

2020 HOA Maintenance Association President's Report on the State of the Smoky Ridge Community

The consensus of the Board is that the condition of the community property is not in very good shape and is in serious need of upgrades and improvements. This takes well thought out research, planning and the financial structure to support this process. This community was established in 1985 and has never had a cohesive master plan or made use of the tri-annual reserve study as a guide to plan and make decisions on when replacements, upgrades and improvements should be made to the community property in order to protect our property investments.

This community needs a foundation to build upon. To make the necessary changes, three essentials are necessary.

1. Updated CCR's (Covenants, Conditions, and Restrictions) and Bylaws.
2. Financial stability with timely oversight.
3. A Board of Directors that can make the necessary decisions based on sound business principles.

Foundational Improvements:

- As you are aware, the Board has retained a new Management Services Company, Cherry Creek HOA Professionals. This change has resulted in a highly responsive management staff that supports the Board. After facing delays of receiving required and complex data during the transition period, the Board is starting to see more timely and accurate reports. Effective next month, CC HOA Pros will be making more improvements to their portal. Login/registering will be easier and a seamless link to the bank for ACH payments. The new system will be better about sending updates to homeowners regarding the status's of maintenance requests. The next financial reports will be clearer and easier to read.
- The original commercial and liability insurance coverage for the Smoky Ridge community was purchased in 1992. For the first time since 1992, the Executive Board reviewed the policies to look for ways to improve coverage while saving money and reducing liability to our HOA.
- The Executive Board negotiated an updated insurance coverage policy which now includes a state required fiduciary bond, umbrella coverage. At the same time a redundant D&O policy (Directors and Officers) was canceled saving additional expenses. The result is additional coverage and a reduction in premiums and one deductible requirement.
- The irrigation system now contains six state of the art controllers. One of the controllers is a year old and the balance have all been replaced this year. In

addition, to be in compliance with the water district's regulations, the Board had rain sensors installed on all of the controllers.

Established Landscape Committee:

(Ken Cruise and David Quackenbush, Steve Hart and Mike Shaw)

- It was established to oversee and direct the activities of the landscaping company. The landscaper is now being monitored to ensure that the community receives all the services that were contracted for and performed when specified within the contract.
- Thanks to Mike Shaw for all his time and efforts working with the landscaping contractor. On a weekly basis, he ensured that the sprinklers were adjusted, the mowing and trimming of the trees and shrubs in the common area, fertilizer and aeration were performed on schedule.
- The Board contracted with a tree service to prune large trees and remove dead trees on East Progress Circle.

Established Fence Committee:

(Ken Cruise, David Quackenbush, Steve Hart, Mike Carnevale and Mike Shaw).

- The previous HOA Board contracted for the replacement of the community fencing at the Progress Circle and Crestline Circle entrances in the fall of 2019. This Board established a Fence Committee to establish accountability with the contractor and subcontractors. This Committee created a punch list to identify any construction defects and ensure that the new fencing conformed to approved industry construction practices. The substandard craftsmanship found in the Progress Circle sections were noted by the Fencing Committee. When the punch list was discussed with the fencing contractor, they immediately made the necessary repairs without additional expense to the homeowners. This oversight process was continued for the new Crestline sections built in early 2020. Again, the defects found were corrected by the contractor.
- Additionally, the first fence sub-contractor damaged the irrigation systems and retaining walls for a several of the homeowners on East Progress Ave. The Fence Committee worked with the homeowners to restore their properties to their original condition at no expense to these homeowners.
- The Fence Committee also worked with the fence contractor and the coatings sales representative to coordinate the staining of the new fence, selecting the

most durable and attractive choice of stain to protect the new fencing for the years ahead.

Financials Highlights

Savings:

- The Association holds three \$25,000.00 CD's in our reserve fund. Through the third quarter of this year, these deposits have yielded \$1,950.45 in interest. This is money that will be used to increase the reserve funds account without additional homeowner contributions.
- We verified that the former management services company refunded \$179.00 in handling and postage expenses for the dunning letters sent out in error one month earlier than scheduled.
- Changing management services company resulted in an annual savings of \$6,000 and greatly reduced our accessorial expenses.
- The review and updated HOA Insurance coverage resulted in a savings of \$1,276.00 for the homeowners.
- Thanks to Mike Carnevale, a negotiated a waiver of \$1,700 in late fees and an additional \$617.00 credit was obtained going into the 2020 summer watering season with East Cherry Creek Water District. This is a savings of \$2,317.00 for the homeowners.
- We had the landscaping company change our sales tax rate which will result in a .75% reduction in sales tax we pay for irrigation parts and equipment.
- The Board recovered \$1,703.00 from two cable company sub-contractors for damage to our irrigation system incurred by their boring operations last May and June.

Miscellaneous Financial Items:

- The Board prevented the former management company from creating and mailing additional homeowner invoice notices that would have resulted in an unnecessary expense to the homeowners.
- The Board commenced legal foreclosure actions against two property owners that were delinquent for over two years in dues payments, interest, fines and legal expenses. These actions resulted in one homeowner paying off the total amount owed and the other homeowner agreeing to making 12 monthly payments to clear their delinquency.

- In the past, the association has been charged late fees for some of our vendors invoices. Our new management services company includes accounts payables aging in our monthly financial report. We are happy to report that all vendor accounts are within the 30 days payable time frame thanks to Cherry Creek's financial staff.
- Homeowner Delinquencies. This Board has taken action on delinquent homeowner accounts that at one time amounted to over \$34,000.00 owed to the Association. Of the remaining six accounts that the Board was forced to take legal actions against, four cases have been resolved and closed. There are currently seven accounts that are in the process of being turned over to our collections attorney. Our outstanding delinquency accounts currently stand at just under \$18K. It is the Board's intention to further reduce outstanding delinquency totals.

Still Needs to be Completed:

- The last part of the foundation building is to consider a revision and updating of the CCR's (Covenants, Conditions, and Restrictions) and Bylaws. These documents, along with the incorporation papers, were filed with the Arapahoe County Clerk in March, 1995. Very few updates or amendments have been appended during the last 35 years. According to DORA guidelines, CCR's and Bylaws should be reviewed at least every five years.
- We, as a community, must move into the 21st century by making the necessary changes to our controlling documents.
- The 2020 Reserve Study will be created by an outside organization. The Board will see this study during the month of December. The Master Planning Task Force will complete a master plan for homeowner approval to move forward with the necessary repairs, upgrades and improvements.
- The Master Planning Task Force will also undertake a study to discover how we can upgrade the two small capacity water supply lines and replacement of our outdated irrigation lines and sprinkler heads.

Based upon the 2020 Reserve Study, we will form a plan for the overdue maintenance and improvements that our community property needs. This will include the completion of the fence replacement project, staining the Himalaya fence, reworking and improving the irrigation system along Himalaya. An additional expense will be the revision and updating of the community CCR's and Bylaws.

Things to Consider:

The five sections of fencing that were replaced at the end of last year and completed in February cost the homeowners \$101,355.00. There are approximately 19 more sections that need to be replaced. (Nolan's procurement statement)

We sincerely hope that the State of the Community will become a tradition during our annual meeting.