

NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION
Board Meeting March 21, 2015
Office of Yaquina Bay Property Management, Inc.

Directors Present:

Al Gilhuly Paula Jones Paul Amundson

Others Present:

Lee Hardy, Yaquina Bay Property Management, Inc.

Call to Order/Establishment of a Quorum:

Al called the meeting to order at 10:04 AM. Three of five directors were present, constituting a quorum.

Minutes of October 11, 2014 Board Meeting:

A motion was made, seconded and passed to approve the minutes of the October 2014 board meeting as delivered.

Financial Report:

Lee reported that, as of Feb. 28, 2015, the operating account balance totaled \$13,951.32, and the reserve account balance totaled \$49,886.49. She said the annual State Farm insurance premium is due by March 31st in the amount of \$14,042.00, reflecting a 6% increase in cost over last year. She said directors will discuss some insurance issues under new business.

Old Business:

Reserve Projects for 2015: At the last board meeting directors discussed their proposed projects to be completed this year. These included replacing the roof and skylights on the 96E-H building and painting the 86 building. Al added that he and Ken Brophy had done a walk around the entire complex and determined that all of the wood decks and entry walkways need to be stained. Ken provided an estimate to perform that work in the amount of \$21,600.00. The painter has provided an estimate to paint the 86 building the same blue as the 96E-H building in the amount of \$8,800.00. And Lee said that last year's estimate for the roof/skylight replacement on the 96E-H building was \$41,583.00; and she guessed that an updated estimate could run around \$43,000.00. She is attempting to get that estimate updated accurately.

Directors discussed these projects and looked at projected cash flow. All three are feasible with this year's budget. A motion was made, seconded and passed to approve the painting proposal for the 86 building. A second motion was made, seconded and passed to approve the replacement of roof and skylights on the 96E-H building, pending receipt of an updated proposal. A third motion was made, seconded and passed to approve the staining of all wood decks and entry walkways. Work will be scheduled as funds are available and as weather permits. Paul said he wanted to pay Ken to replace his deck when his crew is on site doing the staining of other decks. Al suggested that Ken provide an estimate and that maybe the HOA should pay for that. Paul said he did not think the deck was deteriorated enough to require replacement but that it looks bad, which is why he was willing to pay for it. Al said to obtain the estimate so the board can evaluate that project.

New Business:

Insurance Discussion: Lee opened the discussion by clarifying that the premium increase this year of 6% over last year's premium merits looking at competitive quotes for insurance. She said that, while State Farm continues to offer earthquake coverage with the package HOA policy, it may be difficult to take advantage of the earthquake coverage if there is a very damaging event. The HOA would have to have the deductible amount on hand and available if a claim was filed. For minor damage, there might not be a problem. But substantial or total destruction could mean the HOA would need to have up to \$560,000.00 of its own funds (10% deductible) available to collect on the policy. She said industry-wide many companies are no longer offering earthquake

coverage on new policies, and some existing earthquake policies are being cancelled if the property in question is less than 1000 feet from the ocean.

She noted that the State Farm policy costs have increased a total of 28% since 2009. Although the earthquake coverage premium is included in the total premium, she said she suspects that it runs between \$2K and \$4K per year. She has asked John Russell at Payne West Insurance for a competitive quote on the general hazard insurance. Earthquake would be a separate quote, and Lee has asked for that as well. The due date for the State Farm premium is March 31, 2015. If a quote comes in early enough (early in the week of March 22nd), she suggested that the board convene an emergency meeting in person or via conference call to consider whether to change insurance companies. Otherwise, she recommended paying the State Farm premium as quoted and still considering other quotes. The State Farm policy can be cancelled later if a replacement policy is found. It may be wise to have the general membership of the HOA weigh in on any decision involving whether to continue to purchase earthquake coverage as many people are not aware of the ramifications of using that coverage in terms of having the deductible on hand. Al suggested that the HOA has paid a lot of money out over the years for earthquake coverage that may not have been able to be used due to lack of having the deductible amount on hand.

If the desire is to maintain earthquake coverage, it might be wise to consider setting aside a separate reserve allocated to the deductible. North Shore Terrace is in a better position than many associations in that component replacement projects (roofing, siding, painting, decks and pavement sealing) are within 2 or 3 years of being completed so that it will be years before large reserve outlays are required again. So reserve funds can be accrued for the earthquake deductible without interfering with other reserve planning for a little while.

Paula suggested adding a discussion of the insurance issues as part of the agenda for the annual meeting. A motion was made, seconded and passed to authorize Lee to pay the State Farm premium if no new acceptable quote is received prior to the due date for the premium. If a new quote is received, Lee will contact the board and attempt to set up an emergency board meeting in person or via conference call. Al and Paul thought it would also be valuable to meeting with the local insurance agent to be able to ask questions and gain a more complete understanding of the pros and cons of changing companies and continuing or discontinuing earthquake coverage.

Other New Business: Al reported that the island west of the 76 building parking area is being used as a “dog park”, but dog owners are not picking up after their pets. He thought the HOA might want to consider installing a fence or additional shrubs and signing to reduce this noxious use of that portion of the common area.

Paul said she would like the landscapers to clean up her parking area and dispose of the windblown needles elsewhere rather than just blowing them over the curb. Disposing of them over the bank might limit the amount that blows back on windy days. Al said he would talk to the landscapers about that.

Al noted that tenants in both 66B and 66C are being removed. He also said that keys to the mail boxes are available at the post office, and one of the reasons that some mail is getting wet in the mail boxes is that wind-blown rain comes in through the door and hits the south end of the boxes.

Next Board Meeting:

The next board meeting is scheduled for 10:00 AM, Saturday, May 2, 2015. It will be held at the office of Yaquina Bay Property Management, Inc.

Adjournment:

A motion was made, seconded and passed to adjourn this meeting at 10:52 AM.

Lee Hardy
March 21, 2015