

TRUSTEE/HOMEOWNER MEETING AGENDA – 10/2/06

Start Time: 7:05 p.m.

End Time: 8:30 p.m.

Trustees in Attendance: 3 (Mike ill, Ted vacation)

H/O in attendance: approx. 20-25

1. 2007 Budget Presentation (attachments)
 - a. Budget Q & A Meeting, November 6th
 - b. Postcard mailing of 2007 Budget Voting Meeting, week of November 13th
 - c. Budget Voting Meeting, December 4th

Eric opened meeting by announcing Mike's absence due to illness. In his stead, Cris would be reviewing the budget numbers. He then asked if anyone else wished to submit resume for trustee position to replace Cris. Cris went on to pass out 2007 Income & Expense Projections sheet, which was based on 2006 expenses. Comparisons were made between the 2006 Budget column vs. the 2006 Projected Expenses (thru 12/31/06) column. A second sheet was handed out (Estimates of 2007 Legal, Maint., and Project Costs), and Eric explained the differences in the four columns shown on this sheet, saving explanation of legal fees for final review. Since we do not know how much D & O insurance will cover on legal fees, \$25,000 was inserted into 2007 budget. Eric opened the floor to questions. Question: What exactly is "appraised" for valuation? Answer: As an example, in the event of a tornado, we need true valuation of physical improvements on the real property such as the clubhouse and its contents, pools, fences, tennis court, playground equipment, etc. Current valuation may need to be changed. Eric further explained how we have planned past purchases for pool furniture. A few replacement pieces are purchased every few years. Some homeowners have requested a new basketball court since old one was removed from site of tennis court earlier this year. Richard Duff and John Osthus both raised questions and Eric responded that we would not be answering any questions from persons who filed lawsuit. However, he would do his best to answer any questions from any other homeowner. Question: Do we have a formal method for homeowners to request certain projects? Answer: No. Keith Brown suggested we mention how he put his proposal for subdivision signs plus costs in writing. Jerry Bennett recalled how prior requests were generally proposed by homeowners and discussed at a meeting. The viability and costs were requested from trustees, and after a period of time, efforts brought to fruition. Question: Dorothy Collier introduced herself and asked why an option exists to vote for a \$25 increase in assessment when legal fees are part of that increase when she had supposedly voted at an election earlier this year which voted old trustees out of office and replaced them with new trustees. Why aren't the new trustees sitting up front right now? Eric responded that we would address that question under Item #4. Question: Didn't the City of Manchester pick up certain subdivision expenses when they incorporated us? Answer: Yes; the costs of streetlights and that was a long time ago. Eric began to conclude this section of the agenda by explaining that budget sheets would be included with newsletter in October. Further, we hope to have more info from insurance company prior to budget publication. It must be noted here that at some point during this segment, questions were raised about the ownership of common ground and about the differences between the Indentures, the Bylaws, and Articles of Incorporation. These questions were deferred until later in the agenda.

2. Pool & Common Ground Update

There are a couple of dead trees destined for removal, and the Beacon Woods erosion project is still under discussion.

3. Announcement of Trustee Candidates

- a. Election ballots to be mailed mid-October
- b. Ballots will be counted at 11/6 meeting

It was announced that homeowners Keith Brown, Deneal Schilmeister, and Miles Whitener had submitted letters with the intent to run for the vacancy of Cris Finnegan's position. The trustees asked all

candidates to stand and be recognized but Miles Whitener was not in attendance. The above timeline for voting procedures was then outlined. Question posed about the election for the three trustees whose terms expire in December. People were assured that more information will be in the October newsletter regarding the election process for those terms.

4. New Business

a. Pending Litigation

b. Common Ground

Item B was discussed first: The builder, Kemp, set forth in the original Indentures that ownership of common grounds were to revert from his company's ownership to the ownership of all homeowners, under the vesting of "Tenants in Common" twenty years from the date the Indentures were written. Since Indentures were drawn up in 1974, ownership should have automatically conveyed sometime in 1994. Unfortunately, ownership to lot owners was never conveyed with a Quit Claim deed. This failure was largely unnoticed until 2005, when homeowner Miles Whitener discovered, during an internet search, that the title to the property was still in the name of North County Realty, the name of the builder's company. Mr. Whitener then brought it to everyone's attention, and the trustees began an earnest attempt to correct the problem. Since last year, Eric has periodically been in contact with a secretary at North County Realty. She repeatedly assured Eric the problem would be resolved. However, it was not until last month, when she was contacted yet again, that she finally suggested we speak to the attorney handling the trust for the builder, now deceased. Eric spoke to the attorney, who claimed the secretary, Frances, had indeed sent him a note about this, which he had temporarily misplaced. He promised to look into it immediately. On September 29, Mr. Gary Feder, said attorney, sent a written notification to trustees, assuring that this matter would be resolved a.s.a.p. Eric read the content of this letter to the audience members and apologized for the delay in the resolution of this matter. A copy of this letter is attached for the file. At this point, homeowner John Boyland stated that if the Indentures hadn't been amended with the removal of the builder's name, this would never have happened. Trustees reminded everyone that the original Indentures were not removed, just amended.

Item A, pending litigation, was the next topic to be discussed. The trustees are the defendants in a lawsuit filed by John Osthus, Richard Duff, Mary Fitzpatrick, who were in attendance, and Mike Page, who was not in attendance. Eric explained he was only trustee not yet served with his copy of document and how we would do our best to answer any questions but we could not offer any legal opinions, as the matter would now be left to a judge to decide the outcome. Only a few of the ensuing questions are highlighted here, as they were too numerous to note. Eric and Carol attempted to answer Ms. Collier's question posed under the first segment of this agenda. Eighty-five percent of subdivision business is governed by the Indentures, while the remaining fifteen percent or less is corporate business and governed by the corporate Bylaws. We incorporated the subdivision in 2003 to provide an additional layer of liability protection to all homeowners and also gain a tax advantage. The subdivision's former attorney used our Indentures as our Bylaws at the time of the incorporation. We have since been advised by our present attorney that this is prohibited by Missouri corporate statutes. Last year, our attorney drafted a new set of bylaws, in accordance with state law. Under the bylaws, only an elected trustee may be a director or officer of the corporation. The election called for by a group of homeowners earlier this year recalled current trustees and directors from office, and at the same time, presented their names to be voted in as new directors. The subdivision attorney ruled that while the meeting was valid and the election was valid, according to corporate law, these individuals were not entitled to run for the position of directors. This was one of the issues under dispute in the lawsuit and all matters will now have to be decided by a judge. Peter Scales stood and denounced the content of a letter sent to homeowners from John Osthus and the other plaintiffs listed in the lawsuit, claiming the Secretary of State's office "approved" their status earlier this year when they submitted paperwork, now on file in Jefferson City, proclaiming themselves to be the current directors of Countrylane Woods II Homeowners Association. Peter further stated that he had phoned the Secretary of State's office to inquire whether they verify the validity of changes in documentation and claimed he was told they do not verify information. Trustees concurred, adding that the forms themselves have a disclaimer printed on them which states that false information on forms is in violation of another state statute. Much discussion and raised voices ensued, followed by more questions, some unanswerable as they required legal opinions, and trustees had to call the meeting to order two different times. Shortly thereafter, trustees called for an adjournment of the meeting.