



## 2011 King's Deer Homeowners Association Annual Meeting Minutes

**Directors Present:** John Highhouse (President), Rich Paul (Vice President and ACC Chair), Allen Alchian (Secretary and Director for Water Resources), Dixie Schull (Covenant Enforcement Oversight Committee Chair and Neighborhood Watch Liaison), Penny Dyer (Common Area Maintenance and Assistant Treasurer)

**Directors Absent:** Lewis Sydenstricker (Director at Large)

**Guests Present:** Patricia Wasson (HOA Executive Director), Jack Scheuerman (HOA Attorney)

*Note: The Annual Meeting was held at the Prairie Winds Elementary School November 8, 2011. This year's meeting was an "informational only" because the Board of Directors Election was conducted by mail prior to the Annual meeting so no voting was necessary. Approximately 14 members of the Association were present at this meeting.*

### Meeting brought to order at 7:04 PM by John Highhouse, HOA President

#### I. Introduction of the Board and Guests.

Highhouse recognized all Board members and guests and gave special recognition to outgoing Board of Director member Lewis Sydenstricker for his service to the HOA over the last two years.

#### II. State of the HOA – John Highhouse

Highhouse summarized the variety of projects that were accomplished during the past 12 months. He emphasized the need to continue educating owners about the need to comply with the water limits, the importance of our program to inspect and eliminate trees infested by Mountain Pine Beetle, the financial balance between funding our current maintenance needs while building our Reserve Fund account, and the long term planning to finance restoration or replacement of HOA assets in future years.

#### III. Financial Report – Penny Dyer

Dyer explained the HOA had a financial review performed this year by the accountant firm BiggsKofford, instead of a full audit. The Board was confident the financial records were in good shape because we have had the good fortune to have an HOA member—Charlotte Christensen—who is also a CPA, reviewing our financial records every month for the past two years. A financial review is about half the cost of an audit and the Board agreed that if the financial review revealed discrepancies a full audit would be ordered. The result of the financial review confirmed the HOA records were in good shape.

#### IV. Common Area Maintenance – Penny Dyer

Dyer presented a series of photographs showing the many restoration projects accomplished throughout the HOA this year. They included installing aerators in the pond to help retard algae growth, upgrade and standardization of signs in King's Deer, trail restoration projects, and playground equipment refurbishment. She emphasized that a new informational sign has been installed at the north entrance into King's Deer on Roller Coaster Road, and comments from the membership about the sign are encouraged. Dyer closed by stating that the financial review report will soon be posted on the King's Deer web site, behind the owner login so that it is only accessible to the members of the association.

#### V. Reserve Study – Allen Alchian

Alchian stated a new Reserve Study was accomplished this year and explained the purpose of a Reserve Study. He then compared the results of the new study to the previous study from 2005. He noted that the new study recommends the annual Reserve Fund contribution be increased from the

present \$10,800 per year to \$30,500 per year. He described why the study recommended the increase and how most of that increase could potentially be achieved. Alchian emphasized that increasing the annual assessment above the current \$300 per year is not an option available to the Board of Directors because the covenants limit the annual assessment at \$300 per year; eventually this limit will force some tough financial decisions on which assets to retain and which to allow to deteriorate and possibly abandon. Alchian said that because of the significant increase in the recommended annual contribution to the Reserve Fund in the new study, the Board of Directors has transferred \$60,000 of Retained Earnings into the Reserve Fund to immediately build it up. Alchian ended the presentation by commenting that the issue of funding the Reserve Funds will be an ongoing concern for future HOA directors.

**VI. Covenant Enforcement Oversight Committee (CEOC) Report –Dixie Schull.**

Schull provided a summary of the types and quantity of covenant violations that have been occurring in King's Deer over the past 12 months. She explained that the CEOC meets monthly to provide oversight in order to ensure fairness and uniformity in the enforcement process. CEOC minutes are posted on the Library section of the King's Deer web site for public review.

**VII. Architectural Control Committee Report. – Rich Paul**

Paul reported that new construction project applications have increased this year over the past three years. He gave an update on the lingering question of whether fire suppression sprinklers would be required in residential homes. Latest word is that the County has deferred adopting this requirement for at least two years.

**VIII. Neighborhood Watch Report – Sharon Kuykendall**

Kuykendall summarized the Neighborhood Watch program. It has been active for over a year, now, and we still need volunteers to fill 13 block captain positions. She anticipates more information about the program will be available on the web site and explained that by logging into the web site Owner area you can find the contact info of Neighborhood Watch captains.

**IX. Director Election – Allen Alchian**

This year the election was by mail ballots only. At least 160 votes had to be cast to establish that a quorum of the membership participated in the election. The HOA received 216 votes returned so the election results are official. Three candidates were on the ballot—Penny Dyer, Vern Kuykendall, and Rich Paul—running for three board vacancies. Since all candidates would be elected if they received at least one vote each, the Tally Committee opened all ballot envelopes to verify they contained ballots, and then one ballot was reviewed to validate a vote was cast for all three candidates. With that verified, the election results were then certified as electing the three candidates to the Board and whose terms will begin at the close of the annual meeting. All ballots were sealed in a box and will be retained for 90 days. If no challenge to the election materializes within 90 days the ballots will be destroyed.

**X. Water Report – Allen Alchian**

Alchian began the Water Report with a short review of why King's Deer homeowners are required to provide their water meter reading to the homeowners association each year. He then gave a synopsis of the number of annual meter readings were received this past month and how many owners were presently delinquent in sending in their reading. He closed with a few comments about last year's presentation from the Palmer Divide Water Company wanting to sell water rights to King's Deer property owners. Alchian explained that although the company is interested in selling water rights, they don't have a court-approved "water augmentation plan." Alchian explained that a water augmentation plan defines how the water may be used and what restrictions apply to its use, such as the amount of water that can be drawn in a year and for what purposes. For more than a year the Palmer Divide Water Company has been trying to obtain an approved water augmentation plan so they can then sell the water rights. Alchian said the HOA is closely monitoring the progress

of the plan as it works through the legal system and that possibly it will obtain court approval in 2012 so that the water rights sale may begin. Maybe.

**XI. Open Discussion**

A question was asked about enforcing outdoor parking in the community. Several members of the board responded in turn, explaining that Pat Wasson, the executive director, drives the community about twice a week at random days and times. It is extremely difficult for her, to discern if parked cars are simply a visitor to the home or cars of the resident being habitually parked outside. Eventually she will catch the pattern, but more effective and timely action can be taken if other owners become involved in helping enforce this restriction by contacting the office with specific information. Most vehicle parking violations don't occur during our HOA business days and business hours, so Wasson won't see the violations that occur at night or on weekends.

One audience member asked how the covenant enforcement process works. Schull explained that Wasson drives the community and takes notes on what appear to be violations. Some are immediately recorded and action initiated, others might be allowed another observation for confirmation, before initiating violation action. It depends on the type of violation. Once a violation is initiated, a letter is sent to the owner. If a resolution is not realized from the first letter, a second letter is sent and a date for the board to consider the unresolved violation is set; this is a "hearing." At the hearing the board considers all aspects of the violation, including any comments or statements by the owners. The outcome of a hearing can be a range of results, from allowing a limited time to resolve the problem to imposing penalties that will continue to accumulate until the violation is resolved. The goal is to achieve compliance, not to impose penalties.

A variety of questions were asked about the water consumption limits and the requirement from the Division of Water Resources for the excess consumers of water in 2010 to report monthly meter readings. Alchian explained that the intent of the Division of Water Resources was for the owner to become more engaged with conserving water and to stay within their allowable water limits. Alchian said that apparently the monthly meter readings had the desired effect because 80% of the owners who were directed to report their meter readings monthly had managed to reduce their annual consumption and many of those got their consumption below the annual limit this year.

**Meeting adjourned** at 8:35 PM on a motion by Rich Paul.

Minutes approved by King's Deer Board of Directors on November 21, 2011.

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*John Highhouse, President*

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*Allen Alchian, Secretary*

Attachments

1. Meeting Agenda
2. 2012 Budget
3. Account Descriptions