

**Higgins Lake Property Owners Association
Annual Meeting- July 18, 2015
Roscommon High School**

Call to Order and President's Opening Remarks:

President Jim Vondale called the meeting to order at approximately 9:00 A.M. He announced that a quorum was present. There were 158 voting members present in person or by proxy.

Mr. Vondale made opening remarks as President. Mr. Vondale has been a Board member since 2013 and has been President since October, 2014. Mr. Vondale explained his role as chair of the meeting. He announced that the Board is committed to a fair and open meeting using the principles of Robert's Rules of Order where consistent with the current Bylaws.

He introduced the other current members of the HLPOA Board:

- Ken Dennings*: Former President of the HLPOA and of the Higgins Lake Foundation.
- Brad Gibson*: Current Vice-President and former member of this Board for many years as well as past Vice President. Brad has also served on the Higgins Lake Foundation Board.
- Herb Weatherly*: Current Secretary of this Board and Board member for 16 years with a history of significant service.
- Bill Case*: Former Secretary and active Board member for the past 10 years.
- Pat Springstead*: Board member since 2004. He was President, succeeding Ken Dennings, from 2005 until Jim Vondale succeeded him in 2014. Mr. Springstead was absent from this 2015 annual meeting.
- Chuck Brick*: Current HLPOA Treasurer and new Board member. Mr. Brick stepped up to act as Treasurer when the former Treasurer stepped down.
- Charlene Cornell*: New Board member and long-time property owner committed to making this a better Board.
- Dianne Wagner*: New Board member and long-time property owner making a great effort to improve the HLPOA.
- Sue Gelderbloom*: New Board member and President of the Sheridan Drive Association.

Mr. Vondale reported on the objectives and progress made by the newly-constituted Board after the last election.

Consistent with the promise of transparency, the election of Directors will occur early in the agenda. All ballots will be counted during the meeting under the supervision of the law firm of Carey & Jaskowski PLLC. The meeting will not be adjourned until the election results are announced.

Board minutes are posted on the website for Member review.

When Board openings occurred last year, a solicitation notice was sent to the entire organization for candidates to fill the positions. Similarly, notice was sent to the full organization for nominations for the election that is to occur today.

Consistent with the recommendation of the National Council of Nonprofits and the IRS model policy, the Board adopted a Conflict of Interest Policy that addresses the identification and handling of any personal financial conflicts of interest. The Board will promptly disclose to you any such conflicts, if any occur. There are currently no personal financial conflicts between the HLPOA and the Board.

Members, who are not on the Board, are encouraged to join HLPOA Committees. Check the website and follow the contact instructions if you would like to join a committee.

As promised, the Board listened to Members. A survey was sent to all Members where Members were to identify the priorities to guide the Board's future actions. The number one priority was addressing Swimmer's Itch.

In response, the Board led efforts to form a separate 501(c)(3) organization, named the Higgins Lake Swimmer's Itch Organization (HLSIO), and helped recruit an experienced Board consisting of Neal Cooley, Bob Schneider, Ed Nellist, Dale McDonald, Bill Carey, Ken Dennings, and Jim Vondale. The only experienced SI experts in the US, working under the entity named SICon, were recruited to conduct the most comprehensive SI control program ever conducted on a lake. This Board authorized a payment of \$15,000 to HLSIO to go along with the \$23,000 commitment from the Foundation. Members of the HLPOA Board have also helped raise the over \$100,000 in charitable donations made to HLSIO to date. The HLPOA Board also promoted the formation of a 13 lake partnership to share information and broaden influence over regulators and elected officials. For the first time, we have a comprehensive 3-year SI program to attack the problem. Ken Dennings will present a full report later in this meeting.

The HLPOA website has been updated and now provides a tool for disseminating information about important issues for Members. For example, it was used to post an informational notice about the proposal to change the west shore launch into a marina. It listed key questions and concerns and helped concerned Members at an informational meeting on the proposed project. We have been told that the project is currently mothballed.

New financial governance procedures have been adopted. Earmarked contributions, such as contributions for legal expenses, will only be used for the designated purpose. All checks in excess of \$600 must be co-signed by another Board member.

After hearing the concerns expressed at the last annual meeting, the Board voted to move the office space to Roscommon (308b Lake Street Roscommon, MI 48653). The Board members and their families provided the trucks and conducted the move at no expense to Members. Furniture was donated or borrowed. There is a 2-year written lease. The rent is \$395 per month plus utilities. There is no maintenance expense exposure and there is no exposure for capital improvements under the lease. There is a part-time secretary, Ashley Rach, working 3 days a week for 5 hours per day.

This 2014-2015 Board met every month starting with last October, with the exception of February. By way of comparison, the 2013-2014 Board did not meet during the winter. It met in November and then did not meet again until late May.

Although Board members are encouraged to participate in person, the Board now allows phone participation using a toll free system. This approach has resulted in strong attendance of the many meetings and the Board believes will encourage Members to run for positions on the Board. It is consistent with how business is done today.

Board priorities and objectives for the coming 2015-2016 year include an emphasis on riparian rights as follows:

- Continuing the fight against Swimmer's Itch by supporting the HLSIO and the partnership of lakes (Michigan Swimmer's Itch Partnership);
- Authorizing our Association counsel (Bill Carey) to prepare a riparian rules of the lake report for the HLPOA website dealing with road end laws and liability, mooring of boats, marinas, and zoning requirements for use as a resource tool for Members;
- Forming a Riparian Committee with both Board and non-Board members to help the Board address issues such as illegal mooring and road end violations; and
- Identifying and prioritizing riparian issues with lake wide impact and determining if direct HLPOA involvement is appropriate.

The Board has unanimously expressed its continuing support for the Member lake level resolution originally made at the 2013 Annual Meeting. Further, the Board is bound to follow the resolution.

The Board also has acknowledged that significant work is needed to improve Member records and communications including the use of email rather than US mail where there is Member consent.

Restated Bylaws will be presented at this meeting for your approval. Mr. Brick, as the Bylaw Committee Chair, will give a full report. These Restated Bylaws are the result of two years of hard work. The task was difficult due to the many ownership models on the lake which then required the Committee to balance the ownership interests. Association Counsel has reviewed and has had input on the proposed Restated Bylaws. Mr. Vondale supported the adoption of the Restated Bylaws. Thanks to all of the Committee including Board representatives Chuck Brick and Bill Case and independent voting members Bill Wichers, Dan Alderman, and Throck Osborn, and consulting non-voting members Leonard Smith and Nick Dewey.

Mr. Vondale expressed pride for the accomplishments of this Board, especially the SI comprehensive plan.

Mr. Vondale noted the high level of experience and talent of candidates for this election.

Mr. Vondale extended special thanks to Mr. Chuck Brick and Mr. Jack Cornell. Mr. Bolton, the prior treasurer, resigned on December 31, 2014. There were reporting issues and tax filings that required greater expertise and potential expense to the HLPOA. Jack Cornell, former HLPOA Treasurer, graduate of Wharton School of Business, and business owner stepped forward to assist with the monthly and annual financial statements.

Jim Vondale acknowledged that he had one remaining year in his Board term and planned to serve such term. However, he stated his position that the office of the President should be elected annually and be rotated. He will not be a candidate or serve as President for the upcoming year. He expressed his thanks for the opportunity to serve as President and work with this Board. He stated that Ken Dennings is a great blessing to the Board and has been a great mentor. He predicted continued progress for the HLPOA.

Approval of 2014 Annual Meeting Minutes:

Mr. Jim Vondale called for a motion to approve the presented minutes of the July 19, 2014 annual meeting. Mr. Glenn Artz moved for approval of such minutes which motion was seconded by Mr. Bill Miller. 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, Treasurer, thanked Mr. Jack Cornell for his assistance. Mr. Brick reported that we have 60 new members that have been added or have returned.

Mr. Brick presented the 2014 Statement of Income and Balance Sheet in the form accepted by the Board at its June, 2015 Board meeting. He explained that the negative balance in the checking account is a function of reporting balances on an accrual basis. Mr. Brick indicated that the HLPOA and the Higgins Lake Foundation are currently in negotiations to resolve documentation differences and deficiencies on the amount of the Higgins Lake Foundation Dash Boat reimbursement that is owed to the HLPOA so that amount may change in the future but reflects the current state of the HLPOA documentation. These reimbursement amounts are salaries, payroll taxes, and maintenance. With respect to the Reserves, there were authorized legal expenditures paid with respect to Sheridan Drive and amounts paid with respect to last year's election. The lobbyist expenditures reflect payments made to our lobbyists in 2014. The amount is a retainer plus an additional \$6000 authorized by the Board in excess of budget due to extra work to influence PA 56 relating to the Jacobs road end precedent.

Mr. Brick recognized Mr. Marv Bolton from the floor. Mr. Bolton stated that no financial report had been approved by the Board. (See prior paragraph that financial report was accepted in June, 2015 by the Board.) He claimed that the changes, made to the report he presented as prior Treasurer in January, were incorrect. He contested the negative checking account balance. He contested the reporting changes made to the report he provided the Board in January. He invited Members to review his reports.

A motion was made by Richard Batchelor to accept the financial report as presented. The motion was seconded by Throck Osborn.

Mr Brick recognized Mrs. Barbara Bos. She stated that objections raised at this late date were inappropriate and should have been raised earlier.

Mr. Bolton stated that he had raised objections. Mr. Brick allowed Mr. Vondale to comment. Mr. Vondale reminded Mr. Bolton that Mr. Bolton had made unilateral changes in the DASH boat reimbursement amounts subsequent to his submitting his report in January, 2015. Mr. Cornell had reviewed the records and found additional discrepancies which explains the difference in requested reimbursement between the two reports. The membership should be aware that a prior Board determined that the HLPOA would pay all expenses and own the boats and then the HLPOA would be reimbursed by the Foundation. This reportedly was done to protect the Foundation from liability. This practice was not reported to the membership and much time has been spent attempting to reconstruct the proper amount of reimbursement from the files. He reminded Mr. Bolton that he had previously been told that the checking account difference was a function of accrual versus cash basis reporting. He also stated that the primary difference in the reports related to the difference between how the reserve for the legal fund was reported on the reports.

Mr. Greg Douglas asked whether the same reporting basis would be used on the 990 and was told by Mr. Vondale that it would be used. Mr. Vondale reported that the return is currently on extension.

Mr. Nick Dewey informed Mr. Bolton that the use of the past year premium was not a bona fide method of reporting worker's compensation liability. It should be based on salaries paid and the percentage formula.

There being no further discussion, a vote was taken by voting cards. There were 147 votes in favor of the motion and 11 votes against. The motion passed.

Mr. Brick recognized Mr. Leonard Smith. Mr. Smith commented that at the 2014 meeting a resolution had been passed that the financial statements should show fund balances and actual expenditures that should be posted on the website. He expressed disappointment that this practice had not been implemented.

Nomination and Election of Directors:

Mr. Ken Dennings announced that there were three 3-year term positions to be filled and one 1-year term that needed to be filled due to the early resignation of Board member Marv Bolton. The Board had sought nominations and had received three nominations for the three 3-year term positions. The names of the candidates for the three 3-year positions were projected on a screen for the membership. The candidates were Robert Hoffman, Bob McKellar, and Dianne Wagner. Mr. Dennings asked if there were additional nominations from the floor. Glenn Artz nominated Dave Batchelor. The nomination was seconded by Rick Throop. Mr. Batchelor

declined the nomination for a three year term and the nomination was withdrawn. No other nominations were presented for the three year term. Lee Ann McGinnis moved to close nominations for the three year terms. Kevin Kessler seconded. The motion passed. Since there were three candidates for three slots, a voting card count was taken to affirm the nominations for the open slots. There were 156 votes in favor and 2 votes against. The vote allowed the three nominees to be elected.

Mr. Dennings then asked for nominations for the one position available for a one year term. Glenn Artz nominated Dave Batchelor. Rick Throop seconded the motion. Mr. Batchelor stated that he was devoted to forwarding environmental policy using his water quality specialist expertise and hoped to bring this expertise to the Board. There were no further nominations from the floor. Linda Graham moved to close nominations. The motion was seconded by Kevin Kessler. The motion passed. By card vote, Mr. Batchelor was elected in a vote of 157 to 1.

Bylaws and Articles:

Mr. Chuck Brick, as chair of the Bylaws Committee, thanked all involved in the project for working together as a team on a difficult project.

He announced that the Restated Bylaws presented for adoption today will not affect the majority of Members. The proposed changes were primarily procedural and grounded in the existing Articles of Incorporation, the Michigan Nonprofit Corporation Act and Robert's Rules of Order. Highlights of the procedural changes are as follows:

- For the first time, the HLPOA has adopted rules of order.
- Nominations from the floor are now guaranteed.
- No adjournment of the Annual Meeting is permitted until all votes have been counted and the results announced.
- Communication to Members has been improved.
- Financial controls have been added.
- The Board is required to set regularly scheduled meetings and now allows attendance via remote communication such as conference call-in.
- Officers, upon retirement or removal, must deliver all HLPOA records in the possession of the Officer to the HLPOA secretary.

Highlights of the membership protections added by the proposed Restated Bylaws include:

- Any Member, holding office as a Director and/or Officer, must be current at all times in the payment of dues and assessments.
- Members have the sole authority to remove any and all Directors from the HLPOA.
- Officer terms are returned to one year from three years.
- Vacancies on the Board may only be filled by the remaining Board until the next Annual Meeting election.
- Bylaws may only be amended by the Members, and not the Board, upon a 2/3 vote.

Mr. Brick reviewed the proposed change to the definition of Member, which was the most difficult task facing the Bylaws Committee. There had been substantial confusion at the last

several Annual Meetings on this issue and the problem was exacerbated by certain persons purchasing multiple memberships for a single parcel just prior to the 2014 Annual Meeting.

The proposed membership definition is limited to persons who have an ownership interest in a land parcel that enjoys riparian rights. It includes joint tenants, trustees, and beneficiaries of trusts. However, in the interests of fairness, voting is limited. The general rule is one vote per parcel. Joint tenants shall designate the voter. In general, the trustee shall vote if the property is held in trust. If the property is owned by an Association or similar legal entity, there shall be 1 vote for every 50 feet and 1 vote for each remaining portion if each vote is supported by a paid membership.

Mr. Brick recognized Mr. Dewey who expressed his concerns regarding proposed Section 3.1. It was his opinion that Section 3.1 could be interpreted to allow nonriparians, with easements to the lake, membership rights. Mr. Dewey presented a revised definition for Section 3.1 which provided that no membership would be allowed unless there was an underlying ownership interest in riparian property.

Mr. Dewey moved to have Section 3.1, as proposed by the Committee, deleted. Mr. Leonard Smith seconded the motion. Discussion was held. The motion passed unanimously.

Mr. Bob McKellar made a motion to approve the proposed Restated Bylaws with the modification to Section 3.1 as proposed by Mr. Dewey. Mr. Rick Throop seconded the motion.

Mr. Brick recognized Mr. Leonard Smith. He expressed concern about proposed Section 5.4. In his opinion, the Section should state that a majority vote of Members present shall carry a proposal and that the omission of the word "present" was not consistent with the Michigan Nonprofit Corporation Act and was incorrect.

Mr. Brick recognized Mrs. Carol Vondale. Mrs. Vondale pointed out that the Restated Bylaws had specifically adopted Robert's Rules of Order. The term "majority vote" is a defined term in Robert's Rules. It is defined as a vote of more than half of the members present and voting at a meeting. Both the Michigan Nonprofit Corporation Act and Robert's Rules determine the vote based on Members present at a meeting.

A vote by cards was taken on the motion. There were 155 votes in favor of the motion. There were 3 votes opposed. The Restated Bylaws, with the modification made to Section 3.1, were adopted. (A copy of the Restated Bylaws will be on the HLPOA website.)

Mr. Brick introduced the proposed Restated Articles of Incorporation. The Articles correct a prior filing error and update the volunteer liability language to reflect recent statutory changes. There is no change to the corporate purpose.

Mr. Dewey made a motion to approve the Restated Articles in the form presented to the meeting. Mr. Throop seconded the motion. There was no discussion. The motion passed unanimously.

Swimmer's Itch:

Ken Dennings gave the report on Swimmer's Itch. He emphasized the scope of the problem by disclosing that the October, 2014 HLPOA Member survey documented that 81% of responding Members identified Swimmer's Itch as the #1 priority.

Mr. Dennings reviewed the formation of the new Higgins Lake Swimmer's Itch Organization (HLSIO), which is a 501(c)(3) organization devoted to fighting swimmer's itch. It has tax exempt status and is governed by a diverse community-based board consisting of local elected officials, business persons, professionals, long-time lake residents and community leaders. The HLSIO entered into an arrangement with SICON, LLC. The professionals of SICON, LLC are recognized as the scientific experts in the world for their work on swimmer's itch. The HLSIO and SICON, LLC have developed a comprehensive three-year plan for Higgins Lake.

The response to the HLSIO and the three-year program has been very promising. In addition to support provided by the HLPOA and the HL Foundation, there have been over 300 separate donations as of the date of this meeting and we are still seeking support from other community organizations. A fund-raising dinner will be held in August sponsored by Fred's Restaurant of Roscommon and Witt's Collision of Roscommon. Details will be provided in the near future. As of the date of this meeting, there is \$85,000 needed to meet the funding requirement of \$238,000 for this year.

Mr. Dennings introduced Dr. Curt Blankespoor and Mr. Ronald Reimink, co-owners of SICON, LLC. Their presentation was accompanied by a slideshow relating to many aspects of swimmer's itch. Their presentation is located on the website (www.hlpoa.org). Dr. Blankespoor and Mr. Reimink also entertained many questions from the membership.

At the conclusion of the SICON, LLC. presentation, Mr. Dennings recognized Mr. Leonard Smith. Mr. Smith moved that the following resolution be adopted:

Resolved, that the Higgins Lake Property Owners Association supports in principle the partnership between SICON and HLSIO and their efforts to implement the SICON LLC swimmer's itch control program.

Kevin Kessler seconded this Motion. The Motion passed without dissent.

Mr. Vondale requested a Motion to Adjourn. Kevin Kessler made the Motion to Adjourn. It was seconded. The Motion passed without dissent.

Annual Meeting adjourned at: 11:47am
Recording Secretary: Ashley Rach