



Board of Directors Meeting Minutes

August 20, 2019 at 6:30pm

Kendall Yards Welcome Center, 1335 W Summit Pkwy, Spokane Wa.

Attending: Jim Frank, Vice President
Sarah Leverett, Secretary
Terry Moore, Treasurer
Scott MacArthur, Director at Large
Donn Durgan, Director at Large
Dawn Sugasa, Director at Large
Gil Pierce, Association Manager, Rockwood Property Management (RPM)

The meeting was called to order at 6:32pm.

Minutes Review

RPM provided the draft minutes of the May 16, 2019 Board Meeting to the Board with the July 2019 Financial Report. No comments were offered upon submission of the report or at the meeting thus a motion to approve was put forth and approved by the Board.

Financial Report Review

A question was submitted regarding upcoming sidewalk maintenance of the park sidewalk as it's in deteriorating condition. This is in reference to the porous material installed as part of the storm water system through a Dept of Ecology grant. Gil will check with Mike Terrell to discuss an appropriate maintenance plan.

Main Association income is \$5700 excess and expenses are slightly under expectations. Townhomes income is \$13k excess income and \$3100 over budget. The Association is appropriately funded to defray the cost of (known) future major repair/replacement expenses. Few delinquencies (\$811.79 is 60+ past due as of 7/31/19) ensure the Association maintains appropriate funding levels.

A question was raised as to why the operating account has such a considerable balance in light of the approximate \$50k in/out per month. Gil shared that the Board is welcome to move money to an interest bearing account. An appropriate operating reserve is 2 X the monthly expense, which equates to approximately \$100K. Any interest earned would be taxable but the tax is minimal compared to the income generated by investing.

Committee Reports

A reserve study should be ordered upon turnover of the community from the Declarant to the Members. This study will help the Board make educated decisions regarding the future financial planning of the Association and the long term maintenance of major common area components. Reserve fund items include things like dog pots, park equipment and structures and concrete. The Art pieces scattered throughout the community is owned by the HOA and is insured so replacement doesn't need to be funded by the Reserve Account. If a piece doesn't fare well overtime the Board can elect to remove and not replace. Minor maintenance will be required over time but this is more appropriately expensed to the Operating Budget. Kendall Yards has limited common area and thus the reserve maintenance fund will be limited and far less than other types of communities such as those with private drives and condominiums. Ultimately, the Association will be best served by having a flush operating reserve for immediate access to cash should an urgent need arise plus an interest bearing reserve account for long term replacements. It's important not to tie a significant portion of Association funds up in an MMA or other type of investment account so funds are accessible should they be needed.

Kendall Yards and BOA staff are receiving far less complaints compared to last year and Lime's built in protections to promote responsible use is working. Considering this, heavy signage isn't necessary. However, a few strategically placed signs prohibiting bike/scooter riding on sidewalks might be appropriate. The installation of signage is postponed for review at the October meeting.

Old Business

The Board will meet again on October 23, 2019 at 5:30pm to review and discuss the proposed 2020 budget in preparation for ratification and distribution to the members in advance of January 1, 2020. The 2020 Annual Meeting of the Members is scheduled for March 12, 2020 at 6pm.

RPM will coordinate with the Board to determine the appropriate style of trash cans for installation at two locations on the Centennial Trail. Jim will walk the trail to inspect damages to existing trash cans and dog pots, review the need for additional facilities and potential trash can locations.

Jim mentioned that the Declarant is working with the Parks Dept is working on improvement and memorial installation at the overlook between the trail down to the bridge and the Nettleton overlook to commemorate Don Higgins, former Director of West Central Neighborhood Center.

Graffiti removal will be done using an asphalt overlay; Gil will coordinate with the vendor. Jim reports graffiti on the Maple Street art piece; Gil will inspect and remediate or submit options to the Board for consideration.

New Business

Jim reviewed the difference between CCR amendment and establishing and changing Rules and Regulations. At least a supermajority member approval is required to amend CCRs but the Board may create and amend Rules and Regulations as needed.

There is nothing specific in the CCR prohibiting short term rentals and Air B&B but the City does impose restrictions. Only first purchasers are required to occupy the home for a year, subsequent owners have few rental limitations. Wolf Lodging is doing short term rentals and sublets in Kendall Yards in addition to individual owners using vacation rental services such as Air B&B. Concerns were raised about the degradation of the neighborhood's community when a majority of homes are

used for transient vacation rentals. Kendall Yards is not approaching a tipping point but discussion was made as to ways and means to prevent this and maintain/increase sense of community.

State regulations on Condominiums prevent developers to build condos so there's a struggle to meet the City's density requirements (18 units per acre) with single family homes and townhouses so multifamily is necessary. Apartments are the only practical way to build and meet all state and local requirements. Jim spent time last year meeting with legislatures to discuss the ramifications of these regulations but no action was taken at the next session. In speaking with a lobbyist, amending the Condominium Act will be difficult if not impossible because the trial lawyers will oppose and the legislature's makeup is such that they won't take action in opposition to the trial lawyers. As it stands, there's no practical way to build affordable housing that meets the necessary density requirements because few subcontractors can afford the necessary insurance to build condos.

The apartments are not annexed into the HOA but do pay HOA dues for use of some common facilities. The HOA will/is not responsible for maintenance or management of the apartments after turnover. Apartments pay their own landscaping and building maintenance while HOA members have landscaping included in dues. Apartment assessments exclude landscape expenses, which is determined by the HOA's annual budget. If/when the condos sell, a new condo association will be created to pay their exclusive use assessments. A recorded Reciprocal Easement Agreement exists between the owners of the attached units in Kendall Yards to define the financial agreement between affected owners and the HOA. Gill will review this at budget time and will present at the upcoming budget review meeting.

The matter of political signs seems to no longer be an issue so no discussion ensued.

Jim presented the possibility of assigning security personnel to abate concerns in the HOA and BOA. Jim is investigating options for reporting and responding to criminal activity within the Kendall Yards development.

Homeowner Forum

What are the ground rules for installing external surveillance cameras? Homeowners may submit their request via the ACC Request Form but the Association does not intend to install a comprehensive security system on separately owned lots. There may be some shared expense between the HOA and BOA for future shared security services.

What is the intent for the buildings near Nettleton? They're 9 small rental units designed to look like individual houses in pods of 3 units, garage on the ground floor with living unit above.

With no further business rightfully brought before the Board, the meeting was adjourned at 7:53pm.