

Note: These minutes not official; for official minutes, please contact the SHOA business office

**MINUTES**  
**SURFSIDE HOMEOWNERS ASSOCIATION**  
**BOARD OF TRUSTEES**  
**FEBRUARY 16, 2008**

Those Present: James Flood, Cathy Gabrielson, Grant Murrell, Warren Olson, Walt Platt, Warren Schmidt, Greg Willeford, Gary Williams. New Board member Gene Bowen seated later in the meeting.

President Olson called the meeting to order at 9:00 a.m. He said the meeting was being recorded and any comments with regard to employees should be written on the slips provided, sealed in an envelope and put in his mail box in the front office, not spoken in this public forum.

**Floor Comments:**

Murrell asked that the floor comments continue until people wishing to speak are finished speaking. Flood asked to lengthen the comment period to 40 minutes and then re-evaluate.

Debbie Richmond reported on the members meeting on February 10 and gave out an outline of the topics covered. (See attached)

Murrell said he would like to see the vote on the budget take place in the summer months instead of fall when fewer owners are in Surfside. He would like the budget cycle changed to have the new officers and budget voted on at the same time at the annual meeting.

Olson briefly summarized the current budget cycle. He said that change would mean potential for less accuracy in the budgeting process due to increased time before the budget starts. He said the further back you push it, the less accurate it tends to be, making it more difficult for departments and the Board to anticipate needs for the next year that far ahead. The budget is currently adopted in October by the Board and voted on in November. He said new board members need time to understand the budgeting process. It could be moved back a month.

Discussion followed regarding the budget cycle including fiscal year versus calendar year budgeting.

William Mundy said there is a need for the membership to be informed about SHOA's money and how it is being spent. Members want a chance to vote on how, when and why. He asked if there could be a complete mail out including a vote by mail ballot instead of the proxy system.

Gabrielson said she remembered that one time in the 80's that the budget did get voted on by mail when there was no quorum at the annual meeting.

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A member said if someone is not at the meeting, their vote does not count.

Olson clarified that state law governing homeowners associations assumes that silence is consent. If a member does not mail in his/her proxy to be voted as they mark it, or appointing a proxy holder to vote for them in their absence, then they are in effect supporting the budget as printed. Everyone has an opportunity to vote through the proxy process.

The member continued by saying everything seems to be in the favor of the Board of Trustees with no opportunity to make changes in the budget.

Olson said that votes are asked for twice a year. All 1,976 members get a ballot. The voting patterns in Surfside are typical of all homeowner associations throughout the state.

Mundy added that another sentiment from the community meeting is that Board members each have their own agenda of things to accomplish instead of representing the membership.

Olson assured them that proxies are voted as marked except where the member gives permission to the proxy holder to vote as they see fit. The board is tasked with setting a budget to meet the requirements of law. He would like to see public input earlier in the process. It would allow the Board to be accurate and still get the membership involved.

Mundy said a minority are controlling what the majority have to do. Olson answered that the proxies operate as an absentee ballot. He encouraged all members to talk to their neighbors and emphasize the importance of mailing the proxies in.

Murrell also encouraged members to vote. He is appalled by the lack of voter participation. It takes a majority of the total membership to vote something down. He also encouraged members to get the state legislature to change the law or else exempt Surfside from it.

Olson asked members to remember that a budget is a grand compromise and certainly not everything that is asked for.

Flood said he felt that the Board had gone out of its way to make the budget hearing open to questions and input, etc. The budget passed by over 2 to 1 among those who voted.

Walt Butler said that most members are average citizens and that the proxy process is difficult to understand so many just do not mail it in.

Olson said there is a legal problem with calling it an absentee ballot.

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Butler added that there is no trust in the proxy vote.

General Manager Ken Karch added that citizens have no direct vote on the federal, state, or county budgets. In Surfside there is a vote. Members can vote yes or no.

Karen Gove said the overall feeling is that it doesn't matter if people vote or don't vote. The Board does what they want.

John Reichenbach said there definitely needs to be a better breakdown on how money is to be spent. The cost of the computers was controversial at the community meeting. Said the amount listed seemed rather exorbitant. \$20,000 is listed and asking experts in the community, they say that \$6,000 should be adequate. General feeling is that there is a slush fund that can be spent however the Board chooses to spend it. Mundy offered help in evaluating the needs.

Olson said that the membership has every right to monitor what the Board does when it comes to specific spending. We need members with expertise to help the Board spend monies appropriately. He feels a hearing early on in the process would remedy this.

Flood asked about the policy of domestic partners and both names being on the deed of a property determining how many memberships are charged for. There are some letters in the in-coming correspondence about this. He also asked where the foreclosure income goes.

Platt answered that the foreclosure income goes into Administrative income as it is past due dues and assessments from previous years.

Debbie Richmond would like larger meetings than ten with the Board. Murrell said there were 50 at the community meeting. Flood previously had said there were 38. It lasted less than two hours. Olson encouraged members to sign up at the front desk for the meetings scheduled for March 8 and 22.

Nancy Dunn agreed that there is not enough information mailed to the membership on the budget. She would like to know what all is included in the topic Administration. It is a very large amount of money and she feels it is not well enough defined. She stated she always asks for more information from the office before she votes.

Olson said that one thing that needs to be done is a year by year comparison. Mundy asked if this information could be e-mailed out in a report. Karch said the full budget is on the web site and that a full copy had been sent out to WeekENDER recipients as well.

The 40 minutes agreed on had passed and Olson asked if the Board wanted to continue the member input. Murrell said he wanted to start the meeting.

Olson thanked everyone for coming to the Board meeting. He said that the more people who give input, the better the ideas there are to draw from.

### **Seating New Board Member**

Board member Tom Kennedy resigned at the end of the January Board meeting. Four members applied to fill out his term through July 12, 2008. Candidates were: Larry Nelsen, Gene Bowen, Tom Taylor, and Jimmie Applegate. Karch indicated that all four candidates met the requirement that they be fully paid-up members.

Nelsen said he has lived in Surfside for two years full time and he was appalled at the behavior at the annual meeting when an attempt was made to throw a member out of the meeting. He would like to see facilities being cared for and to reign in spending. He wants to be part of the decision making.

Bowen said he also has lived in Surfside two years. He has served in the SHOA Architectural Committee for most of that time. He has a lot of experience to share with the Board. Formerly the chief executive officer of the Helena Federal Credit Union in Helena, Montana, he offers his expertise in control of assets.

Taylor has resided in Surfside since 1994 and said he has observed a lot of change. He is not a supporter of the status quo. He also would like to be a part of the decision making.

Applegate, former SHOA President, said he has lived in Sunny Slopes since the early 1970's. He is sorry Tom had to resign. He said his strength is that he is knowledgeable and would not have a steep learning curve to come back on the Board. He has staff support, committee chairs' support, knows the rules of the association, does not represent any special group, and is not afraid to step up if his opinion differs from others. He would use his knowledge and work hard for all members. He emphasized he is action oriented and does not like unfounded criticisms.

Olson read a list of expectations for a good Board member (see attached) and asked each candidate to say if there were any on the list that they were not comfortable with. All candidates said they agreed with them.

When asked if each would run for election in June, all answered yes except Applegate, who said he did not want to promise anything that far in advance.

Secretary Willeford reported that Board members balloted and on the first ballot Mr. Bowen received a majority of all votes cast. OLSON ASKED FOR A UNANIMOUS BALLOT FOR BOWEN AND IT WAS AGREED TO BY UNANIMOUS CONSENT OF THE BOARD.

WILLEFORD MOVED AND MURRELL SECONDED TO APPOINT GENE BOWEN TO THE SHOA BOARD OF TRUSTEES TO FILL THE UNEXPIRED TERM OF TOM KENNEDY UNTIL THE NEXT REGULAR ELECTION OF BOARD MEMBERS. MOTION PASSED 7-0.

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Bowen was seated as a full member of the Board.

THE MEETING AGENDA, AS AMENDED, WAS APPROVED BY UNANIMOUS CONSENT. Murrell added an update of the fish permits under Old Business.

GABRIELSON MOVED AND SCHMIDT SECONDED TO APPROVE THE MINUTES OF THE JANUARY 19, 2008 MEETING AS PRINTED. MOTION PASSED 7-0 WITH BOWEN ABSTAINING.

OLSON APPOINTED JAMES FLOOD AS THE NEW VICE-PRESIDENT (TO REPLACE TOM KENNEDY) OF THE BOARD WITH UNANIMOUS CONSENT OF THE BOARD.

### **Old Business**

### **Bridge Update**

Flood gave a summary of progress saying the bridges have all been removed and a change order has been submitted to reduce the cost of installation by that amount due to staff completing this part of the job. They are now ready to pull the pilings. Western Wood Structures has submitted final drawings to the county on January 4. County Engineer Don Larsen has said that the designs meet all the requirements. Flood commented that the permitting process seems to be a "black hole" and it has been a new adventure working through the process. He offered surplus wood to members from the bridges.

Ray Gardner asked what size the wood was. Flood said there are 2 x 6's and others.

### **Ebert Request for 306<sup>th</sup> Street Bridge Relocation**

Olson said there was no additional information to report so no action taken. Would discuss further in closed session.

### **Business Office Heating & Electrical System During Power Outage**

Olson went to a committee of the whole to discuss this topic. Murrell said he thought the topic had been tabled until more information was found on the number of days per year of power outage. Felt a more informed decision could be made with that information.

Gabrielson said that the Community Relations Committee was only interested in the heater. Olson asked about the wiring in the panel to accept the generator for future potential changes. He would at least like to see the stove approved today. Murrell asked for Georgia Mourikis to give input to the discussion. She explained that the Active Enterprises bid was for \$2,899.82 for installation, piping, etc. for the propane

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heater to be installed. She thought the generator for lights would include having a window open, towels in the window, and a power strip to plug things into, not a large piece of expensive equipment. Flood felt some negotiating could be done with the vendor on the stove also as this is a good time of year to buy one.

More discussion followed. It is hoped that a Surfside member who is a licensed and bonded electrician would volunteer to install the switch required. Cost is always a concern.

GABRIELSON MOVED AND MURRELL SECONDED TO AUTHORIZE THE GENERAL MANAGER TO ACCEPT THE ATTACHED BID FROM ACTIVE ENTERPRISES IN LONG BEACH, WASHINGTON FOR THE PURCHASE AND INSTALLATION OF THE EMPIRE CIBV-30 PROPANE STOVE, THERMOSTAT, FILLED 50-GALLON PROPANE TANK AND TO AUTHORIZE WORK TO COMMENCE AS SOON AS POSSIBLE . MOTION PASSED 8-0.

Platt asked where the money was to come from? Olson said it should be taken out of contingency.

### **Aquatechnex Update**

Karch informed the Board that staff was about to order the chemical application approved last year for this spring. Murrell asked what Kim Patten would be doing with regard to chemical treatment. Karch explained that those were just experiments and not intended to be a full treatment of all waterways.

Murrell asked why it took almost two weeks to get the Fish and Waterways permits out of the office for the carp and bluegill. Karch said that information had to be corrected, filled in and researched to assure accuracy and also checks had to be written. Permits applications went out on January 30 and should have been received by the state by February 3 in plenty of time to meet the deadline.

Gardner asked what type of fish were purchased. Answer was bluegill, bass, and carp. There will be no trout ordered this year. Williams said that the Board had determined that Surfside lakes should be converted from a cold water to a warm water fishery.

Olson took the meeting out of a committee of the whole and back into regular session.

### **New Business**

WITHOUT OBJECTION, OLSON APPOINTED GARY WILLIAMS TO BE THE 2008 ELECTIONS CHAIR.

WITHOUT OBJECTION, OLSON APPOINTED DAN MARYOTT TO BE THE NOMINATING CHAIR. It should be easier this year as there is already a list of those willing to run for office.

### **Emergency Management Committee Charter**

Karch briefly reviewed a draft charter for the emergency Management committee. Bowen commented that provision needs to be made for disaster recovery, e.g., storage of records, location of business, etc., in this document. Murrell said a lot of what is listed in this charter is the responsibility of the county, not SHOA. How is SHOA going to do this? What liabilities will we incur? What services will we provide at what cost?

Flood thought SHOA's role would be to be a source of information only of where members could go to get help, etc. along with education. SHOA would not be providing direct services in most cases. Olson added that SHOA has to get their needs to the county so the county can help Surfside residents.

Karch went through the list of SHOA responsibilities including (1) identifying potential for emergencies, (2) developing plans for dealing with emergency situations, (3) ensuring continuity of operations, (4) assessing the seriousness, (5) working with the federal, state, and local governments and non-governmental organizations, (5) communicating effectively with the membership, (6) taking actions on behalf of members to prevent or reduce risks, (7) assessing the effectiveness of emergency management efforts at all levels, and (8) making improvements in our plans and activities.

The Board sent the document back to Karch for revision and updating.

### **Method of Assessment**

Murrell said he had gotten a call from a member regarding three lots. Two had her name and her husband's name on them and the third has just her name on the deed. They are being asked to pay an additional membership fee. The office told them that separate membership is solely based on Pacific County ownership records. He said he did not agree with this policy and that there should be no separate memberships for a husband and wife.

Karch referred to the February 18, 2006 Board meeting which resulted in a letter to three members on this same topic. (see attached) Currently there are two members who have questioned the SHOA policy on this matter.(see incoming correspondence) There may have been an error in how the members were billed in the past, but now that it has come to SHOA's attention, they are being billed appropriately. Karch added that the Board could modify its billing procedure as long as it comports with the SHOA governing documents. There are numerous instances where a couple owns more than one lot in different names.

Sally Schragar said she owns two lots one of which will never be developed, yet she has to pay full assessment on it. It uses no water or produces any garbage, yet she must pay the same for it.



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The Board asked Ginger Byrd, Financial Administrator, to explain the billing procedure with regard to number of memberships. She said she had had two instances this year where she discovered different names on deeds. This information had not been available to her previously. One lot was in both names and two were in the wife's only. After she is notified, she must bring them in line with the current policy.

Olson questioned the need to change the process.

Discussion followed. Olson argued that county records have to be used as the authority on this issue. If individuals want to change their deeds with the county, SHOA will not bill them more than one membership.

Gabrielson said she inherited her property when she married. It has to be remedied with the county, not SHOA.

Bowen added that procedurally, each membership should be verified with the tax rolls periodically to be accurate in the number of memberships being billed.

Nancy Dunn said she owns lots with her husband and another one with a friend and this system makes sense to her. Each membership represents a vote. Gwen Wagner said she just changed her lots to be all under one name and that ended the multiple membership fees being charged.

NO ACTION TAKEN ON THIS TOPIC.

Bowen asked that this be communicated to the membership. Les Gernert said he would like to see the assessment based on the size of the house as an ad valorem tax.

Olson said this is not provided in state law. SHOA would have to become a city to bill in that way. Mundy added that people are being driven out of the community due to the high assessments.

Applegate asked about the multiple dwelling fee on his bill. After some research, it was found that it was due to his having a rental house. An additional \$100 is charged to cover water and garbage.

### **Correspondence**

Olson asked Ken to draft a letter to the two members who inquired concerning the membership fee being charged.

Murrell asked why Norelius writes a letter, but Karch always signs them. Norelius said only the General Manager or a committee chair can sign complaint letters.

### **Committee Reports**



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**Community Relations** co-chair Mourikis, wanted to add some comment to their written report regarding signs (see attached recommendations). The Committee would like to see added signage in identifying Surfside and especially finding the office. Discussion followed regarding placement of the signs on county right-of-way or on members' property. Staff will research requirements on signs. Permission would have to be sought. Olson asked where the money would come from, since signs can be expensive. Bowen asked who would make the signs and put them up? Will staff take it on? What would be the deadline to complete this project? Mourikis suggested Bob Haskin, SHOA Water Superintendent, to take charge of the project. She said their committee just comes up with the ideas. Recommendation was made that the next Surfside sign that is made should be from treated wood.

Mourikis continued her report by holding up the newsletter that will go out by March 1. Judy Beezley of Buzy Beez did the layout. There is a breaking news section for anything that has happened at the Board meeting today.

Olson asked questions regarding the June issue with regard to candidate pictures and statements. Following discussion, the Board agreed that **May 10, 2008 at 4 p.m. will be the deadline to have a candidate's picture and statement included in the newsletter and their name included on the printed ballot. Anyone nominated after that time, would be on their own with regard to advertising. Nominations can still be made from the floor at the annual meeting.**

Deputy Larry Clark wanted to go back to the signage. He asked how big the signs would be. He said they may cause difficulties as many of the signs in Surfside end up being stolen.

Olson asked some questions regarding the Treasurer's Report. He would like the balance sheet to show the actual money on hand. Cash flow seems to be lower than last year. Karch added that 23 people have used the credit card option. Numerous others have used the payment plan. The cut off for a first payment was February 15 so the number on the payment plan will not be available until next week.

Bowen added that the insurance payment skews the financial picture also. Can't it be spread out in how it is reported? Platt answered that SHOA is on a modified accrual system.

Dunn asked why members have to wait on the audit to see what monies are carried over? She sees no accurate profit and loss statement until after the audit takes place and is reported at the May Board meeting.

Flood wants to see an aging system on how we are doing especially with the new payment methods being used this year.

Olson said there is still a need for clarity of information in the Treasurer's report. It is hard to follow. Platt said it was a new format this month and that he and Ginger had

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made some changes. Olson said maybe the Board could use a lesson in how to read the final balance sheet. He also complimented Haskin on his written reports and how much information they provide.

Other suggestions made for reports included making an on-line RV permit so people could bring one from home already printed out and not have to check into the office. The program could be web based or on-line.

Williams added the recent complaint letters going out to Divisions 8, 14, 15, 16, and Ocean Woods were as required by the new covenants concerning decals, annual permits, being in mobile condition, and having a proper license. The RV Committee, after mailing permits out in 2007, this year is trying to get members to come into the office to come into compliance with the permitting features of the revised covenants. He also reported that eight members have expired licenses that are parked in the RV Storage lot.

Flood asked for more time for members to fix damage from the storms this winter. Olson said that all that was being required at this time was a plan on how they would fix the damage.

Gerry Dunn said he sees a problem with covers on RVs in the storage lot. The covers cover up the condition of the RV as well as license plates, etc.

Willeford asked Deputy Clark to give input on the traffic fatality in Surfside this month. Clark said his report has been made and they are still waiting for the toxicology report to come in. There have also been three suicides in three months in Surfside. There were different causes in each case.

PLATT MOVED AND SCHMIDT SECONDED TO APPROVE CHECK NUMBER 12404 IN THE AMOUNT OF \$948.68 PAYABLE TO ENGLUND MARINE TO COME FROM FOOTBRIDGE REPLACEMENT PROJECT FOR EQUIPMENT FOR REMOVAL OF BRIDGES. MOTION PASSED 8-0.

OLSON ACCEPTED THE COMMITTEE REPORTS WITHOUT OBJECTION AS WRITTEN AND ADDED ONTO IN THE MEETING.

Linda Beadle asked if Board meetings always moved from subject to subject without making a decision. Olson responded that if a topic requires more research, it is tabled and the meeting moves on.

Meeting break from 12:35 to 1:00 p.m.

Meeting went into closed session. Open meeting resumed at 5:02 p.m.

**For the Good of the Order**

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Bowen suggested that the reports and information for the Board meetings be available seven days in advance of the meeting so members could study the contents and be better prepared for the meeting. After some discussion, the Board felt that having the packets by Wednesday prior to the Board meeting would be sufficient, and that materials could be emailed but that we still wanted the printed copy in the Board notebooks.

GABRIELSON MOVED AND FLOOD SECONDED TO ADJOURN THE MEETING AT 5:17 P.M. MOTION PASSED 8-0.

Respectfully submitted,

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Sharon White, Recording Secretary

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Warren Olson, President