



Keanland Park HOA Board Meeting
July 23, 2024

Board Members Present:

Vic Musselman, President	Jim Huentelman, Vice President	Kevin Ruoff, Secretary
Marc Groenier, Treasurer	David Rolley, MTF	Chuck Klamm, At Large
Lance Breitsprecher, ACC		

Community Members Present as identified in Zoom:

Jim Millett	Pam Fisher	Bill Lesar	Cindy Burke	Margaret Shelby	Sony Fisher
Thom	Iphone 177	Palmer	Hank	Cassandra	
Steve and Heather Barclift	Lorriane	Bruce and Margaret Snyder		Elliott Hedin	

The Board Meeting of the Keanland Park HOA was called to order by Vic Musselman at 6:32pm.

Vic Musselman opened the meeting advising that per CC&R section 4.3.4 requiring all members be allowed to observe all board meetings except for Executive Sessions. Vic then stated that this being his first board meeting as President it is his desire to conduct the meetings on an abbreviated version of Roberts Rules of Order and in addition any decision that are not requiring a full vote of the board will be made by consensus. If no consensus is reachable and a decision has to be made for the good of all, that he would make an executive decision, but that Vic would prefer to have a vote or consensus.

Discussion on the above was initiated by Vice President, Jim Huentelman asking that it be notated that this was a different direction than what had occurred before and that the board had not used Roberts Rules of Order before and that it is not a requirement in the State of Washington. Vic stated that he believed this was his prerogative and Jim disagreed stating that this board has always been a consensus led group. Jim ended the discussion requesting that this was a deviation from what the board had previously done.

Vic moved the discussion to the agenda items.

Discussion of new financial proposal by Treasurer Marc Groenier:

Marc Groenier, HOA Treasurer, read through a 7-page document titled "Proposal to Enhance Keanland Park Homeowner's Association (KPHOA) Financial Situation."

Proposal to Enhance Keanland Park Homeowner's Association (KPHOA) Financial Situation:

TABLE OF CONTENTS:

- PROPOSAL, four pages.
- CASH MANAGEMENT EXAMPLE for the rest of 2024, three pages.
- FIDELITY GOVERNMENT MONEY MARKET (SPAXX) Fact Sheet for May, four pages.
- FIDELITY MONEY MARKET FUND PREMIUM CLASS (FZDXX) Fact Sheet for May, four pages.

1) Executive Summary:

a) Currently:

- HOA funds reside in three accounts at a local bank. Two checking accounts currently earning **0.05%** and a money market that earns **0.51%**.
- 95%** of HOA dues and fees are received in February and March while **70%** of expenditures are made in August and September.

b) Proposal:

- Move funds to a Fidelity Business account. This account consists of three components:
 - A checking account currently earning **2.69%** and from which all disbursements will be made.
 - A "Core" account currently earning **4.97%** for excess operating funds.
 - A Premium Class Money Market account currently earning **5.15%** for our reserve funds
- An Olympia Federal Saving account will still exist for convenience.

c) Desired outcome:

- HOA reserve account funds will earn about 10 times more interest than currently.
- Unused operating cash can be put to work earning 4.97% vs 0.05% interest.
- Checking account cash balances will earn 2.69% vs .05% interest.
- Reserve Fund cash can easily be moved to other investment vehicles if desired.

d) While some of the funds will not be FDIC insured, they are in secure investment tied to the U.S Treasury obligations.

Proposal to Enhance Keanland Park Homeowner's Association (KPHOA) Financial Situation:

2) Current Situation:

a) KPHOA has three bank accounts with Olympia Federal Savings (Oly Fed). This was done due Olympia Federal Savings convenient location.

- i. A main business checking account from which most bills are paid. The account earns **0.05%**.
- ii. A money market account that holds the organizations "reserve funds". This account earns **0.51%**.
- iii. A small account used to pay small bills and bills than need a credit/debit card. This account is used to limit the amount than can spent on the organizations debit card purchases. This account earns **0.05%**.

b) Most of KPHOA revenues are received in February and March while most disbursements occur in the third quarter of the year.

c) Flow of cash:

- i. Receipts – Main Checking.
- (1) Transfers to Small Account as needed to cover debit card disbursements.
 - i. Interest – Main Checking and Money Market Account.
 - ii. Disbursement by check – Main Checking.
 - iii. Disbursement by debit card – Small Account.
 - iv. Road repairs – yet to be determined.

3) Opportunities:

- a. Significantly higher earnings can be obtained at other financial institutions.
- b. By following enhanced cash management policies, unused cash between April and September can be invested outside the checking account and earn much higher returns. See 4.a.ii below. Also see Proforma Interest Earnings for KPHOA Under Proposed Cash Management Plan following this proposal.

Proposal to Enhance Keanland Park Homeowner's Association (KPHOA) Financial Situation:

4) Proposal:

a) Establish an account with Fidelity Investments. Within this account there will be three sub-accounts / accounts:

i) A checking account from which all disbursements are made. A debit card is usually issued for this account. This account is FDIC insured and currently earns 2.69%.

1. Utilize the bill payment feature for this account to pay most recurring bills.
2. Limit the amount that can be put on the debit cards. This will limit the amount that can be charged to the checking account.

ii) Tied to the Fidelity account is a "core" account This account is used to move cash between sub-accounts (e.g, checking), and disburse funds to purchase investments and receive funds from the sale of investments. An example of this account would be the Fidelity Government Money Market (SPAXX). It is a constant value (\$1/share) fund currently earning about 4.97%. While this account is not FDIC insured it primarily invests in U.S. Treasury Bills, Agency floating rate securities, and U.S. Government repurchase agreements. See Monthly Fact Sheet for SPAXX attached.

iii) Move the KPHOA reserve fund to a Fidelity Money Market Fund Premium Class (FZDXX). This is a constant value (\$1/share) investment fund that currently earns about 5.15%. While not FDIC insured it primarily invests in U.S. Treasury debt, certificates of deposit, non-negotiable time deposits, U.S. Treasury repurchase agreements, and other repurchase agreements. See Monthly Fact Sheet for FZDXX attached

b) Transfer most funds from Olympia Federal Saving to Fidelity investment via wire transfer.

c) Close all but one of HPHOA accounts at Olympia Federal Savings.

Proposal to Enhance Keanland Park Homeowner's Association (KPHOA) Financial Situation:

5) Operation of proposed new structure:

- a) Receipts – Existing Main Checking account at Olympia Federal.
- b) Transfers:
 - i) Olympia Federal main checking – Fidelity Core Account (SPAXX).
One day after receipts are deposited into Olympia Federal account, deposits are electronically transferred to the Fidelity core account. A minimal amount will be kept at Olympia Federal to avoid account maintenance fees.
 - ii) Fidelity Core Account – Fidelity Checking Account.
Amount necessary to cover projected disbursement.
 - iii) Fidelity Core Account – FZDXX.
For any dues or other funds/receipts allocated to the Reserve Account.
 - iv) FZDXX – Fidelity Core Account – Fidelity Checking.
 - 1. To pay for any road repairs coming out of the Reserve account.
 - 2. Funds cannot be moved directly from FZDXX to the checking account.
 - v) FZDXX – Fidelity Core Account – Other Investments.
The core account is used for the cash needed to purchase other investment and to receive cash from the sale of other investments, if approved.
- c) All disbursement – Fidelity Checking account as needed.
Debit cards will be tied to this account for small expenditures and bills that need to be tied to a credit/debit card.

PRO FORMA INTEREST EARNING FOR KPHOA UNDER PROPOSED CASH MANAGEMENT PLAN

Current Cash Management Plan:

Month	2023 Olympic Federal Saving Main Checking:					Interest income	Ending balance
	Beginning balance	Deposits	Disburse-Interest rate ments [a]				
January	61,630.42	-	(3,459.00)	0.05%	2.59	58,174.01	
February	58,174.01	31,501.00	(20.00)	0.05%	2.89	89,657.90	
March	89,657.90	14,850.00	-	0.05%	4.27	104,512.17	
April	104,512.17	1,350.00	(47.90)	0.05%	4.39	105,818.66	
May	105,818.66	-	(500.00)	0.05%	4.55	105,323.21	
June	105,323.21	-	(166.00)	0.05%	4.39	105,161.60	
July	105,161.60	-	(2,153.31)	0.05%	4.49	103,012.78	
August	103,012.78	-	(19,245.53)	0.05%	4.44	83,771.69	
September	83,771.69	600.00	(14,437.84)	0.05%	3.38	69,937.23	
October	69,937.23	300.00	(1,620.00)	0.05%	3.02	68,620.25	
November	68,620.25	4,094.22	(6,695.71)	0.05%	2.90	66,021.66	
December	66,021.66	-		0.05%	2.84	66,024.50	
		<u>52,695.22</u>	<u>(48,345.29)</u>			<u>\$ 44.15</u>	

[a] Interest rate is compounded on a daily basis.

PRO FORMA INTEREST EARNING FOR KPHOA UNDER PROPOSED CASH MANAGEMENT

PLAN 2024 Pro Forma Olympic Federal Saving Main Checking / Fidelity Checking & Savings:

2024 Olympic Federal Saving Main Checking [a]							
	Beginning balance to Fidelity	Cash moved to Fidelity	Disbursements	Interest rate [b]	Interest income	Ending balance	
January		66,024.50	(3,186.00)	0.05%	2.73	62,841.23	
February		62,841.23	34,650.00	0.05%	3.19	97,494.42	
March		97,494.42	10,800.00	0.05%	4.48	108,298.90	
April		108,298.90	2,250.00	(2,232.55)	0.05%	4.53	108,320.88
May		108,320.88	1,411.80	(2,262.42)	0.05%	4.57	107,474.83
June		107,474.83	(1,790.00)		0.05%	4.38	105,689.21
July		105,689.21	(500.00)		0.05%	4.48	105,193.69
August		105,193.69	(104,194.21)	--	0.05%	0.04	999.52
September	1,000.00 [d] [c]			0.05%	0.04	1,000.04	
October	1,000.04			0.05%	0.04	1,000.08	
November	1,000.08			0.05%	0.04	1,000.12	
December	1,000.12			0.05%	0.04	1,000.16	
						<u>\$ 28.56</u>	
[c] [d] 2024 Fidelity Checking Account [a]							
August		[c] 5,000.00	(3,050.00)	2.69%	7.95	1,957.95	
September	1,957.95	24,000.00	600.00	(25,000.00)	2.69%	30.45	1,588.40
October		1,588.40	(300.00)	(50.00)	2.69%	3.92	1,842.32
November		1,842.32	1,000.00	(1,620.00)	2.69%	4.50	1,226.82
December		1,226.82	--		2.69%	2.81	1,229.63
Total interest for 2024						<u>\$ 49.63</u>	
Fidelity SPAXX [a]							
August		[c] 99,194.21	--	4.96%	418.72	99,612.93	
September		99,612.93	(24,000.00)	--	4.96%	308.86	75,921.79
October		75,921.79	--	4.96%	320.48	76,242.27	
November		76,242.27	(1,000.00)	--	4.96%	307.35	75,549.62
December		75,549.62	--	4.96%	318.91	75,868.53	
						<u>\$ 1,674.32</u>	
Grand Total checking and savings interest for 2024						<u>\$ 1,752.51</u>	

- a. General Ledger data and computed amounts are in black. 999.99 Proformad (estimated) data is in blue italic. 999.99
- a. Interest rate is compounded on a daily basis.
- b. Money moved from Olympia Federal Saving to Fidelity on August 1st.
- c. \$1,000 is left in Olympia Federal Checking to avoid service charges.

PRO FORMA INTEREST EARNING FOR KPHOA UNDER PROPOSED CASH MANAGEMENT PLAN 2024 Pro Forma Olympic Federal Saving Money Market / Fidelity Premium Money Market:

Olympia Federal Saving Premium Business MMK Account				
[a]				
Month	Beginning balance	Interest rate [b]	Days in mmonth	Interest income
January	100,607.37	0.510%	31	43.59
February	100,650.96	0.510%	29	40.79
March	100,691.75	0.510%	31	43.62
April	100,735.37	0.510%	30	42.23
May	100,777.60	0.510%	31	43.40
June	100,821.00	0.510%	30	<i>42.27</i>
July	100,863.27	0.510%	31	<i>43.70</i>
August	- [c]			-
Total earnings for 7 months at Olympipa Federal Savings Money Market.				<u>299.60</u>

2024 Fidelity Money Market Premium Class Account (FZDXX) [a]				
[c]				
August	100,906.97	5.15%	31	<i>442.30</i>
September	101,349.27	5.15%	30	<i>429.88</i>
October	101,779.15	5.15%	31	<i>446.12</i>
November	102,225.27	5.15%	30	<i>433.59</i>
December	102,658.86	5.15%	31	<i>449.98</i>
Total earnings for 5 months at Fidelity invested in FZDXX.				<u>2,201.87</u>
Grand Total investment interest for 2024				<u><u>2,501.47</u></u>

- a. General Ledger data and computed amounts are in black. 999.99 Proforma (estimated) data is in blue italic. *999.99*
- a. Interest rate is compounded on a daily basis.
- b. Money moved from Olympia Federal Saving to Fidelity on August 1st.

At the end of his presentation, Marc asked if there were any questions.

- Vic stated that he was concerned that if we invested with Fidelity none of the investments would be FDIC insured. Vic stated that it was not a requirement under the CC&R's but he was concerned that not having the safety net should any economic disaster event occur in the future.
 - o Marc Responded stating that FDIC Insurance, is nothing more than a marketing tool for the Federal Government. Marc stated that if Olympia Federal were to cease to exist the first thing the federal government would do is try to find some other financial institution to take over their clients and that might take a day, a week or a month and there would be a period of time we would not have access to our funds. If we had a major catastrophe where we had many savings and loans and regional banks go under, the FDIC is not required to pay out the funds for ten years. So, if we did have a major catastrophe we would not have access to our funds for up to ten years. Marc stated that Fidelity is the fourth largest investment company on earth. If Fidelity goes under we will have more trouble than just with our banks. There are very few firms bigger than Fidelity and they have ridden out most of the storms we have seen over the last 40 years.
- Kevin Ruoff stated that the Board was familiar with Marc's background but asked him to give a quick update on his background for the members on the call.
 - o Marc stated that he is a retired CPA, spent about 20 years in tax analysis for a data processing company and spent the last 15 years as the budget coordinator for a community college in California. He prepared budgets and fund accounting, which he believes we should have, where you have separate funds such as an operating fund where you pay out day to day operating expenses and the other being an investment fund, which in our case would be the road repair fund.
- Jim Huentelman stated our reserve account is for roads as well as any emergency that may come up. Jim stated there had been discussions about putting that money into something that would pay more interest. Some of the challenges were that funds could be encumbered by not having ready access to them. Jim asked if the funds Marc was discussing would allow access.
 - o Marc replied with a yes. Marc stated there was an initial investment of \$100,000.00 but usually allow a specific period of time that you can dip below that and then build it back up, but he did not believe there was a penalty for going below that amount but will do some checking. Marc did state we have over that amount in reserves now. That reserve should be used for road maintenance, emergencies and infrastructure replacement. The Operating fund should be set up to handle any emergencies that we may have such as a minimum of 30% to 70% of what you intend to spend in the next year.
- Kevin Ruoff asked if there were any fees attached to the Fidelity funds.
 - o Marc replied that they are mutual funds, so they are exchange traded funds and any fees are taken out before you are paid. Fees are .75%, very low fees.
- David Rolly stated that since we are following Roberts rules of Order, he moved that we adopt Marc's plan. David asked for a second.

- Jim stated he had another question and a discussion on Roberts Rules of Order ensued, with Vic stating he was not going to be that formal on Roberts Rules of Order and asked him to hold off for a minute. Jim then stated that he understood that money should be invested wisely and that different organizations have different risk tolerances and objectives, but that our objective is not to make the most return but to have a wise but stable and conservative approach to allow us to grow our road funds over the years and not to be dependent upon if over the next five to six years there is a big adjustment in the stock market where we are at risk for this money. Are we in a position to where we will see only positive returns on this and nothing negative?
 - o Marc stated that these funds are called constant value and are valued at \$1 per share and are always valued at \$1 per share and over the last 40 years Fidelity has gone through great hoops to make sure they maintained the \$1 per share. These are not investments in stocks and not invested in anything but federal treasuries and repurchasing agreements and some bank CD's. You can search this by going to fidelity.com and under their research look up these funds. Marc stated he agreed with Jim that we needed to have conservative investments but when you are earning .5% you are losing money with inflation at 3+%
- Jim stated we do not need to rush to extremes, and he understands we need to figure out a better way to place the money somewhere. Jim stated he respected Marc's opinion and that he has a career in it, but this is the first opinion of this nature that he has heard and is not in a position to make a decision on this without more understanding of this.
- David then stated that this is why we need Roberts Rules of Order because Jim was arguing if we should support this or not and there is not a motion on the floor.
 - o Jim stated that he appreciated David's position but for the last three years we have had not issues with having discussions and being able to make progress.
 - o David stated that he heard very clearly that we needed to follow Roberts Rules of Order.
 - o Vic stated, no, I did not say that. I said I would follow a modified Roberts Rules of Order and only suggesting that for when we do voting. Vic stated he wanted to hear what everybody on the board had to say about Marc's proposal.
- David stated he had a very similar account through Schwab called FNAX, does the same thing and throws off nothing but money and I think we should do it. David stated that Fidelity is know for being very stable, very conservative and not a risky investment and he agree with Marc that we are losing money on keeping that in the accounts earning less than 1% and that it is not good stewardship to do that. David stated that if you look at it this way, we are paying about \$2,500 per year in an insurance policy to protect \$100,000. David does not think that is wise.
- Jim continued the discussion that he agreed we should be making a better return on our investment than we are right now but thinks we should be doing it in a way that is also conservative. Jim stated that this is not the first HOA he has been a part of and in a 400 home HOA everything was done in checking and savings. Jim stated he has friends that invest money, but we do not have anyone looking at this daily, we are all part time volunteers.

- Marc responded that if we were just going to go with banks, FDIC insured accounts, you are going to get half the rate of return that you would get from these premium money market accounts. These are funds that are a dollar per share and have been a dollar per share since they were first made. These are government money markets at are passively managed but not funds that invest in business notes. These are about as safe as you can get and still earn a rate of return better than inflation. Marc stated before he went to Fidelity his regular banking accounts over the last 40 years have paid very poor interest rates. He stated that he used to deposit his check into Fidelity and then move money to his checking account as needed. Now that Fidelity has a checking account he uses that. The only thing we lose with not having Olympia Federal is the debit card for small purchases, which is why Marc recommends keeping a small checking account for the online purchases we need. Marc stated we are talking about the difference between \$300 and \$400 a month in just the reserve fund. Mark also stated that with Fidelity being the 4th largest firm, if something happened to them, we would not be talking about Olympia Fed being a safe investment.
- Jim asked Marc if he had served on other HOA Boards.
 - Marc replied that he has not.
- Chuck Klamm, Board member at large, stated that the money is not ours, it belongs to all the members. Chuck stated that he invests his money this way and understands what Marc is saying, but believes we need to table the discussion for now and get feedback from homeowners what their thoughts are. Chuck stated that this is a good way to go but is not FDIC insured but we have 103 homes and that is why we have not invested before. Chuck pointed out that this is the first time many have heard of this and not understand this type of investment. Chuck stated he did not know what the tax ramifications were if we were to begin earning money on the funds, but he believes it is a safe investment but feels we need to hear input from the homeowners.
- Jim agreed with this.
- Kevin stated he agreed with Chuck as well, that this is the way he invests, but we need to look at other options and seek feedback from homeowners before finalizing any decision.
- Marc replied to Chucks question regarding taxes that we are an HOA it is simple, that unrelated income, and interest, tax rate is 30%.
- Lance stated Chuck has a good idea with getting feedback from homeowners, but we also need to look at not losing money with inflation.
 - Marc stated that the average inflation rate going back the last 30 to 40 years has been 3.2%.
 - Jim stated if we can find a savings account that is FDIC insured and earning 4%, we would be beating the average. Jim completely agrees we need to make a change but does not know what the change should be.
 - Marc stated that he has not seen a bank account come close to the returns of the Fidelity checking account and that account is FDIC insured.
- Vic asked Marc to put together a performa of types of investments we could potentially pursue outside of conventional bank accounts and also a overview of wanting to earn more than just standard savings rate that we can put out to the homeowners to get comments on.

- Marc said he would try and explain why he chose Fidelity over other investment houses, including investment scandals that Fidelity has never had.
- Kevin thanked Marc for his great analysis of the investment opportunities but stated that he did not think it was a bad move to make, we need to make our money work for us rather than increase dues, but just wants to step back a moment to take another look and seek feedback.
 - Marc agreed that this is a lot to take in in one session, that it is like taking a sip of water from an open fire hose. Marc will see what he can put together.
- Vic asked the Board if having Marc put something together for the board to provide input and then send out to the homeowners was something we could agree that is the best way to proceed?
 - David stated he did not agree simply because half of the neighborhood would agree and the other half would be divided as we are here on the board. David thinks Marc did a great job, picked the right investment and knows what he is talking about and that the Board must be willing to act and not get mired down in over analysis. David thanked Marc for his efforts.
 - Marc stated that by having our money in a brokerage/investment firm like Fidelity the money is poised so that if we did want to make a change, we could switch to whatever we wanted within the Fidelity framework, such as a Vanguard account. Marc stated we were put in this position on the board to manage the HOA on behalf of the members not to get a consensus of the members on every decision. There are a lot of different opinions from those that know what I am talking about and others that have only invested in banks.
- Vic stated that Synchrony bank is currently paying 4+% in their savings account. Vic stated that if interest rates drop down to 2%, it may not continue to pay that high level, so there are other options out there and take this up at a future date.
- Jim asked Vic if he was making a motion.
- Vic stated that he could make a motion but wanted to do it this way – Vic then asked board members that those who think Marc should come up with an overall view that we send out to homeowners for input, put their thumbs up.
 - Vic, Kevin, Jim, Lance and Chuck all had thumbs up. Vic stated that was a majority and that is what we are going to do.
- Vic thanked Marc for his time and thoroughness.

New Website Manager:

Vic stated that at the end of May 2024, Tori Hernandez stated she no longer had the time to continue as the website manager and asked if the board could find a replacement for her.

In June, Vic met with Tori and had a few phone calls working with the program WordPress that is used for the website. Vic has had some experience that allowed him to understand the workings of this program and knows an IT Manager friend that agreed WordPress is very easy to use, so Vic has decided to take on the responsibility of keeping the website up to date.

Completion of North Mailbox Move:

The North Mailbox move was completed last week. The mailboxes for the North are now opposite Hawk Lane NE. Bruce submitted the invoice for the move cost, and it came in at \$1,128.34 which was just about \$100 less than estimated. The invoice has been passed on to Marc for payment.

Status of 2024 Septic Inspection Contract:

Jim stated that we have been going back and forth with the new contractor who is Envirotech. They did our sampling event this past fall and will do it again this fall. There are not a lot of firms that do this work and luck to find Envirotech. There were some issues with the last sampling event, but we want to try to launch the next event where everyone is informed and aware of what is going on. The only way we were able to get the volume discount was by all of us jumping in and helping the process. This is not the best way if you were to hire someone on your own to do this, but for the HOA for them to come in and do a group bundle of 100 plus homes, their price is only \$9.00 more per home than the original contract which is pretty good. They are having some challenges with personnel, but we are hoping they will be able to work through it all. They are a small firm, but they have a great price, great references and they did a great job for us last year, so hopefully we will have that contract signed. Jim will have the contract circulated to the board for input and attach the old contract for comparison. There must be a contract between us and the contractor that has been recognized by the State of Washington and Thurston County. The process then is once we get it signed around, it goes to Thurston County for approval and then they become the inspection firm of record for this neighborhood. The contract will then continue each year, and they will give us 30-60 days' notice of any price change.

Jim then asked if he could cover the Water, even though it was not on the agenda.

- There was an issue a couple of weeks ago with a lot of irrigation and people filling pools and the alarm went off at 5 to 6 am Monday morning.
- Jim contacted the engineer with Thurston County PUD, and they had someone out there within 30 minutes.
- Everything was fine, just demand far exceeded the capability of our system. It will be very rare we have everyone filling their pools at the same time.
- Both pumps were pumping but the tank was still drawn down to 1/3 of its capacity.
- If we had more pools we may have to go to a lottery type system, but at this time we do not see this as an issue.

Discussion of request from Cindy Burke to convene an all-HOA meeting to propose an access gate for the North portion of Keanland Park HOA:

Vic Musselman provided a little background to this topic.

- July 1, 2024, Cindy Burke provided an email to the HOA Board requesting an all HOA meeting about the gate proposal, citing section 4.3.1 of the CC&R's regarding special meetings.
- Cindy presented 22 names of homeowners in the North in support of the meeting, which is more than 10% of the membership.
- Based on this request, the Board meeting was called to consider this request.
- This all follows an email Cindy sent the board on May 22, 2024, citing 16 members from the North were in favor of presenting a proposal to put a gate limiting access to the North at the cost of approximately \$45,600.
- On May 24, 2024, after discussion with Board Members, Vic replied to Cindy that a super majority of the North members needed to be in support of the gate before the board would formally take the issue up.
- Vic also requested a detailed estimate for the gate installation from Cindy, involving not only construction, but also maintenance.
- Vic stated that it appeared the request for the all-member meeting was in his opinion an attempt to circumvent the Board's desire from the May 24th letter and that there still appears to be no more than 22 members from the North in support of the gate.
- Vic stated that since the construction of the gate would be a material amendment to the CC&R's (section 3.3.2) it would require a vote of the entire HOA.
- Vic stated that in his opinion that if there was a vote of the entire membership to install the gate, we would also need to have another vote of all membership under section 3.3.2 to allow a special levy for just some (the North residents) to pay for it, not all the members.
- Vic stated he believed the petition by Cindy for the gate is premature and would require a vote of all the HOA members.

Vic stated he wanted to hear from all the Board members on how they felt the Board should proceed and what the Board Members thoughts were on the gate. Vic called on Jim Huentelman for his input.

Jim stated he was in all for any attempt to improve the neighborhood.

- Jim stated we needed to analyze it and look at all the facts so we as an HOA could decide what we needed to do.
- Jim felt the South was isolated from all the issues that are being seen by the North Residents but that the members in the South, based on how he has talked with, do not want to pay for a gate for the North Residents.
- As an HOA, we are responsible for both the North and the South and we need to look at the situation and it deserves to be looked at, that this is not the first time this issue has been brought up.
- Do we have a thorough analysis of the cost? We need to look at the capital expense and the annual operating expense that need to be presented.
- If this is the correct thing for the North, we as a Board need to figure out how to facilitate that. Is it possible? Once that is figured out the North needs to determine if that is what

they want, then the Board needs to determine how to make it work, taking funds of different amounts from different people.

- Can we solve the problem? I think so. We need to take the concerns of anyone in the neighborhood that has an idea and give it its proper respect.
- Jim stated that in his opinion what we needed to do is let the facts come out and take a look at it and run it to the ground and as a group make a decision.

Vic then called on Kevin Ruoff.

Kevin stated that Jim was right, we need to take an honest look at it, that Cindy had put a lot of work into it, but we are still in the very early stages. Kevin stated that just looking at the proposal as submitted:

- \$41,000 bid submitted did not include a lot of things that needed to be considered
 - o Electricity for lights
 - o Taxes
 - o List of exclusions listed in bid that costs are not included in bid amount
 - o Fences – gate is 36' but the area is much larger, cars can drive around, and the cost of fencing has not been included in the bid price.
- Additional items not included in proposal were:
 - o Who will monitor and keep passwords updated?
 - o Have the Sheriff and Fire been contacted for their requirements?
 - Knox box mentioned in bid for Fire, but Sheriff may require Opticom to activate the gate.

Kevin stated, based on his background, that the gate would give a false sense of security but if the majority of the HOA wants the gate, he would support it. Kevin raised the issue of what activates the gate on egress and can this be easily activated by climbing the gate. Kevin felt there were still a lot of questions that needed to be answered and the cost of the gate would be a lot greater than the initial \$41,000.

Cindy Burke entered the discussion and stated that the electrical cost was included in the bid and so was the Knox box and Opticom and that she has talked with both Police and Fire. Kevin thanked her for the clarification as it was not clear in the bid. Cindy stated that she would be more detailed and put everything in an Excell spreadsheet if the proposal was to go forward. Cindy further stated that a neighbor would be doing the exclusion work that was itemized in the bid for free.

Chuck Klamm stated that you cannot do that (the free work).

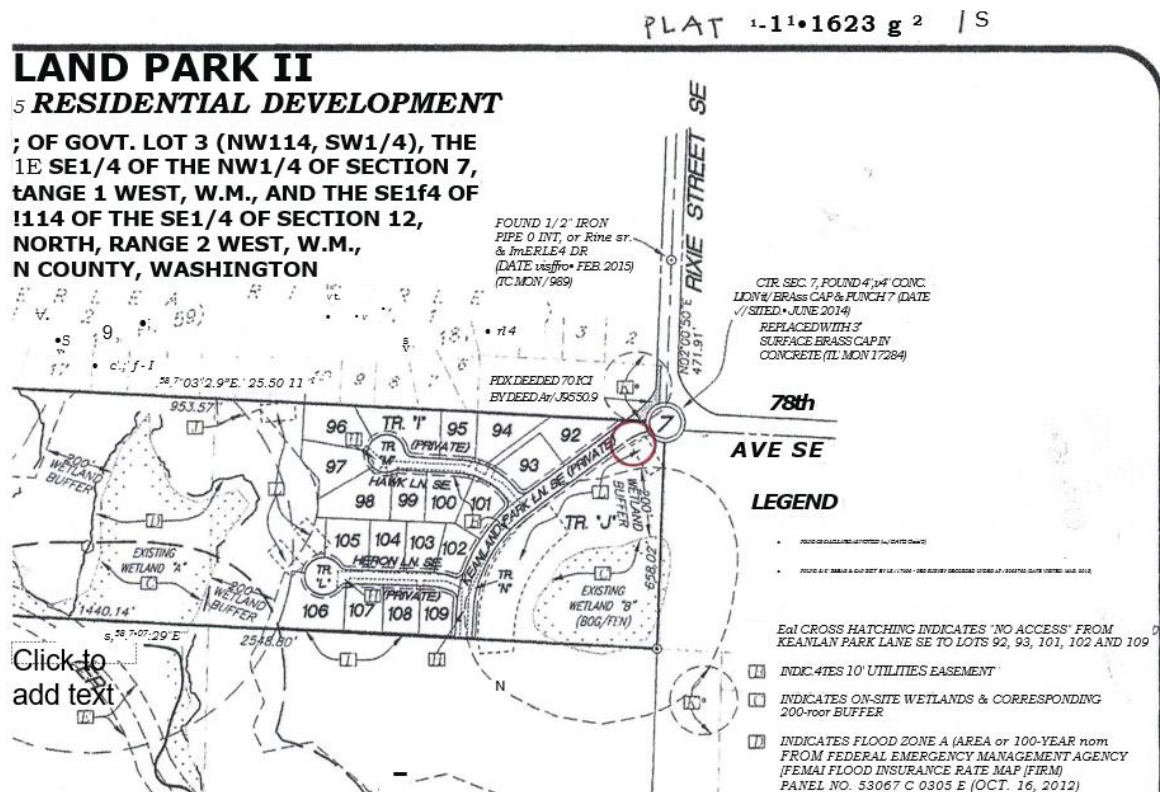
Vic at this point stated that Cindy was not to participate during this meeting and that members were to be muted during the meeting. Vic stated that he was going to stop the discussion and stated the County him we cannot do it. Vic stated he wanted the discussion so he could hear everybody's views.

Vic stated that on July 16, 2024, he met with Brian with the Thurston County Planning and Economic Development Department. Brian is the number two man in the department. Vic asked Brian what it would take to permit the construction of a gate at the entrance of North Keanland Park.

Brian told Vic that any gate proposed must:

- Be of a commercial grade material
- Be at least 22' wide
- include a turnaround of at least 110' in diameter in front of the gate so no vehicle would have to back onto the county right of way of Rixie Road and 78th Avenue.

Vic provided a copy of the Platt map showing the area proposed for the gate, showing the 110' diameter of a turnaround would project into the wildland buffer.



Vic stated that to proceed we would need to change the Platt which would be a very tall order, very expensive and probably not successful.

Vic also brought up that this was all brought up in a Board meeting in 2021 in which an email from Todd Hanson stated the same thing.

Vic stated that the bottom line was that there was no way that a gate could be constructed at the entrance to Keanland Park North due to the diameter of the turnaround without having to amend the Platt which would be a very, very, tall order.

Vic stated that his suggestion was that as a Board vote that this matter be dead and never brought up again. Vic requested a motion to that effect.

Jim asked Vic why he did not come out of the gate with this information rather than asking our thoughts on it.

Vic stated that he wanted people to present all their ideas so that we would have a record in the minutes so that if this idea ever came up in the future, we would have a written record of everyone's thoughts on it.

Jim stated that he was not aware of the county concern but felt that those that wanted the gate needed to be heard but is understanding that Vic is stating this is a dead issue because of what the county guy said.

Vic stated that was correct and discussed a Board Meeting in February of 2021, then Board President Jason Vizzini at that time stated the issue of putting up a gate needed to be put to bed, it was something that could never happen and needs to be so brought up that it will not happen again in a future meeting. Vic stated that he did not know why this was not brought up in February, as it should have been.

Chuck stated that he dug up the letter to see if we could put it to bed. Chuck stated that he was with Vic, that he had written a lot of notes, and that this needed to be put to bed. (Chucks notes will be added as an addendum to these minutes). Chuck stated that he says no, we do not have the land to put up a gate. Chuck stated that we need to table this idea, it is done, we do not need to have this discussion anymore.

Jim stated that it was one thing for the Board to table this and never discuss it again, but it would be just silencing all the work that folks have done. Jim stated that he has not seen all the documentation discussed and would like to review them. Jim wants to run this to the ground, give it its proper due and if that is the case then fine.

Chuck stated it had been run to the ground. We cannot produce any more land; we need to have three bids, and we cannot have people doing it for free.

Jim continued to state we need to run this to the ground, that he agrees with all points made, but we need to give this due diligence.

Vic stated that Brian from the County provided him with an application, and we can proceed with applying for the permit but that he did not feel we had a good chance of approval without amending the Platt. Chuck stated that the cost to do that was \$25,000 in 2021.

Jim stated that this was more than just approving a gate, but more about hearing what people want, no matter if they are from the North or the South and run those ideas to the ground.

Discussion ensued between board members regarding the cost of pursuing the gate, costs, liability, exposure and lack of land, and the fact that this would require CC&R amendments. Discussion included how the discussion regarding the gate was handled and more discussion on the Platt and land availability without impinging on the wetland buffer, cost of submitting applications and next steps in the process. Marc Groenier brought up the issues of who will do all the accounting of costs and collection of monies. Mark also brought up the idea of license plate reading cameras vs a gate.

Vic requested a consensus resolution on proceeding with either a feasibility study or consensus on if residents in the North wanted to proceed. Discussion ensued on how to proceed and if we needed to poll the North to see if there was a consensus or not.

Jim made a motion to poll the North members to see if we get 2/3 or more voting to see if we want to proceed with this discussion and/or feasibility study.

- David Rolley and Jim Huentelman voted with a thumbs up.
- Vic Musselman, Kevin Ruoff, Chuck Klamm and Marc Gronier all voted with a thumbs down.

The motion did not pass.

Kevin stated that before we ask the opinion of the North, we need to provide dollar figures for them to make a decision with.

David Rolley asked to clarify the motion that it was to reach out to the membership to see if they were interested in moving forward, and that it did not kill the whole idea, just that we decided not to poll the North. We still have Cindy's issue before us.

Chuck pointed out, again, that moving forward would require a vote of the whole HOA as it does require a change of the CC&R and we need to know the cost of this.

Vic stated that he got an email, and it was in the chat, that Lance's wife Cassandra responded via that Lance was a thumbs up. Vic stated that this made it a tie and as Chairman he was making the decision that we should get input from the North to see if we have 2/3 of the North that want to pursue this, and we will need to come up with cost estimates to do that. It will not be a quick project and will take time to do this.

David Rolley stated that that was not the original motion saying the motion was just to ask the North if they want the Board to investigate what this is going to entail.

Vic stated that that was correct, and this is what it is, but we have to give them some numbers before they can vote. David replied that he thought it was to get the numbers before the entire HOA voted. David and Vic continued to discuss this topic and what the motion was.

Jim clarified his motion stating we already have a rough estimate of what it is going to cost and there are questions of the estimate and we have more information from Vic through Chucks archive that there may not be enough land for the turnaround. Jim stated all he is asking is that if 2/3 of the North want to investigate this, understanding that the cost will be between \$1,500 and \$2,000 to do this for each home and if they are willing to pay for this gate. Jim stated all he wanted to do was see if there was interest.

Vic requested clarification, stating Jim was talking about \$1,500 to \$2,000 and Vic wanted to know if Jim was suggesting we take the rough numbers Cindy had and add \$50,000 to do a Platt amendment if it is necessary and divide that number by the number of homes in the North and that is the number we would put out for a vote?

Jim stated that what was said earlier is an important fact. We have not gotten three bids; we have not run all these points to the ground. All we have is an initial SWAG and information about a possible Platt amendment, do you want to go ahead with this or not based on the information we have now.

All agreed that the numbers are not final, and the end cost will most likely be higher and if we put it out for a vote, we would state that and those costs are for the gate alone and addition needed requirements would be more.

Jim proposed the idea of forming a small committee from both the North and the South to look at all the issues and feasibility and report back to the Board their findings.

Marc pointed out that this is more than just a gate. He noted that if a gate is installed, property values in the North will go up and insurance costs could go down, despite the added security provided is just an illusion. Marc also pointed out that the work involves collection of the money from the North, time and effort maintaining the credentials for who has access to the gate and more, so all will have to contribute even if not financial.

David stated all are good points, but we need to take a look into it to really see if is feasible or not and follow a logical process.

Kevin asked Jim that if we are going to put an email out to the North, could he provide the verbiage for that communication by working with Cindy to ensure we have all the information as there are comments that Cindy did have three bids, and she picked the lowest to give to the Board.

Jim stated he would work on this and asked Marc to assist, to which he agreed. Vic will call and talk with Cindy to see if she would be willing to join the sub-committee. After discussion, David Rolley agreed to join as well.

Kevin asked for clarification; the sub-committee is to put together information together to put a vote before the North to see if in fact 2/3 of the North wishes to proceed with further studies. Vic added that it was also to put together the language for the vote. Vic also clarified that it would take Board approval on the language before it goes out to the North to vote.

Vic stated he would email the phone numbers for the four sub-committee members. Jim requested the email thread between the county and himself on the turnaround. Vic stated the meeting was in person and did not have any other information other than his name was Jim and he was the number two planner. Vic will also provide the application form for review as well.

David Rolley stated the best way to spread the cost of the insurance would be to get a separate policy for the gate and only the North would pay for that policy. It was pointed out by Vic and Marc that it would be shared liability, Jim stated these are details we can look at in the feasibility study.

Two more budget items:

Vic asked Jim if OlyEco Systems has been approached with the prospect of paying for road use above and beyond the agreement for heavy trucks.

- Jim noted that last year we paid taxes on the road use fees paid by OlyEco for the heavy trucks
- Construction has been completed on OlyEco land. They are looking at what they are going to do with the number of cars that are going in and out of the area.
- At a prior meeting it was discussed that we would ask for \$450 per year to cover their cost.
- Jim has not had that discussion yet as they are still working through all their processes and have been very good neighbors. They are also looking for a piece of land they can acquire that will give them access to a public road so they will not have to use our roads.
- They have been good neighbors and assisting us when they can. It is not the right time to ask them for the money.. Jim will continue to assess the situation and be a good neighbor.

Vic also brought up prior discussions regarding a contract with South Sound Towing and stated that he felt that with the issues with the North Gate we should table the discussion for now.

- Kevin noted that there was no cost to having the signs installed and we do not know how long the process for the gate will be and recommended we proceed with the installation of the towing signs.
- The other board members agreed.
- Vic stated he has rewritten the contract and would work with the Towing Company to submit the new contract to the board and proceed from there.
- David asked if there was a cost for the signs or installation, and there is not.

The meeting was adjourned at 8:38pm

The following are the notes Chuck referred regarding the gate:

Notes for Board meeting 23 July 2024 6:30pm regarding gate for North KP

1. Many unknown costs, Cindy Burke's estimate is for a gate only. What type of gate was priced? Is her quote for a private gate or a community gate?
2. Need all TRUE construction costs plus overage **estimates. In addition, a project of this financial magnitude would require 3 bids from established bonded and reputable community gate installers. How would the North homeowners know they are getting a quality gate if you are not soliciting quotes from at least three certified and quality gate installation companies.**

3. Need to know sales tax, gate warranties, annual maintenance cost estimates, repair contracts, and exclusion costs as listed on page 2 of JFW Proposal. What is the life cycle of a gate specified for community use? The budget for North KP would need to factor asset replacement.
4. Electrical costs: Approx 26 cents every time the gate opens and closes. Gate electricity will have to run 24/7 on standby which uses approx. 100kw a day...With 43 homes with 1 person working will be a minimum of 86 times the gate will open/close a day. This doesn't include deliveries, visits, errands, etc.
5. Will need a backup battery at unknown cost for North KP homeowners.
6. Need a quote by the HOA insurance company for extended coverage for a gate.... **How would we allocate the annual increase in insurance to North homeowners only?**
7. Need Maintenance/Vandalism costs
8. Cost of all permits **and verification in writing from the County granting their approval for this project.**
9. We need written approval and requirements from Fire District 06 and Thurston County Sheriff's office. (TCSO may require an Opticom strobe light reader for their access to the development which will have an additional cost that we need in the bid)
10. Legal fees to change CC&R's and filing fees to file new CC&R's (**currently our CC&R's state HOA dues must be the same for all homes) Our CC&R's currently state any major improvement constructed on HOA common areas becomes the responsibility of the whole HOA for future maintenance and repairs (not owned and the financial responsibility of just the North homeowners)**
11. Legal/engineering fees to change the Platt paid for by North KP Homeowners
12. What is the proposed location for the gate?
13. Is there a plan for a fence? The current proposal is for two 18' fences for a total of 36'. The road near the current mailboxes measures approximately 37' and there is room for a vehicle to pass on the sides of the gates.
14. When exiting, will the driver need to enter a code, or will the gate open via a photo eye? If not a code, what will prevent someone from jumping the fence (or walking around it) to activate the photo eye and then driving through the open gate?

15. How long will the gate remain open after a code is entered? What will prevent the gate from closing too soon and damaging a car/truck while at the same time preventing someone from tailgating through the gate after someone else and not entering a code?
16. **Since this will not be a manned 24 hour guard gate, many** people will need the code for entry such as: Deliveries both corporate and private (Amazon, FedEx, UPS, USPS, groceries, restaurant and private delivery services, Grub Hub) **Fire & Emergency Medical vehicles, police, school buses, handyman, construction workers, gardeners, real estate salespeople, prospective home buyers** , friends, South KP residents and their families, etc.). Gate codes given to this many different users are easy to get into the wrong hands, which negates the whole purpose of having the gate
17. **Who will be responsible for inputting, deleting and maintaining all access codes? Is this something that is done on the main keypad or via a computer?**
18. A human will have to monitor the gate 24/7 in case gate breaks/malfunctions...Who will do that? **An emergency contact number would have to be posted on the gate in the case of gate accidents, non-operating gate and homeowner remote not working and other issues that may arise.**
19. ALL 103 KP homes to have access to whatever system (key, clicker, remote) is installed at North KP at North KP expenses. **Who will be the contact for future orders of remotes needed, access code changes, problems with non-functioning remotes, apps, or Bluetooth systems. This person will also need to be available 24/7 as the gate is not manned.**
20. If approved **by a super majority vote of all HOA members**, this would be a community gate not a private gate for North KP

Cindy Burke will need to provide all gate expenses, in writing, by all vendors such at least 3 contractor bids, the electric co, lawyers, county, city, insurance, bonds, maintenance, etc. We will also need a **reserve fund established and financed by North KP residents only for future maintenance, monthly operating expenses and other related expenses** before gate installation can begin (that's if it is passed by all HOA members) suggest min of \$50,000 for future maintenance, replacement, monthly operating expenses and repairs... **The annual cost to operate and maintain a gate cannot be financed from current HOA funds as the HOA is not a bank to front load and bankroll expenses that only benefit part of the HOA homeowners. This would be illegal use of HOA dues. You can't use HOA funds to pay expenses throughout the year and then expect to bill back just the North homeowners at a later date. This would also create an accounting nightmare for our HOA Treasurer to try and allocate these expenses on an annual basis and create separate annual dues billing for NORTH homeowners ONLY. This would require North KP homeowners to hire, at their expense, an accountant to handle these funds.**

The North KP residents need full disclosure of all expenses that they will have to pay for a gate. They also need to know that their dues will increase yearly as the cost of electricity, insurance, maintenance will increase yearly. **How would you collect and prorate expenses if a North resident sells their home? What obligates the new homeowner to be responsible for future expenses and unknown annual dues increases?**

If this project and CC&R's do not meet all legal requirements you will not legally be able to collect the initial cost of the gate or future maintenance, repair and operating expense from North homeowners ONLY (and future North homeowners) The South residents should not be obligated to any expenses for a project that provides them ZERO benefits.

We should not subject all 103 homes to vote for installing a gate UNTIL Cindy provides all costs in writing to the board. We will need to document all info that is provided in order to "fact check" before we propose this to a vote of all the HOA members...

As our CC&R's stand right now this gate proposal violates our CC&R's...There is still a tremendous amount of work that needs to be done. At this time meeting with a contractor/contractors is premature..

Questions that are being asked:

- 1. Will North KP homeowners, at their cost, provide an HOA attorney to meet in person with all KP homeowners to discuss legal issues regarding a gate, min. of 2 hours.?**
- 2. Will there be a bond, paid by North KP homeowners, to cover the cost if the gate would ever need to be removed (such as if insurance would get cancelled due to excessive claims, etc)..Min. of \$100,000 would be needed..?**
- 3. If the gate is donated will the donor/donors be responsible for putting up a bond in case the gate would have to be removed for any reason or any future legal challenges?**
- 4. If a North KP homeowner would vote against the gate, will they be forced to pay for the gate, installation, and any and all future costs?**
- 5. Is there any projection of how much the HOA dues will increase to North KP homeowners including yearly adjustments due to inflation?**

- 6. Will there be a bond that North KP homeowners will put up for legal fees going forward to represent all the homeowners concerning a gate and any other legal issues such as a two tiered HOA dues which could be legally challenged in the future..**

- 7. Is it legal to “not have” a man gate with sidewalks for pedestrians such as walkers, joggers, cyclist, and the disabled ...**