Castle Pines North Association, Inc.

Annual Delegate Meeting
Dissolution of Master Association
2 Part Process

- Dissolution of the Nonprofit Corporate Entity
- Revocation or Amendment of the Master Declaration of Covenants, Conditions, Restrictions and Easements for Castle Pines North ("Master Declaration")
The nonprofit corporation is the Castle Pines North Association, Inc. (This is the nonprofit corporate entity which governs the Master Association.)

The nonprofit corporation is governed by the Board of Directors, and the members of the Board are elected by the Delegates.

Each Director has a fiduciary duty to act in the best interests of the Master Association as a whole. Each Director must set aside their own personal agendas and other interests.

Each Delegate is elected from within their Delegate District and is the voting representative of the Owners owning Privately Owned Sites within his/her Delegate District.

Delegates must set aside their own personal agendas and other interests.
Process to Dissolve the Nonprofit Corporate Entity

- The Colorado Revised Nonprofit Corporation Act ("Nonprofit Act") and the Articles of Incorporation regulate the dissolution of the nonprofit corporation.

- The Board adopts a Proposal to Dissolve the nonprofit corporation and may condition the effectiveness of the dissolution on any basis.
  - The Articles of Incorporation provide that upon dissolution, the assets of the Master Association shall be dedicated to an appropriate public or governmental agency to be used for purposes similar to those for which the Master Association was created.
  - The Proposal to Dissolve, which the Delegates will vote upon, will have the following conditions:
    - A sufficient number of votes must be cast by the Delegates to approve the Proposal for Dissolution and either to revoke or to amend the Master Declaration.
    - The City of Castle Pines and Castle Pines North Metro District must then refuse to accept distribution of any of the assets of the Master Association which remain following dissolution; and
    - The assets of the Master Association remaining following dissolution, will be distributed to the Subassociations.
Process to Dissolve the Nonprofit Corporate Entity

- The Board will recommend that the Delegates vote to approve the Proposal for Dissolution, subject to the conditions described in the previous slide.

- In order for the Proposal for Dissolution to be adopted and for the corporate entity to be dissolved, at least 67% of all of the votes which the Delegates are entitled to cast must be cast in support of adopting the Proposal for Dissolution.

- If a sufficient number of votes are not cast by the Delegates to support the Proposal for Dissolution, the dissolution of the corporate entity fails and the Master Association remains in place.

- If a sufficient number of votes are not cast by the Delegates to support revocation (100% needed) or amendment (75% needed) of the Master Declaration, the dissolution will also fail and the Master Association remains in place.
Revocation or Amendment of the Master Declaration

- It would be a breach of fiduciary duty for the Board of Directors to dissolve the corporate entity without simultaneously addressing the status of the Master Declaration.

- Revoking the Master Declaration requires unanimous consent of the Delegates.

- Amending the Master Declaration would require Delegates representing at least 75% of the Owners of Privately Owned Sites to consent to amending the Master Declaration.
  - The Amendment would specify that the Privately Owned Sites would be subject to the Municipal Code of the City of Castle Pines, Colorado as enforced by the City of Castle Pines and all other unnecessary provisions of the Master Declaration would be repealed.
Delegate Responsibilities

- Hold a Delegate District Meeting:
  - Follow the requirements of the Bylaws of your Subassociation regarding calling and holding a Delegate District Meeting. (Notice Requirements, Quorum and Voting)
  - Include with the Notice of Meeting a copy of the recommendation for dissolution of the Master Association from the Board of Directors
  - Educate the Owners in your Delegate District about the recommendation from the Board of Directors of the Master Association that the Master Association should be dissolved.
  - Hold a discussion and a vote of the Owners in your Delegate District to determine whether they think there is value in keeping the Master Association or whether it should be dissolved.
  - Be familiar with the requirements in the Master Declaration regarding casting the votes of the Owners in your Delegate District.
Delegate Voting
Section 4.6 of the Master Declaration

“. . . At such meeting of Delegates, each Delegate shall cast the votes which the Delegate represents in such manner as such Delegate may, in the Delegate’s sole and reasonable discretion, deem appropriate, acting on behalf of all the Owners owning Privately Owned Sites in such Delegate’s Delegate District; provided, however, that in the event that at least five percent of the voting power in attendance at any duly constituted meeting of the Owners in such Delegate District shall instruct their Delegate as to the manner in which such Delegate is to vote on any issue to be voted upon by the Delegates, then the Delegate representing such Delegate District shall cast all of the voting power in such Delegate District in the same proportion, as nearly as possible without counting fractional votes, as the Owners in such Delegate District shall have, in person or by proxy, cast their voting power in favor of and in opposition to such issue. A Delegate shall have the authority, in the Delegates sole discretion, to call a meeting of the Owners in such Delegate’s Delegate District in the manner provided in the Bylaws for the purpose of obtaining instructions as to the manner in which such Delegate is to vote on any issue to be voted upon by the Delegates. When a Delegate is voting in the Delegate’s own discretion, without instruction from the Owners whom such Delegate represents, then such Delegate may cast all of the votes which such Delegate represents as a unit or such Delegate may apportion some of such votes in favor of a given proposition and some of the votes in opposition to such proposition. . . .”
Next Steps

- Hold your Delegate District Meetings by January 31, 2020, to determine how the Owners in your Delegate Districts would like you to vote on dissolution of the Master Association.
- Voting by Delegates on the Proposal to Dissolve and whether to revoke or amend the Master Association Declaration, will occur in February of 2020.
- The Board of Directors will determine whether to hold the votes at a Special Meeting of the Delegates or by mail ballot, which is permitted by the Nonprofit Act.
- If a sufficient number of votes are obtained for dissolution of the Master Association and to amend or revoke the Master Association Declaration, then the City of Castle Pines and the Castle Pines North Metro District will be asked for a decision on whether they will refuse to accept distribution of remaining assets of the Master Association following dissolution. If they do not refuse, the dissolution will fail and the Master Association will remain in place.
- If the City of Castle Pines and Castle Pines North Metro District do refuse to accept any distribution of the proceeds following dissolution, legal counsel for the Master Association will work with the Board of Directors and management to wrap up the affairs of the Master Association and finalize dissolution according to the Nonprofit Act.
Questions
Molly Foley-Healy, Esq.
Winzenburg, Leff, Purvis & Payne, LLP
8020 Shaffer Parkway, Suite 300
LITTLETON, CO  80127
303.863.1870  Telephone
303.863.1872  Fax
www.cohoalaw.com