Kahler Glen Community Association

Board Meeting Minutes

9 February 2013 – 9:00 a.m., by telephone

The meeting was **called to order** at 9:00 a.m. by President Michael Wandell.

Board members also **present** were: Carol Billesbach, John Greiner, Nancy Miller, Carol Pierce, Dave Reynolds, Jim Farmer and John Bennett as representative of Kahler Glen Resort.

Also present was Linda Wandell.

Mike Wandell declared that a **quorum** was present.

**Minutes.** Nancy moved that the minutes of the 19 January 2013 meeting be adopted as circulated.Carol Billesbach seconded. Motion passed unanimously.

**Board’s Appreciation**. It was moved by Carol Pierce and seconded by several persons to thank Bud Olsen for his many hours of faithful volunteer service to the welfare of Kahler Glen and the community association. The board will miss Bud’s contributions and wishes him all the best in the future. The motion was passed unanimously.

The Board solicits the membership for letters of interest from persons who would volunteer to fill the remainder of Bud’s term, until May 2013.

**Communications Report** by Carol Pierce: An updated roster will be sent to any community member upon request. A draft roster will be sent out for review prior to the annual meeting. Due to privacy concerns, rather than send out rosters to the whole community, a reminder of availability will be put in the newsletter twice a year.

Outgoing mail: Two items were sent out, 1) to the community from Glenn, regarding water incursions due to roof ice, and 2) distributed to resort renters and to owners, a handout explaining recycling.

Received mail:

1. From Mark Demeritt, concerning access to property when ‘resort is closed’, and regarding engagement of outside rental service; Mike W answered.
2. From Esther Christian, that the fine levied for free-running dog has been paid.
3. From Pete and Tina Petesch, concerning the condition and unsightliness of the Shaw-Hatfield lot. Dave Reynolds will contact the lot owners and inquire.

**Treasurer’s Report** by Jim Farmer:

1. Two items are above anticipated expenditures: landscaping/grounds and septic/sewage.
2. A lien has been placed on the property most in arrears; one property, formerly in arrears, has been brought up-to-date; current large delinquent account already has a lien in place; partial payment has been received on another account. Jim will contact three more owners this month regarding delinquencies.
3. Directors and Officers’ insurance coverage was increased from $1M to $2M.

Mike W inquired about the budgeting process for next year. Jim F answered that it is a project for the coming month, and a draft will be sent to the board before the next meeting.

**Infrastructure** by John Greiner:

1. A septic schedule and budget derived from the O&M manual will be ready for the next meeting.
2. John raised the issue of power loss to the dosing tanks during an extended power outage, threats to property should sewage back up, and the cost of auxiliary generators. Questions were raised about cost, the risk of inaction, and possible priorities. Mike W suggested that a risk analysis be carried out based on residential locations and terrain. John G suggested that maps would be needed for a full discussion, and suggested a face-to-face meeting next month. Carol P stated that our power outage was the longest Kahler Glen has ever experienced, and there were no negative consequences. John Bennett pointed out that faucets running to resist freezing are a hazard to  homes if septic systems back up because dosing tank pumps cannot operate without electricity. Mike W said that this topic would be pursued at next month’s meeting, with recommendations and John G agreed to lead this effort with John B’s support.
3. John G explained the Nov-Dec administrative charges are an issue as they seem to be very high. Question was raised since an equipment operator’s hourly rate seemed to have been applied to a clerical task for the maximum hours available. A request was made for documentation. Mike W commented that the charges seemed excessive and that the matter should be tabled until we could discuss it with the Resort.

Dave Reynolds asked Jim Farmer for an update re fidelity insurance. Jim said he has asked for a description and quote, but it has not been received yet.

Dave R pointed out that the payment of the Torrence invoice should come from reserves, not be reflected on the P&L. Jim F will make the change.

Mike W referred the board to John G’s written infrastructure report. Nancy reported that garbage and recycling pickup problems seem to have been remedied.

**Reserve Study** by Dave Reynolds:

* No changes in the Reserve Study. Dave attached information from the last meeting to the report as an assistance to later boards, plus a cautionary note that there is more water pipe than indicated, and likely more septic pipe also. John B suggested that cost estimates should be included in the study, rather than requiring reference to meeting minutes. Mike W agreed.
* John G suggested that a policy concerning use of reserves versus special assessments for projects should be discussed at the May meeting.
* Dave R noted that the needed reserves are for the road project, which is immediate. Carol B added that the roads project cost is expected to be about $160,000. Jim F posed two questions: 1) whether to repave at once or piecemeal, and 2) how to pay for the project. Carol P stated that lenders frown on frequent special assessments, and look for robust reserves. Dave R stated that there are ‘best practices’ with regard to accumulation and use of reserves, which are intended to cover anticipated large expenditures, and that reserve use is a budgeted item. John B suggested hiring a dis-interested expert; Dave R pointed out that Torrence’s reserve study role is that of dis-interested expert. Dave outlined the rate of reserve accumulation needed to cover our anticipated projects, and possible options.
* John Greiner moved to adopt the reserve study with revised notes as a planning guide for Kahler Glen budgets. Carol Billesbach seconded. Motion passed unanimously. Dave Reynolds will put a full copy in the financial history binder.
* Dave R reported that Mark Braegelmann currently has last year’s financials and is conducting a review.

**Old Business**:

**MOU Update** by Mike Wandell:

* On Jan. 30, the Resort returned the term sheet to the CA with major revisions. Yesterday’s meeting failed to resolve these differences. The conclusion of the CA subcommittee is that we do not have an agreement, and coming to terms is frustrated by the Resort’s practice of deferring to Glenn after agreement has been reached. The significant issue, among other troublesome changes made after reaching verbal agreement, is denial of an easement access to the golf course for winter activities. Mike summarized the KGCA offer to pay  approximately $800,000 from annual lump sum payments and dues reductions over 30 years in exchange for the vote, and conveyance of infrastructure, roads, permanent easements for septic, water and winter recreation, etc (amounts offered corrected after the fact – offer was approximately $700,000 over 25 years). Mike asked for guidance from each Board member.
* Summary of Board member’s statements, alphabetically:
* **John Bennett** said that there are only two issues: 1) winter recreation, and 2) the amendment/rewrite of the governing documents. John B said that Glenn thinks that he cannot allow permanent recorded easements other than utilities. He stated that not all changes came from the Resort.
* **Carol Billesbach** commented that the difficulty seems to be more than one person or issue. She stated that if the Resort comes back with a new approach, CA would be ready to listen, but that the current talks should not continue. She suggested that the CA express that we are tired, and that if the Resort doesn’t respond, we are finished with this endeavor.
* **Jim Farmer** said that he believed there were obstacles to agreement that flawed the process from the beginning, namely, that the community wanted the vote and was unwilling to pay for it. Jim said he opposed taking over the services that have historically been provided by the Resort.Jim F said that the ball is in the Resort’s court.
* **John Greiner** observed that there was consensus to suspend further negotiation at this time. Several voices spoke in agreement and no objection was heard.
* **Nancy Miller** asked if, since there was no agreement, the Board should give notice regarding the service contract. Mike W replied that since there was no signature on the service contract, that we had no contract and could proceed as we need to without giving notice. Nancy asked whether this would be a time to begin to develop a more detailed contingency plan. Jim F objected, and expressed concern over property values.
* **Carol Pierce** said that the Resort had rejected an offer of totally protective language regarding needs of their business re winter access. A telephone call with Glenn Week had not clarified the issue. Carol Pierce said that repeatedly the Resort has agreed to terms, then returned with the terms changed. Carol said that there was no point in going forward unless the problem of authority to agree is remedied. Carol expressed regret about the impact on community harmony and on the situation of the Resort and said that the Resort can approach the CA with a new proposal if they wish.
* **Dave Reynolds** stated that his October memo contained his list of concerns, highlighting the crucial nature of a satisfactory settlement re water rights, among several concerns. He cannot support what he sees in the deal at this point.
* **Mike Wandell** said that the ability to reach an agreement appears to be questionable, as 1) all issues haven’t been addressed, 2) specific non-subcommittee community members attend the meetings on behalf of the Resort, or review documents afterward, and change previous agreements, 3) the CA has made generous offers that were unmet. Mike rejected taking this version to the community as a bad deal, and that he cannot see a way to reach agreement under current circumstances. He said that the CA would always listen to an offer from the Resort. Mike Wandell said that the consensus appeared to be that we do not have a deal to take to the annual meeting, that we do not have a service agreement, and that we cannot move forward under the Terms and Conditions sheet that the Resort has returned to the CA. There was no objection.
* Mike observed that we do not need to send a formal communication, since John Bennett is present as Resort representative and will carry the message that we have no agreement. Mike stated that CA planning will proceed on the basis of no agreement, and that the basis will be the last signed agreement, 2009. Discussion followed.  John B said that the 2009 Agreement was terminated by the previous CA Board and that, even though only initialed, as part of the MOU process, services and payments over this past year have been in compliance with the 2012 Agreement. Mike W cautioned prudence as we enter the new budget cycle, focused our primary responsibility to provide community services. He instructed Jim F to draft the new budget with several contingencies in mind, in that we may need redundancy in vendors to provide services. Jim F said that he had no disagreement. Mike expressed great sadness that the process has come to this end, and sorrow over any difficulties that may result.
* Linda Wandell was recognized and said that perhaps Mike Wandell, Larry Olson, and Glenn Week should continue the negotiation directly. Carol P objected. Linda expressed concern that non-board members who had predicted litigation in the community had been involved in amending the potential bargain documents to remove many community protections and to extend the service contract term to 5 years. Linda expressed the opinion that interference in the subcommittee negotiations might constitute a tort.

**New Business**:

Jim Farmer suggested that the Board consider the following:

1. That this Board invite its members, members of previous boards, and people with special relevant skills to a Board Retreat where there would be a loose agenda and an open flow of ideas. Jim F offered his place and refreshments for this meeting. No further details were given.
2. That there is a need for ‘eyes-and-ears’ of the Board around Kahler Glen, and that individuals should be contacted to provide this service.

Nancy asked if Jim was suggesting hiring a property manager. Jim answered no, although such an individual might be provided an honorarium. Mike W commented that since there is no service agreement at this time, we would likely be reverting to a price fixe construct, and that monitoring hours isn’t relevant in that situation. Nancy said that if we proceeded in that direction a job description would be useful. Jim F clarified that he was not talking about an employee. Carol P said that we need to determine our relationship with the resort before opening this topic.

**Community Forum**:

Linda Wandell spoke. She expressed concern over the administrative charges issue raised by John Greiner earlier in the meeting, and she suggested that Dave R be asked to work with Jim F in drafting the new budget. She asked to receive a copy of the documents underlying the cross-country arrangement with the state park. John B said that a document had been sent to the Board in March. Dave stated that the issue wasn’t the fees, but the underlying agreement that he had seen mentioned in correspondence.

**Next meeting**: The next board meeting will be on 9 March 2013 at 9a.m. PST. Any resident wanting to attend should contact the Board for the telephone number and password. Mike W said that we will discuss the spring election at the next meeting.

John Bennett moved that the meeting be **adjourned**; John Greiner seconded. It was unanimously agreed to adjourn at 11:53 a.m.

Respectfully submitted,

Nancy Miller, Secretary

KGCA Board