

**BAYSHORE OWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING**

March 17, 2008

BOARD MEMBERS PRESENT

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

STAFF PRESENT

Susan Green, General Manager

HOMEOWNERS PRESENT

Anne Marie Brigandi, Dues Committee
Lorne Smette, Dues Committee

GUESTS

Darcy Carney, Carney Consulting

BOARD MEMBERS ABSENT

None

ROLL CALL/DETERMINATION OF A QUORUM

Lorraine Shore, President, called the meeting to order at 7:08 p.m. and a quorum was present.

ADOPTION OF THE MINUTES

Motion: To adopt the February 18, 2008, Board Minutes, as amended
By: Ralph Carney
Second: Kyle Reeves
Passed: Unanimously

TREASURER'S REPORT

Financial Statements: Darcy Carney, of Carney Consulting, presented financial statements. A discussion ensued. Homeowner LC Smette commented that he would like to see more detail and GAAP (generally accepted accounting principles) adjustments made monthly. However, the Board is comfortable with current accounting practices, due to cost efficiency, including GAAP adjustments at the end of the year. Homeowner Anne Marie Brigandi questioned outside accounting costs. A discussion ensued regarding the history of using an outside firm for minimal help after initial setup. Previously Bayshore tried two in-house bookkeepers, but were not satisfied with their abilities. Bayshore then began using in-house office workers for main bulk of bookkeeping with an outside firm looking in once a month, doing financials, making periodic adjustment as needed, training in-office staff as necessary, and having an expert in the field view the books. The Board is not inclined to have everything done in-house with no one from the outside looking in to review, as that is not a good business practice. Susan Green, General Manager, concurred, stating that she appreciates having an outside source review books each month.

Net income for March: \$4212.17.

Collections: General Manager Susan Green spoke about progress made in collections. Kyle Reeves, Board Director, commented that the list of collections has grown noticeably smaller over the past year.

Dues Increase: Last month the Dues Committee presented its recommendations for a modest dues increase. President Lorraine Shore studied the Association covenants, by-laws, amended by-laws, and the Alaska non-profit act, to ascertain guidelines on dues calculations. In addition, President Shore looked into past practices. In 1977, the restated Articles of Incorporation spelled out how the Board was operating and how the Association would be handled. In February 1977, the most recent amendment at the annual meeting, a 2/3^{rds} vote of the homeowners present was applicable for a vote on dues, as opposed to 2/3^{rds} of the entire Association. Also, when it came to homeowner dues, it was spelled out in detail, that the Board of Directors can approve a dues increase without a vote of the association with limitations outlined herein below:

**Article IV
COVENANT FOR MAINTENANCE ASSESSMENTS**

SECTION 3. MAXIMUM ANNUAL ASSESSMENT. *Until January 1, 1976, the maximum annual assessment which may be levied by the Board of Directors shall be Three Hundred dollars (\$300.00) per lot.*

- (a) *From and after January 1, 1976, the maximum annual assessment which may be levied by the Board of Directors without a vote of the membership shall be adjusted in relation to the Consumer Price Index for the City of Anchorage, Alaska, issued by the Bureau of Labor Statistics of the United States Department of Labor, herein referred to as "price index figure"; provided, however, that in no event shall the maximum annual assessment be reduced to an amount less than \$300.00 per annum. The adjustment in the maximum annual assessment shall be determined as follows:*

The price index figure for October, 1973, the price index figure for October of the year immediately preceding the year for which such adjustment is to be made, and the sum of \$300.00 shall be the basis upon which such adjustment shall be computed. The difference, if any, between the price index figure for October of the year immediately preceding the year for which such adjustment is to be made shall be ascertained by subtracting the lesser from the greater of such figures. Thereafter, such difference shall be divided by the price index figure for October, 1973, which will provide the percentage of change, if any, in the price index figure. If such percentage of change represents an increase, then the maximum annual assessment for the following assessment year shall be \$300.00 plus the sum derived by multiplying the sum of \$300.00 by such percentage of change. In the event the Consumer Price Index issued by the United States Department of Labor be discontinued, or, if there is a substantial change in the method of determining the price index figure from the base month of October, 1973, any other appropriate and suitable governmental index shall be used provided it offers a comparison between a period reasonably close to October, 1973, and the subsequent month being measured.

- (b) *From and after January 1, 1976, the maximum annual assessment may be increased above the amount otherwise allowable under (a) above, to a stated maximum amount, applicable to that year only, by an affirmative vote of two-*

thirds (2/3) of each class of members who are voting on such resolution, in person or by proxy, at a meeting duly called for this purpose.

Methodology: Therefore, based on calculations of what the current homeowner's dues should be based on the above formula are:

1973 Anchorage Price Index 45.3

2006 Anchorage Price Index 177.3

Difference = 132.0 divided by 45.3 = 2.91% (percent of change)

Dues Calculation = 300.00 multiplied by 2.91% = \$873.00 per annum divided by 12 months = **\$72.75 per month**

Below are the figures for the Anchorage Consumer Price Index from the State Department of Labor.

Comparing Alaska and U.S. Inflation

U.S. and Anchorage CPI, 1960 to 2006

Year Anchorage Percentage Change from Previous Year

U.S. Percentage Change from Previous Year

1960	34.0	29.6	1984	103.3	4.1	103.9	4.3		
1961	34.5	1.5	29.9	1.0	1985	105.8	2.4	107.6	3.6
1962	34.7	0.6	30.2	1.0	1986	107.8	1.9	109.6	1.9
1963	34.8	0.3	30.6	1.3	1987	108.2	0.4	113.6	3.6
1964	35.0	0.6	31.0	1.3	1988	108.6	0.4	118.3	4.1
1965	35.3	0.9	31.5	1.6	1989	111.7	2.9	124.0	4.8
1966	36.3	2.8	32.4	2.9	1990	118.6	6.2	130.7	5.4
1967	37.2	2.5	33.4	3.1	1991	124.0	4.6	136.2	4.2
1968	38.1	2.4	34.8	4.2	1992	128.2	3.4	140.3	3.0
1969	39.6	3.9	36.7	5.5	1993	132.2	3.1	144.5	3.0
1970	41.1	3.8	38.8	5.7	1994	135.0	2.1	148.2	2.6
1971	42.3	2.9	40.5	4.4	1995	138.9	2.9	152.4	2.8
1972	43.4	2.6	41.8	3.2	1996	142.7	2.7	156.9	3.0
1973	45.3	4.4	44.4	6.2**	1997	144.8	1.5	160.5	2.3
1974	50.2	10.8	49.3	11.0	1998	146.9	1.5	163.0	1.6
1975	57.1	13.7	53.8	9.1	1999	148.4	1.0	166.6	2.2
1976	61.5	7.7	56.9	5.8	2000	150.9	1.7	172.2	3.4
1977	65.6	6.7	60.6	6.5	2001	155.2	2.8	177.1	2.8
1978	70.2	7.0	65.2	7.6	2002	158.2	1.9	179.9	1.6
1979	77.6	10.5	72.6	11.3	2003	162.5	2.7	184.0	2.3
1980	85.5	10.2	82.4	13.5	2004	166.7	2.6	188.9	2.7
1981	92.4	8.1	90.9	10.3	2005	171.8	3.1	195.3	3.4
1982	97.4	5.4	96.5	6.2	2006	177.3	3.2	201.6	3.2**
1983	99.2	1.8	99.6	3.2					

**Note: The base years are 1982 to 1984.

Source: U.S. Department of Labor, Bureau of Labor Statistics

The price index figure for October, 1973, the price index figure for October of the year immediately preceding the year for which such adjustment is to be made, and the sum of \$300.00 shall be the basis upon which such adjustment shall be computed. The difference, if any, between the price index figure for October of the year immediately preceding the year for which such adjustment is to be made shall be ascertained by subtracting the lesser from the greater of such figures. Thereafter, such difference shall be divided by the price index figure for October, 1973, which will provide the percentage of change, if any, in the price index figure. If such percentage of

change represents an increase, then the maximum annual assessment for the following assessment year shall be \$300.00 plus the sum derived by multiplying the sum of \$300.00 by such percentage of change.”

The above amount of \$72.75 is not the amount that the Dues Committee or the Board of Directors is recommending for a new dues rate, simply a calculation based on Association covenants. The dues increase will be addressed at the April Board Meeting.

HOMEOWNER’S COMMENTS

None.

COMMITTEE REPORTS

None.

FACILITY REPORTS

Maintenance Report, Jeff Johnson, Maintenance Supervisor

TLC sinks: All three sinks in the The Learning Center large room were clogged and have been repaired. Each sink now has non-corroding plastic piping from the wall to the sink.

Greenbelt bids: Three contractor bids are on hand now for the common grounds. Two have called this month asking if the board has made a determination yet. Separate worksheet showing confidential bids will be provided to Board (attached).

Annual pool and spa maintenance: Shut down for annual pool and spa maintenance will begin Monday, March 31st. Supplies and parts are being ordered and purchased now and hopefully will be on hand ahead of time so as to keep down time to a minimum. However, since any touch up painting done to the pool requires a 10 – 14 day curing time after the painting is completed, the Maint. Dept. still anticipates being down the entire month of April.

Pump in Boiler Room (pending). Carryover from last month – waiting for third bid on work.

Additional Maintenance Comments by Susan Green, GM:

Sheetrock for storage attic (complete). A community volunteer created a room for The Learning Center storage in the sub-floor. The cost of materials had been estimated to be approximately \$200 and the actual cost was \$183.35. Previously, TLC did not have storage adequate to meet its needs and fire regulations require that storage rooms in the sub-floor have sheetrock.

The Learning Center (“TLC”), Susan Green, Educational Administrator

Early enrollment for summer and fall begins this week.

Before-After program. There are currently three openings in this program. These opening have been placed on community reader board and website.

Part day. This program has only 4 openings out of 46 possible.

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

Bayshore Operation Report, Susan Green, General Manager

Trespass incident and request from homeowner: A trespass on Amber Bay Loop has created a request from a homeowner that we increase dues and hire a security guard. In a separate incident, a neighbor's car was egged and at least every month we receive report(s) of vehicles being rifled through.

Security cameras: We are looking into remote cameras that have a one mile radius and can be mounted on light poles. Certain channels on GCI Cable are set aside for live viewing of the live feed. This could be incorporated into a security upgrade that is on the suggested list of improvements for 2008 provided to the Board by Susan Green, General Manager, and Jeff Johnson, Maintenance Supervisor.

OLD BUSINESS

None.

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*