

## Oakpoint II Townhouse Association Board of Directors Meeting

December 5, 2024  
Home of Roger & Debbie Miner  
9 White Oak Avenue  
Holiday Island, Arkansas

### Minutes

The Oakpoint II Townhouse Association Board of Directors met at 3:00 PM on this date. Those present were Board Members Anita Augustine, Mary Ruby, Bill Ruby, Mike Chitwood and Bob Dimski who joined by Zoom. Also present were Debbie Miner, Board Secretary, Roger Miner, Board Treasurer/Property Manager and Chris McClung, Oakpoint II Insurance Agent.

With a quorum established, the meeting was called to order at 3.05 pm by Board President Anita Augustine.

### Secretary's Report

Minutes of September 19, 2024, were reviewed. ***Mike made a motion to approve minutes, second by Bill. Motion carried unanimously.***

Debbie reminded the Board that while the Declaration of Covenants had been revised and were made a file of record with the County Clerk in the fall of 2023, our By-Laws had not been updated/revised accordingly. The questions that have arisen regarding the fire that destroyed the fourplex on Beaver Drive, units 70 – 76, has indicated the need for clarity regarding our insurance coverage.

Chris McClung, the Association's insurance agent, was invited to this meeting to answer any questions we might have. To date, the Association has not received an insurance settlement from our fire claim. Roger noted that the three owners of the four burned units have raised the question of whether our master policy will cover the cost of replacement of their units to the standard they were in just prior to the fire. They are concerned that the policy may be interpreted to replace the units as they were originally constructed, without the various improvements that successive generations of Owners have made.

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Chris pointed out that in 2007, the same building suffered a fire. He said the building was not a total loss, but Columbia paid the full building limit which, per our By-Laws, included all of the structure's exterior, but also much of the interior which included interior walls and finishes, doors, cabinets, and all other fixtures such as toilets, cookstoves, plumbing and lighting fixtures ... most anything that was intended to be permanently *attached* to the building.

Mary asked whether the insurance covered replacement to the "improved standard" or limited it to the original construction standard. Chris replied that he could not recall if a definite conclusion was reached by the parties in that regard, but he did believe that since the company allowed payment of the full building limit as quoted in the policy, there was enough money that the building was replaced in a condition as it was just prior to the fire.

Mary asked how the property would be insured during reconstruction and Chris advised the building would be removed from our master policy and we would take out a new builder's risk policy to cover the period of construction. She noted we will need to account for the cost of that too.

The Board determined that to some extent the discussion of possible outcomes was simply unknowable by us until we learned more from our insurance company regarding the fire claim.

At this point in the meeting, the President thanked Chris for his attendance and willingness to advise and returned the meeting to the regular order of business.

### **Treasurer/Property Manager Report**

***Review of Maintenance Log*** Roger presented the Board with a *Pending and Partially Completed* spread sheet. He reminded everyone that his log began in 2020 showing a total to date of 290 Maintenance Requests, 265 of which are closed and 25 of which are either pending or partially completed. He noted that progress through the fall had been a little slower than usual as funds were tight, but he noted that the much-delayed paving of the parking apron on Oak Point Drive did get accomplished and the "lifting" project of the slumped deck, shed and roof structure at 1 White Oak Lane was accomplished. Some catchup carpentry remains to be completed, but the difficult lifting was successful, and the structure is now level and very stable.

**Financial Reports** Roger presented the Treasurer's Report showing in summary that we will end the year well under budget in the aggregate. He reviewed the *Transfer Report* and specifically identified monies used from insurance proceeds to pay for the roof replacement project. He identified a resulting *Capital Reserve Fund* balance, well in excess of projections.

**Review of Cash Flow Projections** Roger presented three tabular projections in the same style as were reviewed at the September Board Meeting. The new projections were adjusted to 1) account for the repayment to the *Capital Reserve Fund* of money borrowed to pay the insurance premium increase; 2) to account for a reduction in the paving project from \$20,000 down to \$7,000; and 3) to account for an increase in our insurance premium up to \$40,000. The three projections assumed the same tiers of assessment increases of 10%, 15% and 20% respectively. The 15% projection would seem to raise enough money to allow the Association to be back in a positive operating condition by April of 2026. Deb quickly reviewed the history of assessment increases showing where past Board's had been in very difficult situations because they delayed increases for too long.

The Board questioned a number of potential expenses that could skew the projection in the wrong direction, especially the reduction in normal revenues that could occur if the assessments for the fire victims during the recovery period were forgiven or reduced. The biggest question is whether or not these Members are covered by their own personal condo insurance policy (HO6) with a loss assessment rider attached. All Members have been advised on numerous occasions to obtain their own personal insurance as characterized above. The other issue discussed was the fact that a big portion of the assessments are used for ongoing common costs that do not stop because of the fire and impacts all property owners.

Bob questioned whether a 15% assessment increase is enough. He also pointed out that the insurance premium increase this coming June could very easily be much higher than projected. Roger answered Bob's question that barring assumptions being wildly wrong, he believed 15% is a "responsible" number that the Board could choose at this time on behalf of their fiduciaries. Bob noted that we could also be hurt by the costs of rebuilding. He agreed that we could only act on what we know now, but he cautioned that we should all "fasten our seat belts" and be ready for challenges in the coming year.

***Mike made a motion, seconded by Mary, to raise our quarterly assessments by 15% to take effect beginning the second quarter of 2025, and to table the question of assessment relief for fire victims pending more information being available. Motion carried unanimously.***

**Update on Beaver Drive Fire Loss Claim** Roger advised that we are still waiting for the Adjustor's Report which has been completed now (300 plus pages) and is in the hands of the Underwriter, who now do their due diligence before they communicate further with us. Roger said he is calling the claims people on a regular basis. He said there is an ever-growing list of stakeholders for him to communicate with. He has started a *Contact List & Journal* document which he will update and share with the Board on a regular basis. He distributed the current *Journal* to the Board in their packets for this meeting.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Minutes approved on February 11, 2025

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Debbie Miner, Secretary

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Board Member