**CRYSTAL LAKE-PERCH LAKE PROPERTY OWNERS ASSOCIATION MEETING MINUTES – July 13, 2019**

**Trustees in Attendees:** Marty Mulloy-President, Stan Kirkwood-Vice President, Mike King-Treasurer, Judy Moskus-Secretary, Rick Applegate-Roads, Bob Conn-Lakes

**Not in Attendance:** N/A

**Call to Order:**

President Marty Mulloy at 10 a.m. led with the Pledge of Allegiance. Board members introduced themselves.

**Minutes Approved:**

The minutes of the Spring meeting 2019 were approved unanimously.

**President’s Report-Marty Mulloy**

The Board met approximately 20 times over the course of the last year to make sure we adhere to the strategic plan that was revealed and discussed at the annual summer meeting in July of 2018.

With a “30,000 foot” assessment, the two main assets of the association-its members and other property owners-roads and lakes-are doing well, but there are challenges related to lake funding to be discussed throughout the meeting in various forms.

Regarding roads: Thanks to the hard work of Rick Applegate and others (Dick Johnson, Chuck Hopkins, Terry Yamarino) the roads are in great shape, and the funding to maintain them is in place and stable.

Regarding lakes: Surveys of the membership last year made it clear to the Board that the most important thing was protection of the lakes.

We continue to maintain excellent water quality as measured by our consultant PLM. Yet, consistent levels of funding for our lake management efforts have been the primary challenge. Cash flow for the lakes is unstable. But for the generosity of a few member who donate well above what is requested, our financial position would be far more precarious. Unlike the steady and adequate reserves for the roads, no such reserve exists for the lakes. If an emergency situation presented itself, e.g. septic system failure, there would be no funds available to respond. Thus, the Board recommends formation of a special assessment district (SAD), as will be more fully discussed by other board members today.

**Vice President’s Report-Stan Kirkwood:**

Stan reported that the Board continued its efforts to follow the master plan for the association adopted at the summer meeting in 2018. Funding for the lakes continues to be the primary focus for the Board.

**Secretary’s Report-Judy Moskus:**

Judy reported that after assuming the remaining term for Mela Belle, her duties as the secretary remained the same-namely creating meeting notes and assuring their distribution to the membership.

In addition, Judy took on the responsibility to provide legal guidance on the issues related to the proposed adoption of a special assessment district (SAD).

Due to the lack of the necessary time and skillset among us, the Board agreed to outsource the maintenance of the newsletter and website at an annual cost of $500.00 per year.

**Treasurer’s Report-Mike King:**

Expenses to date in this fiscal year have been $35,297.00, with a budgeted amount of $34,000. Income last fiscal year was $33,900.00. Only three owners did not pay mandatory road dues. If additional efforts to collect the same are not successful, liens against the properties will be filed. 138 families/individuals paid the administrative dues.

Fiscal year-end figures are as follows: Checking account balance is $29,957.00

and savings account balance is $60,525.00, which includes the mandatory yearly $5,500.00 transfer from the checking to savings account to continue funding the reserves.

The Board also lowered the yearly dues by $25.00 to $225.00 annually, given the surplus available and the reliable collection of those dues.

**Special Events (report given by Marty Mulloy):**

This Board position remains unfilled, but thanks to the generosity of several lake residents who volunteered their time, we were able to have both a summer picnic, a chili cook-off and a silent auction that raised significant funds for the lakes.

We are sincerely grateful to the many individuals who donate their time in various ways. The Board would like to extend a special thanks to Cheryl Bias, Tom Lieblein, Charli Carter and Dave and Nancy VanDerworp, for these events: Chili cook-off, silent auction, summer picnic and fishing day for kids.

**Roads-Rick Applegate**

During the past year Rick reported that he and his volunteers accomplished the following: Cleaned out the drainage system; maintained all roads by grading and other related work; placed new fencing around the boat launch; maintained the Alitec; and installed additional signage (deer crossing). There was also dust control contracted for that has proven effective.

Income from road dues was $30,000. Expenditures were far less ($22,052) due primarily due to Rick taking on some of the snow removal (free of charge), and thus the payments to the outside contractor were far less.

Funding for roads remains adequate due largely to the efforts of volunteers. If the volunteer labor went away, road dues would, of necessity, be significantly more, since much more of the work would have to be outsourced to paid contractors. This would also result in a lower quality “product” and a longer response time.

We need to maintain the contingency fund for any emergency situations, e.g. road washouts, culvert failure, and the eventual need to replace the 20-year-old Alitec.

Rick proposed that the 2019-20 budget should remain the same as 2108-19.

Motion to approve the 2019-20 roads budget was made by Jim Tetreault and seconded by Denise Schlotz. The membership vote in favor was unanimous.

**Lakes Report - Bob Conn:**

Bob reported that the planned budget income of 21,700 was slightly outpaced by collections of $22,177.00, due primarily to fundraising efforts. Actual expenses ($24,594) exceeded the planned expenses ($21,700) due to additional costs to maintain access to Little Crystal Lake. The shortfall was managed by a one-time grant from the Board.

Accomplishments this year included improvements in the access channel to Little Crystal Lake; E-Coli testing; fish stocking and carp management; weed eradication (milfoil) in Perch Lake with the application of Sonar; use of the hydro-sweeps in winter to prevent fish kills; strategic weed control in Crystal Lake; coordination with PLM to avoid damage to fish spawning areas; and weir management.

Bob reminded our members that *everything* we do on our respective properties can affect the lake ecosystem. Thus, mindfulness by all of us to this relationship is essential. While a substantial majority prefer no use of chemicals in our lakes to manage aquatic vegetation, such treatment of the same is typically reserved for invasive species, and then only as a last resort. Most of the budget expenditures heretofore are for this part of the lake management efforts, since it gives us the most return with the limited funds available.

Bob reiterated that approximately 56% of property owners contribute to the lake management funds. Thus, we operate on a “generosity” basis, which is often barely adequate and limits our options (see note above regarding use of chemicals). We have been unable to count on a set amount of money per year, which in turn limits any long-term planning.

Individual lot treatment that used to be managed through the associated has now been turned over in its entirety to our consultant PLM. PLM has and will continue to reach out to individual residents and offer this service.

Bob proposed an annual budget for 2019-20 of $16,000.00. A motion to approve was made by Thea Kirkwood and seconded by Tom Dyjack. The proposed budget was approved unanimously by the membership.

**Old Business**

None.

**New Business**

Vice President-Stan Kirkwood:

Stan’s power point presentation highlighted the importance of environmental stewardship regarding our vibrant lakes community through proper management of the roads, lakes and environs. Proper and adequate funding is essential to management of the same. While road maintenance and funding were properly provided for by our by-laws, lake management was designated to be voluntary.

Times have changed in that the establishment of the necessary infrastructure for our lakes community has been accomplished by and large. In recent years the focus has shifted to protection of the lakes. Water quality issues and challenges have arisen, including maintaining water purity, invasive aquatic growth, lake levels and maintenance of a quality aquatic environment.

Whereas road maintenance expenses and reserves have remained steady, funding for lake management has fluctuated due to the voluntary nature of lake “dues.” It has been impossible to build any reserve for any lake emergency or crisis, as all funding year-to-year is needed to meet current expenses. In two of the past five years, expenses exceeded revenue. Over the last five years, the primary expense has been for chemical treatment in the lakes, and that cost has escalated year to year. Thus, we need a different strategy to ensure the health and viability of our lakes. The financial comparison between the roads and the lakes highlights the problem with the voluntary contribution method vs. the mandatory participation for roads.

Only 50% of lakefront property owners donated to lake management in the past year. Besides the limited funds, we are overly dependent on volunteer hours (e.g. Bob Conn, Dave VanDerworp and others) to manage our lakes. If that changes, our costs could escalate greatly and the viability of the lakes environment will suffer.

The value of our homes is tied directly to clean lakes, good roads and an “up north” feel. Degradation of the lakes environment threatens this. Our home values could decline between 30-50% if our lakes are mismanaged. This would result in a potential collective loss of $9 to $15 Million, not to mention the loss of this legacy for our families.

The creation of a special assessment district (SAD) is the recommended strategy to properly fund lakes management. Judy Moskus will discuss the rationale for this recommendation and the procedure to implement the same.

Secretary*/ad hoc* legal advisor-Judy Moskus

Judy presented the Board’s recommendation that a special assessment district (SAD) be formed to ensure both predicable and equitable funding for lake management. An annual assessment of $150.00 per lakefront resident (41 cents per day) for a period of five years is proposed.

Judy explained that special assessments are not property taxes, rather charges imposed on real estate, in advance, to pay the costs of a specific service or improvement-in our case-lakes management costs.

Despite rumors and other misinformation to the contrary, special assessments are NOT the Township’s money. The Township functions like a bank, in that it collects the assessment on our behalf as part of the semi-annual tax bill and holds the money for the use of the affected residents, as specified in the petition.

The Township is entitled to deduct any reasonable costs it incurs in administering the SAD on our behalf. If all of the funds in excess of 5% of the total collected are not spent, each resident will be given a credit against future assessments. Unpaid assessment by any participant of the SAD may be assessed against the remaining participants and result in a lien against the property of any non-compliant participant(s)

As more fully detailed at both the Spring association meeting and in the Association Newsletter, petitions representing owners of greater than 51% of the lake frontage on Perch and Crystal Lakes requesting the formation of a SAD will be obtained and presented to the Township Board for its consideration. The board is under no obligation to establish a SAD and will weigh all options and information before coming to a decision. This may include an informal public hearing to hear directly from affected property owners to better gauge support for a project before money is spent to pursue the statutory hearing process.

Agreement by the Township Board to accept the petitions then triggers the statutory process necessary to establish the SAD. These steps include:

* Mailing and publication of the public hearing notice
* First public hearing
* Resolution approving SAD
* Creation of special assessment roll
* Mailing and publication of the second public hearing notice
* Second public hearing to hear challenges to inclusion of assessed properties.

The SAD is created and assessments typically appear on winter tax bill. Special assessments are imposed one year at a time, for the next year’s expenses (5 years total). Each year, a new special assessment roll is prepared and reviewed by the Township board at a public hearing to assure assessments against current owners.

Judy explained that petitions supporting the SAD are available for signature, both following the meeting and at the picnic. Additional signatures of residents to be included in the SAD will be obtained by supplemental canvases, as required.

Numerous questions were entertained from the membership and answered to the best of Judy’s ability and knowledge.

In order to effectuate the SAD process, a by-law change must be made. Marty will present that.

**Foundation Report-Dave VanDerworp:**

The Foundation oversees and takes the lead on preservation of the lakes environ. This includes supplemental fund raising, education, and fish stocking. If the SAD is implemented, the Foundation will no longer be involved in collection of lake “dues”, but instead will continue its efforts to supplement available funds through continued fundraising events.

The Foundation also extended its appreciation to Chuck Fifield for the donation of his beautiful pen and ink drawings that have raised considerable funds.

President-Marty Mulloy

* By-Law changes

The following By-Law changes are proposed by the Board to permit the creation of a SAD, and also to give the Board more flexibility regarding use of the reserve funds. The proposed by-laws are:

 *Proposal 1: Revising Article 1 Section 8*

*Lake preservation fees shall include, but not be limited to, weed control, expenditures related to water quality, property owner’s ingress and egress to either Crystal or Perch Lakes. Payment of such fees shall be voluntary, except where Special Assessment District (SAD) is implemented.*

*Proposal 2: Revising Article 1 Section 4*

*The Board shall endeavor to maintain a contingency fund of roads in the amount of $50,000. Any surplus in the road contingency fund of $50,000 may be allocated, at the discretion of the Board, to issues pertaining to road, lakes, and for environmental preservation.*

Proposed By-Law change 1 was approved by the membership (including proxies) by a vote of 62 (for)-7(against)

Proposed By-Law change 2 was approved by unanimously the membership (including proxies).

* Board positions

Marty presented a slide showing the current board members and their respective terms remaining. Stan and Marty’s terms expire but both have agreed to serve on the Board one more year. Judy has agreed to fill the remainder of Mela’s term.

In order to ensure continuity, some institutional knowledge and other necessary carryover, the Board recommends creation of an at-large position. This person will not have any assigned duties, unless otherwise agreed to by him or her. Instead the at-large member will “learn the ropes’ and perhaps stay for additional years in one of the other designated Board positions.

New lake resident, Kevin McMaster, has agreed to join the Board in the at-large position. His position was approved by the membership unanimously

**Motion to Adjourn**

A motion to adjourn the meeting was made by Denise Schlotz and seconded by Kit Kelly. The meeting was adjourned at 11: 55 a.m.

Respectfully submitted,

Judy Moskus, Secretary

CLPLPOA