

Stonycreek Valley Development Corporation

Special Board of Directors Meeting

Date: October 1, 2021

Directors in attendance: Joe Piccini, Brad Meneilly, Larry Rosage, Phyllis Picoulas, Marcia Rogish, Shelley Glessner, Jeff Blough, Derrick St.Clair, Jeff Haynes

Directors absent: none

Guests: Non-Lot Owners permitted to attend: Attorneys Cascio, Regen and Leake; counsel for parties to the litigation: See sign in sheet for Lot Owners attending

The meeting was called to order by Joe Piccini at 6:01pm

Joe stated the reason for the Special Meeting was to discuss a possible unbudgeted expenditure.

Joe asked if there was a motion to approve the expenditure. P. Picoulas made a motion to approve an unbudgeted expenditure of \$42,000 related to settling the lawsuit against the SVDC.; seconded by D. St. Clair; the motion was then up for discussion.

Joe introduced the SVDC counsel in the case; Attorney Jim Cascio. Att. Cascio talked about the history of the lake, going from profit to non-profit in 2005, and the switch in 2019 from a share voting system to a one lot-one vote voting system.

He discussed the mediation process that was held at the request of the court. He stated that all parties attended the 10-hour mediation process.

He discussed the letter that went out to the Lot Owners in regards to the Special Meeting. Att. Cascio stated that he believes the SVDC has a strong case under the Business Judgement Rule.

He also discussed the reservation of rights letter from the SVDC's D & O Insurance; he does not consider that to be a high risk.

He stated that this case could take another few years to settle.

Attorney Cascio fielded questions and comments from the Board and Lot Owners in regards to derivative action, non-monetary points of the mediation; code of conduct policy, possible other liabilities if damages are proven, notification of depositions, possible reversal of Shareholder to Lot Owner vote, D & O Insurance cost, coverage, and limits, counterclaims, monies already paid out by the SVDC in regards to the lawsuit, liability of Board members, time period the suit covers and future depositions, sanctions and potential future sanctions, among others.

Attorney Dave Leake spoke on behalf of Dan Dively; a named defendant in the lawsuit.

Joe stated that there were around 50 emails received from Lot Owners at the request of the Board in regards to the unbudgeted expenditure with 60% opposed to settling. Phyllis stated that she disagrees with that number; they settled on 50%. A lot owner suggested a hand count be taken of those attending the meeting. The results of the hand count showed a large majority voting against the unbudgeted expenditure.

A roll call vote of the Board was taken; voting in favor of the motion were D. St. Clair and P. Picoulas; voting against the motion were J. Blough, S. Glessner, J. Haynes, B. Meneilly, M. Rogish, and L. Rosage; motion failed 6 to 2.

S. Glessner made a motion to adjourn; seconded by B. Meneilly; all were in favor; meeting adjourned 8:00pm.

Respectfully submitted; Lynette Fleegle

The zoom recording from this meeting can be reviewed on the SVDC website at lakestonycreek.com