Kahler Glen Community Association Annual Meeting

June 27, 2020 – 10:00am – Noon

Virtual Meeting via Zoom – Due to Covid-19

MINUTES

Board members present: Rex Lund, John Christianson, Cary Ecker, Carl Middleton, Christine Grienauer, Anne Cole & Judy Kiesz. General Manager: David Millard also present.

Rex Lund, President, called the meeting to order at 10:03am and welcomed community members for attending the virtual meeting. Rex introduced the Board members and thanked them for their service to the community. The presence of a quorum was affirmed from the Zoom Chat sign-in by Christine Grienauer and Anne Cole.

Meeting Logistics – Christine went over the virtual meeting rules/logistics

* Attendees are muted upon entry to meeting​ – Sign in via Chat window in Zoom
* Meeting is recorded and will be posted to the website (owners only)​
* Questions will be answered after each agenda topic​
* Preference is to type questions in chat or unmute and ask verbally​
* Time reserved at end of meeting to answer any questions​
* Voting will be by verbal yeah/nay unless otherwise required

Motion to approve the 2019 Annual Meeting Minutes: Cary Ecker made a motion to approve the 2019 Annual Meeting minutes which were distributed with the Annual Meeting notice and posted on the KGCA website. John Christianson seconded. The minutes were approved by unanimous voice vote of those in attendance.

Motion related to Actions of Directors & Officers: Anne Cole asked for the following motion to be placed before the community: All action 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. Paula Robinson so moved and Mike Wandell seconded the motion. The community approved the motion by a unanimous voice vote of those in attendance.

Status of Amendment to Bylaws – Allowing for Virtual Annual Meeting in the future if needed

This vote was done electronically via Election Buddy and sent out to all owners.

Current voting is 86 votes – YES and 0 votes NO. The amendment to the bylaws has been approved.

Rex introduced our new General Manager David Millard. He’s hit the ground running and is doing a fantastic job getting Kahler’s infrastructure in order. David is a hands on manager and works side by side with the crew to get things done.

COVID – 19 CHALLENGES

Rex Lund recognized the Resort Crew:

Raymond, Mario, Danny, Danny Jr, Jorge Sr. as well as Karen Bauder. He thanked them for their hard work in helping keep Kahler Glen Golf Course looking & running so well, especially during the pandemic.

Rex also recognized the owners of Wildflour Restaurant, Ben Herried & Spencer Meline. Covid-19 has presented many challenges to them. They donated over 2000 + meals to the Lake Wenatchee community. They will re-open when the county gets to Phase 3.

The Kahler Glen Athletic Club – The pandemic has also affected the club in a big way. The Club is closed, but some classes are being held outside. Keith Hendershot is the Facilities Manager.

2019-2020 Successes- John Christianson

* Hired New KGCA General Manager – David Millard​
* Supported Nason Ridge Project (MOU)​
* Successfully negotiated new lease with Wildflour restaurant​
* Improved KGCA financial stability​
* Shout out to Cary Ecker for all of his hard work as Treasurer
* Submitted final water compliance to governing agencies​
* Continued updates and maintenance of infrastructure (Septic, Water, Roads, Structures)​
* Established future golf operation task force

2019-2020 Challenges

* Aging infrastructure​
* Covid 19 impacts ​
* Golf Course Operations in 2021

General Manager’s Report – David Millard

Facilities, Infrastructure & Systems ​  
​

* Completed domestic & irrigation water system construction activities.  DOE water permits extended until 12/31/2021​
* Replaced roofs on Clubhouse/Restaurant and the KGCA Office/Event Center​
* Re-plumbed restaurant interior waste lines and installed grease reduction dosing system ​
* Completed 2019 roadway chip seal repair project  ​
* Replaced all KGCA irrigations supply and delivery pumping systems​
* Completed multiple golf course systems improvements
* Completed Conference Center and Shop building improvements​
* Implemented Crew training & development ​
* Contracted for septic, water, and electrical system repairs & support services as needed

Future Projects:

* Build out Domestic Water telemetry system  ​
* Renew or replace front entrance signage  ​
* Install new carpet in clubhouse​
* Remodel clubhouse bathrooms​
* Replace restaurant HVAC system  ​
* Resurface tennis court​
* Extend maintenance area fencing​
* Replace rock walls as needed​
* Reroute cross country grooming trail below Haight Memorial ​
* Install new maintenance equipment parking cover / pole barn

Golf Course Task Force - Anne Cole

* December 31, 2020 - last day Kahler Glen Resort will operate the KG Golf Course, property management and Pro Shop operations ​
* Golf Task Force appointed by KGCA Board to identify & research options for the future of golf operations and make recommendations to Board​
* Golf Task Force Members: Anne Cole, Duane Taylor, Cary Ecker, Mike Hiller, Neil Taylor, Peter Petesch, Rex Lund, Dave Millard

Approach & Plan: ​

* **Today**: Introduce the 4 options the Task Force is exploring​
* **July**: ​
* Community Poll regarding 4 options (not a vote)​
* Continue current discussions with Kahler Glen Golf & Ski Resort LLC & potential owner/operator​
* Determine cost alternatives and prepare multi-year financial projections​
* Hold KGCA open discussions (via virtual platform)​
* **August/September**​
* Task Force recommends option to pursue to KGCA Board​
* KGCA Board recommendations option to community for vote – (virtual)

Option #1

Do Nothing, let nature take over the golf course, owners would need to find alternative rental management companies if they were with the Resort. Golf Course Closed – Grasses grow tall, rodent population goes up, property values go down. GESA loan would be in jeopardy.

Option #2

* **Minimal Approach:**KGCA purchases minimal equipment, hires crew to mow, irrigate and minimally maintain fairways & greens – Golf Course closed but maintained minimally to potentially open in future​
* Initial cost is $150 - $235K (equipment/labor/irrigation/maintenance)​
* Ongoing cost per year $62,000 - $85,000 ​  
  (labor/maintenance/irrigation)​
* Outside company manages rental properties
* Would still need to purchase equipment with NO income generated to offset costs – increase in dues inevitable

Option #3

* **Full Ownership**: KGCA purchases the KG Golf & Ski Resort LLC business & assets ​
* Expand staff to operate businesses (golf course & lodging)​
* KGCA operates & owns businesses & retains income​
* Estimated Initial cost $425- $550 K (equipment/labor/maintenance/irrigation)​
* Estimated Ongoing costs per year $275- $320 K​  
  (labor/maintenance/irrigation)​
* Estimated Potential gross income $500- $575 K per year​
* Potential for income or losses to community

Option #4

* **Split Ownership:** KGCA purchases the KG Golf & Ski Resort LLC business assets​
* Contracts with outside organization to own, manage and operate golf & Pro shop operations business and maintain fairways & greens.  ​
* KGCA operates or contracts with outside organization to operate property rental​
* Potential initial cost $200- $250 K (Equipment)​
* Potential KGCA revenue from Golf Course Lease & Property Rental
* The Task Force has identified an interested party in operating and eventually owning the golf course operations. His name is Paul Levine, PGA Teaching Professional. He has almost 30 years of experience is managing and operating golf courses. Paul would keep all current employees and evaluate each one.

Next Steps:

* Continue discussions with Kahler Glen Resort ​
* Continue discussions with Paul Lavin & possible golf management companies to own & run golf operations​
* Develop financial projections​
* Community Poll regarding 4 Options​
* Hold KGCA open discussions: July/August via virtual platform or in a socially distant setting
* Present final recommendations to the Board and have a community vote

Treasurer’s Report – Cary Ecker

What’s Included in Your Dues:

* Water (electricity to run pumps)​
* Wastewater Management​
* Trash and Recycle​
* Loan Repayment​
* Property Taxes​
* Professional Fees (Legal, Acctg, Bookkeeping, Etc.)​
* Common Area Maintenance​
* Snow Removal​
* Golf Course Irrigation​
* Renovation/Repair of Infrastructure​
* Build Reserves​
* Employ 3 Full-Time Employees and Seasonal Staff​
* And MORE!!!

2019-2020 Year End Results:

* No dues increase or assessment last year​

Revenue and total expenses right on target​

* Property improvement fee generated $8K of new revenue​

Completed $190K of capital and reserve projects ​

($11K under budget)​

* Net income was $23K

2019-2020 Year End Balances

* Assets​
* Cash Position $148K​
* Equipment $350K​
* KG Property and Land $1.788M​
* Water Rights $4K​

(Value may be much greater due to potential leasing)

2019-2020 Year End Results

* Liabilities​
* Equipment Loans $98K​
* GESA Loan $1.12M​
* Week Loan $260K​

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* Net Equity was $642K

Potential Future Hurdles:

* Virtually No Cash Reserves​

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* Heavy Duty Equipment Repair and Replacement​

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* Expensive Infrastructure 10-20 years from end of normal life??​
* Pipe In Ground​
* Water Towers

Starting Solutions:

* Refinance debt to a lower interest rate – 4% target​
* Completely retire 1st note in 10 years – higher monthly pymts​

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* Sell KGCA-owned developable lots​
* Eliminates annual property tax expense​
* Expands dues paying members​

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* Better Facility Management (proactive)​
* Extend service life – hopefully

**2021-2021 Fiscal Year Budget**

* Projected Revenue = $771K ​
* Includes $38K PPP loan and $25 monthly dues increase​

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* Expected Expense $581K​

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* Reserve and Capital Costs $152K​
* Clubhouse HVAC, paint, gutters, new carpet​
* Refer to David's list​

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* Net Income $38K​

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* Member Vote

**2020-2021 Budget**

It was decided that the vote for the passing of the 2020-2021 budget would be an anonymous electronic vote via Election Buddy. Anne Cole will set up the election and send it out today (June 27, 2020) and have it open for 24 hours. Only those who attended the meeting and who are in good standing will be eligible to vote.

Communications Update: Christine Grienauer

* Moving to Office 365​
* Will retire Google account by end of August​
* KGCA Board email: [KGCABoard@kahlercommunity.com](mailto:KGCABoard@kahlercommunity.com) ​  
  ​
* Updated Roster – please report any changes​  
  ​
* Bi-monthly updates and as needed​  
  ​
* Community documents on [kahlerglencommunity.org/](http://kahlerglencommunity.org/)
* A new community map should be available sometime in July or August

Architectural Committee: Carl Middleton

* Thank you to our diligent committee members​
* Tim Gallagher, Richard Robinson, Judy Kiesz, John Greiner, David Millard ex officio​
* Refined and streamlined procedure​
* Enhanced speed and review of compliance CC&Rs​
* Observed general uptick in inquiries over last six months

Recreation Committee

* Winter Recreation​
* Cross Country Skiing (partnership with State Park)​
* Snowshoeing​
* Ice Skating​  
  ​
* Summer Recreation​
* Pickleball​
* Hiking​
* Adopt A Hole Program (4, 9, 12, & 15 are available, contact Anne Cole if interested)  
  ​
* Volunteers – Thank You

New Committee Forming: Volunteer Committee

* New committee​
* Forming to promote and coordinate the volunteer efforts within our community​
* Committee objective to help coordinate and focus community volunteer opportunities ​
* We need you – contact: [cmiddleston@kahlercommunity.com](mailto:cmiddleston@kahlercommunity.com)

New Board Elections

* Board candidates – five candidates for five positions

Rex Lund​

Jarrett Payne​

Mark Perry​

Peter Petesch​

Richard Styles​

* There was a call for additional KGCA Board nominees​ – no nominees came forth from the floor.
* There was a motion to approve the 5 candidates by Paula Robinson and seconded by Carl Middleton. The candidates were approved unanimously by a verbal vote from the meeting attendees.

Rex Lund thanked everyone for their patience and understanding during this virtual meeting. He stated that Kahler has a very bright future. A motion was made by Mike Wandell to adjourn the meeting, it was seconded by Christine Grienauer. The meeting adjourned at 11:49am.

Respectfully Submitted,

Anne Cole

KGCA Secretary