

**Sue W. Fuerst
212 Overlook Drive
Cross Junction, Virginia 22625**

August 3, 2006

Dear fellow Association members:

I am a concerned property owner. For months we have been bombarded with nasty-grams and proxy requests from an individual to whom I will refer as "Grumpy." It is my understanding that he and his brother, whom I'll call "Sneezy," are associated with an organization I'll call Gunk LLC. The earlier letters offended and disgusted me, but the one dated July 24, 2006, was remarkable for its depth of hatred and lies, and I can't sit back any longer. In case you did not receive Grumpy's July 24 letter, I have included it for you here (in italics) because I answer each of his points in turn, and I also want to let you know about several things that Grumpy and Sneezy left out of this and previous letters. I am asking you to invest the time to read it because issues that affect your home ownership, the value of your property, and the well being of our community are in the balance. My answer is long, but please stick it out to the end.

July 24, 2006

Dear Lake Holiday Member:

Lake Holiday is in crisis, and the Chris Allison-dominated board is the source of the problem.

Lake Holiday is indeed in crisis, and it is my belief that very few of our members understand how deadly serious the situation is. Our community is threatened by a man who is attempting to seize control of the affairs of our Association for the sole purpose of gaining "lost profit caused by the actions of the officers and directors of the Association." [Quoted from an article in *The Winchester Star* dated September 20, 2005 headlined "Developer Names Lake Holiday Board in Suit"]

We are faced with a threat that could be even more damaging to our community than the decades of excess and mismanagement we endured under Carl Simms and his handpicked "board" of yes-men. In the space of one single year, Grumpy has sown so many seeds of misinformation, suspicion, and discontent throughout our membership that he has turned neighbor against neighbor and membership against management. His plan to take over the administration of our community depends on keeping us divided and angry at each other, and so far he has succeeded. Most of all, it is critical to him for us to view our leaders as an enemy that is out to swindle, dupe, and damage us so that he can slip in and take over while everyone is busy arguing.

Remember—the members of our board are our neighbors and we voted them into office. They live among us every day and we have asked them to take care of our community affairs to the best of their ability. Grumpy is not a part of our community, nor does he want to be; he wormed his way into our affairs uninvited, deliberately stirred up a hornet's nest, and will vanish as soon as he has made his money, regardless of who is hurt and what damage is done.

To fix the problem, it's time to replace rogue board members with talented and fair-minded people like Mark Stivers, John Van De Laar, Bill Masters, Les Bates, Holly Sault, Craig Fricke, and Stan Mansfield. All of these people are ready, willing, and able to serve on the board and address the community's real problems.

Here my comments are in the form of questions:

- What does Grumpy mean by "rogue board members"? Has he specific charges against specific board members other than that they are "Allison-dominated"?

Are we to naively accept that "all of these people [Mark Stivers, John Van De Laar, Bill Masters, Les Bates, Holly Sault, Craig Fricke, and Stan Mansfield] are ready, willing, and able to serve . . ." solely on the word of Grumpy? Why should someone who does not live here and most likely never will, has never attended a board meeting or participated in any way in our community, a builder and developer who is suing for a \$4,000,000 profit he says has been withheld from him, be handed the power to decide who should lead our community? That is not democracy—it is dictatorship.

- What, other than his obvious antipathy for Chris Allison, does Grumpy consider to be our community’s “real problems,” and what solutions does he propose other than to, as he had said himself, create a “developer-friendly board”? Isn’t “developer-friendly” exactly what he is accusing the current board of being? Perhaps Grumpy feels that our board’s mistake is that it isn’t “friendly” with Gunk LLC.

At the beginning of 2005, the Association had nearly \$2 million in cash. Now, current cash on hand doesn’t cover bills coming due in the near term, forcing the Association to seek loans.

This statement suggests that “nearly \$2 million in cash” has somehow mysteriously disappeared or been mismanaged. Grumpy has a finely honed talent for stating half-truths, reshaping details, and omitting the inconvenient facts that don’t support his mission. In this case, the funds were spent on shoring up our water and sewer system and cost overruns on repairing our roads.

In 2004, the Association entered into a Construction Agreement for a new clubhouse and sold its most valuable lots to pay for it. Over 2 years later there’s still no new clubhouse, and the cash is no longer there to build one.

This statement proves my previous comment. Once again, Grumpy intends for us to believe that there is skullduggery afoot concerning the clubhouse. The truth is that after much comment by community members after last October’s annual membership meeting, the board appointed a clubhouse task force to research whether our resources should be used to pull down the old clubhouse and build a new one or to renovate and complete the one we already have. The task force comprised three board members and between nine and 12 interested members of the community. After receiving favorable reports from independent experts hired to test the building for a healthy environment and structural integrity, the task force recommended to the board that plans for a new clubhouse be dropped and that we should proceed with renovation. The board voted unanimously to accept the recommendation; the task force refined the architectural plans (after polling the wishes of the community); and a sub-group of the task force worked with the architect, the general manager, and a representative of LHLLC to complete the drawings. The architectural plans have been sent out to solicit proposals from contractors, who have begun to visit Lake Holiday to formulate their bids. Meanwhile, renovation of the rest rooms (a project the board voted to begin early) that serve the beach is well under way.

All of this has been documented by reports in the Lake Holiday newsletter, at membership meetings, and on the website. My question is, with all of his supposed knowledge of the financial dealings of Lake Holiday, why did Grumpy fail to mention the significant progress we have made on our clubhouse? Perhaps this particular truth didn’t fit his agenda; perhaps he is incorrect on other of his charges, as well.

Despite widespread rejection of proposed new governing documents, Chris Allison and the Board have stated at public meetings that they plan to put these same documents to a vote before the next Annual Meeting. Just 5 days after the last vote on governing documents was completed - and before the results were even announced - Chris Allison signed an amended Development Agreement with Miller & Smith, recommitting the Association to amending its governing documents to allow individual assessments. This is a waste of money.

The “widespread rejection” of the proposed new governing documents is a sad event for which Grumpy proudly takes credit; he is indeed responsible for a very large waste of time and money. His campaign of misinformation was designed to appeal to members of the community who had issues of their own and who voted against the documents out of frustration instead of knowledge. In this case, Grumpy has cut off his nose to spite his face—had the new documents been approved, the means to cure a number of the grievances he sets forth would now be in place.

For example, the new documents opened several options to the membership lot owners for extending water and sewer to their property, and those members would have had the same development privileges as LLC, including the building of model homes and signage. In the developed sections, homeowners would have been able to use standardized signs to advertise their homes for sale. We would be able to recover costs for the damage that the builders are doing to our roads. In the new documents, LHLLC gave up its right to become a voting member by paying assessment costs. In addition, LHLLC had offered to seek board approval for the any reallocation (combining, resizing, etc.) of lots. Grumpy has cheated himself—and all of us, as well.

As for the governing documents themselves, I hope that everyone agrees that new ones are necessary to our success. We must begin somewhere, and the newly revised documents are a good beginning. The best governing

documents are dynamic, not set in stone, and they grow and develop in step with the organization they serve. Grumpy has had his noisy tantrum—can't we all stop watching and work together to develop a set of documents that match the pride we all have in our community?

The General Manager resigned abruptly after a short tenure. He was micro-managed to death. This was on the heels of the resignations of several key people in the architectural review process. Instead of fixing the problem of excessive turnover, the Association is offering a salary for the GM's job of up to \$100,000 per year plus relocation expenses - and hired a west-coast consultant who normally charges up to 17% of the salary to help locate interested candidates. That's potentially more than a \$17,000 expense to replace someone at a time when money is in short supply.

Again, Grumpy is long on innuendo and short on facts. Can he back up any of what he suggests in his comments about David Ingegneri? If so, why doesn't he? Who are the "key people in the architectural review process" to whom he refers? His next statements are just plain silly—why should we not seek out and hire the best manager possible? It's the very best first step to "fixing the problem of excessive turnover." Has he a better alternative?

The Association's own counsel denies the existence of audited financial statements more recent than 2003. While we believe such statements may exist, the Association may be reluctant to produce them because they will show that the CPA firm that supervised the 2003 audit, Goldklang Cavanaugh, resigned.

Here Grumpy is attempting to impress us with the thoroughness of his knowledge of our financial affairs and hint that the CPA firm resigned under shady circumstances (I suspect that everyone involved—CPA firms especially—is so weary of Grumpy that they simply hide when they see him coming). The truth about the "audited financial statements" is that no bank records exist in the Association because we had a management company handling our finances during the period for which Grumpy requested documentation. The management company's records for that time have been turned over to Grumpy.

We - and we alone - have raised issues of discriminatory utility pricing with the SCC. Utility fees have been waived for one owner, Miller & Smith. If fees are waived for one owner, higher fees will have to be paid by everyone else paying utility bills - that means homeowners at Lake Holiday. Instead of joining us to fight this discriminatory utility pricing, the Board appears committed to try to justify it.

Yes, Grumpy, you and Snezy and Gunk LLC alone saw our utilities situation as "discriminatory." This is one of your most outrageous misrepresentations—most of the membership understood at the time that the real issue was that Lake Holiday was in the midst of selling our utilities company to AquaAmerica, huge bills were coming in for the emergency repairs we had had to make to our wretched water and sewer system, and the utilities company was desperately trying to raise our rates in order to pay those bills during the gap between the arrival of the bills and the day AquaAmerica relieved us of the obligation. Meanwhile, you ran around Chicken-Little style yelling that the sky was falling. You should be ashamed of yourself. By the way, Grumpy—are the "discriminatory practices" you are referring to the ones that the judge dismissed on July 21?

Fixing these problems can't wait until the next regularly scheduled election. Chris Allison's term extends to October 2007. Waiting to fix a problem only allows it to be grow [sic] and become harder to fix.

This is a downright lie—Chris Allison's term as board president ends three months from now at our regular annual membership meeting, and while I have faith in our present board members, I shall miss his leadership. Even though he has refused to be president next year, I am pleased that he has decided to remain on the board.

Chris Allison is a man who would stand out in any crowd, but he is not a man to seek them out. He has a plain-spoken, down-to-earth, sometimes brutally honest way of speaking, and he strikes to the heart of every matter with force. He also brooks no fools, and I believe that people who are expecting the soft-spoken manner of a southern politician are sometimes put off or dismayed. His speech habits aside, I believe him to be scrupulously honest, and I know that he has executed his presidency as though Lake Holiday were a Fortune 500 company. Under his leadership, we have had the best and most honest board since Lake Holiday came into being, with everyone working toward the common goal of the welfare of our community. This not to say that Chris Allison doesn't get down into the trenches—residents are accustomed to seeing his lanky, white-haired figure swinging along our roadsides on a Sunday morning, picking up garbage. And on this past Fourth of July, he was *literally* down in a trench—working alongside the crew racing against time to fix a malfunctioning lift station before raw sewage poured into our lake.

Unfortunately, a number of people elected to the board in 2005 have been silent in public meetings about these problems, while privately complaining about them to close friends. Private complaints are ineffective. Fixing these

problems requires removing a number of people on the board and replacing them with people with common sense who are immune to intimidation.

Here Grumpy slides even lower, suggesting that the contents of common gossip be given the weight of truth when making decisions as important as who shall serve on our board of directors. We teach our children the evils of being “tattletails” or listening to gossip; now Grumpy wants us to make decisions based on *his* tales about the gossip that came to *his* ears?

Again—what, specifically, are the “these problems” to which Grumpy continually refers?

To fix these problems, we propose that 7 board members be removed and replaced with people committed to serve everyone at Lake Holiday - not just 1 powerful member. The 7 board members we propose to remove are: Chris Allison, Wayne Poyer, Pat Shields, Chris Anderson, Jim Masland, Noel O'Brien, and Marjorie Hoffman. The 7 people we will nominate to replace them are: Mark Stivers (homeowner and membership lot owner, 4A/196 & 6A/194), John Van De Laar (homeowner, 5A/132), Bill Masters (homeowner, 4B/14), Les Bates (homeowner, 3A/444), Holly Sault (homeowner and membership lot owner, 4A/118 & 8A/88), Craig Fricke (membership lot owner, 8A/14), and Stan Mansfield (membership lot owner, 6B/26).

Mark Stivers is a prominent Winchester attorney. John Van De Laar has extensive management experience, including construction and utility expertise that Lake Holiday desperately needs. Bill Masters is a former LHEUC board member with years of successful sales and management experience. Les Bates is a former LHCC board member who started the reform movement at Lake Holiday. Holly Sault led a successful effort to overhaul her school district. Craig Fricke is an air traffic controller and a frequent boater on the lake. Stan Mansfield was a CFO of a VA medical facility for 18 years and managed a budget over \$100 million. Their willingness to step forward to apply their considerable skills to solve Lake Holiday's problems should be applauded and supported.

Although I have been acquainted with Lake Holiday since my parents bought lots and built a house here in the late '70's, the only one of Grumpy's candidates I have met is Lester Bates, whom Grumpy describes as a former LHCC board member who “started the reform movement at Lake Holiday.” While it is true that Mr. Bates was a strong board member and did indeed lead the group whose court action resulted in the ouster of our former self-appointed “president,” Mr. Carl Simms, that was *over twenty years ago*. Although I certainly applaud Mr. Bates' willingness to serve, I believe that it would be unforgivable on our part to call this man back into service at a point when his time and energy are doubtless committed to the full-time care of an infirm family member.

A board with these 7 strong and independent people will be a major improvement over the current board that is dominated by a single voice.

The board member who serves as president is chosen by the board itself from among its members. The fact that Chris Allison is now reaching the conclusion of his second term says to me that he earned the full confidence of the board during his first term—had they felt dominated or intimidated, wouldn't they have chosen someone else to lead them?

The fact that Grumpy seeks to replace a majority of the board members is clear evidence that he hopes to assemble a group that will vote things his way (dominated by HIS single voice, no doubt). Isn't this exactly what he is accusing Chris Allison of doing?

I wonder what actions a board overseen by Grumpy would take? I wonder how long it would take to bankrupt us when his board votes to use all of our resources to run water and sewer lines to his membership lots?

If you agree with our belief that that it's time for a change and some or all of the current directors should be removed, please sign the Demand for a Special Meeting and return it to us. We will deliver these documents to the Secretary of the Association, and you will be given an opportunity to vote on which director or directors you would like to remove. If the vote to remove is successful, you will be given an opportunity to vote as you see fit for replacement directors. Signing the Demand for a Special Meeting does not give us the right to vote your lot, and it does not demand removing all of the directors listed. It is simply your demand to hold a Special Meeting where you will be given the opportunity to vote to remove at least 1 of the listed directors. In advance of the Special Meeting, the Association will forward to you a ballot on which you can specify which director or directors you believe should be removed and vote as you see fit for replacement directors.

If you agree that real change requires replacing a majority of the Board and that the nominees we have identified represent the best candidates to represent everyone at Lake Holiday, please grant us a Proxy. Our Proxy empowers us to make the demand for the Special Meeting and to cast votes in favor of the individuals we have identified.

I have enclosed a pre-addressed return envelope for your convenience. You may also return your completed form to me via facsimile to 703-948-6586 or email tinfo@od-llc.com.

The sooner we have a fair-minded board, the sooner these problems can be fixed.

Sincerely,

John Murray

These last paragraphs are the attempt of a desperate man to snatch control of Lake Holiday because he has failed, time and time again, to seize us through court action and is now attempting a political coup. The fact that he has a low opinion of the present board is clear; the fact that he has a low opinion of the intelligence of the Association membership is a fact he tries to hide. Does he really think that the majority of us would willingly give him free rein to do our thinking—and voting—for us? Does he truly expect us to follow someone who conducts his campaign from the shadows by a flurry of hate mail? Does he actually believe that we trust him as the answer to any of our concerns?

* * *

Ten years ago, the people of The Summit were united in an effort to clear our community of the wreckage left behind by the divisive and malignant Simms administration. After Mr. Simms was forced out, we surprised even ourselves at the warmth, enthusiasm, and high level of dedication with which we worked together to rebuild our reputation, our financial status, and the strength of our Association. Volunteers sprang up everywhere, eager to begin the process of moving forward.

Allowing Grumpy, a land developer who views us only as a source of profit, to choose those who serve on our board of directors would be irresponsible, extremely dangerous, and will set us back to the time when Carl Simms perpetuated his 20-year “presidency” by keeping the community divided and impotent. If Grumpy seizes control of the board, his first action will very likely be to withdraw our application to sell our utilities company to AquaAmerica. That means that the costs of the continual upgrading, maintenance, and expansion of our sewer and water system and the massive bills we owe for emergency repairs winter before last will fall to each of us. AquaAmerica has not only agreed to remove all of these burdens from our shoulders, but has agreed to pay us a substantial sum of money each year for the next ten years.

Why didn't Grumpy mention AquaAmerica in his letter, and why is he opposed to the sale? Because if the AquaAmerica sale goes through, AquaAmerica will increase water and sewer rates (somewhat, although nowhere near the level we would have to if the AquaAmerica sale does **not** go through) and therefore reduce Gunk's profits on the sale of their lots. Does this sound like a man who is interested in your welfare? If the AquaAmerica sale does not go through, we will be paying the \$5-\$7 million to fix the system out of our own pockets, but by then, of course, Grumpy and Gunky will be long gone.

If Grumpy cannot see that a partnership with AquaAmerica is a critical part of achieving his goal of raising the value of his membership lots, then the rest of his thinking is no doubt equally flawed.

Grumpy knows how to use our anxieties, frustrations, and uncertainties as tools to achieve his own ends. For example, he has suggested that the new governing documents restrict the number of pets per household to three. Now imagine a Lake Holiday with no restriction on the number of pets: you might be happy about being able to keep all six of the puppies that your mini poodle Fluffy just had, until a new neighbor moves in and stakes twelve German shepherds in his back yard who slaver at your puppies and howl at the moon. Then, the neighbor on your other side announces that she has finally found two pairs of pot bellied pigs and will be breeding them in that little shady space between your houses. Are you sure that you would want to live in a community with no restrictions? This pet regulation is like any other regulation in any other community—it is there to protect you from people who don't understand the etiquette of living around other people and to give the administration the backing it needs to correct an annoying or dangerous situation. Grumpy knows that pets are everyone's soft spot, so he uses the strong emotions attached to them to raise our blood pressure. Apply common sense to the situation and you will realize that even with a three-pet limit, you could decide to keep all seven dogs as long as they were quiet, well mannered, and no one around you is bothered. And if you decided that you wanted to add a canary and a calico cat to your zoo, no large gentlemen with jackboots and capture nets are going to break down your door.

The same is true of the easement question: would you really want to live in a place where emergency repair crews would stand about idly and watch the geyser from a broken water main fill your basement because regulations prohibited them crossing your property to fix it? The regulation of which Grumpy speaks actually would have referred almost entirely to properties in the undeveloped sections, but the analogy remains true. Every community must reserve the right to use whatever parts of its citizens' properties are necessary to protect the lives and property values of the people who live there. Grumpy knows that, as well, but he uses everyone's territorial instincts as another way of attracting followers.

Sneezy can hit below the belt, as well—on June 20 of this year he sent out an e-mail in which he sneered at our most recent vote: *"LHCC acknowledges in its current newsletter that 'an independent commissioner will be appointed by the court to review the results of the October 2005 election of directors'* We have presented evidence to the court that we feel indicates the October 2005 election was not properly counted and asked the court to hold a new election if it agrees with our evidence and remedy. *It's a sad day when accurately counting several hundred votes in an HOA election requires the appointment of a special commissioner by a court of law."* Sneezy—double shame on you, sir. Independent vote administrators have been hired by Lake Holiday for every election since 2002. The Association's own review of the votes found a discrepancy of only seven votes, not close enough to have affected the election. Subsequently the court appointed a commissioner to review the results of the October election because Grumpy and Company are contesting them, not because a court official felt that we had ever been dishonest.

We have all worked too hard to allow Grumpy to destroy our happiness, our community pride, and our financial success. He is the snake in our garden of Eden. Many well-meaning homeowners have been duped by Grumpy into giving him their proxies, thinking that he represented their interests on issues that affect all of us. If you have done so, it's not too late to take that power back from him. **All you have to do is send a letter to Chris Anderson, secretary of the board, requesting that your proxy be revoked.**

Although I am sure that he will ignore my request, I would like to have Grumpy's answer to these questions:

* * *

1. If you feel that our board and president are so severely flawed, why have you never offered yourself as a candidate?
2. Why have you never joined our social gatherings or attended meetings of the board and membership?
3. Have you ever performed a service for our community, served on a committee, made a donation, or joined a volunteer effort?
4. Do you plan to take up residence at Lake Holiday?
5. Rumors circulate about you, too, Grumpy; one is that ours is not the first community where you have tried to take control in order to "make a buck." Did you fail to convince the court there, as well?

* * *

Thank you for your patience and the effort it took to read all the way to the end of my letter. I had a lot to say, and I hope with all my heart that you will join me in doing whatever it takes to thwart Grumpy's plan to trash the place we call home.

One suggestion—it would be a waste to discard those nice self-addressed envelopes that Grumpy enclosed in his July 24 letter; why not put a big, bold "X" through the text on the front of the proxy form and use the back side to ask that Grumpy remove you from his mailing list?

Sincerely,

Sue

Sue Fuerst
404/2