

NORTH SHORE TERRACE
CONDOMINIUM ASSOCIATION
Board of Directors Meeting
February 21, 1998

Directors Present: Gestson, Carter, Roby, Stanley & Reynolds

Guests: Mary Gestson - recorder, Dennis Moore

MESSAGE FROM THE CHAIRMAN

The owner response to the Board Minutes has been very encouraging. We thank Jake Dotson who has been delivering copies to the resident owners. It is sometimes difficult to "catch" owners at home so we may try some alternatives.

The good news at this meeting was that there is an attractive option to invest our money. The bad news was that there may not be enough money to invest.

Further review of past insurance payments indicates that "premiums" higher than budgeted have reduced the Maintenance Fund balance by \$3000 and "free" insurance to owners reduced the balance an additional \$5000. This "free" insurance represents the first year premium when a unit was purchased. At that time, the owner began monthly dues to pay the second year while the Association Maintenance Fund paid the first year. This appears to be standard practice for "condo funding systems". What this means is that we, as owners, are now getting the bill for that "free lunch" because the need to repaint Phase 1 (86) is approaching. This "drain" on the Fund only happens on the first sale of a unit. Since the last unit has been sold, this problem will not continue.

Major actions to assure future funds will be on the agenda of a Special Association Meeting scheduled for Saturday June 6, 1998.

Don called the meeting to order at 9:00 a.m. Corrections to the January 31, 1998 minutes - \$25 is deposited to the Maintenance Fund not \$20, \$10 is budgeted for insurance not half and \$10 is deposited in the Reserve Fund not \$15. Regarding replacing L-P siding, \$32,000 is for Phase 1. Regarding chimneys, four of five units is four of six units.

The minutes were then approved.

Virginia reported the IRS tax # was received & given to bank

Susan reported findings for investment

- Several banks were checked & found to offer the same features
- Pacific 1 is attractive since we have our accounts there
- Money Market account was not of interest because of limited check writing ability & low interest (about 1.25%)
- Climbing Rate CD for 1 yr. is available with \$5000, rate climbs each 91 days with option to get out or increase, current rate climbs from 4.91 to 6.11%
- Variable Rate CD min balance is \$100, rate may fluctuate, deposit allowed anytime during the year, penalty for withdrawl of 1 month's simple interest, current rate 5.35% with automatic transfer of \$25 each month, \$5000 deposit.
- Fixed Rate CD can't make deposit until rollover, penalty for early withdrawl, current rate for 1 yr CD 5.10% for \$5000 deposit

Susan indicated that Climbing Rate CD seemed most attractive and the Board agreed. Dennis Moore suggested we keep separate books but pool the money for investment.

Mike passed out a suggested layout for "Maintenance History & Upkeep" Book that Dee compiled. As completed, it will provide for each Phase a general history and for each external item in that Phase such as roofing, siding etc detail info including material, estimated life, recommended maint, last maint, projected maint cost and replacement cost. This info will provide a basis for budgeting yearly maint, needed funds for extended maint and Reserve funds required. Common Ground items such as roadways, lighting etc will be similarly included. This layout was discussed, several items were added and the Board agreed that information that results will provide an excellent base for current budget & cost projections as well as a guide for future Boards. The info will also aid in defining the proper cost allocation Maint vs Reserve.

Current allocation guidelines were defined

- Maintenance - Painting, upkeep, repair, fix broken items
- Reserve - REPLACE items expected to last 3 years or more
- Assessment - Improvements

Roof maintenance was discussed. Some units need roof & gutters cleaned. Dee will contact Carl Finley as an independent contractor to inspect all units & clean as needed. Board approved up to \$70 for this cleaning.

Dennis Moore said the roads & parking will be cleaned at a cost to A&D of up to \$150. Cleaning could be continued on a monthly basis for \$60/mo by Don, s Coastal Sweeping if done at the samme time as adjoining condos. Since this would use 50% of our current yearly budget for structure & site maintenance it was decided to "wait & see" what cleaning frequency is reasonable.

Dennis Moore said catch basins need cleaning on about 2 year cycle. A&D will clean basins as part of their closeout

Don said that one financial statement is required each year for the Assoc. fiscal year starting 4/1. Working with the responsible Director in each category, he will present a 4/1/98 to 3/31/99 Budget for Board approval at the next meeting. This budget will provide the basis for monitoring expenditures thru the year and will be the starting point to establish a minimum working maintenance fund balance and options for building an Extended Maintenance Fund for major repainting etc.

Don explained that further review was done of insurance premiums exceeding previous budgeted amounts. It appears that \$3000 resulted from under budgeting and \$5000 resulted from the "condo system" giving each owner their first year's insurance at no cost and at the expense of the Association Maintenance account.

Dennis Moore received a bid to repaint Phase 1 for \$12,900. For trim only, the bid was \$2,100. These bids are thought to be too high. With regard to the L-P siding on this Phase, evaluations by the painting contractor and a building materials supplier suggest that it may be better to "paint" than to "wait". To help us decide the best course, the Board agreed that Dee & Mike arrange for a free L-P inspection.

Dennis Moore reviewed exterior lighting with an electrician. He estimated the cost to upgrade the 7 units from \$1400 to \$4200 depending on the increase in height and the type of lamp. To be specific we need to define what we would want. Dennis D. will be asked to work with the interested owners to provide the needed information. The last light installed along with the mailbox light will have 100 watt "long" life incandescent bulbs for evaluation. The Board agreed that a cost to upgrade would be an improvement requiring an assessment. Mike suggested that owners consider leaving their outside lights on to increase site lighting.

Dennis Moore described a mailbox shelter with peaked roof, closed on 2 sides, using materials like the condo exteriors and including a light. An Association assessment of up to \$2500 would be required. A decision was deferred to a planned June meeting of the Association.

Dennis Moore told us that he had a bid to seal coat the entire blacktop for \$6135. Subsequent treatments would be about 1/2 that much. The purpose of sealing is to improve the appearance and protect the base. No action was taken.

Dennis Moore reported that screens installed in gutters of Ph 5 to prevent plugging in downspouts & underground drains are very effective. It was suggested that the Assoc might use screens on other units if plugging is found.

Virginia described the new dues coupons that reflect the expressed desire of many owners to have "one check" payment. Owners should receive, with a copy of these minutes, their new book of coupons starting 4/98.

An owner request to consider cleaning up the entrance "island" to improve traffic visibility was referred to Becky Dotson for landscaping evaluation.

It was suggested that to obtain the most appropriate insurance coverage, we should review options and deductibles with the agent. Don will work with Bill to have the agent for the preferred policy at our next meeting to explain coverage and options.

Plans for a special Association meeting were discussed. Saturday, June 6, 1998 was selected to allow the greatest participation. The objectives of this meeting were identified as follows

- Approve method to increase Maintenance Fund
- Consider change of Annual Meeting to summer
- Approve any needed by-laws changes
- Present options for site improvements

The next Board meeting is March 21, 1998 at 9:00 a.m. at Susan Stanley's residence, Unit 85A. The agenda will include

- Approve insurance payment
- Landscape maintenance policy & contracts
- Approve FY Budget starting 4/1/98
- Preliminary agenda for Special Association Meeting

Respectfully submitted,



Donald K. Gestson, Acting Secretary