

NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION
Board Meeting April 14, 2012
10:00 AM, South Beach Community Center

Directors Present:

Al Gilhuly
Carol Sumner

Clay Richman
Viva Worthington

Paula Jones

Other Unit Owners and Others Present:

Penny Eaton
Theresa Frederickson

Reuben Johnson
Andrew & Deborah Cordone

Rafael Miranda
Paul Amundson

Lee Hardy, Yaquina Bay Property Management, Inc.

CALL TO ORDER, ESTABLISHMENT OF A QUORUM:

Al called the meeting to order at 10:02 AM. Five of the seven directors were present, constituting a quorum.

MINUTES OF JAN 21, 2012 BOARD MEETING:

A motion was made, seconded and passed to approve the minutes of the board meeting held Jan. 21, 2012, as mailed. The motion was seconded and passed without opposition.

AGENDA REVIEW:

Directors reviewed two drafts of an agenda and approved one that placed the reserve study discussion first. Added to the agenda was discussion of fencing and patio issues for 96H as well as 66 and 76 buildings.

RESERVE STUDY DISCUSSION:

Al told the board that, within 2 weeks, copies of the reserve study will be mailed out to the membership of the HOA with a cover letter. He said that the board should discuss what else should be included in the mailing and asked if copies of Reuben's and Rafael's calculations should be sent as well. Al pointed out that commercial banks view the reserve studies done by HOA's as one of the most important documents to consider when asked to finance the purchase of a condominium unit. The benefits of a reserve plan include assurance that funding will be available as needed for component replacement which means proper maintenance and repairs are done. This enhances and preserves the value of the units and keeps them insurable. He said that Lee had done a calculation of surplus dues that could be weighed against needed reserves increases to compensate for the increases. Lee noted that the board periodically transfers these surpluses to the reserve account and that it appears that the average surplus collected from each unit is approximately \$20.00 per month. She distributed a worksheet showing the calculation over the last 4 years.

Carol said the board understands why reserves are important, and she wanted to look at what is a reasonable increase in reserves that will be sufficient to complete needed projects. Al said he felt that the recommendation made in the reserve study was not appropriate and that he did not feel the HOA had to go quite a far as the study recommended. Projects can be delayed, for example, to prevent overdrawing the reserves on hand. He noted the spreadsheet Rafael had developed which shows the reserve balance over time as a function of timing and funding. There is always the possibility of the unforeseen occurring, such as the failure of the copper piping. Al said he felt that a moderate approach to reserve funding was better. He opened the discussion to all HOA members present.

Paula described an example of problems in reserve funding and deferred maintenance, talking about the Embarcadero Resort. That development has serious problems and a very high dues structure.

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Penny said she was not clear why current owners need to bring reserves up for the next 21 years and for future owners. Al said he prefers to look ahead 5 or 10 years. Reuben noted that the current owners use the assets owned by the HOA—every year an owner uses up 1/30 of a 30-year asset. Al countered that you can get a lot done in 10 or 20 or 30 years. Paula said that her unit is one of her assets that will go into her trust or be sold. She does not want to see a downgrade in value. Carol noted that it just makes good sense to take care of things.

Al said that, based on Rafael's spreadsheet, he does not think there would be a need to look at an increase in reserves collections of more than \$50.00 per month per unit, and \$30.00 per month per unit is OK with him. Reuben suggested adding \$50.00 per month per unit to the reserves charges and dropping the operating dues down \$20.00 per month per unit. Theresa asked if an increase in reserves is on top of the \$1250.00 special assessment recommended in the study. Al said that the special assessment is off the table and will not be levied. At the May board meeting, we can nail the increase down. Carol said she would like to see a vote on a recommended increase today. Reuben said that level dues for the next 20 years is a good idea. Rafael said he wants to see how the board arrived at a \$50.00 increase in reserves, specifically which projects are budgeted for and how much they will cost each year. Decide on the projects first, and then look at what is needed to fund them.

Discussing what the ongoing reserves balance should be, directors present offered options ranging from determining a finite number to defining a relative percentage of the value of the common elements. Lee said that the desired reserve balance for HOA's varies with the size, age and configuration of the development. Rafael reminded the board that there also needs to be contingency funding based on recent events. Deborah noted a recent plumbing leak in the ceiling of her unit which was determined to be flawed piping, and she complained that there was mold build-up on her deck. Andrew cautioned against replacing serviceable components that show no deterioration. The board decided against trying to vote on an amount to increase reserves at this time, pending the acquisition of more information. Al suggested sending the study out with a short discussion of the benefits and ramifications of reserve funding and a clear statement that there will not be a special assessment. Al said he did not think the increase would take effect until Jan. 1, 2013.

FINANCIAL REPORT:

Lee reported that the operating account balance at the end of March totaled \$15,237.00 and the reserve account balance totaled \$38,586. Projects scheduled for this year are still being priced, and it appears that the deck replacement for 66 and 76 will come in less than recommended in the reserve study. Fencing for those buildings will also be replaced, and the bids are just coming in now. Other fences and gates are in need of repair, and the major ones will have estimates soon. Paula asked if Lee could get a bid for owners of 66 F who want to have a larger deck than they have now and pay for the extra cost. Lee thought that could be done.

PARKING RULES:

Al said that the Coast Towing will provide signs for parking for North Shore Terrace. Paula has a bid for the no parking signs in the amount of \$150.00. Carol said a mailing to the unit owners should contain a cover letter, a copy of the rules, a copy of the By Laws, and three parking tickets. The rules would take effect July 1st. Al said he talked to the fire chief regarding fire lanes, and he said he was told that fire trucks would not "push through" parked vehicles. Instead firemen would lay more hose. Andrew suggested modifying the wording on the parking sign and amending the rules to clarify "oversized vehicles". The board decided to simplify the wording to: "Parking in the fire lanes is not allowed."

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OLD BUSINESS UPDATES:

Laquina Shores Trees: Viva said there was no update.

River Rock in Parking Island: Al said the river rock in one island was replaced with soil and plants.

Garage Door Painting: Paula said that three garage doors needed to be painted gray. Members present discussed going to white doors since new garage doors came in white, and painting them is an extra expense.

NEW BUSINESS:

PLUMBING LEAKS:

Paul described plumbing leaks he has had in his unit and relayed that the last section of pipe he replaced was thin walled with deposits of copper chlorite from the chlorine in the city water supply. Andrew said the recent plumbing leak over his unit was said to be due to thin pipe as well. Lee noted that electrolysis was found to be the cause of other leaks in the 66 and 76 buildings. She said that she talked with the owner of Newport Plumbing who said that the cost to re-plumb a unit similar to the 66 and 76 units was estimated at \$6000.00, including the cost of drywall removal and replacement. It is not known what additional costs might be entailed in terms of alternate temporary housing for the unit occupants or the cost of moving and/or storing personal property to get it out of the way. Deborah asked about whether she was responsible for the cost of the drywall in her unit. Al said he would talk to the HOA attorney for an opinion.

VACATION RENTAL ZONING CHANGES:

Lee summarized changes to the Newport Zoning Ordinance pertaining to vacation rentals and noted the city was moving toward allowing them in all zones. This might affect North Shore Terrace in that the city would not prevent a vacation rental operation. The HOA documents would be the governing documents for that activity and she recommended that the HOA look at stronger preventive wording and perhaps fines to prevent owners from doing vacation rentals in the complex.

ADJOURNMENT:

A motion was made, seconded and passed to adjourn the meeting at 12:05 PM.

Lee Hardy
April 24, 2012