



King's Deer Annual Meeting Minutes
November 12, 2024
(7:00 PM King's Deer Golf Clubhouse)

The meeting was brought to order at 7:00 PM

Agenda: Introductions, Election Results, Director and Committee Reports, Board Proposal – Budget Shortfall, Open Discussion, and Adjournment

A. Introductions: The HOA Board members were introduced by Steve Shurgot, President of the HOA Board. They are as follows: Steve Shurgot (President), Eric Paulik (Vice-President), Greg Wolff (Secretary/Roads), Tom Anderson (Treasurer), Ken Harris (Common Area Maintenance), Kevin Pratt (ACC Liaison/Maintenance) and Josh Klenda (NEPCO). Shurgot also introduced John Highhouse (Executive Director), Lorrie Kresge (Deputy for Water), and HOA Attorney Aaron Goodlock.

B. Election Results: The Board of Directors election results were presented by Steve Shurgot. There were 395 ballots received from King's Deer property owners. 160 were required for a quorum, which was achieved. Next, the newly elected Board members for the 2024/25 Board were recognized. They are Tom Anderson, Ken Harris, Nathan Kettner, and Mike Sauer. The three returning Directors for the 2024/25 Board are Steve Shurgot, Kevin Pratt, and Josh Klenda. Shurgot thanked Greg Wolff and Eric Paulik for their service to the board and community. Shurgot then briefly discussed the first ballot on Assessment Covenant Change. The measure did not pass due to not having enough votes FOR the issue, even though the majority of those who voted were FOR it. Many owners were not comfortable with an inflation index in the covenant. The board heard the community's responses and rewrote the covenant change. There is a second ballot on the Assessment Covenant Change, which is in progress.

C. Director and Committee Reports:

1. The Architectural Control Committee (ACC) slides were presented by Kevin Pratt. He introduced the current Committee members, Allen Alchian, Dan Snelling, Rob Schule, Mike Sauer, Kevin Pratt, and Joel Dixon. Active projects include two new home constructions and six garages/additions. We are seeing a reduction in the number of new construction projects mostly due to the near buildout of vacant lots in King's Deer. There remain only 24 vacant lots in the development. Home remodels are still doing well but slowing for the season. The ACC is seeking volunteers from the community to join their team. No experience is necessary. However, regular participation is required.

2. Covenant Enforcement was presented by John Highhouse. He provided an overview of the effect HB22-1137 had on the HOA collection and covenant enforcement process. As a result, it was required that the HOA have mandatory USPS-certified mailings for all covenant violations and physical posting of past-due assessments. This led to friction in the community and unnecessarily drove up HOA costs. Through engagement with our HOA attorney, in January 2024 the board approved new Covenant Enforcement and Collection Policies. This was only possible because we maintain the Limited Expense Community status, which exempts us from certain provisions in the statutes regarding HOAs. During 2024, the first notifications were very often by email, with good compliance rates.

3. The 2024 water report was presented by Lorrie Kresge. In 2024, approximately 14% of wells within King's Deer exceeded their water allocation. Kresge stated that this was up from the previous year and is mostly attributed to the small amount of precipitation during the spring and summer. The average allotment used per home was 76% for Highlands, 76% for Classic, and 57% for those that purchased water under the new decree. Kresge offered several ways residents can reduce their water usage. Kresge concluded the presentation by stating that Palmer Divide Water Company (PDWC) (aka the developers) still has shares of additional water available for sale to Kings Deer owners. Water Decree 2019CW3057 allows the sale of water shares to bring annual limits up to .75 acre-feet or 244,389 gallons. The current offer price by PDWC is \$8500 per share. If interested, contact water@kingsdeer.org or the HOA office for details.

4. A presentation on the roads in Kings Deer was made by Gregg Wolff. In November of 2022, Wolff met with County Commissioner Holly Williams at a NEPCO meeting, and she agreed to meet and drive the roads in the development. After driving the roads, the county ranked the most deteriorated roads and prioritized which areas required the most immediate attention. Kershaw was completed in June 2023. Royal Troon was rebuilt from late 2023 to Spring 2024. Some of the cul-de-sacs were also repaved. The county is now conducting periodic maintenance with crack sealing followed by chip and seal. Archers Court and King's Deer Point were treated this year. Other community roads may be treated next year. Wolff then talked about mailboxes in King's Deer. In February, the board approved two new secure mailbox designs, the Mail Boss 7506 and Oasis 260, that are both locally available from hardware stores. Details can be found on the King's Deer website or by contacting the HOA office.

5. Common Area Maintenance was presented by Ken Harris, who talked about the new signage at the park playground and field honoring Allen Alchian for his decades of service to the community. Harris said they were in the process of identifying options for future playground renovation. Harris then summarized repairs and improvements made to the development's trails. Harris conducted exhaustive research into trail construction and materials with the objectives of lower maintenance costs, weather resiliency, and durability. Harris's research led to a material that provides compaction, is more resilient to weather, and is easier to maintain. Harris then briefly discussed other common areas, including the pedestrian bridges on the trails, the gazebo by the pond, and the monuments at the entrances.

6. The Financial Report was presented by Tom Anderson. Anderson explained that the HOA funds are separated into the operating budget and reserves for major renovations. The HOA is currently in sound financial position with sufficient reserves according to the new 2024 Association Reserves assessment. The 2025 budget, as approved by the Board, will be \$194,130. Currently, the unallocated Reserve Fund has \$320,043, down some from the reserve spending on trails this year. There is a separate water reserves fund with \$165,731, funded from the water initiative, which was set up to help offset future water augmentation requirements of the HOA. The 2024 Reserve Study recommended the annual amount that the HOA should be putting into reserves be increased to \$45,000 from the previous recommendation of \$28,800 annually. The change is primarily due to the increased replacement costs and the cost of refurbishment/repairs to our amenities in the HOA common areas. After all operating budget bills are paid, we anticipate a shortfall of \$36,638 for the standard reserve fund. The board has for years been holding the line on the ongoing expenses, but ongoing inflationary pressures have strained the annual operating budget. Anderson discussed how the board has taken steps to reduce spending and increase revenue in several areas, resulting in a \$41,000 annual savings. This is still not enough to offset the effects of inflation in future years. The Board of Directors is proposing an amendment to the covenants that will raise the assessment limit while maintaining

the existing limited expense community status. With the proposed assessment cap of \$450, Anderson projects that the board can gradually raise the annual assessment as needed to meet the inflation challenges. The proposal addresses the projected budgetary shortfalls beginning in 2025, and that will build over time unless action is taken. An increase of \$75 per property for the coming year is required to fully fund operating costs and reserves. If the measure fails, the alternatives include reducing or eliminating administration, maintenance, and/or amenities. Additionally, the Reserve funds will be spent until they are exhausted, at which point no community assets can be refurbished or replaced. Special assessments are not currently an option for our HOA. Anderson next presented the status of the current ballot issue and presented slides with several FAQ responses to questions that owners asked about the HOA financials and board proposal.

D. Discussion: There were many questions brought and answered during the presentation. Most of the questions focused on the financials and the proposed covenant change. Other questions and comments concerned the trails, roads, and other areas.

E. Adjournment: 9:00 PM

Steve Shurgot, President King's Deer HOA