



January 4, 2007 Meeting

Time: 7:00PM

I. **Call to Order and Roll Call** – Marty called the meeting to order at 7:00PM.

**Board Members present**

Marty Portner	-	President
Dan Dummett	-	Vice President
Herb Hill	-	Secretary
Bill Piper	-	Treasurer
Betty Lou Finn	-	Member at Large (arrived after motion to approve minutes)

II. **Pledge of Allegiance**

III. **Motion to Approve Agenda**- Dan motioned to approve the agenda as written. Herb seconded the motion. Marty motioned to modify Dan's motion to add Audio System Update as #B of Old Business. Bill seconded the motion. The board approved the motion unanimously by roll-call vote. [01-07-01]

IV. **Motion to Approve the December 7, 2006 Minutes**- Marty motioned to approve the December 7, 2006 minutes. Dan seconded the motion. Board approved the motion unanimously by roll-call vote. [01-07-02]

Crystal Pohlman noted that the agenda date should be changed from 2006 to 2007.

**Betty Lou Finn Arrived.**

V. **Treasurer's Report** - Bill read off the treasurer's report. The annual insurance premium for directors and officers (\$1,716) and commercial (\$4,450) insurance for a total of \$6,166 was paid. \$125 in IALC dues was paid. \$101.43 was paid for the addition of the Watershed in the November newsletter. \$106,243.37 was in checking and savings for current assets with total fixed assets at \$1,607,725.00. Dan motioned to approve the treasurer's report. Herb seconded the motion. The board approved the motion unanimously by roll-call vote. [01-07-03]

VI. **Old Business** –

**A. Discussion of Budget Based on Referendum to Reduce Property Taxes Withheld from .75% to .083% per 100 dollars** – A petition to lower the assessed RCD tax rate from .75 per 100 dollars of property value to .083% per 100 dollars has been accepted by the RCD and filed with the county clerk. In effect, if the referendum to lower the RCD tax base is put on the ballot and passes, the RCD's tax earnings will be reduced by 90%. Marty asked Bill to present the board with a budget based on the referendum passing. Bill said that he and Becky went over this year's (FY06-07) budget to get estimated spending amounts for necessary items such as utilities and loan payback and took estimated carryover amounts, plus the amount to be received in FY07-08 to create a budget for FY07-08 and FY08-09. (See attachment 1). Bill went down the list of line items and indicated the budgeted amounts (shown in the last column) should the RCD have to run per referendum amount. Basically, the campground, beaches, LCC, and office would have to close. Dan said that it would help him out if the income was noted on the report as well. Bill said that the income would remain the same for FY07-08, and then in FY08-09 it would drop down to approximately \$15,000. Bill wants the board to go through and show what line items they want to eliminate or reduce. Marty said that everything else would have to be drawn from current assets so that they could establish a cash flow that may go negative if they decide that they are going to retain administrative stuff that they have to have to comply with statutory laws.

Becky told Dan that, to address his question, after the meeting, she could send the board members the income numbers that she and Bill derived by estimating their remaining FY06-07 costs, getting the carryover for FY07-08, and adding to it the tax revenues that they will receive. Becky added that if they stick to the budget that was proposed tonight, they will run out of money at the end of FY08-09. Bill said that the budgetary numbers for FY08-09 will depend on what they decide to get rid of or reduce in FY07-08. Bill said that what the RCD does or doesn't do will also affect the POA's, because some of the things that the RCD does, like protecting the lake from excess sediment and chemicals, cannot be ignored. Herb said

that there seems to be an assumption that the RCD can continue to do business as is and he doesn't see that happening. Bill agreed adding that the RCD won't be able to do what they are required to do by law. Herb asked if they are required to liquidate if they can't afford to function (Bill said that would happen in about two years). Herb said that that would cost a lot of legal fees that they don't have.

Marty said that grants have been ballyhooed as the saving grace for the RCD to function, but he thinks that it is just a dream because they would have to include the expenses of a professional grant writer. Marty talked to Dave Dornbusch (RC&D coordinator w/ the USDA) he told Marty what the grant process entails. They would have to pay the grant writer up front to do research like census data, population forecasts, diagrams, property surveys, and financial projections. There is usually a 6-9 month time from when the grant is submitted to when they see any funding, many of the grant programs also require that you spend the money first, so you still have to have the money on hand. He just wants people to realize that depending on grants to get projects done, while not impossible, is a risky assumption that is as near to impossible to include in your operating budget as you can get. Many of the items that RCD pays for like utilities, office expenses, accountant, lawyer, insurance, mowing, or fish stocking. That has to come out of whatever income stream they already have. Herb said that if the RCD couldn't afford to take care of those expenses then the properties would have to either be auctioned to a private entity or to the POA's to take care of, then going back on the tax rolls. Bill said that if the POA's took over the properties, then they would have to raise POA dues, which are not tax deductible at the end of the year like the taxes that the RCD assesses. Marty said that that might be workable if the people want to do it and they vote for it, as long as the lake is cared for and doesn't silt in. Crystal Pohlman said that property values would go way down if the lake wasn't cared for and Marty agreed, saying that Lost Lake is a man-made lake that will go back to what mother nature intended it to be (perhaps a wetlands (although the underlying soil composition doesn't support the growth needed for a wetland) if it is not cared for. Marty would like to think that the community would not allow that to happen to the lake, however, who would pay for it because the RCD won't be able to if it is bringing in only \$15,000 a year in taxes plus any grant money that they may or may not be able to get.

**B. LCC Audio System Update** – Marty talked with Audio Video Connection and they are going to come in and replace the current sound system while still using the existing speakers. There will be wired microphones to feed into the amplifier to the speakers so that they won't have to shout anymore. There will be a couple of wireless microphones to use too. There will be a CDR recorder on it that will be capable of recording 4-5 hours of meetings. This should be done by the end of the month, however, they are going to need half of the cost of the system (\$1,500) up front. There is an agreement with the two POA's and the RCD to each cover a third of the cost. Sue asked if there would be training on the equipment and Marty said that they will train about 6 people to set it up. They don't want everyone to operate it, rather, they would have one of the designated operators come in a half-hour before the meeting to set it up. Herb said that after each use of the system, they will have to have that person come back and check to make sure it is still in working order. Becky will talk to the insurance to find out about coverage on the equipment.

## VII. New Business

**A. ILMA Elections** – Dan sent Marty some input from the Lake Management Committee on who to vote for in the ILMA Elections. Marty will take that information into consideration and submit the ballot, which needs to be in by January 12<sup>th</sup>.

**B. Motion to Object to Constituents' Petition To Place Question on Election Ballot** – According to the statute, registered voters within the confines of the district can form a petition, it must be signed by at least 10% of the registered voters, the petition needs to be filed with the RCD, and then it is the responsibility of the RCD to certify the petition to the county. The question that came up is why is the RCD involved with this at all. In answer to that, the state legislators that crafted the statute wanted there to be an opportunity for the trustees to advocate for the entire district so that when a 10% minority wishes to do something by a petition, the RCD can represent rest of the residents (500 or so people) who did not sign, or perhaps see, the petition. The next question that came up was what does it take to certify the petition – the RCD didn't know so they discussed it with their attorney and found out that to certify the petition they must:

1. Ensure that the language was meaningful to the average person who reads it.
2. Examine the petition for the correct legal form.

3. Make sure that the signatures are all valid signatures of registered voters within the district.

The RCD first took the document to their attorney to check whether it fell within the legal parameters of a general petition. Then they had the attorney look at it to ensure that the language was meaningful to the average person who reads it. Many of the signatures were illegible, causing the RCD not to know who the signers were so their attorney asked the petitioner for a printed list of names of the signers. The petitioner supplied that information so that the board couldn't reject the petition just because they couldn't read it. Finally, Marty and Herb went down to the courthouse on a Thursday afternoon to make sure that the signatures on the petition were valid signatures of current registered voters within the district by going through the list of names of the signers and then comparing the signatures on the petition with the photo static copy of the voters' registration cards. After matching each signature name by name, they tallied up all the signatures that they could validate 100% as a match to the county's database and came up with a number that fell short of the 10% of registered voters required. At that point the attorney said that although the RCD has the responsibility to file the petition, they also have the responsibility to annotate the results of the analysis of the three items, the form, the content, and the signatures.

The county had never accepted a petition like this before because they are used to accepting petitions from an entity that is elected. The RCD board members are not elected, rather they are appointed, so nobody knew what to do. They talked with the election board down in Springfield and the States Attorney for their opinions and finally the recommendation was that the petition should be filed with the county and at the same time, since the RCD board found issues with the petition, then they should, on behalf of all the people of the district, file a formal objection to the petition to delineate the things on the petition that they had issues with.

So if the RCD board votes today to send the petition, along with an objection to petition to the county, the county will receive the petition and look at it to decide whether a hearing is appropriate. If they deem a hearing is appropriate, then they will convene a board consisting of the county clerk, the states attorney, and maybe the county recorder. One of the RCD trustees will have to answer questions regarding items on the objection list, then, the board will convene and vote whether or not the petition will be on the ballot as a referendum question. Bill stated that it appeared that it was the RCD's duty to file the objection to the petition since they had issues with it. Dan asked Marty if there was a timeline for the process to take place and Marty said no, however, there is a deadline of January 29<sup>th</sup> for any petition to be filed and if there is any objection to the petition, it has to be done before February 4<sup>th</sup>. Dan asked if the board was the only one that could file an objection to the petition and Marty said no, any district member could and he thinks that they may not even have to be a registered voter, just a taxpayer of the district. Herb commented that Marty and he did not take the task of reviewing the names lightly; they spent a lot of time going over every single signature, some of them 2 or 3 times and they gave the benefit of the doubt and in cases where there was doubt, they often let it pass. Harold said that if there are 80 signatures and a percentage of them are questionable, why don't the board members make phone calls to those people to find out whether they signed the petition, especially since the people who are signing may be signing on a clipboard, which may not be the best surface to sign on. Marty said that under the advice of their attorney, once the petition is turned into the RCD, it is all they can go on. They cannot call the signers, polling them, knocking on doors or soliciting people. Harold said that he understands that some of the individuals were called and asked why they signed the petition and then they in turn called the petitioner and asked that their signatures be revoked. Marty said that none of the board members called anyone about their signing the petition, however, anyone else is allowed to do that even though the board can't. Harold asked how the information would have gotten to the general public after it was submitted to the RCD – 80 signatures are handed to RCD and all of a sudden they are getting phone calls asking "Did you sign this?" Marty said that if they take Harold's scenario literally, then it is a de facto admission that the caller does not know whether or not they signed it. Clyde Lytle attended the fishing club meeting and said that what happened was when a lot of people were being approached with the petition, some people looked at it, actually read it, and realized the implications of it and did not sign it and also at the same time saw some of the people that had signed it. Commentary made to him by one of the people who was approached but didn't sign the petition was, "I can't believe that this person & this person signed it – I am going to call them and ask them why they signed." Marty said that that makes sense. Crystal Pohlman asked if the RCD made the list public and Marty said no – he added that it was put in a safe in the office and then it was only taken out to show to their attorney and then taken to the county to have the signatures validated. A copy was filed with the county and the original is still at the office. Marty motioned to file an objection to the constituents' petition to

place the question on the election ballot. Bill seconded the motion. The board approved the motion unanimously by roll-call vote. [01-07-04]

**VIII. Employee / Committee Report**

**A. LMC** – Dan said that Jerry Sellers reported to him that they had a very productive meeting with the Ogle County Soil and Water Conservation District (OSWCD), wherein the district authorized the participation in the watershed planning assistance projects. The LMC has been working with the Nature Conservancy District and other landowners in the district to address the watershed issues. Dan thinks that by having the OSWCD involved it will add credibility to the project and will create better participation in the plan to better manage the watershed. They received the report from Integrated Lakes Management and Jerry will be presenting the findings at the February meeting. Jerry should be receiving the state DNR shocking report by February as well. The LMC is having a meeting at 9:00AM on Tuesday, the 9<sup>th</sup> of January, and Jerry Sellers said that he would especially like to invite members of the Fishing Club there because they are going to be discussing issues with the lake that they may be interested in.

**B. Fee Structures Review Committee** – Marty will be convening a meeting with the review committee by next week.

**IX. Adjourn** – Bill motioned to adjourn the meeting at 8:16PM. Herb seconded the motion. The board approved the motion unanimously. [01-07-05] **Next Meeting: February 1, 2007**

**X. Guest Questions:**

**A. Joe Gargano** – Joe asked if the actual cash on hand was \$106,000 and Bill said yes. Joe asked if they would have about \$75,000-\$80,000 to carry over into next year and Bill said they figured about \$80,000. They will also be getting about \$135,000 in taxes the next fiscal year. So they will have about \$215,000-220,000 to work with. There is \$44,828.25 plus any interest on top of that left on the loan. So there will be about \$170,000-180,000 in equity coming in. The amount would cover the operational expenses of the RCD for about two years, however about \$80,000 is scheduled for things like constructing sediment basins and the fish barrier at the dam. Joe said that they could hold back on those things, only concentrating on the normal maintenance stuff. Marty said that sure, they can hold off on it and it will be cost them more later. Joe thanked Marty for his clarification in on the procedures in reference to the petition submitted by Chuck. There has been a lot of rumor going throughout the community and he wishes that more people would have attended the meeting this evening to hear the explanation as he thinks that it would have benefited everybody. Joe has some concerns because although apparently there were some errors on the petition he believes that the principle of allowing the people within the district, if there were a sufficient number of actual authorized signatures on the petition to have it placed on the ballot as a referendum to allow the people within the district to vote on – he feels that that is the democratic process, whether they agree with the proposal or not. Joe commended Marty on his statement that it was the will of the people and if that is what the people vote on then that is what the board has to live with. Joe repeated that he would have liked to see a lot more people here to hear that.

Joe said that in his opinion, if unification is accomplished, resulting in one POA board, even having been a member of the RCD and believing in it, he believes that the RCD should be dissolved and incorporated under the POA as a lake management subcommittee to eliminate another level of bureaucracy in this community.

Joe asked that if the people voted to dissolve the RCD, then who would receive the funds from the selling off of the assets of the RCD – would it go back to the county or would it be returned to the district to be distributed to the people? Marty said that the subject of dissolving the RCD was broached with the attorney and he said that, not that it shouldn't be done, but that it would be an expensive process. In order to get the answer to Joe's question, it might be many hours of legal research; it may not be a simple answer, rather, the answer may depend on how the assets were gained. Joe asked if Marty thought the question could be answered by the county or the states attorney and Marty said that most likely they tell the RCD to advise their own attorney.

Joe said that right now the homeowners are paying about \$90,000-100,000 of the \$140,000 tax that the RCD receives while the lot owners, maybe rightly so, pay a lot less since it is based on the assessed property value. If it was under the one combined POA, they could assess a \$50 or \$100 increase in dues on the 1000 lots that are out here and everybody would equally share the financial burden of it.

**B. Sue Hill** – Sue thanked the board for securing a microphone for the Senior Focus meeting .

**C. Don Finn** – Fishing club is going to get together on Saturday to do a walk through clean up of the campground.

**D. Joe Bajko** – Joe asked if the campground was open for people to walk through during the day and Marty said that that is allowed, as long as they are not camping overnight. Joe asked if, since they have security, what would be the chances of them keeping the chain off. Marty asked if the chain impedes him from walking back there and Joe said that he feels like he is trespassing when he climbs over the chain. Becky said that the chain is kept up to keep ATV's from driving around back there. Joe said that with the security he would like to open up the community more. Marty said that they would have to weigh that against the hazards of people taking their ATV's down there. Marty said that as long as he can pass over the chain, he is not trespassing by going over it. Herb said that the only problem is that the security is intermittent and they have had problems with the campground before.

#### **January 4, 2007 Motion List**

1. Dan motioned to approve the agenda as written. Herb seconded the motion. Marty motioned to modify Dan's motion to add Audio System Update as #B of Old Business. Bill seconded the motion. The board approved the motion unanimously by roll-call vote. [01-07-01]
2. Marty motioned to approve the December 7, 2006 minutes. Dan seconded the motion. Board approved the motion unanimously by roll-call vote. [01-07-02]
3. Dan motioned to approve the treasurer's report. Herb seconded the motion. The board approved the motion unanimously by roll-call vote. [01-07-03]
4. Marty motioned to file an objection to the constituents' petition to place the question on the election ballot. Bill seconded the motion. The board approved the motion unanimously by roll-call vote. [01-07-04]
5. Bill motioned to adjourn the meeting at 8:16PM. Herb seconded the motion. The board approved the motion unanimously. [01-07-05]

Budget if Referendum Passes	Current FY06-07	FY07-08	FY08-09	FY09-10 (#'s Bill presented at meeting)
<b>Insurance</b>				
Liability	\$11,000.00	\$8,000.00	\$8,000.00	\$8,000.00
<b>Notes Payable</b>				
Interest	\$6,875.00	\$6,000.00	\$6,000.00	
Principle	\$21,734.00	\$21,734.00	\$21,734.00	
<b>Real Estate Taxes</b>	\$668.48			
<b>Lake &amp; Beach Maintenance</b>				
Beach	\$2,000.00	\$500.00	\$500.00	\$200.00
Dock, Boat and Lake Equipment	\$5,000.00	\$1,000.00	\$1,000.00	\$500.00
Dam	\$1,500.00	\$500.00	\$500.00	\$150.00
Fish	\$3,000.00	\$3,000.00	\$3,000.00	\$300.00
Silt & Bank Erosion Control	\$10,000.00	\$10,000.00	\$10,000.00	\$1000.00
<b>Land &amp; Building</b>				
Supplies	\$2,000.00	\$1,000.00	\$1,000.00	\$200.00
Mowing (contractual)	\$600.00	\$200.00	\$200.00	\$60.00
Mowing (Equip & Supplies)	\$9,000.00	\$1,200.00	\$1,200.00	\$120.00
Pop Machine Supplies	\$1,000.00	\$1,000.00	\$1,000.00	\$1000.00
Repairs & Updates	\$8,500.00	\$1,000.00	\$1,000.00	\$100.00
<b>Office Supply &amp; Postage</b>				
Equipment and Supplies	\$2,000.00	\$2,000.00	\$2,000.00	\$200.00
Lease	\$1,200.00	\$1,200.00	\$1,200.00	\$120.00
Postage and Delivery	\$1,000.00	\$1,000.00	\$1,000.00	\$100.00
<b>Per Diem</b>	\$2,500.00	\$1,500.00	\$1,500.00	\$250.00
<b>Printing and Reproduction</b>	\$1,000.00	\$1,000.00	\$1,000.00	\$100.00
<b>Professional Fees</b>				
Accounting	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00
Aquatic Management	\$15,000.00	\$15,000.00	\$15,000.00	\$1,500.00
Legal	\$3,000.00	\$5,000.00	\$5,000.00	\$500.00
Other	\$3,500.00	\$1,000.00	\$1,000.00	\$350.00
<b>Utilities</b>				
Garbage	\$2,000.00	\$2,000.00	\$2,000.00	0.00
Gas and Electric	\$5,000.00	\$5,000.00	\$5,000.00	\$500.00
Porta Potty	\$1,250.00	\$1,250.00	\$1,250.00	0.00
Telephone	\$750.00	\$750.00	\$750.00	0.00
Water and Sewer	\$1,000.00	\$1,000.00	\$1,000.00	\$620.00
<b>Wages</b>	\$20,000.00	\$20,000.00	\$20,000.00	\$2,000.00
<b>Reserve Accounts</b>				
Lake Preservation	\$46,583.02			
<b>TOTAL</b>	<b>\$207,560.50</b>	<b>\$113,834.00</b>	<b>\$113,834.00</b>	<b>\$18,870.00</b>

Here is the information that Dan requested at the 1/4/2007 meeting.

Estimated Income and Carryover for the FY07-08 and Fy08-09 Budget (if referendum passes)

Based on last year's spending and a few other expected costs from now until April 30<sup>th</sup> (LCC sound system, Integrated Lakes Survey, Security) Bill and I estimated that there would be about \$87,000 carried over from the 07-08 fiscal year to the 08-09 year. Add to that expected tax revenues of \$137,000 and you get \$224,000 combined expected income and accrued income for FY 07-08.

If the board spends the prudent amount of \$113,834 in the 07-08 fiscal year, then there would be \$110,166 carried over to FY08-09. If the referendum passes and the RCD gets only \$13,000 in tax revenues in FY08-09 then the board will have a combined expected income and accrued income of \$123,166 for FY08-09.

If the referendum was not overturned and the board took no other actions, the board could only run another year (FY08-09) at \$113,834.00, with \$9,332 left to carryover for FY09-10. Add \$13,000 to that and you have a budget of \$22,332 for FY09-10.

Becky Breckenfelder