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July 10, 2017

Brad Gibson
President
Higgins Lake Property Owner's Association
308-B Lake Street
Roscommon, MI 48653

Re: Financial Review Committee
Bolton proxy

Dear Mr. Gibson:

As President of the HLPOA you have requested my legal opinion on two matters that have come before the Board of Directors. In the first instance, a member of HLPOA, Marv Bolton, has notified the Board that he intends to present a floor motion to HLPOA membership at the annual meeting. The motion proposed is to create a financial oversight committee. As proposed, the committee will consist solely of non-board members and is to be established for the purpose of reviewing the financial matters of HLPOA.

In the second instance, Mr. Bolton has drafted and circulated a proxy ballot. The proxy language appears to authorize Mr. Bolton to vote the proxy for all matters to come before the general membership at the annual meeting. However, in a cover letter that accompanied the proxy ballot, Mr. Bolton suggests he will only use the proxy to vote on the issue of the financial oversight committee. The language in the cover letter and ballot language are inconsistent.

My opinions, based upon the above facts, are as follows:

1. The motion to create a financial oversight committee should not be accepted for floor consideration. The Bylaws of HLPOA do not currently allow for the formation of such a committee. Further, to have a committee of non-board members sit an oversight position to the Board would render the Board non fiduciary. Finally, HLPOA currently authorizes a third-party CPA to audit its books at the close of each fiscal year. It would be duplicitous to have both a financial oversight committee and an auditor performing similar functions.

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2. The proxy ballot prepared by Mr. Bolton should not be used in the counting of votes at the annual meeting. The letter solicitation made by Mr. Bolton, which accompanied the proposed proxy ballot, defines the scope and the integrity of the ballot in a narrow fashion. The ballot, however, is broad in the authority it grants to its' holder. Inconsistent language between the two documents creates a high probability of voter confusion. With voter confusion, there is no way to determine the validity of the voter's intent.

I hope this opinion appropriately and completely addresses the concerns you have. If it does not, please contact me immediately.

Sincerely,

A handwritten signature in cursive script that reads "William L. Carey". The signature is written in dark ink and includes a stylized flourish at the end.

William L. Carey
Attorney at Law

WLC/st

Cc: File