

From: info
Sent: Wednesday, September 30, 2015 11:40 AM
Subject: KPMA/KGCC- KRAMM Response

KPMA E-Blast

An open letter to members of KRAMM:

Strong democracies are not neat and orderly. They are rowdy and full of debate. Therefore, we welcome your involvement in the proper debate leading up to a set of proposed changes to the governing documents of our community. At one point in the recent KRAMM communication, the author raises the question “what reassurance do ALL members have that their interests are shared by master or local homeowners associations at Kensington?” Some KRAMM members have and do serve on the boards of those associations, and therefore, will know that those boards do their best to represent their neighbors. Seldom do they reach a unanimous decision. Elections are held each year by all of those organizations to ensure that we have a board that represents us.

As a voluntary board, duly elected by the residents of Kensington, we are held responsible for acting in the best interest of the community. Not surprisingly, not every member of the community shares precisely the same views as to what “best interest” entails. That’s why each of us accepted a set of governing documents when we bought our homes that lays out a set of rules or principles that our duly elected board, and we as residents, agree to follow.

Included in our governing documents are rules governing the process used to amend those documents. As stated, Florida law has evolved and some amendments are required to comply with those laws. In other areas, we (and past boards) have noted a set of inconsistencies with the three documents that should be reconciled. The draft documents, which will be circulated for review and comment, attempt to do both. Within those changes, we do not recommend a change that would require less than 2/3rds of all members to approve the membership required initiative. We will retain that threshold. We are living within the rules that all of us agreed to when we bought our properties. Please note that all of us agreed that if 2/3rds of our neighbors agree to an amendment, we will comply with those changes.

We understand that there are legitimate arguments for and against the membership required initiative. We are committed to ensuring that all views are given ample air time by regularly communicating throughout the process leading up to the vote. That will include newsletters and multiple community meetings for all to be heard. The board is committed to a proper process and to listening to all views and where possible, to construct proposals to make them acceptable to the greatest number of our members. One of the considerations already made is to exempt current owners from the membership requirement. This ensures that no one is burdened by a change in annual dues not envisioned when they bought in Kensington.

As a part of that process, we will present as many facts as possible, no matter whether they support or argue against the membership initiative. We will try, as far as possible, to avoid offering unsupported opinions or overly emotional appeals. We ask members to do the same.

As to the specifics of the KRAMM letter, we observe the following:

1. The Board won’t require membership, only KPMA residents can do that. We simply make recommendations we believe are in the best interest of the whole community.

2. The amendment of our documents and the membership required proposal are separate and distinct. We have ensured they are dealt with in a manner that allows members to support the practical changes in our documents without altering the threshold required for the membership required initiative.

3. We believe that most members agree that the existence of the Kensington Golf and Country Club within our gates adds value to our homes. The letter makes a fair point that requiring membership may well decrease the pool of potential buyers for our properties; however, the Board believes that this is more than offset by the positive effect of ensuring the club is strongly supported over the long term. As the letter points out, to maintain the attraction of the club it must be supported at some expense. A deteriorating club within our gates would detract from all home values.

4. Due to the competitively sensitive nature of Kensington Golf & Country Club's (KGCC) financial information, it is never published externally or shared with non-members. However, KGCC has confirmed it is in sound financial condition, with a balanced operating budget, a strong balance sheet and a capital reserve plan that looks ahead a number of years to anticipate and fund capital expenditures - something that the Club's independent auditors have rated in the "best practice" category of clubs nationally. The Club's financial statements are audited annually, and have earned a clean opinion every year. The financial results for the fiscal year compared to budget are presented to Members at the Club's Annual Meeting each March. Members also have the opportunity to pick up a copy of the audited financial statements as soon as they are available. Interim financial results are also available upon request, should a member wish to review them in person with the Club's CFO.

Please read below the full response from Kensington Golf & Country Club regarding the club's financials.

5. The letter makes a number of points about "assessments" including the fact that a reserve had not been built by past boards to handle the lake bank project. We agree. KPMA has had an independent board (not controlled by the developer) for only about 11 years. Many of our neighbors, including members of KRAMM, have served on that board. Past boards have had to deal with setting up new processes, hiring management firms, and dealing with crisis such as the deterioration of our lake banks. This board inherited the learning of past boards and has tried to begin to address the issues identified. Wise homebuyers have begun to ask to see the long term capital plans and financial status of both KPMA and the Country Club before they purchase property at Kensington. They know that the maintenance of both KPMA and KGCC are required to maintain the value of the investment in their property, and fees will be required to accomplish that task.

6. The letter raises a number of fair points about other gated communities in Naples and the board will do our best to gather and report the facts about the number of gated communities that contain golf clubs within their boundaries and how they manage membership within the community. As the letter points out, they are not all equal. The range of community sizes, home values and Country Club membership fees is fairly large. The data won't deliver a clear answer for Kensington, but it will allow us to make a more informed decision when we vote.

We close by agreeing with the KRAMM letter that "we ask residents to carefully review all proposed by-law changes." The proposals are made as the result of long hours of work by your voluntary board and are thought to be in the best interest of the community but the residents must decide. We look forward to the constructive engagement with our neighbors to reach the best outcome.

Sincerely,

The KPMA Board of Directors:

Larry Beard, President
Lew Bryan, Vice-President, Treasurer
Mark Elliott
Fil Hoffman, Secretary
Beth Juliano
Lee Mears
Rolf Mahler
Tony Ryan
Peter Saunders
Allan Shinfield

Kensington Golf & Country Club Financial Response (4)

Due to the competitively sensitive nature of Kensington Golf & Country Club's (KGCC) financial information, it is never published externally or shared with non-members. However, KGCC has confirmed it is in sound financial condition, with a balanced operating budget, a strong balance sheet and a capital reserve plan that looks ahead a number of years to anticipate and fund capital expenditures - something that the Club's independent auditors have rated in the "best practice" category of clubs nationally. The Club's financial statements are audited annually, and have earned a clean opinion every year. The financial results for the fiscal year compared to budget are presented to Members at the Club's Annual Meeting each March. Members also have the opportunity to pick up a copy of the audited financial statements as soon as they are available. Interim financial results are also available upon request, should a member wish to review them in person with the Club's CFO.

Since the developer handover of the Club to its equity members in 2003, there has been only one assessment to members to cover an operating shortfall. This assessment totaled \$400 per Golf Member to repair damage caused by Hurricane Wilma in 2005, 10 years ago. While an assessment for any operating budget shortfalls in the future remains theoretically possible, the Club is very proud of its long track record of careful fiscal management that greatly minimizes this possibility.

While the number of Golf Members has declined somewhat in recent years as a direct result of an aging population and a shift to non-refundable memberships which shortens the amount of time needed for a Member to change their status, Sports and Social Memberships have grown or remained stable. KGCC Members appreciate the ability to control their own participation level, a competitive advantage vs. many other clubs in the area with more limited options.

Naples has more private golf courses per capita than almost any other area in the country. Periodic marketing campaigns are conducted to generate a higher profile for KGCC. The current campaign offering half-price initiation fees for Golf and Sports Memberships is the latest example; this 3 month initiative, launched during the slower summer months and expiring November 1, 2015, has successfully attracted a number of new members and does not relate to the KPMA Club mandatory membership proposal.

The Club's offer expiring April 1, 2016, to allow non-member owners to join as a Social Member without any initiation fee was done to support the KPMA proposal by giving an attractive option to those who might be interested. Note that since any non-member owner would be grandfathered under KPMA's proposal, the financial impact to the Club is expected to be very minimal for an extended period of time, until current non-member owners sell their property down the road.

