

Kahler Glen Community Association
Board Meeting Minutes
23 August 2014 – 8 a.m. – Honey Comb Lodge

President Michael Wandell called the meeting to order at 8:18 a.m. in the Honey Comb Lodge (Kahler Glen restaurant). Other Board members present: Carol Pierce, Dwight Miller, Paul DeWees, Dave Thorbeck, Brook Fritz and Kathryn DeMeritt.

Also present at the invitation of the Board were Gary Marks (Manager), Esther Christian (Bookkeeper) and Kaye Marks, restaurant tenant. Rob Casad, Joanne Lowry and Glenn Week were there to represent the golf business LLC.

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

- Review & Approval of Minutes
 - Communications Report - Carol Pierce, KGCA Vice President
 - Treasurer's Report - Dwight Miller
 - Property Manager Report - Gary Marks
 - Director's Reports
 - New Business
 - Public Forum
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A motion was made by Carol and seconded by Dwight to approve the July 12 meeting minutes. The motion was approved unanimously.

Mike introduced Esther to the board and thanked her for her work; especially her recent work in setting up the new KGCA chart of accounts.

Communications Report (Carol Pierce) —

Carol first mentioned the recent communications sent out. In addition to the regular community monthly notice, she provided the community with a Chiwaukum fire update; feedback indicated this was appreciated. A notice was sent to the resort board requesting the date by which they would accomplish removal of their restaurant and maintenance equipment. No response was forthcoming, however Gary stated he and Randy have been working together and that most equipment has been removed. A scrap metal vendor has been scheduled to clear out the rest.

Carol said a letter was received notifying the Board that two KG properties are going through a trustee's sale. Mike asked and received confirmation that the lien on these properties is up to date since the owner is in arrears on dues.

Next Carol mentioned receiving an update on mailboxes from Bill Miller: a new bank of mailboxes was ordered and specific instructions on how to install them were supplied. Gary said the new mailboxes have arrived; installation will be coordinated with a separate concrete job. Bill's update stated one remaining mailbox is available in the existing bank. Discussion followed regarding concern over people who sign up for mailboxes but don't actively use them. In one case, the postal carrier inserted mail into

the wrong box and this wasn't discovered for two weeks. Mike suggested sending out a communication reminding people to check their mailboxes and cancel if not being used.

The communication received the prior month from Mark Gubrud regarding his offer to contribute \$1k in matching KGCA funds toward vegetative screening of the maintenance sheds was brought up next. Dave indicated he met with Mark but that their conversation did not address a screening plan. Mike recognized Mark Gubrud from the floor who stated he was not wedded to a specific plan and wanted to work with the KGCA Board to come up with a mutually beneficial solution for lot sales.

Next Carol brought up the memo received from the LLC president stating, among other things, that the KGCA Board is not doing its job in properly maintaining the property. Mike said he sent a written response and asked the Board to comment on the memo. Carol expressed frustration at the ongoing accusations from the resort, especially given the state of the property at purchase and their delay in clearing out old equipment. Kathryn said she agreed with a few of the LLC's President's observations but felt patience was needed this year due to CAST's immense backlog of work and the "mess we inherited." Mike expressed disappointment that the LLC President's memo was sent not long after their recent meeting during which they agreed their respective managers would be authorized to handle operational details and address issues in real time. He proposed that, in addition to Brook, a second Board member (Kathryn) be in communication with the resort to develop a prioritized punch list so that everyone is clear about the list and status of projects. Kathryn suggested the managers develop this prioritized punch list and send to the boards for review and comment. Paul suggested this list also include projects accomplished; the Board heartily agreed. Paul offered to help with any technical issues in how to present. Mike recognized Tim Lowry from the floor who asked if there was a way to more clearly outline whose job it is (i.e. KGCA or the LLC) to do what. Mike stated the lease is clear, although there is debate about the boundaries of the common areas. Mike recognized Glenn Week from the floor who said the lease is clear in that the LLC is not responsible for any areas out of bounds of the golf course. Mike disagreed with Glen's interpretation of the lease, citing the cart barn and narrow strip of land between Hole 1 and the driving range as examples. Carol noted there is some room for interpretation in the lease. She said the KGCA Board presented its understanding of the common areas to the LLC, but the LLC never responded. Gary mentioned that he and Randy have reached some agreement. Kathryn said any agreement should be documented and suggested the Kahler Glen map she has developed could be used as a tool by adding a color-coded overlay showing private property, the areas the resort is responsible for maintaining, and the areas the Community Association is responsible for maintaining. Mike asked Brook and Kathryn to work with the managers and boards to identify the agreed-upon common areas and areas that are in dispute.

The next communication Carol brought up was a second letter received from an LLC board member requesting detailed information about the restaurant lease, business plan and investors. Mike recognized Rob Casad from the floor who said that if use of KGCA funds is the concern, the chart of accounts would make this transparent. Regarding the lease, Mike said that while most documents are or will be posted on the website, past policy of the LLC has been to make this type of information available via paper copies on KG premises and not to distribute or post electronically. Dave made a motion that paper copies of both the restaurant and golf course leases be made available with any confidential information redacted by the tenants. The motion was seconded and unanimously approved. Mike mentioned that in the past it has been the secretary's job to maintain a notebook of relevant documents. Kathryn said Nancy had given her this notebook and that she had given it to Gary. She agreed to get the notebook back and work with Gary to update the documents. Regarding the other information requested in the letter, discussion followed on what level of disclosure to require of KGCA lessees (golf course and restaurant) in terms business plans and financial information. Kathryn said that

whatever is required of one should be required of the other. Dwight stated that, as a community member, all he wants to know is whether the leaseholders are upholding their leases and whether the KGCA chart of accounts shows investments made to either entity by the community. The Board agreed this is the only level of detail to be required. Mike recognized Glen who suggested detailed business plans should be required and said the resort will soon have a business plan completed. Mike responded that detailed business plans have not been required of previous restaurant lessees, nor the golf course tenant, so it would not be equitable to suddenly require it now.

Treasurer's Report (Dwight Miller) —

Dwight presented the new KGCA chart of accounts, which showed an itemized list of accounts followed by budgeted and actual expenditures for the month, and budgeted and actual expenditures for the year. He noted CAST is bringing in income, so even though the KGCA incurred \$12k in unanticipated legal fees this year, it is only about \$1k over budget. Gary explained the chart of accounts is divided into two main areas: exempt income and expenses and nonexempt income and expenses. Mike recognized Joanne Lowry from the floor who questioned the dollars allocated and spent on mosquito spraying. A short mosquito discussion followed, with Gary stating that going forward, both eco and the more toxic sprays will be used for control. Mike recognized Glen who complained about no money being allocated for mole control. Dwight responded that we had no mole control in the budget that was approved by the membership in May; however, if a proposal was brought before the board and approved, funds would be allocated from other accounts to pay for the service. Mike recognized Mark Gubrud who suggested a communication go out to homeowners containing strategies for getting rid of moles 'hiding out' on their property.

Mike asked Esther to comment on the chart of accounts, depreciation of assets, and requirements for filing sales taxes. Esther made a few comments, including that while the KGCA is currently required to file sales tax once a year, this will likely change to quarterly or monthly in the future.

Managers Report (Gary Marks) —

Gary started out by saying that, since May, six lots, two homes and two condominiums have sold or have sales pending. Mike recognized Mark Guburd who has been helping to market Kahler Glen properties and has purchased some of these lots. Mark said he contacted a developer about building out the vacant lots, but the company felt there weren't enough lots to get involved. The developer expressed potential interest if a future land swap for the "triangle" goes through. Mark said for his lots, his plan is to build and sell spec homes one at a time. As an aside, he suggested the maintenance-shed location is an ideal spot for lots. Gary mentioned he and Mark have been looking around for other possible maintenance shed locations. Mark further suggested the asphalt in the front 9 be given a new overlay so that it looks nice to potential buyers.

Mike recognized Mark DeMeritt from the floor who asked if there was a plan for the KGCA to acquire the lot where the avalanche occurred. Mark said the lot is likely unbuildable so the price should be low, and purchase would allow the KGCA to decommission it so that another lot might be developed elsewhere. Mike thanked Mark for the reminder and stated that care must be taken when approaching the owners.

Gary mentioned another new home is in the works and the plan is for them to start building soon so it can be closed in by snowfall.

Next Gary provided an update on his and John Christianson's efforts to locate the rest of the valves and water and septic lines. When one is found, John is able to get GPS coordinates and the information is imported into Google Earth. Gary talked further about the septic system then brought up some recent irrigation line breaks. He expressed concern that repair work revealed the lines may not have been properly separated. Further discussion on pipes and valves followed. Gary ended by saying that a quote was coming from Beaver Valley Electric for variable frequency controllers and that grant money may be available to pay for some of the installation.

Next up was a discussion about the Department of Ecology (DOE) requirement for monitoring and recording water pulled out of the ground and from the river. The LLC did not address this requirement in the past so work is needed to set that up. It was also noted that Kahler Glen's potable water well permit was linked to the backup well head serial number, not the well actually in use. Mike suggested KGCA seek the legal advice on how to best rectify this mistake without creating an unnecessary problem with the DOE.

Gary finished by saying the locks have been changed on the clubhouse and it will have split addresses.

Information Technologies Report (Paul DeWees) —

Paul said the new website is ready to go. He mentioned the need for nice photos and suggested a communication go out asking people to send some in.

Infrastructure Report (Dave Thorbeck) —

Dave said the contents of his report were covered earlier in the meeting.

Noxious Weed Management (Kathryn DeMeritt) —

Kathryn asked Gary to remind his crew not to dispose of noxious weeds that are going to seed on the burn pile. She mentioned seeing hundreds of seeds wafting into the air from the large pile of thistle she pulled and the crew disposed of. Gary mentioned that he and Brook Fritz plan to plant buffalo grass on Brook's vacant lot to see if the grass will choke out weeds. As an aside, Gary added that it would be nice to compost at Kahler Glen since good dirt is needed. He added that he received a suggestion to purchase a garbage compactor, and that it could help reduce the community garbage bill by up to 25%.

New Business —

Mike recognized Kaye Marks from the floor who provided an overview of her restaurant plans. She said recent removal of old LLC equipment has finally allowed her to move in. She plans on re-carpeting, painting the interior, adding a fireplace and removing the mirror pillar. Her color scheme will be yellow, brown and black to go with the honeycomb theme. She pointed to the furniture in the lounge area as an example of the future look and feel, and noted the liquor license application posted in the window. Kaye said the Marks are investing their own money in the restaurant through the purchase of all restaurant leasehold improvements, so no community funds are being used (Note: exceptions include building maintenance which the KGCA is responsible for, such as repainting the exterior, fixing broken windows and replacing lights). Kaye said the restaurant will open in phases, the first phase being the dining room, projected to open October 1st dependent on receipt of a liquor license, followed by the second phase which will include take-out, a deli and golf shack services. She said there will be an industrial level espresso machine. At least eight entrees featuring organic meats and produce will be offered for dinner.

Mike recognized Glenn who suggested the liquor license should include the entire golf course, which would eliminate the need for a railing around the patio, in response to which it was stated the extension of the license would be part of phase two. Kaye finished inviting everyone to the Fire and Ice party that evening.

Next Mike mentioned the recent clubhouse painting and thanked Gary and his crew for their work. Several people expressed enthusiasm for the coffee color. As an aside, Mike stated that approval of the clubhouse color had been done by the Board via email due to the rush in trying to get it done for the party and noted the Board should make every effort to limit email-based votes outside of official Board meetings. Carol mentioned that situations arise which can't wait for Board meetings, mostly related to home building. The vote to approve the color was made official.

Community Forum —

Mike recognized Joanne who expressed frustration about the LLC not knowing the specifics of the restaurant, such as hours and menu. She suggested someone be appointed to oversee the Mark's restaurant expenditures and purchases, and questioned who the restaurant investors were. It was again stated that there will be no restaurant investors nor equity holders other than Gary and Kaye. Kathryn suggested the LLC could possibly put together a list of features they felt would benefit their customers and submit it to the Marks. Gary said this was not needed, that the menu would have rotating options based upon what sells; the hours of operation would be compliant with the term and conditions of the lease and based upon demand.

The meeting was adjourned at 11:03 a.m.

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