

**Higgins Lake Property Owners Association
Annual Meeting - July 16, 2016
Roscommon High School**

Call to Order and President's Opening Remarks:

President Brad Gibson called the meeting to order at 8:54 A.M. (Note: Although announced later in the meeting, a quorum was present at the commencement of the meeting.)

Mr. Gibson made opening remarks as President and introduced our Board members. Mr. Gibson served as Vice-President last year and has been a Board member for many years. He and his wife are enjoying their 28th summer here and are cognizant of current concerns. The current directors and officers, together with a brief description of their primary contributions to the HLPOA in the last year, are as follows:

- Charlene Cornell: Charlene is our Vice-President. She devotes her attention to improving communications, including her participation on the committee which published our new directory.
- Herb Weatherly: Herb is our Secretary and a long-time Director. He focuses on office issues and oversees our Board meetings.
- Chuck Brick: Chuck is our Interim Treasurer. His efforts include revamping our financial record keeping and he is a "work horse" on the PAC Committee.
- Dave Batchelor: Dave is our Environmental Committee Chair. He is well-qualified for this position with a bachelor's degree in environmental science.
- Bill Case: Bill is our unofficial Dean of the HLPOA. He has served for many years and brings great historical knowledge.
- Ken Dennings: Ken is a former President and is a key person on a number of projects, such as Swimmer's Itch and fund-raising. He is also a member of the PAC.
- Bob Hoffman: Bob offers great insight into local issues, such as septic ordinance issues, and brings his business experience to address our concerns.
- Jim Vondale: Jim is a past President, a great organizer, chair of the Riparian Committee and provides a link to the HLSIO and the MSIP.
- Bob McKellar: Bob has been on the Board for the past year, is a member of the Environmental Committee and has knowledge in the area of water testing. He also brings his business knowledge to the Board.

- Dianne Wagner: Dianne heads up our Membership Committee, which produced our new directory. In addition to the hours spent on the directory, Dianne has spent significant time on Member communications and gathering Member data in a way that allows the HLPOA to access Members in a more efficient manner.

Mr. Gibson also announced that the Board's new administrative assistant is Kathleen Barger and that the Board and the HLPOA are very glad to welcome her to the team.

Mr. Gibson then highlighted the accomplishments and issues to be reviewed during the meeting as follows:

- One and 1/2 years ago, a Member survey was taken that identified Swimmer's Itch as the #1 problem. Swimmer's Itch continues to be the #1 issue and upcoming reports will show the progress that has been made.
- In regards to our financial reporting changes and improvements, we will share the results of the independent professional audit for the 2015 year.
- Policies and proposals for future projects and goals will be presented by our Environmental Committee.
- In order to improve communications with Members, the HLPOA also has a presence on Facebook as well as an enhanced HLPOA website.
- Jim Vondale, chair of our newly-formed Riparian Committee, will discuss the membership and objectives of such committee.
- Higgins Lake Political Action Committee (HLPAC) engaged in its first round of political endorsements, which are on our website and Facebook. Focus is placed only on contested elections in the primary. There will be another round of endorsements after the primary.
- A report will be given by attorney, Bill Carey, in regards to two law suits filed by former Board members. We hope to resolve these in the upcoming year.

After the election of Board members, new goals will be set by the Board for the 2016-2017 year,

Approval of 2015 Annual Meeting Minutes:

Mr. Gibson asked if there were any questions or corrections to the minutes. None were raised. Throck Osborn moved to approve the minutes as presented, which was seconded by Kevin Kessler. There being no discussion, a vote was taken by voting cards. No voting card was raised in opposition and the motion passed to approve the minutes as presented.

Treasurer's Report:

Mr. Chuck Brick assumed the role of Interim Treasurer after Mr. McKellar stepped down.

Mr. Chuck Brick announced that the audit experience had been educational and that working with Ms. Tina Powell of the Mt. Pleasant CPA firm of Robert F. Murray and Company had been an excellent experience. Mr. Brick presented the 2015 Profit and Loss and Balance financial statements. There was a decrease in assets of \$21,000.00. \$16,000.00 of this was a result of a contribution granted to the Higgins Lake Swimmer's Itch Organization. There were also increased lobbyist expenses paid by the HLPOA. The lobbyist's efforts resulted in an appropriations bill of \$250,000 to be used to combat Swimmer's Itch in northern Michigan lakes, including Higgins Lake.

Mr. Brick introduced CPA Tina Powell, to walk us through the 2015 audit.

Ms. Powell announced that the most important duty of the HLPOA management is to present the finances of the HLPOA fairly. In the opinion of the auditor, the finances have been presented fairly in all respects. Further, the responses from Mr. Brick, Mr. McKellar and Mr. Jack Cornell were prompt and excellent.

In reviewing the Balance Sheet as of 12/31/2015, Ms. Powell noted that the Current Cash, \$11,991, is reported separately from Restricted Cash, which is typically cash donated for a specific purpose such as legal or lobbying costs and Certificates of Deposit. Total Assets are \$62,364.

With respect to Liabilities, the entries are primarily payroll and one month's rent. However, \$13,350 of dues for 2016 were paid in 2015 and must be reflected as Unearned Revenue for 2015.

The Net Assets show all classes of assets including the undesignated and unrestricted which are primarily member dues as well as those assets which are temporarily restricted. The temporarily restricted assets are cash contributed to be spent exclusively to pay legal fees or to fight swimmer's itch.

The Statement of Activities and Change in Net Assets for the Year Ending December 31, 2015 shows the Revenues, including the net assets that have been released from restrictions. The Statement of Activities reflects all expenses made by the Higgins Lake Property Owners Association (HLPOA). \$6083.00 was spent on legal fees. The bulk of the operating expenses were for lobbyists, Swimmer's Itch and wages for one part-time employee. The remainder is typical office operating expenses.

Tina Powell reiterated that the Higgins Lake Property Owners Association (HLPOA) is a non-profit corporation which is tax-qualified under Internal Revenue Code Section 501(c)(4). Membership dues and contributions to the HLPOA are not tax-deductible. Most of the HLPOA activities are conducted by volunteers and the value of this time is not reflected in the statements.

With respect to property and equipment, the majority has been donated. A computer and printer were purchased. As of December 31, 2015, HLPOA did not own any assets with a cost in excess of \$1,000. There is a rental agreement for office space. The lease expires on December 31, 2016. \$4740 is the annual 2016 rent expense.

There were two minor prior period adjustments. With respect to the Legal Fund, in the past the funds collected and spent were not reported in the Statement of Activities. The receipts should have been reported as revenues and the disbursements reported as expenses with the remaining balance treated

as a temporarily restricted balance. The cumulative effect was the remaining amount of \$10,472 as of December 31, 2014 was changed to a temporarily restricted asset. In addition, a group of expenses in 2014 had been duplicated inadvertently and therefore the cash balance was not correct. A correction of this error in the amount of \$2,471 was made to the beginning assets.

The accrual method was adopted so that revenues and expenses would match up. The change required certain adjustments.

Mr. Brick recognized Marvin Bolton, who stated he was disappointed that Bob McKellar did not speak to the finances and wanted verification of the correction in the 2014 checking account balance and other previous information. Mr. Gibson responded that upon advice of counsel, the Board would not publicly comment on items relating to pending litigation. Therefore, he politely declined to respond. HLPOA legal counsel would make a report later in the meeting.

Mr. Bolton also asked about the adjustment made to the Higgins Lake Foundation Accounts Payable amount. Ms. Powell explained that \$2000 had been received from the Higgins Lake Foundation in 2015 that was attributable to 2014. However, there had been no HLPOA timely billing to the Foundation for 2013 by the prior HLPOA Board and the Foundation books were now closed. The write-off was taken in 2015.

Morgan Boudler asked if the audit was on our website and Mr. Brick replied yes. Mr. Boudler also asked if an expensive audit was necessary every year. Mr. Brick stated that the Bylaws allow either a limited scope or full audit. The decision was made by the Board to do a full audit for 2015. Monthly statements prepared by the Board are on the HLPOA website.

Greg Douglas asked if our organization has the option to use cash or accrual. Ms. Powell replied that as a non-profit, we could choose either. However, it is recommended to use accrual for grants and revenue recognition. Ms. Powell indicated that general unrestricted contributions to the HLPOA are preferred but if a restricted contribution is made the donor should provide direction by listing 4-5 things that are permissible uses.

There being no further questions, Mr. Brick brought the Financial Report to a conclusion.

Board Nominations/Election:

Ken Dennings announced that there were four 3-year term director positions up for election at this annual meeting. The HLPOA published the names and bios of the four members of the HLPOA in good standing who have submitted applications and are seeking re-election for three year terms in accordance with the current Bylaws. The names were displayed on the screen. The names were David Batchelor, William Case, Jim Vondale, and Herb Weatherly.

Mr. Dennings then opened the floor for any nominations. There were none. Ken then asked for a motion to close the nominations. The motion was made by Jerry Gray and was seconded by Linda Brick. A card vote was taken and the motion passed unanimously. Kevin Kessler then made a motion to have the four applicants, for Director positions, elected. The motion was seconded by Leanne McGinnis.

There was no discussion. A card vote was taken and the applicants were elected unanimously. Ken Dennings announced the voting results and congratulated the elected Board members.

Riparian Committee Report:

Chairperson Jim Vondale reported that the Committee was formed to address the requests and concerns raised by riparians and to assist in mediating those concerns. An outline of Mr. Vondale's full report is included on the HLPOA website for Member review. These minutes include certain highlights.

Mr. Vondale informed the membership of the mission statement for the Riparian Committee in the form approved by the Board. The approved Mission Statement states:

Under the direction of the HLPOA Board, act as a contact point and resource on the wide range of riparian issues affecting Higgins Lake.

Jim stated that a primary benefit of having a committee is that as we receive calls, the community through representation by the diverse committee can respond vs. one individual. The establishment of the Riparian Committee allows gathering and deliberations on significant issues. Current issues and activities include:

- Working on the marina policy.
- Responding to Amvet's filed request for a 525' dock, 3' wide with 34 - 10 foot finger piers, 32 hoists and 6+ for jet skis;
- Considering the Hillcrest request for marina expansion from 50 to 75 slips; and
- Posting information about riparian issues on the HLPOA website.

Mr. Vondale asked for any questions, of which there were none. Members were invited to talk to Mr. Vondale after the meeting about issues and concerns.

Environmental Committee Report

Chair Dave Batchelor introduced the Board members that sit on this committee: Charlene Cornell, Herb Weatherly, Dianne Wagner and Bob McKellar. In addition, there are two at large members, Kevin Kessler and Fred Swinehart. Dave also acknowledged assistance from scientists Rob Karner, Ron Reimink and Madeline Messner.

Mr. Batchelor referenced the committee's collective 200 years of experience on the lake. Dave discussed some of the troubling environmental changes that have occurred in the lake over the years and the need to address environmental issues raised in the 2014 Member Survey. (See Background section of Environmental Report on the HLPOA website.) Many Members raised their hands when asked if they witnessed these environmental changes.

The full outline of the Environmental Report is on the HLPOA website. Highlights of the Report included:

Committee Objectives:

- Discussion of a Proposed Environmental Policy including the foundation for the policy, the purpose of the Policy, and the details of the proposed Policy; and
- Discussion of the water quality sampling project preliminary study.

The proposed Environmental Policy, which was voted on by the membership later in the meeting, supports:

- The legal lake level (see later in the minutes for further definition in motion adopting Environmental Policy);
- Scientific research and control of Swimmer's Itch;
- Efforts to reduce nutrient levels;
- Sustainable watershed practices; and
- Efforts to reduce toxic pollutants.

The proposed Environmental Policy does not support illegal activities or activities conducted without or in violation of required permits.

Mr. Batchelor added that the health of the lake begins on the land. Although the watershed is not large in proportion to the size of the lake, it is critical that we reach out to all neighbors to protect our lake.

Mr. Batchelor also noted that erosion is a natural occurring phenomenon on lakes. Lowering the lake level does not make the problem go away. Dave indicated the most effective way to handle erosion is to put in natural vegetation to provide stabilization. He referred to the Minnesota DEQ Environmental Report.

Mr Batchelor asked for questions from the membership. Mr Kessler asked the HLPOA to provide a link to the Minnesota Report.

Mr. Tony Barnard asked if there were any efforts to make boat washing, fertilizer usage restrictions, etc. part of a broader governmental initiative rather than an effort just limited to individual townships. Mr. Batchelor stated that he was not aware of any state-based efforts. Mr. Barnes also asked about the noise ordinance and whether or not we needed assistance at the state level.

Mike Hentgen asked about the Gerrish Township Point of Sale septic ordinance. Mr. Batchelor replied that work is being done to finalize an ordinance. He acknowledged that sand can attenuate a certain amount of phosphorous but, once saturated, the remainder of the phosphorous makes its way to the lake. It is therefore extremely important to monitor septic systems and capacity.

Rich Throup noted that in regards to the Point of Sale septic ordinance, each person should know who his/her state representative is and call him/her, as Michigan needs a state sanitary code. He agreed the

soil is saturated and that there are cottages built in the 1920s on Higgins Lake with septic contents flowing into the lake.

Bart Jones asked if we have an estimate on the cost of a comprehensive sewage system. Mr. Batchelor replied there is no proposal or cost estimate.

Bob Holmes stated that he had contributed in the past to the sheriff department to support efforts to monitor excessive noise. He asked whatever happened to that and is there any chance of going back to that practice. Herb Weatherly replied that the state of Michigan is arguing over who owns the patent. Mr. Batchelor added that the Higgins Lake Foundation had donated monies towards this. Vicki Springstead said that the sheriff does have the capability to issue tickets, in regards to sound and speed, of which both are definite problems. She said there was difficulty in proving the violation.

Dave Batchelor thanked Ms. Springstead for her efforts on the lake and the Higgins Lake Foundation promised contribution to HLSIO.

Lee Ann McGinnis stated that she has gained 13' of beach, which as the largest beach that she had experienced in her 30 years on the lake.

Mr. Batchelor also reported that the HLPOA Board had approved \$2,500 for the Water Quality Sampling Project. A summary of this Project is posted on the HLPOA website. The study will focus on the benthic algal community and associated levels of phosphorous and nitrogen. It will also ascertain whether nutrients, algae, and snail densities are correlated.

Swimmer's Itch Committee Report

Mr. Ken Dennings, chair of the Swimmer's Itch Committee gave a brief report, since the 2016 status report was to be delivered by Dr. Curt Blankespoor of SICON LLC during this meeting. Highlights of Mr. Dennings report included the following:

- Great progress against controlling pesky cercariae has been made in the second year of the science-based program.
- 2014 HLPOA survey identified combatting swimmer's itch as the number one priority on the lake and the HLPOA Board supported formation of HLSIO, which has 2 HLPOA Board members as well as local business and political leaders of the community on its Board.
- HLSIO has the sole focus of addressing swimmer's itch and, in early 2015, completed the Michigan Attorney General registration and attained the 501c)(3) status necessary to solicit grants and donations to support the 3-year science-based SI control program agreement with SICON.
- Donations to HLSIO have come from many sources beginning with the first donation from the HLPOA for \$15,000 to voluntary donations from individual members of HLPOA, other property

owners, family members, friends, other Higgins Lake associations as well as our sister lake association, Margrethe, in Crawford County.

- This past week HLSIO received a \$5000 donation from Camp Cornelia and a formal commitment to contribute \$23,000 from the Higgins Lake Foundation.
- The 2016 HLSIO funding commitment is \$247,000. Thanks, was expressed to all who have already made a tax-deductible contribution for 2016 and an appeal was made to those who have not yet contributed to support the effort.
- On August 25th, a fundraising dinner will be held. Food and beverage are contributed by Fred's of Roscommon and hosted by Jim and Laura Witt of Jim's Collision of Roscommon. Ticket price is \$100.
- This program is "the Model" science-based program in Michigan and perhaps North America. Latest SI posts on Facebook recorded 1,900 hits.

Further updates on funding will be provided during the Michigan Swimmer's Itch Partnership Report.

Mr. Dennings introduced Dr. Blankespoor, who delivered the SICON 2nd year report of SI abatement on the lake. The SICON report is posted on the HLPOA website.

Dr. Blankespoor concluded his report by noting the significant reduction in swimmer's itch but acknowledging there is currently no way to eradicate swimmer's itch. Dr. Blankespoor invited questions from the membership.

Regarding the 5-6 broods that were moved, Phil Will asked how many ducks were moved. Dr. Blankespoor replied 38.

Bill Holmes noticed a nest box on a pole and asked if a nest box had been placed near the dam that would attract ducks to Almeda Beach. Dr. Blankespoor did not know if a nest box had been placed near the dam by Gerrish Township. Dr. Blankespoor informed Members that mergansers move often and can fly 5 - 7 miles in a day.

Don Bryant reported that he has seen 6-8 mergansers on his property in Lyon Township. Dr. Blankespoor said he would be on the lake early next week.

Martha Clapp thanked Ken Dennings for his work on this project.

Bill Wichers, a certified teacher in science and biology, said he was familiar with the SI project. He was distressed at actions taken in Gerrish Township, regarding the hunting program which was being conducted based on questionable legal grounds. The lake Improvement Association directed funds to continue the hunting program, which was also funded by the Higgins Lake Foundation. Unless the Gerrish Township program is changed, it will continue to hurt the efforts to control swimmer's itch. SICON is willing to work with Gerrish Township.

Lee Ann McGinnis asked about the DNR's involvement. Dave Batchelor stated that the DNR has to sign-off on issuances of permits which are issued by US Fish and Wildlife. There was political pressure exerted on the DNR with respect to the hunting permit.

Tony Barnard shared that he has been collecting websites where medical studies suggest there should be more focus on treating people, such as a human vaccine. Dr. Blankespoor reported that much money has been poured into the research of such a vaccine, without much hope. It is more likely a preventative cream will be developed.

Jim Vondale provided an overview of the MSIP efforts. The full text of the MSIP presentation is on the HLPOA website. Given the length of the meeting, Mr. Vondale invited the audience to review the report on the website. Highlights of the report included:

- Review of the MSIP mission as follows:

Work together with other lake associations and provide leadership in Michigan to address swimmer's itch through effective, comprehensive, science-based control programs, development and testing of preventative measures, such as lotions and clothing and general research.

- Review of the action plan, which has already been partially implemented;
- Identification of the 8- member steering committee from 8 separate lakes and that there are currently 24 lake associations involved in MSIP.
- Summary of the June 22 MSIP meeting held at Roscommon High School hosted by Ed Nellist, Lyon Township Supervisor and Bob Schneider, Roscommon County Commissioner and who are both HLSIO Board members. The meeting included a scientific panel discussion with many diverse experts as well as a SICON presentation and demonstration.
- Disclosure that HLPOA and MSIP efforts had resulted in approval of a \$250,000 appropriation for swimmer's itch and control of which Higgins Lake would receive a portion.

Jim encouraged members to see him after the meeting for more information.

Prior to the Introduction of the Legal Report, Mr. Gibson announced that the quorum had been met at the commencement of the meeting and that 148 voting members were present either in person or by proxy.

Mr. Gibson also introduced Bob Frye so that Mr. Frye could make an announcement regarding the Higgins Lake Land Conservancy. He thanked the HLPOA Board for its efforts and invited all to attend the HLLC barbeque on August 19, 2016 at Birch Lodge commencing at 6:00 p.m.

Legal Report:

President Gibson introduced our attorney, Mr. Bill Carey, of Carey and Jaskowski, PLLC. Mr. Gibson asked Bill to provide our legal report. Mr. Carey indicated that there were not many cases and there was

no road end litigation. There were issues such as the Amvets proposed marina where the HLPOA and adjoining property owners were involved hoping to have a positive result. He also indicated that issues relating to the dam were not likely to go away.

Mr. Carey said the primary reason he was here today, was to address the two lawsuits, where the Higgins Lake Property Owners Association (HLPOA) was the defendant. These lawsuits were brought by two past Higgins Lake Property Owners Association (HLPOA) officers. As previously stated by Mr. Gibson, Bill has asked the Board members not to discuss these lawsuits outside of the Board meetings. The lawsuits are public records and they can be read at the court house. Mr. Carey added that they are both early in their life cycle, only preliminary decisions have been made and there is not much to report as to their status today. The floor was opened for questions.

Tony Barnard asked about the Amvet application. He was told that this was not a dock permit situation or a road end litigation matter. It was an administrative process where Amvets had filed for a marina permit and given public notice. The HLPOA and adjoining property owners have filed objections.

Dudley Cahn asked if there were any marinas on the lake in violation of the law, without permits. Mr. Carey stated that any multi-family dock in a single family residential zone required a permit. However, there are many existing historical situations where the HLPOA has not challenged the arrangement, unless there was an attempt at expansion.

Proposed Environmental Policy

Mr. Batchelor returned to the podium to request action on the proposed Environmental Policy. He stated that our mission is to protect the lake ecosystem. Dave asked for a motion to adopt this policy as presented. It was moved to adopt the policy as presented at the meeting by Bill Cornell and seconded by Bill Holmes. Discussion was held. Bill Wichers said the first point of the proposed policy (Supports the Legal Lake Level) was ambiguous regarding the lake level and asked for an amendment to the first point by adding the language "as established on this date." Dan Alderman seconded the amended motion.

Phil Will stated this was a divisive issue. Kevin Kessler pointed out that Members already supported the legal lake level in effect on this lake by prior resolution. Throck Osborn suggested that the point was moot and that the proposed policy is the lake level in effect at the date of approval. Linda Graham questioned the legality of the motion in the event there was subsequent legal change in the lake level. Mr. Wichers stated that the HLPOA policy could be reviewed in the future if there was a change in the legal authority.

After much discussion, Linda Brick pointed out that the Environmental Policy set forth on the slideshow was not a complete statement of the Policy provided to the Members in the meeting packet. Nick Dewey then asked if the intent was to simply change paragraph one with a period after 1982 and proposed to delete "unless and until revised by the Roscommon County Circuit Court". A new motion was made by Bill Wichers and seconded by Nick Dewey. The Motion was to pass the Environmental Policy as presented with the exception that the first point shall read in its entirety as follows:

Support maintaining the legal lake level established in 1926 as amended in 1982.

There being no further discussion, a card vote was taken and the motion passed with only 2 votes in opposition.

New Business and Member Comments President Brad Gibson asked if there were any further questions and or comments.

Bill Wichers suggested that Members review the draft study regarding the dam. He felt it was sponsored and funded by those in favor of removing the dam such as the Muskegon Watershed and the DNR. Both have consistently taken positions in favor of removing dams. He also expressed concern that the funding by pro-removal entities would influence the results obtained in both the MSU and U of M studies. Bill added that water lowering, which could be 1-2 feet, would create problems, such as wetlands and inability to put out a dock over the wetlands without a permit. Regarding the dam, Marv Bolton commented on personal bias vs. scientific objectivity. Phil Will said a more thorough analysis showed the lake level may only be reduced 8 - 9" based on options for water lowering. Tony Barnard thinks it is a mistake to assume bias on the part of MSU and U of M until after reading the study. Pete Anderson asked if the report was available and was informed that the Higgins Lake Foundation only has a draft dated July 5, 2016 and no final report has been issued.

In regards to HLPOA financial status, Steve Ricketts asked if the Board should consider raising the dues. Mr. Gibson replied that there were current efforts to increase membership and that the 2017 budget would be completed this fall. Pete Anderson asked for the current membership count. Mr. Gibson replied 483 Members. Chuck Brick added that there is a potential is 1,100 to 1,200 members and asked Members to recruit neighbors.

Linda Brick, member of our Communications Committee, thanked both Dianne Wagner and Charlene Cornell for their hard work on the directory, which included sales of advertisements. Linda added that we actually turned a profit with this project.

Mr. Gibson requested a motion to adjourn the meeting. Throck Osborn made the motion to adjourn and it was seconded by John Vandenberg. The motion passed unanimously.

Annual Meeting adjourned at 11:55 A.M.

Recording Secretary: Kathleen Barger