

Board of Directors Meeting Minutes
Sahhali South Homeowners Association
December 12, 2022

2150 Oar Place, Lincoln City, OR 97367 at 2:00pm
Special Meeting Immediately Following

Mr. Boyles called the meeting to order at 2:17pm.

Board members present:

Richard Boyles, President
Boyce Heidenreich,
Director
Patti Lundeen, Secretary

Other Attendees:

A total of 25 Lots represented

Homeowners present (9): Anthony Ryan (lot 10), Boyce Heidenreich (lots 32, 33, & 34), Paul Fukui (lot 42), Pam Johnson (lot 43), Wyatt & Linda Angelo (lot 49), James & Carol Paine (lot 4), Peggy Richards (lot 36)

Proxies 13 attached: Brenda Freshman (lots 2&3/North), Bari Johnson (lot 8), Jiri Vitek (lot 27), Christine Hauptmann (lot 28), Peter & Stephanie Sammons (lot 29), Christopher & Christine Diani (lot 35), Katherine Hammack (lot 3 & 44), Ronald & Kathleen Clark (lot 45), Ron & Lynell Bohr (lot 37), Christopher & Pamela Geye (lot 1/North), Heidi Heidenreich (lot 7), Lisa Bentsen (lot 9), Mike and Shannon Shainsky (lots 24 & 25)

Quorum verified.

Proof of Notice of meeting was mailed and present for viewing.

Certification of Meeting Notice attached

Board of Directors Meeting Agenda attached

Roll call of Board Members acknowledged

Richard Boyles – President
Boyce Heidenreich - Director
Patti Lundeen – Secretary

New Business:

Mr. Boyles introduced Nigel Francisco as CFO to present the 2022 Financial Statements and 2023 Budgets.

2022 OPERATING FINANCIALS AND 2023 OPERATING BUDGETS PRESENTED.

2022 Common Area Operating Financial Reconciliation 01/01/2022 – 10/31/2022

Opening Balance as of 1/1/2022 \$3,028.06

Dues Collected, \$32,370.66

Balance = \$35,398.72

Expenses through 10/31/2022, (\$23,386.60)

Ending Balance through 10/31/2022, \$12,012.12

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Reimbursement from Sahhali South, LLC \$2,904.73
Projected Expenses through December 31, 2022, \$650.00
Projected Ending Balance through 12/31/2022, \$14,266.85

Mr. Francisco and Mr. Boyles explained that the listed line item “Reimbursement from Sahhali South” is the result of Sahhali South, LLC reimbursing Sahhali South HOA for a portion of landscaping invoices that were billed to and paid by Sahhali South HOA. The work listed on the invoices is for two separate entities. Sahhali South, LLC, and Sahhali South HOA. Sahhali South, LLC is responsible for the maintenance of the vacant lots it owns. Sahhali South, LLC reimbursed Sahhali South HOA for Sahhali South, LLC’s part of the expenses invoiced.

Mr. Ryan asked about the difference with these expenses. Mr. Boyles expressed the intent to require the Landscaper to prepare separate invoices for work performed for Sahhali South, LLC and Sahhali South HOA on a going forward basis. Patti has made it clear to the landscaping company that they are to invoice the correct entity before an invoice is processed.

2023 Common Area OPERATING Budget:

Dues to collect: \$40,875.00

Projected Expenses: (\$40,875.00)

Mr. Francisco pointed out the \$5,500 increase in the monthly landscaping, along with the additional work to be completed on the Blue Heron Trail in June for a new culvert and gravel.

Schwindt & Co. has been commissioned for an Onsite Reserve Study at \$2,750.

HOA insurance is up 13% and is currently in the process of renewal, projected to total \$7,115.

2023 HOA Dues for 63 lots for the common area are: \$648.81

2022 STEP Operating Financial Reconciliation 01/01/2022 – 10/31/2022

Opening Balance as of 1/1/2022 \$3,041.29

Dues Collected, \$31,999.66

Balance = \$35,040.95

Expenses through 10/31/2022, (\$37,103.03)

First transfer of funds from Step Reserve for Leak, \$12,351.54

Ending Balance through 10/31/2022 \$10,289.46

Second transfer of funds from Step Reserve for Leak, \$12,295.76

Reimbursement from Sahhali South, LLC \$6,930.00

Additional expense from system leak, (\$4,170.00)

November budgeted expenses, (\$1,967.00)

Estimated Cash Balance through 11/30/2022, \$23,378.22

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Return STEP operating funds to STEP reserve account, (\$16,500.00)

Projected Expenses through December 31, 2022, (2,577.00)

Projected Ending Balance through 12/31/2022, \$4,301.22

2023 STEP System Operating Budget:

Dues to collect: \$28,990.00

Projected Expenses: (\$28,990.00)

Mr. Francisco pointed out an increase for the drain field mowing as a part of the ongoing maintenance for the Step System, this will be completed in the Spring and the Fall, totals: \$4,000.

Schwindt & Co. has been commissioned for an Onsite Reserve Study at \$2,750.

All other line items reflect expenses for the testing, sampling, permits and maintenance to meet the DEQ requirements for the STEP system.

The STEP system phone was disconnected due to the STEP system upgrade.

2023 HOA Dues for 58 lots for the common area are: **\$499.83**

Ms. Johnson (lot #43) asked about the Seal Coating expense, she was looking for the invoice. Ms. Lundeen guided her to the Common Area Reserve Budget, page 6. The proposal was provided to show the detail of the work and total amount paid of \$11,020.80.

Mr. Angelo (lot#49) asked about the Reserve Study update cost in 2023, he wanted to know if that was a firm price. Ms. Lundeen confirmed that \$2,750. is confirmed for 2023 RS update.

2022 RESERVE ACCOUNT RECONCILIATION and 2023 RESERVCE ACCOUNT BUDGETS were presented.

2022 Common Area Reserve Reconciliation 01/01/2022 – 10/31/2022

Opening Balance as of 01/01/2022 \$103,964.13

Dues Collected: \$49,999.95

Interest: \$183.60

Balance through 10/31/2022= \$154,147.68

Expenses: Main entrance and Tye Court seal coat, crack sealing, and repair, (\$11,020.80)

Ending Balance through 10/31/2022: \$143,126.88

2022 Projected ending Balance per Reserve Study: \$115,245.00

2023 Common Area Reserve Budget:

Opening Balance as of 01/01/2023 = \$143,126.88

Total HOA Dues to be collected, \$44,118.00 NOTE: Less dues collected due to excess funds in the Reserve account.

Interest: \$143.00

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Budgeted Expenses, Pelican Point Road repair in May: (\$20,000.00)

Projected Ending Balance = \$167,388.00

2023 HOA Dues for 58 lots for the common area are: **\$700.29**

2023 Projected ending Balance per Reserve Study: \$167,388.00

2022 STEP Reserve Reconciliation 01/01/2022 – 10/31/2022

Opening Balance as of 01/01/2022 \$70,801.40

Dues Collected: \$20,924.20

Interest: \$383.74

Balance through 10/31/2022= \$92,109.34

Expenses: Rebuild upper Sewer Shed, Replace Control Panel at drain field, replace barge rafters, and replace roof on lower shed. (\$14,046.39)

First transfer of funds for Leak repair: \$(12,351.54)

Ending Balance through 10/31/2022: \$65,711.41

November and December transactions:

Second transfer for STEP leak repair (\$12,295.76)

Return funds from Operating to Reserve \$16,500.00

Forecasted ending balance: \$69,915.65

2022 Projected ending Balance per Reserve Study: \$65,789.00

Mr. Francisco expressed that the forecasted ending balance is slightly higher than the 2022 Reserve Study ending balance.

2023 STEP System Reserve Budget:

Opening Balance as of 01/01/2023 = \$69,916.00

Total HOA Dues to be collected: \$21,452.00

Interest: \$78.00

2022 budgeted effluent pump replacement parts that were not completed in 2022 have been moved forward to 2023: (\$3,739.00).

2023 Projected Ending Balance = \$87,707.00

2023 HOA Dues for 58 lots for the common area are: **\$369.86**

Mr. Boyles commented: The \$3,739.00 are expenses for work not undertaken in 2022 and will be moved forward.

Mr. Boyles commented that there are two salient numbers in the Reserve budgets on the pages taken from the Reserve Study. One is the Suggested Annual Contribution, and the second is the Projected Ending Balance, and those things will only be in accord when spending is exactly the expenditure projected in the Reserve Study. That is never going to happen. Our approach has been to set the dues with respect to the projected ending reserves. What the Reserve Study

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works towards is having enough funds to replace all the items that are expected to be replaced over time. We cannot really solve both of those things, so we are solving for the projected ending reserves. If we spend less, we will collect less. If we spend more, we will collect more. So, the dues are dynamic. This year we have ended up flat.

Mr. Heidenreich made the comment that it does not make a whole lot of sense to have a huge reserve balance if that means the dues go up. Why not get the balance to the projected Reserve Study Balance as it projects the amount we need.

Mr. Angelo (lot# 49) commented that there is a dynamic balancing act going on here and he is concerned about the numbers after reading about inflation. Do we need to create an inflationary reserve? Mr. Francisco responds that when the Reserve Study is recommissioned it will take into account current prices, that is one thing that we can address with them that when they are projecting these expenses, what is being used as their inflation calculator for their projected expenses.

Mr. Boyles expressed that one of the decisions that the Board has come to is that ORS allows the Reserve Study to be done by a third party or that the existing Reserve Study be reviewed by the Board and the Board is to then set dues relative in light of that review. The Board currently intends to have a third party complete the reserve study every two (2) years, as it doesn't seem necessary to have that expense every year. That is subject to further adjustment depending upon how big the differences are that we see between each updated Reserve Study.

Mr. Francisco asked if there were any questions about the Reserve budgets. No comments.

Mr. Francisco provided a review all of 4 budget figures for the adoption of the 2023 assessments:

Common Area Operating: \$648.81 per lot, 63 lots

STEP Operating: \$499.83 per lot, 58 lots

Common Area Reserve: \$700.29 per lot, 63 lots

STEP Reserve: \$369.86 per lot, 58 lots

Mr. Boyles acknowledged the three (3) board members: Richard Boyles, Boyce Heidenreich, and Patti Lundeen.

Mr. Boyles moved for the adoption of the assessments for 2023 as outlined by Mr. Francisco.

Mr. Heidenreich seconded the motion. The motion passed unanimously.

Bylaws – Adoption of Resolution Pursuant to ORS 94.625, Section 4

Mr. Boyles directed owners to item "D" on the agenda. At our last meeting Mr. Foran pointed out the need for the Board to adopt a resolution incorporating an ORS requirement that the Bylaws and other governing documents of the Association are free from certain discriminatory provisions. The required resolution is in the Bylaws that are proposed for adoption in Article 15.1. Mr. Boyles made the motion that the Board, pursuant to ORS. 94.625, Section 4, declares it has reviewed the governing documents binding on the planned community governed by said Board. The documents do not contain any restrictions, rules, or regulations against the use of the community or the lots by a person or group of persons because of race, color, religion, sex, sexual orientation, gender identity, national origin, marital status, familial status, source of income, disability, or the number of individuals, including family members, persons of close affinity or unrelated persons, who are simultaneously occupying a dwelling unit within occupancy limits.

Mr. Heidenreich seconded the motion. The motion passed unanimously.

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Adoption of Association Rules and Regulations

Mr. Boyles brought the meeting to the final item on the agenda for the Board of Directors which was the adoption of the revised Rules and Regulations for the Association. Mr. Boyles thanked Tony and Boyce both for their work through the Architectural Review Board to revise and develop rules and regulations and a comprehensive and well-organized set of documents. The proposed Rules and Regulations have been previously circulated as part of the materials for today's meeting, but there have been a few suggestions that have come forth as recently as today. Mr. Heidenreich indicates that these suggestions came from Wyatt Angelo (lot#49). Wyatt noted that Exhibit A, does not say anything about the ARB not acting on applications from owners who are not current in payment of HOA dues, assessments, late charges, fines, and interest levied by the Board. Mr. Heidenreich proposes that between paragraphs four (4) and five(5), we insert the following: The ARB will not act on applications from owners who are not current in payment of HOA dues, assessments, late charges, fines, and interest levied by the Board.

Ms. Lundeen handed out the draft documents to those attending the meeting, Mr. Boyles expressed that the documents adopted by the Board will be posted to the website as well as mailed to the homeowners.

Ms. Johnson expressed that she is pleased that this has been added to the rules and regulations.

Mr. Heidenreich said that the second suggestion that comes from Mr. Angelo (lot#49) is pertaining to Exhibit C, under #6, Music. It has been suggested to change that category to "Noise".

Suggestion below:

NOISE. Music, non-musical media, radio programs, or any sounds played from cars, radios, or any other device on site are expected to be kept at a low volume. A low volume means the sound cannot be heard from more than 25 feet away.

Mr. Angelo (lot# 49) suggests that respect to the wording he would say "to be kept" and remove the word "expected".

Mr. Boyles confirms that Ms. Lundeen has made the notation on both suggestions.

Mr. Heidenreich moved to approve the Rules and Regulations with the described revisions above to Exhibit A and Exhibit C. Mr. Boyles seconded the motion. The motion passed unanimously.

No further comments.

Meeting Adjourned by Mr. Boyles at 2:43 pm