

Saxony Homeowners Association, Inc.

Annual Board of Directors Report November 2016

The Saxony Homeowners Association **Annual Meeting** was called for Monday, November 14, 2016. Six units were represented in person and six by proxy. The twelve units did not constitute a quorum; therefore the business of the Association could not be officially conducted.

Saxony Manager, David Littler, and Saxony attorney, Elina Gilbert of Hindman Sanchez, were also present. Ms. Gilbert entertained questions from the homeowners about the Saxony governing documents revisions. One owner requested that the Board consider revising the parking rules to allow owners to park in their driveways. The Board agreed to conduct a straw poll to survey all owners' opinions on this topic. Another owner had submitted questions about some education expenses for the Board members and officers. It was agreed to make sure the provisions in the By-Laws and Declaration require prior Board approval for these expenses, which are allowed by statute.

Secretary/Treasurer Dennis Bierschbach reviewed the proposed 2017 budget provisions. The budget, however, could not be ratified at the meeting.

Barbara Chamberlain, current President, has concluded the remainder of her appointed term. She has agreed to stand for election. No one else has been nominated. Dennis Bierschbach's term ends in 2017; Jose Vallejo's in 2018. Elections for the one Board of Directors position could not be held.

Officers Reports

Saxony 2016 President's Report

Common Areas

The theme for 2016 was: Contractors are extremely busy. It was difficult for the Association to find any who would even inspect projects and submit bids. However, contracts with GroundMasters and Snow Management Services were renewed.

Landscape: In response to suggestions made at the 2015 Annual Meeting, the Board established and appointed a volunteer Landscape Advisory Committee: Grace Bierschbach and Gwen Hindsman. The Committee refreshed the three exterior flower beds and planted new perennials. They have also researched and developed a list of suggested replacement trees and shrubs that would be appropriate for Saxony homeowners.

C/O Peak to Peak Property Management, LLC.

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The Board conducted regular walk-troughs with Ground Masters to ascertain landscaping needs and develop plans. The interior plant beds were again planted with attractive annuals. More major tree-trimming was done by Davey Tree. Davey developed an updated tree-trimming plan covering the next three years. Trees were treated for IPS/mountain beetles, ash borers and emerald ash borers. A number of grass patches were replanted; rock and mulch areas were established or filled in.

Hardscape: The concrete streets were in good enough shape as to not present a compelling need for repair this year. Moneys budgeted for street repairs were transferred to landscaping.

Much research and discussion was done regarding the exterior stucco walls on the east side. The Board was advised that cutting tree roots might threaten the life of the ash trees. The Board received and approved a bid from SPCS. When SPCS attempted to cut away portions of the bottom of the wall to relieve pressure from tree roots, they discovered that the bottom of the wall was concrete and cutting away the bottom was not feasible. The decision was made to simply patch and paint the entire east wall. SPCS has just finished its work.

House and garage doors, plus trim, of ten houses were painted in the second phase of the exterior painting plan.

Snow removal was accomplished in a timely manner all season. This the most unpredictable part of the annual budget. Barring heavy storms before the end of 2016, this line item should be within or under budget.

Board member Jose Vallejo has revised and updated the Action Log, by which the Board keeps track of action items requested by owners and determined by the Board. The backlog on these items was significantly reduced through the year.

Governance: Revising Saxony's governing documents has been a high priority. The Board responded to a questionnaire from Hindman Sanchez, the Association's attorney. The attorney then drafted proposed revised By-Laws, Articles of Incorporation and Declarations. Several revisions were done and the final draft was sent to owners for review. The Board plans a mail vote on the revisions in 2017.

A number of Architectural Review requests were processed. Many owners are still completing repairs from the hail storm of 2015 and others are updating decks, etc.

Saxony's corporate standing was maintained by completing the Colorado Secretary of State corporate report, by submitting the Department of Regulatory Agencies Homeowners Association report and by Dave Littler earning his management certification.

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Community: In response to inquiries at the 2015 Annual Meeting, a Voluntary Homeowners Directory was created and distributed. Not all homeowners have given written permission to be included.

The Board has responded to changes in the neighborhood's composition. There are now five rentals. The Board has established means of communication with both owners and renters. There are now more children living in Saxony than ever before. The Board has reminded owners of this fact and of the need for caution and slow speed when driving in Saxony.

The Board organized and paid for a Summer Social as a means of encouraging residents to know our neighbors and engender a sense of community.

Financial Report by Dennis Bierschbach:

1. The operating budget for 2016 should end up over spent by approximately \$7,400 vs the budgeted negative \$300 assuming that we only have about one snow event that requires clearing during the last half of November and December (if we do not have an event requiring clearing this overage would decrease by approximately \$2,500).
2. Replacement costs included the second year of the resumption of the painting of the doors and garage doors and related trim for 10 residences (after several years of not spending for this cost) at a cost of \$6,380. Instead of spending for concrete repairs in the street, 11 landscape projects that were deemed to be replacement or a permanent improvement were undertaken at a total cost of \$6,283. \$7,813 was expended in connection with repairs to the stucco wall along Dayton Ave. (This included \$5,886 for the patching and repainting of the entire wall along Dayton inside and out, in addition \$1,927 was spent to clear trees and shrubs away from the wall in order to gain access for the repairs). These 3 categories totaled \$20,476 vs the \$21,000 budgeted for replacement costs.
3. The unfavorable variance projected for the 2016 operating budget is primarily the result of overages of approximately \$1,100 for sprinkler repairs, approximately \$2,300 for tree trimming (which includes \$1,410 in connection with cleanup of broken limbs from the heavy snow event of mid- April) and approximately \$4,000 in general grounds maintenance. The sprinkler repair overage was the result of a higher number of leaks requiring attention. The tree trimming included trimming several trees early in the summer in the interior of Saxony that had not been addressed for some time as well as anticipating that a few more will be addressed before the end of the year. The excess spending for general grounds maintenance was the result of spending \$3,700 on 13 different projects

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- involving new sod in some areas, adding mulch in others and removing a few dead shrubs.
4. The budget for 2017 was prepared taking into account historical operating expenses as well as attempting to anticipate areas where additional funds need to be expended. The Operating Budget includes budgeted increases for sprinkler repairs, tree trimming and water totaling \$3,800 for these areas. Snow removal at 17% (\$15,500) of the operating budget is the large variable, and if it isn't needed after the winter has passed, a portion of the savings could be considered for additional landscaping and tree trimming if there is a need (or transferred to the reserves if it were to produce an operating surplus).
 5. The \$15 increase in the monthly assessment will yield \$5,040 for 2017, of which \$1,200 is directed to increasing the annual funding of the Reserve Account for a total of \$15,600. The remaining \$3,840 of the increase goes to the Operating Budget.
 6. The Reserve balances at the end of 2015 and 2016 were and will be at approximately 70% and 55% respectively of the amounts calculated in the 2012 Reserve Study. The level of funding over the last two years has averaged 70% of the amount recommended in the study and is at the lower end of the range that most Associations achieve in order to attempt to avoid extravagant "special" demands on the homeowners (for 2017 the funding will be at 85% of the amount recommended). During 2015 and 2016 amounts expended from the Reserves exceeded the amounts added to the Reserves by approximately \$6,800 and \$6,000 respectively. The 22 year age of Saxony and the ongoing needs for replacements and major Capital Repairs dictates that contributions to the Reserves need to be increased somewhat each year. Colorado law dictates that Reserves are maintained and the periodic Reserve Studies give Associations the guidance as to the levels that should be maintained.
 7. The Saxony website contains updated current information including the monthly newsletters, monthly financial statements and minutes of the Board meetings. The minutes and financial statements for a month are posted one month later, after they are formally approved by the Board at the next meeting. The website also contains all of the Governing documents and rules along with Architectural Review request forms and information on the formulated Saxony paint colors.

Saxony HOA Board key goals for year 2017

- Identify and repair these areas of the street and sidewalks which poor appearance undermines our properties values.
- Continuing Tree pruning, Dayton street and inside areas

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- Repair cracks and paint Caley wall from the corner of Dayton to entrance gate in Caley.
- Final approval of governing documents by the HOA members.
- Maximize sprinkler system performance, i.e., identify areas receiving too much or too little water, etc.
- Property is aging; next year the HOA board will stress the importance of owner's responsibility of keeping properties well maintained.
- Ground Master Contract expires 10/31/2017. We will be exploring comparative services.
- Painting: front door trim, front door, and garage doors; we will finish a 3rd year out of 3-year cycle.
- Reserve Analysis: the original document was created in 2006 and updated in 2013. The Board believes a new update will be necessary by 2018. During 2017, the Board will review the scope of the 2013 update and adjust to current/future property needs.

Attached is the annual required education piece for homeowners, titled "How Can I Prepare for a Frozen Pipe Disaster?", that the Board hopes will be helpful.

What happens next?

Following Saxony governing documents and advice of counsel, the Board is taking the following steps:

1. Notice has been sent for a Budget Ratification meeting, to be held Tuesday, December 6, 2016 at 6:00 p.m. at Barbara Chamberlain's house (9677). This meeting is necessary to ratify the 2017 budget approved by the Board, which will allow the Association to conduct its business.
2. By a separate mailing, homeowners will be asked to vote for two items;
 - a. Approval of Minutes for 2015 Annual Meeting;
 - b. Election of one member to the Board of Directors.
2. By separate email, owners will be asked to weigh in on possible changes to the parking provisions in the Saxony Declaration.

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3, When the proposed Amended and Restated By-Laws, Articles of Incorporation and Common Interest Community Declaration of Saxony have been finalized, a notice and ballot will be mailed to homeowners for approval by mail-in ballot.

Your prompt attention to these matters will be greatly appreciated.

Best wishes for a happy holiday season.

Your Saxony Board,
Dennis, Jose and Barb

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