

PALISADES CONDOMINIUM HOMEOWNERS ASSOCIATION
Board Meeting September 9, 2017
10:30 AM, Driftwood Library, Lincoln City

Directors Present:

Mary Skiba Mark Robinson Cathye Wehr Cathy Cain Cindy Force

Other Members Present:

#13 Allen Ruth	#23 Donald Meiklejohn	#40 Susan Strawn
#14 Nancy Cable	#24 JoAnn Van Cleave	#43 Darcy Berger
#18 Leeanne Hainline	#25 Lynn Norton	#46 Ron & Jo Ellen Windes
#20 Dennis & Carol Lloyd	#31 Nancy Miller	#47 Dan Ehrenfreund

Others Present:

Lee Hardy, Yaquina Bay Property Management, Inc.
Jed Jennings, Clearwater Construction
Ryan Emery, Clearwater Construction

Call to Order/Establishment of a Quorum:

Mary called the meeting to order at 10:31 AM. All directors were present, constituting a quorum.

Construction Project:

Mary introduced Jed Jennings and Ryan Emery, owners of Clearwater Construction and provided a synopsis of the background of the investigation into water intrusion at Palisades. After a visual examination of the buildings, Association Reserves concluded as a part of their reserve study that there was evidence of water intrusion into and behind the siding at several locations in the complex. Forensic Building Consultants was hired on the recommendation of Association Reserves to perform a building envelope investigation that included opening up areas of siding at those locations where apparent water penetration was visible. Evidence of water intrusion included exterior rot in areas of siding and lack of proper flashing where needed. The consultant then developed a detailed scope of work to describe the recommended necessary repairs and solicited bids from a select group of contractors.

The range of costs proposed for the scope of work was wide and more than twice what was expected. Acknowledging that the consultant was proposing a repair scenario to cover a worst case scenario, discussions with Clearwater Construction led to the conclusion that the extent of the water intrusion may not be as great as feared. The bids as presented to the consultant were not affordable; especially since the recommendation of the consultant was to do all of the work at once. To go forward in a more moderate fashion, data for the actual extent of water intrusion is needed. The bank (Columbia) will not finance just part of the project unless the bank is convinced all of the needed work is done. Mary learned of other possible sources of funding as well.

Doing just one building completely would use all of the reserves currently on hand. The next best steps to take were determined to be buttoning up all of the buildings to the extent necessary to stop water intrusion and to use the data thus obtained to make a more comprehensive analysis than the consultant was able to provide. In the meantime, the regular maintenance such as roof and gutter cleaning can be done at the same time. If this work can be done by early to mid-October in time to provide information for the budget meeting on Nov. 4, 2017, the data can be given to Association Reserves who will provide a budget plan including a special assessment perhaps combined with a modification of the monthly reserves assessment.

Mary said she met with the HOA attorney, and he said he had no concerns regarding this approach. While there will be no special assessment levied at this meeting, it is very likely a special assessment will be levied at the budget meeting in November. Mary said it is important that potential buyers of units understand the full

potential impact of the project. Association Reserves recommended an \$880,000.00 assessment to re-side the buildings, but this did not include addressing decks, railings, roofs on some buildings, and other aspects of the project. The initial bids ranged from \$2.5 million to \$3.5 million to do the full scope of repair proposed by Forensic Building Consultants on all six buildings as one project. The actual project plan may be able to be spread the work out over time so that assessments can occur over a longer period of time instead of all at once. Although we will not know until Clearwater completes repairs and additional exploration, we are hopeful that in addition to the timeframe, the scope of repairs and some of the construction methods can be adjusted, yielding cost savings. All cost estimates and bids should be considered preliminary at this point until we learn more about the actual condition of our buildings and the cost of appropriate repairs and rehabilitation.

Jed Jennings reported that the consultant asked him to bid the scope of work provided by the consultant. He explained that Forensic Building Consultants (FBC) tested areas that looked most likely to be leaking. Jed said he did not think a total re-siding of the complex was necessary, but FBC had to propose the best total solution. He explained that Palisades represents single-wall construction that relies on caulking for water proofing, but the walls do breathe rather well. He thinks that the buildings can be repaired, so his intent is to obtain specific information so the HOA can make an informed decision. His proposal is to repair what is discovered, make more exploratory openings so the framing and insulation can be examined. With repairs, the buildings can last a long time, but eventually all siding will have to be replaced.

Mary reviewed her experience with the destructive testing done by FBC and noted where dry rot was found and not found. Jed said the most prevalent areas of water intrusion were where diverter flashing was missing at areas where gutters butt up against siding. He does not anticipate finding a lot of dry rot but really does not know yet. Diagnosis is still required, and he described areas where previous work was done that need to be checked.

Jed noted a couple of important tasks that need to be performed. If a building is to be re-sided, air space in the wall cavity must be created so the cavity can breathe. This is performed by installing lath (furring strips) to hold the siding out away from the sheeting to create air space. For decks he recommended a product called Westcoat which is designed for roof top decks or Red Balau which is a durable hardwood. The handrails in place now do not meet code as the pickets are spaced too far apart. They need to be spaced not more than 4 inches apart. He recommended a powder coated aluminum railing system. Glass rails are an alternative as well. In answer to a question about how to achieve air exchange in the wall cavity, Jed said the current battens could be removed from the existing siding and furring strips attached to the siding, converting the current siding to sheeting. The new siding can then be attached to the furring strips. Windows have to be removed and reinstalled as the depth of the wall would be altered. He discussed the use of Hardi Panel (sheet siding) versus Hardi Plank (lap siding), noting that effective flashing is much easier with Hardi Plank.

Jed noted that, if the project is approved, he would like to start the project October 1st or sooner in order to obtain data before the budget meeting and meet other work obligations he has scheduled.

A motion was made to select Clearwater Construction to perform the building repairs on all buildings as proposed for a not to exceed cost of \$60,000.00. The motion was seconded and passed without opposition.

A motion was made that the board shall schedule repair for all six buildings after Clearwater clarifies the scope of work. The motion was seconded and passed without opposition.

A motion was made that the board intends to levy a special assessment in order to accomplish the completion of repairs depending on the extent of the problems found and the ability to spread the work out over time. Association Reserves will assist in determining the charge levels. The motion was seconded and passed without opposition.

Minutes of August 12, 2017 Board Meeting:

A motion was made, seconded and passed to approve the minutes of the August 12, 2017 board meeting as delivered.

Treasurer's Report:

Cathy Cain reviewed the month end bank balances going back to May 31, 2017. Both the operating and reserve accounts are reconciled monthly. She reviewed the budget line items, comparing actual amounts spent with the amounts budgeted to date. The operating expenditures to date are 61% of the budgeted amount, and the reserve expenses are 69% of the budgeted amount. The reserve expenditures to date include the building envelope investigation expenses to date but no scheduled reserve projects as yet. Budgeted items have been deferred, but the HOA will move forward with the Clearwater proposal which will include operating maintenance items such as roof and gutter cleaning. It was reported that apparently Coast Tree has cleaned gutters recently but not the roofs. A motion was made, seconded and passed to approve the treasurer's report.

Manager's Report:

Lee reported that there were few responses to the owner survey regarding signs of water intrusion, but only two of the nine respondents reported such evidence. It is possible that lack of response simply means that no evidence of water intrusion has been noted by those not responding. She noted that a few owners confuse window seal failure with evidence of water intrusion, but seal failure pertains only to the affected window which is a unit owner responsibility. In response to a question regarding the discovery of carpenter ants in one unit, Lee said the infestation was treated as soon as it was reported. There have not been any reported new sightings of carpenter ants. Lee suggested that Jed look at the specific areas where the ants were seen to check for framing damage.

Other Business:

Mark Robinson noted that parking issues remain and suggested the board rethink the idea of signage. One owner noted that a map of Palisades with labeled designated parking distributed to all owners and tenants could help and not advertise unoccupied units like empty parking spaces that are labeled on site would. Mary noted that there is a fine structure for parking violations: warning for the first offense with a fine for any subsequent offense. Another owner noted some of the parking spaces are pretty narrow and the trash containers make that worse. It was mentioned that any owner has the right to approach someone who is in violation and request that they park correctly and not block roadways.

A question was asked regarding restoring recycling service. The sanitary service company terminated recycling after repeated warnings, so it is not likely to be restored. Lee noted she asked Joe some time ago to remove the recycling signs. She will contact him again.

Mary said that Susan Strawn had suggested that a group of resident owners, including one director, could walk the property regularly and note problems such as safety issues, rule violations, non-conforming signs or repairs needed. This group could report directly to Lee and to the board. Several owners volunteered to perform this service. It was recommended that Lee publish the rules and fine schedule with the minutes of this meeting.

Cathy Wehr announced she is working on an owner's packet which would contain a cover letter and the rules and fine schedule. The cover letter recommends that renters be reminded of the rules.

Cathy Cain said chimney cleaning is due. The HOA has used Chimcare in the past. Owners need to be notified of the schedule. There is a form that is used in the notice.

Adjournment:

A motion was made, seconded and passed to adjourn this meeting at 12:49 PM.

Lee Hardy
September 10, 2017