

Kingsgate HOA Annual Meeting

Minutes for 9 February, 2015

Board Members in Attendance:

John Pabst Jr. ☒ Adrian Yang ☒ Kathy Kimbell ☒ Jeanette Siemers ☒ Jeff Siemers ☒
Roger Clarke Johnson ☒ Cassandra Sage ☒ Twyla Baird (retiring) ☒ Marlit Stubb ☒

Agenda Items and Homeowner Comments

1. **Welcome and Introduction of New Homeowners** by Acting President, John Pabst Jr.
2. **Pool and Park** Co-Director Jeanette provided a recap of Pool/Park activities from the Summer of 2014 and described the division of duties between herself and Co-Director, Jeff.

Jeanette noted she attends to the operation of Pool and Park Facility, including the hiring of pool staff and lifeguards. She said that all lifeguards, save one, would be returning for Summer 2015, and announced that Kevin King will return as Pool Manager. The Pool will open on **May 23** and Clean-Up Day will be on **May 16** from 9AM to **1PM**. Ballfield reservations began being accepted on **February 1**; Pool/Park Party reservations be accepted beginning **May 1**.

Jeff then presented a list of current and future projects for the Pool and Park facility. The most significant of these are presented below:

- 2.1. **Parking Lot Paving** Detailed estimates were presented for the four contractors who responded, of six solicited. Prices range from \$49K to \$135K. Jeff described dividing the project into two phases to spread the costs: Southeast and Northwest. The Southeast section extends from in front of the Pool House to the east, then south, ending at the basketball court. The Southeast section has the most foot traffic and thus, the highest hazard of tripping due to uneven asphalt. The Northwest section extends west of the Pool House and ends in front of the chipped playground area. Since all estimates exceed current cash reserves, it was noted to the audience that this is why the Board is seeking to accumulate a higher reserve through increased dues (see below).

Pictures of the uneven asphalt pavement (believed to be original) were shown to illustrate the problem. Jeff noted that all contractors proposed to cut and remove the uplifting roots, and none expressed concern about the tree-fall hazard, after roots are removed. While the reassured Jeff that they 'do it all the time' (cut and remove tree roots), Jeff noted that he and members of the Board remain concerned about this hazard, and said the Board would likely hire a third-party Arborist to consult and advise on the potential risk. The large fir tree by basketball court was cited as the subject of most concern due to its proximity to the picnic shelter, in a high-foot-traffic area. The Paving topic was then opened for discussion.

Audience comments and suggestions:

- a) Joel Pfundt says he is familiar with paving, and (was) volunteered (by the Board) to help Dan Everts suggested considering replacing the paved paths with crushed rock.

- b) Roger asked whether estimates included repaving the paths; Jeff said they did.
- c) Mrs. ____ said she knew of a retired forrester (Andy ____), who could advise and recommend regarding tree health and stability following removal of the surface roots. Others contended large trees present the least hazard because their roots go far deeper; the primary supporting roots are not located near the surface.
- d) One homeowner suggested removing the big trees altogether. Jeanette noted that the issue of removing big trees has proven contentious in the past, and suggested that homeowners are evenly split on the issue. Such a drastic course of action, if suggested by the Board, would therefore be presented to the association members for a vote.

2.2. **Lighting** The sodium-filled bulbs on all the light poles will be replaced with LED light fixtures. Conceptual views were shown and features described. Primarily, the regular on-going maintenance of the existing sodium-filled bulbs is excessive and risky (Mike Hickey climbing a tall ladder). The limited 2,000hr lifetime results in *each bulb* being replaced 2X – 3X per year. By contrast, each LED fixture has a 100,000hr life [10+ yrs] and consumes far less electricity to boot. The cost (ref. Platt Electric) is around \$1,200 per fixture, and the proposed plan is a Do-It-Ourselfes approach, with homeowners assisting a licensed electrician to install. Kathy noted that the previous estimate [2012!] was **\$14,000** (gasps were heard in the audience), but that was for a complete turn-key solution. The Board has deemed the current plan to be a better, less costly approach; worth the investment.

Audience discussion ensued and consisted mostly of comments about protection from projectiles (rocks or pellet gun rounds) and theft/vandalism of the fixtures themselves. Jeff remarked that Plexiglass protection panels may be available for the fixtures; he will look into it. It was noted that all light standards are within the fenced-in area, thus limiting vandalism. The LED light fixtures will also be much brighter than current lighting, serving as a deterrent to theft and vandalism. [RC] note: The brighter lights will also enhance the video capture capability of our DVD security camera system.]

3. **Finances** Kathy presented and explained the year-end statements.

- a) The HOA has cash reserves of around \$40,000 at year-end (slide shown was incorrect). The purpose of reserve is to fund the larger projects, like the paving and lighting projects previously described, without resorting to a Special Assessment. The reserve also serves as a Rainy Day fund, when urgent, unforeseen expenses are incurred.
- b) Kathy noted that recent annual dues increases (roughly 3% per year) had mostly just kept pace with equipment cost increases and lifeguard staff pay raises (want to remain competitive with neighboring associations, to get the best guards), so the Board voted for a larger bump this year.
- c) 2015 Annual Dues for Homeowners will be \$475. Guest Members will pay \$600. Guest Member statements have already gone out; Homeowner Statements will be mailed by the end of February. Kathy acknowledged that the \$50 increase this year may be difficult for some homeowners to bear, but reminded the audience that, like our houses, the Pool/Park facility is over 40 years old. Some major items (e.g. parking lot surface) are expensive but necessary to replace, and the Board MUCH prefers to accumulate a reserve fund to cover these larger expenses, rather than

resort to a Special Assessment.

- d) Kathy presented a breakdown of Pool Usage - Homeowner vs. Guest Member – and described that this has been required for our tax filing (per CPA Howard ____). She explained that, when the percentage of HOA income comes from Guest Members, rather than Homeowners, our corporate status changes and we will owe Income Tax. Upon questioning by an audience member, regarding how many more Guest Members we could bring on, to reduce the dues burden to Homeowners, Kathy remarked that we have already exceed one baseline threshold, and must now file as a Corporation instead of a Non-Profit Private Club. However; the percentage of income from Guests (approx __%) remains less than the amount that would result in the HOA paying income tax.
- e) Kathy also noted that Guest Member usage of the pool usually outstrips Homeowner usage. Guest Members tend to come every day, during the summer, while Homeowners generally do not. This poses an ethical dilemma during hot days. If the pool reaches capacity, the lifeguards may be in the uncomfortable position of having to turn away *Homeowners* because too many *Guest Members* are using and enjoying ‘our’ pool! This is the reason the Board voted to *reduce* the number of Guest Members to __, gradually through attrition, so that Homeowners are less likely to encounter this situation.

4. **Audit Committee** Adriane explained the origin and purpose of the Audit Committee (oversight; checks and balances; risk assessment; recommendations) and introduced the members of the committee who were in attendance. The Audit Committee was formed last summer and has met several times so far. Their current focus is risk assessment and management of a liability for Board members in particular and Homeowners in general. The consensus among committee members, thus far, is that increased ‘checks and balances’ are recommended, in general, within the operation of the HOA. Their recommendations, to be released this spring, may include everything from two signatures on every check (indicating Board concurrence and reducing the potential for freewheeling or fraudulent expenditures; it is the Board’s fiduciary duty to wisely spend collected fees) to what actions are taken - or not taken - with regard to perceived and actual safety risks, and in response to actual injury claims.

Kathy noted that she will present the completed annual insurance application for signature by the entire Board to spread that risk (i.e. providing statements on the application that may be deemed ‘incorrect or misleading’ later) among all Board members. Previously, it had been her signature, alone, on these forms.

One Audit Committee member, Dan Everts, acknowledged and praised Kathy’s work as Treasurer for over 10 years. He noted that the Audit Committee has been impressed with the level of detail and accountability shown in Kathy’s recordkeeping. Even so, Dan observed that Kathy did not agree to serve for life and may resign someday. He added that, when he had been on the Board many years ago, there had existed a position called Assistant Treasurer. He suggested that the Board consider bringing this position back. The person would begin by assisting Kathy with some of her day-to-day tasks. The eventual goal would be to learn all of the methods and procedures Kathy uses to monitor and manager HOA income, expenses, lifeguard payroll, insurance and tax filings. It could take months, if not years, to become fully conversant on every method and procedure used, but

by assuming more and more of Kathy's workload, the Assistant Treasurer would become qualified to take over, when the day comes that Kathy decides to resign.

[RCJ Note: Succession planning is as relevant for an HOA as it is for a closely-held business. Treasurer is perhaps the *single most important position* on the Board due to the sums of money involved; the ability to place liens on property owners; and the signature on HOA tax filings.]

5. **Swim Team** Marlit described the Royals Swim Team info with the audience, and shared the success of the 2014 Swim Season, including 18 Royals competing in A Champs (a record), and many new Royals (or Midlakes?) competitive records set. She shared the Registration Meeting date: **Mar 22**; and the First Practice date: **May 18**.

6. **Covenants** John commented that there was little activity, less volunteer interest, and not much *need* for this subcommittee because City of Kirkland codes are just as restrictive - or more restrictive - than our own HOA covenants. Audience members were reminded and encouraged to call the City of Kirkland *directly* to report any code violations: "They have a *department* for this ... with full-time staff!"

Draft submitted by Roger Clarke-Johnson

Rev __ submitted by _____

Rev __ submitted by _____

Rev __ submitted by _____

Final Rev __ approved by the Board on __(date)__