

NORTH SHORE TERRACE CONDOMINIUM HOMEOWNERS ASSOCIATION
Board Meeting March 17, 2018
10:00 AM, Office of Yaquina Bay Property Management, Inc.

Directors Present:

Roger Leo Karen Eibner Al Gilhuly Rafael Miranda Betty Otten

Others Present:

Lee Hardy, Yaquina Bay Property Management, Inc.

Call to Order/Establishment of a Quorum:

Rafael called the meeting to order at 9:59 AM. All directors were present, constituting a quorum.

Minutes of Dec. 16, 2017 Board Meeting:

A motion was made, seconded and passed to approve the minutes of the Dec. 16, 2017 board meeting as delivered.

Financial Report:

Lee reported that the operating account balance as of Feb. 28, 2018 totaled \$6,366.75 and the reserve account balance totaled \$77,026.23. Directors present discussed the current rate of accumulation of reserves which is approximately \$5,120.00 per month. Roger asked if there were any unanticipated expenses or expenses not described yet in the budget. Lee said there was nothing yet in the operating budget, but the plumbing repairs to 96G, estimated at about \$13,000.00, were unexpected and will be paid out of the reserve account.

Old Business:

Power Washing Building 96A-D: Lee said she obtained a current proposal for power washing 96A-D from a local contractor in the amount of \$2,400.00. The work would take 2 or 3 days and include careful washing of the decks. The prior estimate obtained was \$2,800.00. Coastal Contracting provided the current proposal, and they are a general contractor and can perform other repair work as well if needed. A motion was made, seconded and passed to approve the proposal from Coastal Contracting.

85 Building Roof: Lee provided a written report from Gerry Nieto, Northwest Roof Maintenance, on the 85 building roof. He had been asked to assess its condition and need, if any, for replacement. The report indicated the roof was nearing the end of its useful life but appeared to be in reasonably good condition. Outside of some normal wear and tear, there was no evidence of imminent failure. Of the 10 skylights in place, he noted that 5 show signs of failure with failed seals which could lead to leakage into the units. Two skylights have been replaced in recent years. The cost of skylight replacement in the past was cited as \$579.00 per skylight. After discussion, a motion was made, seconded and passed to replace the 5 failing skylights and to have Gerry continue to monitor the condition of the roof itself and report it to the board as conditions change.

Response from Attorney Dennis Bartoldus on Re-Affirming Current By-Laws Now that the HOA is Incorporated as a Non-Profit: Roger noted he had recommended incorporating the HOA to provide a legal shield for the 32 members of the HOA. The corporate status provides recognized standards of duty for the board. At the Dec. 16, 2017 meeting, several ideas were presented as to what to do, and Lee was instructed to ask Dennis Bartoldus for a low budget solution. Dennis answered via email. Roger discussed his disagreement with Bartoldus' response. Roger asked where the cost estimates of \$3,500.00 to \$8,000.00 for evaluation of the by-laws came from. Lee said that was the range of estimates she had obtained in the past for similar legal efforts on behalf of HOA's and was based on the age of the HOA and how much legislation had been passed since an HOA's governing documents were filed. Roger said he has no issue with re-affirming the 1992 by-laws, and ORS 65 makes it mandatory that the board

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adopt its initial by-laws. He also recommended that the board adopt the “powers” listed in the statute. He noted other compliance issues as well and said he felt that Bartoldus has answered the “wrong question”.

Roger further pointed out that he has two great concerns regarding adopting the 1992 by-laws without amendments. If the HOA adopts those by-laws, it will leave multiple seams and errors; and incomplete provisions relating to the requirements of ORS chapter 65 will cause future problems for the board. Also, the dispute over whether attorney Bartoldus responded to the question posed in the Dec. 16, 2017 minutes was a tedious way to handle the situation which should have been addressed in January.

Directors present discussed the issue. Al noted that the main concern seemed to be HOA director and general member liability and asked for examples of the risks posed. Roger replied it has to do with whether the board fails to perform its duty of care. Rafael offered that there were two questions: whether the incorporation was necessary and whether adoption of the by-laws was necessary. He said the answer to both questions was “no”. Roger said he felt that there was an insufficient answer from Bartoldus to the questions posed at the December meeting and that Bartoldus failed to take responsibility for his response. Roger recommended that the HOA not adopt the pre-existing by-laws under those circumstances.

Rafael made a motion that accepted the response by Bartoldus to the questions from the December meeting indicating the by-laws as written are fine without any changes and that the HOA does not need a membership vote to ratify the by-laws as is for a non-profit corporation. The motion was seconded. Rafael and Al voted in favor of the motion, Roger voted against the motion, and Betty and Karen abstained. The motion failed.

Roger said he would pull questions out of the minutes of the Dec. 16, 2017 meeting and the subsequent correspondence sent to board members regarding requirements of ORS chapter 65 including “is it your advice that.....?” and “do you agree that.....?”, thus formulating questions to attorney Bartoldus on which legal advice was requested and forward them to Lee for submission to Bartoldus.

New Business:

Insurance Agent’s Recommendation to Use Aspen Specialty or Evanston Insurance for Earthquake and Tsunami Coverage: All directors received communication regarding offerings from both companies. Rafael suggested forming a committee to meet with the agent or having the board as a whole meet with the agent. Suggested dates were April 3rd and April 5th at 1:00 PM, depending on John Russell’s availability. Rafael will contact John to set up a meeting.

Preparation for the Annual Meeting: Rafael said it would be a good idea to obtain a current reserve study prior to the annual meeting. It has been several years since the HOA had a formal study performed. Lee said she could obtain a quote. A motion was made, seconded and passed to obtain a quote for a full on-site reserve study.

Re-Plumbing 96G Due to Electrolysis: Rafael and Al reported that the plumber said the electrolysis found in the copper plumbing that supplies 96G was very bad. Directors present discussed evaluating the plumbing in the rest of the building to determine how widespread the condition was. A motion was made to order destructive testing at key locations to be performed by the plumber to see if it is a serious generalized condition. The motion was seconded and passed without opposition.

Other Business:

Door & Window Screens: Al asked whether the HOA or a unit owner is responsible for replacing door and window screens. Lee said the unit owner is responsible.

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Deck Sealing: Al asked what the status was for on-going deck sealing. Lee said she could ask the contractor who will be doing the power washing to evaluate the needs and make a proposal.

Mail Building Storage Room: Al noted that there are chemicals stored in the mail building storage room that could be hazardous and should be disposed of. He says he stores light bulbs for the exterior figures in that storage area. Directors agreed that the chemicals, including old paint cans, should be disposed of. If any lighting issues are noted in the common area, let Al know so he can replace bulbs as needed.

Landscape Maintenance: Al said he was concerned with the quality of the work performed by Ground FX and offered to solicit other proposals. It was noted that limited common areas which are the responsibility of unit owners are not consistently well cared for, and Ground FX was tasked with cleaning those up once per year. Directors will consider either hiring re-barking for the common areas or doing that work themselves as a work party. The fence installed at the entry that restricts pet access to that landscaping will remain in place.

Refund of Special Assessment From 2016: Al asked if the special assessment levied in 2016 to cover an unexpected overage in repair costs should be refunded or the reserves reduced to compensate owners for that expense. He was told it could not be refunded. Directors discussed the advantages of continuing to build up reserves and concluded that there should not be a reduction of the reserves to compensate for that special assessment.

Next Board Meetings and Annual Meeting:

Directors discussed their respective availabilities for board meetings between now and the annual meeting. The next meeting will be the meeting with the insurance agent on or about April 3rd or 5th. After that, a board meeting is tentatively scheduled for May 26, 2018. The annual meeting is tentatively scheduled for June 30, 2018.

Adjournment:

A motion was made, seconded and passed to adjourn this meeting at 11:59 AM.

Lee Hardy
March 17, 2018