

MINUTES OF BOARD MEETING - MONDAY, DECEMBER 14, 2009

The meeting was convened at 2:00 pm at the Metschan residence. Present were John Metschan, Jean Cameron, Margaret Russell, and Kathi Swanson. Jeff Wiles participated via speaker phone.

Treasurer Jeff Wiles provided copies of the Treasury report – withdrawals/deposits, since July 10, 2009. Jeff reported that we are currently down to \$299.47 in the HNOA cash account. During the first half of this fiscal year, roughly since July, 2009, the HNOA has spent \$14,400 in legal expenses. However, the HNOA has three certificates of deposit that total \$13,684.80. On 10/14/09 and 10/20/09 it was necessary to transfer a total of \$5,310.81 from two other CD's to the checking account when they matured. The Treasurer noted that the fee structure of annual dues was not built to handle an outflow of legal expenses such as the HNOA has had in the past year. Jeff explained that as soon as the annual dues' notices are sent out in January, and as owners pay their assessments due by January 31st, our working cash balances will be substantially restored.

Treasurer Jeff Wiles made a motion that the dues for 2010 be increased by 5% from \$189 to \$198 per lot as allowed by the CCRs. Jean Cameron seconded the motion. John called for discussion. All Board members then voted in favor of the \$9.00 per lot increase in the yearly dues.

In the dues notice the Treasurer will ask those owners who do not use computers to contact the Board President for copies/updates on any issues. Homeowners can use the "Contact Us" section on our website when seeking more information on a particular subject. Jeff Wiles will soon provide a financial summary on the website with HNOA expenses broken down into categories. All Board members agreed that a mid year financial summary format is most appropriate. Owners who question the high legal expenses of the HNOA can refer to the "Legal Update" section on the website for clarification of legal issues.

Jean Cameron pointed out that there is a new Tillamook County ordinance regarding rentals, and HNOA owners need to be reminded about this. Jean also reported there was a recent notice in the Neskowin Post Office stating that they may soon be closing. The Board President will see that linkages to this community information are posted on the HNOA website.

Regarding the legal update, John circulated copies of a letter dated 11/23/09, from Dennis Bartoldus, the Attorney for the Pappas. John summarized that the Van Roekels are removed from the case by virtue of a Limited Judgment, signed recently by the Court, describing the VanRoekels the prevailing party. In the letter the Attorney stated that if the VanRoekels' continuing construction complies with the DRC approved plan the Pappas will take no further legal action against them. The Pappas now do not agree that the HNOA and the DRC are also prevailing

parties in this matter. This is a new position, as the basic matter at issue has been resolved. In his letter the Attorney refers to possible additional complaints against the HNOA, such as trespass and records issues with the DRC. It is unknown what the trespass matter refers to. If these matters cannot be resolved, the HNOA Attorney will be directed to file a limited judgment necessitating a further Court Hearing. This will cause further expenditures for the HNOA to cover legal costs which we will also attempt to recover. To date the costs to the HNOA for legal fees in the Pappa matter are \$15,000.

The Wojtowicz have withdrawn their complaint and a settlement agreement among the parties is being finalized. There is ongoing discussion as to how the Wojtowicz propose to reimburse the legal fees of all the parties. The Wojtowicz's Attorney has stated they do not have sufficient cash resources to completely satisfy everyone. Installment arrangements might be necessary to cover any deficiencies. The HNOA will continue to press for the full recovery of our legal expenses which are approximately \$10,000. Board member Jean Cameron noted that owner dues will be coming in during January and hopefully reimbursement from the Wojtowicz legal matter will also be coming early in the year. These expected receipts will replenish the Treasury to meet immediate expenses over the next year for the HNOA.

Under New Business, Jean Cameron inquired about the landscaping work Bros and Hoes have recently been doing around the landscaped corners in the development. She was wondering what our agreement with the landscaping company is regarding costs/schedule. John stated that they are under a yearly agreement to perform routine maintenance throughout the year. John noted that he and one other resident have been raking debris out of the main drain below Lot 34 that goes under Pacific Overlook Drive. The drain can become blocked by debris after heavy rainfall. Bros and Hoes have been asked to dispose of the accumulated debris as part of their normal rounds. As there was no other New Business, the meeting was adjourned.