

LETTER OF UNDERSTANDING

Now comes Johnson's Island Properties Owners' Association (JIPOA) by Michael Kelly, Baycliffs Homeowner's Association, (BHOA), by Steven O'H. Kelly, and Karen Metzker, Terrance Kirkpatrick, Kevin Kirkpatrick, Lisa Assim, William A. Kirkpatrick, Jr., Michele Kirkpatrick, Ellen Nachman, aka Ellen Louise Nachman aka Ellen L. Nachman, Sigmund W. Nachman, Janet M. Nachman, Dan Michalske, John E. Lehlbach, Holly F. Lehlbach, Bert R. Tomon and Virginia A. Tomon (non-members) and enters into this understanding this 28 day of Feb., 2007.

Whereas, JIPOA and the non-members of the association have litigated the fair share of operating expenses required to be paid to JIPOA for road maintenance, resulting in a Judgment Entry dated June 14, 2005, Case No. 02-CVH-035 Court of Common Pleas, Ottawa County, Ohio;

Whereas, JIPOA and BHOA are currently litigating issues relative to road maintenance allocation and responsibilities, maintenance of causeway and control and use of the tollgate and funds generated thereby;

Whereas, the non-members have filed a Motion to intervene therein, which Motion has not yet been heard or considered by the court;

Whereas, JIPOA and BHOA have been negotiating a letter of understanding in which Johnson's Island Road Commission would be created with representatives from each association on said commission; the non-members will have permanent representation thereon. The road commission would be responsible for and have the ability to budget for road, causeway and tollgate maintenance and collection, and assessing each lot owner on Johnson's Island for their fair share of road maintenance.

Whereas, the creation of a Johnson's Island Road Commission (JIRC) will have a direct impact upon the relationship between JIPOA and the non-members as reflected in the Judgment Entry dated June 14, 2005 and the formula for determining their fair share for each non-member;

Whereas, the parties desire to resolve the issues pending between themselves.

In consideration of the mutual promises and covenants, the parties agree:

- A. The non-members who are not represented by JIPOA or BHOA will sign a letter of understanding between JIPOA and BHOA which provides for:
  - (a) The creation of a Johnson's Island Road Commission (JIRC) which is made up of 3 members from JIPOA, 2 members from BHOA, 1 voting representative for Non-Member, and 1 voting representative for the investment group.

1. which provides for a budget effective for the season of 2007 for assessment against each lot owner and owners of real estate for \$100.00, and not to exceed \$150.00 for 2008 and an assessment for 2009 not to exceed \$225.00 for each lot owner and owner of real estate on Johnson's Island.
2. which addresses maintenance and use of the tollgate and the funds generated by it to be under the control of the road commission.

(b) The amendment of the Judgment Entry dated June 14, 2005, Case No. 02-CVH-035 to vacate the assessment formula for the fair share of the non-member lot owners effective for the 2007-2008 season, to be replaced by the JIRC road formula.

1. Which assesses the present non-members for 2005-2006 season to be \$202.50;
2. Which assesses the present non-members for 2006-2007 season to be \$210.00, and JIPOA will pay the \$100.00 JIRC assessment from 2006-2007 seasonal assessment.
3. Which provides for an annual administrative assessment of expenses by JIPOA **of \$150.00** for three years effective 2007-08 season for handling the collection of the non-members JIRC assessment; after three years JIPOA and the non-members will jointly review the following expenses to determine an adjustment for the administrative assessment of expenses which have been determined by JIPOA and the non members to be the only administrative cost over those that have been determined by JIRC:

- i. **Accounting Services (\$2000)**
- ii. **Bank services (\$100)**
- iii. **Trash Collection (\$15,000)**
- iii. **Insurance (\$6,000)**
- iv. **Landscaping (\$1,000)**
- v. **Office supplies (\$1,500)**
- vi. **Legal Fees (\$2,500)- Legal fees defined as only for collection of bad debt for JIPOA and JIRC.**
- vii. **Utilities (\$1,100)**
- viii. **Misc (\$100)**
- ix. **Web Site (\$300)- password to be sent to non-members, to access website, with the road commission assessment and operating fair share payment as defined above.**

**NOTE: Dollar amounts shown above apply only to the three years commencing 2007-08.**

This adjustment will be jointly agreed upon and remain in effect for 3 years. This adjustment procedure will be repeated every 3 years thereafter.

The records of all of the above administrative expenses shall be comprehensively maintained and made available to the non-members for review at the end of the third year. Joint review will take place 30 days prior to General meeting and records will be supplied to non- members 30 days prior to meeting.


- (c) Gate passes and/or key pad code numbers to be controlled by the road commission and made available to the non-members in exactly the same manner with the same rights and privileges of the members of each association.
- B. The non-members agree that the Judgment Entry dated June 14, 2005 shall not be modified as it relates to the following:
- (a) The assessment formula shall continue and remain effective to all non-members listed in the Judgment Entry except those who are a party hereto, until the 2007-2008 season;
  - (b) The arrearage calculations and the stated remedies and procedures shall remain intact and enforceable;
  - (c) Until the road commission becomes effective and the road maintenance decisions become the control of the road commission, and the control of the tollgate and its revenue are transferred to the road commission, all provisions for record keeping and disclosures and participation by non-members and JIPOA meetings and committee meetings shall continue and remain enforceable.
  - (d) responsibility for their fair share of road maintenance shall continue to run with the land.
- C. All Non-members agree to pay their fair share of road maintenance expenses, causeway and tollgate maintenance fees as calculated by JIRC to JIPOA upon receipt of the assessment notice; non-members agree to pay an administrative fee of \$150.00 to JIPOA as heretofore stated for three (3) years.
- (a) JIPOA and BHOA agree that timely payments made by non-members of their fair share as invoiced by JIPOA is in fact a

timely payment to the JIRC and no collection enforcement remedy shall be made against the paying non-member if payment is timely made.

- D. All owners of lots and/or real estate whether a member of the commission or not has a right to attend any and all road commission meetings.
- E. The non-members agree their Motion to be joined as parties in the matter of BHOA v. JIPOA shall be stayed at this time, and shall be granted upon the creation of the road commission as provided in letter of understanding dated \_\_\_\_\_ between JIPOA and BHOA and approval of the revised Judgment Entry by the appropriate Judge. In the event that the road commission is not created, for whatever reason, the parties shall be returned to status quo.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day, month and year as written.

Approved:

  
\_\_\_\_\_  
Karen Metzker

\_\_\_\_\_  
Kevin Kirkpatrick

\_\_\_\_\_  
Lisa Assim

\_\_\_\_\_  
William A. Kirkpatrick, Jr.

\_\_\_\_\_  
Michele Kirkpatrick

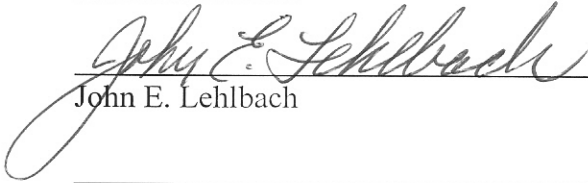
\_\_\_\_\_  
Ellen Nachman aka Ellen Louise Nachman  
aka Ellen L. Nachman

\_\_\_\_\_  
Sigmund W. Nachman aka Z. W. Nachman

\_\_\_\_\_  
Janet M. Nachman

\_\_\_\_\_  
Terrance Kirkpatrick

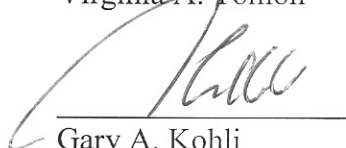
\_\_\_\_\_  
Daniel Michalske

  
\_\_\_\_\_  
John E. Lehlbach

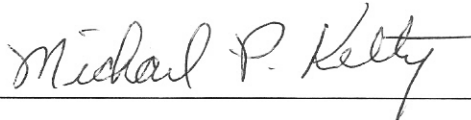
\_\_\_\_\_  
Holly F. Lehlbach

\_\_\_\_\_  
Bert R. Tomon

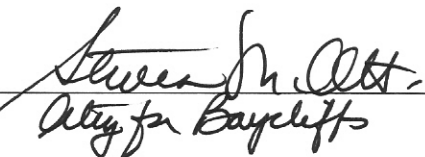
\_\_\_\_\_  
Virginia A. Tomon

  
\_\_\_\_\_  
Gary A. Kohli  
Attorney for Plaintiffs

Johnson's Island Property Owners' Association

by   
\_\_\_\_\_

Baycliffs Homeowner's Association, Inc.

By   
\_\_\_\_\_  
Att'y for Baycliffs