As owners may or may not be aware, there are two layers of governance in the Belle Creek community:

***Belle Creek Master Association, Inc.***

Belle Creek Master Association, Inc. (the “Association”) is what owners will easily understand as a typical homeowners association. It was formed by the filing of the Articles of Incorporation of Belle Creek Master Association, Inc. (the “Articles of Incorporation”) with the Colorado Secretary of State on August 21, 2001. The Association is the community association named and referred to in the Master Declaration of Covenants, Conditions and Restrictions of Belle Creek, recorded in the real property records of the Clerk and Recorder of Adams County, Colorado on August 8, 2001, at Reception Number C0839237 (the “Declaration”). Pursuant to the Articles of Incorporation and the Declaration, the Association is responsible for the administration of the Belle Creek community. The Association’s primary functions are the enforcement of the covenants and the oversight of the design review process contained in the Declaration. Such functions are to be paid for via the collection of assessments imposed on all of the lots subject to the Declaration. It is important to note, however, that the Association does not own or maintain any common area. The Association is to be governed by a Board of Directors of five directors, initially appointed by the developer of the community and subsequently elected by the owners in the community.

Community associations in the State of Colorado are governed by the Colorado Common Interest Ownership Act (“CCIOA”), which, among other things, requires associations to adopt certain policies and procedures regarding governance, allows owners access to specified association records, and requires association managers to be licensed in the State of Colorado. In recent years, CCIOA has been amended several times to further regulate how associations operate, which increases the administrative costs incurred by associations to comply with the law.

***Belle Creek Metropolitan District No. 1***

Belle Creek Metropolitan District No. 1 (the “District”) is a metropolitan district, which is a quasi-municipal corporation and political subdivision of the State of Colorado. It was formed in 2000 to provide public services that Commerce City could not otherwise provide. The public infrastructure in the community, such as the streets, open space areas, water and sewer systems and the family center, were constructed by the developer of the Belle Creek community. The District is authorized to issue tax-exempt bonds to pay for the public infrastructure, which would then be repaid via taxes collected by the District from the property owners within the District. The District is governed by a Board of Directors of five directors, elected by and among the eligible electors within the District.

Metropolitan districts in the State of Colorado are governed by the Special District Act, and other statutes applicable to governmental entities. These statutes dictate how elections are held, how districts budget and spend funds, and what disclosures districts must make to the public, among many others things.

Until 2008, the Association and the District operated independently. The Association functioned as contemplated in the Declaration and the Articles of Incorporation. It administered design review, took necessary actions to enforce the covenants, held annual meetings, and performed the other functions required of the Association.

The District, on the other hand, was involved in the provision of the public infrastructure and is responsible for the maintenance of the family center, as well as open spaces and parks in the community. The streets, sidewalks and storm drainage are maintained by Commerce City. The water and wastewater systems are maintained by South Adams County Water and Sanitation Disatrict

In 2004, the law governing districts in the State of Colorado was changed to allow districts to provide covenant enforcement and design review services, if the district enters into a contract with a homeowners association to do so or if a declaration gives the district the authority to do so. As a result of this change to the law, the District amended its Service Plan (which is the document that sets forth the powers and authority of the District and any limitations on that power and authority) to allow the District to provide covenant enforcement and design review services. Subsequently, via a separate agreement, the Association delegated its functions to the District in 2008. The District has appointed a Covenant Enforcement Committee, comprised entirely of residents within the community, to oversee the covenant enforcement functions of the District.

As a result, since 2008, the Association’s functions have been entirely delegated to and performed by the District, which functions are funded through the property taxes paid by property owners within the District. The Association no longer imposes any assessments, does not perform any design review or covenant enforcement functions, and no longer holds elections for the election of board members. The result is that the Association has become an unnecessary layer of administration that is not functioning or needed.

In an effort to streamline, simplify and consolidate the structure of the governance of the community, it is being proposed that the Association be officially dissolved and the functions of the Association be permanently and directly assigned to the District.

So, what does all of this mean to you, as an owner of a home in the Belle Creek community? From a day-to-day perspective, nothing will change. You will continue to pay taxes to the District, which will be used by the District to continue to maintain the family center and other public areas within the Belle Creek community. The District will continue to perform covenant enforcement and design review services. The current use restrictions contained in the Declaration, which are designed to protect property values and enhance the community (such as requirements related to architectural approval, maintenance standards, nuisances and parking) will remain intact.

What you will gain (or retain) as a result of the dissolution of the Association and final consolidation of its functions into the District:

* One, fully functional entity to manage the affairs of the community.
* Elimination of confusion about the Association versus the District, who does what, who controls what, etc.
* Elimination of an added layer of governance that is not functioning, nor necessary
* Transparency protections provided for in the Special District Act and other statutes. For example, the District is subject to the Colorado Open Records Act, which allows the public the right to inspect records of the District. This statute provides greater access to District records than CCIOA allows in relation to the Association records.
* The District’s manager does not have to be licensed. The requirement that any manager of the Association be licensed can result in added expense in the way of administration, testing, insurance and the like that is required of licensed community managers in the State of Colorado.
* Elimination of the possibility of Association assessments ever being imposed.
* Ability of owners and residents within the District to run for and serve on the District’s Board of Directors.

What will you lose as a result of the dissolution of the Association?

* The “consumer protection” provisions in CCIOA. However, as explained above, the District is subject to stricter regulations which provide for greater transparency than is required of the Association.
* Confusion about what the Association is and does versus what the District is and does.
* An unnecessary layer of administration that does not currently function as intended.
* Expenses related only to the Association, primarily insurance that the Association must still carry.

Now, for the legalese part of all of this. In order to dissolve the Association and consolidate its functions directly into the District, the following must happen:

* The Association, as a nonprofit corporation in the State of Colorado, must be dissolved via the filing of Articles of Dissolution. This action will require the approval of owners holding 67% of the votes in the Association. Note that there is no document to vote on for this matter, but rather this will be a vote to approve the dissolution, and if successful, Articles of Dissolution will be filed electronically with the Colorado Secretary of State via an online form completed through their website.
* The Declaration must be amended to remove references to the Association and to grant the authority to enforce the covenants in the Declaration and to perform the design review functions directly to the District. Enclosed is a copy of the proposed Amended and Restated Master Declaration of Covenants, Conditions and Restrictions of Belle Creek, which if approved will replace the existing Declaration and accomplish this action. This will require the approval of owners holding 90% of the votes in the Association.
* In conjunction with the amendment of the Declaration, the “common interest community”, as defined in CCIOA, must be terminated via a termination agreement. This is a somewhat technical legal step that removes the community from thereafter being subject to the CCIOA. Owners holding at least 67% of the votes in the Association must sign or ratify the termination agreement. The proposed Termination Agreement is enclosed.

In order to obtain the necessary approvals outlined above, a meeting of the Association will be held at a later date, to be determined. At this point, enclosed with this letter, is a proxy for you to complete and sign, which will assign your right to vote on the above matters to the person you designate on the proxy. Once enough proxies have been received so that it is certain the above thresholds will be met, the meeting will be called and a meeting notice will be sent advising owners of the date, time and location of the meeting. At that time, if you still want your proxy holder to vote on your behalf, you will not need to do anything further. Your proxy holder will attend the meeting and cast your vote on your behalf. On the other hand, if you decide you want to attend the meeting and vote on your own behalf, you can attend and your proxy will be rescinded as a result of your attendance at the meeting. Note that if your home is owned by more than one individual, only one person on the title needs to sign the proxy or attend the meeting.

We understand that this is a lot of information to take in and that you may have questions about this. If so, please do not hesitate to contact the District’s manager, Laurie Tatlock of Mulhern MRE, Inc., at 303-649-9857 or at laurie@mulhernmre.com. There will also be opportunities to ask questions, turn in your proxy or otherwise discuss this with District representatives at various community events throughout the summer, But again, please do not hesitate to reach out to Laurie at any time with any questions you may have.