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February 21, 2020

Via: Electronic Mail and Regular US Mail

Board of Directors
Castle Pines North Metropolitan District
7404 Yorkshire Drive
Castle Pines, CO 80108

RE: Open Letter to the Board of Directors of the Castle Pines North Metropolitan District Regarding Distribution of the Draft Resolution Concerning the Master Association

Dear Members of the Board of Directors of the Castle Pines North Metropolitan District:

Winzenburg, Leff, Purvis & Payne, LLP represents the Castle Pines North Association, Inc. (“Master Association”). As legal counsel for the Master Association, the Board of Directors of the Master Association has asked us to respond on their behalf to the draft resolution pertaining to the Master Association which was authored by you and recently distributed to the homeowners, residents and customers of the Castle Pines North Metropolitan District (“Metropolitan District”).

You have asked the recipients to review the draft resolution and to candidly share their insights and perspectives before your next meeting on February 24th. Please consider this correspondence as candid input from the Board of Directors of the Master Association.

As members of the Board of Directors of the Metropolitan District, you have an obligation to act in an informed, thoughtful and professional manner and to conduct appropriate due diligence before taking action. The draft resolution which you sent to thousands of homes in the Metropolitan District and Master Association is not only inaccurate, it is an inflammatory, unprofessional and defamatory piece of propaganda.

Prior to the Board of the Metropolitan District forming any conclusions or conspiracy theories over the actions the Board of Directors of the Master Association has been taking relating to dissolution of the Master Association, you should have reached out to the Master Association Board to get the facts relating to the matter. Furthermore, Christopher Lewis who serves on your Board and who is also a Delegate to the Master Association, could have learned the facts had he attended the Annual Meeting of the Delegates and shared them with you as part of your due diligence. Unfortunately, and to your discredit, neither of those things happened.

To set the record straight and to demonstrate that the Board of Directors of the Master Association has exercised its due diligence and has acted in an informed and thoughtful manner, here are the facts:

- In carrying out its due diligence and in exercising its business judgment, the Board of Directors of the Master Association determined that it did not need to obtain additional funds to operate and administer the functions of the Master Association in 2020. As a result, the Board of Directors of the Master Association did not levy an assessment for fiscal year 2020. In the event that dissolution or re-organization of the Master Association is not successful, the Board of Directors of the Master Association will undertake its due diligence and exercise its

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business judgement to determine whether it will be necessary to levy an assessment in 2021.

- The legal process for dissolution of the Master Association, termination or amendment of the Master Association Declaration or re-organization of the Master Association are governed by the governing documents of the Master Association and applicable Colorado law. As legal counsel for the Master Association, we have been diligently working through these requirements in the governing documents and applicable statutes to ensure that the process is carried out in compliance with the letter of the law and the members of the Master Association Board of Directors do not breach their fiduciary duty by not complying with the legal requirements. The conspiracy theory hatched in your draft resolution about this law firm and management for the Master Association engineering a cumbersome dissolution process to obtain a predetermined outcome is not only factually wrong, it was beneath the dignity of the Board of Directors of the Metropolitan District to publish such foolishness.
- The Board of Directors of the Master Association and management have taken such abuse over the continued existence of the Master Association, that the Board of the Master Association had formally determined that it should take those steps necessary to dissolve the Master Association, terminate or amend the Declaration of the Master Association and wrap up the affairs of the Master Association. This was all discussed at length at the Annual Meeting of the Delegates of the Master Association. Your publication of the draft resolution to thousands of households in the Master Association is only the latest example of the abuse which the Board of Directors of the Master Association and management have had to endure.
- At the Annual Meeting of the Delegates of the Master Association, which is an open meeting the Board of Directors of the Metropolitan District could have attended to learn the facts, citizens with homes in the Huntington Ridge and Claremont Estates neighborhoods attended to voice their concerns relating to dissolution of the Master Association. For reasons unknown today, the developer of the Master Association did not create subassociations or delegate districts for these neighborhoods. As a result, since the Master Association was created with a Delegate District voting structure for the purpose of casting votes on behalf of owners in the Master Association, these neighborhoods do not have a right to vote on the dissolution of the Master Association and related matters.
- Since Huntington Ridge and Claremont Estates do not have subassociations with use restrictions to protect their property values, the owners of homes in these neighborhoods have informed the Board of the Master Association that they rely upon the use restrictions in the Master Association Declaration and the Master Association as a corporate entity, to protect their property values. Since the delegates voted against approving an amendment to the Master Association Declaration which would have created delegate districts for these neighborhoods enabling them to elect delegates to vote on their behalf on dissolution of the Master Association, these owners have reasonably and appropriately asked the Board of Directors of the Master Association to work with them to investigate reorganization of the Master Association into an association which would only serve their neighborhoods. In order to work collaboratively with these neighborhoods to protect the property values of these important members of the Master Association, the Board of Directors of the Master Association has agreed to look into the reorganization option as a potential alternative to full dissolution of the Master Association.
- If the Board of Directors of the Master Association makes the determination to reorganize the Master Association rather than to dissolve it, the Board currently anticipates that all of the Delegate Districts will be

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dropped from the Master Association, the Master Association governing documents and corporate structure will be modified to only govern Huntington Ridge and Claremont Estates and the remaining proceeds of the Master Association after such action will be divided equitably between the current subassociations of the Master Association.

- While no voting has yet taken place on dissolution or reorganization of the Master Association, when voting does take place it will be in compliance with the requirements of the governing documents of the Master Association and applicable Colorado law. All records relating to the votes cast by the Delegates will be maintained as records of the Master Association and may be reviewed by any member of the Master Association.
- Finally, in a matter unrelated to the dissolution or reorganization of the Master Association, the fence on the south side of Castle Pines Parkway is partially located on privately-owned properties, and partially located on Tract B, which is property owned by the Metropolitan District. The Master Association has never had direct and undisputed jurisdiction over the Metropolitan District's property. In June of 2019, the Master Association determined that the Plat establishing Tract B stated that Tract B was "to be dedicated to, owned by, and maintained by the Castle Pines North Metropolitan District." However, the documents that govern the community leave in question the scope of the Master Association's power to compel the Metropolitan District to fix the fence on its property, resulting in the decay present today.

While the extent of the interest the Metropolitan District has taken in the existence of the Master Association is truly puzzling, we expect that in the future you will act with dignity, professionally and in an informed manner. Dissemination of untruthful propaganda intended to stoke controversy and unrest in this vibrant community, will no longer be tolerated.

Very truly yours,
WINZENBURG, LEFF, PURVIS & PAYNE, LLP



MOLLY A. FOLEY-HEALY

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*cc: Board of Directors
Management
Members of the Master Association*