

**B Lazy M Ranchowners Association
Annual Meeting
August 27, 2000**

AGENDA

I. CALL TO ORDER

Attendance

- A. Board Members**
- B. Property Owners**

II. CERTIFICATION OF PROXIES

III. ELECTION OF DIRECTORS

IV. SUMMARY OF PAST YEAR EVENTS

**V. ARCHITECTURAL COMMITTEE REVIEW AND OVERVIEW OF B LAZY M
CONSTRUCTION GUIDELINES**

VI. ROAD COMMITTEE REPORT

VII. TREASURER'S REPORT AND PROJECTED BUDGET

VIII. NEW BUSINESS/ISSUES

IX. ADJOURNMENT

**B Lazy M Ranch Owners Association
Florissant, Colorado**

**MINUTES OF THE ANNUAL MEETING
AUGUST 27, 2000**

I. CALL TO ORDER

The Annual Meeting of the B Lazy M Ranch Owners Association (ROA) was called to order at approximately 12:45 P.M. on August 27, 2000. The owners of twenty-eight (28) lots: 1, 2, 8, 9, 10, 12, 13, 14, 15, 18, 19, 21, 23, 24, 25, 26, 27, 28, 29, 30, 35, 36, 37, 41, 42, 43, 45, and 46, were present in person. The owners of eight lots: 3, 6, 11, 20, 31, 32, 34, and 40, tendered proxies to owners who were present at the meeting. The owner of lot 37, Green, had to leave the meeting early and left his proxy with Tom Stavish. The owners of ten (10) lots were not present in person or by proxy. For voting, there were thirty-three eligible votes in person or by proxy, Al Snare (lot 46) and John Donovan (lots 23 and 28) left the meeting before voting on any issue. The percentage of owners present either in person or by proxy was seventy-eight (78%). This was a quorum.

II. CERTIFICATION OF PROXIES:

The proxies, above noted, were certified by the Board with no challenge.

Tom Stavish, for the owners and the board, all of whom were in attendance, thanked Brenda Redding for organizing the picnic. Tom advised that since the last annual meeting, Barry and Gwen Weber were now living on the ranch, and that the Alvarado property, lot 2, had been sold to Garry and Sharon Sinquefield who live on the ranch with their two sons.

The agenda for the meeting is attached to these minutes. The order was not followed.

III. The first order of business was Agenda item IV:

A SUMMARY OF PAST YEAR EVENTS

Tom Stavish provided an overview of the activity effecting property owners. At last years Annual meeting there were two significant issues of concern.

The first of the two issues was the Snare lawsuit (Lot 46), filed Sept. 3, 1999, which was initiated following the last annual meeting. Tom briefly went over the activity transpiring between September 1999 and December 1999 which consisted of extensive activity between the ROA attorney and the Snare Attorney. In November 1999, terms of an agreement were reached between parties to settle the lawsuit. This was approved by the Board and final agreement drafted by the ROA attorney was signed on December 31, 1999. On March 7, 2000, a Motion to Approve Settlement was filed in the District Court of Teller County and the Final Judgment and Order was issued by the court on March 20, 2000.

The terms of the settlement, although outlined in previous Board Minutes, were again summarized.

- Snares sign an affirmation of the covenants, i.e. a legal document drafted by the ROA attorney which completely affirms that Tract #46 is subject to the ROA Covenants. This document is recorded in the records of Teller County.
- Snares remove all fencing from the easements.
- Snares pay the delinquent dues due the ROA in the amount of \$150.00.
- The ROA Enters into a grazing lease with Snare including the following conditions:
 1. 5 year lease effective January 1, 2000, expiring December 31, 2004. The lease to contain an option to renew for an additional 5 year period with grazing fees negotiable to reflect prevailing market conditions.
 2. Grazing fees shall be \$12.00 per cattle unit (cow-calf or 2 yearlings) per month. Minimum annual grazing fee shall be \$2500.00 per year payable in advance on January 1st of each calendar year. Additional charges based upon actual number of cattle units and active grazing period will be calculated at year-end.
 3. A maximum of 50 cattle units may be on the ranch at any one time.
 4. Other rules and regulations as previously defined in B Lazy M grazing leases. Final lease drafted by ROA attorney.

The second significant issue from last year's annual meeting (August 1999) was the Lot 2 (Alvarado) fence Issue. Tom provided an overview of the situation which is briefly summarized as follows:

On July 17, 1999, ROA Board Members Curt Straub and John Towner happened to observe that a fence was about to be installed on Alvarado's property. It appeared that the fence was being installed right on the property line instead of being installed outside of the easement (50' from the property line). In order to avoid another fence problem, Curt telephoned Alvarado asking him to check and be sure that the fence would be located outside of the easement and not be installed on the property line which appeared to be the case. Alvarado chose to ignore Curt's warning and proceeded to install the fence on the property line. A letter was subsequently sent to Mr. Alvarado asking him to remove the fence from the easement. On August 25, 1999, a letter was received by the Board from Mr. Alvarado's attorney which made the following points:

- Alvarado's were aware of the terms of the Covenants, but were also aware of other covenant violations by other property owners and assumed that the covenants pertaining to the easements were not enforced. Based on that assumption, they proceeded to locate the fence where they did.
- A proposal/request to give Alvarados an exception to the easement restriction to accommodate the fencing.
- Stated that Alvarado will abide by the covenants and move the fence so long as the association enforces the covenants in regard to an attached list

of violations.

The letter was forwarded to the ROA attorney who responded to Alvarado's attorney on September 30, 1999 with the following points:

- Acknowledge the covenants do not allow the Board to grant variance from the 50 ft wide common use easement and reiterated the request to move the fence.
- Advised that Mr. Alvarado was in fact warned by a Board Member that the fence should not have been erected in the easement and instead, Mr. Alvarado proceeded to erect the fence. Colorado cases have established that owners who proceed to violate the covenants despite warnings are indeed liable for such violations.
- With regard to issues of "selective enforcement", Article VIII of the Covenants specifically state that "legal action to enforce the covenants may be brought by any property owner or by the ROA but is not the Obligation of the ROA". It further states that "the failure to enforce any right, reservation, restriction or condition contained herein, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach or as to a breach occurring prior to or subsequent there to and shall not bar or affect its enforcement". This means that the failure to enforce does not constitute any kind of waiver allowing your client to avoid the provisions of the covenants.
- Nevertheless in his letter the ROA attorney also provided the status of the covenant violations of other owners mentioned in the letter from the Alvarado's attorney.

Finally, on behalf of the ROA, Alvarados were invited to attend the next Board meeting on October 24 for discussion.

Following receipt of the letter from Alvarado's attorney, above described, the Board met for discussion. Although the Board was not in agreement with the action taken or the position held by Mr. Alvarado with respect to his fence, we did agree that we should acknowledge Mr. Alvarado's concern about other unresolved covenant violations and pursue resolution of those issues. This position was consistent with the desire of the ROA membership as a whole, as discussed and expressed at the annual meeting in August of 1999.

In April, 2000 a letter was sent to Mr. Alvarado indicating that obvious progress has been made in resolving the covenant issues for which he had expressed concern and again requested that he move his fence. It was explained that the Donovan fence issue was still being pursued. The Alvarado fence was moved in late May and confirmed at the Board Meeting of June 10, at which Mr. Alvarado attended.

As ROA members would be aware from Board meeting minutes during the past year most all of these issues have been addressed or resolved including the following:

- Lots 12/13 (Towner) Trailer has been removed from the property and driveway chain relocated to be sure that it is not in the easement.
- Lot 9 (Redding) Fencing problem where it had extended into the easements was corrected.
- Lot 46 (Snare) Fence which was previously on the property line has been

removed.

Lot 33 (Lawson) Foundation excavation was backfilled.

An non- Agenda item was raised concerning the grazing on the ranch. Several complaints had been made about the cattle and potential damage by them, E. coli bacteria contamination and range management issues including the number of cow/calf unit permitted under the lease. Tom Stavish asked Al Snare, holder of the grazing lease and owner of Lot 46, to comment on the cattle grazing activities. Specifically Tom noted that a couple of property owners had expressed concern as to the actual number of cattle which were on the ranch.

Al confirmed that the number of cow-calf units on the ranch has consistently been less than allowed by the lease each month this year since grazing began in accordance with the grazing lease. He also expressed his assurance that he is aware of and abiding by established grazing guidelines with respect to soil conservation standards. He also commented that the general condition of the pastures and grass on the ranch was quite good and had benefitted from the recent rains. E.coli bacteria is not a problem. Al provided the Board with his cow summary for the ranch including the various vaccines used for the cattle. Al did express concern that someone, without his knowledge, has been moving the salt lick around to different locations on the ranch from its normal location. Al had to, on several occasions, locate the salt lick and return it to its former place. He was also aware that someone has been "herding" the cattle, apparently with the assistance of a dog, in order to move them to another spot on the ranch. Al cautioned, that he was upset about this, that such activity is not good for the cattle and further that it is illegal to interfere with the cattle in this manner. Al expressed that he is quite willing to discuss any problems that any property owner may be having with respect to the grazing activity and said that they should feel free to contact him directly.

Tom Stavish stated that the Teller County Assessors office had expressed concern that a B Lazy M resident or residents had made an inquiry as to what was the minimum number of cattle that could be run on the ranch while still maintaining agricultural status for taxation purposes. While apparently this is not specifically defined, they are concerned as to any reduction in activity which would negate the lease or cause us to have a weak case for the genuineness of our grazing activity. By show of hands the membership in attendance affirmed that the existing lease and 50 CC Unit maximum should be supported and also to reaffirm the identity of the B Lazy Ranch as a working cattle ranch.

There was also some discussion concerning the 3 acre fencing limitation for each property owner. A principal reason for this allowance in the covenants was to allow a homeowner to fence around his house and immediate vicinity to prevent access by the grazing cattle. Al Snare pointed out that larger (than 3 acres) fenced in areas would reduce the available grazing area and desirability of this ranch for grazing. It would also not be viewed favorably in terms of the ranch's agricultural tax status.

Strange Happenings

- Al Snare reported he found one of his cows dead, and actually it was mutilated where some of its organs were carefully sliced out and removed. It's calf had disappeared.
- Al Snare reported that one of the salt licks had been moved by someone to a location right near the lake on top of the dam, which of course would have resulted in the cows hanging out and trampling the lake area. He put it back to its original location.
- Jan Switzer (Lot 43) was asked to remove a 50 ft. section of her fence which went clear to the ranch boundary fence. However what she did was only remove the wires and left the stakes standing. Some time later following another Board Meeting she was asked to also remove the stakes which she agreed to do. However when she went to do so she discovered that someone had put all the wires back up to its original condition. She has since removed everything.
- There has been for many years a metal plaque secured (bolted) to a rock by the lake which thanked those who originally made contributions toward the lake and dam repair project many years back. The plaque listed the names of the contributors. It's sad that someone has pried the plaque off of the rock and there is no sign of the plaque anywhere.

Lake Riser

The issue of the riser condition located in the lake has been brought before up in the ROA minutes. Basically the problem is that the top section of the cement riser structure is lifting or tilting during the winter months. This causes the water "overflow" to take place at a level below the target height. Although no serious problems have taken place to-date, the current situation unless remedied, could cause either excessive discharge in the case of continuing leakage below the level line or inadequate out-flow in the case of frozen piping. Tad Davis explained the issue in further detail and the estimated cost to repair. It is the Board's intention to fix this problem in the next couple of months.

Fires

We did have 2 fires on the Ranch. One occurred in early June where it was accidentally started by kids playing with matches. This was put out by 4 mile Fire Department. The second fire was started by a lightning strike in early August. Although 4 Mile FPD was called, they had difficulty locating the fire because the smoke had subsided by the time of their arrival. Thanks to the quick response of Randy Nelson and his son, they had quickly located the tree which had been struck. It's trunk was burning. The Fire Department assisted in soaking the roots of the tree. The campfire policy as currently outlined in the B Lazy M Rules and By Laws states "Campfires are to be built only in prepared areas where there is no chance of spreading or igniting overhead or surrounding growth or other combustible materials. No campfires are allowed when the Teller County Sheriff's department or the Governor of the state has issued a No Fire Proclamation for the area".

John Donovan (lots 23 and 28) and Al Snare (lot 46) leave the meeting at about 2:30 p.m., neither leaving a proxy for further voting.

Mail Boxes

During the past year, due primarily to the dangerous location of the mail boxes on Teller County One but also due to a couple of reports of stolen mail, we checked out getting locked mailboxes and relocating them to the south side of North Deer Mountain Road. Brenda Redding did most of the legwork on this, which has been confusing because it involves the Post Office. The costs associated with this, whether for mailboxes, cement, or other associated expenses will be borne solely by the users which will also include several from Deer Mountain Ranch. This will all be completed in the next few weeks.

Dues

The next issue for consideration by the members came out of order. As part of the projected budget handed out at the beginning of the meeting along with the treasurer's report, the expenses suggested the need for an increase in the annual dues. This is an item which must be voted on by the members. Accordingly, a discussion of the amount of dues ensued. A motion to keep the dues at \$150.00 was made by Morehead (lot 26) and seconded by Curt Straub (lot 45). After discussion a vote was held. The motion failed. The vote was four (4) in favor, twenty-nine (29) against. Next, a motion to raise the dues to \$300.00 was made by Southworth (lot 10), second by Wheelock (lot 24). The motion failed. The vote was sixteen (16) in favor, seventeen (17) against. Next, a motion to raise the dues to \$225.00 was made by Weber (lot 36), second by Hallock, (lot 27). The motion carried. The vote was thirty-two (32) in favor, one (1) against. Effective January 1, 2001, the dues will be \$225.00 and continue until further changed by a vote of the members.

IV. The next order of business was Agenda item V:

ARCHITECTURAL COMMITTEE REVIEW AND OVERVIEW OF B LAZY M CONSTRUCTION GUIDELINES.

Gary McKibben, chair of the Architectural committee gave a basis for and review of the guidelines which he drafted for implementation by the Board, sitting as the Architectural Committee. His work was extensive and followed the requirements of Teller County Building and Zoning departments, the scope and intent of the ranch through its covenants, and clearly identified the areas of concern for the ranch and ROA. The guidelines, if followed, should allow owners a more consistent and determinable expectation for building or placing structures on the ranch. All owners are strongly urged to review these guidelines and ask questions of the Committee before submission of requests for building.

V. The next order of business was Agenda item VI:
ROAD COMMITTEE REPORT

Gary McKibben, chair of the Road Committee gave a report of the condition of the roads, the work done over the last year (culverts, ditching, grading, graveling), and the work to be done in the coming years. Funding of the work was discussed in light of the current level of dues. A plan for the continued work is in place. The matter to be decided is to what level of quality does the ROA want the roads. This is strictly a function of the amount of the budget the ROA approves for use to improve and maintain the roads.

VI. The next order of business was Agenda item VII:
TREASURER'S REPORT AND PROJECTED BUDGET

Tad Davis, ROA treasurer, reviewed the Treasurer's report for the year. The projected budget for the coming year was also reviewed. Discussion of several items, including recurring items such as the ongoing issue with the Donovan fence on lot 28, took place. There was no objection to the treasurer's report or the projected budget.

Tom then provided the status of several remaining issues:

Lot 27 (Hallock) The small building ("structure") which was built in the 1994 time frame was deemed to be in violation of the covenants as was originally approved by the Board with the understanding that construction of a complete home was to follow. The plans for full construction were submitted and approved by the Board on August 25, 1996. A number of letters from the Board were sent to Ms. Hallock in the period July 1999 through June 2000. At the same time correspondence was received from Ms. Hallock as well as her attorney. At the time of the Annual Meeting the status is that Ms. Hallock has agreed to advertise and sell the structure, (which would result in its removal from the property). She is also considering selling the property, the sale of which would be contingent on the removal of the structure by the buyer.

Lot 28 (Donovan) An overview of the long history of the Lot 28 (Donovan) fence issue (fence located on the property line in the easement area and platted roadway) was presented by Tom Stavish. He summarized this history as well as the letters written by the Board and Mr. Donovan concerning the matter. The overview highlighted various communication between Mr. Donovan and the B Lazy M Boards: the fact that early on, the Board had approved the fence (at least a portion of it), apparently not realizing the implications of its location within the easements and platted roadway; letters from former property owners, i.e. Adams and McCormick; and a letter from Mr. J. Zvonkovich, an attorney who was engaged to review the situation for the Board. Most of this communication took place in the period 1988-1992. Tom also reviewed the present Board's effort to resolve the issue which took place following the letter of Mr. Alvarado, but more

specifically from January of this year. Tom also outlined the position of Mr. Donovan with respect to the fact that there was permission granted by the Board in 1988 to erect the existing fence as well as the fact that Colorado law may impose a one year limitation on enforcement rights. Tom explained that despite numerous letters, meetings, and telephone conversations the situation has not been resolved. At the recommendation of the ROA attorney, on June 16, 2000 a certified letter was sent to Mr. Donovan from the ROA attorney stating he must remove the fence by July 15, 2000. Failure to do so would result in the ROA having the fence (fence posts, wire and gate) removed. Since the 30 day period has elapsed with no action on Mr. Donovan's part, bids were obtained from two fence contractors for the removal of the fence. Prior to actually removing the fence, Tom proposed that the general membership in attendance at this annual meeting vote on whether or not to proceed as outlined in the letter from the ROA attorney and have the fence removed. Tom also advised that by proceeding there was a possibility for subsequent legal activity and litigation, the funding for which would have to be provided by the ROA. This could entail a special assessment to cover expenses extraordinary to the budget. A motion was made by Chatfield (lot 21), seconded by Hallock (lot 27) to support the Board in its decision to take action to remove the fence, and to accept the full financial implications to the ROA. A vote was taken. All were in favor, none opposed. The motion carried.


VII. The next order of business was Agenda item III:
ELECTION OF DIRECTOR

The term of office for director, Tom Stavish, expires at this meeting. Tom has agreed to serve for another term, if elected. A motion was made to re-elect Tom for another term as director, and was duly seconded. Upon a vote, with no objection, the motion carried unanimously.

VIII. There was no separate discussion of old or new issues as it was felt that all had been covered in the previous discussions.

IX. Next Board Meeting: The Board has tentatively set Sunday, November 19, 2000 at 10:00 a.m. at Tad Davis' as the date, time and location for the next Board meeting. All members are welcome.

There being nothing further to come before the meeting, upon motion, the Annual meeting was adjourned.


Secretary

1999-2000 Road Committee Report

The Road Committee has this year accomplished the following:

- 1) Five 18-inch culverts installed
- 2) Existing culverts cleaned out
- 3) Existing bent culverts repaired
- 4) Roads in worst shape graded to re-create crowns for better drainage
- 5) Ditches in worse shape repaired
- 6) Hilltop excavated to create decomposed granite for road resurfacing (approximately 30 truckloads removed and spread on roads)
- 7) Old Ranch Road and Windancer Circle repaired after telephone company installed underground cables
- 8) Windancer Circle realigned to straighten road
- 9) Decomposed granite topping spread on portions of Scout Camp Road
- 10) Decomposed granite topping spread on Old Ranch Road at lot 2

Work proposed for year 2001:

- 1) Gravel Scout Camp Road
- 2) Straighten curve and level hill at lot 1 and lot 34
- 3) Straighten road and cut back bank at lot 8
- 4) Install 18-inch culvert on Old Ranch Road at lot 37
- 5) Install retention pond and build berm at current dam on Windancer Circle
- 6) Grade all roads not graded this year
- 7) Provide general maintenance for erosion and drainage control

B LAZY M RANCH
Ranch Owners Association Annual Treasurer's Report
August 27, 2000

Balance in Account as of August 29, 1999 **\$13,476.12**

Income:

Association Dues	\$6,555.00		
2000 Grazing Fees	2,500.00		
Interest	138.14		
Remote Controller Sales	<u>66.00</u>	\$9,259.14	\$22,735.26

Expenses:

Snow Removal	\$ 500.00		
Postage/Envelopes	209.14		
Road repair and maintenance, culverts	7671.00		
Hay Creek Canyon and detention pond repair	4400.00		
Legal Fees (Anderson, Dude - Snare/Cov.)	4,716.32		
Picnic area improvements (incl.: plaque, repairs to lake sign, install grill, 2 steel tables, sunshields)	1,127.76		
Picnic Expenses	193.75		
Liability & Property Insurance-annual-	<u>405.00</u>		\$19,223.97

Balance in account as of August 27, 1999 **\$3512.29**

Notes:

- | | |
|--|------------|
| 1. Remaining inventory of remote transmitters for the gate.
(46@ \$22.00) | \$1,012.00 |
| 2. One culvert | 240.00 |
| 3. Income Tax Preparation (unpaid-2000 and 2001 estimated) | 250.00 |
| 4. Income Taxes (unpaid- 2000 and 2001 estimated) | 1200.00 |
| 5. Prepaid ROA dues received but not included in "Balance in Account" | 300.00 |
| 6. Uncollected 2000 ROA dues: | 345.00 |
| 7. Invoiced but uncollected funds from U.S. West for road damage | 1,800.00 |

**B Lazy M Ranch Owners Association
Florissant, Colorado
Projected Expenses for Fiscal 2001**

Assets

Cash on hand August 27, 2000	\$ 3,512.29
Income, Fiscal 2001	
Dues (\$150. X 46)	\$ 6,900.00
Interest (Estimate)	150.00
Grazing Fees (Estimate)	2,500.00
Collected funds- ('99 ROA dues and road damages)	<u>2,145.00</u>
Total Assets Available 1999	\$15,207.29

Liabilities

Road/Culvert Maintenance	\$ 5,000.00
Detention pond/berm construction	1,000.00
Administrative (postage, envelopes, picnic exp.)	400.00
Snow Removal (4 @ \$350.00)	1,400.00
Miscellaneous Ranch Expense (fence, signs, etc.)	500.00
Legal Fees	2,500.00
Income Tax Preparation- (For 2000 and 2001)	250.00
Taxes - (For 2000 and 2001)	600.00
Stocking of Pond	800.00
Liability & Property Insurance	405.00
Pond Riser repair	<u>800.00</u>
Total Projected Expenses	\$13,655.00

Projected Available Reserves August 2001	\$ 1,552.29
Reserves Authorized-	<u>10,000.00</u>
Reserve shortage-	(\$8,447.71)
Remote Transmitter Inventory (46 @\$22.00)	\$ 1,012.00

Dues Options:

Dues:	\$150.00/yr	\$225.00/yr	\$300.00/yr
Projected Balance in Account at Year End 2001	\$1552.29	\$5002.00	\$8452.00