

David Wolfe – President
Herons Landing HOA
318 Half Day Road, #231
Buffalo Grove, IL 60089

Wednesday May 25, 2011

Mr. Larry Kluge
5883 RFD
Long Grove, IL 60047

Mr. Kluge,

In response to your letter dated April 18, 2011, your E-Mail dated April 22, 2011, and your E-Mail May 17, 2011, I would like to thank you for your input.

As noted in my previous response dated April 14, 2011, the process by which consent was provided by the Herons Landing residents for the Municipal Lake Michigan Water Project and Special Assessment is valid according to current law as outlined by the Homeowner's Association counsel Mr. Michael Kim. No subsequent or additional vote or approval process will take place.

The Herons Landing Board has committed that if there are material changes in the project, the issue of Municipal Lake Michigan Water would be brought back to the Residents for a general meeting and a vote.

A meeting was held by the Homeowner's Association where all residents were invited to share any input regarding the water project – without prejudice. Each and every individual at the meeting that wanted to speak was afforded the opportunity. Additionally, the Village of Long Grove held a public hearing where everyone that wished to speak was provided with an opportunity – without prejudice.

Following the Village of Long Grove Public Hearing there was a mandated sixty (60) day challenge period in which time those residents of Herons Landing opposed to the project had an opportunity to terminate it. The required support to terminate the project was not garnered and thus the project will continue.

Specifically in response to your letter of April 18th regarding distribution of the IGA, a representative of the Village of Long Grove initially relayed that a draft of the IGA (Intergovernmental Agreement) was expected to be created within 30 days – regretfully it took substantially longer. The draft IGA was recently created and subsequently amended with input from concerned residents of Herons Landing and with input from the Herons Landing HOA. The Village of Long Grove Board will be mailing a copy of the final IGA to all residents upon completion of incorporating many of the requested changes, and prior to voting on the adoption of the agreement.

RECEIVED

MAY 27 2011

VILLAGE OF LONG GROVE

Also In response to your April 18th letter per your inquiry regarding the \$500.00 special assessment, there are 118 homes within the Herons Landing development resulting in a Municipal Lake Michigan Water Project Reserve of \$59,000.00.

The Village of Long Grove required an initial escrow fund of \$10,000.00 which was paid from the Reserve. A minimum of \$10,000.00 must be maintained in the escrow account at all times. As the Village incurs expenses directly related to the Herons Landing Municipal Lake Michigan Water Project, the expenses are paid out of the escrow account. As the escrow account is depleted, Herons Landing is invoiced and the Herons Landing Treasurer sends a check to the Village of Long Grove to replenish the escrow account out of the remaining \$49,000 reserve.

The Village has incurred (and will continue to incur) expenses including legal fees for the Public Meeting notice, legal fees for the creation of the IGA, fees associated with the creation of the SSA, postage expenses, Bond Counsel expense, general legal expenses, and other expenses directly related to the project.

I understand that you are not in support the Herons Landing Municipal Lake Michigan Water Project at this time. Please know that your input and concerns are received and considered as the project continues to move ahead.

Respectfully,



David Wolfe
President – Herons Landing HOA

CC: Village of Long Grove
Attorney Michael Kim
Herons Landing Board

Enclosures: Kluge letters: 2/9/11, 3/7/11, 3/21/11, and 4/18/11
Kluge E-Mails 4/22/11 and 5/17/11
Wolfe letter 4/17/11
Attorney Michael Kim Letters: 3/30/11 and 4/11/11

Lawrence S. Kluge

Hérons Landing Homeowners Association
318 Half Day Road #231
Buffalo Grove, IL 60089
Attn: Board of Directors

5883 RFD
Long Grove, IL 60047
847.630.1818
SLK1818@aol.com

April 18, 2011

Thank you for your response and update and I look forward to receiving a copy of the IGA agreement.

In your first paragraph you advise us that the challenge period is over but you neglect to inform the community that thirty-three (33) petitions (against) were brought to the Village of Long Grove. Of these petitions eleven (11) were previously yes votes (including mine) and an additional twenty-eight (28) did not sign a consent form indicating a "NO" vote according to the language you wrote in the consent. This clearly demonstrates the strong bias the Board has in this matter and is the reason why the community is getting a one-sided story. You only refer to the keeping of our wells as the issue when more importantly it is the **length of time** that we can keep our wells. Should this provision not be part of the agreement then the community must be informed that it would be possible that either the County or State could request that we cap our wells at a cost of \$1,000-2,000 and an expected increase in water usage of between \$500-800/month during the lawn watering season. In addition, as you can see just from the minor work being performed at one house in the community the tremendous disruption that will be caused by this massive undertaking and will impact those families who are considering selling their homes. It is your obligation to advise the community of this as well.

I am also shocked that you would request an additional \$1,000 at this time for engineering that you explained at the last meeting was completed. The only additional cost would be to determine the difference in cost of materials and boring. Your statements at the meeting were that the difficult work has already been done. To suggest at this time that you require an additional \$120,000 is only further emphasizing the lack of information that you have provided to the community and your attempt to remove this exorbitant cost from a bond issue. This cost should be included in the bond issue and as you stated the total should not exceed \$2500/year... In addition, I would appreciate an accounting for the use of the \$500 assessment that you refer to as soft costs? I do not know about you but I consider \$60,000 a great deal of money that you have already raised by this previous assessment. In addition, the vote and special assessment were both not carried out according to our covenants,

Furthermore, I find the language you have used in the following paragraph to be inappropriate and not consistent with the best interests of the community:

*"Input Request – please respond to this e-mail or send us a note (Hérons Landing Homeowner's Association, 318 Half Day Road, Box #231, Buffalo Grove, IL 60089) and let us know if you would prefer to pay for the engineering up front...or if you would prefer to proceed as planned. **The board will make the final determination as to the next steps, but your input is greatly appreciated**".*

This statement clearly suggests that once again the board will overstep their boundaries and attempt to make this determination regardless of the input. It is surprising that our attorney, Michael Kim, has not advised you that for any additional assessments the existing covenants, that have not been amended, must be followed and the appropriate vote needs to take place.

It is obvious that the board and Mr. Kim are acting with extreme prejudice. My request for another vote is very reasonable and your comment that it would be an added cost is insulting. I would be happy to bear the costs for this vote and assist in selecting the independent accounting group.

Sincerely,



Larry Kluge

Lawrence S. Kluge

5883 RFD
Long Grove, IL 60047
847.630.1818
SLK1818@aol.com

Hérons Landing Homeowners Association
318 Half Day Road #231
Buffalo Grove, IL 60089
Attn: Board of Directors

March 21, 2011

Re: Lake Michigan Water

Dear Board of Directors:

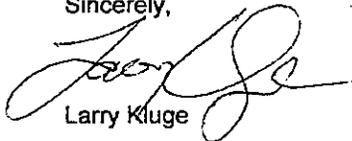
As you know I was in favour of bringing Lake Michigan Water into our community. However, after careful and thorough deliberation a great deal more information has come to my attention which has raised significant questions as to the process that has taken place and the lack of confirmed information at the time of obtaining approvals.

The Board of Directors and the Water Committee of Herons Landing has done a great deal of work on this project. However, in the last meeting that took place both at the Village of Long Grove and the local Village Hall a great many questions were raised and many doubts and uncertainties were brought to your attention. Today, a number of "YES" votes have chosen to withdraw their votes pending additional more concrete information. I would ask the Board of Herons Landing to obtain a copy of the Intergovernmental Agreement (IGA) and share this with the entire community. In addition, provide more definitive details regarding the bond and advise the community based on whether families will be moving within a certain timeframe.

Finally, after disseminating this important information to the community, I would ask that you send out legal notice (according to the covenants) advising the community of a vote to take place and have an independent authority overlook this process. In this way we will all be assured that the process was correct and the community will be voting with a better understanding of the situation and what will take place.

Clearly, a short pause in the establishment of the SSA to address these issues and share with the community the IGA and bond issues and arrange for this educated vote is not an unreasonable request. To reject this very reasonable suggestion would only raise further doubt and questions. It is truly my belief that to embrace this process would help to bring the community together as even those who are against the water would feel more confident in the way the community obtained its approval.

Sincerely,



Larry Kluge

Cc: Village of Long Grove

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Lawrence S. Kluge

5883 RFD
Long Grove, IL 60047
847.630.1818
SLK1818@aol.com

Hérons Landing Homeowners Association
318 Half Day Road #231
Buffalo Grove, IL 60089
Attn: Board of Directors

March 7, 2011

Re: HLHA Assessment

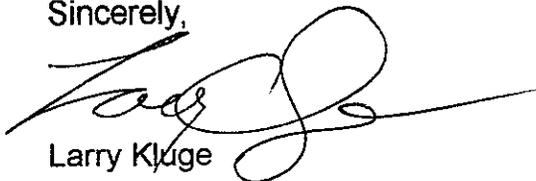
Dear Board of Directors:

Surprised, disappointed, annoyed, baffled, deceived, misled and overall disillusioned by the Board of Directors' process and overall ignoring the questions and concerns of those who are either not in favour or questioning the process and final determination of the water issue... I am aware of many emails from the community that have been sent to you unanswered and my personal letters that have fallen on deaf ears!!! You have alienated those who truly wish to help in the process and are not listening to the suggestions that may help to safeguard the agreements that are essential to be put in place with the respective agencies.

I am advising you that my assessment has been **"PAID IN FULL"** and on time as I directed you by the enclosed letter to apply the \$500.00 (water) to the annual assessment since I do not believe the association has obtained this additional water assessment legally... At such time when significant legal evidence is provided to insure that the additional \$500.00 was obtained properly I will be more than happy to comply.

I also have told you that I withdraw my **"YES"** vote for the water pending further investigation. You had someone who was on the fence but I must tell you due to your attitudes and lack of response you are pushing me over the fence. I wanted more information and you refused to address the issues. It is very clear that there is an extraordinary bias and I am ashamed that the Board would conduct itself in this matter. You may be successful in your individual ventures but I question your process and attention to details in this process. It is obvious that you have overlooked a great many details. It is my hope that the Village of Long Grove Board will address these issues and delay the formation of the SSA which will be in the best interests of the community.

Sincerely,



Larry Kluge

Cc: Village of Long Grove

ENCLOSURE

Lawrence S. Kluge

5883 RFD
Long Grove, IL 60047
847.630.1818
SLK1818@aol.com

Hérons Landing Homeowners Association
318 Half Day Road #231
Buffalo Grove, IL 60089
Attn: Board of Directors

February 9, 2011

Re: Assessment and Lake County Water

Dear Board of Directors:

Recently, I had the privilege of attending a Long Grove Village Board meeting that took place last Tuesday, February 8, 2011. As we all know the discussions regarding the possibility of bringing Lake Michigan water into our community is controversial and highly charged. A great deal of information is required in order to make such an important and long lasting decision for both the present and future homeowners of Herons Landing. At the Village Board meeting and conversations with homeowners a great deal more information has come to my attention that requires a "**step-back**" and far more detailed analysis. This must take place before we could possibly make a decision on the formation of an SSA for the purposes of bringing Lake Michigan water into our community and the full magnitude and impact of this critical decision.

The establishment of an SSA is a far more serious event and one that requires a great deal more information before a final decision can be taken by the community. Experience with special services districts in other communities has demonstrated that in fact an SSA may be detrimental to the community.

Therefore, after careful deliberation I am enclosing a check in the amount of \$462.00 (four hundred and sixty-two dollars) that combined with the \$500.00 (five hundred dollars) you have already received will be full payment for the **approved assessment**. Following more detailed information concerning Lake County Water and the upcoming meetings that will be taking place, further assessments will be determined and taken care of accordingly.

Looking forward to assisting in obtaining all the facts required to make this important decision for our community...

Sincerely,



Larry Kluge

David Wolfe

From: SLK1818@aol.com
Sent: Tuesday, May 17, 2011 2:42 PM
To: hlhboard@gmail.com; dwolfe@coveredbridgeconstruction.com
Cc: dlothspeich@longgrove.net; mck@mkimlaw.com
Subject: Fwd: Herons Landing Update: Municipal Water Project & Other Important Topics
Attachments: HLHALKResponse18April2011.pdf

Dear HLHA Board:

Very disappointed a month later to have not received any reply to my letter dated April 18 (attached) and Email sent on April 22 (see below) with letter attached...

When you have requested responses from the community I did not take over a month to reply but sent you a response expeditiously. Your lack of response is unprofessional and continues to indicate a strong prejudice.

In addition, I am concerned that you have not shared the draft of the IGA agreement with the community. I have been in touch with the Village of Long Grove and firmly believe that they will acquire information from a number of legal and community-wide sources (pro/con/undecided) in order to allow a more balanced and safeguarded decision to take place. At this time the agreement requires a great many changes as to the promises that have been made by the board.

It is common courtesy to respond to those in the community that care enough to take the time and effort to write you regardless of your prejudice. It has been recommended that if there is "truly" an overwhelming majority who wish to move forward with this project, then those who want it should pay for it.

All of us in the Village of Long Grove received the letter from our President Maria Rodriguez explaining the burden the State of Illinois wishes to place on our local government. This would either result in fewer services or increased taxes. The community should also be aware of this and take it into consideration when considering the enormous burden additional taxes for water which is "free" today.

I believe it is fair to say that after a month I am entitled to a response addressing the issues raised in my letter and emails.

Regards, Larry Kluge

From: SLK1818@aol.com
To: hlhboard@gmail.com
CC: mck@mkimlaw.com, lothsd@longgrove.net
Sent: 4/22/2011 5:34:49 P.M. Central Daylight Time
Subj: Re: Herons Landing Update: Municipal Water Project & Other Important Topics

Dear HLHA Board:

As per your request attached please find my input. It has become obvious that those who want Lake Michigan water that badly should pay for it. There are procedures in

place that developers and other communities have used successfully to provide water to those that want it without burdening those that do not...

It is unbelievable that you have not shared both sides of the story with the community. It would have been appropriate for the board to ask a community member who is against the water project to make a presentation as well. The board gave a biased and one sided view of the project. There are numerous obstacles and issues that have been raised and you have chosen to ignore them.

Once and for all you should finally have a conscience and do what is right...

Regards, Larry Kluge

In a message dated 4/14/2011 8:37:23 P.M. Central Daylight Time, hlhboard@gmail.com writes:

Dear Herons Landing Neighbors,

We wanted to provide updates on the Municipal Lake Michigan Water Project and other important topics, as well as ask for your feedback. Please see the attached letter.

Your HLHA Board

Hérons Landing Homeowner's Association
David Wolfe - President
318 Half Day Road, Box #231
Buffalo Grove, IL 60089

April 14, 2011

Mr. Lawrence Kluge
5883 Teal Lane
Long Grove, IL 60047

Mr. Kluge,

Thank you for your letter dated March 21, 2011. Your input and consideration regarding the Herons Landing Municipal Lake Michigan Water Project is appreciated.

In response to your letter, please see the following information. Additionally, your letter was forward to Mr. Michael Kim, Counsel for the Herons Landing HOA. Mr. Kim created the enclosed letter (dated April 11, 2011) to assist in the responses to your issues as well.

- I. The IGA (Intergovernmental Agreement) is currently being drafted and will be provided to the Herons Landing Residents as soon as it is available. The Village of Long Grove has agreed to delay final consideration of the SSA until the IGA document is drafted and residents of Herons Landing have had an opportunity to review and comment on it.
- II. Any relevant information received by the Board in regard to the Bond Creation and Issuance will be distributed to the Neighborhood.
- III. Please see the second letter from Mr. Kim dated March 30, 2011. This letter addresses the approval process of the Project and the Special Assessment.

If you have any questions or would like additional information, please contact me via post at 318 Half Day Road, Box #231, Buffalo Grove, IL 60089 or via e-mail at hlhboard@gmail.com.

Respectfully,

David L. Wolfe
President
Hérons Landing HOA

MICHAEL C. KIM & ASSOCIATES

Attorneys at Law
19 South LaSalle Street
Suite 303
Chicago, Illinois 60603-1245

Michael C. Kim
E-mail: mck@mkimlaw.com

Telephone: (312) 419-4000
Facsimile: (312) 419-4008

April 11, 2011

Via E-Mail: dwolfe@coveredbridgeconstruction.com

David L. Wolfe, President

Re: Herons Landing Homeowners Association
Municipal Water Project

Dear Mr. Wolfe:

You have asked for our opinion with regard to a request made by Lawrence S. Kluge in his letter dated March 21, 2011 and addressed to the Board of Directors of the Association.

Essentially, Mr. Kluge has requested another vote by the homeowners on the municipal water project. In his letter, Mr. Kluge requests that the Board obtain a copy of the Intergovernmental Agreement and share that agreement with the homeowners in the Association. It is my understanding that upon receipt of that document, the Board intends to distribute it among the homeowners, and if there are any material changes reflected in the agreement, the Board will raise such changes with the homeowners for appropriate discussion. Similarly, you have indicated that the Board will relay any and all pertinent information regarding the bond to the homeowners when that information is available.

With respect to conducting another vote on this project utilizing "an independent authority", it is within the Board's discretion as to whether to incur that additional expense. We note that if the information obtained by way of the Intergovernmental Agreement and bond matters reflect a material difference to how a homeowner voted in the prior submissions of written consents, a homeowner can withdraw his/her consent due to such material difference in facts. Note that the term "material" indicates that a person would or would not have done something based upon the particular fact or information which is now known; conversely, if a person would not change a prior submitted consent, then such a fact or information would not be deemed "material" to that person. Rather than having the entire process of conducting another vote on the matter, the Board could allow individuals to simply withdraw their previously given

David L. Wolfe
April 11, 2011
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consent if they believe that the facts/information reflected in Intergovernmental Agreement and bond information was material and therefore changed their mind.

If you have any questions or wish to discuss any aspect of the foregoing, please let me know

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael C. Kim". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael C. Kim

MCK/caz
Attachment

MICHAEL C. KIM & ASSOCIATES

Attorneys at Law
19 South LaSalle Street
Suite 303
Chicago, Illinois 60603-1245

Michael C. Kim
E-mail: mck@mkimlaw.com

Telephone: (312) 419-4000
Facsimile: (312) 419-4008

March 30, 2011

Via E-Mail: dwolfe@coveredbridgeconstruction.com

David L. Wolfe, President

Re: Herons Landing Homeowners Association
Municipal Water Project

Dear Mr. Wolfe:

At your request, I am writing to address the approval of the municipal water project and related special assessment.

It is my understanding that the project was initially undertaken in 2004 and thereafter was reinvigorated in 2010. In connection with the 2010 continuing effort to implement the municipal water project, the Board of Directors distributed a consent form which covered various details of the project, including the imposition of a special assessment not to exceed \$500 per Lot. If a Lot owner supported the municipal water project, he/she would submit the consent form to the Board; alternatively, if the Lot owner did not support the project or the related special assessment, the Lot owner could simply refuse to provide the consent form.

While Article VII of the Declaration of Covenants, Conditions and Restrictions for Herons Landing (the "Declaration") states that "special assessments for all or part of a capital improvement must receive sixty-one (61) affirmative votes by Lot Owners at a regular annual meeting or special meeting of the Association", the Association (as a not for profit corporation) could take advantage of the procedures set forth in Section 107.10 of the Illinois General Not For Profit Corporation Act of 1986, which allows for the members to take an action without a meeting if the requisite majority of the members give their approval by way of a written vote. In this instance, it appears that the requisite majority (at least 61 lot owners) under Article VII did in fact submit consent forms in support of the municipal water project and its related special assessment.

In addition and alternatively, the newly reenacted Common Interest Community Association Act, which became effective at the end of July 2010, appears to have modified the assessment procedure in common interest communities such as the

David L. Wolfe
March 30, 2011
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Association. The assessment related provisions of Section 1-45 provide that the Board of Directors can adopt a special assessment (such as the assessment related to the project) without obtaining the prior consent of the Lot owners; in other words, Article VII, Section 12 is statutorily overridden. Under the new law, after the Board has adopted a special assessment, unit owners can call for a referendum on that assessment but must do so by way of a petition signed by owners having 20% of the votes and the petition must be delivered to the Board within 14 days after the Board's action. If a proper petition is timely filed, the Board is to call a special meeting of the owners within 30 days after delivery of the petition to vote on the special assessment; however, unless a majority of the total votes of all owners are cast at the meeting to reject the special assessment, that special assessment shall be deemed ratified. It is my understanding that the Board did implement a special assessment at its November 2010 meeting and that a proper petition was not timely filed with regard to that Board action; accordingly, any right to have a referendum vote on that special assessment has been waived.

In conclusion, whether operating under Article VII, Section 12 of the Declaration as supplemented by Section 107.10 of the Not For Profit Corporation Act or under the new statutory provision of Section 1-45, it is our opinion that the special assessment will be upheld if challenged.

If you have any questions with regard to the foregoing, please let me know.

Very truly yours,



Michael C. Kim

MCK/caz

David Lothspeich

From: SLK1818@aol.com
Sent: Tuesday, May 31, 2011 10:08 AM
To: dwolfe@coveredbridgeconstruction.com
Cc: David Lothspeich; mck@mkimlaw.com
Subject: May 25 Letter

Dear David:

Hope you and the family shared a safe and memorable Memorial Day weekend.

Thank you for your letter dated May 25 (with enclosures) which I received this weekend. Just wish to clarify that in the enclosures you indicate "Wolfe Letter 4/17/11" it is actually dated 4/14/11. As legal remedies are being sought I just wish to insure accuracy...

Regards, Larry Kluge