Kahler Glen Community Association

October 9, 2010

In attendance: Rob Casad, Tom Graham, Dave Reynolds, Rex Lund, John Killian, Pete Petesch, John Summers, Lynn Withrow.

Meeting called to order by Rex at 9am. Rob moved to approve August minutes. Tom seconded; unanimous approval.

**Communications:** Rob reports that the website can now accept pictures, and the roster is updated. The Vision Committee link “contact us” has never been used, but is functional.

**Septic System:** John shared Mike Britt’s ¼ yearly report and the systems are fine. Alarm boxes still need to be numbered to denote location of the Alarm for ER.

**Financial:** Dave shared that dues are in the best shape ever. He will be meeting with Dodie Foster on Monday to get the amended tax return. Taxes are due on interest for the last 3 years that we as a non profit earned. This is her last year. Dave has begun a relationship with a CPA firm in Wenatchee and they will review but not audit our books for 8-900$ year. Esther will continue to do our accounting and books.

**Roads/Garbage**: Steve is out of the country. We do need a lock on the bin at Bldg C due to bear invasions. Get rid of your bird feeders to help keep the bears away!

**Water:** Pete reports that all is OK. No alerts from the standard monthly testing. Monitoring contract for avalanche control is not finalized with Marty Schmoker. Pete will pursue. Rex will be having a conference call in the coming week with an owner about their property.

**Architecture:** John answered a question about any noise ordinance. Complaints should come to the board and a letter will go out from us. Dead trees have been reviewed on the properties. John will work with Bruce for the ones we can remove. Emails will go to property owners if trees appear to be dangerous on their property. Kim gave covenant violation questions to John K. Fire pits are not allowed at KG and notices will go out. Two homes have rental sign. Such signs are also prohibited in the Covenants. Rex will send a letter.

**President’s report**: Rex will follow up with the water conference call.

**Resort Update:** Tom Graham shared the following concerns/information:

Seventy-five percent of voting stock has to be in favor of any sale/step for the LLC to make changes.

Two owners have 40 percent of the votes.

Board of Managers will meet October 19th. Rex will attend this meeting. The resort is at a critical cross road:

Prior years have shown operating gains, this year:

-18.4 % Lodging

-16% Resort

-14% Golf

While these year over year numbers are better than competitive resorts (-30%) the LLC’s budget will not cover cash needs:

May/June 2010 golf/lodging/restaurant down due to RAIN.

July not good.

Aug/Sept recovered quite a bit, but not as good as ’09.

Projection for the year (actual numbers January through September, and projections for October through December).

Operating profit $ 14,567

Payment of interest $ 8,987

Cap Expenses $ 28,391

Net Cash flow ($112,811)

The as of now, about $12,000 in bank +receivables ($19,000)

 $70,000 line of credit

2nd wk of Jan the line of credit predicted to be used.

Projected cash flow for October through December.

October -$33,338

November -$28,784

December -$17,432

2010 months with a negative cash flow:

January -$14,804

February -$17,176

March -$13,117

April -$36,731

By April 1st the total cash need is estimated at least $65,000

+$70,000 line of credit

+8,400 interest payment for the month

A cash call is being made to owners at $75/share due 12/1/2010

Tom reminded us of the October 23 investor meeting, where the following ideas may be considered:

1/continued capital call

2/extend loans from investors

3/Resort may choose to not pay debts as due

4/Bankruptcy declaration

5/Give back the Resort to Deed of Trust owner

6/Sell Resort to the community

7/Resort could exercise their voting rights and call a special meeting of the Community Association and increase dues to cover the $70,000.

As all of our property values are impacted, this is a critical time for the community to step up with solutions. Dave Reynolds obtained information about the community around Holmes Harbor golf course on Whidbey Island, which closed last spring.  Over the past two years, the average sales price of homes on the golf course has decreased 30%, while the price of homes in the same vicinity but not on the golf course has decreased only 20%.  An additional 10% loss of today's value of homes at Kahler Glen would have a significant impact on all owners, whether LLC investors or not.

The meeting was adjourned at 10:30. The next Board meeting will be with the Vision Committee on October 16th at KG at 10am in the Event Center. This is not a regularly scheduled Board meeting.

Respectfully submitted,

Lynn Withrow