

**NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION**

**Board Meeting May 19, 2012**

**10:00 AM, Office of Yaquina Bay Property Management, Inc.**

**Directors Present:**

Barry Winters  
Alan Gilhuly

Carol Sumner  
Paula Jones

Viva Worthington

**Others Present:**

Velma Burkert  
Lee Hardy, Yaquina Bay Property Management, Inc.

Paul Amundson

Reuben Johnsen

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

Al called the meeting to order at 10:00 AM. Five of seven directors were present, constituting a quorum.

**Minutes of April 14, 2012 Board Meeting:**

A motion was made, seconded and passed to approve the minutes of the April 14, 2012 board meeting as delivered.

**Agenda Review:**

Al asked that the agenda be modified to reflect the addition of Ken Brophy and his report on the fencing and deck work as the next order of business. The board agreed.

**Ken Brophy Report:**

Al said he has personally observed the progress Ken and his crew have made on the fencing and deck replacement at the 66 building. He said that problems were identified that will lead to higher costs than estimated. These problems include dry rot in the building walls where the decks attach and an issue with the fence location relative to the property line which needs to be modified to eliminate an encroachment onto the Meritage property next door.

Ken said he is using kerfed cedar decking to replace deck boards and that he was able to make a good buy on the materials for less than he expected. He reported that they started with the 66G fence and deck. The 66G deck was found to be draining water into the wall due to the lack of spacing between deck boards, the method of attachment and the slope of the deck. This led to the rotting out of the siding and sheeting below the deck attachment point. The siding and sheeting were replaced with gyp-crete and pre-painted Hardi-Plank. The deck has been pulled away from the wall, sloped away from the wall; and the deck boards are now spaced so that water will drain off the deck between the deck boards and away from the wall. He said this is likely to be the case with all of the decks on the 66 building, and the cost will be more than estimated. The fence posts were all found to be rotten and, since they were set in concrete in the ground, the concrete had to be jack-hammered out in order to set new posts. Ken said that he met with Tom Hamilton, the county surveyor, and located the property line along the 66 fence line. The fence encroaches onto Meritage at the west end of the building. The new fence is being moved and slightly reconfigured to remove the encroachment.

Al said that he approved the addition of a 30 inch fire egress gate on the east fence at 66G. Other paired gates will be added to the north fence of the interior units 66A-F. These will

**NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION**

**Board Meeting May 19, 2012**

**10:00 AM, Office of Yaquina Bay Property Management, Inc.**

be paired on common posts and will be small and designed to be opened from the inside of the patio areas to prevent access from outside the fence. The north fence will jog so that the property line encroachment is removed.

Ken noted that the pier pads supporting the decking had to be replaced due to rust. He said that, including the new pier pads, dry rot repair to the siding, new posts, fencing and gate, the cost for 66G was approximately \$4600.00. \$1450.00 of that was material cost. The cost for 66A, the other end unit, was expected to be the same. The cost for the interior units should be about \$3200 each. Overall, he said he expected the dry rot repairs to be between \$4,000.00 and \$4,200.00. This could bring the overall cost for the 66 building to about \$25,200.00. Lee noted that Rafael, in his 5 year cash flow projection, had estimated fencing at \$8,250.00 and decks at \$24,750.00 for a total of \$33,000.00. At over \$25,000.00 the deck and fencing work is still within budget estimates. Lee said she could adjust Rafael's spreadsheet to reflect the real-time numbers. Al noted that an attempt to salvage some of the fencing was not successful due to the age of the fencing. Ken said that both sides of the new fence can be treated with sealant to prolong the life of the fence. He said he also included in the cost the addition of PVC lattice at the base of the fence, replacing the rotted out wooden lattice. Carol thanked Ken for his efforts and expressed appreciation for the quality of work and commitment to the projects at North Shore Terrace.

A motion was made to establish a contract with Ken based on his best estimates as expressed at this meeting and authorized Lee to sign the contract as the agent of the association. The motion was seconded and passed without opposition. Al said he will be gone for the next three weeks and asked if Paul and Barry could be the contact persons for Ken when decisions have to be made. Both agreed to be available.

Al said he has talked to the fire department, the city planning department and the association's attorney about the fire egress gates. He learned that there was nothing that would prevent the addition of the gates. He also learned that nothing would stop the Meritage developer from trying to block the gates. However, moving the fence inside the property line means that the developer cannot stack material against the fence any longer without trespassing.

**Old Business:**

**Reserve Study—Preview of Annual Meeting Presentation:**

Al said that he attended a webinar on reserve planning that was presented by Association Reserves, Inc., the author of the reserve study that North Shore commissioned last fall. This webinar cited an incident in Florida where an HOA building suffered a number of pinhole leaks. This resulted in a special assessment of the membership to replace the faulty plumbing. A lawsuit from a unit owner ensued. The board was able to prove that it had performed due diligence in the course of regular business in terms of increasing reserves to take care of common element maintenance and replacement and was, therefore, able to defeat the lawsuit and collect the special assessment.

Al said that North Shore could get by with no increase in the monthly reserves assessment by juggling projects and still do everything that needs to be done. But that would

## **NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION**

**Board Meeting May 19, 2012**

**10:00 AM, Office of Yaquina Bay Property Management, Inc.**

result in having no reserves left in the event of an emergency, and he said he did not think that would reflect well on the board's obligation for due diligence. An emergency would then cause a special assessment. Barry agreed and said that the association can be said to be accumulating funds for three reasons: normal recurring operational costs, component replacement and emergencies. Component replacement funds and emergency funds are both reserve funding goals. Al said that the reserve study had recommended a \$1250.00 per unit special assessment to allow the association to tackle projects on the timeline recommended in the study. He did not think this was necessary. He said that a small increase in the monthly reserve assessment from \$150.00 per month to \$180.00 per month coupled with a transfer of operating surplus funds would have the same effect as raising the current monthly reserve assessment by \$50.00 per month. Reuben agreed in principal and suggested that the operating and reserve funds be called current and long term funds. Al said that the proposed increase to \$180.00 per month would be effective January 1, 2013 if it passes.

### **Parking Rules Implementation—Preview of Annual Meeting Presentation:**

Board members present discussed the timing of presenting the new parking rules in concert with the fire lane striping and adding of new signage. Carol consented to present the history of the effort and the new rules at the annual meeting. Lee will be able to distribute copies of the rules and other materials to members who attend the meeting. The minutes of the annual meeting will reflect the need for owners of rental units to advise their managers and tenants of the new rules. Paula presented a final draft of the new signs, and Al described where the new signs will be placed. The fire lane painting and sign placement will be accomplished by July 1<sup>st</sup>, and laminated copies of the short form of the rules will be posted at the mailbox building.

### **Financial Report:**

Lee reported that the operating account balance totaled \$13,651.00 at the end of April and the reserve account totaled \$42,270.00. The new estimates for fencing and decking will be entered into the budget. Other costs impacting the budget will be the costs to repair a couple of gates and to re-support one of the 96 building patio's and fence which has been sinking. These items will be paid out of the operating account.

Al described the work Ken did on the gates and the sinking patio. He also brought up the issue of whether to paint the newer garage doors gray. There are 3 or 4 that are currently white. Directors and owners present discussed the relative values of uniform appearance and the priority of other projects. Barry made a motion to have the garage doors painted at the time the buildings are painted to maintain consistency whatever color is chosen. The motion was seconded and passed without opposition.

### **Plumbing Issues:**

Lee said she had received a section of pipe that had been replaced in the 96 building to repair a pinhole leak. She said she is corresponding with a forensic building inspection company to see if the pipe could be evaluated for abnormal properties: the presence of unusual corrosion or metal crystal deposits. The board authorized her to have the pipe tested if an appropriate testing company can be located. She reported that the association's attorney had referred her to a detailed email he had sent the board in September of 2011 which clarified the relative

**NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION**

**Board Meeting May 19, 2012**

**10:00 AM, Office of Yaquina Bay Property Management, Inc.**

responsibilities for maintenance between the HOA and unit owners. Simplified, the email states that the unit owner is responsible for repairs to the unit as defined in the declaration and that the association is responsible for repairs to the common area. A question was asked about the source of damage and how that relates to who is responsible for repair. Lee said that the attorney had said that the HOA is not liable if damage occurs from a failed common element if the HOA had no knowledge of a pending problem and if the HOA could show that it regularly took care of problems as they arose. It was felt by some present that this could be better clarified. Lee offered to develop a statement for the board to review to try to achieve that clarity.

**New Business:**

**Resolution to Clarify Maintenance of Decks:**

Lee distributed a draft resolution developed by the HOA attorney that clarifies “who does what” regarding maintaining and repairing the decks. It was agreed to remove the last sentence in the first paragraph as it does not reflect the status of decks today. The resolution clarifies that unit owners are responsible for keeping their decks free of debris, rubbish and trash while the association is responsible for repair or replacement or staining or painting the decks. The discussion was tabled until the annual meeting.

**Resignation of Board Member:**

Viva submitted her resignation from the board, citing a job promotion and transfer out of the area. Al thanked her for her participation on the board and her assistance with replanting some of the parking barriers.

**Roof Report:**

Lee said that the contractor who cleans roofs and gutters reported that the south slope of the 76 roof and parts of the south slope of the 96 roof are showing loss of granular material and may need attention soon. She will confirm the observation and get estimates.

**Maintenance of Planted Areas Next to Garages and in Front of the 66 and 76**

**Buildings:** Velma noted that some of the planted areas at the entrances to the 66 and 76 buildings are not consistently well maintained. There are no gates or sight-obscuring fences in front of these areas like there are at some of the other buildings. Traditionally the unit owners have had the responsibility of maintaining these areas rather than having the landscape maintenance contractor do the work. Al asked Velma to bring Lee an inventory of the problem areas so that owners and managers can be notified.

**Annual Meeting:**

The annual meeting is scheduled for Saturday, June 16, 2012, at 10:00 AM at the South Beach Community Center. A board meeting will follow the annual meeting. Lee will mail out meeting notices, proxy forms and a board nomination form to all owners.

**Adjournment:**

A motion was made, seconded and passed to adjourn this meeting at 12:07 PM.

Lee Hardy

May 19, 2012