

**NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION  
ANNUAL MEETING JUNE 22, 2013  
10 AM, Newport Recreation Center**

**Members Present:**

66C Clay Richman	86C Joanna Rose
66D Rose Ebel	86D Corky Johnson
66G Paula Jones	86F Barbara Lewis
76B Ed Hallahan	96A Reuben & Carla Johnsen
76F Rich & Carol Sumner	96C Phyllis Winters
76G Velma Burkert	96D Paul Amundson
85B Al & Linda Gilhuly	96E Penny Eaton
86A Richard & Betty Jo Otten	96F Theresa Frederickson

**Proxies Presented:**

85D Zumwalt Trust Proxy presented by Al Gilhuly  
86E Roby Proxy presented by Al Gilhuly  
96B Daniel Proxy presented by Paul Amundson  
96H Miranda Proxy presented by Al Gilhuly

**Absentee Ballot:**

66B Marty Peets

**Others Present:**

Lee Hardy, Yaquina Bay Property Management, Inc.

**Call to Order/Establishment of a Quorum:**

Al called the meeting to order at 10:01 AM. Twenty-one units were represented, 16 in person, 4 by proxy, and 1 by absentee ballot, constituting a quorum. All members present introduced themselves and the unit they represent.

**Agenda Review:**

Consideration of the minutes of the June 2012 Annual Meeting was added to the agenda.

**Minutes of 2012 Annual Meeting:**

A motion was made, seconded and passed without opposition to approve the minutes of the June 16, 2012 annual meeting.

**Budget/Financial Review:**

Lee reported that the operating account balance as of the end of May totaled \$3,786.73, and the reserve account balance totaled \$41,000.95. She presented a draft of the 2013 budget and described the typical recurring operating expenses. The average dues income per year is \$38,400.00. She said she inserted a \$15,000.00 line item for general maintenance and that this amount could be considered also a contingency or surplus that, if not spent, can be transferred to the reserve fund if needed. She said the reserve income is now about \$57,600.00 per year. The reserve projects listed on the reserve budget include painting the 66 and 76 building, continuing the plumbing replacement in those units affected by electrolytic pin hole leaks in the copper pipe, replacing the front decks on the 66 and 76 buildings, replacing sunken and cracked concrete in front of 86A and repairing crushed asphalt in front of the 85 building. The plumbing replacement, painting and 66 and 76 building front deck replacement had been approved in prior years. The timing of the work has been affected by cash flow and the occurrence of higher priority needs. While the year ends with a positive reserve balance, the completion of the reserve projects included in the budget will have to be timed with actual cash flow and will, therefore, be spread out over the summer and into the fall. It will be possible to pay some of the cost out of the operating budget when there is surplus there; and then the operating account can be reimbursed as reserves are collected. Lee said this association compares very well to the other twelve HOA's she represents in terms of ability to schedule and fund reserves projects efficiently and in a timely manner.

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Al noted that an attempt was made to power wash and re-paint one of the 76 decks; and this proved to not be cost effective compared to the cost to just replace the decks. Also, significant rot was discovered that will mean the decks should be replaced and not just refinished as a more cost effective approach.

Lee said that a sale currently in progress has illustrated a need that the owners association should consider. The sale will go through if a Fannie Mae loan is approved. This agency requires that the board carry a fidelity bond sufficient to protect the reserve account at any time. Since the association can have as much as \$100,000.00 in reserves at any given time, this should be the target for the bond's protection. Having the fidelity bond in place will help facilitate future sales if Fannie Mae or Freddie Mac underwrites the loans. Comments from members present were generally in favor of purchasing the bond, and the board will address this at its meeting following this annual meeting.

**2013 Reserves Projects:**

Re-plumbing leak affected units was started earlier this year. Units 66B and 66C were totally done. The under floor plumbing of the entire 66 building was done. 96D was re-plumbed. Next on the schedule will be 96A, which will be started on July 8<sup>th</sup>, and then 66A after that. 66A is about ½ done already due to repairs from a plumbing leak and the under-floor work already done. Then 86E can be considered since it had an under floor leak last year.

The exterior painting of 66 and 76 buildings will take place when the painter is able and the weather favorable. It appears that the 66 and 76 front decks will be replaced later this summer or into the fall, and the concrete repair in front of 86A may occur at the same time. The timing of the asphalt repair is undetermined at this time. The garage doors will be painted white on the 66 and 76 buildings, and all garage doors will become white as painting progresses through the complex in the future.

Some members present added requests for gate and/or fencing repair. This work can be done out of the operating account. Mail box posts are rusting and should be refinished. There is some tree pruning work that needs to be done at the 86 building as well.

Al noted that after he installed the fire exit signs on the north side of the north 66 fence, items are no longer leaning on that fence.

**Proposed Amendment to the By Laws: Reduce the Board from Seven to Five Directors:**

All members were mailed a copy of the draft amendment to the by laws that was prepared by HOA attorney Cliff Collard. The reason that this amendment is being considered is that it can be difficult to achieve a quorum of the board at board meetings if board members live out of town all or part of the year. Also, those who have served in years past on the board do not want to continue to do so indefinitely. Reuben made a motion to approve the draft amendment as prepared and presented by the attorney. The motion was seconded. Votes were 18 members out of 21 (including the absentee ballot) in favor of approving the amendment as presented.

**Election of Directors:**

Lee reported that nominations to the board of directors included Al Gilhuly, Corky Johnson, Barry Winters, Paula Jones, Rafael Miranda, Paul Amundson, Clay Richman, and Richard Otten. Of these Rafael, Clay and Richard declined their nomination. A motion was made to elect Al, Corky, Barry, Paula and Paul to the board. The motion was seconded and passed without opposition.

**Adjournment:**

A motion was made, seconded and passed to adjourn this meeting at 10:58 AM.

Lee Hardy, June 22, 2013