

THE SUMMIT RESIDENTIAL OWNERS ASSOCIATION
SEMI-ANNUAL BOARD OF DIRECTORS MEETING
July 27, 2005

Board Members Present: Pat McNamar
Beverly Baker
Ian Fisher

Board Members present by Telephone:
Fred Hallett
Don Baker

Owners present: Pete & Cindy Chamberland
Grayson & Pat Connor

Management Company Present: Reed Meredith

The meeting was called to order at 2:35pm.

A quorum was established with all Board Members present. Proof of notice was submitted as being sent on June 27th, which was 31 days prior to today's meeting.

The following motion was made and seconded:

MOTION: To approve and accept the previous minutes from the Board meeting held January 25, 2005.
The motion was unanimously approved.

Reed Meredith presented the management report at this time. The June 30, 2005 Balance Sheet showed total assets of \$47,983.36 and liabilities of \$10,701.67. The accounts receivable report shows that lot numbers 35, 36, and 9 are seriously delinquent in their payment of annual association dues. These accounts are accruing interest and late fees. The Income Statement Compared to Budget shows that the association's operating expenses for the first 6 months of the year have been favorable to budget by \$2,943.97. Income is significantly ahead of budget due to the association's receipt of over \$15,000 from State Farm Insurance as settlement for the legal fees incurred in the defense of the storm sewer drain litigation with the Nevada Ridge developers.

Jon Schumacher reported that there is an additional \$5K potentially coming from the State Farm for the re-payment of the amount paid to settle the drain issue.

Summit Association attorney, Jon Schumacher, then presented a report on the status of the Nevada Ridge negotiations:

Jon Schumacher began a discussion concerning the appropriateness of allowing owner, and Summit developer, Christine Smith, to participate in the board meeting as a homeowner, but that any information obtained from this meeting by ms. smith could not be used in litigation by her.

The board agreed that discussion of the memorandum of agreement could take place without prejudice. Fred Hallett began by explaining that the board felt that it was important to control ownership of the 40' easement. The memorandum of Agreement stipulates that:

1. Nevada Ridge agrees to sell and the Summit agrees to purchase a 40' strip of land located along the southern boundary of the Nevada Parcel for \$70,500
2. This plan requires an additional retaining wall adjacent to this strip of land, along lots 4,5, and 11, The Summit's contribution to the retaining wall construction is capped at \$150,000. The retaining wall will extend 10' into the 40' strip. In exchange, The Summit will give Nevada Ridge owners an easement to utilize the 40' skier easement.
3. Nevada Ridge intends to build an access road at the hairpin turn where The Summits sign and entry feature is located. Nevada Ridge agrees to move and/or replace the trees. Boulders, and Summit sign to a mutually agreed location.
4. The Summit residents and Nevada Ridge residents will each have easements to use the planned skier access trail.
5. The Summit and Nevada Ridge will split the cost of grooming the ski access trails.

Pat McNamar then discussed the additional easement issues that the Summit will have to clear up to get to and from the 40' easement. The Summit Association would like to get internal skier easements within the Summit subdivision, between lots 12 and 13. and between lots 4 and 5, in order to access the skier easement to the slopes.

CBMR has requested that The Summit investigate the possibility of constructing a skier access road along Summit Road. Buckhorn Geotech will be looking at this possibility and reporting back to the Board.

The ski in access easement at lot 16 has never been satisfactorily resolved. The original developer laid out the easement incorrectly , it runs downhill in the wrong direction and ends in a gully. The association has previously approached the owner of lot 16 to move it and they were unwilling to allow it at that time.

Further discussion then ensued regarding the specifics of the Memorandum of Understanding between the Summit Association and the Nevada Ridge development.

Jon Schumacher reports that this agreement with Nevada Ridge is a general agreement, and is subject to further refinement. He will be working with Nevada Ridge attorney to finalize the agreement details.

The following Summit Owner comments were expressed by the owners present and on the telephone:

Pete Chamberland felt that the board had done a good job in negotiating the situation and felt that the resulting memorandum was the best outcome.

Grayson Connor asked why the proposal to construct a bridge over the Nevada ridge entry road has been abandoned. Pat responded that while the summit purchased the 40' strip of land including the west side of the Nevada road, CBMR holds an easement on that piece of property (where the bridge support would be). CBMR will not give up that easement as it is the only way they have to access their Peachtree parcel, therefore construction of a bridge at that point is not feasible. Fred Hallett corrected this statement saying the needs of CBMR and the Nevada Developers would have to be met prior to building a bridge, but if we continue to work cooperatively he believed a bridge can and will be built.

Bill Kobrin asked if, according to the letter from Summit developer Chris Smith's attorney, does the board have the authority to enter in to such an agreement. Summit attorney, Jon Schumacher, responded that he had researched this question and confirms that the board has the authority to negotiate and enter into an agreement on behalf of the owners.

Don Meyer indicates that under Colorado Common Interest Ownership Act, he was to have received written notice that the board was going to meet to discuss entering into an agreement and asked when the board meeting took place.

Beverly responded that the Board took action at the direction and authorization from the homeowners at the annual HOA meeting held in March, to proceed with negotiations to purchase the 40' strip of property. Fred reported that the consent was given by written consent not by vote at a meeting.

Don Meyer asked for a copy of the unanimous consent, memorandum of agreement and map of the proposed access.

Beverly Baker stated that the association will be sending out a copy of the memorandum of agreement, and a map of the skier access area in question.

Bill Kobrin asked how they board planned to raise the funds needed for the purchase of the land and the construction of the retaining wall. Fred Hallett stated that he anticipates that the board will assess the Summit owners for their share of the initial \$70,500 for the 40' strip of land, as that portion needs to be paid upon closing. The remaining funds will only be collected as needed. The remaining \$150,000 will be authorized by the Board this year and will only be collected after the retaining wall is completed and the costs are audited.

Cindy Chamberland stated that she remembered at the last Summit Owners meeting, that the owners agreed with the board's position on obtaining the 40' strip of land for use as a skier access and told the board to go forward with negotiations to the purchase of the property for the association.

The Board then adjourned to executive session to discuss the association's legal strategy for pursuing reimbursement of legal fees and possible damages and to discuss how to proceed from this point.

Board returned from executive session and resumed the regular Board meeting.

Fred Hallett stated that the Board will present a revised mid year budget to include :

\$70,500 for purchase of the 40' strip of land to be used as a skier access.

Costs for additional litigation – pursuing the possibility of filing suit
\$150,00 for the retaining wall.
Monies to fund engineering studies for internal skier easements

Fred will work with the managing agent to complete the revised budget in the coming weeks and this revised 2005 budget will be distributed to the owners for their approval.

Discussion concerning calling a special Summit Owners meeting sometime in September.

The regular Board meeting was adjourned at this time.

Respectfully Submitted,

Accepted By,

Reed Meredith, Recording Secretary

Beverly Baker, President
The Summit Owners Association Board of Directors