



## Board of Directors Meeting Minutes

March 16, 2017

King's Deer Golf Course Club House

Directors Present: Joe Willis (president, via phone), Dan Rivers (vice president, acting chair), James Hazuka (secretary, via phone), Patrick Staffieri (common area maintenance), Steve Shurgot (director), Kenneth Harris (director; arrived at 5:43 PM)

Directors Absent: Dan Snelling (treasurer)

Guests: Allen Alchian(Advisor), Lorrie Kresge, Kris Salo

Meeting was called to order at 5:33 PM

### I. Officers' Reports

#### A. President

1. Willis expressed his concerns about the traffic safety at the intersection of Roller Coaster Road and Highway 105, especially at night. Those concerns have been passed on to the El Paso County Department of Transportation, but competing needs for the very limited funds available do not suggest a resolution is in the foreseeable future. Staffieri noted that the lights on the King's Deer monument at the intersection were not operational, which makes the area especially dark. He said that burned out bulbs had been replaced only about five weeks ago; he'll have the electrician check them.
2. Willis shared his thoughts about the current proposal by Palmer Divide Water Company to sell additional water rights to King's Deer HOA members.
  - a. He felt the proposed quantity of additional water to be sold to buyers was far in excess of what any individual family should need and that the excess would only promote wasting water rather than conserving water. The example given was that under the PDWC proposal, Classic and Highlands residents who purchase additional water will increase their water rights by 263% and 238% from where they are today. That equates to 202,626 and 189,319 gallons respectively. Along these same lines, he felt that increasing the area allowed to be landscaped with the purchase of additional water rights also was contrary to prudent conservation practices. Willis was also disappointed that the apparent price for a purchased unit of water is close to \$6000 instead of around \$5000 which was the proposed asking price from a few years ago. Finally, Willis concluded that the sustainability of the water source in the aquifer should be the primary concerns of the board rather than promoting the purchase of additional water rights for King's Deer members to water yards.
  - b. Rivers replied to Willis' comments about landscaping by noting that the latest plans by Palmer Divide Water Company is to not provide in the decree for any increase in the area allowed for residential landscaping; therefore the existing covenants will prevail: 3000 square feet for properties having a well permitted under the 93 decree and 4,000 square feet for properties having a well permitted under the 94 decree. Rivers agreed that there will be a 13,000 gallon discrepancy for buyers depending on whether their well is permitted under the 93 decree or the 94 decree; he noted that regardless of which decree a well was permitted under, an owner who buys this additional water right will have an annual authorization over 325,000 gallons which would exceed their annual needs. So, whether or not they have the extra 13,000 gallons would be inconsequential. Nevertheless, if this is something that a property owner considers to be a major detractor,

they can decline the sale offer and they will avoid any financial impact as a result of not participating.

- c. Hazuka, replying to Willis' comments about sustaining the aquifer, mentioned that it was important for King's Deer members to have this opportunity to purchase as much water as possible so that the water is under the control of our community. If the board rejects this opportunity to allow our members to purchase the water offered by PDWC, that water may ultimately be available to other buyers outside of King's Deer, and its use would be forever lost to King's Deer residents. Furthermore, by PDWC increasing their original quantity of water to be sold to each King's Deer buyer, the unused water rights will still be controlled by our membership and therefore will not be available for sale elsewhere. The board should therefore not attempt to reduce the quantity of water PDWC is proposing to sell as a unit to each KD member.

B. Secretary.

1. Hazuka reported that the February board minutes have been circulated and revised according to comments and corrections received. He therefore moved that the February board minutes be approved. Motion seconded and approved unanimously.
2. Shurgot asked if there were any procedure by which the Contact Us messages were managed so that there were timely and complete answers provided. After some brief discussion Alchian commented that there was an internal office policy drafted by a previous board on which he served; he agreed to send it to the directors for their consideration to suit their needs.

C. Treasurer

1. Prior to this board meeting Snelling sent an email to directors noting that because of a disputed payment, the January and February financials require revision. The board agreed to defer review and approval of the revised January financials and the February financials until the April board meeting.

II. Directors' Reports

A. Common Area Maintenance

1. Staffieri reported that this week he received a new contract from Landscapes Unlimited. He is in the process of reviewing it and will then discuss details and possible revisions with them. He will then circulate the recommended final contract document to the directors.

B. Architectural Control Committee

1. Shurgot reported for absent Snelling that the ACC has 12 currently active new home construction projects plus one that was just approved this past weekend.

C. Water Resource Committee

1. Rivers reported on the February 28, 2017 town hall meeting. Approximately 65 people attended who seemed interested in participating in the purchase of additional water rights for their properties. The meeting lasted about 90 minutes and after the initial 20 minutes it was primarily a Q&A session. A detailed summary of the meeting is available on the King's Deer website.
2. PDWC has indicated that they support the current version of the Memorandum of Understanding (attached). A key principle of the MOU is that the HOA is simply a facilitator to make the sale possible between PDWC (seller) and the individual homeowner (purchaser). King's Deer HOA will be responsible performing the additional

annual augmentation in support of those members who buy additional water rights, and those owners will be required to enter into an additional covenant with the HOA which will obligate them and future owners of the property to annually reimburse the HOA for the cost of the additional augmentation.

3. Rivers moved for the board to approve the Memorandum of Understanding between King's Deer HOA and Palmer Divide Water Company. Motion seconded and passed with five directors present voting in favor of the motion and Willis voting against. Willis asked that Rivers sign the MOU for the HOA as he does not support the initiative.
  4. Rivers moved that the board allow the Water Resource Committee, represented by Dan Rivers and Allen Alchian, to use up to \$4,000 for legal advice related to our ongoing efforts to secure additional water rights from Palmer Divide Water Company. The funds will be disbursed from the 2017 budget. Motion seconded and approved unanimously by all directors present.
- D. Covenant Enforcement Oversight Committee
1. Alchian reported for the CEOC that the CEOC continues to monitor the enforcement of a continuing unauthorized fence violation at lot 9 Highlands 1. A letter has been sent to the property owner, in accordance with the enforcement policy, offering to allow the owner, who has not paid any of the accumulated fines, to enter into a payment plan to resolve their financial delinquency. If the owner does not favorably respond to the letter within 30 days, the account will be turned over to a debt collection agency.

There being no further business, Rivers announced the next board meeting is scheduled for 5:30 PM, April 20, at the King's Deer Golf Course Club House. The meeting then adjourned by unanimous consent at 6:45 PM.

Minutes approved unanimously on April 20, 2017.

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James Hazuka, Board Secretary

3 Attachments

Memorandum of Understanding

Non-Attorney's Guidebook to Colorado Water Courts

Graphic depicting additional water rights compared to current water rights.