

NORTH SHORE TERRACE HOMEOWNERS ASSOCIATION
Board Meeting April 21, 2018
10:00 AM, Office of Yaquina Bay Property Management, Inc.

Directors Present:

Rafael Miranda Roger Leo Al Gilhuly, via phone Karen Eibner, via phone

Others Present:

66F Mike Hereford 96D Steve & Christie Lathrop 96F Tom & Shirley Adams

Lee Hardy, Yaquina Bay Property Management, Inc.

Call to Order/Establishment of a Quorum:

Rafael called the meeting to order at 10:00 AM. Four of five directors were present or on the phone, constituting a quorum. Directors and members present introduced themselves.

Minutes of March 17, 2018 Board Meeting:

A motion was made, seconded and passed to approve the minutes of the March 17th board meeting.

Financial Report:

Lee reported that the operating account balance at the end of March totaled \$6,673.56, and the reserve account balance totaled \$82,039.30. Since the last statements were issued in March, an additional insurance premium was paid in the amount of \$2,145.00 leaving a balance of \$4,528.56 in the operating account. Also since the March statements were issued, the plumbing and repairs to the interior finish of 96G were paid for in the amount of \$15,903.00, and power washing the 96A-D building was paid for in the amount of \$2,400.00, leaving the reserve balance at \$63,736.30. Roger asked for confirmation on the costs of proposed projects including painting the 96A-D building and re-plumbing the rest of the 96E-H building.

Old Business:

Insurance: Rafael noted that earthquake and flood insurance were added last year with an increase in the insurance premiums. This additional coverage ended April 1st of this year. The board met last month with the HOA's insurance agent, John Russell at Payne West. A proposal for earthquake and tsunami coverage was obtained which appears to be better coverage at a better price. This proposal is being considered today. He asked for discussion of the new proposal and made a motion that the board approve the new proposed coverage. The motion was seconded. Roger noted that the problem with the former policy was that it was underwritten by Lloyd's of London and its affiliates. The new policy covers both flood and tsunami but requires that the HOA have the full deductible on hand at the time a claim is made in order to exercise coverage. An alternative is to insure the deductible through FEMA. The premium for the new policy through Aspen/Evanston is \$5,772.00 which can be paid in installments. The premium for the FEMA policy covering the deductible is approximately \$2600.00-\$3000.00 and has to be paid up front. Directors and others present discussed the benefits and improvements with the new policy as compared with the prior policy. A vote on the motion was taken, and the motion passed without opposition. Lee was authorized to call Payne West on Monday to order the new policy through Aspen/Evanston.

Further discussion covered the deductible and ways to generate the funds to cover it. The options for the HOA include having sufficient reserves to cover the deductible as well as pay for necessary projects, insuring the deductible through FEMA, levying a special assessment in the amount of \$9,375.00 per unit or raising the monthly dues. Mike Hereford noted the government would need to declare a disaster in order for the FEMA coverage to kick in. In short, the coverage is available; but what happens in the event of an actual disaster event is up for debate. Because the FEMA premium would need to be paid up front, the HOA is not able to pay for this now as operating funds are short. Rafael proposed the

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HOA consider a dues increase at the upcoming annual meeting, but an interim solution could be borrowing the amount of the premium from the reserve account. These funds would have to be paid back over time. Al said the board can transfer funds from the reserve to the operating account, and reserves will grow faster once all major projects are completed. He said he did not think dues needed to be increased. Directors present discussed a very moderate dues increase versus letting the major projects get done and then allowing reserves to increase gradually. Mike Hereford thought the best route would be to increase the monthly dues. Roger made a motion to transfer enough funds from the reserves to the operating account to cover the FEMA premium and then repaying the reserves by increasing operating dues by about \$10.00 per month once we have the results of a reserve study. The motion was seconded. Al said he did not wish to see a dues increase until the annual meeting. Karen asked if a dues increase would be permanent. Rafael said the increase would be in effect until the full amount of the deductible was held in the reserve account. A vote was taken, and the motion passed with 3 in favor and 1 opposed.

Painting the 96A-D Building: Rafael reviewed the repair and painting history of the 96A-D building, which has been piece-meal and patchwork for a long time. The proposal from Coastal Construction to paint the 96A-D building including replacing dry rotted corner trim and sealing the south decks was \$17,500.00 for the south, east and west sides. The contractor said he would do the north side for about an additional \$10,000.00. Al said he would like a second bid and discussed asking Lee Baker for a second opinion. Lee said that Lee Baker is booked out until next year. Al said he could ask Lee for an opinion regarding the reasonableness of Coastal Construction's estimate without necessarily trying to engage him for the work. Lee said the findings of Coastal Construction while they were power washing included the fact that the paint was very thin and vulnerable and that the building needed painting this year. Directors discussed calling a special board meeting once Al has had a chance to talk to Lee Baker. They settled on a special meeting on May 7, 2018 (Monday) at 5:15 PM at Lee's office to discuss other possible bids and evaluations. Rafael said he will be out of town.

South Wall of Building 85: Lee said that Coastal Construction will be evaluating the south wall of the 85 building where the paint has bubbled. Al said the contractor would also evaluate the 85 decks.

Non-Profit Status and By Laws: Lee said that Dennis Bartoldus has not yet responded but would let her know on Monday what his time frame and approximate cost for reviewing the questions presented to him would be.

Landscaping: Al said he had not yet researched alternatives for landscape maintenance including the limited common areas at the entries to the units. He will follow through on this by the next regular board meeting on May 26, 2018.

Reserve Study: Lee presented the proposal from Association Reserves to do a reserve study for North Shore Terrace. The cost for an on-site visit and full study would be \$3,790.00 for an eight week turn-around for the study. A quicker study would cost more. A motion was made, seconded and passed to approve the reserve study with an eight week turn-around for \$3,790.00.

New Business:

Re-Plumbing the 96E-H Building: Lee said that during the re-plumbing and repairs to unit 96G which sprung multiple leaks due to electrolysis, inspection of the unit revealed wide-spread corrosion to the copper water pipes. The whole building is impacted by this deterioration, and the other three units should be re-plumbed as well. The estimated cost for the work is about \$48,000.00 or \$16,000.00 per unit. Rafael suggested waiting for the next leaks to appear before doing any re-plumbing. It had been thought that exploratory holes would be sufficient to determine whether the corrosion was wide-spread, but the plumbers had reported that each unit is plumbed somewhat differently and advised that all of the

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plumbing be replaced. Lee said that not doing the work poses great liability for the HOA as a unit owner could suffer damages if more leaks occurred without warning. Christie Lathrop asked how intrusive the work would be. Rafael said it is very intrusive, and a person living in one of the units while the work is done would be greatly inconvenienced. Lee noted it would likely be cheaper to re-plumb all of the units at once instead of doing it piece-meal. A motion was made, seconded and passed to table this discussion until the May 26, 2018 board meeting.

Next Meetings:

Special Board Meeting: 5:15 PM, Monday, May 7, 2018 at the office of Yaquina Bay Property Management, Inc.

Regular Board Meeting: 10:00 AM, Saturday, May 26, 2018 at the office of Yaquina Bay Property Management, Inc.

Annual Meeting: 10:00 AM, Saturday, June 30, 2018 at the Newport Recreation Center.

Adjournment:

A motion was made, seconded and passed to adjourn this meeting at 11:57 AM.

Lee Hardy
April 21, 2018