

**CLARIFICATION STATEMENT  
RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE HIGGINS LAKE PROPERTY OWNERS ASSOCIATION**

At a special meeting of the Higgins Lake Property Owners Association, the following resolution was adopted:

WHEREAS, commencing January 1, 2006, the Higgins Lake Property Owners Association (HLPOA) sought to obtain a more suitable location for the conduct of its business and entered into an agreement with Pat Springstead to lease space at property owned by Pat Springstead (the Leased Premises). The HLPOA Board of Directors (BOD) approved the commercial lease, finding that the terms and rental rate were fair and reasonable and in the best interest of the HLPOA; and,

WHEREAS, beginning in 2010, the Higgins Lake Foundation (HLF) leased one-half of the building, and a new lease was approved by the HLPOA with a reduced rental rate due to the fact it was now sharing the space and expenses; the rental rate for the HLPOA was reduced from \$600 per month to \$400, the total rent received by Pat Springstead for the building increased from \$600 to \$800 per month; and

WHEREAS each year from 2011 through 2013 the HLPOA BOD, as affirmed through the approval of the Treasurer's Report, reviewed and approved the lease payments together with the HLPOA portion of repair expenses for the Leased Premises; and,

WHEREAS, prior to 2013 certain expenses were necessary to serve the Leased Premises, and in 2013 the existing sewer line connection from the municipal main line to the Lease Premises failed, causing a sewage backup, and there had been previous attempts to repair the problem, and

WHEREAS, a decision to take corrective action was made by the Office Manager of the HLPOA and HLF to replace the existing sewer line, at the total cost of \$2,580 with the HLF paying one half thereof (\$1,290) and HLPOA paying one half thereof (\$1,290), and,

WHEREAS, the 2013 BOD approved the payment of HLPOA's portion of the sewer line replacement in the amount of \$1,290.00 believing, in good faith, that the costs of the replacement were the obligation of the HLPOA under the terms of the lease; and,

WHEREAS, at the 2014 annual meeting, the general membership of HLPOA approved the 2013 treasurer's report which included the costs of the sewer line replacement; and,

WHEREAS, at the annual 2014 meeting, the general membership questioned the expense of the sewer line replacement, and the newly seated BOD decided to follow up on the question whether or not the expenses were an obligation of the landlord or tenant pursuant to the HLPOA lease with Pat Springstead; and,

WHEREAS, the newly seated 2014 BOD also determined that other expenses of the HLPOA should be examined; and a request was made at the December, 2014 BOD meeting by Marv Bolton that an audit be conducted of the 2013 year expenses;

WHEREAS, the HLPOA attorney was not consulted regarding the sewer line replacement instead Pat Springstead and the 2014 BOD sought and obtained separate legal opinions by outside firms which were in opposite on the issue of whether or not the sewer line replacement repairs were properly chargeable to the tenant under the lease agreement for the Leased Property; and,

WHEREAS, although the 2014 BOD determined that the issue of the sewer line expense was approved by the 2013 BOD in the ordinary course of business, a majority of the 2014 BOD concluded that the expense was not properly chargeable to the tenant; and,

WHEREAS, the HLPOA through its 2014 BOD passed a resolution that Pat Springstead reimburse the HLPOA for the monies paid for the HLPOA portion of the sewer bill and published the resolution in the December, 2014 board minutes; and,

WHEREAS, Pat Springstead, based on the legal opinion he had received, objected to the published resolution for reimbursement, and filed a lawsuit asserting defamation of character and intentional infliction of emotional distress against HLPOA asserting, among other things, the resolution inferred he had engaged in some wrongdoing, which lawsuit sought a retraction and money damages to compensate him for his injured reputation; and,

WHEREAS, the HLPOA through its BOD has determined to withdraw and retract its resolution that Pat Springstead reimburse the HLPOA for the costs of replacing the sewer line and, in exchange Pat Springstead has agreed to withdraw and dismiss his defamation lawsuit filed against HLPOA; and,

WHEREAS, an audit was not performed for the year 2013; and

WHEREAS, the 2014 BOD has determined that other expenses examined and incurred prior to 2014 were approved by the prior BOD and that those expenses were incurred in the ordinary course of business.

NOW, THEREFORE, the HLPOA through its BOD resolves and ordains that:

1. The HLPOA shall discharge and release Pat Springstead from any claim for reimbursement or recovery related to the cost of Plumbing Repairs as referenced above.

2. That in exchange for the resolution as stated herein, it is understood:

a. Pat Springstead will dismiss the pending defamation and intentional infliction of emotional distress lawsuit against the HLPOA without remuneration; and

b. Pat Springstead and the HLPOA through its BOD will agree to release each other from any and all claims that have been or could be made against each other related to the issues referenced in this resolution.

3. That except for the obligations recited above, the HLPOA BOD shall amend the HLPOA website, including the minutes of the December 8, 2014 meeting of the HLPOA BOD to strike any and all reference or comment related to the lease obligations of the HLPOA or Pat Springstead with regard to costs of repairs referenced above.

4. That this resolution of the HLPOA BOD shall within forty five (45) days from the date stated herein be published to all members of the HLPOA via email, as well as on the HLPOA website for two (2) years from the date of its adoption.

This Resolution of the BOD of HLPOA is adopted this 22 day of March, 2017.

Paul Sly

HLPOA President

James Vande

HLPOA BOARD MEMBER

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