



September 6, 2019

Board of Directors  
WESTSHORE COMMUNITY ASSOCIATION  
c/o FirstService Residential  
12009 Foundation Place, Ste. 310  
Gold River, CA 95670

Re: *Assignment and Assumption Agreement*

Dear Board Members:

This office has been retained by Richard Loek and Rob Bennett, both of whom are homeowners in the Westshore Community Association (WCA) and serve on the Lake Advisory Committee. We have been retained in connection with the proposed Assignment and Assumption Agreement (the Agreement), by which WCA and Four Seasons at Westshore Community Association (FS) would assume all maintenance obligations for Westshore Lake, as spelled out in a certain Lake Maintenance Agreement, recorded on April 18, 2006.

We understand that the Westshore Board currently consists of two representatives appointed by the project developer, K. Hovnanian Forecast Homes Northern Inc (KH), and two homeowner representatives, with one vacant seat. We further understand that an election is scheduled on October 22, 2019, to elect a full slate of homeowner directors.

The purpose of this letter is twofold: First, to request a meeting with the Board to address concerns relative to the Agreement; and, second, to request that the Board refrain from taking any action relative to the Agreement until such time as a full slate of homeowners is elected to serve on the Board.

The concerns related to the Agreement include the following:

- There are questions regarding the lake water quality that should be resolved before WCA takes on the obligation to maintain the lake.
- David Herrmann, the superintendent of engineers for the Water Division of the City's Department of Utilities (DOU), recently prepared a list of concerns that should be corrected before the City takes over pump operations and maintenance.
- Perhaps most significantly, the retaining walls around the perimeter of the lake were improperly constructed and are failing. One construction



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consultant has preliminarily “guesstimated” that it will cost approximately \$8 million to repair these walls.

Significantly, the City Attorney’s Office recently deemed that it would be reasonable to include the wall repair as a condition of the lake transfer process.

Signing the Agreement at this time, before these concerns are addressed, would likely result in a financial disaster to the two associations, WCA and FS, which would be saddled with onerous maintenance and repair obligations.

The FS Board recently signed the Agreement, apparently without giving due consideration to the concerns outlined above. Mr. Loek and Mr. Bennett met with the FS Board on August 28 to explain these concerns. Following the meeting, they were informed that the FS Board had voted to rescind its approval of the Agreement and to send a letter to KA to inform it of the rescission.

Meanwhile, Mr. Loek and Mr. Bennett have a meeting scheduled with the City on September 17 to address the above concerns with the City.

In light of the foregoing considerations and developments, it would be against the best interests of WCA to sign the Agreement at this time, and it would likely amount to a breach of fiduciary duty on the part of the WCA Directors to do so. Moreover, the two KA representatives on the Board have conflicting interests relative to the Agreement, which would require them to recuse themselves from voting on the matter, and which would therefore preclude any such vote until a quorum of homeowner directors is elected.

Again, this will serve as a formal request on behalf of Mr. Loek and Mr. Bennett that the Board schedule a meeting with them to discuss their concerns relative to Westshore Lake, and that the Board refrain from taking any action on the Agreement until a board of homeowner directors is elected by the WCA membership to make such decisions.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Scott Williams', is written over the typed name.

SCOTT WILLIAMS

SW:vef

Cc: Jaclyn Hatfield (via email)  
Machelle Gardner (via email)  
Richard Loek (via email)  
Rob Bennett (via email)