

Fallen Leaf homeowner tells his side

Open Letter,

The Mumford family has owned 440 Fallen Leaf Lake Road for 25 years. In the early years, we participated with a handful of folks to buy one of the first fire trucks and the initial gas tank at the landing. Since that time many safety and services improvements have been made for residents by the hard work of volunteers like yourself.

I want to take this opportunity to thank you for volunteering to serve and, more importantly, to lead the CSD. The current actions on the store and marina management contract are the most heated and divisive we have ever experienced at Fallen Leaf Lake. It was pointed out at Saturday's (Sept. 5) meeting that recent questionnaires and surveys of the community made an almost unanimous directive that the Board should not get involved in the management of the fire station, store, or marina activities, but should hire professionals for those services. Betsy Spurlock, in addition to those in attendance at the recent meetings, showed that there was a clear majority support for the continuation of the Fallen Leaf Landing contract. The minutes show that 71% of recent emails sent to the Board on this matter were in support of renewal of the Fallen Leaf Landing contract as well. I was personally moved by the number of former Board members who made thoughtful comments of support.

When we came up at the end of June, we were sadly surprised to hear of this controversy. As an entrepreneur, I have viewed the store and marina start-up, development, and profitable operation as an American success story, only to be improved through community collaboration. Instead, it appears that we are witnessing a government committee run takeover. In July I

applauded (silently) your leadership to respond to the majority of residents and, with the help of Steve Malley, to make changes in the Management Contract that both parties could live with. It seemed like that process was working, until Mike Kraft came back late and introduced a whole new set of conditions, which Fallen Leaf Landing had not received in time to review for Saturday's meeting. I appreciate Steve Malley reading his letter into the minutes on Saturday, so that we could all understand his frustration with the process and Mike Kraft's actions to undermine a resolution.

The Board and attending residents then got to hear Mike Kraft enumerate his efforts to develop a viable CSD run scenario that he would be personally responsible for. He stated that an "anonymous" committee had been identified to be responsible for researching and accomplishing all tasks, reporting to him, that he felt were necessary to perform the start-up and operation of the store and marina next year. Because this group was "anonymous," neither the Board nor the residents were able to feel comfortable that anyone in this group had the required start-up or ongoing management experience to make this CSD/Kraft-run proposal successful. Next, Kraft read a letter from a Foundation of "anonymous" donors with a potential \$30-80,000 donation commitment to support Kraft's proposal. The record, hopefully, shows that the amounts of these donations were highly questionable and some felt that this "anonymous donation offers" amounted to a bribe.

We then watched something I still cannot believe happened. The CSD Board approved your motion, as amended, to have Kraft and another Board member negotiate Kraft's version of the Management Contract modifications and demands with Fallen Leaf Landing. If in two weeks an agreement is not reached, then the Kraft CSD run proposal will go forward. Fallen Leaf Landing had apparently received the Kraft revision just prior to the meeting, and had no time to review them. No one except certain of the Board members and possibly Steve Malley had read the

Kraft revision. I admittedly do not know the Brown Act, which was referred to, but do have over 40 years of corporate law and governance experience in well over 100 companies (ranging from seed start-ups to NYSE), and this takes the conflict of interest and breach of fiduciary duty Gold Medal!

The CSD Board appointed Mike Kraft, who is a member of the Board, and has a fiduciary responsibility to the Board and the residents of Fallen Leaf Lake, to negotiate the Mike Kraft version of the Management Contract with Fallen Leaf Landing. If an agreement (which Mike Kraft has to agree to) cannot be reached in two weeks, then the Mike Kraft Proposal, which he stated he favors and has developed with the "anonymous committee and funding, would be the CSD run approved plan.

This violates every conflict of interest and fiduciary principal I know of, and probably leaves the Board very exposed. As importantly, a CSD-run structure is not consistent with resident member questionnaires, surveys, the advice of prior Board members, and clearly the majority will of the residents in attendance, on petitions and emails.

Respectfully,

John B. Mumford, Fallen Leaf Lake resident