

HIDDEN MINE RANCH OWNERS' ASSOCIATION, INC.
BOARD MEETING
APRIL 9, 2019 – 9:00 A.M

Present: Don Ochs
Rusty Johnson (by phone)
Curt Koutelas (by phone)
David McEntire (by phone)
Cjay and Megan Clark
Ira Conn (by phone)
Niki O'Connor
Steve Langbein (by phone)
Sean Hartigan (by phone)
Rob Harper, Toad Property Management
Jim Ruthven, Toad Property Management
Mike O'Loughlin, Legal Counsel for the Association
Aaron Huckstep, Legal Counsel for two owners

Rob called the meeting to order at 9:01 a.m. and confirmed a quorum. David made a motion to approve the minutes of the February 12, 2019 meeting. Don seconded the motion and it was unanimously approved.

Mike O'Loughlin explained he was representing the Association as general legal counsel and as litigation legal counsel were unable to participate in the meeting he would attempt to explain the active litigation and answer questions. Aaron Huckstep went through the questions in his email of the previous day so that Mike could respond to those questions.

Mike explained David McEntire had retained his own legal counsel when Amstar was served by Freeman's legal counsel, approximately two months ago, and Mike had advised the Board to exclude David from any future mediation attempts by the Board. Mike said he was unable to answer questions regarding litigation decisions prior to his involvement in the matter and said litigation legal counsel had offered to provide filings and public information regarding the lawsuit on a private link on the Association's website if owners wanted that information.

Mike confirmed an Easement for access to the pond by Hidden Mine owners and guests had been filed in the Gunnison County records on April 28, 2017 as Reception # 646143.

Rusty confirmed the Association's insurance company was only paying for legal work to defend the lawsuit filed by Freeman Enterprises and the Board had voted in favor of hiring the same legal counsel hired by the insurance company to represent the Association in the filing of the counterclaim. Mike said engaging the same legal counsel for the counterclaim made sense as it reduced legal expenses and the firm engaged had knowledge of the case and the relevant experience. Additionally, we would be paying the reduced hourly rates normally only extended to insurance companies. Mike explained the initial legal representation letter addressed any potential conflicts of interest by the law firm representing both the insurance company and the Association and Mike agreed to ask if the law firm would be willing to release a copy of the representation letter signed by the Association. Rusty said earlier work by the law firm had been billed according to the time they had spent specifically representing the Association on the counterclaim and other work had been billed to the insurance company. Mike explained a lot of the legal costs moving forward would be shared 50/50 as it would be difficult to divide up the

defense costs as the same work was being performed for both the Association and the insurance company.

Aaron Huckstep asked what would happen if the insurance company received an adverse ruling from the Court and if the insurance company would cover the legal costs or if the owners within the Association would be asked to cover those costs. Mike said the insurance company had not expressed any concern regarding liability limits or coverage issues and future court rulings were unknown.

Aaron Huckstep confirmed he had approached the attorneys representing Freeman Enterprises for information regarding the settlement talks and Mike O'Loughlin encouraged Aaron to reach out to the Association's litigation counsel after the meeting to obtain information. Mike explained litigation counsel had asked that information regarding any ongoing mediation attempts not be disclosed during the meeting.

Rusty confirmed the intention of the Board was to obtain sufficient funds to complete the pond and landscaping and to provide an amenity to owners within Hidden Mine Ranch as money had been paid to Freeman Enterprises in accordance with the Contract but Freeman Enterprises had not completed all the work. Aaron Huckstep said his clients questioned the litigation and the handling of matters by the Board prior to and during the litigation process and his clients felt owners had not been kept adequately informed. Rusty explained that communications to members were sent in Aug. 2017, Mar. and Dec. 2018, and most recently in Apr. 2019. The content of these updates was under the direction of our legal counsel and tried to present the status of our negotiations and lawsuit without compromising our case. David encouraged Aaron to approach litigation legal counsel to obtain a better understanding of the entire process as the Association had paid in full all invoices that were submitted by Freeman Enterprises in February 2017.

David confirmed local contractors had submitted itemized bids for the work necessary to complete the pond and landscaping and Aaron Huckstep agreed to request copies of those bids from the Association's litigation legal counsel.

Don said no written Change Orders, in accordance with the original Contract, had been supplied by Freeman Enterprises during the entire process and the Association had paid all money according to the Contract for the pond and landscaping although the work had not been completed. Mike said a litigation timetable had been distributed to all owners prior to the meeting and litigation counsel would continue to gather information and attempts to reach a settlement prior to trial were always an option if both parties were willing to reach a settlement.

Aaron Huckstep asked the Association keep all owners updated as information could be released and Mike O'Loughlin said in his opinion the Board was working hard to resolve the matter in the best interests of the Association and get the pond and landscaping completed.

David made a motion to adjourn the meeting at 10:17 am. Curt seconded the motion and it was unanimously approved.