

Kahler Glen Community Association
Board Meeting Minutes
27 December 2014 – 9 a.m. – Kahler Glen Conference Center

President Michael Wandell called the Board meeting to order at 9:07 a.m. Other Board members present: Dwight Miller, Dave Thorbeck, Brook Fritz, Kathryn DeMeritt, and Carol Pierce and Paul DeWees by phone. Also present at the invitation of the Board was the KGCA Manager, Gary Marks.

Mike noted the presence of a quorum. Following is a summary of the agenda:

- Review and Approval of Minutes
 - Communications Report - Carol Pierce, KGCA Vice President
 - Treasurer’s Report - Dwight Miller
 - Property Manager Report - Gary Marks
 - Old Business
 - New Business
 - Community Forum
 - Executive Session: Discussion of legal opinion and guidance regarding community water
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A motion was made by Dave and seconded by Brook to approve the November 9 Board meeting minutes. The motion was approved unanimously.

Communications Report (Carol Pierce) —

A letter was received from the KGR President stating the KGCA Board presented some misinformation about water rights at the town hall meeting and asking that the letter be forwarded on to the community. The letter stated: there had been no Proof of Appropriations (PAs) submissions by the Resort nor denials by the Department of Ecology (DOE) for such an applications; ‘missing documents’ required by the Purchase and Sale Agreement (PSA) were not provided because they were cleaned out by the KGCA Property Manager; KGR provided KGCA verbal notice of the September deadline to the Property Manager; and, pursuing a permit extension instead of securing a PA for water rights for our community continued to be a justifiable approach. Mike provided a summary of his written response to this letter, which described why the Board and our legal experts believe each of these claims to be without merit and invalid. He therefore declined to forward the letter as requested.

A letter was received from a community member expressing concern about the estimated “cost of correcting our situation with regard to the water rights”. The letter stated that “the sales negotiations was predicated on the existence of full and proper water rights” and that the seller warranted that “all the appropriations were proved, certificates secured and perfected, etc., and that the water system was in good order, supplying water to various uses according to permitted uses, and like conformances.” It quoted the PSA warranty which states “There are adequate water rights transferable by seller to purchaser on closing to meet all present needs for operation of the property and all present obligations to supply water to any other person or entity.” The letter further alleged “...seller’s representation at time of sale was not accurate, a violation of the warranty...” and that “...under these circumstances, it seems clear that the financial consequences of this situation are to be borne by the Resort.” Mike said the letter, and other letters expressing a similar opinion, would be discussed during the meeting’s Executive Session.

A letter was received from the golf course manager expressing concern about 1) two irrigation pumps in Nason Creek that were not removed in time for winter; 2) debris that had collected over two summers on the road above hole #15; and 3) brush that had accumulated between the #4 and #9 fairways. Gary said an early cold snap that froze the creek caught the crew off guard, but that the old pumps were in poor condition anyway, requiring constant maintenance, and his plan is to replace them with one energy-efficient pump in the spring. Dwight and Mike asked for a cost estimate for the new pump. Gary said the debris above hole #15 had been removed and the brush between the #4 and #9 fairways burned. Gary added that the Forest Service plans to clear more debris along Clubhouse Drive in the spring.

A letter was received from a realtor inquiring about a HOA fee request for past association dues owed on a property a client had recently acquired. Dwight said he and Esther responded.

A letter was received asking about the garbage/bear situation and also inquiring whether the community association was donating money towards the clearing of brush on the upper Nason Ridge cross-country ski trails. Carol responded saying the new dumpsters seem to be working and that the community already contributes significantly to ski trail grooming.

A letter was received from a realtor inquiring whether a home for sale on Pelton Place had occupancy restrictions related to the 2008 avalanche. Carol encouraged the realtor to contact the County regarding restrictions and stated the KGCA had no involvement in this issue. For KGCA records, Dave offered to contact the person who led the effort for the property owners affected by the avalanche and ask him if he could submit a summary including the issues, who they worked with, and any resolutions.

A letter was received providing an update on real estate sales activity at Kahler Glen. Mike suggested summarizing the letter in the upcoming note to owners.

A letter was received saying a 100+ list of ice skaters had been notified ice skating would be available at Kahler Glen this winter. Carol reported the Lake Wenatchee Info website posted the skating rink was open a day or two before the Board meeting. Mike expressed concern because the Board had not given its approval yet and said he and Gary would follow up immediately with the volunteers leading the ice skating effort. (Note: see addendum at the end of these minutes.)

A letter was received asking 1) whether the KGCA roster could be sent out to community members each time it was revised; 2) suggesting the KGCA minutes be restricted to property owners; and 3) questioning why there were two different categories of restrictions on community documents. Carol said the roster is updated frequently, making it impractical to send out each time, and that the policy has been to provide it upon request. Dave suggested new residents be mentioned in the minutes each month and the roster be distributed each May with the email summarizing the yearly meeting. The Board discussed restricting the community association minutes but decided to continue making them publicly available on our website. Regarding the two levels of restricted documents, Paul offered to follow up with the requestor and explain the rationale for special use cases. (Note: for the Board document restriction discussion, see New Business in the Oct 12, 2014 minutes.)

Other communications – Gary said he heard secondhand that water rights are still an issue for bank lending. Mike expressed dismay that the written assurance we received from our lawyer was not enough to satisfy banks' concerns. He said that on Dec. 20th the community had obtained an extension from DoE to reapply for its PAs by Dec. 15, 2015. Mike added he would check with legal to determine if

it would be a good time to update GESA on our water rights efforts (it was subsequently determined it was not necessary).

Treasurer's Report (Dwight Miller) —

Dwight said we are currently over budget but that we have some significant receivables, which when received would bring us back on plan. Mike asked about the expenditure to date for work done on water rights issues and Dwight responded that it approaches \$9k.

Property Managers Report (Gary Marks) —

Gary reported further research was done on a lot with water and sewer lines running underneath and suggested the resolution is for the community association to pay to have the lines moved so the lot can be buildable. Gary said none of the lines were in the drawings received from the Resort. Mike asked Gary to get competitive bids for the work. Gary added that work is proceeding to clear and prepare the future deli space below the restaurant.

Carol asked about the idea of putting the garbage dumpsters in enclosures. Gary said the project would need to wait until spring and is dependent upon KGCA funds. He said we haven't had bear issues since we got the new dumpsters and that the larger bin on the front 9 should save us money over the four smaller bins previously used.

Old Business —

Mike reported he contacted Aspect and requested an update on the Small Water System Management Plan we hired them to prepare. Aspect responded that by January 6th they would supply a letter we could send to the DoE. Mike talked further about potential DoE requirements and stated the good news is that our water experts believe there is adequate water to conform PAs for both our irrigation and domestic water.

Dave brought up a suggestion that had been discussed before and that is to offer property owners the opportunity to pay off their portion of the KGCA mortgage in exchange for reduced dues payments on their property. He suggested the Board formulate what that structure would look like and present it to the community in May. Dwight said he would ask Esther her opinion about the complexity of billing under this scenario. Carol added another complexity is what happens when the community sells its lots and we have more dues payers. Dave said reduced dues could make a property sale more attractive. Board agreed unanimously that the suggestion be researched further.

Carol said the Board should set a date for the KGCA annual meeting and suggested May 16. Dave moved and Paul seconded that the date for the meeting be set for 10 a.m. on May 16, 2015. The Board approved unanimously.

New Business —

Mike said he felt the KG community should develop a strategic plan and vision. He suggested the Board survey the community to gauge their opinion on the recreational and business environments we want to create, potential opportunities from lot sales, how to address water rights costs, etc. Dave said he favored the Board developing a draft plan that could be presented to the community in May. Carol cautioned about the amount of work required to develop a survey and wondered whether it could be

completed by May. Discussion followed about whether a survey would ask specific questions or seek general information. Mike offered to develop a draft strategic plan.

Community Forum —

Mike recognized three people from the floor who asked questions and voiced their opinions about costs spent on water rights issues.

Mike recognized Bill Miler from the floor who suggested sanding the roads. He said there are two mailboxes left in the existing unit and that when one is taken he will request the additional mailbox unit be installed.

Executive Session —

Dwight moved and it was seconded that the Board go into executive session. The discussion focused on communications received regarding water rights, the PSA warranty, responsibilities for expenses incurred, the timing for knowing the full costs, metering requirements, and next steps.

End Executive Session —

A date for the next meeting was set for February 14 at 9 a.m. in the Kahler Glen conference center.

Mike asked for a motion to adjourn. The motion was made by Dave and seconded by Dwight; the Board approved unanimously. The meeting was adjourned at 11:06 a.m.

Addendum —

Via email Mike presented an update on ice skating. He and Gary met with the volunteers organizing skating and worked out a number of arrangements. He sent the Board drafts of the Usage and Safety Check Log, Ice Safety Maintenance Procedures, Skater Responsibility Agreement, Lake Wenatchee Winter Recreation Association Agreement, and the Skating Waiver and Assumption of Risk.

Respectfully submitted,
Kathryn DeMeritt, Secretary
Kahler Glen Community Association Board