

**BAYSHORE OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING**

February 18, 2008

BOARD MEMBERS PRESENT

Lorraine Shore, President
Steve Neff, Vice President
Carol Woods, Secretary
Ralph Carney, Treasurer
Cal Larson, Director
Kyle Reeves, Director

STAFF PRESENT

Susan Green, General Manager

HOMEOWNERS PRESENT

Rhudel Acuna, Architectural Control
Anne Marie Brigandi, Dues Committee
Kathy Girard, Dues Committee
Lorne Smette, Dues Committee
Doug Steffen, Homeowner

BOARD MEMBERS ABSENT

Kari Miles, Director

GUESTS

Darcy Carney, Carney Consulting

ROLL CALL/DETERMINATION OF A QUORUM

Lorraine Shore, President, called the meeting to order at 7:10 p.m. and a quorum was present.

ADOPTION OF THE MINUTES

Motion: To adopt the January 21, 2008, Board Minutes
By: Kyle Reeves
Second: Ralph Carney
Passed: Unanimously

TREASURER'S REPORT

Financial Statements: Darcy Carney, of Carney Consulting, presented financial statements.

2008 Budget: A third draft budget for 2008 was presented and discussion ensued. The previous draft budget showed a deficit. In the current draft budget, all recommended maintenance and projects for 2008 were removed, except for 2007 preapproved projects. The third draft showed a zero balance. With the third budget, the Board could, in the future, approve recommended maintenance and projects line by line, as funds allow.

Approval of 2008 Budget

Motion: To adopt the 2008 Budget as presented by Carney Consulting
By: Kyle Reeves
Second: Ralph Carney
Passed: Unanimously

Collections: General Manager Susan Green spoke about progress made in collections.

HOMEOWNER'S COMMENTS

None.

COMMITTEE REPORTS

Homeowner Dues Committee, Steve Neff, Chair

The Dues Committee submitted the following report:

Executive Summary:

There is a consensus within the committee that a modest dues increase is necessary to adjust for inflation since the last increase in 2000. There is a companion recommendation that a substantial portion of any increase be set aside in a dedicated savings account to cover major capital expenses reasonably anticipated to occur in the near future.

Report:

The committee has met over the past few months. Of an original eleven people expressing interest in serving on the dues committee, four survived to the end: Anne Marie Brigandi, Lorne Smette, Kris Scott and Cathy Girard. The committee was led by Board Vice President Steve Neff.

Members of the committee have expressed strong interest in learning the workings of the Board, the Board's oversight of the budget, analysis of expenditures and gaining insight into future capital needs. Along the way, questions were raised about expenses primarily to determine if there are further areas of economy. Some of the suggestions for savings will be addressed in another section of this report.

Anne Marie performed an analysis of inflation since the year 2000, based on US Department of Labor Consumer Price Indices, showing a 22% rate of inflation for the period from 2000-2007. A 22% increase in present dues equals \$13.40, well beyond the committee's recommendation.

The committee was advised of the potential need to replace the clubhouse roof, as it is nearing the end of its expected life. Cost is anticipated to be in the area of \$75,000, to \$100,000, depending on when the event takes place and the degree to which the understructure is sound. In addition, the pool will need some substantial repairs in the near future, cost anticipated to be in excess of \$50,000.

This past year (2007) has also seen some unexpected revenue, due to aggressive pursuit of delinquent homeowner dues. This income was wisely spent on one-time capital needs, but cannot be anticipated to continue in the future at the same level as last year.

Suggestions:

A number of suggestions were brought forward and are included here for the Board's consideration in setting a dues amount:

- User fees were suggested to compensate for specific areas such as surcharge on credit card payments to cover the service fee charged by the credit card companies.
- User fees were suggested for use of the workout area.
- Closing the clubhouse one hour earlier during the week could result in salary savings.
- Having more of the bookkeeping done in-house to reduce the monthly accounting fee.
- Doing nothing, wait for the anticipated failure to occur, then have a substantial increase to cover the cost of the necessary loan.

Recommendations:

The committee recognizes the value of the clubhouse to the homeowners, present and future, and recognizes the need to preserve that asset. The committee also recognizes the present housing and economic situation and the impact of any dues increase. Therefore, given the 2007 year-end operating budget surplus, the dues committee recommends for the Board's consideration, a \$5 monthly increase, going into a dedicated saving fund in anticipation of necessary future capital expenses.

On a related note, the committee wishes to acknowledge the cooperation of Susan Green in providing background information and budget figures. The committee expressed a strong desire to see more firm numbers used in budget preparation, especially where capital items are estimated, and recommends actual bids/estimates in future budget preparation.

Thank you by the Board

The Board expressed thanks to the Dues Committee members for their ongoing work and recommendations.

Special Board workshop on dues

The Board of Directors set a date to meet in one week for a dues rate workshop to discuss a dues increase in detail.

FACILITY REPORTS

Maintenance Report, Jeff Johnson, Maintenance Supervisor

Energy Efficiency Audit (complete). On Feb. 8th Chuck Renfro of Energy Efficiency Assoc. came to the facility to do an inspection of the facility. The inspection lasted for 3 hours. He has submitted a detailed report with general suggestions for improvement of the facility (report attached).

TLC East Roof Insulation (pending). An inspection on Jan., 22nd of the insulation in the far end of the attic on the East end of the clubhouse revealed that it was quite saturated with water from condensation that had been forming all winter and then melted rapidly when outside temperatures reached 45 degrees F. An inspection was done by a roofing

company. They came to the conclusion that the roof needs additional ventilation. They have proposed installing three “wind driven ventilators” (\$1800). However, according to our energy efficiency expert, installing a wind driven ventilator will actually increase condensation by drawing more of it from the rest of the building into the attic. The Energy Efficiency Inspector recommends adding additional blown in insulation first to increase the “R” value and sealing up the building better. That may negate the need for ventilators. It also costs less than installation of ventilators (\$650 for materials) and can be installed by Bayshore maintenance department.

TLC Full-day Room Toilet (complete). A wet and moldy ceiling in the men’s downstairs restroom next to the weight room led to an inspection in the “attic” to find out what was happening. It was found that each time one of the toilets was flushed in the TLC large room that a small amount of water was leaking down through and dripping onto the sheetrock below. The toilet was removed by Bayshore maintenance, the wax seal replaced and the toilet reinstalled. The mold in the rest room ceiling was scraped away, sheet rock mud applied, and the ceiling primed with “Kilz” primer and painted.

Men’s Upstairs Toilet (complete). Regrettably, the old flush meter (circa 2003) on the men’s toilet completely failed. Its manual magnetically activated button, plus the infrared device, quit working. A new and much improved flush meter was purchased from Grainger Inc. for \$350 and installed by the maintenance department in place of the old one.

Pump in Boiler Room (pending). A circulating pump that heats the pool water has developed a bad leak leaving puddles of water on the floor of the boiler room. Without this pump, pool water can only achieve a constant temperature of 76 degrees F instead of the desired 82-84 degrees F. Additionally, this leak is a constant drain on the water level in the main boiler and fresh water has to be added frequently. *Anchorage Plumbing and Heating* was brought in to assess the problem. They will be looking into the possibility of finding replacement parts for the 30-year-old pump. If parts cannot be found for the old pump, a new one will have to be fitted in place. A rough estimate for new pump is about \$1,000.00 with labor of about \$300.00 to \$400.00. Replacement/repair will be scheduled at same time as annual pool maintenance in April when the pool is closed.

ADDITIONAL MAINTENANCE COMMENTS BY SUSAN GREEN, GM:

Event Room Fireplace. Last month management learned that many years ago the flue in the event room fireplace had been removed and not replaced. It was removed because the flue frequently closed during events, causing the room to fill with smoke. In response, management asked maintenance to cover fireplace with Plexiglas to save on energy costs due to heated air escaping through fireplace. Cost \$27.90.

Sheetrock for Storage Attic. A community volunteer will create a room for TLC storage in the sub-floor. The cost to Bayshore is for materials only. At this time TLC does not have storage adequate to meet its needs and fire regulations require that storage in the

sub-floor has to be in a room that has sheetrock. For safety, the volunteer's background has been checked online. Materials cost estimate \$200.

Greenstar. We joined Greenstar at a cost of \$100 annually. They will do a free inspection to advise on energy efficiency. We can also then use their logo on door and advertising if we wish to.

Summer Greenbelt Lawn Maintenance. Two bids have been received for summer lawn care.

The Learning Center ("TLC"), Susan Green, Educational Administrator

Before-After program. TLC lost 3 students this month due to parents changing schedule or using family members for care at a savings to them. These opening have been placed on community reader board. There is one person on waiting list but they want to continue to wait until next fall to switch programs. If all were filled that would bring in an additional \$1065 per month through May.

Part day. This program has only 4 openings out of 46 possible. If all were filled that would bring in an additional \$660 per month through May.

Full day. Enrollment is full at 20 with wait list.

Bayshore Operation Report, Susan Green, General Manager

New Certificates of Deposit. Two 10,000 CDs purchased at Board Direction.

12 months each at 4.25% interest. Could have purchased out further, but interest rates may go up by end of 12 months time. As old CDs mature, we can go longer, at Board's discretion. Current rates at Alaska USA FCU are below:

12 - 23 Months	4.250%
24 - 47 Months	4.350%
48 - 59 Months	4.450%
60 Months	4.500%

At this time we also have

\$23,257	Money Market	4.1%	interest
\$10,000	Certificate of Dep.	4.91%	interest
\$10,000	Certificate of Dep.	5.005%	interest
\$10,000	Certificate of Dep.	5.005%	interest
\$10,000	Certificate of Dep.	4.91%	interest

Total in CDs and MM is now at \$86,021

Gene Jordan settlement. Mr. Jordan has overpaid his account and now has a credit balance.

Missing cashier check follow-up. A skip trace on the check showed it was never cashed by anyone and the funds subsequently went back into the bank account of the homeowner. Therefore, we reversed the credit memo on account and notified the homeowner.

OLD BUSINESS

Easement to Municipality. MOA improvements to 100th Avenue slated for Summer 2008 proposed \$100K lighted, paved walking trail leading from 100th Avenue to Amber Bay Loop, Kachemak, and Marmot. Before work can begin, an easement would have to be granted to MOA with a 2/3rd approval of eligible voting members needed. The MOA sent over a draft *Bayshore Homeowners Association Bayshore Greenbelt Trail Ballot* with language for homeowners to review. The Board of Directors reviewed the ballot and could not support the ballot as worded because it implied that it came directly from the Board of Directors when, in fact, it was an MOA project. To continue forward, the MOA would have to reword and make the ballot informational and coming from MOA and not from Bayshore Board.

NEW BUSINESS

None.

MOTION TO ADJOURN MEETING

Motion: To adjourn Meeting
By: Ralph Carney
Second: Kyle Reeves
Passed: Unanimously

Meeting adjourned at 8:00 p.m.

Respectfully Submitted,

Carol Woods, Secretary

*Original draft by Susan Green, General Manager
Final edit by Carol Woods, Board Secretary*