



**2007 Annual Meeting Minutes
November 13, 2007**

- I. Call to Order.** Allen Alchian, president of the Board of Directors, called the meeting to order at 7:PM.
- A. Credentials Committee Report. Norm Cannon, Chair of the Credentials Committee, reported that as of 7PM owners of 254 lots, being in good standing and eligible to vote, have registered in person or by proxy. Cannon moved to adopt the Credentials Committee Report. Motion was seconded and passed unanimously. Alchian said we have a quorum, which exceeds the required owners of 160 lots, and then he declared a five-minute recess to allow other members still registering to complete the process and join the proceedings.
 - B. Alchian called the meeting to order at 7:15 PM. He thanked the Tri-Lakes United Methodist Church trustees and Pastor Robert Leeds for making the facility available to King's Deer. Pastor Leeds offered the opening invocation.
- II. Introductions.**
- A. Alchian introduced guest Jan Doran who represents the Council of Neighbors and Organizations (CONO) in Colorado Springs. She has volunteered her time to monitor our voting procedures and practices.
 - B. Alchian introduced Jack Scheurman, HOA Attorney, Pat Wasson, HOA Executive Director, and the Board of Directors: Dan Rivers (Vice President) Mike Abplanalp (Secretary and ACC liaison), Penny Dyer (Treasurer and Common Areas), Marshall Boss (Covenants), Dick Robertson (Water Conservation), Rich Paul (Architectural Control Committee Chairman).
 - C. Alchian recognized and thanked the volunteers of the Credentials Committee (Norm Cannon, Committee Chair; Mario Cafiero, Assistant Chair; Dennis Delhousay, Nancee Delhousay, Debbie Hoffman, Ed Vandenhurst, Cindy Fenton) and the Teller Committee (James Ramsey, Committee Chair; Howard Song; Sharon Song; Marilyn Rivers; Tony Winslow).
- III. Administrative Comments.** Alchian reviewed for the membership the various handouts and documents they should have received upon entering the meeting. He reminded attendees that there is a sign-up list for anyone wishing to speak to the assembly, and that speakers are limited to five minutes each until all who have signed up have spoken during the "Open Discussion" portion of the meeting.
- IV. Final Credential Committee Report.** Chairman Norm Cannon announced the final results of the meeting registration. At 7:15 pm the registration table closed. The final and corrected number lots represented by owners present in person or by proxy is 233. This has been verified by three recounts. On behalf of the Credentials Committee, Tony Winslow moved to approve and adopt this as the correct and final report of the Credentials Committee. Seconded and approved unanimously.
- V. Adoption of Rules of Procedure and Conduct.** Alchian reviewed each of the proposed Rules of Procedure and Conduct for the membership. Tony Winslow moved to adopt the proposed Rules of Procedure and Conduct as presented to the membership. Seconded and approved unanimously.
- VI. Directors' Reports**
- A. President.**
 - 1. The legal status of the Association to represent the two King's Deer subdivisions (King's Deer subdivision and King's Deer Highlands subdivision) had been questioned by some members because of the way the merger of two subdivisions was accomplished in November 2003. A legal review by our attorney confirmed the Association's legitimacy, but acknowledged inconsistencies in the text of some governing documents stemming from that merger. A more detailed legal evaluation of the

governing documents is now being accomplished. From that review we will likely produce some ballot measures to give the membership an opportunity to vote on resolving whatever inconsistencies or problems in the governing documents are discovered. The vote will probably be in early part of 2008.

2. The membership of the Board of Directors has seen considerable change in 2007. In March 2007 the entire board resigned. It was reconstituted with new Board members in April. In April our maintenance employee resigned, just as the maintenance season was beginning. Director Penny Dyer deserves all the credit for getting the abandoned maintenance program back on track; it was an extremely difficult and time-consuming effort. The other directors have worked equally hard on their respective areas of responsibility.
3. Lennar Homes and Richmond American Homes bought several King's Deer properties this year. Lennar, however, has since sold all and moved out of the community. Richmond has stayed and they have two homes under construction. They are complying with all covenants, rules, and fee obligations that other builders follow.
4. King's Deer has been in the news this year. The association was featured in *The Gazette* "Side Streets" column. The Tri-Lakes Tribune has made King's Deer business a frequent feature of their weekly publication.
5. Water consumption will get increased attention in the future. There are no problems with any individual wells, but the amount of water consumption is becoming an interest to the state because many King's Deer residents are drawing more than their allotted maximum amount of water.

B. Vice President.

1. Dan Rivers reported on the initiative to resolve inconsistencies in the Association's Governing Documents resulting from the merger of the two former homeowners associations in 2003. Currently the Association attorney, Jack Scheuerman, is performing a thorough review to identify what areas need revision due to the merger. Once that review is accomplished, it is likely the Board will develop a ballot measure to put forward to the membership the opportunity to amend whatever governing documents need to be altered to eliminate inconsistencies. We expect that vote to be held sometime in early 2008.
2. Larry Osgood (19155 Lochmere Court) asked if the merger of the covenants was legal. Alchian responded that the initiative to merge covenants in 2006, which is completely different from the merger of two associations in 2003, did not succeed and has ended. We still have two sets of covenants: one for the properties in the King's Deer subdivision, and one for the properties of King's Deer Highlands subdivision. Both subdivisions are in the King's Deer Highlands Homeowners Association, which is commonly called King's Deer Homeowner's Association. Having a single homeowners association with more than one subdivision, each having their own covenants, is not an uncommon situation; neighboring Woodmoor has a similar situation.
3. Dixie Schull (2148 Trenholme) asked why the issue of the 2003 merger of two associations has not been resolved prior to tonight. Rivers said the comprehensive legal review of all our documents is not completed. We anticipate our attorney will complete the review in December, and then we can determine what should be fixed. We expect to develop any needed ballot questions in January and present it to the membership in February 2008.

- C. Treasurers Report.** Penny Dyer began by complimenting Bob Sievert, chairman of the Budget Committee, for volunteering much of his time to help develop the 2008 budget. Dyer then reviewed the 2008 budget, which had been provided to the attending members. Dyer reminded the audience that our annual assessment is presently capped at \$300 by the covenants which is what we are now paying as the annual assessment. Sometime in the future this limit will either have to be lifted through an amendment to the covenants, or services performed by the Association will have to be cut as costs increase.

D. Common Area Maintenance. Penny Dyer presented a review of the association's various maintenance requirements throughout King's Deer, including trails, mowing common areas, irrigation systems, the pond, lighting and entry monuments.

1. Jim Hazuka (405 Kings Deer Point) requested maintenance to the King's Deer monument sign on Kings Deer Point. Also, there is a streetlight at King's Deer Point and Bardsley is leaning and needs to be straightened.
2. Dorothy Kagarise (19620 Rathbone Circle) suggested the Board consider hiring the previous maintenance employee who did the work at the monuments. Alchian commented that the employee was not terminated by us; he quit.

E. Architectural Control Committee

1. Mike Abplanalp compared the construction project statistics for 2006 to 2007, observing that construction activity was similar for the two years.
2. Abplanalp showed a slide of landscape projects and commented that the Board would like to see more landscaping accomplished immediately following completion of new house construction.
3. The ACC is taking a closer look at the architecture and landscaping proposed for new detached garage applications, with a goal of getting away from the box-like structures on some properties that have little or no architectural features and no landscaping around them.
4. ACC project filing fees are down in 2007 relative to 2006, most likely because of the souring economy; this will probably continue into 2008.

F. Covenant Enforcement

1. Marshall Boss said his primary goal is to establish clear covenant enforcement procedures for the Association. The enforcement activity is coordinating closely with the Architectural Control Committee to work violations that occur during a construction project.
2. Minimum landscape standards have been added to the new construction project application to help promote compliance with the minimum landscape requirements soon after a new home is constructed.
3. In the year ahead we will be address the question of vehicles parked and left outside.
4. We need a couple more folks to help on the Covenant Enforcement Oversight Committee.
5. Christopher Decicco (19846 Kershaw Court) asked if any covenants were enforced over the past year. Boss said the most commonly enforced violations were RV parking, lot mowing, and submission of the required annual water meter reading. Decicco said he'd like to see regular feedback on the enforcement program and would like to see a lot more covenant enforcement in King's Deer.
6. George Duncan (19015 Purser Court) said fire risk reduction and tree health are important issues for the HOA membership. Alchian agreed and noted that some of our members had signed up for a Beautification Committee; perhaps they would oversee those concerns.

G. Water Conservation

1. Dick Robertson reported that the declarants advised the Association in June that King's Deer was 24 well-authorizations short of the required number for all of King's Deer. To resolve the discrepancy,

the declarant has applied to the State to acquire 31 additional well authorizations—the extra being “insurance” against any possible miscount. The Board is monitoring the process and it is on track for resolution in 2008.

2. During a meeting with one of the state’s water commissioners in October we learned that the Water Division would be looking more closely at individual water consumption than has been the case in the past.
3. Annual water meter readings were due to the HOA office by October 31. There remain 75 homeowners (12 in Classic, 63 in Highlands) who have not reported. A second notice will be mailed this week reminding those owners to submit the reading. The report to the State will be written in December and non-reporting properties will be identified in the report. Those owners who continue to not report will also be subjected to a covenant violation because the Association has a legal obligation to collect and report the meter readings to the state. Failure to comply with this legal requirement puts use of our wells in jeopardy.
4. Jim Hazuka (405 Kings Deer Point) asked if the acquisition of additional well authorizations by the declarant would have any impact on the water allocation for current homeowners. Robertson answered there was no impact. Hazuka asked if there is any plan to sell additional water rights to King’s Deer property owners. Robertson said he did not know of any, but he was aware that the declarant has expressed some interest in seeing if something along those lines was possible.
5. Dixie Schull (2148 Trenholme) asked if the HOA intended to provide water consumption feedback to the owners like was done last year. Alchian confirmed it does, probably using the newsletter, which is to be published in late January 2008.
6. Bev Giltner (19385 Queens Crescent) asked for clarification about a \$4,500 budget item for a water augmentation contract? Robertson explained that King’s Deer is a shareholder of the Great Divide Water Company and we pay that fee annually to the company, as does every shareholder in the company. The company fulfills our water augmentation obligations each year by pumping water into Dirty Woman Creek and Cherry Creek. The fee covers our share of the company’s infrastructure costs such as water pumping expenses and equipment repairs. Giltner then asked if that fee will increase from past years? Robertson said that a \$1500 increase in the fee for 2008 is to build capital reserves so the company can drill another well in the future to accommodate increasing water augmentation requirements; the fee is not directly tied to the amount of water consumed by King’s Deer well owners.

VII. Nomination and Election of Directors

- A. Dick Robertson, chairman of the 2008 Nominating Committee, introduced the two other members of the committee: Ed Vandendorst and Tom Haddan. The Nominating Committee talked to the three board members whose terms expire at the end of this meeting, and all three would like to run for reelection. Therefore, the Nominating Committee has placed in nomination for the three vacant board positions, the incumbents of those positions: Michael Abplanalp, Penny Dyer and Marshall Boss.
- B. Dixie Schull asked if we are required to have one candidate from Highlands, one from Classic and one at-large candidate. Alchian explained that the provision of the Bylaws Ms. Schull is citing only applied to the November 2003 election of Board members, the year when the two former associations merged into the current single association. Beyond that year there is no stipulation as to the distribution of the members on the Board. Alchian noted, however, that of these three candidates, one is a Classic homeowner and two are Highlands homeowners.
- C. Alchian asked the assembly if there were any nominations from the floor. There being no response, Alchian declared the nominations closed. Alchian then asked if there were any objection to declaring Abplanalp, Dyer and Boss as winners by acclamation since there are three candidates and three

vacancies. No objection was expressed. Alchian then declared that Michael Abplanalp, Penny Dyer, and Marshall Boss had been elected to the board by acclamation.

VIII. Committees

- A. Alchian reviewed the recent history behind creation of many new committees to provide for Association members to volunteer in areas that are of interest to them. He said that at a community meeting in January 2007, many attendees wanted to volunteer for a variety of committees to help the Association. During that meeting twelve different committees were requested. The Board then wrote charters for the committees and volunteers signed up for the committees. Three of those committees have actually materialized: Budget, Covenant Enforcement Oversight, and Water Conservation.
- B. Neighborhood Watch is headed by Janet VanKampen. Volunteers are needed to help get this group more active and involved in community security.
- C. Budget Committee, headed by Bob Sievert has been one of the most active groups. Bob did a tremendous job of helping the new board get a grasp of the financial situation in the spring, and he help put together the 2008 budget which we presented this evening.
- D. John Witsken (19940 Royal Troon) asked for a projection of the end of year financial situation for Reserves and Retained Earnings. Alchian projected retained earnings for the end of 2007 at roughly \$50,000—about \$4000 below the current level. Alchian explained the reduction is to allow for anticipated legal expenses still to be billed or incurred in 2007. Alchian said the end of 2007 Financial Reserves would likely be the \$31,000 which is currently reflected in the latest financial report; this amount includes the Board's \$11,000 Reserves allocation for 2007. Alchian offered to provide a more specific response at the November 15, 2007 Board of Directors meeting, once the financial documents can be more completely referenced, and that response will be inserted into the minutes of that meeting. Witsken agreed.

IX. Approval of Prior Meeting Minutes

- A. There have been three official meetings of the membership in 2006/2007: the November 14, 2006 annual meeting, a December 14, 2006 meeting which was conducted for the sole purpose of counting the ballots from the November 14, 2006 annual meeting, and a March 13, 2007 special meeting which was conducted to satisfy a petition signed by owners of King's Deer 171 properties. The draft minutes have been approved by the Board of Directors and have been posted on the web site. We require an approval of the minutes by the membership.
 - 1. Bryan Mullinax (18553 Wetherill) moved that the November 14, 2006 annual meeting minutes be approved as adopted by the Board of Directors. Motion seconded and approved unanimously.
 - 2. Nancee Delhousay, (635 Kings Deer Point) moved to approve the December 14, 2006 meeting minutes. Seconded and approved unanimously.
 - 3. Tony Winslow (1748 Islehurst Lane) moved to approve the March 13, 2006 minutes. Seconded and approved unanimously.

X. Open Discussion

- A. Chris O'Hanlon (19175 Sixpenny Lane) expressed concerns about liability issues at the playing field where kids will get hurt.
- B. Jim Hazuka (405 Kings Deer Point) raised four points. He does not support any initiative to build a recreation center or other structure that would compete with the YMCA or Woodmoor Country Club; he is against increasing the financial burden on the HOA by such initiatives. He asked that the Board consider reducing its administrative expenses so more can be spent on maintenance. He expressed

concerns that he felt about some members of the Board not having tolerance for divergent opinions by other members of the Board, and asked that all directors understand diversity creates healthy debate. Lastly he asked the HOA attorney, Jack Scheuerman if there is any possibility for the declarant to reinstate their declarant rights?

- C. Jack Scheuerman (HOA Attorney) responded that the Board has no intentions of making any changes to the governing documents that would restore declarant rights. There is no plan to alter the covenants unless absolutely necessary. Any anticipated changes needed to resolve issues related to the 2003 merger of the two former associations will probably be focused on amending the Articles of Incorporation and the Bylaws, not the covenants.
- D. Alchian added that although the Board is not pursuing any change to the covenants, any member of the Association may, on their own initiative, attempt to change the covenants. We have such a situation developing now: a member of the King's Deer "Classic" Subdivision wants to allow the Highlands mailbox to be an alternative to the current mailbox standards specified in the King's Deer "Classic" covenants. This will require a change to the "Classic" covenants. The homeowner is therefore moving forward to propose an amendment to the King's Deer "Classic" covenants. We expect this to become a vote of the Classic owners sometime in 2008. This is not, in any way, related to the current initiative by the Board of Directors to resolve discrepancies in our governing documents caused by the 2003 merger of two homeowners associations.
- E. To the comment about a community center, Alchian responded that if any individual or group believes that the King's Deer community needs such a facility, the burden is on them to sell it to the membership. This Board has no such initiative.
- F. Regarding the suggestion to cut administration expenses, Alchian reminded the membership that the HOA contracted with a professional management company in 2005 and for the first half of 2006. The first year—2005—the HOA paid about \$60,000 for support, which excluded ACC administrative support; all ACC support (minutes of meetings, processing project applications, monitoring projects letters to members, etc.) was accomplished by HOA volunteers. In 2006 some ACC administrative support was included in the contract. By the end of July 2006 the HOA spent just under \$40,000. The contract was terminated. Administrative costs are now holding around \$65,000 annually; that provides our own full time and dedicated employee, an office in our immediate area, conference space for our meetings at almost any time we want, storage space for large items like streetlights and Highlands mailboxes. We have our own office supplies and equipment, and the office is far more responsive to the immediate needs of the membership than was provided by the management company. Support contracted through a management company at this level would easily exceed \$80,000.
- G. George Duncan (19015 Purser Court) suggested the Board consider setting up a single day for trash pickup in King's Deer so we don't have it occurring every day of the week.
- H. Brent Hawker moved to adjourn the meeting. Seconded and approved unanimously at 9:35 PM.

Approved by the membership on December 9, 2008

Attachments

- 1. Rules of Procedure and Conduct
- 2. Slides

/ signed /

Secretary, King's Deer Board of Directors