD OF DIRECTORS.

CATEGORY: NEW BUSINESS – RESOLUTION
AGENDA ITEM: 12.3
SUBJECT: REQUEST TO RESTRICT LOT APPLICATION

The Request to Restrict Lot application has been amended to reflect changes in procedure and to clarify the process of Restricting a lot. The proposed Request to Restrict Lot is included in the Board packet and attached to the motion card.

RECOMMENDED MOTION: APPROVE THE AMENDED REQUEST TO RESTRICT LOT APPLICATION AS ATTACHED TO THE MOTION CARD.

CATEGORY: NEW BUSINESS – RESOLUTION
AGENDA ITEM: 12.4
SUBJECT: SENIOR EXEMPTION PROCEDURES

Management is requesting that the Senior Exemption procedure be amended so that approval is granted by the Operations Director. The Amended and Restated Covenants do not require Board approval and state that if the individual qualified for the Jo Daviess County Senior Citizen Assessment Freeze, they qualify for the Association's Senior Exemption. All Senior Exemptions are currently crosschecked at the county to ensure the applicant has qualified.

RECOMMENDED MOTION: SENIOR EXEMPTIONS WILL NOT BE PRESENTED TO THE BOARD OF DIRECTORS. THE OPERATIONS DIRECTOR IS AUTHORIZED TO APPROVE OR DENY SENIOR EXEMPTIONS.

CATEGORY: NEW BUSINESS – RESOLUTION
AGENDA ITEM: 12.5
SUBJECT: ANNUAL APPLICATION FOR SENIOR EXEMPTION

The Annual Application for Senior Exemption has been amended to reflect changes in procedure and to clarify the application procedure. The proposed Annual Application for Senior Exemption is included in the Board packet and attached to the motion card.

RECOMMENDED MOTION: APPROVE THE AMENDED ANNUAL APPLICATION FOR SENIOR EXEMPTION AS ATTACHED TO THE MOTION CARD.

CATEGORY: NEW BUSINESS – BUDGET
AGENDA ITEM: 12.6
SUBJECT: TRANSITION TO ZERO BASED BUDGETING (ZBB)

Zero-based budgeting (ZBB) is an approach to planning and decision making which reverses the working process of traditional budgeting. The first step will be to review the Chart of Accounts. Additionally, ZBB also begins with annual goals that are set by the Board. These goals would establish a strategic plan for the year, which, in turn would prioritize expenditures based on these goals. The Operations Director has prepared a timeline for transitioning to ZBB. The timeline necessary to possibly put ZBB in effect for the 2015 budget is pretty tight. It was agreed by staff and the Budget Committee that any work done in 2014 for the 2015 budget to be under ZBB would be beneficial, even if it was not put into effect until the 2016 budget.

Chart of Accounts:

- Members: Budget Committee members, Megan, Tim, and Carrie
- Meet the first part of January
- Preliminary Chart of Accounts system established by March 22

Fund Designation:

- Members: Budget Committee members, Tim, and Carrie
- Meet January
- List of Funds by February 15

Service Indicators:

- Members: Budget Committee members, senior staff representing each department.
- Meet April 5
- Due May 3

CATEGORY: NEW BUSINESS – BUDGET
AGENDA ITEM: 12.6
SUBJECT: TRANSITION TO ZERO BASED BUDGETING (ZBB) (cont.)

RECOMMENDED MOTION: TO APPROVE THE TRANSITION TO A ZERO-BASED BUDGETING POLICY FOR ACLPOA. THE PROCEDURES NECESSARY FOR THE TRANSITION WILL BEGIN IN 2014, WITH THE 2016 BUDGETS COMPLETED ON A ZERO-BASED BUDGET.

CATEGORY: NEW BUSINESS – BUDGET
AGENDA ITEM: 12.7
SUBJECT: BUDGET COMMITTEE REQUESTS

At their November 23, 2013 meeting, the Budget Committee motioned “For review of and possible restructuring of the Chart of Accounts; review of purchase order system being used, and identification of which funds or activities deserve emphasis.” The Operations Director will meet with members of ACL staff to review and propose changes to the chart of accounts in preparation for zero-based budgeting. He will review the purchase order system being used and will suggest to the Board a Purchasing Policy. Identification of which funds or activities deserve emphasis will take place at a Strategic Planning Meeting of the Board of Directors, the Operations Director, and ACL staff.

RECOMMENDED MOTION: TO DIRECT THE OPERATIONS DIRECTOR AND ASSOCIATION STAFF TO REVIEW AND RECOMMEND CHANGES, IF NEEDED, TO THE CHART OF ACCOUNTS, AND CURRENT PURCHASE ORDER SYSTEM; AND TO IDENTIFY WHICH FUNDS OR ACTIVITIES DESERVE EMPHASIS AS PART OF THE STRATEGIC PLANNING MEETING WITH THE BOARD.

CATEGORY: NEW BUSINESS – BUDGET
AGENDA ITEM: 12.8
SUBJECT: FACILITY RESERVATION PURCHASE

The Association currently has no digital method to track reservations (boat rentals, campground rentals, clubhouse rentals, etc.). This has led to serious difficulties in tracking the use, expenses, and revenues for these facilities. The Class software the Association uses has a Facility Reservation module available that was purchased with the software but never implemented. The Operations Director proposes reducing the \$21,150 budgeted for 2014 FF&E by \$4,000 to have the Active Network set up the program and train staff.

RECOMMENDED MOTION: TO AUTHORIZE THE OPERATIONS DIRECTOR TO ENTER INTO AN AGREEMENT, AT A COST NOT TO EXCEED \$4,000, WITH THE ACTIVE NETWORK FOR SETUP AND STAFF TRAINING OF THE FACILITY RESERVATION MODULE IN THE CLASS SOFTWARE THE ASSOCIATION USES.