

**Resolution
of
The Board of Directors
of
Beech Mountain Lakes Association**

Securing Funding for Remediation of Dam

Recitals

- 1) **Whereas** prior to 1973, a 168-acre lake, known as "The Lake of Four Seasons" ("Lake") was conceptualized to be created by the impoundment of the Oley Creek in Drums, Butler Township, Luzerne, Pennsylvania; and
- 2) **Whereas** the plans for the Lake and the subdivision proximate to it were filed and approved by Butler Township and Luzerne County; and
- 3) **Whereas** the Army Corps of Engineers and other Pennsylvania and Federal authorities with oversight responsibilities in the design and construction of earthen dams and other structures by which bodies of water may be created, did approve the plans and oversee the construction of an earthen dam; and
- 4) **Whereas** the United States Department of Environmental Protection ("DEP") has determined that the earthen dam is no longer sufficient in the degree to which it would control the quantity of water produced by a storm the intensity of which would entitle it to be qualified as a "100-year storm"; and
- 5) **Whereas** the DEP has required Beech Mountain Lakes Association ("Association") to remediate the earthen dam to the extent that it will offer sufficient protection against inundation to residents of Beech Mountain Lakes and Butler Township downstream of the dam; and
- 6) **Whereas** the funds needed to comply with the DEP requirement exceed those in the association's reserve accounts; and
- 7) **Whereas** The **Declaration of Protective Covenants, Exceptions, Reservations and Conditions for Beech Mountain Lakes** (Covenants) charge the Board of Directors (Board) with managing issues of general use, development and appearance of property within the Beech Mountain Lakes community, and;


- 8) **Whereas** the Covenants empower the Board to "borrow money and to mortgage, pledge, convey by deed to secure debt or deed of trust, to hypothecate any or all of its property as security for money borrowed or debts incurred... in carrying out any or all of the purposes for which the Association is formed"; and
- 9) **Whereas** the Association has requested, received and evaluated proposals from more than four lending institutions operating in Luzerne County, Pennsylvania for the funding of the remediation of the dam as required by the DEP; and
- 10) **Whereas** the Board has recognized Pennstar Bank, of Pennsylvania, Pennsylvania ("Pennstar") as that which offered a program most compatible with the financial plans of Beech Mountain Lakes at the current time and for the foreseeable future;

NOW, THEREFORE, be it **RESOLVED** that

- the Board has decided to enter into a commercial loan with Pennstar (not to exceed \$1,500,000) by which to fund the dam remediation;
- the proposed terms and conditions of the loan will be reviewed and accepted by the entire Board;
- the loan will be signed by the President and the Treasurer of the Board;
- the withdrawal of any loan monies will require the signatures of the President and the Treasurer of the Board prior to the withdrawal;
- a status of the loan, its performance and conditions will be made available for residents' review at the administrative office of the Association prior to the Annual Meeting

Adopted this 28th day of MAY, 2008, by vote of the Beech Mountain Lakes Association, Inc. Board of Directors.

Attest:


Secretary


President of Board