

South T-Bar Ranch Property Owners Association, Inc.
Draft - Minutes for the December 12, 2009
Regular Meeting of the Board of Directors

I. CALL TO ORDER – 7:03am

The December 12, 2009, regular meeting of the Board of Directors of the South T-Bar Ranch Property Owners Association at the Cornella Brothers Mini Storage office, 2730 N. 9th Street in Canon City, CO. The meeting was called to order by President Kim Wolfe, and a quorum was present with the following directors attending:

- Betty Sue Cornella
- Dean Cornella
- Joe Price – Via Conference Call
- Kim Wolfe – Via Conference Call
- Lucy Thurston – Via Conference Call
- Anelladee Spencer – Via Conference Call

Not Attending:

- Rene Suarez

Others Attending:

- Steve Coon
- Brenda Coon
- Mark Osgood
- Wanda Osgood
- Rick Aversa

II. APPROVAL OF PREVIOUS BOARD MINUTES

A motion was made by Joe Price to approve the November 21, 2009 Board Meeting minutes, seconded by Dean Cornella. Minutes approved unanimously.

III. RATIFICATION OF ACTIONS

None.

IV. FINANCIAL REPORT

November 2009 financials were presented by Betty Sue Cornella. Anelladee Spencer made a motion to approve the financials, with Kim Wolfe seconding. The motion passed with all in favor. The January 16, 2010 Board of Directors meeting will be the annual Budget Meeting to present and ratify the 2010 Budget.

V. OLD BUSINESS

a. Committee Reports

Infrastructure: Co-Chairs: Dean Cornella and Anelladee Spencer

To include: Roads, Security, Trash, Mail, and Fire Subcommittees .

Dean Cornella to see that Dan Ainsworth gets a copy of the amendment to the Road Maintenance Contract, outlining the reduced fee schedule.

Legal: Co-Chairs Renee Suarez and Kim Wolfe

To include: Compliance, Grazing Lease, BLM and other Easements, Covenant Enforcement

Anelladee Spencer's scheduled meeting with the representative at the BLM on December 3rd, was postponed until after the first of the year due to the BLM rep's illness.

Communication - Joe Price, Chair

To include: Website and Newsletter Subcommittees

A shortened version of the Newsletter will be included in mailings going out with the Yearly Dues notice and Budget Meeting notice.

Joe Price will investigate options to give Elk View and Hall Gulch access to the newsletter on the website, as they do not currently have access to the POA Documents section where it has been posted in the past. There is a concern about hard copy mailings allowing new gate codes to get out to the public.

VI. NEW BUSINESS

Draft Letter to Bank – Joe Price

The Board discussed the draft of the letter to the bank to convert the Line of Credit to a fixed term loan to stabilize the interest rate and payment schedule.

A motion was made by Anelladee Spencer to approve the drafted letter and send to the bank. Joe Price seconded and the motion passed with all in favor. (Draft of letter is attached.)

VII. POA MEMBER COMMENTS

VI. ADJOURNMENT – 9:15 am

The regular meeting reconvened with no action from the closed meeting. Next Board meeting will be held Saturday, January 16, 2010 with the sole agenda item being discussion and ratification of the 2010 budget. Betty Sue Cornella moved to adjourn the meeting. Dean Cornella seconded. The motion passed and the meeting was adjourned.

Respectfully submitted by
Lucy Thurston, Secretary, South T-Bar Ranch POA

These minutes were prepared by Lucy Thurston, Secretary,
and were submitted to the Board of Directors for approval on January 16, 2010.

South T-Bar Board of Directors
P.O Box 1431
Canon City, CO 81215

Legacy Bank

1010 Royal Gorge Boulevard

Canon City, CO 81212

Attn: Mr. Steve Zupan

12/1/2009

Dear Mr. Zupan,

The Board of Directors of the South T-Bar Property Owners Association (POA) has approved the contents of this letter.

In 2007, the Board engaged in a process to spin off mineral rights owned by the POA to a Limited Liability Corporation (LLC) owned by a majority subset of the POA members. We required legal guidance to execute the process, at some considerable cost to the POA, and secured a Line of Credit (LoC) from Legacy Bank to underwrite the effort. In the process of forming the LLC, a note in the amount of \$950,000, representing the approximate cost of formation of the LLC, as well as consideration for the mineral rights themselves, was provided to the POA by the LLC. We envisioned a scenario in which the LLC would market the minerals and be in position to repay the note to the POA in approximately 12 to 24 months from the date of creation.

As you are well aware, market conditions changed, temporarily depressing the value of the minerals and extending the time frame for the LLC to market and receive appropriate value for the mineral assets. We currently estimate that repayment may occur episodically over the next several years, with full repayment hopefully occurring within 5 years.

Several months ago, we approached the Bank with a request to re-examine the terms of the lending arrangement. More specifically, we thought that a conversion of the LoC to a term loan would be in the best interest of both the POA and the Bank, and our understanding is that the Bank agrees with the concept. The POA is in a position to repay the note using proceeds from its Assessments, with amounts set and levied annually. We are obligated to adhere to Colorado laws

governing the rate by which we may raise the Assessments, however, so face a short-term cash flow challenge, the details of which we have shared with you.

You asked that we encumber the above-referenced note in the amount of any new term loan. Although the intent of the Board was, and is still, to pay the Bank using the proceeds from the note, the Board must have the approval of the POA membership before we can encumber an asset of the POA. Given that most of our membership does not live at South T-Bar and that many live out-of-state, we feel that the best venue for bringing the encumbrance issue to the membership is at the next Annual Meeting, tentatively scheduled for Saturday of the last weekend of June 2010. The Board will present the issue and recommend approval by the membership at that meeting.

In the interim, we request that the Bank extend the LoC through July of 2010, at which time we intend to convert the remaining amount of funds drawn on the LoC into a term loan of about 15 years.

We appreciate the flexibility and understanding that you have shown us in this matter and anticipate that we will reach a mutually satisfactory conclusion.

Kimberly M. Wolfe, President

Joe Price, Vice President

On behalf of the
South T-Bar Board of Directors
P.O Box 1431
Canon City, CO 81212