

Minutes of the Board Meeting- July 3rd and 5th 2011

JULY 3, 2011 ---- Board President John Metschan called Board members together at his home for an informal advisory session regarding the Pappa lawsuit. Present were John, Margaret Russell, Kathi Swanson, and Jeff Wiles via speaker phone. John advised that on June 1, 2011, the HONA Attorney sent our Judgment and a Statement of our Attorney fees to the Pappas, which now total \$29,578. A response to this request for payment was received on June 30, 2011. They offered to settle by reimbursing the HONA \$20,000 for the legal expenses incurred by the HONA during this lawsuit. The letter stated that if the HONA agreed to this \$20,000 amount and they received a response within seven days, they would make payment within two weeks.

Because this offer was \$9,578 below our total legal expenses, Board members agreed that this was not a satisfactory settlement offer. Treasurer Jeff Wiles explained that the HONA treasury reserve is down to just a \$9,000 CD, as one CD had been cashed and added to the operating accounts. If the HONA does not recoup the full cost of our legal expenses the HONA will not have adequate reserves. Due to the 4th of July Holiday weekend, the President had not had an opportunity to review this letter with the HONA Attorney. Board members agreed that they should reconvene after the Board President has consulted with our Attorney regarding the receipt of this settlement offer.

BOARD MEETING --- JULY 5, 2011

A Board Meeting was held at John Metschan's home. Present were John, Margaret Russell, Bob Simonson, and Kathi Swanson. The President reported he had consulted with the HONA Attorney earlier in the day regarding the receipt of the Pappa's offer letter. Board members again discussed the ramifications of accepting the \$20,000 offer vs. recouping the full \$29,578 owed. Board members recalled that at the 2010 Annual HONA meeting last August the owners present had indicated they expected the Board to make every effort to recoup the full cost of our legal expenses from this lawsuit.

Bob Simonson made a motion for the Board to advise our Attorney to make a counter offer to the Pappas to settle the matter of legal expenses at \$28,500. Margaret Russell seconded the motion. All Board members voted in favor of this motion. The President will contact our Attorney on July 6, 2011 with these instructions. The Board Meeting was adjourned.

Respectfully Submitted,

Kathi Swanson