

The Townes at Kettle Creek Owners Association, Inc.
Annual Membership Meeting Minutes
November 13, 2012

The Townes at Kettle Creek Board Annual Membership Meeting was held at Pine Creek High School. The meeting was called to order by Kathy Dolan at 6:05 p.m. Present were:

Kathy Dolan	President
Arlene Chumley	Vice President / Treasurer
Konrad Kahle	Secretary
Darren Burns	Z&R Property Management

A total of 27 homes were represented in person or by proxy. Roll call was conducted at the door by Z&R along with certification of any proxies that had not been submitted in advance of the meeting. The notice requirement was waived due to the presence of a quorum.

Kathy Dolan introduced herself, the rest of the Board and Darren. Arlene Chumley moved to approve the 2011 minutes as submitted and the motion carried unanimously.

President's Report:

1. **Construction Defect Settlement Reached** – In February of 2012, the Association received the settlement check after significant efforts to amend the Covenants in order to be able to hold the builder accountable. The entire negotiation was done on a contingency basis with the law firm, so the Association had zero out of pocket expense.
2. **Construction Project COMPLETED AHEAD OF SCHEDULE** –The project was originally scheduled to be completed no later than December of 2012, but has been completed as of November 9th.
3. **Expert Supervision** – RMG Engineering was hired to prepare the engineering plans for the retaining walls and has also been providing on-site supervision of the construction of the walls to include compaction testing, etc.
4. **Safety First** – It is unfortunate, but many folks speed in the Community and create a dangerous situation for pedestrians. To lower speed levels and improve safety, 4 speed bumps were installed.
5. **Water Conservation** – Before the end of the summer, 6 areas were xeriscaped to reduce water usage. With water costs projected to increase another 24% over the next two years and water shortages being common along the entire front-range, conservation of water and reduction of water costs will continue to be critical in the years to come.
6. **Trees Protected** – Our trees are a significant investment, so in conjunction with the xeriscaping, tree rings were installed around every tree that sits in the grass in the Community. This will help to protect the trees from line trimmers and mowers and help them to grow to be more mature and healthy. In addition, the Board hired a tree care firm to spray the trees for disease and pests and perform winter watering to help them thrive and make the Community beautiful.
7. **New Landscapers** – The Board was given very short notice this year that Apples Landscaping had gone out of business.

Timberline was hired as the replacement contractor and while they did have some challenges with the grass during the hottest portion of the summer, members of the Board and ACC were very diligent in working with them to help the landscaping recover. They have proven to be very responsive and have things looking great.

8. **Southern Perimeter Drainage Addressed** – As part of the construction settlement and communication with the owner of the vacant lot to the south of The Townes, the Board was able to negotiate a new drainage project along the southern perimeter to divert drainage from that Lot away from our property line and retaining walls. This was also completed at no expense to the Association.
9. **Comcast Agreement Signed** – The Board signed an agreement to not enter into a bulk service agreement with any other companies for 10 years and the Association received **\$10,250** from Comcast in return. Basically, Comcast paid the Association to allow them to maintain and service the infrastructure they've already installed at the Townes. This in no way prohibits owners from selecting their own service providers for their homes.
10. **Hydro-jetting Completed** – The drainage flow into the detention pond has been greatly improved. To ensure that this water leaves the detention pond as fast as possible, all of the drains and pipes leading to the storm sewer have been hydro-jetted to clean the pipes and ensure the pond drains as quickly as possible.

Future Challenges & Projects:

1. While the most critical walls have now been addressed, the two large walls on the southern perimeter of the Community are still in need of repair or replacement. RMG Engineering will be inspecting these walls and providing their recommendations for replacement or repair and the work is tentatively planned as early as this winter depending on when bids are received. We may be able to get more competitive bids during the winter when landscape companies are in their slowest seasons.
2. The retaining walls along the eastern perimeter (Powers) still appear to be in good shape, but Sunwest Construction did bring some concerns to light. Basically, there are trees planted very close to these walls in a number of areas. In the coming years, these trees will grow very large and could compromise the walls. While this is not an immediate threat, the Board is aware of it and will be examining options for preventing the trees from damaging these very large and very expensive walls.
3. In 2013, now that the major projects have been completed, the Board will contract two specific services:
 - a. **A full audit of the financial statements by an independent accounting firm.** This should be completed within the 1st quarter of 2013 and the results will be published on the website (www.townesatkettlecreek.com).
 - b. **An updated reserve study.** This will give the Association a very good perspective on its current financial situation as it relates to the reserves and provide excellent information for future budget planning.

FINANCIAL REPORT:

Darren presented the financial report and took questions from the audience. The financial reports are posted on the website each month for review by all the Owners. Darren estimated that the Association will have \$165,000 of funds remaining in the settlement account after the retention funds on the construction project are released. The Association is \$19,198 over budget through October with water, legal fees, tree maintenance and snow removal as the three largest variances.

The large majority of legal fees were expended on collections, but the Board also required legal counsel on drafting new governance policies to ensure the Association is in compliance with new state laws effective January 1, 2013.

The large majority of the aged receivables is the result of three past due Owners. One of the three is on an aggressive payment plan while the other two are in foreclosure with the largest account set to go up for sale this month. The aged receivables should be greatly reduced before the end of the fiscal year.

Darren reviewed the dues history of the Association back to its inception in 2006. The \$15 per month dues increase for 2013 represents the first increase for the Community. The 10.34% increase averaged out over the life of the Community to date is 1.29% per year. The increase is entirely for the purpose of covering increased operating expenses and the reserve funding will remain at the same level as it did in 2011 and 2012 (\$34,000). The 2006 reserve study recommends allocating \$66,000 for 2013, so Darren informed everyone present that he has no doubt that the 2013 reserve study will recommend much higher funding levels for 2014 and beyond, regardless of what funds may remain from the settlement.

Overall, the Association is in excellent financial shape but will need to continue aggressive reserve funding to ensure long term financial stability. Darren provided a detailed explanation of the Association's insurance coverage and recommended everyone confirm their individual policies (HO-6 policies) include building coverage to handle the Association's deductible in addition to Loss Assessment coverage.

In addition, everyone should document the improvements and upgrades in their homes to ensure full coverage in the event of a loss. The Association's policy will rebuild the homes (inside and out) to the status as of the date of the loss, but upgrades must be proven. Ken Trumbauer recommended taking videos of the entire home to document all of the amenities and upgrades. The policies are currently being bid out for the year end renewal, and it is hoped the Association will be able to pay a bit more in premium to eliminate the current 2% wind and hail deductible.

NEW BUSINESS:

Darren introduced the three current candidates (Arlene Chumley, Kathy Dolan and Ken Trumbauer) who are running to fill the two open positions on the Board. The floor was opened for additional volunteers and there were none. Each candidate was given the opportunity to speak and then Owners were requested to mark their ballots. Dan Mosqueda volunteered to collect the ballots. Dan Mosqueda, Darren Burns and Konrad Kahle counted the ballots and confirmed a total of 54 votes on 27 ballots. Arlene and Kathy were both elected for 2 year terms.

Officers were elected as follows:

		<u>Term</u>	<u>Address</u>
Kathy Dolan	President	2014	3096 Ironton
Arlene Chumley	Vice President/Treasurer	2014	10634 Silverton
Konrad Kahle	Secretary	2013	10836 Tincup

The meeting was adjourned at 7:38 p.m.



Darren H. Burns
Property Manager

Konrad Kahle
Secretary
