

Castle Pines Homes Association Board of Directors

Executive and Regular Meetings

Castle Pines Homes Association

688 W Happy Canyon Road Castle Rock, CO 80108

Friday, May 25, 2012

ATTENDEES: Directors Al Dugan, President; Linda Battin, Vice President; Len Jacob, Treasurer; Terry O'Connor, Secretary; Chuck Skinner, Director. Present from the CPHA staff: General Manager Mark Larson, Chief of Emergency Services Drew Grant, Accountant Carol Tilton and Administrator Lisa Goodwin.

OTHERS PRESENT: Paul Dannels from the Metropolitan District; Jake Schroeder from Aslan/Riverdell; Sean Owens from Douglas County; residents: Don Somsky, Jim Kelly, Monica Flinner-Ross, Kim Higgins, Gene Roberts, and Craig Sundquist.

EXCUSED: None

MEETING AGENDA: See attached.

I. EXECUTIVE SESSION

The Board of Directors met in executive session and discussed (1) personnel issues, (2) the negotiation process with Mr. Vickers regarding Gate 2, (3) the employee resolution and the firearm resolution (discussed in open session), (4) the Emergency Services process for vehicle replacement, and (5) the employee health care program (discussed in open session).

II. CALL TO ORDER / MODIFICATION OF AGENDA

The general meeting was called to order at 8:00 a.m.

Mr. Larson reported a modification to the agenda – removing item (a) “Emergency Services Vehicle Replacement Policy” under Section VII. Action Items.

III. CONFLICT OF INTEREST DISCLOSURE

Board members were requested to disclose any conflict of interest related to items on this month's agenda, or at any time during the meeting should a conflict of interest arise.

No conflicts were identified.

IV. MINUTES

(See Tab #1 of the May, 2012 Board Package)

Motion Upon motion duly made and seconded, the Board approved the April 20, 2012 Board of Director meeting minutes with corrections as noted.

VI. FINANCIAL REPORT – Director Jacob and Kim Higgins
(See Tab #2 of the May, 2012 Board Package)

A. 2011 Audit Report – Kim Higgins

Kim Higgins, resident, CPA, and member of the Long Range Planning and Finance Committee, presented the 2011 Audit Report to the Board. Ms. Higgins reported the auditor provided a “clean opinion” for 2010-11; considered the best opinion that can be received.

Ms. Higgins covered the 2011 Audit Report and answered questions from the Board. Director Dugan asked Ms. Higgins if the internal controls the Homes Association has in place are adequate to prevent fraud. Ms. Higgins stated that no measure of internal controls can fully prevent fraud. Mr. Larson stated that in a past audit report the auditor had made several recommendations to increase the Homes Association internal controls and those recommendations were put in place at that time.

Director Dugan asked two questions: (1) Does the General Manager or any member of the staff have any family relations with CPHA vendors or service providers, and (2) Is it the General Manager’s responsibility to detect fraud within the organization. Mr. Larson responded “no” to the first question and “yes” to the second question.

The Board thanked Kim Higgins, Carol Tilton, Director Jacob and the entire Long Range Planning and Finance Committee for doing an excellent job on managing and reporting on the financials of the Homes Association.

Director Jacob presented the April, 2012 Financial Report.

- Per Director Skinner’s request at the April Board meeting, the current capital report was included within the financial statements of this month’s Board packet.
- Cash and Securities indicate a balance at Solera bank that is nearing the FDIC insured limit; some of this balance will be moved to the Guaranty Bank account.
- The Covello lots sold to Richmond Homes closed and the CPHA received \$25,000 at the time of closing as a settlement for past due assessments.
- Next month’s financial statements will include a line item for the repayment of the loan from reserves for the Gate 1 gate house; estimated to be approximately \$42,000 per year or \$3,500 per month.
- There were 14 resales last month resulting in additional transfer fees.
- Gate Repair Expense includes the insurance payment from the individual that struck one of our gates with their vehicle.
- Administrative Operating Expense, Attorney’s Fees, is negative due to the expenses incurred for legal work regarding the office threat.
- Emergency Services Labor Expense is negative in payroll but is projected to be \$5,000 positive for the year.
- Emergency Services Operating Expense is anticipated to come in \$5,000 negative for the year.
- Lifeguard Expense is paid in advance, at the beginning of the pool season.

- Forest Management expenses include the costs incurred for our Forestry Consultant to survey the Village for pine beetle infected trees.
- Village Landscaping Expense is anticipated to come in approximately \$5,000 over budget.

Motion Upon motion duly made and seconded, the Board unanimously approved to accept the April, 2012 Financial Report as presented.

VII. HOMEOWNERS REQUEST TO BE HEARD: Items not on the agenda

NONE

VI. MANAGEMENT REPORTS

A. Manager's Report – Mark Larson, General Manager

Mark Larson, General Manager of the Castle Pines Homes Association presented the Manager's Report.

(See Tab #3 of the May, 2012 Board Package)

Resident Don Somsky and Douglas County Engineer Sean Owens were present to provide an update on the train whistle issue.

(For previous discussion on this issue see the April, 2012 Board Packet, VII. Management Report, Item A. "Manager's Report".)

Mr. Owens reported the following:

- The County will be submitting their plan to the Public Utilities Commission (PUC) by or before July 7th.
- There is a 60 day time limit from the time the PUC receives the plan for the railroad to provide their construction and design costs.
- The County is presently working on finalizing the maintenance and construction agreement with the Union Pacific Railroad. Once this agreement is signed the Union Pacific will have up to a year to complete the construction.
- The earliest estimated start date for construction is August 1, 2012. Construction should take no more than two weeks to complete, and this includes both the County's construction work and the railroad's construction work.

The Board thanked Mr. Somsky and Mr. Owens for their continued dedication and hard work on this issue.

Mr. Larson reported work to install the metal gates at Gates 1 and 2 has been delayed as the installer had a death in the family and was out of town for the last three weeks. The installer has returned and work has resumed. Mr. Larson reported the stones for the columns are being cut and will be similar to the rock walls in the roundabouts (rhyolite). Mr. Larson reported it will take approximately five weeks to get the gates fabricated and another four weeks before they are fully installed and functional. The estimated cost for the work at both locations (Gate 1 and 2) is approximately \$85,000 to \$90,000.

Mr. Larson reported the bridge behind the Coldwell Banker real estate office spans across a gulch that is open space belonging to the CPHA, and while there is no specific documentation as to ownership of the bridge itself it can be inferred due to its location that the CPHA therefore has ownership. Mr. Larson reported the bridge is not identified in our reserve study however we can do a supplemental reserve study to include the bridge. Mr. Larson stated we would need an engineer to determine if the repairs needed are structural, cosmetic, or both. Mr. Larson reported if we removed the bridge the trail would simply go through the gulch similar to the one behind the CPHA building. Mr. Dannels offered to assist Mr. Larson in obtaining bids for repair or removal.

Mr. Larson provided the Board with an update regarding the trails and the capital request approved at last month's board meeting regarding trail improvements. Mr. Larson reported:

- The Gate 3 trail has been completed.
- At Gate 4 the Metro District will do road striping that will allow for a pedestrian crossing over the bridge; the trail is scheduled for completion next week.
- At Gates 1 and 2, the trail now runs to Happy Canyon Road; the Metro District is looking at doing road striping inside Gate 2 as well which will require some small changes to where the trail goes and will also require some additional footage. The trail crosses over some Golf Course property but they have informed us that this is acceptable. The crosswalk will also go across a speed table to be installed inside Gate 2.
- Near the Kimball property, trail installation is requiring deeper cuts into the hillside than originally anticipated. A retaining wall will need to be installed to prevent dirt from washing down onto the trail.
- Due to the additional costs now required to complete the trail projects, the Parks and Recreation Committee has determined to not install the trail piece that would connect the Summit Club to the Country Club and to instead save the expense to properly install the trails at the other locations.
- It will cost approximately \$150,000 for both projects and the budget allows for \$160,000.
- Richmond Homes has stated they would be asphalting the trail system near their development in the very near future.

B. Design Review Committee (DRC) Report – Mark Larson

Mr. Larson reported this has been covered in his Manager's report within the Board packet.

C. Emergency Services (ES) Report – Drew Grant, Chief of Emergency Services (ES)

Chief Grant presented the Emergency Services report. (See *Tab #3 of the May, 2012 Board Package.*)

Chief Grant reported:

- There were 495 incidents for April with nine medical assists.
- QuickPass registered 10,000 more entries in April than in March. Some of this was due to the tournaments at the Golf Club (entering through Gate 1) and some of this was due to construction activity on the south side (entering through Gate 4).
- Two new patrol officers were hired; staffing levels are back up to 33.
- A joint training session was conducted with South Metro Fire Department.
- Two ES officers were promoted to the position of Senior Field Training Officer.
- There were five incidents at the gates – all occurring in the guest lane – only one of which resulted in a small amount of damage.
- The telephone entry system is up and running at Gate 2 and so far 122 residents have signed up for it; only 19 of these are listed as anonymous on the key pad.

Chief Grant reported that Kris Henry's son was not the individual that was presumed to have been using his transponder to open the gate for vehicles entering through Gate 2. Chief Grant reported that it was later determined the individual was another resident in the community.

VII. ACTION ITEMS

A. Emergency Services Vehicle Replacement Policy

This item was removed from the agenda.

B. Employee Health Care Program – Mark Larson

Mr. Larson recommended that the CPHA renew its business relationship with DHR for the timeframe July 2012 to July 2013. DHR (formerly Terra Firma) provides the CPHA with payroll processing, HR assistance, and employee training as well as the opportunity to negotiate for health care coverage as part of a larger pool of members. Mr. Larson reported that for the past four years our health care coverage has been an HMO with a maximum out of pocket for employees of \$5,000 - \$1,500 of this covered by the employee and the remaining \$3,500 to be covered by the CPHA.

Mr. Larson reported that we have successfully maintained health care costs over the past few years. Mr. Larson reported this year will include a cost increase so other options were considered and renegotiations occurred with DHR. Mr. Larson reported that Kaiser Permanente was considered, but later rejected, as many employees expressed their concern about having to lose their primary and specialty care doctors. Mr. Larson proposed that the CPHA continue their business relationship with DHR and continue health care coverage with Anthem Blue Cross Blue Shield. Mr. Larson also proposed that the CPHA provide a 50% reimbursement to employees in regards to the \$200 deductible for Tier 2 and Tier 3 prescription medications. Mr. Larson stated that this will help employees with the increase in premium costs and should effectively be a "wash" for those individuals that utilize this deductible. Mr. Larson reported the health care coverage would continue at a 75/25 split with 75% of the monthly premium paid by the CPHA and 25% paid by the employee. Mr. Larson reported he met with resident and Humana executive, Vic Pluto, who stated that our health care costs are in line and are priced slightly below the national average.

Motion Upon motion duly made and seconded, the Board unanimously approved to continue our relationship with DHR and Anthem Blue Cross Blue Shield with the additional provision of coverage of up to 50% of the \$200 prescription drug deductible for tier 1 and 2 drugs.

C. Parks and Recreation Capital Request – Mark Larson
(See Tab #6 of the May, 2012 Board Package.)

Mr. Larson reported two upright, Precor-brand bicycles were purchased for the VLFC earlier this year. These two bikes have performed extremely well, and there has been positive resident feedback. Mr. Larson reported the Parks and Recreation Committee was now seeking approval to purchase two Precor, recumbent bikes. Mr. Larson reported a cost comparison was done between the bid received from our vendor Push, Pedal, Pull and vendors selling the same equipment on the internet. It was determined that Push, Pedal, Pull had the most competitive pricing for these bikes. Director Skinner reported the budget for all cardio related equipment is \$28,000; \$5,000 was spent on the two uprights and this request would be for an additional \$6,000. Mr. Larson stated that at next month's Board meeting the Committee will be presenting a capital request to purchase a new elliptical machine.

Motion Upon motion duly made and seconded, the Board unanimously approved the Parks and Recreation Committee's capital request as presented.

D. Proposed Resolutions to the CPHA Rules and Regulations

1) Employee Relations Resolution
(See Tab #7 of the May, 2012 Board Package.)

Director Dugan reported the Board met in several executive sessions, and after much discussion the Board determined to withdraw this resolution from consideration and instead utilize an alternate process involving the employee manual. Mr. Larson reported he would work with DHR to revise the employee manual and come back to the Board in June for their consideration.

2) Policy Regarding Firearms in the Village
(See Tab #8 of the May, 2012 Board Package.)

Mr. Larson reported the Board accepted the language of the resolution. The resolution will be presented to the Board in July for a "yes" or "no" vote.

Motion Upon motion duly made and seconded, the Board unanimously approved the language of the resolution entitled the Policy Regarding Firearms in the Village and agreed to put into process the requirement for a vote at the July Board meeting.

VIII. Information/Direction

A. Board of Directors Election Process – Mark Larson *(See attached handout of slide show presentation)*

In response to questions concerning the election process used by the CPHA to elect the members of the Board of Directors Mr. Larson presented the following information:

- The bylaws of the CPHA state that the Board of Directors are elected during the Annual Meeting of Members either in person or by proxy.
- Members of the Board of Directors need not be members of the CPHA.
- The use of a proxy for voting assists in meeting the quorum for the meeting which as stated in the bylaws is $\frac{1}{4}$ of the members of the association must be present.

Mr. Larson further stated that the Board is able to modify the bylaws of the CPHA as long as they those modifications do not conflict with the CC&R's.

The Board discussed having all of the nominating committee members be listed as proxies instead of listing just one. Director Dugan stated it is important to keep the proxy, to refine the language of the proxy so that it is clearer, and to eliminate the option to elect a non-resident as an “agent”, representative of the association members. Mr. Larson reported a resolution would be required to change the bylaws and will present one for consideration at next month’s Board meeting.

B. Gate 2 Traffic Study – Mark Larson *(See attached handout of slide show presentation)*

Mr. Larson reported the Metro District engaged the services of LSC Transportation Consultants, Inc. for the purpose of conducting a traffic study at Gate 2. Mr. Larson reported that as a result of the study the Metro District will be striping certain areas of roadway to provide a walking lane, and they will be installing two speed tables to help slow traffic down.

Mr. Dannels reported the traffic device used in the study clocked speeding at up to 55 mph going uphill inside Gate 2. Mr. Dannels reported one speed table will go where the trail is inside Gate 2, and the other does not have a location determined yet. Mr. Dannels reported he will be presenting more information on this subject (the Traffic Report) at the June Board meeting. Mr. Dannels reported they have determined the road inside Gate 2 is sufficient to handle the construction traffic for the R47/49 development.

C. Speed Survey Data Update – Mark Larson *(See attached handout of slide show presentation)*

Mr. Larson presented a slide depicting a “speed enforcement evaluator” showing the total number of enforceable violations over a period of time, and the best times to conduct enforcement within that area. The study was conducted inside of Gate 2. Mr.

Larson reported the results indicated that 10.3% of vehicles were over the speed limit. Chief Grant stated ES will run radar patrols based upon some of the areas indicated.

Director Dugan stated we need to monitor if speed is increasing or decreasing over time so we can tell residents that we selectively enforce areas within the community.

Director Dugan stated that some of the times indicated on the report (for speeding) were school bus times. Chief Grant stated ES officers do follow the busses in order to monitor enforcement however there is not enough staff to follow all of them at the required times.

Mr. Dannels reported they are looking at removing the stop signs at the following locations:

- Orofino
- Prospect and Castle Pines Drive South
- Moffat Court

Chief Grant stated that removing the stop sign at Orofino will increase speeding as the roadway is a "straight shot". Director O'Connor asked the Board be given the opportunity for input before a stop sign is removed. Mr. Dannels replied the Metro District is liable for harm that occurs at a stop sign whose placement is not warranted. Mr. Dannels reported the stop sign at Orofino is not warranted.

D. Gate Access Comparisons 2011/2012 – Mark Larson
(See attached handout of slide show presentation)

Mr. Larson presented a slide showing the total traffic per gate for all gates in the month of April 2011 and in comparison to April 2012. Mr. Larson reported this month was selected because it was just before the roundabout project began. The Board discussed the figures and stated this was very good information.

E. Metropolitan District Items – Paul Dannels

Mr. Dannels stated he had nothing further to report beyond what was already discussed in earlier agenda items. Director Dugan stated the native grasses along Happy Canyon Road near Gates 3 and 4 do not look very good. Mr. Dannels replied the contractor is still "on the hook" for this and is not finished.

X. IMPORTANT MEETING DATES

Mr. Larson reported the June, 2012 Board Meeting will be held in the Castle Pines Homes Association Conference Room located at 688 W Happy Canyon Road, Castle Rock on Friday, June 15, 2012, 7:00 am Executive Session, 8:00 am Regular Meeting.

Director Dugan reported he would be absent at the June meeting.

The next Castle Pines Metropolitan District Board meeting will be held on Thursday, June 21, 2012 at 7:30 am.

XI. ADJOURNMENT

Motion Upon motion duly made and seconded, the Board unanimously approved to adjourn the May Board of Directors Meeting at 10:37 am.

Respectfully Submitted by,

Lisa Goodwin