

**Minutes of the Lake Arrowhead Property Owners Association
Board of Director's Meeting
May 1, 2021**

-After correcting some technical difficulties for remote access, the meeting was called to order by President Paul Cutting at 9:15a.m.

-All board members attended. Board members Nicole Burroughs, Gary Smith, and Carolyn Wright attended virtually. Contractors Mary Davignon, Judy Race, Cindy Smith, and Gary Smith attended. All others were excused.

Minutes of February 6, 2021 Special Board Meeting: Ron Race Sr. moved to accept the minutes as presented. Trisha Fowler seconded the motion and it passed unanimously.

Forestry: Perry Smeltzer, a representative of Martell Forestry attended as our guest to explain the draft (20 year) Forestry Plan that was submitted by Martell to the board prior to the meeting. Key points: He explained that much of the forestry report is background, dealing with soil conditions and forest components, and forest health in various areas of our forests. Soil is better near Hayes Tower, so we get hardwoods growing there. Martell will make recommendations on what to plant in various areas following harvests. We may receive up to 16mills/year in Michigan tax savings by following an approved forestry management plan. Martell will help us with the application process. Martell will help us find reputable loggers and make sure they follow the environmental requirements and the logging contract; will manage the financial value of wood while meeting our requirements; do paperwork; will be sensitive to aesthetics around homes; and will try to use back roads. Martell's management fee is 14% of the timber sales. He warned us that, "When you cut trees, it isn't always pretty right away. It's going to take some time for things to come back." He assured us that marketable wood will be removed and what remains will begin to decompose and will be largely gone after a few years. Goals are a healthy forest, wildlife habitat, and to reduce fire hazards; so disease prone/infected trees will be harvested. Rotted trees, mostly Beech may be left since they have no value. Beech Bark Disease is caused by an invasive pest. Some natural resistance to the disease may develop. Scotch pine, which are non-native, seed abundantly, and are disease prone will be harvested and used for chips. They do "pocket harvesting" to manage small areas of the forests. Thinning trees promotes healthy forests. Mature aspens are harvested, and young ones left to grow because they are a favorite of wildlife. Harvests are timed to prevent spread of disease. They prefer to work in winter. Harvest schedules are flexible, and the forestry plan gives us 3-4 years of flexibility because of weather or price conditions. Retail prices are currently high, but producers get little of those increases. Loaded trucks are very heavy and roads/trails will need to be graded when work is completed. The harvest company is responsible to grade roads to a suitable condition. Martell's contracts with logging companies and their bond assures that any damages with financial impacts are paid. Martell will provide us a copy of their bond. We are taxed by State of MI for sale of wood as a capital gain. Payments: Lumber mills send ticket of what is received to Martell. Martell gets 14%; we get 86% The lumber mills pay the harvest company. Cost sharing with USDA: It is time consuming, but you can get some of the implementations to be paid for by the USDA (possibly as much as Martell's 14% fee). It takes about a year to get approval. It is a competitive grant process. You can apply for one year or multiple years. Almost all of the Forestry Plan is being paid for us by a grant from the USDA.

Next steps: *Examine draft plan, get lists of questions, make corrections. The plan must be finalized by July to be submitted by Martell in time for the September deadline.* The Forestry Committee will work on this. Board members should funnel questions through the committee.

Financial Report:

-Contracts: Prior to this meeting Treasurer Judy Race emailed board members copies of the proposed contractor contracts for our regular seven contractors. Judy explained that we have seven contractors right now, and if the contractors want to continue and we are satisfied with their work, we renew their contracts. There were three changes in the contracts: In accordance with our bylaws, contractors will be available for board meetings, but may be excused from them. The extra pay our pool and campground contractors received last year

because of extra cleaning required because of Covid-19 has been removed. Verbiage concerning Tim's required cell phone has been corrected. There is NO additional pay for his required cell phone. No raises for contractors were included.

-Judy Race moved to accept the proposed contract for Tim Wheaton as our Roads, Grounds, and Equipment Manager Dan Burroughs seconded the motion and it passed unanimously.

-Paul Cutting moved to accept the proposed contract for Ron Race Sr. as our Building Maintenance Manager. Mary Davignon seconded the motion and it passed without objection and with Ron Race Sr. abstaining.

-Paul Cutting moved to accept the proposed contract for Veronica Johnston and Ron Race Sr. as our Pool Managers. Jeff Kennedy seconded the motion. The motion passed without objection. Ron Race Sr. and Dave Johnston abstained.

-Judy Race moved to accept the proposed contract for Magdalena Sinatra as our Office Manager. Carolyn Wright seconded the motion and it passed unanimously.

-Ron Race Sr. moved to accept the proposed contract for Corenne Ching as our Accounts Receivables Contractor. Tom Rozycki seconded the motion and it passed unanimously.

-Paul Cutting moved to accept the proposed contract for Judy Race as our Accounting Agent and Financial Manager. Trisha Fowler seconded the motion and it passed without objection. Judy Race abstained.

-Ron Race Sr. moved to accept the proposed contract for Cindy Smith as our Campground Manager. Judy Race seconded the motion and it passed without objection. Gary Smith abstained.

Judy Race reviewed the end of the year report and compared expenses with what was budgeted. So far this year, we have not had any major unexpected expenses. When you see the small amount of cash we have on hand at years end, we can see how tight our budgets have been. "We are just barely making it." Judy had to borrow funds from the Forestry fund or Lake fund in some years just to meet operating expenses. Judy displayed a 5 Year Comparison of Expenses. Key points: Property taxes have gone from \$8K to \$11K. (Forestry project should save us some money on future property taxes.) Brine, gravel, and stone have gone up significantly. Gas well income is almost non-existent. Income from the 3% automatic dues increases does not cover increased expenses. Dan Burroughs moved to accept the Treasurer's report. Ron Race Jr. seconded the motion and it passed unanimously.

Collections: Collections Committee Chairperson Gary Smith has been looking for assets of people for whom we have judgements. We recently were granted three more judgements by the court. Letters will be sent to them after thirty days if those people do not start paying. Judy shared results of recent collection cases. We have won judgement on every case. Some members are now making monthly payments, others have paid in full.

Gas Wells: Dave Johnston reported that gas prices are still extremely low. Judy reported that gas well revenues are not included in our current budget, but she was pleasantly surprised that we have received a couple checks.

Real Estate: Paul Cutting reported that properties are being sold very quickly and there are not many vacant lots or houses for sale. Judy reported that the county foreclosed upon 22 properties, and they will go to auction in August. There were 15 forfeitures to the county.

Roads, Grounds, & Equipment: Ron Race Sr. reported the price of brine is 24 cents/gallon; up 2 cents from last year. We only have one brine application budgeted and it will probably be done just before Memorial Day weekend. A new leaf blower was purchased, and Tim hired someone to help him do the leaves at the parks. Ben Chudzinski has a "float grader" that can be pulled behind a tractor. It was used to do the areas around the mailbox building, compactor, and the Campground. We got some complaints about the condition of the roads in early Spring. Tim did what he could do despite the wet conditions, and we are happy with his efforts. A new sander controller was purchased but has not yet been installed. A new water line will be run from the maintenance building to the trash compactor area to enable power washing. Winterizing will be added to contract.

Long Range Planning: Tom Rozycki suggested we form a plan to strategically fix roads (drainage etc.) Ron Sr. explained that he has had two different companies come and examine our roads. The problem is that our roads are sand; most are lower than adjoining properties and they don't drain well. Carolyn suggested we

develop a road improvement plan. Ron has companies who can provide written reports with recommendations that can get us started so that we can start gradually improving the sand roads.

Dues increases: Background: At our February 6, 2021 meeting, the board recommended raising 2022 dues on primary lots to \$275/year and secondary lots to \$100/year (includes mandated 3% increase for 2022). The reserve fund would remain at \$71 on Primary lots.

Today, Ron Race Sr. moved that when we present the proposed increases to members, we break down the proposed increases to \$225 on primary lots and \$100 on secondary lots for our operating budget; and as a separate motion, propose a \$50/primary lot increase for roads maintenance and Judy Race seconded the motion. Ten voted “No.” Four voted “Yes.” The motion failed.

Parks, Lakes, & Safety: Jeff Cunningham (Fango) has done two cleanups by the boat launch. He would like to purchase two new “No Wake” buoys if we have the funds. He will install the swim raft. Ron will bring in more soil for the boat launch picnic area. Ron reported that the grant for a new Fire Danger sign expired but he is still working on getting one. He and Judy picked up the two new benches for Anita’s Park. We will need to send a letter to Stuckman’s with the quote for replacing the swing set they removed. The Officers can handle that. Ron is following up with ECT regarding the lake study. Dan Burroughs wants members to know that they may not cut trees from parks or other properties that they do not own. If ever given permission, they need to be supervised. Gary suggested we lease docking space at neighborhood parks for members to dock boats. That was tabled until August.

Building Control: Ron Race Jr. reported three houses are being built. He also requested the following bylaw change. Dan Burroughs moved to add the highlighted sentence to Article VII, Section 3f of bylaws regarding combining lots. The motion was seconded by Tom Rozycki and passed unanimously:

“Only the Hayes Township Supervisor/Assessor has authority to combine lots to create conforming size. Lots combined shall not be separated once a building has been erected unless said building is modified or removed to comply with this bylaw and approved by the Board.”

Building Maintenance: Ron reported the following: He will power wash the docks. He modified the AED box so that it would remain warm enough during the winter. New directional signs to the Campground have been ordered. A member offered to purchase a large parcel box but so far, Ron has not found one. The containment area has dried up a lot. The fences are in good condition.

Environment and Zoning: We still have members with junk on lots, underwater docks, etc. We will add Environment and Zoning to the Membership Meeting agenda. Members need to correct violations so the county or DEQ do not have to get involved.

Campground: Campground Chairperson Trisha Fowler referred to Ron Race Sr. and Gary Smith for the report. Ron reported that the six new campground sites have been cleared and marked front and back. Trenching for water and electrical has begun. Sleeves were added to protect the lines where they went under roads. Plumbing permits are being finalized. Otsego County Building Department is requiring water lines to be 4.5’ underground. Tom Rozycki volunteered his seeder to aid in restoration. Cindy Smith reported that reservations are coming in. A lot of campers are being moved. People seem to like the look of the new camping sites.

Lake Improvement: Ron Sr. reported that the lake was tested for bacteria and is safe for recreation. There was some concern about the septic tank at O’Connell’s place. Fango reported that the tank had been pumped two years ago and no one has used the cottage since then. The tank is up by the road. In addition, Chuck from the Health Department was out this week and had no problems with it.

Pool: Ron reported that the Pool Doctors will come in on May 18, 2021 to open the pool. The heater part has been ordered and the gas line will be fixed.

Security Cameras: All are working well. We had a few false alarms when members reported what they thought was dumping by non-members. It turned out to be members. Ron appreciates the reporting by members as it helps him narrow down the time window on illegal dumping.

Newsletter & Social Media: Mary Davignon reported that she needs to get the newsletters to the printer on Monday. She needs articles by Sunday. Mary reported that there have been some unkind posts lately on Nextdoor by a few residents. She distributed a proposed “LAPOA Social Media Standards Policy” that she and

Ron Race worked on together. Ron Race Sr. moved to approve the policy. Dan Burroughs seconded the motion and it passed unanimously.

Social Committee: Trisha Fowler has resigned as Chairperson of the Social Committee. Ron Race Sr. moved to approve Paul Cutting's recommendation of Nicole Burroughs for that position. Nikki accepted the position. Dan Burroughs seconded the motion and it passed unanimously

-Good Standing proposed bylaw change: Ron Race Sr. moved to approve the member in good standing proposed bylaw change. Dave Johnston seconded the motion and it passed with one opposed. Changes are highlighted:

ARTICLE IV – MEMBERSHIP:

Section 1. Every person or entity who is an owner of any platted lot in Subdivisions shall be a member of the Association and no other person or entity shall be entitled to membership. For purposes of these By-laws, a land contract vendee shall be considered the owner of a platted lot and the member of the Association.

Section 2. The membership rights of any member may be suspended by action of the Board of Directors during any period when any assessment(s) owed to the Association remain(s) unpaid. In addition to current payment of all assessments levied by the Association, the membership rights of each member are subject to maintenance of appropriate conduct in accordance with these Bylaws and in accordance with reasonable rules and regulations which may be adopted from time to time by the Board of Directors. Failure to comply with these Bylaws and such rules and regulations **may will result in written notification of violation to offending member. Violations which are unresolved within a reasonable timeframe will result in suspension of a member's rights until such violation has been resolved.**

Section 3. The share of a Member in the funds and assets of the Association cannot be assigned, pledged, or transferred in any manner except as an appurtenance to his platted lot in the aforementioned Subdivisions.

Section 4. To be considered a Member in good standing, all annual maintenance assessments and special purpose assessments must be paid in full by the specified due dates. **Any member whose member's rights are suspended shall not be in good standing until such rights are reinstated.**

Section 5. Each Member in good standing shall be entitled to the use and enjoyment of the common properties and facilities and shall be eligible to participate and vote in all Membership meetings and elections.

-General Rules: Mary Davignon reported that with Ron's help, she changed the General Rules to adhere with the changes recommended by the Rules Committee and made some other updates. These were distributed to the board in advance of the meeting and are currently in use. Dan Burroughs moved to approve the updated General Rules. Carolyn Wright seconded the motion and it passed unanimously.

-Metal Building near Hayes Tower: Ron would like this tabled so he can have it inspected.

-GLE Solar Panels project: Judy reported that she is still working on it with Great Lakes Energy.

New Business:

-Picnic: Jeff Kennedy moved that we have our traditional picnic this year (the Association will supply burgers, hot dogs, beverages, and paper products. Members will be asked to bring a dish to share or if they prefer, they can bring food for their own group. Paul Cutting seconded the motion and it passed unanimously.

-Membership Meeting: The ballot counting committee will consist of: Trisha Fowler, Dan Burroughs, Judy Race, Tom Rozycki, and Mary Davignon

Dave Johnston will once again take care of the sound system.

Adjournment: At 1:32p.m., Dan Burroughs moved to adjourn. Ron Race Sr. seconded the motion and it passed unanimously.

Minutes submitted by Mary Davignon, LAPOA Secretary
Approved, July 3, 2021