

Michael De Cotiis
Re: Pinnacle Museum Tower Association
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MUSEUM TOWER OWNERS ASSOCIATION

550 Front Street
San Diego, Ca 92101

Phone: 619.533.7960
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October 25, 2006

VIA FACSIMILE and U.S. MAIL

Michael De Cotiis 205 West Market Street San Diego, CA 92101	
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Re: Pinnacle Museum Tower Association

Dear Mr. De Cotiis:

As President of the Board of Directors of Pinnacle Museum Tower Association ("Association"), I am writing to address what the Association believes are continuing breaches of fiduciary duty by the Board of Directors for Children's Museum & Pinnacle Museum Tower Association ("Master Association").

The Master Association's Articles of Incorporation were filed with the Secretary of State for the State of California on or about April 18, 2003, with its Bylaws being adopted on April 25, 2006. It is our understanding that you are the sole member of the Board of Directors for the Master Association from incorporation to present.

The Master Association's Articles of Incorporation defines the purpose of the Master Association as follows:

"This Corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law. More specifically, this corporation is being formed to manage a common interest development under the Davis Stirling Common Interest Development Act and this corporation will provide such management, administration and maintenance of the Common Area and Association Property (if any) within a condominium project located in the City of San Diego, County of San Diego, California: and will fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the Master Declaration (hereafter defined), and will promote the health, safety and welfare of all of its

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members who shall be owners of Condominiums (as defined in the Master Declaration) within the above-described property and any additions thereto which may be brought within the jurisdiction of this corporation for these purposes. . . “
[Emphasis Added]

See, Article II. Pursuant to Article VI, Section 6.2 of the Master Association Bylaws, the first annual meeting was to be held no later than six (6) months after completion of the parking structure. The parking structure was completed on or about August of 2005. You have controlled the Master Association and have neither conducted the mandated annual meeting nor have you implemented the mandated corporate process to appoint and/or elect additional directors to properly operate the Master Association.

The Master Association has been in existence since 2003, and in these three plus years, the Master Association has failed to carry out any of its management or maintenance obligations that exist as to the Common Area. It has also failed to comply with the Master Declaration of Covenants, Conditions and Restrictions. Specifically, despite being tasked in the Articles of Incorporation with promoting the health and safety of the membership, the Master Association has failed to address the inadequate security infrastructure at the site, which problems include but are not limited to installation of security gates to control ingress and egress to the auto court, the lack of adequate security cameras for monitoring of this site and the garage level and failure to provide a security kiosk.

The Association has incurred no less than \$45,000 in additional insurance premiums for earthquake insurance that would have been avoided if you, as the Master Association’s Board of Director, had satisfied your fiduciary responsibilities and inquired of the Children’s Museum Tower Association as to the necessity of earthquake coverage for the parking structure. If that simple inquiry had been made, you would have learned that the Children’ Museum Tower Association did not require such insurance. As a result of this inexcusable inaction, the Association unnecessarily purchased \$45,000 of earthquake coverage.

The existing trash storage areas for commercial owners and tenants are also inadequate. Specifically, the Commercial Owners do not have sufficient facilities to store trash. This lack of trash storage is not only a health hazard for all owners, but is an administrative headache for all concerned. You, as the sole member of the Master Association Board of Directors, have the specific and unquestioned obligation to resolve this health and safety concern. Despite the continual complaints of the Association, you remain unwilling to do any thing in this regard.

The failure to adhere to corporate formalities is prima-facie evidence of your breach of fiduciary duty to the Master Association. The Governing Documents for the Master Association clearly obligates you to perform these functions which are vital to the proper operation of the Master Association.

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Accordingly, demand is made that an immediate annual meeting be calendered to elect a full and complete Board of Directors to the Master Association, and that the Board of Directors for the Master Association forthwith rectify their breaches as described herein. Demand is further made that no representative of the Developer serve on the Board. The Master Association must be operated by those individuals who have an actual interest in this organization.

If you do not act favorably on these demands within the next ten (10) business days, we will institute legal proceedings.

Sincerely,

James R. Roberts
President
Pinnacle Museum Tower Association

cc: James G. Ehlers, Esq.