

**LOCKE MOUNTAIN RANCH
PROPERTY OWNERS ASSOCIATION
ANNUAL MEETINGS
CORPORATE FORMALITIES POLICY**

Adopted January 13, 2002

The following resolution has been adopted by the Locke Mountain Ranch Property Owners Association (“Association”) pursuant to Colorado Law, at a regular meeting of the Board of Directors.

RECITALS

1. The Association is charged with certain responsibilities regarding the requirement for holding annual meetings of the voting members, for the purpose of informing members of the previous years POA’s business, activities, achievements, etc. and election of new officers, and for educational purposes.
2. Written documentation of said meetings is to provide historical relevance, identify content of meeting, record relevant membership concerns, expectations and desired outcomes, document any decisions, record elections and election outcomes.
3. The Board desires to adopt a uniform and systematic policy that identifies the legal need for the annual voting membership meeting, the time and date, location and content of said meeting.

NOW, THEREFORE, BE IT RESOLVED that the Board does hereby adopt the following policy for annual membership meeting requirement, content, consistent time frame for and time of meetings and location, all which supplements and clarifies the by-laws of the POA.

1. Locke Mountain Ranch Property Owners Association (LMR POA), which is a non-profit corporation, shall hold an annual meeting of the voting members annually, on the fourth Saturday of every June, commencing at 1130 am, in an accommodating location either in the cities of Florence, or Canon City, Colorado, per resolution of the board of directors, In accordance with C.R.S. 7-127-101(1)(3).
2. Failure to Hold an Annual Meeting does not affect the validity of the association or its actions (C.R.S. 7-127-101(4)). Thus the directors remain in office and actions by the board are valid. HOWEVER, the directors may be liable for breach of their duties to the association if they are responsible for the failure to hold an annual meeting.
3. Notice Requirements: Colorado law requires that members entitled to vote receive notice of meetings, consistent with the By-laws and given in a fair and reasonable manner. Colorado law recognizes the following methods as fair and reasonable:
 - a. When members receive at least ten (10) days but not more than sixty (60) days notice before a meeting. (C.S.R. 7-127-104(3)(a)).
 - b. When notice is mailed by other than first class or registered mail and members given at least thirty (30) days, but not more than sixty (60) days notice (C.R.S. 7-127-104(3)(a)).
 - c. Notice of annual meeting which include a description of any matters which must be approved by members, including indemnification of directors, amendment of the Articles of Incorporation or Bylaws, sale of association property outside the regular course of business, dissolution of the association, or a proposed transaction in which a director has a conflict of interest (C.R.S. 70127-104(3)(b)).

d. Fair and reasonable notice is also available through broadcast or newspaper publication provided that such notice is broadcast or published at least five (5) times, beginning no sooner than sixty (60) days before the meeting and ending no later than ten (10) days before the meeting (C.R.S. 7-127-104(3)(a)).

e. Notice Required When Meeting is Adjourned. Generally, if an Annual Meeting is adjourned to a different time, date or place no additional notice is required if the new time, date or place is announced before the meeting is adjourned. (C.R.S. 7-127-104-(4)).

4. Member List. Unless otherwise provided in the Bylaws, Colorado law requires the preparation of a member list after a record date for notice of a meeting is fixed. Such list is also required when determining the members who are entitled to take action by written ballot without a meeting. The list must contain, in alphabetical order, the names of all members entitled to vote, their respective addresses, and the number of votes each is entitled to cast (C.R.S. 7-127-201(1)).

a. The list prepared in connection with the meeting, must be available for inspection by any member entitled to vote at the meeting, either ten (10) days before the meeting or two (2) business days after notice of the meeting is given, which ever is earlier. In either case the list will remain available for inspection through the date of the meeting and any adjournment, at the POA's secured locker (located in Florence Colorado) (C.S.R. 7-127-201(2)).

b. Right to Inspect and Copy the membership list. Any member entitled to vote, or that member's authorized agent or attorney may inspect and copy the list, during a pre-determined time set with the POA secretary (C.R.S. 7-127-201(2)).

c. If a member attends and votes at a meeting, whether in person or by proxy, he cannot later contend that the meeting was improperly called. The attendance at the meeting constitutes a waiver of notice of the meeting, except where the member's attendance is for the express purpose of objecting to the meeting on the grounds it was not properly called (C.R.S. 7-127-105(2)(a)).

5. Quorums, Members Meetings

a. Definition: A quorum is the number of members who must be present in person or by proxy in order to legally conduct business. LMR-POA's quorum is determined by number of parcels in the POA, that being 77 land parcels, a quorum as identified in the bylaws is set at 25%. If not stated in the bylaws then: Colorado law establishes twenty-five percent (25%) as a quorum (C.R.S. -127-205(1)). Governing documents may establish a higher or lower percentage (C.S.R. 7-127-207(1)).

b. Effect of Members Leaving the Meeting. Once a member is counted for purposes of establishing a quorum, that member is considered present for the remainder of the meeting (to include any adjournment) and cannot defeat the quorum by leaving the meeting before its conclusion. This rule can be altered by the By-laws and does not apply if a new record date is set for an adjourned meeting (C.S.R. 7-127-205(2)).

c. Failure to Establish a Quorum. Without a quorum, the only business that can legally be transacted is the adjournment. Presentation or reading of reports or discussion of topics of concern does not constitute action.

d. Effect on Terms of Directors. Directors serve until their successors are elected. Absent a valid election, the term of the current directors will be extended until the election does take place (C.R.S.7-128-105(5)). In the event that a holdover director resigns, the remaining directors should simply appoint his or her successor to serve until the next valid election. (C.R.S.7-128-110(1)).

6. Proxies in General:

a. Definition. Colorado law permits a member to appoint a proxy to exercise voting privileges on that member's behalf, unless otherwise provided in the Bylaws (C.R.S.7-127-203). Technically, the "proxy" is the person appointed, not the document appointing the person. In practice however, "proxy" is used to refer both to the person and the document.

b. Form and Execution. Colorado statute contains no limitations in the manner in which a proxy can be appointed, although it states specifically that an appointment form signed by either the member personally or the member's attorney-in-fact constitutes a valid and effective appointment (C.R.S.7-127-203(2)(a)). Proxy may transmit electronically, so long as it includes written evidence that the member transmitted or authorized the transmission of the proxy. The signature on the proxy is considered valid whether by manual signature, typewriter, fax transmission etc.

c. Proxy Requirements. The use of proxies can easily be abused. The potential for abuse can be limited by requiring and accepting only an "official" proxy form. This requirement is stated in the bylaws.

d. Form and content should include at the minimum:

- i. Type of meeting for which the proxy is given
- ii. Date, time and place of the meeting
- iii. Date of the proxy
- iv. The name and signature of the member(s) appointing the proxy
- v. The address of the member(s) appointing the proxy
- vi. The identity of the person appointed (the proxy holder), by name
- vii. A general description of the matters to be voted on
- viii. Space on the form for write-in candidates
- ix. A means of marking or numbering to prevent abuse
- x. Requires that proxies be delivered only to the board of directors
- xi. Expiration date

e. Directed Proxies:

- i. Colorado law allows for limited proxies, (i.e. those specifying those matters which the proxy holder may vote upon, and whether the vote shall be for or against each matter) (C.R.S. 7-127-203)(8)).
- ii. Although not a solution for all problems, the use of directed proxies can greatly reduce the incidence of proxy abuse. It allows the proper solicitation of proxies so that the Association can conduct its business. If the proxy giver indicates his or her preference, it will enhance the election of those whose views most closely coincide with those held by the voting members.
- iii. If no preference is indicated (and so long as the candidates may be elected by a plurality), the proxy nonetheless counts toward a quorum and no single individual (or group) can show up at the meeting with the power to elect themselves unless they have actually convinced enough proxy givers to so vote.

f. Who May Appoint a Proxy:

- i. Record title owner(s) may appoint a proxy
- ii. Certain others, authorized individuals may sign a proxy on behalf of the record title owner(s) including:
 - (a) A receiver or trustee in bankruptcy
 - (b) The owners' administrator, guardian, executor, or conservator
 - (c) The owners' attorney in fact (C.R.S 7-127-204(2)).

g. Who May Be a Proxy Holder. Proxy holders, according to (C.R.S. 7-127-203(2)(b)), can be anyone

with legal capacity. If more than one person is appointed as the proxy holder, a majority of those designated must be present to exercise the proxy.

- h. Number of Proxies Held. Absent a restriction in the governing documents, there is no limit on the number of proxies a person may hold.
- i. Assignment of Proxies. A person appointed proxy holder may not assign the designation to another individual. The authority rests in the person appointed not the documents.
- j. Effectiveness and Duration of Proxies. A proxy is effective when the Association receives it and remains effective for eleven (11) months, unless the appointment form specifies a different duration. Except to the extent that the Association has a good faith question regarding the validity of the proxy appointment, and to the extent that the appointment form may contain express limitation, the Association is entitled to accept the proxy's vote as that of the member making the appointment (C.R.S. 7-127-203(3)).
- k. Revocation. A proxy may be revoked at any time by the member appointing it, prior to or at the meeting by:
 - i. Executing and delivering to the Secretary or other agent authorized to count proxy votes (board member), either a written statement of revocation or a new proxy (C.R.S. 7-127-203(6)(b)).
 - ii. Appearing at the meeting and voting in person (C.R.S. 7-127-203(6)(a)). If a member who has appointed a proxy appears at the meeting and casts a vote, the original proxy is considered invalid and a new proxy must be authorized.

7. Voting by Members

- a. General. The right to vote is inherent in and incidental to the ownership of a parcel of land. One vote per parcel is the allocation. If an individual(s) own more than one parcel, they have one vote per parcel, i.e. Mr. & Mrs. X own five parcels, they have five votes.
- b. Number of Votes Needed. Prior to voting, a quorum must be established (see above). However, to clarify votes needed: all issues before the body at an annual meeting at which a quorum is present will be decided by a majority (more than 50%) of those present in person or by proxy. Election of board of directors is determined by the vote of the majority and that the individual(s) receiving the most votes win the election. Article V, Section 5.2 of the Amended bylaws states the term of each elected director shall be three (3) years.
- c. Matters other than the election of Board of Directors. Once a quorum is established, any matter other than the election of Directors, is approved if more members vote for the proposition than against. Thus, abstentions are true abstentions and not considered in the vote. Accordingly, once the abstentions are ignored, a proposition may be passed even though less than a majority of the quorum votes in its favor (C.R.S. 7-127-05(3)).
- d. Election of Directors. Multiple Directors. When more than one person is running for the board, the number of candidates equal to the number of positions to be filled) who receive the highest number of votes shall be elected. For example, if two board positions are open and three candidates receive 50, 40 and 30 votes, respectively, then two candidates who receive 50 and 40 votes will be elected, even though neither received an absolute majority. Abstentions are ignored and count neither for, nor against, and candidate.

IN WITNESS WHEREOF, the undersigned have executed this Resolution the 13th day of January, 2002.

Locke Mountain Ranch Property Owners Association,
A Colorado non profit corporation

By: _____
Director

By: _____
Director

By: _____
Director

By: _____
Director