Kahler Glen Community Association

Board Meeting Minutes

August 11, 2012 – 8 a.m. – Kahler Glen Activities Center

The meeting was **called to order** at 8:03 a.m. by President Michael Wandell.

Also present were: John Greiner, Dave Reynolds, Nancy Miller, Carol Pierce, Carol Billesbach, Bud Olsen, and John Bennett for the Resort.

Visitors who arrived after the start of the meeting were MaryRose Henebry and Darren Stober.

Mike Wandell declared that a quorum was present.

Minutes: It was moved by John Greiner, seconded by Carol Pierce, and passed unanimously to **approve the minutes** as presented.

**Communications** - Carol Pierce reported that

1. a fireworks warning was mailed;
2. she renewed the website contract, which was a fee of $450.98 for two years;
3. a question was received from a homeowner regarding a lot with noxious weeds;
	1. John Greiner walked the site and will contact the complainant;
	2. several locations were added to the list to be inspected.
4. a message from MaryRose was received regarding ditchwork, which will be addressed
5. a query to Architecture Committee was received from Hardings, re building rules and requirements;
6. a query with a list of questions regarding utilities, governance, etc., was received from Mark Gubrud, which is with reference to the same lot as the Harding’s query.
	1. John G has met with Mark Gubrud and volunteered to draft the written response to his questions.
	2. A draft of the response to Mr. Gubrud will be distributed to the board for comment before sending; draft will be done by Monday.
	3. The situation needs to be clarified with reference to the possibility of two residences on one lot.

**Treasurer’s Report**: John Greiner reported for Jim Farmer.

 John G. went over the documents with Esther: accounts receivable are down; there are 6 liens; billing needs to be made uniform.

John G met with Mike Olmstead: budget was clarified by adding several line items, identifying items that are part of the basic statement paid in equal installments over each 12-month period; there will also be monthly billing based on hourly logs.

Esther was instructed that monthly bills based on hourly logs are an automatic-pay item. The board will be copied each month with both invoices.

With regard to **liens**, one property owner who previously received an extension has returned to delinquent status; John G will brief Jim F with regard to a followup telephone call.

Mike W mentioned that the **legal fees** account has paid out less than anticipated. He volunteered to follow up to make sure we have received all invoices and that they are being paid out of the correct account.

**Infrastructure**: John G reported that

* the Automatic External Defibrillator (**AED**) in the clubhouse is still not functional.
* Maryrose Henebry will discuss **storm water**.
* re **septic**:
	+ Bruce has located a unconnected drain field near the clubhouse.
	+ Metering is showing comfortable margins.
	+ System controls on 2 systems were repaired.
* the common area playground **fence** was repaired.
* the donated **picnic table** is not yet at the tennis courts; it will be as soon as weather-coating is completed.
* **flagpole lights** have been installed and approved.
* **noxious weed letters** should be sent out next year to all undeveloped lots so that the 30-day warning can elapse before seed germination; by consensus, the board approved this change.
* no **signs** regarding dogs on leashes, etc., have been posted; two sets of signs (large brown, small yellow) were displayed; some sets may have been mislaid. Mike W volunteered to locate the signs. Nancy Miller reminded that the Athletic Club had volunteered to be a permanent and single repository for the signs. John G suggested approval of storage at the Athletic Club and the board agreed by consensus.
* Nancy conveyed a question from a home-owner regarding hydrant maintenance. John G answered that George Wilson (CCFD#9) had inspected approximately two years ago. Mike Wandell added that maintenance should be regular and we should document it, as we have to be sure we are in compliance.

**Roads**: Carol Billesbach reported that

* the patching of the roads is completed. As part of the project, water valves were located for the hydrants and raised to street level.
* Carol will continue contact with A&W Paving to do chip-sealing next year. She will have more details at the next meeting.

**Water**: Dave Reynolds reported that

* Cary Eller has advised with regard to metering
	+ that a condo building can have one meter installed, but that two residences cannot share a meter.
	+ touch-pad reading is compatible with later installation of radio monitoring, if desired.
	+ that both electronic methods are much more expensive, putting the cost between $250,000 and $150,000, depending on other details.
* a manually read 3” meter at the wellhead would cost about $3000, but the fully installed cost using a touch-wand meter is more, about $4800.  In part because of the cost, Dave withdrew his previous recommendation to install a meter at reservoir two at this time.  There was no objection.
* the costs of metering and labor will be checked as part of the reserve study.
* the metering project will be done by Summer 2016, and will use a competitive bid process.
* Dave will recommend a method for reading the meters, but is aware of cost and snow issues; he anticipates recommending manually read meters at residences, to be routinely read two or three times a year.

Discussion followed concerning possible CA subsidization of the meter installation cost, depending on financial and regulatory circumstances at the time. Dave stated that the covenants refer to a water system and that in his work he had been assuming that the wellhead, etc. was part of the water system infrastructure that is being conveyed to the CA in the MOU. He asked if there was any reason that the wellhead is not part of the water system infrastructure. General agreement affirmed that there was no such reason.

**Old Business**:

**Documents Policy**:

Nancy moved that the Documents Retention Policy be adopted as circulated. Dave seconded. Dave explained that the change from 7 years to 5 years retention of bank statements and invoices was made based on the CPA’s comment that five years was sufficient. Current year’s invoices would be stored at Esther’s. Motion passed unanimously. (Policy is attached at end of minutes.) Policy will be posted on the website.

**Reserves**: Dave reported that he and John G and the engineer are defining the scope of the work and will likely be doing the field work in October. There will be no report until then.

Dave also reported that the accountant will do an external review of accounting procedures and develop a list of recommendations that we should be following. Already mentioned are that

1. treasurer should get duplicates of bank statements.
2. there should be photocopies of all checks so all is clear to the reviewer of the records.

The accountant also stated that a full accountant’s audit is not required yearly; someone in the community familiar with accounting and finance and not on the board can do the annual financial review.

**Propane Tanks**: John G reported that he has given plans for the Resort’s propane screens to Kevin Ostic, who will arrange to have the work done. A similar motif will be used around the air-conditioning units.

**Dumpster Management**: Bud Olson has talked to Waste Management and they have agreed to replace the heavy dumpster lids with human-friendly ones.

**New Business:**

**Water**: Mike W stated that, although Joe Crogan (Foster Pepper water use attorney) found that the **water rights** are almost certainly owned by the Resort, attachments to the LLC purchase and sale agreement were requested by the KGCA legal counsel; in order to avoid further legal costs, KGCA asked counsel to proceed without them and they were not provided. The documents will be needed to finalize the MOU.

Dave commented that his concerns were still present, as they related to the intent concerning water charges, the disposal of the water rights as a community resource, and the future.

Three areas of concern were separated: access to the water, purity of the water, and cost of the water.

Discussion occurred about the Resort as a provider to a single customer (the CA) rather than the community (pass-through from CA to multiple customers or becoming a water district); about the least regulated condition, which seems to be HOA ownership of its own water system; and about the consequences to the customer(s) of the possible sale of the water right.

Dave explained the issue of the **rate base**: the exploratory, drilling and other costs are already ‘sunk costs’, ie., paid for; the worst-case scenario was posited where the water right was purchased by a new owner and the base is re-set, with the recovery of the purchase price from the customers becoming part of the rate charge. Mike said that he understood this concern and will focus on addressing this issue in the MOU. John B remarked that this is a real possibility, as a similar occurrence had happened on Orcas Island. He added that a rate case is very expensive, would become part of the base, and provided an example of Vancouver, where a water provider went out of business. Nancy said that the MOU should stipulate provisions that will protect the CA from these possibilities. Mike remarked that the MOU should deal with this danger that Dave has identified. John G asked whether this issue would be addressed in the next draft; Mike answered ‘yes.’

**Public Forum**:

Darren Stober spoke to the Board concerning **outdoor fire regulations**. He pointed out that hundreds of outdoor fires are in the campgrounds in the park, and he would like Kahler Glen regulations to allow outdoor fires under some circumstances. John G asked about Chelan County fire regulations and UL approval on fire containers. Mike Wandell encourages Darren to draft a provision which could be included in the current revisions of covenants and by-laws connected with the MOU negotiation.

MaryRose Henebry expressed her concern about **ditch and culvert maintenance**, and about planning for run-off. She has spoken with John G, and she, John G, John B, and Larry Olson inspected the situation last fall. She accompanied her explanation with a set of photographs of Kahler Glen’s ditches and culverts, and an example of a ditch from the state park. Several specific concerns were pointed out. John G mentioned that home owners are responsible for maintenance of the culverts beneath their driveways, if any. Carol Pierce pointed out that the maintenance contract has a performance standard; Mike W suggested that maintenance be contracted out, since KG crews are occupied. John G said that he would inspect next week, and that if the Resort crews are unable to do the maintenance, we can decide to contract out.

Carol Pierce moved that the meeting be **adjourned**; Bud Olson seconded; the motion passed at 10:20 a.m.

Respectfully submitted,

Nancy M. Miller

Kahler Glen Community Association

Owner Examination of Records

and

Document Retention Policy

This policy is established, in part, pursuant to RCW 64.38.045(2).

A. The following records, when extant, shall be available for examination by homeowners, mortgagees, and their agents upon reasonable advance notice at the offices of KGCA's Property Manager at Kahler Glen Golf and Ski Resort, 20700 Clubhouse Drive, Leavenworth, Washington. Selected documents may also be available, when extant in electronic form, online.

(1) Articles of Incorporation, Bylaws, and Protective Covenants.

(2) Minutes of the annual meeting of owners; minutes of meetings of the Board of Directors.

(3) Policies adopted by owners or the Board of Directors.

(4) The Profit and Loss Budget Performance and the Bank Balances financial statements, updated at least quarterly.

(5) Formal reports created by the Board or received from outside consultants, including, for example, audits and independent financial reviews, water quality reports, and financial reserves studies.

(6) Federal income tax returns.

(7) Service Agreements.

(8) Current roster of owner names and addresses (excluding unlisted phone numbers).

(9) Bank statements and paid invoices for the prior five years. (Available in hard copy only. Current year’s documents are available only at the office of KGCA’s bookkeeper.)

B. The following records shall not be available for routine examination except as ordered by the Board of Directors:

1. Other personally identifiable owner information, such as payment of dues status.
2. Correspondence protected by attorney-client privilege.

C. Copies of records may be requested by authorized examiners at a cost of twenty cents per page, to be available at KGCA's Property Management offices shown above.

Adopted by the Board of Directors \_\_\_\_\_\_\_\_\_\_\_11 August, 2012