

Santa Fe Trail Ranch

Owner's Education Session
By-Laws Ballot Measures Presentation
September 14th and 21st at the MOC

Welcome and Introductions

Please Sign In

Agenda

- ▶ How today's meeting will be conducted
- ▶ Owner's Education Sessions and GDRC Process
- ▶ Summary of Governing Documents
- ▶ Documents to aid in your review of the By-laws Ballot Measures
- ▶ "Other" Changes Memo Review
- ▶ Amended and Restated By-Laws for the Santa Fe Trail Ranch Property Owners' Association
- ▶ Ballot Measures Review
- ▶ Discussion of Other Issues From the Floor

Session Conduct

- ▶ Rules
- ▶ By-Law Discussion Only
- ▶ Documents to be Reviewed

Owner's Education: Governance Document Amendments

- ▶ CCRs = Two Sessions Pre-Mailing
- ▶ By-Laws = Two Sessions Post Mailing
 - ▶ Scheduling Conflicts
 - ▶ “Rationale”

GDRC Initial Charge

- ▶ Review Existing Documents
- ▶ Present Recommendations to Board of Directors
- ▶ Finalize Documents for Owner Approval

Governance Document Review Committee (GDRC)

- ▶ Initially: Seven Members
 - ▶ One Board of Directors Member
 - ▶ Six Owners
- ▶ Two Members Resigned
- ▶ One Member No Longer a SFTR Property Owner
- ▶ One Member Stopped Participating

The Process

- ▶ Articles of Incorporation do not require a re-write
- ▶ CCRs updated and approved by member vote on June 1, 2024.
- ▶ By-Laws will be voted on during the Annual Owners Meeting on Oct 5, 2024.
- ▶ Detailed Readings of:
 - ▶ SFTR Governance Document
 - ▶ State Laws
 - ▶ County Regulations
- ▶ Routine Board of Director Meeting Updates

Governance Documents

- ▶ Declaration of Protective Covenants, Conditions, and Restrictions (CCRs) - Updated by Owner Vote June 1, 2024
 - ▶ Owner Rights and Responsibilities
- ▶ Articles of Incorporation
 - ▶ Founding document - June 1990 - these can remain unchanged for the life of the organization
- ▶ Bylaws
 - ▶ Management of the Property Owners Association - June 1990 with update being presented for Owner Voting October 5, 2024

Documents to aid in your review of the By-laws Ballot Measures

- ▶ Ballot Mailing.
 - ▶ Instructions
 - ▶ Letter explaining “Other” Changes
 - ▶ Ballot Measures
- ▶ Original By-Laws from 1990.
- ▶ Updated version of the AMENDED AND RESTATED BY-LAWS.
- ▶ Title 7 CRS: CNCA and Title 38 CRS: CCIOA Citations

Changes Not Requiring Owner Vote

- ▶ Language added for clarification
- ▶ Typographical and Grammatical errors
- ▶ Titles add or updated
- ▶ Sections reorganized
- ▶ Member(s) or member(s) to “Owners”
- ▶ Capitalization of director(s)
- ▶ POA to Association
- ▶ Removed all references to “declarant” - Baldwins
- ▶ It is important to state that we believe that none of these changes have any impact on the original intent of the By-Laws.

Changes Not Requiring Owner Vote - Con't

- ▶ Colorado Common Interest Organization Act (CCIOA)
- ▶ SFTR is a pre-1992 POA under CCIOA
- ▶ The above explanation is provided to help Owners understand the difficulty in updating the By-Laws and to separate out what we believe are updated clauses that require Owner ballot measures while updating what is either required by state statute or are considered minor changes that do not affect the intent of the original By-Laws.

Updated By-Laws Review: Summary of Select Sections and Clauses

- ▶ Page 1: Preamble
- ▶ Page 2: Table of Contents
- ▶ Page 3: Article I - Definitions
 - ▶ Article II - Offices
 - ▶ Article III - Governance Documents
- ▶ Page 4: Article IV - Membership
 - ▶ Article V - Meetings of Owners
- ▶ Page 5: Article VI - Board of Directors

Updated By-Laws Review: Summary of Select Sections and Clauses

- ▶ Page 6: Article VII - Board of Director Duties, Powers, and Conflict of Interest
 - ▶ Clauses 7.1 through 7.3 General Duties and Powers
 - ▶ Clause 7.4 Board Member Qualifications
 - ▶ Ballot Measures #'s 2 through 6
 - ▶ Clause 7.5 Policy Regarding Board of Directors Conflicts of Interest
 - ▶ Clause 7.6 Conflict of Interest: Litigation Involvement
 - ▶ Ballot Measures #'s 7 through 10
 - ▶ Clause 7.7 Adoption and Amendment of Regulations, Rules and Policies

Updated By-Laws Review: Summary of Select Sections and Clauses

- ▶ Pages 10 -12: Article VIII - Meetings of Board of Directors
 - ▶ Clause 8.1 through 8.4 - Annual, Regular, Special, Roberts Rules of Order
 - ▶ Clause 8.5 - Working Session
 - ▶ Ballot Measure # 11
 - ▶ Clauses 8.6 through 8.12 - Meeting Notice, Quorum, Waiver, Actions without a meeting, Meeting by Conference Call, Accounts and Reports, Compensation
- ▶ Pages 12 & 13: Article IX - Officers
 - ▶ Clauses 9.1 through 9.6 - Officers, Term, Resignation and Removal, Duties, Surety Bonds, Officers' and Directors' Personal Liability Insurance

Updated By-Laws Review: Summary of Select Sections and Clauses

- ▶ Page 13: Article X - Committees
 - ▶ Clause 10.1 - Committees
- ▶ Page 14: Article XI - Indemnification of Board of Directors
 - ▶ Article XII - Miscellaneous
 - ▶ Clause 12.1 - Fiscal Year
 - ▶ Clause 12.2 - Books and Records
 - ▶ Clause 12.3 - Annual Financial Statements
 - ▶ Clause 12.4 - Waivers of Notice
 - ▶ Clause 12.5 - Restrictions
 - ▶ Clause 12.6 - Major Recreational Facilities and New Additions to Common Areas

Updated By-Laws Review: Summary of Select Sections and Clauses

- ▶ Page 15: Article XIII - Assessments
- ▶ Page 16: Certification
 - ▶ Signature Page

Ballot Measures Review - Amendment #1

| # | AMENDMENT - Movement of Section 8.6 of the CCRs to the By-Laws |
|---|---|
| 1 | <p>Do you approve moving all “management” related sections of the recently updated and approved Declaration of Protective Covenants, Conditions, and Requirements (CCR’s) to the SFTR By-Laws. This moves all of Section 8.6 from the CCRs to the By-Laws.</p> <p>Rationale: The intent of CCR’s is to detail SFTR property owner’s responsibilities and the intent of the SFTR By-Laws is to detail the overall management of the SFTR Property Owners Association. Over the years owner responsibilities and SFTR POA management requirements have been addressed in both documents and at times in conflicting fashion. A yes vote will help ensure that the two documents serve their intended purpose and minimizes confusion.</p> |

Ballot Measures Review - Amendment #2

| # | AMENDMENT - Establishing Board Member Qualifications |
|---|---|
| 2 | Section 7.4.2 Ownership Requirement. All candidates for the Board of Directors must be property owners within the Association. This includes being listed as an owner on the property deed. |

Rationale: The Colorado Common Interest Ownership Act (CCIOA) requires that all Board qualifications and duties are to be approved by a majority of the owners voting. Our previous By-Laws did not address Board member qualifications and, therefore Section 7.4 has been drafted to address this issue. This amendment, if approved, will ensure that no outside agents can influence the management of the SFTR POA.

Ballot Measures Review - Amendment #3

| # | AMENDMENT – Establishing Board Member Qualifications (Continued) |
|---|---|
| 3 | <p>Section 7.4.3 Good Standing. Candidates must be in good standing with the Association, which includes being current on all dues, assessments, and fees, and not having any outstanding violations of the Association’s governing documents.</p> |
| | <p><i>Rationale: It has been a long-standing policy as outlined in the CCRs that in order to be considered in good standing as an owner, one must be current on all dues, assessments, and fees. It is reasonable to expect the same for those desiring to serve this community in an elected position.</i></p> |

Ballot Measures Review - Amendment #4

| # | AMENDMENT – Establishing Board Member Qualifications (Continued) |
|---|--|
| 4 | Section 7.4.4 Legal Capacity. Candidates must have the legal capacity and legal age to enter into contracts and fulfill the duties and responsibilities of a Board member. |
| <i>Rationale: Any Board member may be called upon to act as the Registered Agent or an Officer for the Association and as such must have the legal capacity and legal age to fulfill the duties of the Registered Agent or an Officer for the Association.</i> | |

Ballot Measures Review - Amendment #5

| # | AMENDMENT – Establishing Board Member/Candidate Qualifications (Continued) |
|---|--|
| 5 | Section 7.4.5 General Conflict of Interest. Candidates must not have any conflicts of interest that would impair their ability to serve impartially. |

Rationale: Board of Directors have a fiduciary responsibility to act in the best interest of the Association and its Owners as well as to be proper stewards of the funds of the Association and thereby must ensure that they are not conflicted when making management and/or fiduciary decisions.

Ballot Measures Review - Amendment #6

| # | AMENDMENT – Establishing Board Member Qualifications (Continued) |
|---|---|
| 6 | Section 7.4.6 Commitment to Serve. Candidates must demonstrate a commitment to serving the community and agree to attend meetings regularly, participate in board activities, and uphold the Association’s governing documents. |

Rationale: Governing in a Property Owner’s Association is becoming more demanding with each passing year. Colorado’s State House and Senate continue to pass bills each year requiring more of HOA/POA Boards of Directors. Any candidate must be willing to give of their time and energy to ensure the success of the Association during these challenging and changing times.

Ballot Measures Review - Amendment #7

| # | AMENDMENT – Establishing Board Member/Candidate Disqualification |
|---|---|
| 7 | Section 7.6.2 No owner involved in any manner in litigation against the Association may stand for election to the Board, or if currently seated as a Board member must recuse themselves from any Board business related in any way to said litigation. |

Rationale: The Board feels that it is difficult to ensure impartiality of a Board member or candidate that is involved in litigation against the Association for which they have pledged or pledge to serve in the best interest of the POA and its Owners. Therefore, this Amendment is presented to the Owners to make the final decision as to what they believe is in the best interest of the Association.

Ballot Measures Review - Amendment #8

| # | AMENDMENT – Establishing Board Member/Candidate Disqualification (Continued) |
|---|---|
| 8 | <p>Section 7.6.3 Definition of Involvement in Litigation. A Board member or Board member candidate is considered “involved in litigation” if they are a party to the legal action, or have initiated, funded, or otherwise substantially supported any legal action against the Association.</p> <p><i>Rationale: Unlike other definitions, the Board is asking that this definition come up for a vote due to the complexities of any legal action. The Board feels that it is nearly impossible to set aside feelings that were so strong that they warranted litigation against the Association thereby impacting the impartiality of their required decisions. This Amendment is presented to the Owners to make the final decision as to what they believe is in the best interest of the Association.</i></p> |

Ballot Measures Review - Amendment #9

| # | AMENDMENT – Establishing Board Member/Candidate Disqualification (Continued) |
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| 9 | <p>Section 7.6.4 Disclosure Requirement. All nominees for the Board of Directors must disclose any past or ongoing litigation involving the Association at the time of their nomination. Failure to disclose such information will result in immediate disqualification from Board service.</p> |
| <p><i>Rationale: Following Amendments #7 and #8, Amendment #9 requires Board members and candidates to disclose their involvement in litigation against the Association. The Board feels that not disclosing such involvement, if Amendments #7 and #8 are approved, is breach of fiduciary duty. This Amendment is presented to the Owners to make the final decision as to what they believe is in the best interest of the Association.</i></p> | |

Ballot Measures Review - Amendment #10

| # | AMENDMENT – Establishing Board Member/Candidate Disqualification (Continued) |
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| 10 | Section 7.6.5 Review and Decision. The current Board of Directors shall have the authority to review the eligibility of any nominee or sitting Board member under this clause. The decision of the Board shall be final and binding. |

Rationale: There must be a mechanism in place to enforce the provisions of Section 7.6, if approved. As with other matters concerning compliance with the POA's governing documents, this Amendment places that responsibility with the current Board of Directors.

Ballot Measures Review - Amendment #11

| # | AMENDMENT – Establishing Working Sessions |
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| 11 | <p>Section 8.5 Working Sessions of the Board of Directors. Working sessions of the Board may be called by the President or by any two Directors. The conduct of working sessions shall be governed by the policies of the Board issued from time to time by the Board of Directors.</p> |

Ballot Measures Review - Amendment #11 cont

- *Rationale: The Colorado Department of Regulatory Agencies states on their website “While there are generally only two types of formal meetings (Unit Owner Meetings and Board Meetings), another form of conference commonly found in HOAs are working sessions. Although not specifically defined in the Colorado Common Interest Ownership Act, work or study sessions of Executive Boards are not prohibited by it. However, they still must be in accordance with the community’s governing documents and policies. Since they are not considered meetings, due to the lack of actions or votes on community issues, unless otherwise stated in the governing documents, unit owners do not have a right to notice of the session or a right to participate and minutes are not required to be taken.”*

Ballot Measures Review - Amendment #11 cont

A “YES” vote on this measure will be followed by a written policy detailing the purpose and what may be discussed. The board believes that working sessions can foster a more proactive and responsive governance structure that effectively addresses the needs and aspirations of the Santa Fe Trail Ranch Property Owners Association community. As an example, having working sessions to review and vet out budget proposals from committees allows us to be better stewards of the finances of POA.

Summary and Discussion of Other Issues From the Floor