

**Lake Linganore Association, Inc.
November 3, 2008
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: John Allemang, James Arieno, Jim Cates, Jim DiMeglio, Alan Dinkelacker, Stephen Ekanger.

BoD absent: Tom Roland .

Staff in attendance: GM Edwards, CRM Gurley.

APPROVAL of October 6, 2008 BoD MINUTES

The minutes of the October 6, 2008 regular board meeting were approved as written.

DEVELOPER'S REPORT

Director DiMeglio said that Land Stewards was still on track for foreclosure sometime in November. He asked whether the board had made any decision on the Land Stewards request for voiding the letters of credit (LoC) as outlined at the Oct. 6 meeting. Director Dinkelacker said that he had heard from the LLA attorney and only two of the other directors. Director DiMeglio said that Land Stewards would like the decision made before a new owner takes over. Director Dinkelacker said that LLA attorney Shelah Lynn recommended against returning the \$150,000 LoC designated for the Pinehurst amenity. GM Edwards asked if the board would agree to allow the GM, the board president, Land Stewards and LLA treasurer Allemang to negotiate the LoCs and get a decision before any foreclosure.

MOTION: Director Allemang made a motion to allow the GM, the board president, Land Stewards and the LLA treasurer to negotiate on the matter. Director Cates seconded the motion. **VOTE:** Four of the directors voted in favor of the motion. None of the directors voted against the matter. One director (DiMeglio) abstained from the vote.

CDA UPDATE

No report.

COMMITTEE REPORTS

Trailblazers Committee— co-chairperson Katrinka Westendorf reported that the group meet soon and work on trails in Aspen. She said they planned to cut trees that had fallen and blocked the trails. She noted that because the number of volunteers on the committee were dwindling that LLA staff would later remove the larger trees.

Finance Committee— Director Allemang reported that the monthly financial statements show a decrease in the interest rate earned on the checking. He said that fees from new homes construction were down. He also noted that there were a number of areas in the budget that were coming in under budget and therefore the association was tracking well on the budget.

VILLAGE REPORTS

Aspen Village— village chairperson Kathy Brown said that the village's Halloween party went well. She said the village meeting in mid-October was attended by Director DiMeglio to discuss what will happen in that village now that Land Stewards will be in foreclosure. She said that the issue of enforcing Aspen and LLA Covenants was still a concern because others are building homes in Aspen. She noted that the house on Picea Court currently under construction has been a nightmare for the neighborhood and wanted to know what recourse the village had when a builder goes "bad".

GM Edwards said that the LLA was working with its attorney to raise builder fees to assist in the fining and leverage the LLA can use. He said the LLA plans to include more stipulations including the location of a builder and added that this particular builder may not return though there is no language in any of the LLA documents to stop him from doing more projects in Eaglehead. He noted that the ECC has no authority to get a builder to respond. Mr. Edwards said that this particular matter brought a lot of details to the attention of the LLA, actually embarrassed the LLA and that things need to be changed.

Mrs. Brown then introduced the new village chairperson Brian McMynne.

Aspen North/CDA— MJ Minton, chairperson of the CDA Committee, said that Frederick County Division of Utilities and Solid Waste Management was talking to the Aspen North group regarding cost sharing of the water pump station. She said they would also look at other option for the 31 lots that require the pump station. She also noted an agreement between the county and the Aspen North lot owners regarding the dispersal of the special taxes collected this year for the CDA project. Director Dinkelacker asked Ms. Minton to inform the LLA GM of meetings with the county on the matter.

Summerfield Village— Director Cates reported for village chairperson June Cates. He asked about providing trees at the pool facility. GM Edwards said that he would soon start work on this request. Sidewalk edging will still not take place in the townhouse areas of Summerfield.

OLD BUSINESS

Fiscal Year 2010 Budget/Dues Assessment Rate Workshop

GM Edwards said that he had not yet received a recommendation from the LLA Finance Committee on the dues rate. He said that the draft budgets submitted to the committee were built purely on what expenses will be for the coming year. He said that at the current dues rate (28-cents) the contribution to the reserves account would be \$800,000 and that the board agreed several years ago that it needed only to set aside \$425,000. At this time the dues delinquency rate is at 1.5 percent, which is lower than any other in the county. He reviewed the financial losses to the LLA from the Land Stewards foreclosure and noted that it would be hundreds of the thousands of dollars.

GM Edwards reviewed the dues rate results with a 24-cent per \$100 rate. He explained that at this rate a few villages will see their dues go up approximately two percent and that the others would see a decrease. At this rate the reserve contribution would be \$485,000, even with a three percent to four percent dues delinquency rate. With a 23-cent rate, the reserve contribution would be \$400,000 but if the delinquency rate increases then the LLA would have trouble meeting our deposit goals.

Director DiMeglio said that he noticed that payroll was down. GM Edwards said that because the LLA is a small HoA business it did not need to carry all the equipment and workman's compensation that it had been. He added that the LLA will be outsourcing more of the maintenance work in the future.

Director Ekanger noted that the LLA was approximately one-third of the way toward the total reserve amount, as stated in the most recent reserve study. GM Edwards said that large replacements or repairs would be financed in the future because it is difficult to foresee what will break down and the exact times of those incidents so loans would have to be a part of the plan.

MJ Minton asked if the Aspen North CDA was included in the FY'10 budget. GM Edwards said that \$37,000 was the annual budget for the CDA but that he had put \$45,000 in the FY'10 budget because \$36,000 would be used to pay off some of the debt to the lawyers with the remainder to be used by the committee for other costs. Ms. Minton said the funds collected from the lot owners were for a specific purpose (engineering) and that the money cannot be used for any other purpose.

The board decided that it did not need to have any other public meetings on the budget and that it would make a final decision, based upon a finance committee recommendation, at the Dec. 1 meeting.

Golf Course Purchase— Director Dinkelacker told the audience that the golf consultant had just sent his report to the LLA based on a study of background and financial documents, as well as a site visit. He said that the bottom line recommendation was for

the LLA to buy the golf course and consider its status as a community amenity for use by all of the community. Finance committee member Brandon Frazier said that the LLA needed to make certain that the Pinehurst/Nightingale CDA was lined up before engaging such a purchase. He also suggested that the LLA send a letter of intent to the golf course about a purchase.

MOTION: Director Allemang made a motion for the finance committee, the board presidents and the general manager to get together to do a feasibility letter of intent. Director Ekanger seconded the motion. **VOTE:** Four of the directors voted in favor of the motion. None of the directors voted against the motion. Two of the directors abstained from the vote (Cates, Ekanger).

ADJOURNMENT

Director Cates made a motion to adjourn the meeting. Director Ekanger seconded the motion. The meeting was adjourned at 8:20 p.m.