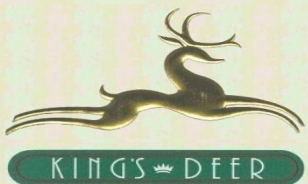


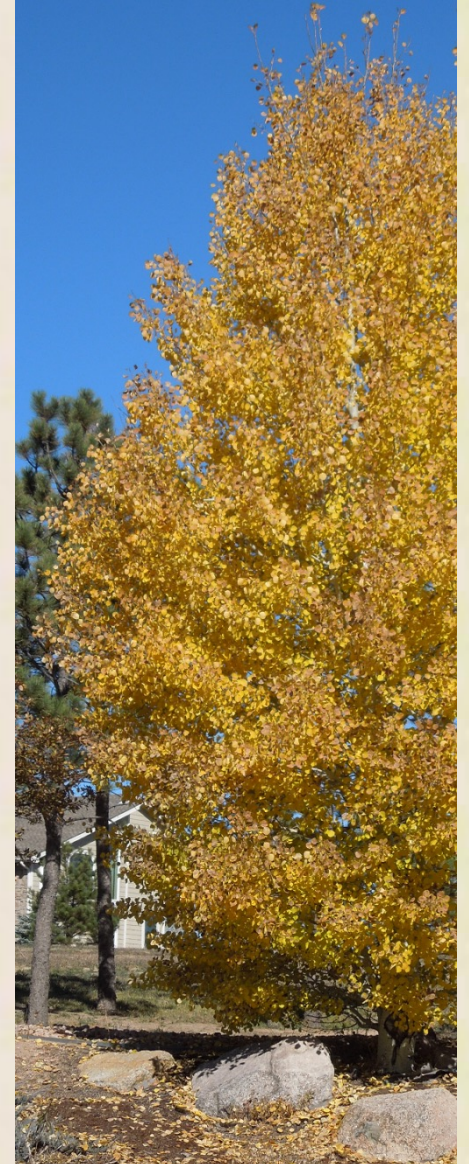


Annual Meeting November 7, 2023



Agenda

- **Introductions**
- **Election Results**
- **Director and Committee Reports**
- **Board Proposal – Budget Shortfall**
- **Open Discussion**
- **Adjournment**



(Photos by King's Deer residents)

Introductions

Board of Directors

Steve Shurgot (President)

Eric Paulik (Vice-President)

Greg Wolff (Secretary, Roads, & NEPCO)

Tom Anderson (Treasurer & ACC Liaison)

Ken Harris (Common Area Maintenance)

Jan Sievert (Social Media)

Todd Brummond (Director-at-large)

John Highhouse (King's Deer Executive Director)

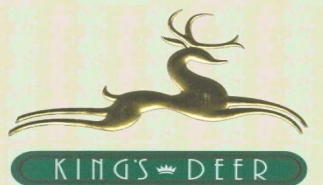
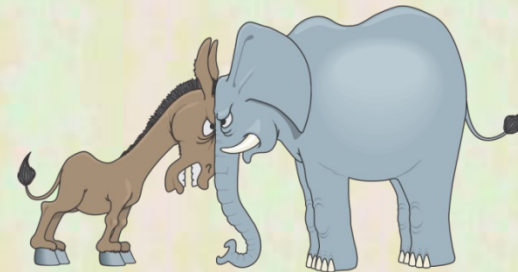
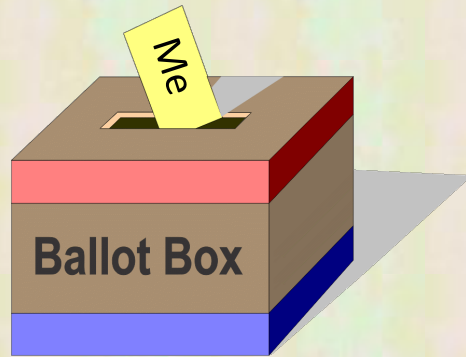
Lorrie Kresge (Deputy for Water)

Aaron Goodlock (HOA Attorney)



Election Results

Steve Shurgot
President



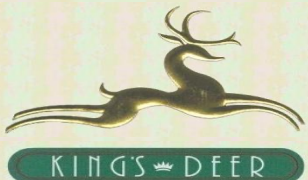
Director Election Results

- **3 Candidates/3 Positions/Two Year Term**
 - Elected: **Josh Klenda, Kevin Pratt, Steve Shurgot**
 - **186** votes cast (**160** required for quorum)
- **Tally Committee Members: Todd Brummond, Jan Sievert, Allen Alchian, John Highhouse**
- **2023/24 Board: Steve Shurgot, Eric Paulik, Greg Wolff, Tom Anderson, Ken Harris, Kevin Pratt, Josh Klenda**



Director and Committee Reports

- **Architectural Control Committee (John Highhouse)**
- **Covenant Enforcement (John Highhouse)**
- **Water (Lorrie Kresge)**
- **Roads (Greg Wolff)**
- **Common Area Maintenance (Ken Harris)**
- **Financial Report (Tom Anderson)**



Architectural Control Committee

John Highhouse

Executive Director

Architectural Control Committee Members

- Allen Alchian
- Heather Cashman
- Dan Garrison
- Dan Snelling



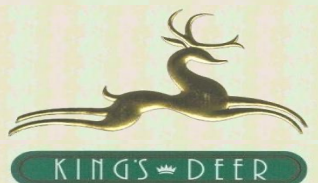
ACC Activity

Active Projects

- 5 New Home Construction
- 7 Garages / Additions

Miscellaneous

- 531 total lots in Kings Deer
- 24 are vacant lots
- New construction is down
- Remodels are still going well



ACC Guidelines

- ACC is established by the Covenants
- Design Standards and other ACC forms and documents are in the HOA web site library
- New construction and most exterior need approval
- If in doubt, it is best to submit to avoid problems
- Primary contact is with the HOA office, questions and submittals by email to admin@kingsdeer.org
- Meetings are conducted via Zoom
- ACC meets on the 2nd and 4th Thursdays, except only once in November and December



ACC Members

- **All volunteers**
- **Review projects twice a month**
- **Occasional site visits to confirm compliance**
- **Looking for more volunteers**
- **Contact HOA office for information**



Covenant Enforcement

John Highhouse

Executive Director



Covenant Enforcement

- **Definition.** Restrictive covenants are deed restrictions typically found in a Declaration of Covenants, Conditions, and Restrictions. In addition to the Declaration, the HOA has adopted Rules and Regulations and Architectural Guidelines that clarify the Declaration restrictions. These documents are collectively referred to as “Governing Documents” and are located on the King’s Deer HOA public website, www.kingsdeer.org in the *Library* section under the *Governance Documents* tab.
- The stated intention of our restrictive covenants is “for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property.”



A Balanced Approach

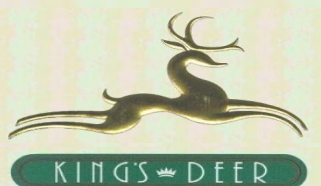
- As a general matter, it is the Board's fiduciary duty to enforce the covenants in its community. However, this doesn't mean that they must file a lawsuit against every owner who hasn't taken down their holiday decorations yet. It does mean they should consider the evidence in each situation and decide whether or not, in its business judgment, it is worth pursuing an alleged violation, and if so, what action they should take. An owner's complaint of a barking dog may not be worth pursuing if it's unclear who owns the dog in question. On the other hand, it is likely worthwhile to pursue an Owner who has painted their home hot pink without approval, in violation of architectural standards.



Summary (Jan-Oct 2023)

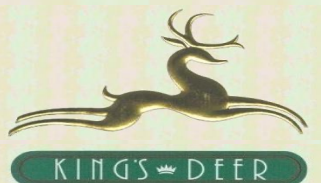
177 Covenant Violations

Violation	Number	Violation	Number
ACC non-approved/incomplete	3	RV/Trailers	21
Dog barking/off leash	5	Signage	5
Dead Tree	34	Slash/Debris	2
Equip Outside	6	Snow Fence	1
Lighting	2	Trash Cans	18
Mailbox	1	Unpaid assessment	32
Mowing-Noxious Weeds	30	Vehicle Parking	11
Noise	2	Other/Misc	4



Water@Kingsdeer.org

Lorrie Kresge



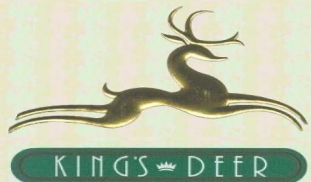
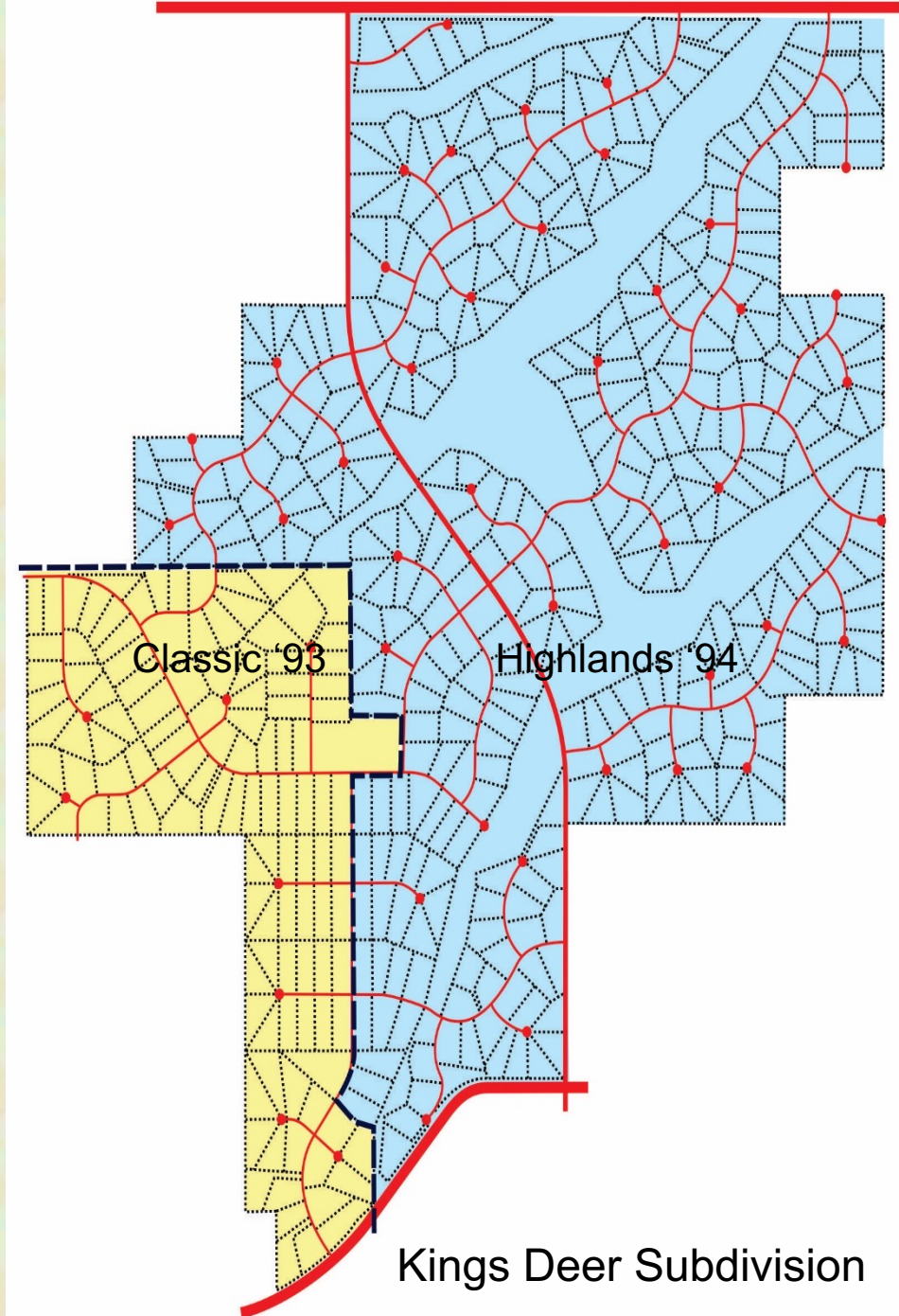
Water and Wells 2023

71 Lots have .38 Acre Feet
(123,824 Gallons) '93 Decree

244 Lots have .419 Acre Feet
(136,532 Gallons) '94 Decree

185 Lots have .75 Acre Feet
(244,389 Gallons) '19 Decree

2 Lots have 1.419 Acre Feet
(462,382 Gallons) '08



2023 Meter Reading Summary as of 6 Nov 2023

6.5% of wells exceeded their limits. HOA augments 3% back to stream system on Classic King's Deer homes. 280,978 gal

Average allotment used per home that reported:

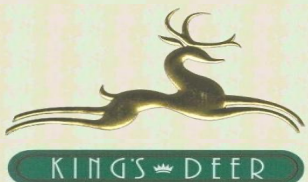
Classic: (2022) 73% (91,000 gal) (2023) 63% (78,000 gal)

Highlands: (2022) 72% (98,000 gal) (2023) 63% (86,000 gal)

New Decree:(2022) 53% (129,000 gal) (2023) 49% (120,000 gal)

Ways to reduce water usage:

- Monitor Drip lines.
 - Compromised by animals
 - Or landscape mishaps
- Take monthly readings (Winter and Summer)
- Turn off sprinklers during rainy season
- Don't water daily
- Limit Landscape area to 3,000 Sq Ft



Water Initiative

Lorrie Kresge

- Water Decree 2019CW3057 signed in Feb 2021 allows Palmer Divide Water Company (PDWC) (aka the developers), to sell water shares to bring annual limits up to .75 Acre Feet or 244,389 gallons.
- At least 62 of 75 Classic shares have been sold and 140 of 200 Highlands shares have been sold.
- Current price is \$8500.



Greg Wolff

King's Deer Board of Directors

Secretary

How Do You Like Your Roads?

(I Didn't Either)



King's Deer Roads

November 2022:

Met with our County Commissioners at a Local Meeting

- Holly Williams (District 1); Stan VanderWerf (Chairman)

Commissioner Williams agreed to meet me in KD and Drive Our Roads

March 2023:

**After Several “Snow” Cancellations
we met on 29 March 2023**

- Commissioner Williams
- Josh Palmer (El Paso County Chief Engineer)
- Tom Anderson (KD Treasurer)
- Myself



Left to Right: Greg Wolff, County Commissioner Holly Williams, County Engineer Josh Palmer, and Tom Anderson

King's Deer Roads

March 2023:

- Drove All Major Roads in King's Deer
- Commissioner Williams and Chief Engineer Josh Palmer Agreed that Several Of Our Roads were Seriously Deteriorated
- The Order of the Most Deteriorated Roads:
 - Kershaw Ct East of Roller Coaster
 - Kershaw Ct West of Roller Coaster
 - Royal Troon Entire Length
 - Remaining KD Roads were Determined to not Require Immediate Attention



King's Deer Roads

Commissioner Williams and Chief Engineer Palmer subsequently met with El Paso County Public Works and confirmed that Kershaw Ct would be Repaved this Year



Kershaw Ct was Repaved in June 2023

•Kershaw Ct Required More Extensive Repairs Than Anticipated (+\$\$\$\$)

King's Deer Roads

Royal Troon is also Scheduled to be Repaved this Year

- Special Boring Tests were Conducted in September to Determine the Condition of the Base Materials before a Repaving Contract could be Signed**
- Message board is posted on Royal Troon with Start Date of November 9, 2023.**
- Weather and Other Factors may Delay the Start of Royal Troon Repaving**
- I Remain in Contact with El Paso County.**



Common Area Maintenance

Ken Harris

Director of Common Areas



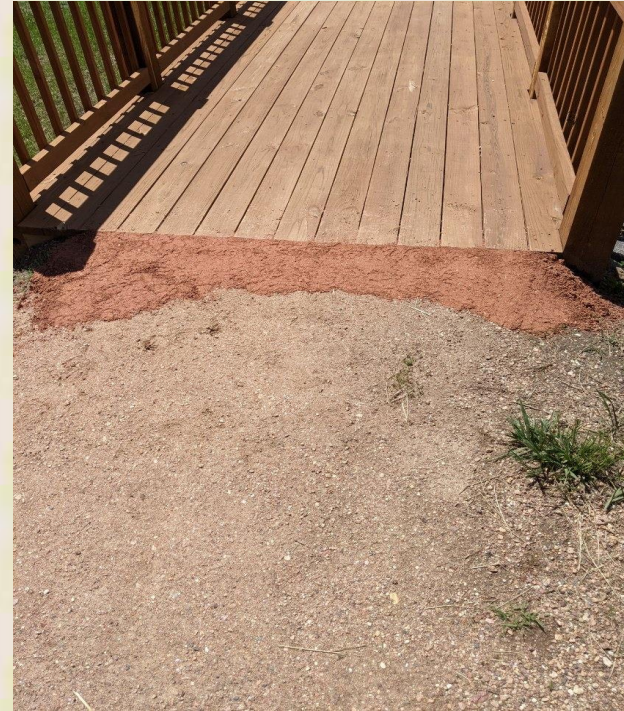
Trails

- Record breaking heavy and persistent rain
- Severe damage across entire trail system, repeatedly
- Repairs to Washed-out Areas multiple times
- Stressed the crew and scope of the maintenance contract



Bridge Repairs

- Severe weather washed out Bridge – Trail junctions
- Maintenance crew was fast to respond
- Outstanding and lasting repair



Park Playground and Field

Despite Severe Weather, the Maintenance Crew kept the Park and Field in great usable and aesthetic condition



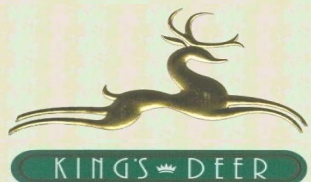
Pond

- Completed Annual Maintenance with Service Provider
- Serviced the Aeration System
 - Cleaned and Restored Aerator Functionality
 - Replaced Compressor
 - Replaced Fan



Monument Refresh Project

- Tremendous Rigor and Effort to ensure best approach
- Kings' Deer member Phil Stuepfert was fabulous support
 - Identifying and documenting concerns with Satellite Views
 - Creating and iterating refresh ideas
 - Meetings and Monument inspections with Director of Common Area and Executive Director
- Consulted with professionals to define a set of design features
 - Xeriscape
 - Low maintenance
 - Rough cost estimates to determine the correct scope
- Request for Proposals
- Contracted Kessler Inc
 - Work is ongoing and estimated for completion by year end



Financial Report

Tom Anderson

Treasurer

November 7, 2023



Topics

- **Overview: Operating and Amenities**
- **Financial Report: Balance Sheet**
- **2024 Budget**
- **Revenue and Expense Projections**
- **Proposed Assessment Changes**



Assessments Fund:

OPERATING BUDGET

RESERVES FOR AMENITIES

KING'S DEER Homeowners Association

Welcome!
This is the official web site of the King's Deer Homeowners Association. Here you will find information about the association, its activities, events, policies, and some information about the local area.
The King's Deer HOA office is located at the King's Deer Golf Course Golf Course Club House (19255 Royal Troon Drive).

Renovation of KD Monument Entrances
Posted 10/06/23
The Kings Deer Board of Directors is happy to announce that it has contracted with Kessler Inc for



Annual Maintenance, Administrative, Utilities

# Component	Quantity	Useful Life	Rem. Useful Life	Current Cost Estimate	
				Best Case	Worst Case
Sites & Grounds					
21180 Trails - Refurbish	~ 166,900 GSF	10	4	\$125,000	\$175,000
21190 Asphalt - Seal/Repair	~ 16300 GSF	4	0	\$6,500	\$9,800
21200 Asphalt - Resurface	~ 16300 GSF	25	12	\$24,500	\$32,700
21240 Bridge - Replace Deck/Rails	~ 420 LF	25	18	\$16,000	\$18,500
21390 Stucco Walls - Repair/Paint	~ 4600 LF	15	4	\$4,600	\$8,100
21540 Pond - Maintain	(1) Pond	30	12	\$20,000	\$30,000
21610 Sign/Monuments - Refurbish/Replace	~ (9) Monuments	30	12	\$40,000	\$54,400
21660 Site Pole Lights - Replace - 10%	10% of ~ (60) Pole Lights	4	2	\$7,200	\$9,600
23350 Gazebo Trim - Repaint	~ 300 GSF	7	2	\$700	\$1,200
23570 Gazebo Roof: Shingle - Replace	~ 200 GSF	25	10	\$1,000	\$1,500
Mechanical					
25340 IT Equipment - Update/Replace	~ (3) Equipment	4	0	\$3,000	\$6,000
25570 Irrigation Clocks - Replace	~ (7) Controllers	15	5	\$900	\$1,100
25610 Lake/Pond Aerators - Replace	~ (4) Aerators	10	1	\$8,800	\$10,400
Amenities					
21430 Pergola - Repair/Replace	~ (210) Pergolas	30	22	\$6,200	\$7,200
26030 Playground Cover - Refill	~ 9900 GSF	15	10	\$19,900	\$27,800
26050 Playground Equipment - Replace	~ (11) Pieces	25	11	\$50,700	\$82,500
26060 Picnic Tables/Benches - Replace	~ (8) Pieces	20	13	\$4,800	\$6,400
17 Total Funded Components					

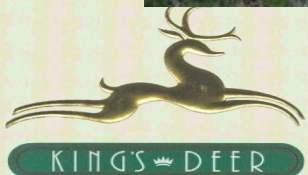
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Additions to Reserves for major refurbishments/renovations

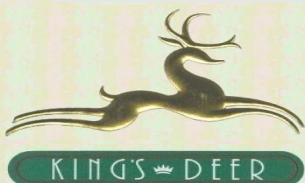


Financial Report: Balance Sheet

Actuals as of September 30, 2023

	Sep-23	Dec-22	Change	Sep-22	Change
ASSETS:					
Bank Accounts	\$ 245,195	\$ 469,848	\$ (224,653)	\$ 170,423	\$ 74,772
CDs	410,696	51,325	359,371	258,933	151,763
Other Assets	12,822	275,701	(262,879)	214,991	(202,170)
TOTAL ASSETS	\$ 668,712	\$ 796,873	\$ (128,161)	\$ 644,347	\$ 24,365
LIABILITIES:					
Unearned Owner Assessments	\$ 42,480	\$ 169,920	\$ (127,440)	\$ 41,949	\$ 531
Compliance Fee Deposits	33,750	61,600	(27,850)	50,000	(16,250)
Total Accrued Expenses	89,907	2,783	87,124	2,783	87,124
Other	-	-	-	-	-
TOTAL LIABILITIES	\$ 166,137	\$ 234,303	\$ (68,166)	\$ 94,732	\$ 71,405
EQUITY:					
Reserve Fund (Unallocated)	\$ 330,447	\$ 376,579	\$ (46,132)	\$ 372,786	\$ (42,339)
Reserve Fund (Water Initiative)	159,459	157,093	2,367	154,513	4,947
Other	12,669	28,899	(16,230)	22,317	(9,648)
TOTAL EQUITY	\$ 502,575	\$ 562,570	\$ (59,995)	\$ 549,616	\$ (47,041)
TOTAL LIABILITIES AND EQUITY	\$ 668,712	\$ 796,873	\$ (128,161)	\$ 644,347	\$ 24,365

- Currently in sound financial position with sufficient reserves per Association Reserves 2022 assessment
- Moved Funds into CDs in Q1 2023 resulting in an additional \$10,000/Year of interest income



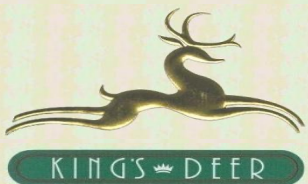
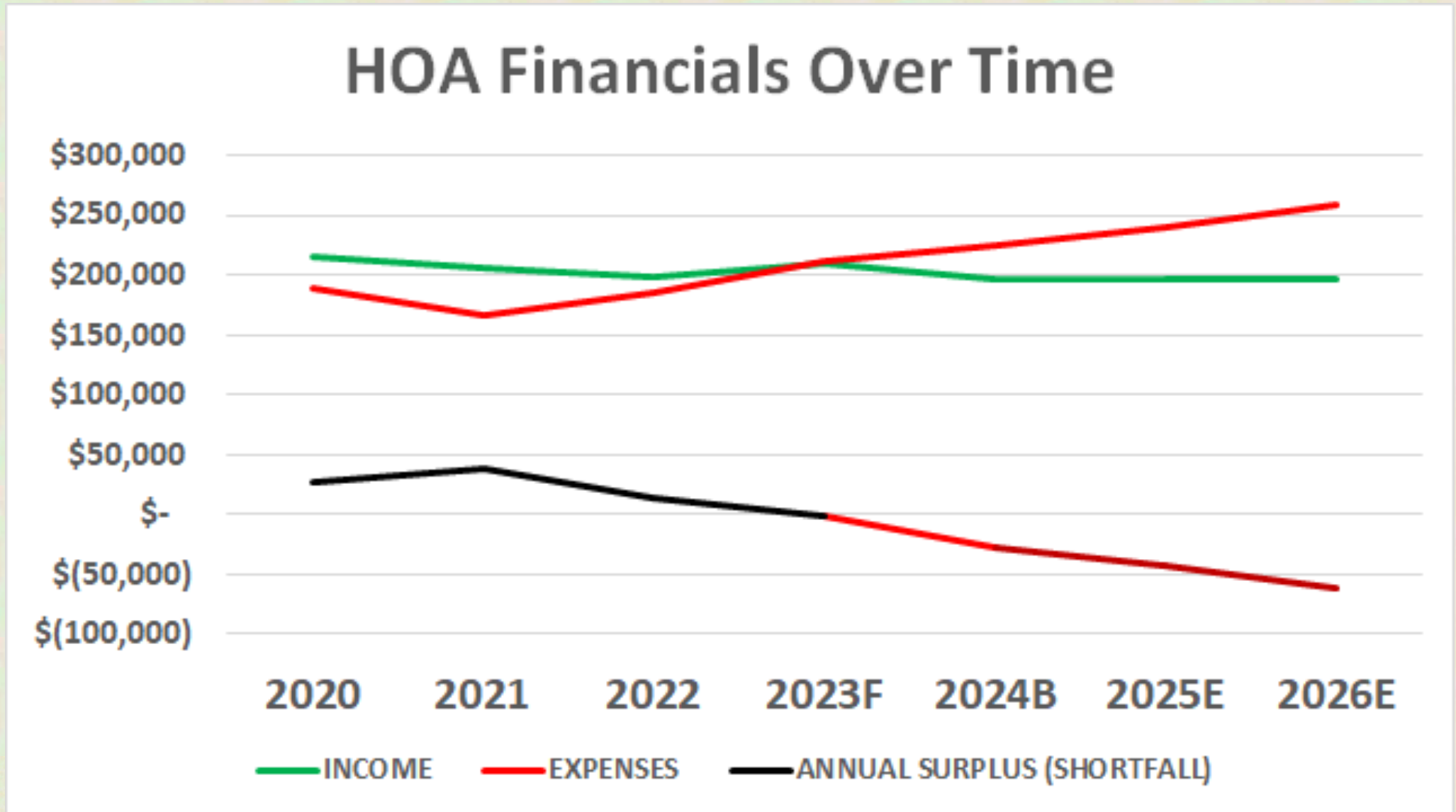
2024 Budget

	2026E	2025E	2024B	2023F	2022	2021
Income Less Water Rights and Interest	\$ 183,230	\$ 183,230	\$ 183,230	\$ 196,575	\$ 195,954	\$ 203,463
Interest	13,534	13,534	13,534	12,688	1,799	1,428
TOTAL INCOME	\$ 196,764	\$ 196,764	\$ 196,764	\$ 209,263	\$ 197,753	\$ 204,891
Administrative Expenses	\$ 128,467	\$ 121,080	\$ 114,118	\$ 107,557	\$ 97,230	\$ 89,959
Bad Debt	3,781	3,013	2,400	1,912	(1,163)	(5,033)
Insurance	17,724	15,179	13,000	11,134	8,676	7,279
Mailbox Expense	1,751	1,450	1,200	993	3,265	4,143
Maintenance	46,443	41,321	36,763	32,708	23,436	22,189
Professional Fees Ex Legal-Water	11,456	12,283	13,170	14,121	12,132	9,935
Legal-Water	230	263	300	343	326	(1,235)
Utilities/Water	17,801	16,010	14,400	12,952	12,010	11,989
TOTAL EXPENSES	\$ 227,653	\$ 210,598	\$ 195,352	\$ 181,719	\$ 155,912	\$ 139,226
OPERATING NET	\$ (30,889)	\$ (13,835)	\$ 1,412	\$ 27,543	\$ 41,841	\$ 65,664
RESERVE ADDITIONS NEEDED	30,554	29,664	28,800	28,800	28,800	\$ 27,936
ANNUAL SURPLUS (SHORTFALL)	\$ (61,443)	\$ (43,499)	\$ (27,388)	\$ (1,257)	\$ 13,041	\$ 37,728

Moved Funds into CDs in Q1 2023 resulting in an additional \$10,000/Year of interest income



Revenue and Expense Projections



Assessment changes are needed to fully fund Operating and Amenities

Proposed Assessment Changes

- Board of Directors propose an amendment to the Covenants
- The amendment will raise the assessments limit while maintaining the existing Limited Expense Community status
- The proposal addresses the projected shortfalls beginning in 2024 that will build over time unless action is taken

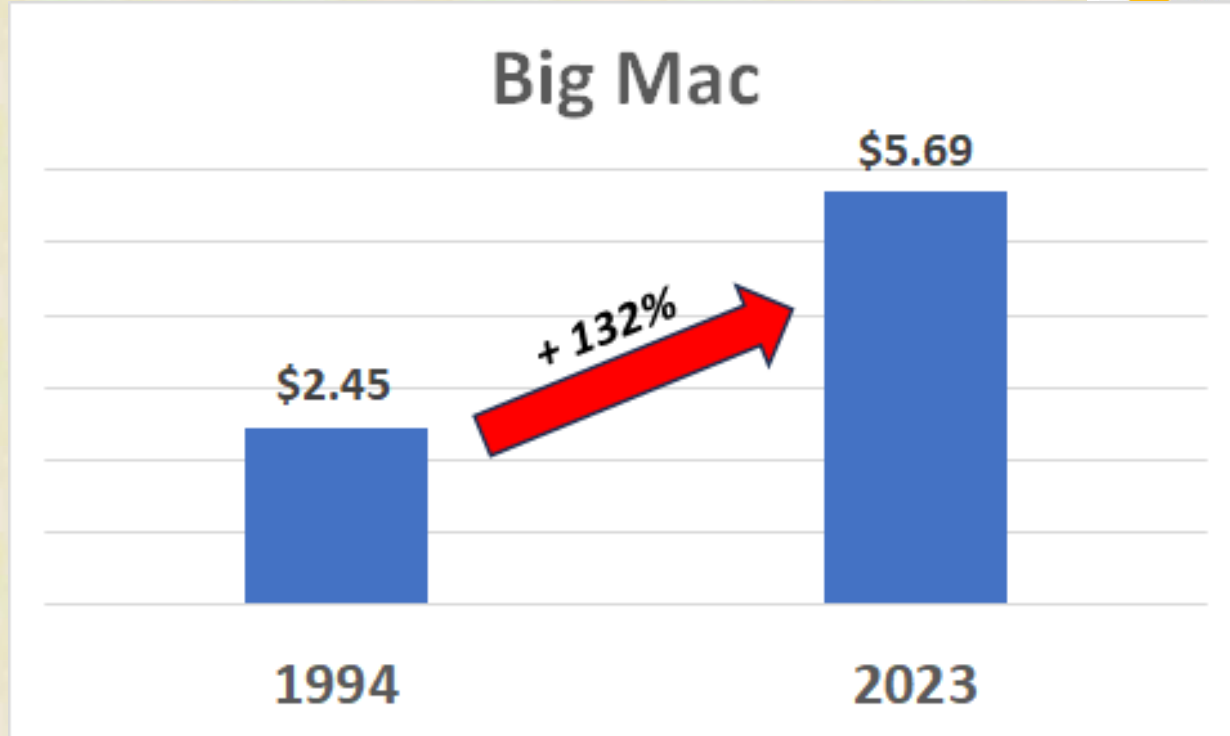
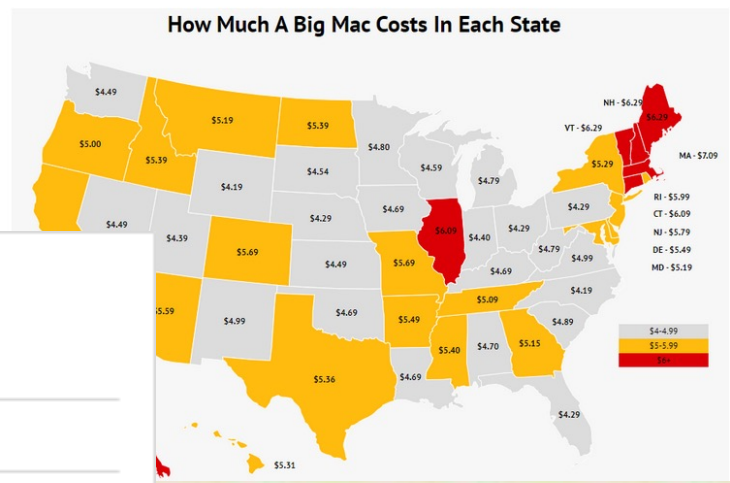


Inflation

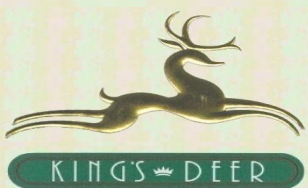
- 1990s: \$2.45, or \$4.59 for a Big Mac Extra Value Meal



A photo of a McDonald's menu from the '90s shows a Big Mac listed for \$2.45, with a Big Mac Extra Value Meal listed at \$4.59. And Seeking Alpha noted that the average price of a U.S. Big Mac was \$2.50 in 1998. Ah, the good old days.



- Denver Area CPI increased 121% from 1994 to 2022 – a **2.8% Annual Increase**
- The \$300 Assessment adjusted for Denver area CPI inflation = **\$662** (as of December 2022)



FAQ: Financials

QUESTION

ANSWER

What is the proposed increase and how high can assessments go?

The proposed language will include a cap of \$400 indexed to CPI. The board will determine the exact amount each year, but no greater than the cap.

How does new home construction impact financials?

Lost revenue from the \$700 filing fee for new home applications. Historically the HOA had 10 to 20 homes @ \$700 generating \$7,000 to \$14,000 per year. **The annual assessment applies to all 531 lots with or without a house.**

Where will the additional funds be used for?

The incremental funds are not for new projects or enhancements. The funds will be used for line items in the Budget as shown and funding reserves to maintain amenities.

Let's have an open audit to see where every single penny was spent.

Financial audits are for ensuring financial statements are accurate which can be done but will cost \$3-5K. The core of the question is to know where the \$ are spent. Will be addressed in open discussion session(s).

**Administrative Cost Transparency /
Administrative Costs Too High.**

Approximately 85% of Administrative costs are for the HOA Director. The remainder of the costs are for storage, postage, and related.



Open Discussion

Thanks for attending

