

DEVELOPMENT QUESTIONS AND ANSWERS

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1. What is the contingency (plan) for water, sewer, and roads to sections 6A, 5A, etc.?

(Pat Shields) At this point we do not have plans as to where we are headed. The LHCC Board is meeting on January 8th to begin the Master Plan. Jim Vickers will have his business plan in February. We intend to do a five-year plan and update it annually. We will look at the whole Summit, and the plan will be a very complete and complex plan.

2. Oakcrest says they want to make every lot equal yet they say they will build to 1971 standards of water. What if anything has been done to determine how many households can be supported?

(Pat Shields) There were studies, the latest of which was done by Dewberry & Davis in 1999. Water is the ultimate issue. We need to take a look at the whole Summit; we need to know what the water situation is.

3. The Newsletter indicated that Safe Haven might develop the front nine of the golf course. Does it plan to later expand to 18 holes, and does it have the option on the back nine holes?

(Pat Shields) Safe Haven, one of the original developers interested in the trust property, contacted us about a month ago. We don't know what their plans are for the golf course, other than what was received in an e-mail we received. They are also interested in the lots owned by LHCC. The 30-day time frame extended to them ran out on the 14th. While they are free to present any offer they want, the thirty-day option is over. They have requested a meeting in the near future.

4. The whole presentation (very well done) had the flavor of being adversarial. What are the issues that led all of you to speak as though you expect us, the audience, to be angry? What are the community's "hot buttons"? What is the community afraid of?

(Pat Shields) We are sorry that we came across as adversarial, and we did not want to be. We want to communicate what we know. Going forth with something this big is challenging and frequently breeds rumors. We want to communicate and keep you informed. What are the hot buttons? You are the community; you know what the hot buttons are. Present property owners with sewer/water available lots need to think about what they want to do with their lot. Get in touch with utility and get in the loop to build if you are ready. Advance planning is great. Calls, e-mails - let us know what your hot buttons are. We will address them.

5. Does Miller/Smith/Oakcrest (M/S/O) have to abide by the "New Construction Guidelines" since its houses will be part of LHCC (e.g. tree removal, survey, site plans, etc.)?

(Pat Shields) Yes, all new construction guidelines, not just tree removal.

6. #12 of the Release and Settlement Agreement (RSA) also says that the cost of extending the water/sewer system will be credited toward "tap in fees." What about usage fees?

(Pat Shields) No, the credits will not be applied to usage fees, only tap-in fees. Once the house is connected to water and sewer, the property owner will pay the water and sewer usage fees.

7. What safeguards or precautions are in place to avoid future building moratoriums? Specifically, for the existing Summit lot owners with "buildable" lots?

(Pat Shields) Two resolutions of the Board of Directors done in preparation for the lifting of the building moratorium are a part of the order that lifted the moratorium. The resolutions set percentages in place for the four pieces of the utilities picture: water, water treatment, water storage, and sewage treatment. When any of these four exceed 75% of their capacity, (three months average) we must move forward with planning to add the needed facilities; at 80% the plan must be executed; at 95% we should be in construction. Following these resolutions should avoid any future moratoriums. We are going to abide by what is set in place. The resolutions that were passed were submitted to Judge Wetzel in order to get the moratorium lifted. It was incorporated into the order at our request. If we do what we are supposed to do, we will never get to 100% of capacity.

8. Audience question: Regarding new lots hooking up? Is there going to be a window, short or long that I will

have to hook in?

(Pat Shields) No. With the planning process and systems that are in place, there shouldn't be any problem.

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9. Will each home sold in the trust development then become members of LHCC and paying annual assessments? Will each sold in the trust development then pay water and sewer fees to LHEUC?

(Pat Shields) Absolutely. At the time the house transfers from the developer to the property owner, they will begin paying dues and water usage fees.

10. Will the properties (houses, etc.) developed and built by Miller/Smith/Oakcrest builders be subject to the same rules and regulations (By-Laws) that other (older) homeowners at The Summit are and have been subjected to?

(Pat Shields) Yes. We will be working on one set of Deeds of Dedication; developing one set of Deeds of Dedication for the whole Summit should not hurt anyone as we go forward, because what is already here will be grand-fathered. Going forward under one set of Deeds of Declaration and Dedication should be much easier to interpret, understand, and enforce.

11. Regardless of M/S/O which organization would normally be responsible for expansion of water and sewer services, LHCC or LHEUC?

(Stephen Moriarity) Normally it would be the utility company. The State Corporation Commission (SCC) prohibits it from charging users a higher rate now to finance construction/expand its lines. We can borrow money, construct, and then charge higher fees to pay for it. With the posture of the LHEUC as to debt, no one will loan the utility company money.

12. Will Lake Holiday Country Club and/or Lake Holiday Estates Utility Company pay for any infrastructure work (utilities) using dues paid by current homeowners?

(Stephen Moriarity) No, dues of the association should not be going into the utility company for infrastructure. They have in the past, before 1998, because the moneys were co-mingled and at one time since when the special assessment was levied.

13. Will owners of the trust lots have full access to lake facilities (beaches, marina, etc.)? If so, will there be financial support of some kind?

(Stephen Moriarity) No one will be using the facilities until the houses are constructed and occupied. Developers won't be using it. All Deeds for all Sections state that individual lot owners must be members of the LHCC and will begin paying dues at the point where they close on the lot whether from the developer or from another owner.

14. From the "Declaration", regarding assessments, the statement is "when development begins".

Question is this: when will each M/S/O lot start paying these assessments? When a house is started or upon the sale of the house or lot to a private individual?

(Stephen Moriarity) Upon the sale of the lot to individuals. Developer will build houses and memberships will begin when the lot is closed on and the owner becomes a member of LHCC.

15. #13 of the 1984 Release and Settlement Agreement between LHCC, LHEUC, and Independence Land (IL) says that everything having to do with water/sewer service to the trust lots is set forth in #7 and #12. # 7 says IL was to record a ""Declaration of Covenants". Where can LHCC members get a copy of this document?

(Stephen Moriarity) Land records at Deed Book 590, page 532, or go to the Management Office and read it. 1984 Deed of Dedication 12/12//84.

16. #12 of the Release and Settlement Agreement say IL must pay the cost of "extension" to connect with the existing water/sewer service. What about the cost of expansion?

(Stephen Moriarity) Extension (additional water and sewer lines) will be paid by the developer and credited back to the developer. Expansion will be handled as answered in a prior question. Tap in fees should accumulate to pay for the expansion. The utility company is constrained by physical and fiscal constraints. It can't do the impossible. Something will need to be worked out if these constraints are significant.

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17. #12 of the Release and Settlement Agreement indicates that M/S/O can access the excess water/sewer capacity that's just been completed. Is this true? If so, how can current water/sewer available lot owners protect themselves against losing that availability (especially since it's the current owner that paid for the expansion)?

(Stephen Moriarity) Yes. Fill out an application to indicate your plans to connect; pay your money and get Architectural Committee approval for your building plans. Get your process going. There will be no perpetual reservations! No one is going to be able to buy, and preserve, the sewer tap-ins. You have to have a house ready to go. Lots, whether developer or individual, with houses will get the tap-ins. No one is going to be able to buy and preserve all of the potential tap-ins.

18. Audience question: The fear is that 10 years down the road there won't be water. What sort of insurance do they have that the utilities will be available to them?

(Stephen Moriarity) We can't predict what will happen in 10 years. What skews the logic here is that if 700 individuals showed up to build, you wouldn't have a concern, but you are concerned because it is a developer. It is impractical to save tap-ins for what someone MIGHT do 10 years down the road. Fees paid during moratorium are put toward TAP-IN fees at the time that lot is hooked up. Currently we have no crushing demand to tap in

19. The property at the front gate appears to be owned by the new purchasers? Moriarity said that it came to LHCC from the trust in the first part of his discussion. Who owns it?

(Stephen Moriarity) My review tells me that Miller/Smith/Oakcrest owns the property on either side; LHCC owns the entrance road.

20. What did LHCC pay for the utility company in 1977?

(Stephen Moriarity) \$14,000.

21. Will connection to Route 705 be put in from Section 11 with a gatehouse?

(Jim Vickers) We have two entrances located at the southern end of the property on Rt. 703, and Rt. 705, and it is our feeling that those gates should be build, but we will work with LHCC Board to see how that will take place. If they are built, there should be guard gate, and owners should be able to enter by card or some form of control. Those issues will be several years down the road.

22. Will Section 11 green space remain green space or be re-platted?

(Jim Vickers) Number of areas on map that do not have platted lots on it. We will work with LHCC Board of Directors to determine what will happen to that land. There are some areas that we would like to donate to the association. Right now we do not plan to develop lots other than those platted but we have not completed all of our studies in those areas.

23. Have you considered putting any of the 300 acres into a conservation program?

(Jim Vickers) Visitors would enter at a guard gate. It could be part of what the unplatted area becomes or dedicating it to HOA itself.

24. In addition to 722 lots, M/S/O has also acquired 300 additional acres. What are the plans for development of this land?

(Jim Vickers) Same as 22.

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25. How will the M/S/O project affect or benefit those who own membership lots?

(Jim Vickers) There is a possibility that we would improve water, sewer, and roads in areas that they are currently unimproved. It would be a case-by-case situation.

26. What is the name of the new company who has purchased the trust property?

(Jim Vickers) Lake Holiday LLC. What is the price range of the homes you are building? Initial thought is between \$200,000 and \$250,000. If lake front lots are developed they would be much higher.

27. Has consideration been given to a cash contribution to LHCC for identified capital improvements vs. "cash infusion" from purchase of LHCC owned lots?

(Jim Vickers) We will be looking at a number of capital improvements that we would fund ourselves drainage, pumping station issues - areas we feel we can come in beyond what is typically required of us and help the association out. For the large infusion of cash for gatehouse and club house we feel the best option would be purchasing the lots that would allow the LHCC to take on these projects and get them done. The negotiation of that has not taken place yet.

28. Audience question: Doesn't that imply that the developer would have an influence on the Board to say what capital projects get preference?

(Jim Vickers) Not our intent. We know the gatehouse and club house are the two we identified. These items are what has curb appeal to help you sell houses, but it may not necessarily what property owners would want done as capital improvements.

29. If you pay 26 tap fees for Section 5B, will these lots take priority over people who currently have lots and wish to build? What is the impact on the utility company when does it need to expand?

(Jim Vickers) 2722 lots platted in The Summit. Resources of water and sewer should be able to support this. With sewer expansion, production wells, etc. must be studied. Again we are looking to build those 700 homes over a period of time, and we will work with the association as to how and when it is done.

30. What responsibility is the developer going to take for the dam?

(Jim Vickers) Again, I need to clarify, we are now part of the Summit. We are owners in the Summit. Anything that happens negatively to the Summit happens to us. M/S/O are now involved in the solution of problems such as the dam. You now have M/S/O involved in the solution. We are with you every step of the way.

31. I heard that M/S/O wants to buy bulk utility hookups. Are these for specific buildable lots? How many are we talking about? How soon do they intend to build?

(Jim Vickers) Our initial plans are 26 lots in Section 5B with water and sewer in 2003. As we move on, we will look at developing Section 10, (115 lots) over a number of years. We are only looking at acquiring connection fees on lots that we are ready to build upon.

32. Who is the trust and who got the money from the sale to M/S/O?

(Jim Vickers) The Trust was actually owned by an insurance company, the financing arm that provided the mortgage that eventually was foreclosed on. They got the money.

33. Do you plan on using the existing utility system or building a new system for your development?

(Jim Vickers) There will be some limitations on current treatment plant and current production wells, and these will need to be expanded. We will work with the association and the engineers and utility company to do what is necessary.

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34. Are the "capital improvements" mentioned contingent on acquiring the 200+ association owned lots?

(Jim Vickers) As I have said, we are studying capital improvements that we will make ourselves, but the large funding would be by acquiring lots from the association.

35. What is the new company called?

(Jim Vickers) See question No. 25.

36. Currently developers pay approximately \$9,600 per unit for capital facility to off set development costs. Even though you are not required by law to offer any proffers to off set development costs to the county for schools, fire/rescue, and roads, will you voluntarily offer proffers to the county?

(Jim Vickers) Steve Moriarity answered the question. We are not required to do any proffers; however, we are sensitive to what is happening in the county and the demands placed on it. We are studying an option of taking sections of the southern end of the property and putting in an age-restricted community; need further study, marketing research, etc. M/S is not planning on doing the construction. Oakcrest is looking at actually doing the construction themselves on roughly 200 lots on southern part of the property. Other lots will be sold to 5 local builders that we select and we will be involved overseeing the work done. We will have a project manager on-site to assure that everything is done properly.

37. How do M/S/O install utilities in areas that we don't own? What impacts will that have?

(Jim Vickers) We will work with LHEUC and their attorney on details like this, and who actually pays for it.

38. In light of proposed expansion, how does the utility intend to deal with noise and other issues affecting the homeowners located near the wastewater treatment plant?

(Bill Lemeshewsky) We still have some glitches to resolve on noise problems where we have new blowers that haven't been hooked up. We are working on this; the installation is not complete. We haven't completely taken possession from the contractor that the plant is complete.

39. Where will the water for the proposed 141 (26 + 115) homes come from and have any surveys been done to determine how much underground water is available in this area?

(Bill Lemeshewsky) Surveys being done; was a study done in 1999, Dewberry Davis, appendix A, pages 9 and 10. Set 1100 target that you have heard and read about. It will be updated for any planning.

40. How is the expansion of the sewage treatment plant coordinated with the development by M/S/O? Does the developer get a fixed # of lots per year or do they compete equally with private lot owners for approval?

(Bill Lemeshewsky) How the expansion will be handled has already been explained. No, they don't get a fixed number. Yes, they compete equally for hookups with individual property owners who are ready to build. Expansions will be worked out between the boards, attorney, engineers, etc. at the trigger points. It will accelerate the further expansion of the treatment plant. We have to be able to afford to do it.

41. How would utilities be provided to Section 11 i.e. extended from existing wastewater treatment plant expansion? If so would utilities be made available to section 6B, 6A, etc?

(Bill Lemeshewsky) Already answered in prior questions. If installing water and sewer lines to Section 11 requires lines to be

built in Section 6A and 6B, water and sewer may possibly be available to lots in these sections.

42. Can I purchase water/sewer hookups now and build in near future? Jim Vickers said he wants to buy the 26 hookups in near future, prior to houses on those lots?

(Bill Lemeshewsky) Yes, you can apply and get your building plans approved by Architectural Committee and proceed; there are time frames involved in these approvals. See the answer to questions 16 & 17.

43. What will be the cost of development of water and sewer to existing homeowners not just sewer lines, but wells, water processing, and sewage treatment?

(Bill Lemeshewsky) Some rules of thumb: production wells cost \$100,000 and it takes about a year; sewer treatment costs roughly \$300,000. Room for two more tanks. Will cost current homeowners nothing as stated in prior questions.

44. How many water/sewer available lots are there? Does this number include the 200+ LHCC owned lots M/S/O is interested in buying? How many additional homes can be built with the current excess water/sewer capacity?

(Bill Lemeshewsky) The approximate number of water and sewer available lots is 420. This number does not include the 200 + lots owned by LHCC that M/S/O want to buy. Most of the lots we own do not have water and sewer. As to number of additional homes that can be built, the trigger point is 250 in excess of where we are today in order to start expanding water and sewer capabilities.

Respondents to these questions from the Town Hall meeting on December 14, 2002 were: Pat Shields, President of LHCC Board of Directors, Stephen Moriarity, LHCC attorney, Jim Vickers, CEO of Oakcrest Builders, and Bill Lemeshewsky, Vice President of the LHEUC Board of Directors.