

NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION

Annual Meeting June 16, 2012

10:00 AM, South Beach Community Center

DRAFT OF MINUTES

Members Present:

66G Paula Jones	86D Dolores Johnson
76B Ed Hallahan	86F Barbara Lewis
76F Carol Sumner	96A Reuben Johnsen
76G Velma Burkert	96C Barry & Phyllis Winters
85B Al Gilhuly	96D Paul Amundson
86C Joanna Rose	96E Penny Eaton
	96H Rafael Miranda

Proxies Presented:

66F Lee's Proxy to Jones	86A Otten's Proxy to Board
76A Wallace's Proxy to Board	96B Daniel's Proxy to Amundson
85C Worthington's Proxy to Board	96F Frederickson's Proxy to Eaton
85D Gallantine's Proxy to Board	

Others Present:

Lee Hardy, Yaquina Bay Property Management, Inc.

CALL TO ORDER/ESTABLISHMENT OF A QUORUM:

Al Gilhuly called the meeting to order at 10:03 AM. Twenty units were represented either in person or by proxy, constituting a quorum. Owners and directors introduced themselves. Al thanked all unit owners present for attending and expressed appreciation that those who took the time to give other owners their proxy had made establishment of a quorum possible.

AGENDA REVIEW, ADDITIONS:

Reuben asked that a discussion of minor maintenance be added to the agenda. This was approved.

MINUTES OF 2011 ANNUAL MEETING:

A motion was made, seconded and passed without opposition to approve the minutes of the June 2011 annual meeting as delivered.

BUDGET REVIEW:

Lee presented the current budget and year to date financial summary showing year to date income and expenses and account balances as of May 31, 2012. There have been no extraordinary operating expenses to date this year. Roof and gutter cleaning have been performed periodically. The reserve expenses to date consist of a down payment for the current work on replacing 66 and 76 building decks and fences. Rear decks and fences on the 66 building are nearing completion. Then the 76 building rear fences and decks will be done. The projected cost for the rear decks and fences is \$24,000.00 for each building. The front porch or entry decks for both buildings may be done this year, depending on cash flows. Lee does not have an estimate of cost for those yet.

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It was discovered during deck removal on the 66 building that the original siding below the point of connection of the deck to the units had not been replaced when the rest of the siding was done in the 90's. Dry rot was discovered. The contractor is alert to this and is checking each unit carefully for this problem as he goes along. Also recently discovered was dry rot under the siding and around a west window on unit 76A. This has been determined to be the result of poor siding and window installation. This will be corrected by the contractor in the next week or so.

Lee said that she was advised by the roof cleaning contractor that the roofs on 76 and the two 96 buildings are showing areas of wear where the granular material is missing. This is a wear and tear condition caused by exposure to the weather. She said she will get an evaluation of the roofs to determine what their projected future life will be so that the board can plan financially for replacement of those roofs.

Paula noted that the new cedar decks are very nice. Al said that fire escape gates are being added to the rear fencing, and the property line encroachment is being corrected.

APPROVAL OF DUES AND RESERVES CHARGES FOR CALENDAR YEAR 2013:

Al reported that he attended an on-line webinar which had as its subject matter the concept of reserve planning by HOA's. He said that the point was made that a board of directors could be sued by a unit owner if a special assessment was levied to cover expenses and if the board of directors had not properly planned for common element replacement. Due diligence is required by all HOA boards, and this includes providing for the cost of common element replacement via regular monthly assessments rather than relying on large special assessments. He said he also contacted local banks and was told by each one that an HOA's reserve plan and reserve account balance are of primary importance when the banks consider loaning money on a condominium unit.

Al said the board of North Shore Terrace had hired a professional reserve study to be done last fall. This study recommended a one-time special assessment in the amount of \$1250.00 per unit and an increase in the monthly per unit reserve charge in the amount of \$50.00. This was necessary to strengthen the association's reserves and to fully fund a 30 year reserve plan. He noted that, in reality, reserves do not have to be increased at North Shore Terrace. Things will get done, but there will be no provision for emergencies. The board of directors looked at the cash flow for the operating budget and determined that there is an annual average \$20.00 per month per unit surplus being collected in operating dues. That surplus is transferred to the reserves from time to time by action of the board of directors. This coupled with a proposed increase in the monthly reserve charges in the amount of \$30.00 per unit per month would provide the equivalent of a \$50.00 per unit per month increase in reserves, but the real increase would only be \$30.00 per unit per month more. Postponing reserve projects a year or so will also enable the association to avoid a special assessment at this time. Al noted that, if necessary, those funds transferred to the reserve account could be transferred back to the operating account by action of the board when circumstances require it. The board provided a reserve cash flow summary projection to members present. The \$30.00 per unit per month increase, to be effective Jan. 1, 2013, will strongly fund the reserve plan within about 10 years with 100% funding to be achieved in a little over 20 years.

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Members present ratified the statement that banks are becoming very picky regarding the reserves position of the HOA's where they are financing the purchase of units. Lee said that insurance companies are also looking hard at reserves balances. Ed Hallahan thanked the board for their efforts and made a motion to increase the reserves charge for each unit by \$30.00 to \$180.00 per month starting Jan. 1, 2012. The motion was seconded and passed without opposition.

PARKING RULES AND AMENDED BY-LAWS:

Carol told members present that a copy of the amendment to the by-laws regarding parking at North Shore Terrace and an overview of the new rules are included in the meeting packet for this meeting. She reviewed the process that the association worked through to develop the new rules, saying that parking has been a long standing problem in certain areas of the complex. The board of directors has made the parking rules more specific and easier to enforce. The amendment to the by-laws was approved by the association in 2011, and since then a means to implement the changes has been developed. Signage will be installed, and fire lanes will be designated by painting lines by July 1st.

Garages are designated as the primary parking space for all units, and designated parking spaces are the secondary parking spaces for units who have very limited space in front of their garages. If an owner or a tenant needs to park long term in guest parking spaces, they can obtain a parking permit from Lee to be displayed in the windshield. Owners and tenant need to make sure that their guests are aware of the parking rules. Rental unit owners need to make sure that their tenants have a copy of the parking rules as part of their rental agreements. Lee said she would mail the rules to the property managers involved at North Shore Terrace as well. Laminated copies of the rules will be posted in the mail building while signs will be posted at the entry to the complex and outside the mail building. Reuben recommended that the board look at currently assigned spaces to make sure they are designated for the units with the most need. Lee said she would mail out the parking rules to those unit owners who could not attend this meeting. Parking tickets will be available again soon for use when a car is parked in the wrong spot. All owners will have the tickets to use as needed. Corky Johnson thanked Carol for all of her work on this project.

LANDSCAPING DISCUSSION:

Lee reported that Velma had done a photographic survey of the planting areas that have been the responsibility of unit owners. These consist of the planting areas alongside the garages of the 66 and 76 buildings. There are also areas behind gates and fencing in front of the 86 and 96 buildings that are under owner control. The main two problems noted were lack of care that leads to weedy conditions and overgrown shrubs that encroach on walkways and rub up against siding. Regular care is done by some owners but not by all, especially at units which are not occupied most of the time or that are rented to tenants who do not know how to care for the spaces. Reuben said a simple solution would be letting the association's landscape contractor take care of all areas and allow those owners who wish to do so take care of their own areas. The cost would not be great. Paul noted that the landscapers are not consistently taking care of the area between the two 96 buildings. Al said this is an issue that the board can address by

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contacting specific owners. Lee noted the association does have the option of paying to have the maintenance of the limited common areas done and billing the cost back to owners

PEST CONTROL:

Lee reported that rodent control had been reinstated recently. The pest control company had gone through a change in management, and the annual agreement had not been renewed. New bait traps have been set and are being monitored. There is currently no regular spray program for insects or spiders. Members present asked how ants or wasps are to be controlled. Lee said that the pest control operator is contacted if there is a problem and that is billed separately from the annual cost for rodent control. Al suggested that the board should address the logistics of calling for pest control by the association.

DECK MAINTENANCE:

Lee summarized the apparent confusion over the division of responsibility between unit owners and the association regarding deck maintenance. The association had amended the by-laws to clarify that the association has the responsibility for repairing, maintaining (sealing) and replacing decks. However, some have interpreted that to mean that the association is responsible for keeping decks clean of leaf fall and other debris. The association's attorney has developed a resolution that the board can pass that clarifies that, as stated in the association documents, the unit owner is responsible for keeping their limited common areas free of debris, filth and garbage, including the front porch and rear deck areas. Lee read the resolution to the members present. The board will consider the resolution. Paula added that care must be taken with the new decking until it is sealed and not track tar from the paved areas onto the new decks. The tar is carried in on the soles of shoes and is hard to remove from the unsealed deck wood.

PLUMBING LEAKS:

Lee summarized the confusion that has recently arisen over the division of responsibility between unit owners and the association regarding the performance of repairs on units after common area plumbing leaks occur. There have been multiple events of pinhole leaks in the copper piping that serve the units, especially in the 66, 76 and 96A-D buildings. The piping in the walls is a common element, and the plumbing fixtures in the units (faucets, tubs, showers, etc.) belong to the unit owners. The drywall is part of the unit and not part of the common area according to the association declaration. If drywall or floor coverings are damaged by leaks from the common area plumbing, the unit owner is responsible for repairing or replacing it. The association's attorney has indicated that the association is not liable if the association was not negligent in taking care of a known problem. Paul said his research has revealed that the pinhole leaks are common everywhere and do not necessarily point to flawed copper piping. Lee noted that, when the leaks occurred in the past, the association has taken care to check the electrical grounding in the common areas and to recommend that unit owners check the grounding inside their own units. Restoration of the interiors of the units is the responsibility of the unit owner, and some owners have filed insurance claims to cover this cost. One unit owner recently refused to pay for the repairs, and the association can bill that owner back. Al said the board will have to discuss how to approach this problem. If the problem becomes catastrophic, there may be great expense in re-plumbing the common area that serves the units. Lee suggested that a protocol for responding to these events can be developed.

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MINOR MAINTENANCE:

Reuben said the HOA does a good job with major projects but does not do so well with minor ones. Rust treatment needs to be applied to the mailboxes and other metal common elements to improve their appearance. Members present agreed.

He also noted there is still confusion over the garage door color issue. Are all of the garage doors going to be painted gray, or are the new garage doors going to be left white? Barry said the board discussed leaving the new doors white because the white finish is more durable and painting them gray would be more expensive. Reuben noted the board had switched positions over the years and that a policy needs to be established and adhered to. Al said this is an issue the board needs to take further. Lee noted that garage door replacement will be coming up in the reserve plan, although a few units have replaced their garage doors already out of necessity.

ELECTION OF BOARD OF DIRECTORS:

Al asked for volunteers willing to serve on the board. Paula Jones, Barry Winters, Dolores (Corky) Johnson and Al Gilhuly volunteered to continue to serve on the board. No other volunteers came forward. Rafael and Carol were nominated but declined to serve at this time. Rafael said he would prefer to see the directorships rotate through the membership to give all an opportunity to serve. Carol said her terms as director have been a tremendous learning experience. No other nominations were made.

A motion was made, seconded and passed to elect the four volunteers to the board. The board will then meet and start the process of appointing the other three directors.

OTHER BUSINESS:

Penny Eaton reported that one of the unit owners has acquired a large dog and have failed to clean up after it. Further these unit owners have taken plantings from another neighbor's garden without permission. Al said a letter should go to all owners about cleaning up after dogs. He will speak to the unit owner Penny mentioned.

ADJOURNMENT:

A motion was made, seconded and passed to adjourn this meeting at 11:50 AM.

Lee Hardy
June 16, 2012