



Board of Directors Minutes

July 19, 2007

Members Present: Corinne Solano (Treasurer), Penny Dyer (Common Area), Dick Robertson (Secretary), Allen Alchian (President), Dan Rivers (Vice President), Mike Abplanalp (ACC Liaison)

Members Absent: Marshall Boss (Covenant Director),

Guests Present: Steve and Diane Boggs, Bob Sievert, John Witsken, James P Van Camp, Dorothy Kagarise, Dorothy Clark, Jake Jacobs, Dana Clark, Julie Imada (Tri-Lakes Tribune), Jo Vickers, Rick Vickers, Jenny Alder, Julie Potter

Meeting called to order 6:32 PM

I. Adopt Agenda. With changes requested by Solano, Robertson moved to approve. Rivers seconded. Motion carried unanimously.

II. Approval of June 28, 2007 Board Minutes With two changes requested by Solano, Robertson moved to approve. Dyer seconded. Motion carried unanimously with corrections.

III. Scheduled appearance by members.

A. Julie Potter addressed the board about multiple concerns regarding maintenance of King's Deer common areas. She cited erosion of trails, thistle, lack of weeding at entrance monuments, lights in disrepair, and a general lack of pond maintenance. She also expressed concern about the lack of covenant enforcement on lot mowing.

Alchian thanked Potter for sharing her concerns with the Board and the community. He cited some specific factors that are contributing to the problems she identified, such as the resignation of the King's Deer maintenance employee in early April and budgetary constraints that are preventing accomplishment of all the desired maintenance. He mentioned that some residents are doing more than their share of maintenance to help King's Deer look better; he cited specifically Ed Vanderhorst as one individual that he knew had spent time at the Archers/hwy 105 entrance to upgrade its appearance; others who have remained anonymous have also helped by actions such as mowing beyond their property boundaries, picking up litter when walking, etc. Those contributions by many residents are noticed and greatly appreciated. Alchian said the next newsletter would contain more specifics to the questions asked of the Board so that the entire community can understand the challenges we are facing this year.

B. Rob Hoffman did not attend.

IV Governance Documents.

A. Notebooks containing the King's Deer governance documents were distributed to directors. These notebooks were compiled by Carol Hattrup.

B. Dan Rivers made the following motion.

The Board thank Carol Hattrup for her review of the HOA's legal documents and for her preparation of summaries related to the 2003 merger and that her designation as "Legal Liaison to the Board" be discontinued effective immediately since the Board is now working directly with its legal counsel. Motion was seconded by Abplanalp and approved unanimously.

V. Officer Reports

A. Treasurer's Report

1. BKD Presentation.

Solano explained that as treasurer she has found financial discrepancies in the HOA records and feels a more comprehensive audit than our typical annual audit is warranted. We are also lacking clear and documented procedures to protect the membership's assets. She then introduced Mr. Rand Gambrel from the Denver accounting firm, BKD, to explain forensic and other types of audits.

Gambrel gave an overview of his company and the types of problems that can develop in companies. He explained that financial ("year-end") audits are not designed to find frauds. Gambrel said that in most cases it is mismanagement, not a case of fraudulent activity, that leads to a lack of financial reporting transparency; usually a small group of people is handling the accounts, and reporting information without having appropriate oversight.

Robertson requested some pricing information. Gambrel said it depends on what the Board wants accomplished, and that he charges \$220.00 an hour.

2. Financial report

Bob Sievert, chairman of the Budget Committee, said the proposed mid-year budget is almost done and he would like to see the committee finalize it for presentation to the Board. To that end he will call a meeting of the Budget Committee.

Solano will have a proposal on the actual cost to do a 2005 audit. This does not account for a 2006 revised audit or monthly activities. Solano emphasized that we need to budget for having the 2007 taxes prepared.

3. **Audit(s).** Solano presented a table of costs for various financial services in response to a request for proposals. She noted that she personally does business with one of the accounting firms and therefore will recuse herself from any vote on these firms.
4. **Unpaid Annual Dues.** Solano highlighted that the HOA is \$1500 short of having all assessments paid, which represents five lots out of 531 lots.
5. **Certificate of Deposit.** The Citadel Bank CD was reinvested for three months until October 11, 2007. Funds from the Wells Fargo CD have been put in the operating account. If the HOA operating account gets down to \$8,000 the Treasurer will seek approval from the Board to transfer reserves into the operating account.

B. Secretary's Report

1. **Roads and Water.** Robertson presented an official statement on roads and water that he drafted. He suggested the Board approve the statement to clarify any misconceptions some people might have about the status of King's Deer roads and water supply. Robertson moved to adopt the statement. Rivers seconded. Motion carried unanimously.
2. **HOA Administrative Fee.** Motion by Robertson to increase the administrative fee charged for producing and delivering the status of a property to title companies to \$500. Dyer seconded. Robertson, Dyer, and Rivers in favor. Solano, Abplanalp, Alchian opposed. On the tie vote, the motion did not pass.

- 3. Board Meeting Schedule.** Meetings will be held once a month on the third Thursday of each month. If a meeting needs a continuation, the date will be decided at that time.

VI. Director and Committee Reports

A. Architectural Control Committee

- 1. Design Standards Revision.** Alchian stated the ACC completed their initial revision of the Design Standards Guidelines. Alchian requested Abplanalp to obtain a copy from the ACC, review them and prepare a detailed summary for the Board of what changes have been proposed. After the Board reviews and concurs with the proposed changes, the proposed revision will then be transferred to the Design Standards Review Committee for review and then community review and comment prior to any final adoption by the Board.
- 2. ACC Report.** Alchian reported that the siding issue at the Richmond home on Brockenbury has been resolved and it would be stucco as specified on the plans. Abplanalp stated they are not going to side it with stucco. Alchian responded this was not consistent with what had been approved and therefore asked Abplanalp to work with the ACC to get a final resolution to the siding on the house.

B. Common Area Maintenance

- 1. Budget.** Dyer commented that maintenance is the visible side of the Board and the HOA, and expressed concerns about the amount of money allocated to maintenance for the remainder of the year. Dyer requested at least an additional \$20,000 to get through the summer.
- 2. Tractor sale.** Abplanalp offered to move all of the tractor equipment to the Golf Maintenance shed where the tractor is currently located. We have no bids yet and would like to get all equipment together before requesting them.
- 3. Future Maintenance Contracts.** Dyer said that after the summer is over the contractors that she has hired will be able to give annual bids for the work to be done.

C. Covenant Enforcement

- 1. Covenant Enforcement Report.** No update was available. Robertson would like to see an abbreviated report accompanying the current report; the abbreviated report would identify only those items requiring Board attention, along with a recommendation for Board action.
- 2. Mowing.** Alchian reported that the first notice has been mailed to those who have not mowed; it included a date for completion. The enforcement procedure will follow the process that was drafted by Boss and tentatively approval by the Board of Directors and the Covenant Enforcement Oversight Committee.

- D. Office Report.** Wasson requested authorization for \$100 to cover the cost of materials to construct a construction plans cabinet for the office; labor will be donated by King's Deer residents. Robertson moved to approve the request. Rivers seconded. Motion approved with two abstentions Solano and Alchian.

VII. Old Business

- A. Association's Legal Status:** Alchian reflected his thoughts regarding the status of the Association. He commented that although the vote that occurred at the November 2003 annual meeting was probably not completely proper in form and process, he noted that the membership has accepted a single Association, and its authority, ever since that date. He therefore wondered whether over three years of acceptance of a single association isn't a strong indication of some sort of implied acceptance. Perhaps requiring the entire process to be revisited without having been confronted by a legal challenge is wasteful of the Association's resources. Alchian acknowledged that he believed the King's Deer Subdivision covenants still need to be amended, at least to acknowledge that the official name of the Association is now King's Deer Highlands. He questioned if requiring the Association to once again do an amendment to the Bylaws, which he understands was the intent of the action accomplished at the November 2003 annual meeting, is prudent more than three years later. Alchian admitted he doesn't have all the legal questions answered, but rather that he is not so certain that with the passage of time and the operation of the association as a single united association during that time, it should be discarded as not having significant value as to establishing our standing as a single HOA. Abplanalp motioned to have Alchian write a notice to the membership announcing an informational non-voting, meeting, and that the notice will not need prior board approval. Robertson seconded. Four voted in favor, Solano opposed and Alchian abstained. Motion carried
- B. Mailbox Waiver Request.** Alchian reported that the Board acted on July 12 to disapprove a request by the owner of 540 Kings Deer Point to be permitted to install a Highlands-style mailbox in lieu of a monument mailbox. Six Board members voted to disapprove the waiver, with Solano abstaining, because there was not sufficient justification for the exemption at the residence and all other mailboxes along King's Deer Point were compliant with the covenants.
- C. Newsletter.** Alchian requested articles by this weekend.

Next Board meeting will be August 16 at 6:30 pm.

Attachments

1. BKD handout
2. Roads and Water Statement
3. Proposed Administrative Fee
4. ACC Report
5. Covenant Report
6. Office Report

Approved: August 16, 2007

President

Secretary