

***NORTH SHORE TERRACE
CONDOMINIUM ASSOCIATION
Board of Directors Meeting
January 31, 1998***

Directors Present: Gestson, Reynolds, Mishey, Stanley, Carter, Roby and Dotson.

Guests: Becky Dotson – recorder, Dennis Moore, Barbara Gill.

Message from the Chairman:

As you can see from the following minutes, the Board has been very active during the past three weeks since our first meeting on January 9, 1998.

An analysis of the past spending has shown that two things have limited the growth of the Maintenance Fund for major items, such as unit repainting, which are not included in the Reserve Fund. Insurance premiums much higher than budgeted are the main contributor to this problem followed by pest control. Phase I, Unit 66, is approaching the need for complete repainting and others will follow as their ages increase. The current and projected account balances are not sufficient to cover the expected cost.

The Board is taking steps to seek lower-cost insurance and to determine the likely schedule and estimated cost of repainting as well as other maintenance that must be paid from the Maintenance Fund.

There are things, we as owners, can do to improve the fund balance.

- Pest Control – The Association Maintenance Fund has paid nearly \$1,000.00 to poison rats. Future costs may be reduced or eliminated if the rats are not fed. Rats thrive on food provided for birds and chipmunks or pets. Also, we are told that the rat poison kills chipmunks as well.
- Paying our dues on time assures a larger balance, will avoid the effort and expense of mailing reminders and will improve our “image” in questionnaires about the Association’s “condition” that the board must complete. Prepayment is welcome.

I hope that you will cooperate while the Board proceeds with efforts to define and minimize the funding problem and also determine what actions should be taken.

Don called the meeting to order at 9:00 a.m. Correction to the January 6, 1998 minutes was made. Kurt Carstens was mistakenly listed as a Board member. Correction to the January 9, 1998 minutes – Wood burning fireplaces are located in Phase III, Unit 86, only and not Phases I & II, Units 66 & 76.

Minutes from both meetings were then approved.

Association expenditure books are in order and expenses well documented. One major expense for poisoning rats from the Maintenance Fund for \$1,000.00 was discovered. A major expense for outdoor lighting from the Reserve Fund was also discovered. Balance of the Maintenance Fund is approximately \$3,500 after major payments, including insurance. The Association is spending approximately \$1,000 more than it receives.

Maintenance Funds are used to pay for painting, landscaping maintenance, electricity, parking lot cleaning, gutter cleaning, etc. There is not enough to pay for the painting of Phase I, Unit 66, at this time. It appears that it will be necessary to increase dues to build fund balances to pay for maintenance of the properties. Mike and Dee will further investigate the Association's financial needs.

Mike Carter prepared a spreadsheet to document yearly Association expenses. Looked at applicable state laws regarding Condo Association's use of Maintenance and Reserve Funds. Laws define restricted use of Reserve Funds. Owners currently pay \$10-\$10-\$15 in monthly dues. \$20 is deposited into the Maintenance Fund. Half of that \$20 is budgeted for insurance, which has been inadequate. \$15 is deposited into the Reserve Fund.

Dennis Moore offered to have a painter give the Board a bid on painting Phase I for the purposes of budgeting for that expense. Dennis reminded the Board of the expense to replacing defective LP siding, \$32,000 for the first three Phases. Some defective siding has been located on Phase I. The manufacturer only pays 80% of the replacement cost. The owners are responsible for the remaining 20%.

The Board was cautioned that the issue of siding replacement should be settled before funds are spent to paint.

Bill Mishey offered that it would be to the owners' advantage to pay higher dues than be faced with special assessments to pay for necessary maintenance.

It was pointed out that the Board could approve an increase in dues, however it was suggested and supported that a presentation be made to the owners for their approval.

The suggestion of the yearly Association meeting being moved to the summer was raised again. It would be appropriate to give a dues increase presentation to the owners at that time.

Dennis Moore reported that Unit 85C closed Friday. The new owner is Beverly Hughes.

Dotson reported the following:

- Tax ID# for the Association has been requested from IRS.
- Jeff Waarvick has agreed to represent the Association when needed. Mr. Waarvick has reviewed the Association by-laws and has provided legal council to the Board.

- An expense form was created to capture reimbursement to directors for "out of pocket" expenses such as postage, envelopes, stationary supplies, etc.

Bill reported that he spoke with the Association's current insurance agent, Mark Colson of Doerfler Insurance. A bid for the same coverage was obtained from State Farm. Current coverage for all six Phases through Doerfler is \$5,350/year. State Farm's quote was \$3,862/year for the same level of insurance except earthquake coverage. Earthquake coverage through Doerfler is at 5% deductible, State Farm is 10% deductible.

Bill will obtain at least one more bid and report back to the Board in March. Current coverage expires in April.

Bill obtained names of LaQuina Shores' directors and their President. Most of Baywoods' owners live out of town and doesn't appear to be much structure to their Association.

The dumping of debris onto state park property adjacent to LaQuina Shores' property was discussed. Dennis Moore had the debris removed and Bill will talk to the LaQuina Shores' manager about their owners not dumping in the future.

Dee Roby and Mike completed a site inspection of all of the buildings. Areas of concern were noted and discussed.

- Dennis Moore offered a suggestion for limiting the amount of pine needles that flow into the downspout. This will be followed-up on.
- Trim painting on Phase I should be completed this year.
- Monitoring LP siding on Phases I, II & III will continue. Weyerhaeuser siding on Phase IV will also be monitored.
- Fasteners on buildings should be stainless steel. Some current fasteners are rusting and staining the siding. If an owner has a question about this, please contact Mike or Dee for assistance.
- Asphalt looks good, will look at maintenance next year.
- Roofing replacement should be considered after 12 ½ years.
- Dumping spots were identified. Owners are encouraged not to dump yard debris. Have it taken away by Thompson's or a landscaper.
- Association is responsible for all decks and fences except for the decks on Phase I and the fences on Phase V. Dennis Moore will write specifics for Association records.
- Longer-life light bulbs are needed for parking lot lights. Dennis Moore will have an electrician offer some suggestions.

It was suggested that parking area lights need to be improved. Current lights are inadequate for safety and security needs. Don recommended that any improvements should be paid for with a special assessment rather than pay from the Reserve or Maintenance Funds.

Dennis Moore advised that some flue ducting will be completed on the new units and asphalt patches made whenever the asphalt plant starts-up. The parking area will be swept after landscaping and asphalt repairs are completed.

A discussion regarding the investing of Reserve Funds was discussed. There was agreement that \$12,000 was not a great deal of money to invest given the circumstances of the Association's near future needs.

Susan Stanley will investigate options and present them at the next Board meeting.

There was further discussion regarding the cost to destroy rats. A question of whose responsible for paying for the extermination when owners are distributing feed that attracts the rats? The Association or the owner(s) responsible?

Bill will check with Coast Chimney Sweep, CCS, to see if they perform a free inspection. If so, CCS will contact each owner in Phase III, that's the 86 Units, to schedule the inspection. Individual owners are responsible for the cost of any necessary cleaning. CCS will then provide a report to the Board for any necessary follow-up. Dennis Moore advised that four of the five units never use their fireplaces. Unit 86B does burn wood however.

Requests for Consideration

- Improve exterior lighting – Dennis Moore to obtain lighting suggestions and costs
- Payment of dues with one check – Don & Virginia will investigate this possibility. There was a suggestion that owners pay for ½ or the entire year.
- Rain-proofing the mail boxes – Dennis Moore will provide us with a bid to build a framed structure that matches our buildings.
- Mr. & Mrs. Stahl-Barbat, Unit 85B, requested to install glass siding around their deck. This was approved with the condition that the unit owner was responsible for expense and maintenance of the improvement. Dennis Moore will draw up an appropriate agreement.

Board approved a \$175.00 billing from Attorney Jeff Waarvick. Waarvick gave legal advice on the preparation of mail-in ballots for owners. The earlier proposal of lowering the number of directors to establish a quorum was rescinded after receiving legal advice.

Board approved \$122 for printing of dues books, 15 months worth.

Board approved purchase of a \$40.00 "copy card" from Mail Boxes Etc. for copying. This will purchase 1,000 copies at \$.04/copy.

The next Board meeting is February 21, 1998 at 9:00 a.m. at Mike Carter's residence, Unit 96H.

Respectfully submitted,



Dennis L. Dotson, Secretary

SPECIFICS TO ACCOMPANY BOARD MINUTES OF JAN 31, 1998

From: A & D Development General Partnership
To: North Shore Terrace Condominium Owner's Association

re: decks and fences- all phases

Dear Sirs:

In reference to a request that the decks and fences be clarified as to whether the maintenance is the responsibility of the owner or the association, I can only state which decks and fences are part of the unit as built and paid for by the developer, or were ordered as an extra by the unit owner.

Phase I (86 NW 33rd place, units A-F)- all fences were constructed and paid for by the developer as part of the original unit. Any and all decks and patios OUTSIDE the roof overhang were ordered as extras by the owners.

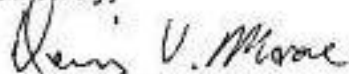
Phase II (66 NW 33rd place, units A-G) and Phase III (76 NW 33rd place, units A-G)- all decks and fences were paid for by the developer and are part of the original unit.

Phase IV (96 NW 33rd place, units A-D)- all decks and fences were paid for by the developer and are part of the original unit.

Phase V (96 NW 33rd place, units E-H)- all decks and all of the patios in front and all of the rear patios withing the roof line were paid for by the developer and are part of the original unit. All fences were done as extras and paid for by the owners.

Phase VI (85 NW 33rd place, units A-D)- all decks and patios with the exception of glass panels on units B & C were paid for by the developer and are part of the original unit.

Sincerely,



Dennis V. Moore,
President, DVM, Inc.
Managing Partner, A&D Development