

Lake Linganore Association, Inc.
June 4, 2007
Board of Directors Meeting Minutes

CALL TO ORDER

The meeting was called to order at 7 p.m. at the LLA Coldstream Drive office.

Board members present: Jim Cates, Robert Charles, Jay Decker, Jim DiMiglio, Brandon Frazier, Stephen Hembree.

Staff in attendance: GM Edwards, CRM Gurley.

APPROVAL of May 7, 2007 BoD MINUTES

The minutes of the May 7, 2007 regular board meeting were reviewed and amended as noted below:

Page 1 of 5, Developer's Report, last line on the page should read: "DiMiglio said that development in that area was limited to the sewer line and..."

Page 2 of 5, first line on the page should read: "explained that Aerie Court is a recorded parcel A and that the hope was to break..."

Page 2 of 5, third paragraph, fifth sentence should read: "Director Frazier asked ..."

DEVELOPER'S REPORT

Director DiMiglio said that Land Stewards met with the Frederick County Planning Commission (FcPc) on May 9 and received approval for the preliminary plans for Aspen III. He noted there would be a large Forest Resource Ordinance (FRO) buffer from the parcel B back. Director Hembree asked who would own the FRO. Director DiMiglio said that it was the intention of Land Stewards to have a discussion about that ownership because there is destined to be hundreds of acres of land designated as FRO within the Eaglehead Planned Unit Development (PUD). Director Hembree asked why these lots were not considered lakefront. Director DiMiglio said that because of the grade of the lots on the lakeside, the lots had a view of the lake but were not accessible to the water as a normal lakefront lot would be. Director Hembree asked what defined a lakefront lot. GM Edwards said that a better definition would be needed, especially if the owners of these lots applied to the LLA for docks. Director Decker asked that discussions on FRO

land transfers/ownership and defining lakefront lots be placed on future agendas. Director Frazier directed staff to create a definition of lakefront lots and to outline a FRO process transferring designated land to LLA ownership.

Director DiMeglio said that Land Stewards was pursuing phase I approval for Aspen II section. He said if a grading permit was issued, Land Stewards would start right away. He said that Land Stewards had been to the county to discuss the placement of the water pump station. He said once county approves the location he will come to the LLA to discuss it.

CDA UPDATE

• **Aspen North CDA Update**— Aspen North CDA Committee chairperson MJ Minton reported that her group met with U.S. Representative Roscoe Bartlett to get help settling the IRS paperwork for that group's Community Development Authority 501c(3) status. She said the assistance was very helpful in getting the IRS approval settled, and that the status was better than hoped for because it allowed the organization created by it to have broader applications.

Director Hembree asked about the protocol to look at the county water & sewer CIP work being done. GM Edwards said the best approach was to contact the LLA GM or AGM, who would in turn make contacts to accompany Director Hembree through the construction site.

Director Frazier said that an issue with which he had a concern was a Nightingale resident, an engineer with a company named Dewberry, who directly contacted Whitman Requardt & Associate (CDA engineers) to obtain CDA information about that village. He said that the engineers needed to be clear about what is and is not board authorized.

OLD BUSINESS

LLA Loan to Lake Linganore Conservation Society (LLCS) for the CDA— Director Frazier presented to the board a resolution and finance outline, approved by LLA legal counsel, that would create the opportunity for the LLA to use a line of credit (LoC) to provide a loan to the Lake Linganore Conservation Society (LLCS) that would supplement the funding for the Community Development Authority (CDA) project. He explained that in October 2006 the county approved a zero interest loan to be applied to the Linganore CDA. The amount of the loan represented an amount of money (\$742,713) that the county would have budgeted to cover the costs of repairing roads following construction of the water and sewer lines throughout Coldstream, Meadows and Balmoral villages. At this time the county still had not completed the paperwork for the loan documents. In addition the county wanted the LLA to guarantee the loan amount but the association bank (First National Bank of Arizona) would not agree to the conditions requested by the county. Director Frazier explained that as long as this aspect

of the financing was still being worked out, the LLCs could not issue a notice to proceed with the road and storm water drainage project.

Director Frazier said that he wanted the association to take a portion of the LoC it had secured from First National/Arizona to cover potential contingency costs and use it to cover the amount of the county loan. He said if the county loan closes then the LLA would be reimbursed by those funds. If the county loan does not close and the LLA LoC needs to be used then a loan agreement can be worked out with the LLCs to repay the LLA the same way it would have repaid the county loan. Director Frazier said that the LLA/LLCS could lose the zero percent loan from the Maryland Department of the Environment (MDE) if the CDA construction contract is lost. He noted that because the county loan has been delayed the construction on the CDA project has not been able to start and that the contractor has expressed deep concern about the circumstances and the future of the contract/project. Director Frazier noted that the LoC funds used to supplement the CDA would have to be used before the MDE funds.

Director Cates expressed concern that the figures in the finance outline "were smoke and mirrors" and said he was concerned that if the LLA took this action that the county would not follow through with the proposed 2006 loan. Director Frazier assured him the figures in the financial outline worked and that the LoC would still have the contingency funding to address any issues at the end of the construction project. Director Hembree said that something needed to be done now to ensure that the CDA project was able to move forward. Director Frazier said that if the CDA contract failed to get off the ground the LLA would be facing \$14 million to do the roads and storm water project. He also noted that the county has said it would not do the loan without a guarantee and the bank that has given the LoC has said it would not allow the LLA to guarantee the county loan with the same source used for its LoC. He added that if the LLA agreed to loan the money to LLCs that would satisfy the contract and a notice to proceed could be issued.

GM Edwards said that the county is to have a public hearing on the MDE bonds and asked whether the county could stop those bonds. Director Frazier said the county could stop the bonds and if it did that action would kill everything about the CDA project. GM Edwards said that he felt the LLA had exhausted every option on the issue and that the board needed to find a way to further support the project because he did not believe the county loan was forthcoming.

Director Frazier reminded the board that the no interest loan came with a \$50,000 fee. He said that at a subsequent meeting, of which the LLA was not informed nor invited to participate, that the guarantee for the loan was brought up and passed by the commissioners. Director Cates said he did not support use of the LoC obtained by the association and instead wanted the residents to hold the county responsible for completing the loan agreement. Director Decker said he too was concerned that the LLA loan would allow the county to shed the responsibility of fulfilling the loan action.

MOTION: Director Charles made a motion to approve the resolution (attached to the minutes) to loan funds not to exceed \$742,713 to the CDA project. Director Decker

seconded the motion. **DISCUSSION:** Resident Chris Young asked whether raising dues to meet the obligation was to be done. Director Frazier said no but that action was always an option. **VOTE:** five directors voted in favor of the motion; one director (Cates) voted against the motion.

West Lakeridge Rd. Paving Request— Director Frazier asked resident Chris Young whether he had a rewritten petition on the matter to present to the board. Mr. Young said that he managed to get 10 out of the 13 original signatories on the revised petition. He said that some of those who had not signed would be those who would not receive paving under the revised petition. Director Frazier said the point was to make certain that those who would not receive paving under the revised petition agreed to the new plan. Director Frazier said that because not all of the signatories were represented he was hesitant to pursue approval of the new paving plan.

MOTION: Director Decker made a motion to deny the request of the petition and to defer to the original 2007 road paving/milling plan developed by the GM. Director DiMeglio seconded the motion. **DISCUSSION:** Director Charles said he wanted to get some sense of the matter from the GM, now that the GM had reviewed the costs related to paving the section of road outlined in the revised petition. GM Edwards said the area of the road under discussion legitimately needs works but he believed any action more than what was outlined in the 2007 paving/milling schedule could wait until next year. **VOTE:** six of the directors voted in favor of the motion; none of the directors voted against the motion.

Director Frazier made another motion to include the modified paving plan in next year's budget if the Pinehurst CDA was not out for bid. The motion was seconded by Director Cates but Director Hembree objected, saying taking this action permitted special treatment over other villages and roads and emphasized the importance of allowing the general manager to develop the paving/milling plan in response to realities of road conditions within the larger context of the community. Director Frazier withdrew his motion.

NEW BUSINESS

Woodridge Turn-over Punch List— GM Edwards presented the board with a draft of the acceptance documentation for improvements in Woodridge and assets to be turned over to the LLA upon completion of development of the village by Land Stewards. He added that Land Stewards had done everything that had been asked. Director Decker expressed some concerns and Director Frazier assured him that a final inspection would catch details. Woodridge project manager Gene Bollinger said that he had some concerns regarding the details and mentioned some examples. Director Frazier said the board was only interested at this time in seeing how the document was developing and that the LLA attorney would ultimately put it into the legal language that was needed and then the final document would come before the board for approval of the improvements.

Director Hembree mentioned that certain aspects of the improvements were to have a one year warranty and added that the LLA should not accept anything until a county inspection was done. Land Stewards principle partner John Clarke said that he did not believe that to be true. Director Frazier said that the attorney could clarify that matter and reiterated to Mr. Clarke that the LLA was not interested in sandbagging the developer but rather creating a document and process that was fair to both sides. Director DiMeglio asked that the matter be placed on the June 18 agenda.

RESIDENT FORUM

- Woodridge resident Trish Flora said that she agreed with Director Hembree that the county do an inspection first before acceptance of improvements in Woodridge was accepted by the LLA.
- Director Frazier noted that the Westwinds Golf Club and tennis club were both up for sale and that he wanted the LLA directors take a look at the feasibility of making the facilities, which are privately owned, an amenity and possible revenue generators. He said other communities have done this and he wanted the board's blessing on doing a study. Director Hembree said the two facilities would add a commercial base to the HOA assets.
- Director Frazier took a moment to thank LLA Directors Cates and Decker for their service to the community on the board.

ADJOURNMENT

Director Cates made a motion to adjourn the meeting. Director Decker seconded the motion. The meeting was adjourned at 9 p.m.