

Forest Lakes Property Owners Association
Meeting Minutes
December 12, 2006

Opening

President Wendy Klusack called the meeting to order at 7:10pm at the recreation center on Alpine Forest Drive. Board members present were Wendy Klusack, Cary Breeze, Lori Edwards and Becca White.

The meeting was attended by 9 residents.

Contact info for the POA remains the same.

Committee reports

Architectural committee reported approving 2 sheds, 1 garage and 1 dog enclosure.

The covenant committee activity was reported on by Wendy Klusack. She explained that she had asked the members of the covenant committee to meet on Wednesday, December 12 to discuss the procedures for handling covenant violations. She apologized for missing this meeting due to a death in her family. Wendy explained that a community member had volunteered to send out letters addressing violations. It was stated that the board had created two form letters that would be used in covenant enforcement. Wendy made the letters available for viewing. Community members voiced their concern over selective enforcement. They stated that they felt it in the best interest of the community to cease citations for the time being. The members explained they feared repercussions from homeowners who are issued citations because of the uncertainty of what covenants are legally enforceable at this time. The board acknowledged the lack of certainty about what covenants were to be used. It was stated that while the courts ruled the 1998 covenants null due to a recording error, there was never a ruling stating the original covenants were to be followed. The board agreed with the suggestion to cease covenant enforcement until some certainty has resumed amongst the POA.

The community wildfire planning committee had no report for this meeting.

Lori Edwards reported on the Welcome committee. She explained that after the last meeting a community member volunteered to head the Welcome committee. All the information has been passed along and the committee can be contacted through the POA contacts.

Cary gave the Treasures report. The full report is available on the FLPOA website. There were no questions from community members.

Business

Wendy gave a follow-up report on three items that had been brought up at the November meeting. First, she reported that while the POA purchased the doggy-pot bags last year, The Metro District has them and is in charge of re-stocking them. She asked homeowners to call Metro if they need attending to.

Second, Wendy explained that the light bulb at the mailstop had been changed. She asked that homeowners please notify the POA when lights are out and the POA will see that they are replaced. Lastly, Wendy reported on the trail maintenance on the South side of the lake. Dale at Metro explained to Wendy that the only established trails around the lake are on the dam and on the north side. He stated that they are currently working on a project to place gravel on those two trails. He stated that he is aware of the interest of seeing a maintained trail around the whole lake. He explained that private land has kept the path on the south side undeveloped, but that Metro may look into developing it in the future. A community member stated that it was important for community members to communicate with Metro and make them aware of their interests.

Wendy reported on the efforts made by the board over the last month regarding legal matters. First it was announced that the settlement offered to the Tolfs back on November 22nd had not been accepted. Wendy explained that there are 2 items that seem to be ceasing further communications of a settlement. The first being the request from the Tolfs to assign claims against previous board members or Travelers Insurance group. This is not something the POA board sees as productive and is not willing to agree to. The second item is the issue of assigning claims against the POA's previous legal council, Bill Rasure. This is something the board had agreed to, but the Tolfs changed terms of how this action would happen changed and the new terms are not desirable to the board. Wendy explained that it was discovered by the Tolfs, that they could not pursue legal action personally against Mr. Rasure, so they would need the POA to be the plaintiff in the case. They agreed to pay the expense involved in pursuing legal actions against him, in return for whatever judgment was awarded in the case. They again offered the POA a small percentage of that claim, but would not agree to offer assistance if Mr. Rasure filed a counter claim. The board is not willing to make the effort in pursuing legal actions in a case they feel would be fruitless.

Wendy explained that as part of the settlement offer, the board agreed to pay the Blaisdell judgment of \$1114.73, but since no settlement has been reached, Ms. Blaisdell has yet been paid. Wendy explained that they intended to pay her regardless of a settlement with the Tolfs and would be accepting an offer that Ms. Blaisdell had made to the POA to pay the judgment amount, minus the interest that had accrued.

Wendy announced that the courts released the monies being held by First National Bank to the Tolfs. This included the money in both the operating accounts and the trust accounts. Also, Community Bank (the new POA accounts) had received a writ of garnishment from the Tolfs. They were holding money until they received notice from the courts as how to distribute the funds. It was deemed that only \$1130 would be eligible for garnishment from the new accounts in order to complete the judgment awarded to the Tolfs in the spurious lien case. Wendy explained that the board was discouraged by the decision to release the trust money from First national to the Tolfs. Especially when they had come up with a

solid plan to verify what money truly belonged in the trust as part of their settlement offer. Wendy explained that because the court ordered the money from the trust be turned over to the Tolfs, the POA has been released of liability of homeowners taking legal action against the POA in an effort to collect their \$500 construction deposit. Again, Wendy stated how frustrated she was by this decision and several community members agreed. One community member asked about the deposit made into the operating account in the amount of \$10,000. Cary explained that this was a reimbursement from Travelers Insurance Company for legal fees in the defense of the spurious lien case.

Next, Wendy explained that the board has been researching two avenues for the FLPOA to take. The first would be to dissolve the current POA. Wendy explained that there were several consequences of taking this action, but that this board felt it would be the best choice for the community as a whole. She also stated that there would always be the option to form a new association. She acknowledge that it would be a lot of work, but that there are professionals to help with the process and given the current state of affairs, the community might be better off doing so.

First, the issue of lack of covenant enforcement was discussed. Wendy stated that because the covenants went with the land, even if there was not a body in place to enforce the covenants, each homeowner had the legal right to enforce them on their own. Community members expressed their thoughts on the likelihood of anyone actually pursuing a covenant violation as an individual. It was stated that given the current state of unrest regarding covenant enforcement, not having anyone to enforce the covenant would not be a detrimental change. One community member expressed her desire to see the covenant changed and Wendy explained that that could be something a new association could tackle as their first priority.

Next the issue of the Committee of Architecture was discussed. Wendy read a passage from the bylaws quoting "The power of the committee of architecture shall be vested in the Forest Lakes Metropolitan Improvement District or a nonprofit, incorporated homeowner's association, if and when any such association is formed" It was explained that the responsibilities of architectural control may be able to be handled by Metro if the POA was to dissolve. Wendy explained that she had spoke with Dale on this issue and he was unclear without speaking with their attorney if this would be feasible because of their service plan. Dale asked that Wendy submit a formal request to Metro to take over these services and he would confer with Metro's attorney.

The issue of mail delivery was addressed next. It was first stated that the physical mailboxes were purchased by the POA at one time. The land that they sit on is leased from Metro, similar to the lease that the POA has with the recreation center. Wendy explained that she spoke with the Post Master at the Bayfield Post office and he assured Wendy that delivery would continue as normal despite the POA dissolving. He explained that the Post office did not have enough post boxes to accommodate all the residents of Forest Lakes. He did state that the mail stop would have to be shoveled in order to make delivery safe

for the carrier. He also stated that the carrier used a light on the inside of the building that would be affected if the electricity bill was not paid. Wendy also explained that the lights on the outside of the mailstop would not be on due to no power being given to the building. She suggested that the possibility of solar lights could be explored before dissolving. Wendy explained that after speaking with Dale at Metro, it was brought to her attention that the POA liability insurance coverage covered the mailstop. Without the POA, Metro would have to explore the option of having their insurance cover the mailstop.

Wendy asked for volunteers at this time to help with shoveling the mailstop. She explained that while Metro plowed around the mailstop, they didn't have the manpower or the liability coverage to shovel in between the boxes. Wendy stated that she had been shoveling in between the mailboxes and didn't mind doing it every now and then, but would appreciate some help during the winter. One community member offered her assistance.

Next was discussed the issue of people who were owed money held in the trust account and the money that remained in the Community Banks accounts. Wendy explained that after the Tolfs collected the remaining balance of their judgment and the POA paid Ms. Blaisdell's judgment, there would be about \$10,000 left in both operating account and the trust account. The board explained that if the POA was to dissolve, they would like to divide that money amongst the people currently owed a construction refund and the people who had houses currently under construction. They acknowledged the fact that people would not be receiving their full refund, but at this time it was the best the POA could do. They stated that they felt this was the fairest way to reimburse people before dissolving the POA. It was explained that the POA would send out a letter to the people in question and ask them to apply for the refund by a given date. The POA would verify that the homeowners whose house had been completed meet the requirements laid forth in the by-laws and after the set date, the POA would distribute all funds remaining in both accounts on a pro-rata basis. Wendy explained that this step would satisfy one of the requirements for dissolution set forth for Corporations and Associations. Wendy explained that the board intended to follow all laws put in place for completing the dissolution process. It was explained that the decision to dissolve would need to be accepted by 50% of the current POA members. Wendy stressed the fact that only POA members current on their dues would have a voice in the vote according to the by-laws. The question was raised as to what the term of membership was. It was stated that the board believed that dues were up January 1st and that how this fact would play into the voting process was unclear. One community member expressed their concern about this vote taking place by the first of the year. The board explained that they would give proper notification that there was a vote in question and follow all steps necessary to make sure the vote is recorded properly. The board explained that this is the avenue they feel would be most beneficial for the community.

Next, Wendy explained the other avenue the POA could take. She explained that if the POA was to stay intact, Bill Zimsky has recommended a course of action. The board stated that they did not have the desire to pursue this

course, but would be happy to hand over the reins to anyone who would like to join the board. Wendy explained that the reason this board would not like to pursue further legal action is that they do not believe that the Tolfs will discontinue their pursuit of legal actions against the POA and that these pursuits would be a constant plague for the association and the community.

The course of action was explained as such; once the court releases the funds in the First National bank account to the Tolfs, pay the remaining balance of the judgment and then drop the covenant issue of this ordeal. It would be necessary to grant the Tolfs a waiver on the carport and fence stating that the association recognizes the encroachment and will not require the structures to be moved. However it will state that no changes may be made to increase the encroachment. Mr. Zimsky feels it would be in the association's interest to maintain the appeals that are in place regarding the spurious lien issue. He feels the lien was not filed in a spurious nature, just filed citing the wrong set of covenants. He believes there is a chance the ruling could be overturned and the Tolfs would be required to re-pay the \$43,000 judgment. The insurance company is willing to pay the attorney's fees that would accrue in defending the spurious lien case, so the association would not be out those fees. However, if the case is lost, the association could face more penalties that would require more legal representation. Based on the past inconstancy of Travelers Insurance company to pay claims, the board is not confident for future reimbursement of attorney's fees.

Someone wanting to pursue this course would still need to address the issue of refunding trust money. Mr. Zimsky suggests a similar course of action for refunding money regardless of the fate of the POA. The board stated that although they didn't wish to pursue further legal action, they also didn't plan to abandon the community until some sort of resolve has been reached.

Community member expressed their desire to see these two options put up for a vote amongst current POA members. The logistics of such a process were discussed and the board agreed to keep in contact with the community through the website.

Wendy Klusack adjourned the meeting at 8:20pm. The next meeting will be Jan.9th at 7pm.