

**Minutes of the Lake Arrowhead Property Owners Association
Board of Directors Meeting
August 3, 2019**

-The meeting was called to order at 9:02 a.m. by President Ronald Race Sr.

-All board members were present except Ron Applebey, Cory Ames, Connie Stubli, and incoming board member Trisha Fowler who were excused. Dave Johnston was absent.

Contractor Tim Wheaton was excused. Contractor Dale Davidson was present

-Ron Race Sr. proposed that we elect Trisha Fowler to the Board to fill the position vacated by Marcia Schick. Becky Krzyzanowski moved to approve Trisha Fowler for a one year term on the board. The motion was seconded by Ron Race Jr. and passed unanimously. Ron Race Sr. proposed the following additions to board assignments: Trisha will serve as Campground Support and Social Committee Support. Paul Cutting will be the Real Estate Chairperson. Ron Applebey will be added to the Security Camera Committee. Mary Davignon moved to approve the assignments that Ron Sr. proposed. Ron Race Jr. seconded the motion and it passed unanimously.

Minutes: Judy Race moved to approve the minutes of the July 6, 2019 board meeting as written. Tom Rozycki seconded the motion and it passed unanimously

Forestry: Carolyn Wright introduced our guest Keith Martell Sr. to the board.

Mr. Martell suggested that there had been some misunderstandings in the relationship between Martell Forestry and LAPOA. He suggested that we start over. He explained to the board that property owners can have different goals for a forestry plan. Some owners just want money; some want to improve aesthetics, recreational opportunities, wildlife habitat, and/or the long term health of the forest. Figures given to the board late last winter, which were rejected, were for thinning a front section of our forest to improve its health. Our old forestry plan is 20 years old and has expired. We have not signed a contract for a new plan. If we enroll in the Qualified Forestry Program (QFP) by developing a forestry plan and following it, we can reduce our property taxes by 16 mills, approximately 40%. We must follow program to receive the tax benefits. We are given three years to complete specified harvests. If that can't be accomplished, we should file an addendum to the plan and change it. If we enroll in the QFP and then take property out of the plan, there are penalties. There is no longer a limit to the number of acres in the program. The program is managed by the Michigan Department of Agriculture. The plan will be a record of our forestry decisions and Martell tells us our options. Martell explained that Martell Forestry is a forest management company and their priority is for sustainable forests. They recommend cutting the annual growth every 10 years. They use a "selection system of harvesting" which means taking down the worst trees (deformed, dead, diseased, & undesired species) and thinning to a certain density; leaving the good trees. You do this three times in 30 years and you are left with a high quality growing stock and a sustainable, regulated, forest that generates good revenue. You can then harvest every 10 years to sustain the forest and to generate income. The look of the forest after harvest can be shocking but management by the professionals results in a healthier forest. Mr. Martell recommended that we have Forestry Committee with 3-4 people and one point person who will communicate with Martell. Martell will help us formulate a Forestry Plan with our goals in mind. He recommends no cutting until a plan is established.

Tom Rozycki explained that board members have been on board with developing a plan with the goal of protecting our forests while generating income. For now, it appears that harvest is to mostly to protect the forest long term; and that short term revenues may be more in the form of tax relief. (Tape recorder stopped.)

Carolyn Wright informed us that she is looking into obtaining Federal funds to help pay for the forestry plan. If we qualify, should wait until 2020 to sign a contract for the plan because we have missed this year's deadline.

Mr. Martell said that if we follow a forestry plan we will be happy. The plan should be simple, easy to read, and adaptive. Changes can be made when necessary. He explained that Martell would act like a general contractor and work with "wood producers" (loggers) to get the job done properly. He suggested these steps:

Develop Forestry Plan; make harvest plan (may involve surveying property lines); Martell will solicit bids from wood producers; select wood producer (with Martell's help); Martell takes workers through site; Martell checks on site 2-3 times per week during operation.

Mr. Martell explained that for tax purposes, timber revenues are treated similarly to oil and gas revenues in a depletion tax account. All expenses associated with the timber harvest such as forester, surveys, travel, plan, are tax deductible.

Next steps: Get qualifying approval from USDA for plan; (USDA approval probably won't be received until March 2020); then sign contract with Martell for management of the plan; after plan is written and approved, we sign another contract with Martell for implementation. Martell charges 14% of product sales. There will be another contract (which Martell negotiates) with wood producers.

Paul Cutting pointed out that we pay about \$10K in property taxes each year so the plan could save us about \$4K each year.

Member Pat Dressel inquired about branches and tree tops. Mr Martell explained that in hardwood forests it is often better to leave branches etc. behind. It protects new growth trees. The heavy equipment necessary to remove it can cause a lot of damage. Martell would make sure trails are cleared of brush.

Mr. Martell said that they use GPS but we may need to have some lines surveyed.

Mr. Martell stated that the Association will not be charged for the marking of trees that has already been done. The Forestry Committee will consist of: Carolyn, Becky, and Judy.

Treasurer's Report: Judy went over account balances, budget, and income. She is pleased because so many of our members have paid their dues. We will not have funds for another brine application. In regards to the credit card fraudulent activity: Our attorney was able to recoup some of the funds but we will probably on the hook for about \$2K because of the fraudulent activity and we will be required to sign a settlement agreement. First Data continues to point the finger at us even though we had enlisted their help in setting up the "Make a Payment" page on our website. Since the fraudulent activity, they added security. Why didn't they do this from the start? Judy has added more security, limiting the number of transactions that can be processed each day; and Mary has taken down that page from our website. For now, members will have to contact the Office to make credit card payments. The board will have to decide whether or not to renew credit card payments through the website. Mary moved to accept the Treasurer's Report. Becky seconded the motion and it passed unanimously. Jeremy (Buddy) Pardo moved to authorize Judy Race to sign the settlement letter that our attorney recommends to settle the credit card fraud case. Paul Cutting seconded the motion and it passed unanimously.

Collections: Judy reported that even with our declining pool of outstanding funds, the committee has collected approximately \$10K this year. We will be pursuing funds more actively this fall as things quiet down. She has gotten a bid from Cutting Edge Computers of about \$1,400 for a laptop computer that they recommended for our needs, a monitor, docking station, an extra power cord, Windows 10 and set up. Computer has to have a disk drive because we don't use the on-line version of Quickbooks. The on-line version does not enable batch billing. Judy often works at home so a laptop is necessary.

Roads, Grounds, and Equipment: Ron Race Sr. reported that Tim is trying to save on gravel wherever he can. The cost of buying Dow Flakes and applying it ourselves for dust control would be about \$12K. It seems that no one is getting brine from gas wells anymore. Ron is trying to meet with a member of the Cook family for estimates using their product. Ron has talked to many companies regarding brine for our roads. The best price so far is .211 per gallon applied. Ron reiterated that Tim did nothing wrong in the last (partial) brine application. He did what he had done for many years. From now on, only the Roads Chairperson will do ordering.

There was a discussion about other products, recovering gravel from shoulders, and improving roads with gravel. Becky's husband Dave has agreed to work with Ron regarding the roads. Slowing down will reduce dust.

Tom suggested we need to develop a roads plan.

Ron Sr. reported that the trash compactor has an oil leak and that Speed Tech is coming out to service it.

Long Range Planning: Tom Rozycki reported that we currently have approximately \$100K in the reserve fund. The plan is fluid. For instance, rebuilding Arapaho has been moved back to 2023. Funds allocated for things like playground equipment may be needed for more essential items. Tom would like a process for

eliciting suggestions. He would like to see more harmony between the Campground and the board. Judy pointed out that the Campground is an amenity for the whole Association.

Lakes, Parks, and Safety: Ron Sr. reported that road work by, and work within the “Merry-Go-Round” park is nearly complete. The road has been reworked so most of the water should run off away from the lake. A train load of stone will be brought in. The park is ready to be hydro-seeded.

New swim buoys have been purchased and installed at the swim area of Anita’s Park. The old buoys were relocated to the channel area. Lot owners are a bit frustrated by the wake activity near the channel and elsewhere. A teenager was cut on the swim raft. Ron Sr. and Ron Jr. will look at it and correct anything hazardous. Carolyn requested that the weeds be cut at parks. Mary pointed out that there are low areas under some of the swing sets that should be filled. Dale Davidson suggested rubber stall mats for under swings.

Building Control: Ron Race Jr. reported that county permits are taking a long time. He cautioned that lot property owners within 500’ of a lake need to get proper permits from Soil and Conservation or MDEQ before building to avoid fines.

Building Maintenance: Ron Race Sr. reported that some teens on a golf cart lost control and hit the mailbox building. No one was injured but there was damage to the golf cart and mailbox building. The parents paid \$400 to cover the damage. Ron repaired and repainted the north side of the building and will paint the other side after damage from opossums is fixed.

Environment & Zoning: Judy reported that a house on Cree Trail that needed attention has been cleaned up and is for sale. Buddy Pardo reported that it appears the renters on Pueblo are cleaning up their yard. Carolyn reported that someone from the county came out to inspect the yard with the domestic ducks on Arrowroot Trail, but did not go on the property and did not see the ducks. We have photos of the ducks on the property that we will send to the county. The stack of tires has been removed.

Campground: Becky Krzyzanowski distributed the first Campground newsletter and talking points for the board meeting:

1. Resignation of Campground Manager on July 7, 2019, effective immediately. Seasonal Campers Troy and Kristi Wentz stepped up to help with bathroom cleaning, storm damage and other campground duties the week of July 8th – 12. Huge thanks for their help.
2. Cindy and Gary Smith, LAPOA residents and seasonal campers agreed to fill the spot of Campground Manager and began working in the interim manager role July 13th.

Board Action: Chairperson would like to recommend Cindy Smith as the new Campground Manager. She has already been given a contract for review and signing contingent on Board Approval.

3. Campground newsletter was created to inform all seasonal campers of current/purposed changes occurring within the campground.
4. New locks on storage shed, storage area, and ice machine and bathroom closet doorknobs were also obtained. We are purposing new door locks for the bathhouse, possible keypad system.
5. A storm on July 11th caused damaged to a large pine tree within campsites 44, 43, 32, 33. Dale Davidson with the help of Wentz’s and Krzyzanowski’s. Dale Davidson was reimbursed for approximately 5 hours of time for his efforts. Three other trees were uprooted and/or leaning due to storm damage.
6. The bid for tree removal by Austin Tree Service was completed on July 23rd. Due to the above storm damage we added 3 additional trees to the bid for a total of \$2800 (originally \$2200).
7. Need for consistent campground reservations and management of 14 open sites. A new “reservation card” developed (example attached) and is proposed to replace the current lease agreement for nightly and monthly. Campground Rules would be still be given during check-in. The current lease agreement would still be utilized for seasonal campers and storage areas
8. **Board Action: Recommend approving new reservation card/LAPOA owner agreement system.**
9. A campground registration board created and placed near entrance of the campground. To assist campers in where to set-up. Thanks to Cindy and Gary Smith for painting and developing this board. The bulletin board at the bathhouse was also updated, check it out!
10. Cindy and Gary Smith have started some much-needed maintenance around the campground.

11. Survey for seasonal campers on maintenance and improvements to the campground. Information will be gathered and discussed during the Labor Day picnic.
12. Pop can donations can resume. We have moved the pop can container to the area directly in front of the shed
13. Clarification for the ice availability at the campground.

Judy Race moved for the Association to contract with Cindy Smith to fill the Campground contract for the rest of the season. Ron Race Jr. seconded the motion and it passed unanimously.

Becky explained that the Campground newsletters will be emailed to those in a dedicated email group and will be mailed to others. Mary will change the website so that the Campground has a dedicated page and will advertise the resumption of the can drive. Tom suggested that there should be some charge to people who reserve a Campground space but don't show up.

Mary moved to approve the new Campground Reservation form with the understanding that Cindy's phone number will be added to it. Carolyn seconded the motion and it passed unanimously.

Becky explained that Arctic Ice is providing an ice freezer free of charge. There is no contract with them, rather it is a friendly arrangement whereby Arctic Ice delivers ice 2-3 times per season but without a scheduled or guaranteed delivery. The cooler can hold 144 bags of ice and does sell out. There was some discussion about leasing a second machine for use by others in the Association.

There are some trees in the Campground that need to come down and bids are being solicited.

Lake Improvement: No phragmites have been seen or reported.

Forestry follow up: Carolyn pointed out that Parcel D includes the woods around the Office, Campground, and Pool. We want to have trees as buffers around those areas.

Pool: Ron Race Sr. reported that there has been a problem with the pool heater. He thought it was fixed but it went down again last night. The issue may be the propane regulator.

Communications: Mary reported that she sent out letters to many of our vendors soliciting ads. She has a trip planned and will post the newsletter to the website before she leaves.

Unfinished Business:

Anita's Park: Ron Sr. reported that the memorial to Anita Wheaton will consist of a cement slab with a bench, a tree, and a new sign. The cost is estimated to be \$1,400 to \$1,500. The family is contributing \$1000 and the rest will come out of the Parks budget.

Lake Rules: Mary pointed out that the Boating Rules hadn't been updated since 2014 and didn't include the rule which the board approved in regards to Wake Boats. The state also mandates that children under 6 wear a life jacket while underway. Becky Krzyzanowski moved to approve the amended Lake Rules. Carolyn seconded the motion and it passed unanimously.

Mary distributed a draft letter template to be used when drafting boating violation letters. Judy moved to approve the water safety letter template. Paul Cutting seconded the motion and it passed unanimously.

New Business:

Paul Cutting commended the people serving on the board and the new management for the Campground.

Adjournment: At 12:45 Ron Sr. moved to adjourn. Tom Rozycki seconded the motion and it passed unanimously.

Minutes submitted by Mary Davignon, LAPOA Secretary

Approved, October 5, 2019