

# Santacruz Associates

2340 South River Road · Suite 111 · Des Plaines, IL 60018  
847-251-5800 · 847-813-9933 (facsimile) · [www.santacruz-associates.com](http://www.santacruz-associates.com)

Writer's Email Address:  
[JSteve@Santacruz-Associates.com](mailto:JSteve@Santacruz-Associates.com)

August 22, 2008

VIA EMAIL - [dclark@foley.com](mailto:dclark@foley.com)

Douglas B. Clark  
Foley & Lardner LLP  
Vertex Plaza  
150 East Gilman Street  
P.O. Box 1497  
Madison, WI 53701-1497

RE: Half Moon Bay Community Association

Dear Doug:

Thank you for the time we spent discussing this matter. Allow me to reiterate that I am contacting you not as an attorney for the Association, but as a board member and Treasurer of the Association. As I shared with you in our conversation, our Association is taking this matter seriously and is committed to working with the Wisconsin River Power Company ("WRPCo") towards an amicable solution. That said, please accept this correspondence as notice that the association, while working diligently to comply with the time frames specified in your notice, hereby requests an extension of the thirty (30) day period by which to submit a plan to cure the defaults alleged by WRPCo.

Please note that our Association is made up of one hundred and five (105) property owners –most of whom do not reside full-time in Juneau County. Furthermore, our board is made up of representative members of our community and, as such, has several members who live outside the area. At this time, I can only provide you with a general outline of the steps that will be taken by the Association.

1. A telephonic board meeting is being scheduled for next week. At that meeting, the board will develop a schedule by which we can commit to in replying to the notice.
2. During said telephonic board meeting, an Association meeting and a subsequent (in person) board meeting will be scheduled for sometime in September. Due to the schedules of our property owners, I anticipate providing our members a minimum of three weeks notice for the meeting.
3. After said telephonic board meeting, a copy of your notice along with a letter from the President of our Association will be sent by certified mail to each of our property owners. The letter will provide notice to the property owners of the scheduled Association meeting in September.
4. At the September Association meeting, the board will address this issue and receive direction from the Association on how to proceed. I anticipate that a plan of action will be put into place that will include contacting WRPCo to schedule a meeting to discuss how we can resolve this issue.

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As I promised, I will be in touch with you after our telephonic board meeting to update you on our planned course of action in addressing this matter. Furthermore, our legal counsel (should we determine it is in our best interest to engage legal counsel) or I will contact you after our September Association meeting with an additional update.

It is my understanding based on our conversation that the Association can proceed with its tree planting planned for this fall that has been reviewed with Darrin Johnson of WRPCo. I would also like to confirm our understanding that so long as the Association is working in the direction outlined in this letter, our docks can remain until our scheduled removal date on October 19, 2008. As I informed you, it is the position of our Association that our dock placements are in accordance with approvals provided by Mr. Richard Hilliker of WRPCo. We will be working over the next thirty (30) days to locate documents and correspondence that would confirm this.

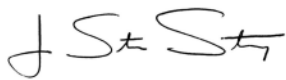
I would like to take a moment in this letter to summarize our concerns regarding the tone of the notice. It is our position and belief that we have been working in good faith with Mr. Johnson of WRPCo towards resolving the open issues. Please be assured that the nature of the alleged violations of the easement do not constitute a disregard by the Association of the easement restrictions or the authority of WRPCo to protect the easement from violations.

It is my understanding that many of the alleged violations of the easement have resulted from a lack of information concerning or knowledge of the easement restrictions by the members of our Association. However, a significant portion of the alleged violations have occurred due to the failure of WRPCo in maintaining the easement under the obligations of their license from FERC. Several property owners have complained regularly to the board about open issues with WRPCo for maintenance items in the easement that have continued for over a year. In addition, a festering problem with oak wilt caused the Association to act aggressively to prevent the spread of this disease. Due to unresponsiveness by WRPCo, the Association felt it was left with no other alternative but to remedy this problem ourselves.

As we discussed, much of the current situation we find ourselves in today has been the result of the general lack of enforcement of the easement by WRPCo over the years. Clearly, there has been a change in the scrutiny being given the easement by WRPCo and FERC. Accordingly, WRPCo and the owners of properties adjacent to the easement need to work together in adjusting to these new mandates. We are confident that can be done with a cooperative spirit on the part of both parties.

Again, I would like to thank you for the polite conversation that we had earlier and look forward to working with you on finding a solution satisfactory to our Association and your client. If you require any additional information, please do not hesitate to contact the undersigned.

Sincerely,



J. Steve Santacruz

cc: Half Moon Bay Community Association Board :Jim Longhenry, Bud Henning, Wayne MacArdy and Larry Zimmerman