

**MINUTES
KIRKLAND CENTRAL OWNERS ASSOCIATION
BOARD MEETING
February 9th, 2009**

Date and Time: Pursuant to Article 3 Section 3.7 of the Kirkland Central Association, a regular meeting of the Board was held on February 9th, 2009, at 6:00 pm at the Kirkland Central lobby, Kirkland Ave, Kirkland, WA 98033.

Officers: The President, Marna Hanneman, opened the meeting at 6:00 pm. Secretary, Alan Aho, was present to record the meeting.

Quorum: The following Board Members were present:

Stan Hill – Vice President

Melissa Lising – Member-At-Large

Bill Anspach – Member-At-Large

Andrew Person – Member-At-Large

Bob Dodson – Treasurer

Sally Barkley – Facility Manager

Suhrco Residential Properties, LLC: Jean Norberg

Homeowners' Forum:

A request was made to put a notice in the elevators about cigarette butts.

The Rental Cap Committee meeting is the wrong venue for homeowners to bring up other issues.

The concrete barriers on the 2nd floor courtyard are discoloring.

Call to Order:

There being no other matters to discuss, the Homeowners' Forum was adjourned and the regular meeting was called to order at 6:05 pm.

Committee Reports:**Rental Cap Committee:**

Greg Peszek gave the report in Randy Weisheit's absence.

The committee made some recommendations after its first meeting which Jean Norberg of Suhrco replied to.

A committee report was submitted via email earlier today (attached).

The next big item is to create a strategy to get the rental cap passed. The committee will have a proposal for the Board at the next HOA meeting.

President's Report:

Kirkland on the Move. The Transit Center construction will begin in the Fall of 2009. The Kirkland Library is under renovation. Information on these projects are available for review.

The stoplight at the corner of 3rd St and Kirkland Way will be installed.

Kirkland City Council wants to move the grey utility box in the front of our building 20 feet closer to our commercial spaces at a cost of \$30k. Marna Hanneman sent a letter to the council protesting this unnecessary expense. Plaza on State is doing the same thing. There was a request from the floor to start a petition in behalf of the residents of Kirkland Central which the Board will take under advisement.

Envelope Study. Jeff Samdal of Criterium Pioli is doing the envelope study for our building. Cracks were discovered in the P3 garage level. Dibble Engineers recommended immediate shoring of the area for safety. Our resale certificate needs to contain some language informing potential buyers that this is going on. Kirkland City Engineers came to look at the issue and said that this was a simple repair. We are in the process of obtaining bids to correct the issue.

Back Door Strikes are not required by code. It was determined that Kirkland Central has no recourse against the Developer on this matter.

Verizon contract is finally signed.

The Board is meeting with a new attorney to discuss the matter of the building's structural integrity tomorrow night and the options open to us.

Secretary's Report:

Alan Aho made a motion to approve the January 2009 regular Board meeting and Executive Session minutes. Stan Hill seconded the motion which was unanimously approved.

Treasurer's Report:

As of the end of January 2009, the Association had the following funds:

Operating Funds	\$39,914.49
Security Deposits Held	\$0.00
Petty Cash (included in Operating Funds)	\$500.00
Reserve Funds – WAMU Common (58.4%)	\$56,838.35
Reserve Funds – WAMU Residential (41.7%)	\$40,421.57
Reserve Funds – Banner: Common (58.3%)	\$58,308.00
Reserve Funds – Banner: Residential (41.7%)	\$41,692.00
Insurance Reserve Funds: Frontier Bank	\$50,088.93

Delinquencies over 30 days = \$9,078.21 which is down considerably from December 2008's figure of \$23,022.50.

Facility Manager's Report:

- The Facility Manager's report was distributed to the board members.
- Sally is recommending moving some of the surveillance cameras.
- A paver puller was purchased to lift the pavers in order to clean the drains.

Property Manager's Report:

- The Property Manager's report was distributed to the board members.
- Jean meets with Sally every other Thursday to create an Operations Manual for the building.
- Verizon agreement / Jim Chambers. Jean will follow up with Jim as to the next step to take.
- Annual meeting letters / notices will be mailed out next week.

- Jean presented Amendment No. 1 to the Property Management Contract for the Board's consideration. This Amendment provides for the expansion of Suhrco's Property Management Services to act as a consultant for Kirkland Central in various legal matters and that appropriate fees shall apply per the schedule submitted with the Amendment. See attached Amendment.

Old Business:

N/A

New Business:

- Amendment No. 1 to Suhrco's Property Management Contract. **Stan Hill made a motion to approve said amendment. Bob Dodson seconded the motion which was unanimously approved.**
- Annual meeting will be held on March 9th, 2009, at 7 pm at the Kirkland Central lobby.

Adjourn: There being no other business, a motion was made, seconded and unanimously approved to adjourn the meeting at 6:55 pm.

MELISSA LISING, Member-at-Large

For ALAN AHO, Secretary

Date:

MARNA HANNEMAN, President

Date:

Email sent Monday 2/9/2009 2:34 PM

Kirkland Central Rental Cap Committee Meeting Jan 28, 7 PM Unit 327

Attendees:

Avril Pattenaude	327
Alice Messier	214
Laura Genoba	315
Greg Peszek	407
Joe Brennan	215
Joan Brennan	215
Cyrus Khatibi	317

At what point does the building become an apartment as per insurance?

This is needed to make better recommendations for the rental cap number and board leniency for exceptions.

Discussion of Jean's response to the previous meeting's recommendations:

1- Hardship definitions

Clarify for the board why the committee wants a clearer definition of a hardship and still allow the board room for leniency. More precision does not exclude qualifications. Recommend an appeal process as well for members who apply for an exception and feel they were incorrectly denied one.

2- Rental cap to 25%

The limit of hardship slots is not directly affected by the rental cap, but rather by FHA loan requirements and insurance. What is meant by "board discretion" as there is no language in the amendment that would allow the board to change the cap without HOA approval and another amendment. Committee is split between 25% and 20%.

3- Neighborhood monitor program

Recommend looking in to such a program later.

4- Increase of HOA dues for owners who rent

Discussion about adding the increased cost of insurance to the dues of unit owners who rent. Could be bad for getting 100% of the current owner vote (exceptions to current owner renters?) How much does insurance goes up? Possibly hold on increasing fees until insurance is directly affected.

5- Percent age of ownership to qualify for owner occupancy

Still not clear, what is the County's definition?

6- Allowing of unit owners to rent a second bedroom if the units are also owner occupied

Long discussion about how 1 unit owner can rent out a spare bedroom. Committee recommends more discussion for this topic and to allow the unit owner more freedom in renting a spare bedroom with a legal lease agreement.

Addendum: Discussion about increasing the time limit for finding a new renter or allowing an exception process.

**AMENDMENT No. 1
TO
PROPERTY MANAGEMENT AGREEMENT**

THIS AMENDMENT NO. 1 TO PROPERTY MANAGEMENT AGREEMENT ("Amendment") is made and entered into this 9th day of February, 2009 by and between Kirkland Central Owner's Association ("Association"), and SUHRCO RESIDENTIAL PROPERTIES, L.L.C., a Washington limited liability company (hereinafter referred to as "Manager").

WHEREAS, the Association and Manager previously entered into that certain Property Management Agreement dated January 1, 2007 (the "Agreement");

WHEREAS, the Association has/intends to engage various legal counsel related to the Association's legal needs, including, but not limited, to general counsel, collections, construction defect, etc. (the "Legal Matters"); and

WHEREAS, the Manager has certain expertise in issues related to the Legal Matters and the Association desires to engage Manager to assist the Association with respect to the Legal Matters on the terms and conditions more fully set forth herein; and

WHEREAS, Such advice and assistance is outside of the scope of the Manager's duties under the Agreement;

NOW THEREFOR, in consideration of the mutual covenants and the other terms and conditions set forth hereinbelow, the parties hereto agree as follows:

1. Nomenclature. Capitalized terms used herein shall have their same meanings set forth in the Agreement unless otherwise defined herein.
2. Effective Date. Effective on February 9, 2009 (the "Effective Date") Manager agrees to expand the scope of services outlined in Section 2 of the Agreement to include the following:

Manager is hereby engaged as a consultant related to the various Legal Matters and shall provide such services related to the Legal Matters as may be reasonably required by the Association and its legal counsel, including, without limitation, the facilitation of communication and legal advice between the Association and its counsel, consultation with the Association and its legal counsel related to the Legal Matters and the management of documentation related to the Legal Matters. It is understood and agreed that Manager's actions are the functional equivalent of an employee and that the express intent of the Association is to allow for the attorney-client privilege to be extended to the Manager so as to maintain the confidentiality of all communication between the Manager, the Association and the Association's Legal Counsel. The parties recognize that the services to be provided by the Manager are in integral part of and necessary to the development of legal theories and strategies related to the Legal Matters.

3. Fee Modification. On the Effective Date, the Management Fee set forth in Section 9 of the Agreement shall be modified to include compensation on an hourly basis per Exhibit A (2009 schedule attached) for the added duties associated with the Legal Matter. Manager shall bill the Association for all such additional fees on a regular basis and the Association payment on such fees shall be immediately due and payable.
4. Indemnification. Section 5.1 of the Agreement is modified by adding the following:

Association agrees to indemnify, defend and hold harmless Manager from any and all loss, cost, or damage arising from or related to the Legal Matters in accordance with Sections 10.1 and 10.3 of the Agreement. In addition, the Association shall immediately reimburse Manager for any legal fees incurred by Manager related to the Legal Matters.

5. Full Force and Effect. Except as expressly amended herein, the Agreement is unmodified and remains in full force and effect.
6. Counterparts. This First Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which counterparts together shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the respective parties hereto have executed this Amendment to Property Management Agreement, or caused this Amendment to be executed, by their duly authorized representatives as of the day and year first above written.

ASSOCIATION:

MANAGER:

Kirkland Central Owners Association

SUHRCO Residential Properties, L.L.C., Washington limited liability company

By: Marna E. Hanneman
Name: MARNA E. HANNEMAN
Title: PRESIDENT

By: L. Michael Williams
Name: L. Michael Williams
Title: MEMBER

**EXHIBIT A
YEAR 2009 BILLING SCHEDULE**

<u>MANAGEMENT OFFICE EMPLOYEES</u>	<u>HOURLY RATE</u>
E. Craig Suhrbier, CPM®	\$375.00
Robert E. Kellum, CPM®	\$215.00
L. Michael Williams, CPM®	\$215.00
Richard H. Shorett, RPA	\$215.00
Timothy J. Burleigh, CPM®	\$175.00
Cheryl L. Dittamore, CPM®	\$175.00
Senior Construction Managers (Commercial Properties)	\$135.00
Merri L. Heston	\$135.00
Heather Collins	\$135.00
Karen S. Warnick	\$135.00
Senior Regional Property Managers	\$125.00
Regional Property Managers	\$100.00
Sr. Property Accountants	\$100.00
RJ Lucien, Senior Facility Manager	\$75.00
Property Accountants	\$65.00
Property Facilitator	\$60.00
Executive Assistants	\$58.00
Administrative Staff	\$48.00
Construction Management	5% - 10% range
 <u>MAINTENANCE DEPARTMENT EMPLOYEES</u>	
Maintenance Technician II	\$52.00
Maintenance Technician III	\$65.00

All professional time will be invoiced monthly. Any expenses and supplies will be invoiced with an administrative processing charge of 10%. Payment is due upon receipt. Any balance remaining unpaid after thirty (30) days from the date of the invoice will be charged interest of 1% per month on the outstanding balance.

****The above schedule of hourly charges will not apply unless pre-approved in the budget or by owner, or in the event of an emergency.**