

**LAUDERDALE LAKES LAKE
MANAGEMENT DISTRICT
ANNUAL MEETING MINUTES
Of 8-31-14**

The Annual Meeting of the Lauderdale Lakes Lake Management District (“Lake District”) was called to order, by Chairman Mason, at the Lutherdale Camp Grounds Chapel, on August 31, 2014, at 10:01 A.M.

Chairman Scott Mason welcomed everyone, and introduced and thanked Jeff Bluhm the Executive Director of Lutherdale and the staff for their continued support of the Lake District and said that Lutherdale has many wonderful summer camps and resources for the lake. He thanked Lutherdale for their continued hospitality. He pointed out where the facilities and the exits were located within the building and he asked that all cell phones be silenced.

Approval of Agenda:

Chairman Mason asked for a motion to approve the agenda, Jerry Petersen made a motion to approve the agenda and Walker Johnson seconded the motion, which passed.

Chairman Mason introduced the Commissioners on the board, who are all volunteers.

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|----------------------------|--|
| -Don Sukala | Town of LaGrange appointed representative |
| - Peter Van Kampen | Previously ran Weed Harvest now Septic Pumping |
| - Jack Sorenson, Secretary | Insurance/ Outflow Dam |
| - Nestor Dyhdalo, | Treasurer / Water Patrol |
| - Greg Wisniewski | Weed Harvesting Clean boat Clean Water |
| - Rick Callaway | Walworth County |
| - Scott Mason, Chairman | Chairman, Golf Course |

Approval of Minutes:

Jack asked if the minutes should be read aloud and a motion was made to dispense with the reading and approve the minutes of the Annual Meeting from last year. A motion was made by Wally Yandel and seconded by Don Henderson, the motion passed. Jack noted that the minutes are on the web site.

Commissioner Election:

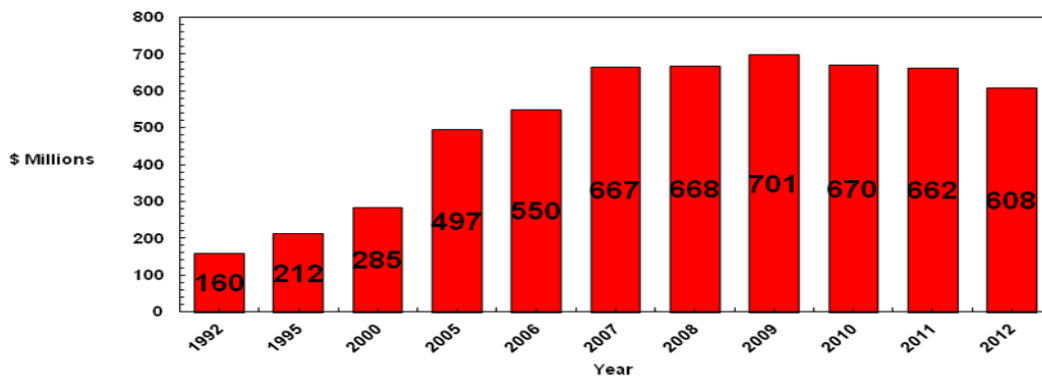
Nestor Dyhdalo and Greg Wisniewski are up for election this year, voting commenced as the meeting went on and ballots were collected as voting was finished.

Treasurer’s Report:

Jack turned the meeting over to Nestor who gave the financial report. Nestor started with slides reviewing the Lake District Property Valuations which are now about \$608 Million dollars, a reduction of 8.12% from the previous year. He stated that we are recovering from a decline.

1992	\$160M	
1993	180	12.50%
1994	198	10.00%
1995	212	7.07%
1996	222	4.72%
1997	236	6.31%
1998	248	5.08%
1999	271	9.27%
2000	285	5.17%
2001	322	12.98%
2002	356	10.56%
2003	388	8.99%
2004	430	10.82%
2005	497	15.58%
2006	\$550M	10.66%
2007	667	21.27%
2008	668	.15%
2009	701	4.94%
2010	670	-4.42%
2011	662	-1.19%
2012	608	-8.12%

Lake District Valuations



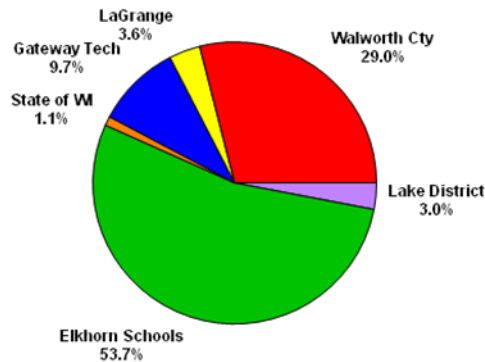
1992 - \$160 million
2012 - \$608 million

Nestor stated as shown on the slide that valuations have been declining since 2009. The slide below shows how the tax dollars are spent based upon 2013 assessment. Nestor stated the Lake District portion of your tax bill is approximately \$50.00 per \$100,000 of assessed value.

The Lake District accounts for only 3 percent of our tax bills; we are a small sliver relative to the whole tax bill (slide below). He stated that the local schools receive the

bulk of the property tax bills. He also mentioned that the Town of LaGrange only receives approximately 3.6%.

Tax Levy Paid in 2013



Lake District - \$48.89 per \$100K assessment

Nestor explained the cash position of the Lake District, funds which are purposely held locally, approximately \$184,000 is held at First Citizens bank of Whitewater, (\$74,000 in a Money Market account, \$10,000 in a checking account and we recently opened a reserve account with approximately \$100,000). The Lake District also has money reserves of approximately \$57,000 at the Wisconsin Investment pool which is divided by weed and patrol and the golf course. The reserve funds have been used in the past by Weed Harvesting group to purchase a new engine and a truck. The Golf Course has a checking account at Peoples Bank of Elkhorn with approximately \$20,000 in it and approximately \$16,000 in a Money Market Fund and approximately \$1,000 cash in hand. Therefore the Lake District has total funds of approximately \$280,000 total in all of the bank accounts.

Nestor stated that in 2006 the Lake District had 6 outstanding loans valued at approximately \$1.8 million. Today, we have 1 loan in place with a value of just over \$53,000 and it is scheduled to be paid off on December 14th, 2014, which is this year. The stated payoff is occurring two years ahead of schedule.

Nestor stated that he had not yet received the 2013 Audit from Chamberlain and Henningfield the auditors for the Lake District. The board has seen the preliminary report and he will post the final report on the web site at LLLMD.org, when Nestor receives it.

He asked if there were any Questions on the financial report. There were none.

Water Safety Patrol Report:

Nestor then reported on the Water Patrol. He stated there are 16 officers. He stated it is not a typical job, the officers are sworn to uphold the law; it is sometimes a difficult job. He has copies of the latest boating regulations and he offered copies to those who want them.

Water Patrol Success Factors

- Philosophy: focus on service & education, not citations
 BUT we do write citations
- Fully trained & certified law enforcement officers
 - take oath of office
- Professionalism at all times
- Follow-up on all inquiries

Nestor stated that the 16 certified law enforcement officers have a lot of experience at patrol the waters of Lauderdale and Pleasant Lakes, the launch sites and boat ramps. Nestor showed a chart of the hours of patrol and stated that the Patrol is run by both the Town of LaGrange and the Lake District. The patrol hours were shown on a slide and Nestor stated that there are also hours spent for court time and administrative time and likely they spend over 3,000 hours per year. They patrol 7 days a week. The patrol will pull floatables home, or tow for free. In non-emergency times the patrol will train PWC usage, they also hold two water safety classes per year. Nestor showed the phone number 262-742-4300.

The DNR has asked the Lake District to quantify the assistance given to people on the lake by the patrol; the information goes to the Coast Guard for records of assistance on the water.

This Fourth of July there were 4 boats on the water to patrol the lake, including the boat from Pleasant Lake and the town rescue boat.

Nestor showed the citation chart, there were 121 citations written with 55 dismissed and one operating while intoxicated which includes multiple citations; so there was a net of

64 total citations written. He stated we did not

Services & Education

- Patrol – weekends & weekdays - 7 days/week
- On look-out for ‘renegade’ boats / notify owners
- will also retrieve anchored “floatables”
- Upon request, will tow inoperative boats
- PWC orientation training – at your request
- Provide three DNR Water Safety Boating classes
- Contact info:
Water Patrol Office: **262/742-4300**
email: info@lllmd.org

Meet the DNR metric this year for citations.

Nestor reviewed the annual revenue from tickets which is very minimal, he pointed out that it is not about tickets for revenue, the patrol is for safety. This year the Patrol may receive approximately \$800 dollars for writing tickets which is very little relative to the time it takes. Most of the money from citations goes to the courts.

There is a \$3 daily fee for the public launch ramps or a \$20 dollar annual fee. There are officers staffing the ramps on busy weekends to help calm numerous people launching boats. Property owners pay once upon putting their boat in and then they are done with the fee for the year.

Nestor showed the rules for operating Personal Water Crafts (PWC’s) and he emphasized that the age to operate a PWC without passing a boating class, is now 26 years of age or over. The Patrol offers classes or the class can be taken online.

Nestor stated that there are new areas marked as electric motor only, in environmentally sensitive areas. The new area is in the western end of the Middle Lake and can be accessed only by human power or electric motor.

Property owners around Pebble Beach have had problems with access to their piers due to the proximity and number of anchored vessels, so the Town, the Lake District and DNR have now experimentally installed “no anchoring” buoys which appear to be working fairly well and will become permanent next year. Next year we will expand the experimental “no anchor zones” to Jakes Bay at the south shore of Green Lake.

Nestor showed pictures of a boat fire which occurred at the Lake. The fire occurred as the boat was started, apparently the exhaust fan was not used long enough prior to starting the boat. It was pointed out by someone in the audience that simply opening the cover over the engine will also help to vent the engine area and is a safe procedure.

Nestor explained the boat had been in the boat house and was pushed out into the lake after it exploded. There was a question about what exploded; Nestor stated that a spark

ignited the fumes in the engine compartment. There was discussion about the explosion of the boat.

A comment was made about the loud music at Pebble Beach on the fourth of July as it goes on until early hours in the morning, Nestor stated that he is sympathetic, but there are no regulations for enforcement from the water patrol perspective. We can ask them to turn it down from a courtesy perspective.

A question was asked: what are the criteria for making a stop on the water? Do they have to have probable cause or can they just stop for a boat inspection? Nestor stated that the Patrol needs probable cause; once you are stopped however, they have a standard procedure including a safety inspection of the boat (including number of life preservers, a throw-able preserver, fire extinguisher and battery cover) and they will ask for an ID as there have been cases and may be outstanding warrants for arrest. The question was asked about the criteria for instructional warning vs. issuing a ticket, Nestor stated that a stop for example for an out of date registration is such that the officer will give you a citation but will give you several weeks to get it updated and if you do dismiss the citation. The Officers will tell you why they stopped you.

Jerry Petersen, commented about the fire in the boat and the water hose pushing the boat toward his property. Water is not the proper means to extinguish a gasoline fire? Nestor stated that he would pass the comments on to Ken. A question was asked about the hours of the Patrol Nestor stated during the summers seven days a week.

Golf Course Report:

Chairman Mason reported on the Golf Course. He stated that the golf course loan will be paid completely this year. This is great as it will allow for projects that have been put on the back burner for years including some pay raises and various improvements to the equipment and golf course.

Chairman Mason gave a little background that 18 years ago the community voted to purchase the golf course by a wide margin and subsidized the Golf Course loan over 20 years. Now with loan being paid off there is no need for a subsidy.

He stated that the course has been protected by several environmental accomplishments that the Lake District has done we changed the R4 multi-family zoning for the bulk of the Golf Course to Park P-1, to prevent subdividing and to maintain open space for the community. The Lake District combined all of the tax parcels into one, a few have felt it devalued the property but it adds protection from future development. In 2003 we put the whole Golf Course in a Conservation Easement to preserve the integrity of the open space.

Chairman Mason stated that one bench mark of golf course performance is rounds of play (slide showed), they are the important measure in the golf business and rounds at Lauderdale Country Club have been generally consistent. He showed slides of accomplishments and improvements to the property and club house including moving the bar and registration area to location for better observation of first tee. He showed slides of the replacement of the old fuel tanks with new safer gas and diesel tanks and the ability to buy fuel in bulk. He showed a slide of the old maintenance building with porta potty, it has been replaced in 2006 with a new maintenance building for safer storage and repairing of machinery.

Chairman Mason thanked the Meyers family for their contribution and efforts in refurbishing and beautifying the Historic Water Tower and building a park setting around the base area of the Tower. The park area provides a nice location for weddings and meetings and social events. The Land Trust has had a couple of activities there. This area provides an area for activity that does not conflict with golf.

Long Range Planning:

Chairman Mason discussed the Long Range Plan showing a map of the Golf Course property. Zone 1 (blue), is the southernmost part of the property and includes the wetlands area, this is the most environmentally restrictive zone; Zone 2 (yellow) includes for the most part, the Golf Course area north of the wetlands up to the south of the existing club house and is to remain open space, this is the second most restrictive Zone; and Zone 3 (lime green) includes the current club house area, maintenance building and properties at the very north of the property, this is the least restrictive. He stated that we bought the Community Center and the wetland area after purchasing the golf course; therefore, we want to do a comprehensive long range plan for all of the combined property. The Lake District property now serves many functions we feel we need to develop a good comprehensive plan that takes into account the desires of the community. Chairman Mason talked to several Planners and found that comprehensive plans were very expensive to develop. But Bill Huxhold (who lives at Lauderdale) is the Chairman of the Urban Planning Department at University of Wisconsin Milwaukee put us in touch with Community Design Solutions (an affiliate of the University) that can help provide a questionnaire and plans for a comprehensive plan. We learned that we don't know much, one of the first activities is to develop a survey for community opinion. Once the survey is developed it will be available on line or by paper. We will track who is responding. Chairman Mason asked for any questions on the golf course.

Walker Johnson asked if there is a topographic survey of the property, Chairman Mason stated he was not sure, but we do have an aerial survey. A question was asked: Are we toying with a commercial section? Chairman Mason said no, we want to find out what the desires the community are i.e. golf course, pool, tennis courts etc? He stated we don't know where the survey will take us we should know a year from now. Question is the golf course self sufficient? Chairman Mason said yes. Does the golf course make money now? The golf course is self sufficient. Last year it made approximately \$44,000. Nestor explained the golf course mortgage was \$130,000 per year, the community contributed \$85,000 and the Golf Course contributed the roughly \$44,000 balance, the golf course helped pay off the loan. In 2015 that money will go toward operations and will be a profitable entity in 2015.

A lot of people are asking why we don't lower the fees for older residents to play golf who are paying taxes to lower the loan as opposed to people who don't pay taxes toward the loan. Chairman Mason indicated that early on this was looked at, but that identifying individuals within the District was very difficult.

Environmental:

Chairman Mason then explained the three zones contemplated in the revisions to the conservation easement. Chairman Mason explained the environmental protections within the three zones of the Golf Course environmental easement. He explained the

environmental zones the northerly commercial zone is least restrictive, golf course zone is more restrictive and wetland zone on the south is most restrictive from an environmental perspective.

The wetland area has a restoration plan in conjunction with the Land Trust which establishes board walk systems allowing foot and golf cart traffic. The boardwalks allow foliage to grow.

Goose Round up:

The goose round up done with the Department of Agriculture. During July the adult geese can't fly. The round up was done this year by Greg Wisniewski, Peter VanKampen and Scott Mason. This year they captured 58 geese, he explained the round up with pictures. They cage them where they ultimately end up in food pantries.

Weed Harvesting Report:

Weed Harvesting Report

Purposes:

- **Fight the takeover by invasive plants**
- **Maintain an environment for the 'good' plants and animals**
- **Aid navigation and swimming**
- **Reduce build-up of muck**

Greg took over the Weed Harvesting late last year and has been attending seminars. Greg stated that weeds are now referred to as aquatic plants. He talked about keeping the healthy weeds and gets rid of the invasive weeds. We keep the navigational areas clear. He stated that the crew is doing a wonderful job and they keep the equipment in good shape. The permit only allows access to Bubbling Springs after June 30.

The crew keeps the transporter and harvester in good shape they keep it all maintained very well; there is a reserve account for the equipment. The Weed Harvesting permit is based upon an aquatic plant plan which goes back to 2010 the aquatic plant survey was done in 2008. We are now being required to do the aquatic plant survey every five years with a major report every ten years. We have to do a survey which becomes the basis of our permitted weed cutting program. We have hired a contractor who did the survey in all the lakes other than Middle Lake. Greg tried to get a grant for this expense, we did not get a grant, but the DNR graciously agreed to survey Middle Lake. Before they did lines of survey thru the lake now we have to survey on a grid system which involve approximately 1800 locations in lieu of the 290 previous locations, this will show plant movement but requires numerous survey spots on the grid. The results of the weed survey dictate the focus of the weed harvest program we will get the new report in early 2015.

Clean Boats Clean Water,

Greg stated that there are heavy fines if you take weeds Plants out of the lake on a trailer or boat. Connor Hamilton is the educator for cleaning off trailers so that invasive species are not being transferred from lake to lake, he covers all four ramps. We do have a grant for this activity which help pays for approximately 2/3 of the cost of the program.

Someone asked about hours manning the ramps Greg said the weed harvesters operate 10 hours a day Monday thru Thursday and keep an eye on the ramps, Connor handles the ramps on Friday thru Sunday. There was a question about the zebra mussel population, Greg stated that the zebra mussel population has diminished and Heidi Bunk may know more about the zebra mussel population. The question was asked if off lake boaters give their point of origination. Greg stated that the DNR does keep data on where boats came from and the data is accessible on line.

Septic Report:

Peter stated he would give us a little history on the Septic program. The county at one time had wanted to sewer around the lake; instead we started a sewer inspection and pumping program avoiding a large upfront cost of sewers. We also had a company come in to sniff for failing systems; the primary purpose for the septic program is for the protection of the Lakes. The focus is to identify failing systems and failed systems and take care of them to protect the lakes. The Lake District has contracted with Associated Septic Services who is currently doing the pumping and inspecting. Peter stated that they have been very good. Their phone number is 262-495-7004. We are in constant contact with them.

The cost is 1/3 every year and is a tax bill item listed as septic service on the tax bill. Failing systems are reported to the County, who will inspect and enforce the repairs needed. Because of recent changes to the County reporting system, the Lake District is making changes in 2015 to standardize the pumping codes. In 2013 the system had 72 codes (different pumping conditions), the new system will have 5 codes; 95% of the lake will use one code. This system will save significant administrative costs, we used to use one excel spreadsheet but the new system would require considerable hours of administrative tracking. There are some exceptions such as aerobic systems, commercial buildings, vacant lots etc. This approach simplifies paper work for us and the pumper, it minimizes paperwork, and the greatest impact on some properties would be \$2 to \$3 dollars. Collectively, we save 20 to 25% by doing the community pumping program, and we protect the lake and in turn our property values. The pumper fills out a report on each system they pump so we know the conditions of the systems, it is very thorough. We will stop pumping holding tanks. Holding tanks are pumped regularly anyway and they do not fail, so they are not of primary concern for the environment. So we find they are not very efficient for us to pump. Holding tanks property owners will not pay tax. Peter asked for any questions. There were none.

Pier Inspection Report:

Peter reported there were 24 pier applications this year. Peter reported that he is happy with the cooperation that the pier builders are giving us. This year he did many of the inspections himself, and stated that next year we will have a permanent pier inspector.

There was a question, regarding the charges on commercial pier installer's fees; Peter stated that there is a \$200 fee for commercial contractors using the ramps vs. the \$3 for private boats. Peter stated the fees are set by the Town and they appreciate your input.

Sterlingworth Bay Leak:

Jack reported on the leak in Sterlingworth Bay. A Geo Probe was used to find an old pipe but had no results; this year we used Ground Penetrating Radar and Electro Magnetic Imaging to locate a suspicious conduit that the water may have leaked through. The Electro Magnetic Imaging appeared to reveal an old corrugated metal pipe, we now have a contractor scheduled to plug that pipe. By filling it with a slurry of concrete, we believe the likely conduit for the leak will be plugged and not allow any water to flow thru it. Secondly, the Lake District is undertaking plans to stabilize the south shore of the Sterlingworth Bay, the Lake District has just receive preliminary plans to help prevent future erosion of the shoreline, from muskrats, rotting trees etc. There will be a gentle sloping of shore line with a geo mat and wetland plants that are appropriate to stabilize the shoreline. We will be working with the DNR and the Sterlingworth group.

Jack reported that the dam operating as it should, we keep cutting plant life on the berm to prevent roots from growing, and DNR is mandating a dam failure analysis due next year. The culverts are functioning properly; we have had fewer slow no wake periods. Jack asked for questions there were none.

Approval of 2015 Budget and tax levy:

Nestor asked for any amendments to the budget for 2015. Herb Sharpless stated that he believes we should reduce the increased capital reserve proposal for the 2015 budget; it is a result of the payoff of the golf course loan the same funds are being shifted into capital reserve in lieu of the old loan payoff. He is not against capital reserves, but feels there should be an identified capital improvement project. He made a motion that the Lake District reduce the proposed capital reserves amount, so that the total 2015 budget amount would be the same as the 2014 total budget amount, the motion was seconded. Nestor stated there is a motion on the floor to amend the budget to reduce the budget to the amount of the preceding year by lowering the reserves. Nestor stated that the \$85,000 in the budget when applied to the levy would equal approximately \$2 per \$100,000 of assessed valuation, so it is not a huge amount on your property tax bill. Don Henderson stated that the \$85,000 could be earmarked as capital reserve for future improvements. Is capital reserve for entire Lake District or Golf Course? Nestor stated yes and yes. It is on the budget as a reserve if it is for the golf course it should be labeled as such. Nestor stated the golf course is not getting a dime of the money. It is intended for a general Lake District reserve for the future. Is \$85,000 an annual amount? Nestor stated it depends upon the nature of the recommended plan for future changes and plans. It is earmarked to follow thru on the long range plan we are working on regarding the Lake District property, Nestor stated yes, but it may not have anything to do with golf, it is more for the property not the business. Jerry Petersen explained an acquisition by the County set a good concept for use of such funds by supporting the Parks group to acquire land near Lake Geneva. They used reserves that had been collected for five years to acquire park lands. The question was asked, what are the current reserves of the Lake District right

now? Nestor stated \$100,000 in reserves in one account and another \$15,000 to \$26,000 in the investment pool; he further stated that the Lake District accountants recommend that 75% of the Lake District annual operating budget be held as a reserve amount. Therefore, the accountants would recommend about \$200,000 for the Lake District reserve for unexpected expenses. Nestor stated that for many years, the Lake District did not have a reserve at all, in recent years the Lake District has been able build the reserves. A question was asked, when will the surveys go out for opinions on the use of the Golf Course property? Chairman Mason stated the first of the coming year. Tony Balasari asked how long people will have to fill out the survey. Chairman Mason suggested about one month but also stated that the survey has not been developed yet. Nestor stated go to our website and sign up with us to get updates.

Nestor, asked for any last questions: Herb Sharpless stated he thinks budget should be pushed back to last year's amount which would be incremental until we know what the plan is (the plan is just in its infancy), so he is concerned to create large reserve amounts without a plan. Jane looks at reserve as a security blanket for the Lake District and the lake, prior to the Lake District there was no security blanket. Nestor stated that the motion is to go back to last year's budget which amounts to about a \$25,000 contribution into reserves vs. approximately \$85,000 as proposed into reserves for 2015. Herb quoted what had been stated earlier that, once the loan is paid off this amount will go away, Herb believes in a reserve but thinks it is too high without knowing the exact purpose. There was discussion about the various plan concepts and having the funds to review it right. Peter stated that less than 20 % of residents use the course, our goal is to find out what the other 80% of the residents think about the use of the property. Peter stated the UW survey is a reasonable cost, but he thinks we should keep the \$85,000 in reserve so we can start a project with a reserve fund and build up an ability to satisfy the greater community desires. It will create a down payment for whatever facilities are added as a result of the survey such as, tennis courts, etc. Someone in audience stated that they doesn't see the property tax bills coming down even though the valuations have gone down, therefore, the Lake District should give the money back. Nestor stated, one more question. Someone questioned the rate for Lake District relating to the tax bill. Nestor stated that Herb is asking for a \$60,000 reduction, so how does it affect the tax bill, we are talking about something we all love for the future enhancement of the golf course, and this is a minor cost to us.

Nestor restated the motion on the floor, to reduce the budget by \$60,000 to be the same total amount as last year's budget; Nestor stated "all in favor of reducing budget per Herbs motion" raise hands, Hand vote 12 in favor; Nestor stated "all against Herbs amendment", Jack counting 44 opposed, amendment motion defeated, Nestor stated we move on.

He showed a slide showing the new budget for 2015 vs. 2014. He went thru the individual budget line items giving a brief explanation of each budget item. He explained a large increase for the dam maintenance category do to the dam failure analysis, legal fees higher and the golf course budget going from \$85,000 to \$0 and capital reserves going from \$0 to \$85,000, therefore the net total 2015 Budget proposal for 2015 is \$360,500. Nestor called for a motion to approve the 2015 Budget and Tax Levy, such Motion was made by Don Henderson and seconded by Debbie Ferrari, Nestor called for the hand vote, which passed.

Jack announced Greg and Nestor have been reelected.

Tony Balestrieri raised a concern regarding the survey; he agrees with holding a survey but would like the Lake District people to be able to discuss the survey prior to let anyone loose to tell us what we need. He stated that we should also have cost estimates of various options. Nestor stated that the Lake District publishes its meeting notices where the survey and project discussions will be an agenda item; Nestor encouraged all residents to attend our published board meetings. Tony made a motion that after the data is received for the survey we hold a meeting to allow more discussion and community input on the results of the survey; seconded by Don Henderson. Chairman Mason questioned the ability to raise a motion in other business; Russ Devitt stated that it is OK. Nestor called for the vote, "all in favor show hands", motion passed. We are sending a post card out regarding the survey availability and options.

There was a question asked about what has happened with the Terry pier situation; Nestor stated that we just received communication that the Judge has ruled in favor of Terry family. However, there are many stipulations.

There was a question regarding the no anchor zone buoy's in Green Lake, Nestor answered the situation is similar to Pebble Beach where anchored boats interfere with homeowners access.

A motion for adjournment was made Iligene Anderson second Wally Yandel 11:49 and passed unanimously.