

**THE SUMMIT RESIDENTIAL OWNERS ASSOCIATION
ANNUAL OWNERS MEETING
January 25, 2005
3:00 pm**

Prior to the meeting, Buckhorn Geotech informally presented options and budgetary estimates for construction of a skier bridge/tunnel for skier access:

- Option 1 straight truss bridge from western property corner of lot 3, \$521,875
- Option 2 skier access bridge from NW property corner of lot 3, shorter bridge, \$449,375
- Option 3 skier access bridge along Nevada ridge access easement ski over bridge, 210' long/ 20 ft wide, \$833,750
- Option 4 tunnel from NW property line of lot 3, \$601,875

Extensive discussion ensued regarding the various options. The owners present favored option 3 as the best and options 1 and 2 as the worst.

Direction will be given to Buckhorn Geotec after the formal meeting takes place.

After a presentation by Buckhorn Geotech concerning various skier access bridge/tunnel options, the meeting was officially called to order at 4:30pm.

Management Company
Present: Reed Meredith

Summit Members Present or Represented by Proxy:

<u>Member Present</u>	<u>Lot(s)</u>	<u>Percentage</u>
Beverly & Don Baker	1,24	4.76
Ian Fisher	27	2.38
Patrick & Marlys McNamar	33	2.38
John Burke	39	2.38
Peter & Cindy Chamberland	3	2.38
Mark Miller	4	2.38
<u>Members Represented by Proxy:</u>		
Don Meyer (proxy Chmaberland)	20	2.38
Sherman St Holdings (proxy Beverly Baker)	25,7,34	7.14
Kevin Miller (proxy Chamberland)	29	2.38
Miller RH (proxy McNamar)	30	2.38
Bryce Miller (proxy Don Baker)	35	2.38
Csuotoros (proxy Chamberland)	37	2.38
Liam LTD Properties (proxy Chamberland)	38	2.38
Wright(proxy Ian Fisher)	41	2.38
Hoenecke Living Trust (proxy McNamar)	8	2.38
Worldwide Comm Trust (proxy McNamar)	9	2.38
Christine Smith (proxy Pat McNamar)	19,22,23	7.14
Morrison (proxy McNamar)	10	2.38
Mueller (proxy Mark Miller)	14,15	4.76
Gerard Broccolo (proxy Pat McNamar)	5	2.38
Craig Batchelor (proxy Pat McNamar)	13	2.38
Fred Hallett (proxy Pat McNamar)	31,32	4.76
Grant & Anita Tideman (proxy Pat McNamar)	17	2.38

TOTAL REPRESENTATION 71.40

Others Present: Molly Sloan

Present By Telephone: Fred Hallett
Don Meyer
Chris Smith
Craig Batchelor
Gerard Broccolo

Roll Call: A quorum was established with 30 out of 42 lots, 71.40% of the membership represented either in person or by proxy at the meeting. Proof of notice was submitted as being sent to all owners on December 13, 2004, 44 days prior to today's meeting.

The following motion was made and seconded:

MOTION: To waive the reading of minutes of the previous owners meeting held January 28, 2004, and approve as written
Vote: Unanimous Approval

Beverly Baker then gave a brief synopsis of the Board's actions during the past year.

John Burke asked if the association had installed the storm drain. Beverly responded that the drain was installed by the developer, at the request of the town and CBMR. The developer declined to settle the lawsuit unless the Summit association participated in the settlement cost by contributing 25%. Rather than continue to pay legal fees, the Board determined that it was less expensive to settle the lawsuit for \$5,000.00.

Reed Meredith of Evergreen properties presented the financial report at this time. The December 31st Balance Sheet showed total Assets of \$6,493.72 and total Liabilities of \$17,218.55. The association's assets include receivables totaling \$4,249.00 due from lots 26,35, and 36. The current accounts receivable shows that lots 26 and 35 have brought their accounts current, however lot 36 remains delinquent (\$1,562.00). The Income Statement and projection compared to budget shows that the association completed the fiscal year significantly over budget by \$35,728.59. This negative position is due to the legal expenses incurred by the association in the past year (\$47,966.51). The Statement of Changes in Fund Balance shows the consolidated fund balance to be (\$10,724.83). The Proposed 2005 Operating Budget sets annual operating costs at \$89,739.46. This proposed budget sets the 2005 annual dues assessment at \$2,108.08 per lot. The greatest change in the budget is the projected legal fees, which may be as high as \$60,000.00. The association's legal council, Jon Schumacher of Cliggett & Associates P.C., provided this estimate as the "worst case" scenario should it become necessary for the Summit to proceed with court action against the Nevada Ridge development. The Summit Association is currently in poor financial condition. During the past year the association has attempted to keep pace with the heavy legal burden by levying a "special assessment" in addition to the 2004 dues. Unfortunately, these assessments did not provide adequate funds to pay both the mounting legal expenses and the day-to-day operating expenses of the association. As a result, the association utilized all of its Restricted Fund monies to pay for operating expenses in 2004. This is illustrated on the Fund Balance Worksheet in Tab 5. In addition, the association board authorized temporary use of the clean-up deposit funds held by the association in escrow, with the intention of repaying the escrow account from the assessments collected in 2005. Lastly, in order to cover the association's third quarter operating bills, 4 of the association board members graciously made advance payments of anticipated 2005 dues late in the year. It is therefore imperative that the association increase annual assessments to support the known operating expenses and the anticipated legal costs for 2005.

Discussion ensued regarding the budgeted \$60k legal fees for 2005. Don Meyer read from a letter from Jon Schumacher which indicates that the Summit does not have a strong case to sue the Nevada Ridge development, therefore Mr. Meyer concluded that budgeting \$60,000 for such a suit was inappropriate. Beverly Baker stated that the \$60,000 estimate is a "worst case scenario" estimate that assumes the Association will be involved in litigation regarding the Nevada Ridge development. The estimate includes legal advice related to negotiating with the Nevada Ridge developers and making presentations to the Town Planning Commission and Town Council in an effort to resolve the skier access issue favorably without litigation. Beverly Baker noted that the Planning Commission and Town Council are not bound by all legal doctrines that would bind a Court, such as the Statute of Frauds, and we may, therefore, get a favorable result from them. Litigation would be a last resort.

Discussion ensued regarding the annual assessment of the membership. Several options were presented including dividing assessments into 2 payments, one payment now and another payment halfway through the year, and to budget continuing legal fees as operating and one time legal expenses as a special assessment.

Mark Miller suggested that the association maintain the \$60k budget for legal fees and use any unspent legal funds to replenish the capital reserve funds that were used in 2004 to pay for legal fees.

ELECTION OF DIRECTOR

The following nominations were made for the expired board term of Christine Smith.

Don Baker nominated Ian Smith, seconded by Beverly Baker

Don Meyer nominated Pete Chamberland, seconded by John Burke

Discussion then ensued regarding changing the bylaws to increase the board members to 7 members.

John Burke asked Don Meyer to explain the current ability of the homeowners and the board to change the bylaws. Don Meyer stated that according to Colorado Revised Non-Profit Corporation Act,7-130-201, Amendment of the Bylaws, the Board of Directors may amend the bylaws at any time. The members may also amend the bylaws even though they may also be amended by the board of directors.

Don Meyer asked that it be reflected in the record that he pointed out the statute that would allow the association members to change the bylaws at this time. Fred Hallett asked what vote requirements would be on the membership to change the bylaws, a majority of the owners or a majority of those present. Beverly Baker stated that, according to the bylaw amendment proposed by Don Meyer, a vote of the majority of the total members, 22 votes, would be needed to change the bylaws.

The following motion was made and seconded:

MOTION: suspend the nomination of a new board member and proceed with discussion on whether the Bylaws should be amended to include 7 board members.

Motion was unanimously approved.

Don Meyer stated his efforts in proposing revisions to the Bylaws were intended to improve the association bylaws and provoke some good discussion about the bylaws in an effort to adopt a "best practices" bylaws.

Don Baker stated that the association had a fundamental choice to make, whether to have a member elected board run association business or operate the association via a "town meeting". Fred Hallet added that he felt the association should establish the ability of the board to set annual assessments for normal operating costs and establish a separate protocol for special assessments to cover unusual circumstances and costs.

Discussion ensued regarding the amendment of the Bylaws

The following motion was made and seconded:

MOTION: To change Article 12 of the Association's Bylaws to read: "These Bylaws may be altered, amended, or repealed and new bylaws adopted by action of a majority of the Members at a meeting of The Summit Residential Owners Association or by The Summit Board of Directors at any regular meeting upon an affirmative vote of not less than two thirds of the entire membership of the Board of Directors. Amendments adopted by the Board of Directors are subject to repeal or revision by action of a majority of Members.

Motion was unanimously approved.

The following motion was made and seconded,

MOTION: adopt Proposed Bylaw amendment as stated in D. Meyer's Draft Proposed Bylaws, Article IV section 7, which would allow members to have voting participation in meetings by telephone or other electronic means.

Vote by Roll Call: 6 Yes
24 No
Motion Failed

The following motion was made and seconded,

MOTION: Amend Article 3, section 4. "Any member can participate in the meeting via electronic means and a member may instruct his proxy holder how to vote his proxy during the meeting.

Discussion ensued as to whether or not an amendment to the bylaws was even needed in order to operate this way, due to the fact that we are operating that way currently. Suggestion was made to defer any language change to the committee.

The previous motion was withdrawn.

The following motion was made and seconded,

MOTION: To expand the Summit Association board from 5 directors to 7 directors.

Vote by Roll Call: 19 yes
11 No

Motion does not pass as amendments to the bylaws require a majority vote of the entire membership, which is 22 votes.

John Burke left the meeting at this time. Molly Sloan has his proxy and will vote in his absence.

Fred began a discussion of setting initial 2005 budget assessments at \$1,000 - \$1,500 per lot. Mark Miller stated that a base level operating budget needs to be established by the association and the board given some latitude to make a percentage adjustment of 10-15% annually.

Don Meyer asked the board to assign a subcommittee to look at revision of the Bylaws. Beverly Baker suggested that Bill Kobrin, Don Meyer, and Beverly Baker be on committee.

At this time nominations for the open board seat were closed and roll call ballot taken.

Ian Fisher and Pete Chamberland were nominated for the empty board seat.

Roll Call Vote: Ian Fisher - 21
Pete Chamberland - 9
Ian Fisher was elected to the board of directors for a 3 year term.

Pat McNamar then presented information from land appraiser Arnie Butler. The Board had asked Mr. Butler to appraise the fair market value of a 40' wide strip of land running the length of the boundary between The Summit and Nevada Ridge, which the Nevada Ridge developers had offered to sell to the Summit at "fair market "value. Mr. Butler's appraisal calculated the fair market value of this property at \$70,500.

Ian Fisher then stated a strategy for negotiation with Nevada Ridge: At the Planning Commission public hearing, the Commission asked The Summit and Nevada to get together and work out a solution. We want to accept their offer to move the entrance features, sign, drain, and to accept their offer to sell the easement property to us at a fair market value.

Fred Hallett stated that, according to this calculation, the Nevada PUD if approved would increase their sales values by a net \$5million. We should use this information in our discussion with the Planning Commission. First priority has to be to get top quality ski in/out access solutions that work for all owners. Second priority is to shift as much of the economic cost for this as possible to the developer and Nevada Ridge.

Don Meyer stated his belief that the Summit Association should not have paid any monies to defend itself or settle the lawsuit. He further indicated his belief that the association should attempt to recover expended funds via lawsuits.

Beverly asked if the owners present agreed with the Strategy:

1. pursue possible purchase of 40' x 823' easement from Nevada Ridge at fair market value
2. Attempt to recoup costs from others

The following was made and seconded,

MOTION: To ratify the actions of the Summit board of directors in the past year

The motion was unanimously approved.

Pat McNamar presented information concerning the establishment of an association website to distribute information to owners at this time. Initial cost for the web site design will be \$650.00.

The following was made and seconded,

MOTION: to proceed with establishment of an association website as proposed by Pennie Photography & Design.

The motion was unanimously approved.

Discussion ensued regarding a follow-up meeting to consider proposed association bylaws changes and any other Nevada Ridge information available at that time. March 22, 2005 was chosen as the date of this follow up owners meeting.

There being no further business, the meeting was adjourned at 7:25pm.

Respectfully Submitted,

Accepted,

By, _____
Reed J. Meredith, Recording Secretary

By, _____
Beverly Baker, President