

Kahler Glen Annual Meeting

6/10/17

Agenda

- Introductions
- Closeout 2016
- 2016 Highlights
- Community notes
- Manager's Report
- Financial Status
- Water System Status
- Firewise
- Legal Action overview
- Elections

Closing out 2016

- Quorum confirmation
- Annual meeting minutes approval
- Move to resolve that all actions of the directors and officers of the corporation on behalf of the corporation during the past year were ratified and confirmed, provided the actions were within the scope of the directors' and officers' duties and not outside the normal course of business of the corporation.

Accomplishments

- Secured water rights.
- Metering Project (more in water report)
- Improved Snow Removal
- Recovery of \$\$ in past dues
- Funded water project
- 4 New homes near completion. One starting this summer. KGCA property sale pending.
- Insurance (100%), Financial Audit (50%), ESD Audit just started
- Employee time collection and work tracking system. Working on Quick Book integration.
- Realign business units in Quicken to match financial reporting requirements

Additional Community Notes

- Credit card and EFT payments do include service fees.
- Illegal dumping at the garbage bins continues to cost the community money.
- Dumping yard waste other than at hole 3 is against policy and in some cases illegal. This includes the area near Pelton Place and anywhere that is 200 yards from the creek.
- Architecture Comm. Reminder: any landscape changes, additions, netting, painting must be approved by the committee in advance. Contact KGCA.ACC@gmail.com

KGCA Financial Summary

2017-2018

COMMUNITY RATES

- PROPERTY DUES = \$160/Month
- UTILITIES (Water, Septic, & Trash) = \$85/Month
- WINTER RECREATION TRAIL FEE = \$5/Month

METRICS

- IRS Exempt Income Test (>60%) 73%
- IRS Exempt Expenses (>90%) 93%
- GESA Property Loan Covenant (>1.3) **1.21**

RESERVE CONTRIBUTIONS

- Estimated \$52,000

BUDGET CHALLENGES

- Legal Costs
- CPA Audit Costs
- Property Reserves .. Meeting GESA Loan Covenant
- Utility Reserves Under Target
- Community Amenities (Need to be Addressed)

BUDGET OPPORTUNITIES

- Lot Sale \$50,500
- Construction Equipment Sale \$40,000
- Renegotiate or Payoff Mortgages \$TBA

NOTE [1]: Budget is approved on case by case basis by board

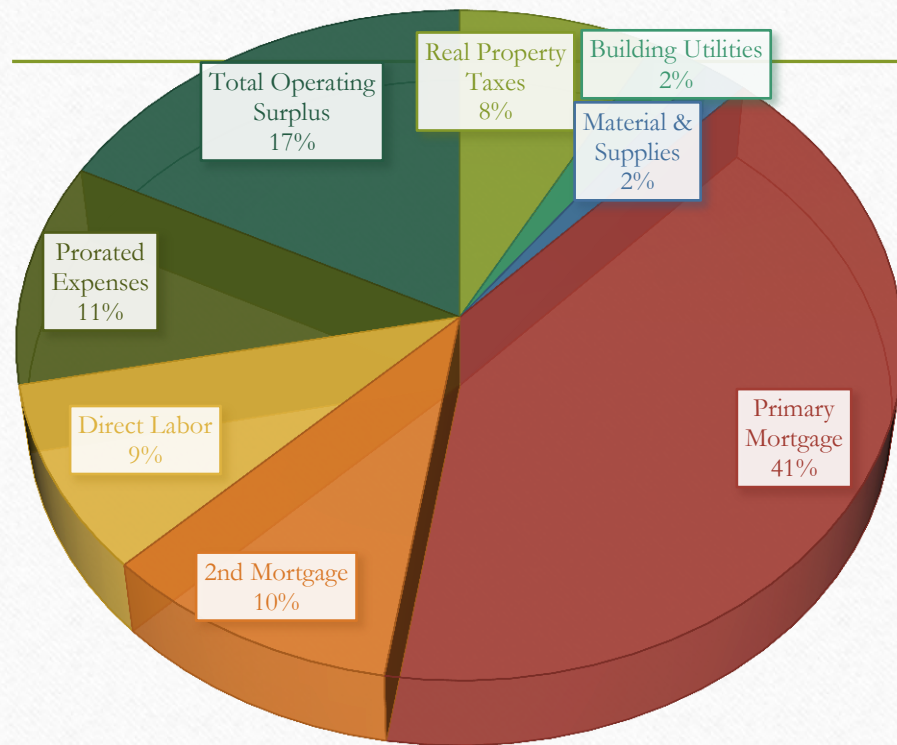
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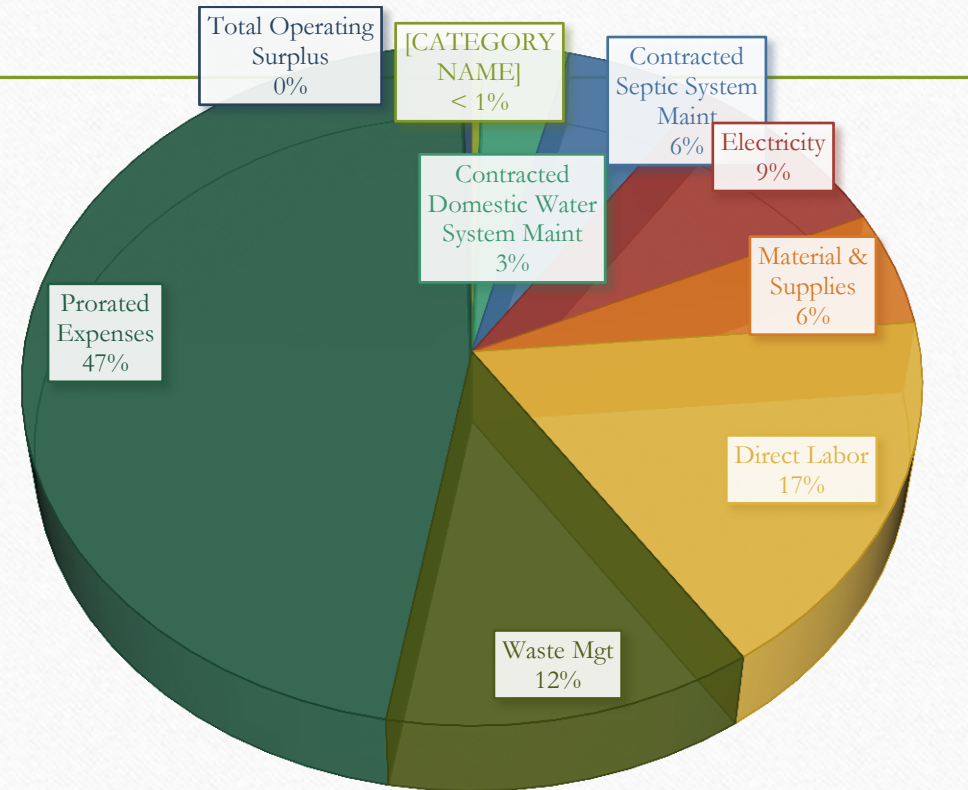
Community SERVICES

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- Irrigation Startup & Shutdown
 - Significant Maintenance Currently Ongoing
 - Reminder earliest Startup is March 15th
 - Reminder Blowout of Lines end of October
 - Domestic Water Shutdown
 - Reminder of Planned Back-9 Shutdown this Summer
 - Roads
 - After Domestic Water --Limited Repair & Sealing Planned
 - Adopted County Weight Restrictions
 - Outdoor Fires
 - Burn Ban Restrictions not in sync with County
 - NO fireworks
 - Waste Management
 - NO Bears
 - Reminder NO Appliances
 - Mosquito Control
 - Spraying Conducted 7 Days A Week
 - Different Types Of Chemicals In Use
 - Snow Management
 - Snow Blowing Equipment Success
 - Accessories being Procured for John Deere Equipment
 - Winter Amenities
 - Washington State Park Grooming will Continue
 - Community Groomer Hydraulics being Repaired by Pape Machinery
 - Additional Community Donations Received
 - Acknowledge Volunteers for Trails & Ice Skating Rink
 - Seeking new Volunteers for Winter Amenities
 - Common Area Maintenance
 - Donation for Water Treatment of Pond 18
 - Donation of Trees for Entry
 - Volunteers Busy Landscaping
 - Conservation Program Planned for Pond 10

WHERE IS YOUR MONEY GOING?



PROPERTY SERVICES



UTILITY SERVICES

Financial Status

Dwight Miller

	April 2016	Effective April 2017	Difference
Reserves	\$218,410	\$181,800	\$ 36,610 Water project and Audit
Revenue		\$604,481	
Expenses		\$565,208 Operational \$ 92,686 Long Term	\$ 53,585 (Dues more than 30 days- \$30K, Metering \$23K)

*No contribution to reserves for fiscal year. Plan was \$40K from water surcharges. Legal advise during mediation states we do not have lease agreement that allows for surcharges, only allow electric charges). 2018 budget does not include surcharges for businesses.

Firewise

- Firewise Community Certification in 2016.
- Chipping event any day.
- 2 grants in 2017. Used Volunteers to do clearing to pay our portion towards Firewise grant. Generous donations of time and funding from homeowners to supplement this.

Water System

John Christianson

Objectives: Connect Well #5 to domestic water system, Secure our “Permitted” water rights, Install residential water meters by 1/22/17

- **Well #5**
- 11/15/2016 - Four (4) viable connections options identified at design kick-off
- 12/11/16 “Connection” options review completed
- 1/15/17 - Decision to connect at on Miracle Mile adjacent to #18 Tee Box
- 1/16/17 Torrence Engineering and Z Engineers authorized to move forward with the design and construction document preparation.

Water Meter Installation Project:

All residential and Condominium water meters were installed and the project was completed by the compliance date of January 22nd 2017.

Secure Water Rights:

8/1/2016 Updated and additional Municipal Conformance Requests submitted to DOE for approval for all of KG's water rights permits/certificates. (Seven in total)

1/10/2017 were advised by DOE that our documents have been drafted under Municipal Conformance and are going through their internal regulatory review process.

2/16/17 DOE provided "Draft Muni. Conform. Docs. to Aspect Consulting for "our" review for accuracy & competency

2/23/17 – KG's review comments back to Aspect Consulting

4/9/17 Aspect Engineering negotiating our requested changes with the Department of Ecology.

5/6/2017 – Final Municipal Conformance Documents being prepared for signature at DOE

Legal Actions with LLC

- Based on our legal interpretation of the lease, we entered into mediation to resolve unpaid invoices owed to KGCA. Charges based on 3 years electricity usage ~\$16K.
- During mediation, a proposal was made to end the lease and purchase the equipment. This included resolution of all open issues and debts.
- The proposal was supported by our board and the LLC representations. Based on the LLC requirement, they needed 75% approval by their membership. This approval threshold was not met.
- Post Mediation, the current KGCA Board on advise of our attorney, filed an action to prevent the expiration of the statute of limitation on the P&S agreement that would have expired 5/14/17. This allows the Board to continue legal action to recover damages caused by our perceived misrepresentation at the time of the sale. Any action would be based on the new board recommendation. During the last 3 years numerous attempts to resolve these issues via measured attempts to resolve the issues, at a less contentious level, to no avail.

Board Elections

- 4 open positions