

**ANNUAL MEETING OF LAKE SHORES ASSOCIATION
SATURDAY, AUGUST 6, 2016
10:00 A.M., PAVILION**

Several handouts available to members, including: Agenda, LSA Corporation Profit & Loss Prev Year Comparison January through December 2015; Balance Sheet as of December 31, 2015; Lakeshore Association Profit & Loss statement January through June, 2016; Balance Sheet as of June 30, 2016; LSA Corporation Profit & Loss Budget Overview January through December 2016 (proposed budget); LSA Corporation Source & Application of Funds Projected for Calendar Year 2016.

CALL TO ORDER: By President, Dick Hokanson, at 10:02 A.M.

ROLL CALL: Present: Darrin Bernatowicz, Lori Kropewnicki, Randy Wrona and Dick Hokanson. Sue Guigelaar absent. Tricia Korhorn present to record minutes.

PRESENT: Approximately 64 members signed in at the meeting. Visually it appeared approximately 80 members were in attendance.

MINUTES: Minutes of the Annual Meeting 08-08-15 read by President, Dick Hokanson. While reading the past minutes, Dick provided the following updates:

The County Drain Commissioner was invited, but unavailable, to attend the current annual meeting for an update on the dam.

\$400 was raised at the previous craft fair and the funds were used on the pavilion painting.

The walking path around lake is completed and conforms to the requirements of the lawsuit.

Comments were taken on the past Minutes and Jeannie Storms inquired about an LSA sign on Arbogast. She questioned if she obtains permission for the sign, will there be money for it, and whether any follow up was done since last year's meeting. It was acknowledged that no follow up has been completed. There was a request for an update on bog removal and Dick acknowledged that will be forthcoming later in the meeting.

FINANCIAL REPORT: Copies of the financial were provided and opened for questions. There was a question whether the LSA owned property is listed on the balance sheet & it is not. It is also believed we do not pay property taxes on said property.

AQUA ADVISORY GROUP: President acknowledged that the Board has attempted to obtain more member participation in certain annual tasks. There are no term limits on the Board members so the Board wishes to establish committees to look after the lake from year to year for continuity. An Aqua Advisory Group was formed when 30 people met with interest on the condition of the lake & held a "fish forum." Dave Camps agreed to chair this committee and serves as a liaison between the LSA & PLM. Dave Camps took over the presentation and indicated there are 9 people on committee, a large member

representation. The committee has no authority to make decisions, it is an advisory committee.

Lengthy discussion followed and can be found on the attached “discussion supplement” regarding weed control, bog control, muskrats, geese, wild celery, otters, fish and Member questions regarding a goose control program, water testing, swan removal, PLM budget and zebra mussels.

FINANCIAL REPORT: Dick returned to the financials and acknowledged there were no earlier questions. He acknowledged questions regarding the need for dues increases over the years. Dick pointed to the handouts and acknowledged that on December 31 (year-end), after paying all expenses, LSA had \$47,000 cash on hand. Expenses have grown over the last couple years. Budgeted income is based on 500 members at \$150 each. We have \$62,000 worth of expenses, over and above the \$24,000 loan payment this year, and the next 5 years. We expect we will consume the entire weed control budget this year. We are currently in a position where our total expenditures will exceed our income by \$10,000-12,000 per year. We currently have a surplus and are not in problem situation, so we should be OK for the next 3 years, but a dues increase will need to occur between now and then. The new Board will address this issue. The cash balances of the LSA are healthy, but bog removal expenses will need to be raised, and we expect all of our expenses will increase. Bog removal will overwhelm the budget. After much discussion on bogs, we must still find a contractor, obtain a cost, and raise funds. Dick acknowledged this is an issue plaguing the Board and significant effort was made last year to get an answer, but we need a definition to the information.

BOAT STICKERS AND DOCKS: LSA has in excess of 700 registered watercraft and we appreciate member participation. Effort continues to have all boats stickered properly on our private lake. Over the 4th of July we hired security to monitor boat access. LSA has 54 “common area” docks. This was established many years ago and administration of the docks has become somewhat of a problem. LSA does not own the docks or charge for the dock space. The docks are meant to provide off shore property owners an area to dock boats. An application required for dock space. The LSA monitors dock safety. Darrin Bernatowicz helped with proposals on how to proceed and warn people regarding safety, repair and disagreements. LSA asked for cooperation and a meeting of dock owners to advise the Board. 8 people showed up to a meeting. LSA needs the participation of dock owners, and the docks will be administered as is for now.

MEMBERSHIP COMMUNICATION: LSA used their website, emails and Smoke Signals for communication. It has been difficult to gather email addresses for everyone and Dick attempted to gather emails for 200 members & received about 100 responses. We converted our email system from Go Daddy to Mail chimp, which allows for certain reports including how many emails are opened. It allows members to unsubscribe. Dick is the author & distributor of all emails. 50 emails have been sent to the membership since March. There are currently 361 email names on the distribution lists. We have 499 members, 497 of whom are effective. With 350 emails (approx. 2/3 of membership), maybe 50% are opened. Of 50 emails, 78% opened “Lost Cat.” If we don’t have your email, please write it down for us before leaving the annual meeting.

We do not have a web master for our website. We have engaged a web designer (\$300); a prototype is completed and available for review. It needs to be finished, but future emails will be posted on the website as well. The current website still exists. There has been no publication of Smoke Signals for lack of volunteers. A mailed version is likely to be done again.

PRESIDENT'S COMMENTS: Thank you for your firework contributions. Believe this year's were best to date. Firework budget of \$5,000 is always difficult to obtain. This year was the first time we were able to gather the \$5,000 on first solicitation. This year a notice went out with the annual dues notice and we raised \$6,000. Dick acknowledged last year's show wasn't as good and it was corrected. 150 members supported fireworks. Please consider contributing in the future.

The pavilion was renovated over the last year. It was funded with \$7,000 free will contributions over dues. The long exterior walls were vinyl sided and the short exterior walls were painted. The totem pole was redone and the interior was painted.

This year \$3,600 in excess donations were made above dues, with some designated for certain things. \$1,500 need to be directed and will probably go towards new picnic tables for the parks.

Jeanne Stormes asked to use the pavilion for social activities (i.e., line dancing) free of charge. The Board established rules & regulations for free of charge (FOC) use by the membership for social activities. You must request and obtain proper permission and approval from the Board, and the information will be added to the website. Jeanne encouraged use of pavilion for cards, etc.

Last fall the Board looked at alternatives to contract accounting, etc., in order to perpetuate continuity and take liability for handling money off the Board. The Board employed Gerow Management. Gerow sent all dues statements and Gerow has prepared financial statements. Gerow did balloting and there was no LSA participation in election process for balloting and counting. A certification of the ballots by Gerow is available to members.

MEMBER Q & A: Dick asked members to identify themselves and keep comments to 3-5 minutes. The Q & A session is summarized on the attached "discussion supplement" and includes discussion on the marina permit, 2014 accounting, docks, roads and delinquent dues.

DISMISSAL OF PAST BOARD/INTRODUCTION OF NEW BOARD: Dick acknowledged that the Board is responsible for managing the LSA based on member input, and the need for volunteers. He thanked Darrin, Lori, Randy & Sue who served so well in the past year. On a personal note he apologized for his absence with his wife's health issues. Dick excused the members of the current Board.

Members attempted questions regarding the new board and Dick asked to wait until after introduction of the new Board.

Introduction of new Board in order of most votes received: Dave Malmo, Tricia Korhorn, Val Pritchard, Randy Wrona, Dick Hokanson. Dick advised that the new Board met Thursday night, August 4, for an organizational meeting. He noted that 3 members were new to the Board. Dick has been on the lake since 1966 and our Covenants & Restrictions were recorded in 1966. We have been an association for 50 years. The organizational meeting was held to elect officers. For all practical purposes, the Board members were new to each other. At the meeting there was an introduction to the various activities the Board needs to address and the role of being a Board member? In the past the Board was expected to do all physical work. As volunteerism has dimensioned it is more practical to contract out individual activities of the Board. Dick presented the new Board with a list of assignable activities and acknowledged the Board has power to appoint agents. The Board appointed Gerow to do accounting, we can hire Heckman to do lawn maintenance and we can appoint committee assignments. Using Gerow establishes continuity and having Dave Camps head a committee as a non-Board member provides continuity with PLM. Conceptually this was the discussion on Thursday evening when the new Board spoke to these issues, as well as how many officers to elect and the process. We reached a point where we needed more time to digest this information to make valid decisions, and sometimes the best decision is no decision. The outcome was we chose Dick as President with a 4:1 vote and Dave Malmo as VP with a unanimous vote (incorrectly given as 4:1 vote during the meeting). We did not name a secretary or treasurer and asked Sue to continue in her duties for a certain amount of time. No definitive answer.

Bob Ingersoll questioned why we would appoint Sue to anything having to do with money? Dick acknowledged that Gerow handles all financial activities and there is no evidence of past fault or error.

It was acknowledged that several members exited the meeting.

Karen Brimmer acknowledged that they have not been allowed to volunteer.

Dick acknowledged there have been member requests for financial information and the Board has had to determine whether a member is allowed to procure any information requested, or whether that information is the property of the LSA under the Michigan Non-Profit Corporation Act, and the Board has obtained a legal opinion on that question. Members requested to see the legal opinion.

Members indicated that past Boards practiced an open book policy.

Ray Brimmer would like a member list and the Board duly noted his request. Dick acknowledged that past requests placed before Board were acted upon.

MEETING ADJOURNED: Meeting adjourned by the President at 11:47 A.M.

Minutes recorded by Tricia Korhorn.

**ANNUAL MEETING OF LAKE SHORES ASSOCIATION
MINUTES SUPPLEMENT - DISCUSSION SUPPLEMENT
SATURDAY, AUGUST 6, 2016
10:00 A.M., PAVILION**

AQUA ADVISORY GROUP REPORT:

Weed Control: The committee works on weed control with PLM, and PLM was selected again to control weeds this year. There has been a lot of plant growth this year, associated with a mild winter. This is good for oxygen levels for fish, but the light stimulated early plant growth already seen in early spring. There is currently a fair amount of algae in the lake and PLM will return on Monday for algae control.

Bog Control: A lot of time has been spent finding someone who can handle our bog control. DNR wants the bogs to stay in the lake as fish habitat. We continue to find someone to handle removal of the bogs. Darrin Bernatowicz found one contractor and Dave Camps has found 7-8 contractors. Prices range from \$1,200 up front just to take a look at the lake, to \$30,000 for an evaluation.

Muskrats: 3-4 trappers' contact information has been obtained and may or may not have been emailed to members.

Geese: Geese are protected under the Federal Migratory Bird Treaty Act. There is a procedure available to control the geese. Bob Ek did a lot of legwork to obtain information and present it to the group. The LSA can go through the process for 3-year period. In June there would be a goose roundup because the adults are molting at this time and cannot fly, and young cannot yet fly. Removal will cost between \$1,000-1,500 per year. If you complete this process 3 years and collect a minimum of 25 geese per year, you can then move to a nest process where you collect the eggs, freeze them & then dispose of them. There is no cost to this permit. LSA volunteers would be trained in these processes. It was noted that during the roundup process we will have geese until mid-June, and some may return. It is an ongoing process. Dick asked in roundup how many geese we would try to round up. We would attempt to round up all geese at a base price for first 25, and \$6 a head after that, to get to the \$1,000-1,500 range. Dick asked if the LSA would need to provide volunteers for roundup. We do need volunteers and the contractor would train them. The process will probably take a couple of hours.

Wild celery: Dave explained this is a flat bladed plant with a stem that comes up in a curly q. It is found on our lake. Because wild celery is a native plant the DEQ is reluctant to allow spray for kill. There is no good spray for killing because any spray used would also kill other native plants. PLM can spray to suppress, but not eliminate. The control costs may not be worth the effort because it will continue to spread. We are not sure on the appropriate action because there is not enough information on whether it is successful on other lakes.

Otter: We probably have one on the north end of lake. 2 have been cited. It was questioned whether they cause damage and it was acknowledged they eat fish.

Fish: Dick asked for a fish update? Doug indicated we planted 1,300 bass, 100,000 minnows for a food base, and 400 more specs this fall. Bass appear to be 10"+ and healthy. We had a good minnow spawn.

Member questions: Would the goose removal process include the area north of lake because the majority of geese are nesting in the swamp area. Dave indicated we can't answer that question now. Geese are protected federally. A combo of DNR and USDA and other folks need to approve the process, as well as an agreement of a required 70% of the lakefront property owners. It was noted that the swamp area is leased to goose hunters and they won't like it and we are one of the largest flyways for the geese. Ray Brimmer believes it won't eliminate the problem, but it was noted that we could reduce it. The first step will be a petition and to do the legwork for the permit. Last year it needed to be requested by May 27. The application needs to be signed by the President.

It was questioned whether our water quality is tested because of goose droppings? For many years a snapshot of our water quality was done twice per year to test oxygen and nutrient levels and the buffering capacity water. Nothing has been done to check the bacterial condition of our beaches, etc. This summer we did not pay the \$600 to PLM for a water quality test. Dave Camps is checking these things monthly. Our Oxygen levels have been 100%+ and pH levels are somewhat elevated between 8-9, which is expected given the condition of the lake & photosynthesis.

Is there a similar removal process for aggressive swans? Mute swans are not protected under Migratory Bird Act. They are considered evasive. The State of Michigan's plan is to eliminate them by 2030. Any conservation officer or police officer can get rid of swans. It is not catch & release. A member was told by an off duty DNR officer that we can break eggs. Dave cautioned that the DNR wants an orderly process and you would need a permit to do anything with swan eggs.

Dick asked about the \$30,000 budgeted for PLM this year. Financial statements show we've spent \$15-16,000. Dave indicated that's more than 10% over last year and \$19,000 has been expended this year. We are very close to budget this year. There has been a wave & crest over the years regarding the expensive sonar treatment. Dave explained that several years ago with the milfoil (we have an aggressive hybrid), PLM did a whole lake treatment called Renovate, which knocked it down. Aquatic surveys call for spot treatments. With a widespread reoccurrence it will become more economical to do a whole lake treatment instead of spot treatments in 5-10 years. There will be an increase in expense down the road for the milfoil, as it is very aggressive. It was questioned how it was brought in to the lake and noted that it likely came in through a boat/trailer, as that is typically how it gets in to a lake. Most lakes invasive plants start by being brought in.

We receive emails throughout year from Dave. Dick thanked Dave and reminded the membership that we want to be careful that we do not bring zebra mussels in to our lake. This is another reason we do not allow guest boats and all members should wash their boats and trailers before re-entering our lake.

MEMBER Q & A:

Ray Brimmer – 11 year Board member. We are currently under a marina permit by Winfield Township for the docks. Their rules regulate the docks. If we want to add docks, we must reapply. Ray knows the permit is still in effect. Under DEQ permit for docks. We had to submit a diagram with the application. Dick acknowledged that there have been some changes to the law, but is unsure of them.

Ray also questioned whether we have a void in the bookkeeping before Gerow. Dick acknowledged there was a transition in the accounting on 3/11/14, when Val Pritchard had recorded the accounting to that point. That exercise then transferred to Sue Guigelaar and there were transitional difficulties. Books had been kept on QuickBooks Pro and Val had tutoring and was familiar with the program. Sue had problems continuing that process. While effort was made, the books and records at that time got disrupted to point of being inaccurate. It was determined it would be better to start over, with Quick Books with new chart of accounts. There was a period of time 3/11/14 to approximately 5/15/14, before we subsequently continued with Quick Books. Those files were turned over to McBride Auditing at the end of the year and it was determined the books were in order. Ray questioned whether there were handwritten records in addition to the computer system. Was there backup? Dick acknowledged we went back to 1/1/14 and recorded entire the records. There was no loss of information and Dick acknowledged there is no void in the system.

Linda Talsma lives on Indian Shores near the park. She has lots of people on her private dock. How should she handle them? She questioned whether she could put up a no trespassing sign? The Board asked if it would be helpful to have a general no trespassing sign and noted the need.

Mark Jenison asked if he was liable for common dock space. The board directed him to talk with his insurance carrier.

Jim Woberton, Seneca drive? What is the process for getting their road blacktopped? Several members attempted to answer that question by directing him to the Township meeting. All LSA roads are Township roads maintained by the County. Jim Radford has served on the Township board and we have not been able to get an official to attend an LSA meeting. Prevail upon Township officials.

Ray Brimmer suggested Winfield Township has funds to pave roads. In the past we have had to supply information on the residents on the street and whether they are full or part time residents, refuse routes, bus routes. The Township has a paving committee. LSA is one of the Township's biggest funders. They will work with us if we have plan. Linda Talsma's husband took pictures of the road, attended meetings and they are getting their road paved.

Ron Vierheilig, Blackfoot Trail. Regarding those that don't pay dues. We place liens on the properties, but in the past we used to pursue them legally. Dick acknowledged that Gerow

Management is in charge of collecting dues and is engaged to take it to a certain point. The Board will determine how to proceed with delinquencies on a case-by-case basis. Current delinquency issues are not large. As of June 30, there is \$8,453 in delinquency. Approximately 20 – which is average. At one time the LSA had \$27,000 in delinquent dues. At this point the process is being handled. Ron indicated that one reason Val Pritchard was re-elected to the Board was to keep dues in check and he hopes the Board continues with past practices or pursuing delinquent dues, and discontinues Gerow Management. Several members expressed disagreement and acknowledged the consistency of with an outside company. Members acknowledged it is well worth the money.