

NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION
Board Meeting May 13, 2017
10:00 AM, Office of Yaquina Bay Property Management, Inc.

Directors Present:

Elliott Black Rafael Miranda Roger Leo Barry Winters, Via Phone

Others Present:

Lee Hardy, Yaquina Bay Property Management, Inc.

Call to Order/Establishment of a Quorum:

Rafael called the meeting to order at 10:03 AM. Four of five directors were present, constituting a quorum.

Minutes of Dec. 10, 2016 Board Meeting:

A motion was made, seconded and passed to approve the minutes of the Dec. 10, 2016 board meeting as written.

Financial Report:

Lee reported that the operating account balance as of April 30, 2016 totaled \$7,764.90, and the reserve account balance totaled \$32,692.82. Part of the insurance premiums has been paid, leaving a balance due in the amount of about \$4,550.00. Insurance costs are the single largest operating account obligation, followed by landscape maintenance and roof and gutter maintenance. Directors present discussed the budget components as outlined in the financial summary.

Old Business:

96 Building Deck and Fence Status: Lee reported that repairing the fence between 96A and D and the deck on 96A and the new gate for 86F will cost about \$4000.00.

Power Washing the 96A-D Building: Power washing the 96A-D building will run about \$1285.00 plus the cost to repaint some of the trim if needed.

85 Roof and Skylights: The roof on the 85 building was scheduled to be replaced in the next two years or so. After reports of corrosion on the interior of the skylights on 85D, the roof and skylights will be evaluated this year to see if the replacement should be sooner. There are also some paint bubbles on the south wall of the 85 building, some of which were dealt with. The rest can be dealt with when the 96 building is power washed. The cause is from paint that did not stick well when that wall was painted a few years ago.

Gate Between 85C and 85D: Roger noted that access to his limited common area comprised of the rear patio is only through his garage and lower bedroom. He had asked permission to have a gate installed between his unit 85C and unit 85D but has not gotten a response yet. Directors discussed the authority of the board to approve such modification to a limited common area versus the right of a unit owner to control access to his own limited common area. 85D apparently has a sale pending, and the buyer may or may not be aware of the request. Directors present decided to table this topic until a sale is finalized for 85D and then revisit the request and involve the new owner in the discussion.

New Business:

Insurance: Directors reviewed the annual cost of earthquake insurance that was recently purchased. The premium this year was \$4,769.00 or a little over \$10.00 per unit per month. The deductible, 5% of a possible claim, needs to be on hand and the time of a loss in order for the HOA to be able to use the coverage. The total value of the buildings is estimated to be at least \$5,000,000.00 for full replacement cost, so the deductible for very catastrophic loss would be around \$250,000.00. The cost of

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accruing the deductible and paying the premium was compared to the benefits of having coverage to protect the assets of the owners. It would take about 4 years or so to build up the deductible if no other reserve expenditures were made. Then the deductible would need to be held intact in the event of a catastrophic loss. Rafael noted the operating budget out of which the premium is paid has gotten tighter with the increased insurance premiums for all-in coverage and the earthquake coverage. The reserves budgeted are currently being used to replace common elements such as roofing and exterior paint. These major projects are nearing completion so that these expenditures will be much reduced, providing a better opportunity to accrue the deductible in the reserve account.

Because the issue is a complex issue, directors present want to put the issues of budget, earthquake coverage and reserve planning in front of the membership at the annual meeting. In the meantime directors will prepare a letter to all owners outlining the facts, risks and pros and cons of the potential actions the HOA may want to take. This letter will address possible adjustments to the dues structure, an updated five year component maintenance plan and options for a decision on the earthquake coverage.

Next Board Meeting & Annual Meeting:

The next board meeting is scheduled for 10:00 AM, June 17, 2017 to finalize a letter to all members. It will be held at the office of Yaquina Bay Property Management, Inc. The annual meeting is tentatively scheduled for 10:00 AM, July 8, 2017. It will likely be held at the Newport Recreation Center.

Adjournment:

A motion was made, seconded and passed to adjourn this meeting at 11:08 AM.

Lee Hardy
May 13, 2017