

CCROA Annual Business Meeting Minutes
July 14, 2018

Present: Bob McGuffin, Omar Shabaz, David Fauntleroy, Susan Anderson, Greg Wenzel, Linda Hammer, Bob Warren, Roy Knoth, Ann Rapp, Tom Krautkramer, Dean Challed, Rod Brost, Eugene Clark, Joan Cavanaugh, Jay Sweney, Helen Hayhurst, Jack Erhart, and David Neumann.

Absent: Mark Johnson, Dean Stanton, Paul Lucas, and Gary Ebert.

The meeting was called to order at 10:03 a.m. by President Bob McGuffin.

The minutes of the July 15, 2017 Business Meeting were read. Tom Krautkramer asked to have the name of Jim Boehme added as the owner of the Cisco Bar. On motion of Greg Wenzel, seconded by Dick Barney, the minutes were approved as amended.

Presentation by Denise Fauntleroy, ISCCW Educator

Denise Fauntleroy gave an update on ISCCW work over the past year stating that ISCCW has retained 3 boat washers and that Mark Reinert is the representative for the Cisco Chain. Denise stated that in 2017 ISCCW inspected 3,150 boats with 1,144 boats power washed. ISCCW made contact with 6,663 people and reached over 3,000 people through education programs. ISCCW has Thursday night education programs and they are working to get more children involved. She stated that a Michigan grant proposal in conjunction with Iron County Lakes & Streams Partnership, CCROA & ISCCW is pending, and we should hear something on this later this summer. Denise mentioned the upcoming 2018 Western U.P. Invasive Species Conference to be held on Monday, July 23, at a fee of \$15.00, and registration forms are available. She also mentioned that the ISCCW Annual Meeting is scheduled for Saturday, August 4, at 2:00 p.m., at the Watersmeet Pavilion.

President's Report

Bob stated that most of his report will be covered under Old and New Business, and he expressed his appreciation to the Board for all the work that has been done. He also thanked all the CCROA members for supporting the aquatic invasive species (AIS) work with all their donations over the past 8 years.

Vice President's Report

Omar Shabaz reported that he has been working on grants toward the fight on AIS. He wanted to thank those involved with the grants because there is a huge amount of paperwork involved. He also stated that he had an opportunity to go on an AIS dive, and he encouraged members to get more involved through volunteering.

Treasurer's Report

David Fauntleroy stated that as of 12/31/17, we had assets of \$448,000 in all funds. It is down about \$10,000 from the previous year due to the lag time on grants. There is approximately \$62,000 in our available working fund, \$319,000 in the dam fund, \$57,000 in the lake management fund, and \$10,000 in the walleye fund. We spent about \$60,000 last year on AIS treatment, grant writing and continued effort. On motion of Linda Hammer, seconded by George Kuchta, the Treasurer's Report was approved.

Membership Report

Linda Hammer stated that we have 351 members paid through 2017. We have 111 lifetime members. Some members requested that their dam funds be applied to lifetime membership dues, so we gained 4 lifetime members. We have 18 members who have not renewed in 2017 and reminder postcards have been mailed. A letter encouraging 2016 expired members to rejoin was mailed in March that included a membership form and a self-addressed envelope. These 2016 expired members will no longer receive newsletters and emails. Linda stated that she has kept all members' names and addresses prior to 2015; they are just not on the current list.

Linda asked all lifetime or prepaid members to please let her know if your email address or phone number changes so she can keep our records up to date. She has a membership list available if you would like to check if your neighbors are members, and if not, you can encourage them to join. She also has a stock of bumper stickers available. On motion of Jean Erhart, seconded by Mary Congdon, the Membership Report was approved.

Old Business

Dam Purchase

Bob gave a review of the dam history stating that originally the dam was made to float logs. The power company purchased the dam in 1937, and the warranty deed states that the dam will be operated to maintain water levels until unable to do so. UPPCO entered into a settlement agreement in 2000 with the DNR and several other entities regarding UPPCO's Bond Falls Project. The Federal Energy Regulatory Commission (FERC) approved the settlement agreement which addresses Cisco Dam and the Cisco Chain of Lakes. It requires UPPCO to maintain a relatively constant water level at Cisco Lake. Even if UPPCO sells the dam, the new owner would be required to comply with the settlement agreement and maintain the water level. Our attorneys did a title search and found a settlement agreement from 1939 that affirms this obligation. The Board feels that we have enough with the warranty deed and settlement agreement to justify not purchasing the dam. Bob stated that there are more risks if we bought the dam: 1) we would have a huge liability if someone hit a submerged object and was injured; 2) as a voluntary association, we would have to get someone to operate the dam for perpetuity and we would need to fund the operation and any other unexpected costs. Therefore, the board does not feel we need to buy the dam, and if someone else needs to buy the dam, it should be Gogebic County.

Bob then discussed the redistribution of dam funds reminding members that we explicitly stated that funds donated to the dam would only be used to buy the dam. We incurred costs of about 7-1/2% of the funds to research all the information related to the dam, so any refunds would be reduced by 7-1/2%. A letter was mailed to all members who donated to the dam fund providing the following options for these funds:

- 1) Let CCROA keep the donation unrestricted
- 2) Let CCROA keep the donation for lake management
- 3) Give the donation to ISCCW
- 4) Have the donation refunded (less 7-1/2% to cover costs incurred). Bob stated that if you took a tax deduction for the original donation, you may need to amend your tax return for that year.

He stated that we are still trying to locate 15 people who donated in order to send them the letter. A question was raised as to when the funds were first solicited. It was near the end of 2011.

Dave Fauntleroy stated that to date, we received 144 responses out of approximately 311: 40 requested refunds totaling \$38,000; 9 wanted donations of \$4,200 moved to ISCCW; 72 wanted donations totaling \$30,000 moved to the lake management fund; and 23 removed restriction on \$9,500. We took in \$353,000 for the dam, so we need to get more responses. Dave stated that he will start sending out checks in the next few weeks to those who asked for donations to be returned.

The following questions were raised:

- 1) Why did it take so long? Bob stated that it sat on the desk of FERC, and we had a change of Board and also a change of legal counsel.
- 2) What happens in the event that the dam fails or needs repair? Bob stated that UPPCO must fix the dam as long as physically possible. They would have to put in a new dam and they must maintain the water levels on the Chain. The Michigan DNR and the Attorney General are not allowing UPPCO to remove the dam. Obligation to maintain the water level would go to any new owner.

- 3) Does Gogebic County want to purchase the dam? Bob stated that the County is not enthusiastic about buying the dam, but the County answers to the voters and it would be up to the voters to motivate the County.
- 4) What percentage of the parcels are voters in Michigan? We don't know.
- 5) Is the water level number set up many years ago still held? Yes, the water level must be between 1,684.4 and 1684.9 feet.

Bob stated that we are going to work with UPPCO to make it simpler for them to maintain the dam.

New Business

Special Assessment District

Bob displayed a large map of the Cisco Chain. He stated that we have been doing AIS work for 8 years, starting with Clearwater Lake and also did work in Thousand Island, Big Lake, Lindsley, Fish Hawk, Morley—every place where there is a dot on the map. He stated that our biggest problem is on the Michigan side. Michigan law says that we must retain the riparian owner's consent in order to do any work. As the invasive species work has matured, it is difficult to track down the owners. We received no responses from some. We also received responses of "not interested" or approvals, but with stipulations as to timing of the applications over which we have no control. Bob stated that what happens on one lake will affect all lakes. The mechanism to help with this is a Special Assessment District (SAD) through the township. The Public Improvements Act 188 of 1954 allows us to set up a SAD to equally assess for what we do. There are approximately 575 individual parcels on the Michigan side and the biggest problem is the permission on the Michigan side. We are setting this up for permission, but also using it to handle funding. Because of the pressing issue of permission, this year we are setting up the Michigan side, and we will do Wisconsin next year.

The first public meeting will be held on Friday, July 20, at 4:00 p.m., at the Watersmeet Township Office. Another meeting will be scheduled sometime in August. After these 2 meetings, the SAD will pass unless the Township receives objections from 20% of the 575 Michigan parcels. The statute gives us latitude on how we want to set it up. Our attorney suggested that we include just the first tier lakefront properties Zoned L1 and L2. We also have latitude on how long the SAD is in place. We are setting it up for 20 years, at which time it will need to be re-evaluated by the CCROA Board. Several questions were raised:

- 1) How much will the SAD tax be? Bob stated that it will be approximately \$25 to \$50. We will take the costs, then subtract grant money (which is usually a cash match) to determine the amount of the tax. We will set this up in September for the following year.
- 2) How is the fair share divided? The cost will be the same for each of the 700 parcels.
- 3) Does the Township make the decision on the SAD? The Township makes the decision at our request. Once the SAD goes through, no one can say "no" to treatment on their property. It treats the Cisco Chain as a whole body of water.
- 4) Is this a test case? No, there are hundreds of SAD's already in Michigan, but this is the first in our township.
- 5) Why set the amount per property and not by size of lot? We can do whatever we want, but our Attorney Cliff Bloom said the best way is to have each parcel pay the same.
- 6) Who will determine how much the tax is each year? The CCROA Board sets the amount. The tax can't be used for anything else, just the Cisco Chain. The Township does not get any of the money. There is no management fee to the Township. There is currently \$60,000 in the lake management fund plus the \$37,000 coming back from the dam fund. We might set the first year at zero since we want to work down to a threshold of approximately \$50,000. We could assess a tax of \$15 to \$20 the first year to cover the costs to set up the SAD. Each year it is a moving target and could vary from year to year. There is a cap of \$100 per year and can be increased by 10% per year.

- 7) How is the tax determined for resorts and trailer parks? The tax is determined by the number of parcels. Each parcel pays the same. It may not be perfect, but we are striving for the best way.
- 8) What about other invasive species like purple loosestrife and Japanese barberry? Bob stated that SAD is only for aquatic invasive species. Greg said that he attended the Headwaters Invasive Species Partnership annual meeting. Their focus is more on terrestrial vs. aquatic. He was unable to get information together on terrestrial invasive species for this meeting, but will strive for next year.
- 9) Should we get more permission slips available until the SAD is approved? We have all the permissions we need for this year.
- 10) What is the status of the AIS work done on Thousand Island Lake? Bob stated that if you don't see a buoy, then the work has been done.

Bob said that the SAD will continue to be an agenda item at each annual meeting going forward. Members offered positive comments to the Board and thanked the Board for its efforts on all the work done over the years on AIS. Kully Rohlen said that since his retirement, CCROA management has been doing a great job.

Mamie Lake Representative

Bob stated that we are looking for a volunteer to be the Mamie Lake Representative. No one volunteered at the meeting and there was no nomination made. This position remains vacant.

Miscellaneous Items

Bob stated that there have been questions about the concept of short-term rental homes on the Cisco Chain. The Township has a committee working through this issue and there is a meeting on August 8. If you have any interest or concerns, check the Township website.

Open Forum

Additional questions were raised:

- 1) Is there any way to open up the sand cut? Can it be dredged? Technically it is private property, so CCROA can't do it.
- 2) Has there been any contact with the tribe regarding spear fishing? There has been no contact.

Election of Officers

On motion of Dick Barney, seconded by Kathy Krautkramer, the current officers were re-elected for another year. Bob McGuffin, President; Omar Shabaz, Vice President; Susan Anderson, Secretary; and David Fauntleroy, Treasurer.

Miscellaneous Announcements

- 1) We have several "Saving Our Lakes & Streams" books available for \$15.
- 2) We have 2 raffles: one for a carved bear and the other a 50/50 raffle.
- 3) We have a Big Africa banner from Land O' Lakes for sale.
- 4) We have remaining CCROA clothing for sale: Adult clothing for \$5; Child clothing for 50 cents.

On motion of Al Anderson, seconded by Linda Hammer, the meeting was adjourned at 11:30 a.m.

Respectfully submitted,

Susan Anderson, Secretary