

**NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION
ANNUAL MEETING JUNE 30, 2018
10:00 AM, ROOM 117 AT NEWPORT RECREATION CENTER**

Members Present:

66A Elliott Black	86A Richard Otten
66F Michael & Rosa Hereford	86D Carolyn Bryan
76B Ed Hallahan	86E Karen Eibner
76D Scott Nielsen	96D Steve & Christie Lathrop
76E Brian & Mari Kramer	96G Ron & Keri Bowden
85B Al & Linda Gilhuly	96H Rafael Miranda
85C Roger Leo	

Proxies Presented:

66C Cheryl Cornelison, proxy to board to establish quorum only
66E Tom & Carla Ratcliff, proxy to board to establish quorum only
76A Margarita Nilsen, proxy to board to establish quorum only
76F Carol & Rich Sumner, proxy to Rafael Miranda
85D Sharon Findling, proxy to board to establish quorum only
86C Susan Rumbaugh, proxy to board to establish quorum only
96A Reuben & Carla Johnsen, proxy to board to establish quorum only
96F Thomas & Shirie Adams, proxy to board to establish quorum only

Others Present:

Lee Hardy, Yaquina Bay Property Management, Inc.

Call to Order/Establishment of a Quorum:

Rafael called the meeting to order at 10:00 AM. All present introduced themselves. 21 of 32 units were represented either in person or by proxy, constituting a quorum.

Minutes of 2017 Annual Meeting:

A motion was made, seconded and passed without opposition to approve the minutes of the 2017 annual meeting.

Financial Report:

Lee reported that the current operating account balance totals \$5,024.81, which is lower than the balance at the beginning of this year. The current reserve account balance totals \$77,252.06, which is greater than the balance at the beginning of this year. Reserve projects performed to date in 2018 include power washing the 96A-D building and the re-plumbing of 96G due to extensive leakage caused by electrolysis in the copper water lines. The re-plumbing was an unexpected necessity, and the other units in that building (96E, F & H) will also have to be re-plumbed. Operating costs have increased due primarily to increased costs of insurance for earthquake and flood/tsunami. 2017 reserve expenses included finishing the new roof on 96A-D, skylight replacement, and major repairs to decks on both 96 buildings. Rafael reviewed the general structure of the spreadsheet financial summary that is mailed to all owners every month.

Building Maintenance Overview:

Rafael provided a power point presentation and started with a summary of the various ages and projected life of the common area components such as decks, siding, roofing and pavement. Roger noted that, in addition to the scheduled painting of the 96A-D building, there were dry rot repairs that are needed on that building. Rafael described how in years past portions of that building were re-sided and painted but the whole building was not sided and painted in its entirety. The need to re-plumb the 96E-H building was discussed, noting that inadequate grounding and cheap copper pipe caused the electrolysis.

**NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION
ANNUAL MEETING JUNE 30, 2018
10:00 AM, ROOM 117 AT NEWPORT RECREATION CENTER**

July 2017 Through 2018: Reserve collections for the last year were reviewed and payouts noted for fencing, skylight flashing, re-plumbing 96G and 96A-D power washing. Projected expenses for later include re-plumbing 96E, F & H for an approximate cost of \$48,000.00 and painting the 96A-D building, including doing dry rot repairs, for approximately \$27,000.00.

Reserve Study: A formal reserve study is being done and the report is expected within two weeks. This will provide a projection of necessary component repair and replacement projects and needed funding for the next 30 years. Budgets can be more accurately prepared by using the results of this study which is being performed by Association Reserves, Inc. (reservestudy.com). The overall goal is to maintain a healthy reserve account balance at all times to avoid the need for special assessments.

Options for Maintaining Decks: Members present discussed deck maintenance and options for deck replacements. While Trex is a favored deck material, it does not perform well in this climate. Color choices selected historically for the wooden decks were noted. There have been problems with the decks on the 66 and 76 buildings do to their close proximity to the ground which prevents them from ever truly drying out, and staining treatments are not as long lasting as on the higher decks on other buildings. Lee noted one option was to replace the low wooden decks with patio pavers which can be more durable.

Allocation of Monthly Dues Assessments:

Of the monthly dues per unit, \$160.00 is allocated to reserves for component replacement, and \$135.00 to operating funds. Operating funds pay for landscaping (@ approx. \$20.00/mo/unit), insurance (@ approx. \$38.00/mo/unit) including the new FEMA policy, legal fees, pest control, administration (@ approx. \$16.00/mo/unit), common area electricity, banking costs and other miscellaneous costs.

Rafael reviewed reserve collections and expenses for the period 2008 to 2018. The reserve assessment was increased to \$160.00 per month per unit to catch up after large reserve projects were paid for. Now reserves are gaining. Operating expenses are running close to or more than the collection of the operating portion of the dues this year. Earthquake and flood insurance were purchased in 2017, but this did not include damage from a tsunami. And the deductible for earthquake and flood and other hazards was close to \$300,000.00. That deductible has to be on hand in order to exercise a claim for any large scale damage. The HOA changed insurers from Lloyds of London to Aspen Evanston to improve the situation and then added FEMA primary flood insurance to cover the deductible estimated at \$50,000.00 per building. This added \$7.00/mo./unit to operating costs. Rafael recommended an increase in the operating portion of the dues in the amount of \$10.00/mo/unit to cover the increased cost of the more effective insurance coverage. Members present discussed the issue, noting that insurance will be reviewed every year and the fact that allocation of risk is based on the concept of owners all having an equal and undivided interest in the common areas rather than on the size of the individual units. It was noted that having this type of coverage does enhance the value of the units and the complex in general. Ed asked if a general meeting will be held when the reserve study is received. Rafael said it would be posted to the website, and any owner is welcome to attend board meetings where the study can be discussed.

Election of Directors:

Rafael asked for volunteers and nominations from the floor for 5 directors. Current directors Al Gilhuly, Roger Leo, Karen Eibner and Rafael Miranda all volunteered. In addition Christie Lathrop and Scott Nielsen volunteered. There were no other nominations. Roger explained the duties and responsibilities of the directors who act on behalf of and in the best interests of the total membership. A motion was made, seconded and passed to re-elect the current directors who volunteered and to have the membership vote by secret ballot for a 5th director. Ballots were submitted and counted. Lee reported that Scott Nielsen received 7 votes, and Christie Lathrop received 6 votes. Scott was elected as to the 5th position on the board. A motion was made, seconded and passed to accept the vote.

**NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION
ANNUAL MEETING JUNE 30, 2018
10:00 AM, ROOM 117 AT NEWPORT RECREATION CENTER**

Adjournment:

A motion was made, seconded and passed to adjourn this meeting at 11:24 AM and to open the board meeting.

Lee Hardy
June 30, 2018