

**MINUTES OF SPECIAL MEETING OF THE
EXECUTIVE BOARD OF
RED MOUNTAIN RANCH OF
GUNNISON COUNTY ASSOCIATION**

April 12, 2007

A meeting of the Executive Board was held on April 12, 2007 at 42 Stream View Lane, Crested Butte.

The following were present:

Bill Lacy)
Allan Newcomb) by phone
David Clark)
Becky Williams)
Rod Landwehr
Gordon & Angela Reeves, Toad Property Management, Inc.

A special meeting was called to continue discussion of the covenant violation at the McFaul House.

Angela explained the Board of County Commissioners (BOCC) had demanded that the McFaul House should not be occupied and all attempts to sell the house be stopped until a Certificate of Occupancy was issued by the County. The BOCC had also confirmed that the County would not issue a Certificate of Occupancy until the Red Mountain Ranch Association had approved the additional square footage.

A long discussion followed on how to deal with the existing covenant violation and how to stop future owners doing the same thing. Rod explained that if the Board decided to take legal action he would go to court requesting that the house be demolished but during the legal process it would be possible for the Board to decide to settle the issue upon payment of a penalty. The Board unanimously decided to offer a financial settlement to Andy McFaul prior to initiating legal action. Because the above ground additional square footage was a larger concern to the Board than the basement it was decided that Andy should have the opportunity to make the basement unusable by blocking off entrance to the space. Rod confirmed that a document could be prepared that would place a covenant on that particular house stating that the basement could never be used for any purpose other than mechanical rooms. David made the motion that Rod should contact Art Trezise (Andy McFaul's attorney) and offer to resolve the matter by either a large cash penalty (\$750,000) or the option to block off access to everything in the basement except for the mechanical areas and pay a penalty (\$500,000) for the above ground violation. Becky seconded the motion and it was unanimously approved.

The Board unanimously agreed that all future homes would be subject to regular inspections during construction by an engineer to confirm square footage. Rod suggested that the cost of the inspections be paid by the owner as a review fee.

The meeting adjourned at 5:30 p.m.

Prepared by Angela H. Reeves