

MINUTES OF ANNUAL MEETING
SURFSIDE HOMEOWNERS ASSOCIATION
July 12, 2008

President Warren Olson called the meeting to order at 10:05 a.m.

Guests present: County Commissioner Bud Cuffel, County Sherriff John Didion, County Prosecuting Attorney David Burke, SHOA Attorney Same Jacobs, SHOA Auditor Jim Lanzaotta and Parliamentarian Kevin Connolly.

There were 124 members signed in.

Staff members present: Financial Administrator Ginger Byrd; Office Secretary and Secretary to Board Dinah McCreddie; Office Secretary Dee Quillen; Water Planning Manger Bob Haskins; Deputy Sheriff Larry Clark. Also present were Janet Corey, DECC, and helpers, Bonnie Trotter, Brittney Trotter and Evelyn Harmer.

Board of Trustee Members Present: Gene Bowen, Cathy Gabrielson, Warren Olson, Walt Platt, Warren Schmidt, Gary Williams, Jim Flood, Grant Murrell, and Greg Willeford.

Board Candidates Present: Gene Bowen, Chris Hansen, Debbie Richmond, John Reichenbach.

Board Candidates Absent: Larry Nelson.

**INTRODUCTION OF DECC – Janet Corey, ADOPTION OF CREDENTIALS
REPORT - DECLARATION**

The Credentials Report for Kevin Connolly, Parliamentarian was read. Olson also introduced Janet Corey, DECC, and Corey introduced her three assistants, which were also in attendance. She stated that the votes submitted constituted a quorum which was represented by proxy and those at the meeting in person.

Motion was made by Sophie Platt and seconded by Gene Bowen for the adoption of Credentials Report and the Declaration of a Quorum & Distribution of Proxies. Motion Passed.

ADOPTION OF ANNUAL MEETING RULES

Olson read the motion on the back of the agenda as follows: "I move the Surfside Home Owners Association Annual meeting be conducted under the current edition of *Robert's Rules of Order Newly Revised*, except where it is inconsistent with the Governing RCW's of the State of Washington. The Articles of Incorporation, The Bylaws, The Covenants, or The Policies of the Association or any other specifically adopted rules of order. Members must be recognized by the Chair in order to speak or make a motion. Motions must be provided in writing and given to the Secretary. Debate on a motion shall be limited to three minutes per speaker for each main motion or amendment. No speaker may speak twice until all others wishing to be recognized have had opportunity to do so. Elections of trustees shall be conducted by the ballots provided. The presiding officer shall determine the method of voting except that a division of the house shall be conducted by use of the provided voting cards." Sophie Platt moved and Vivian Wattum Seconded. Motion carried unanimously.

ADOPTION OF AGENDA

Olson introduced the motion to adopt the annual meeting agenda as printed. Grant Murrell made a motion to amend the agenda by moving "New Business" to after "Approval of the Minutes" and before "Nomination of the Candidates." Valerie Harrison seconded the amendment. Motion carried unanimously.

Amended Agenda approved.

INTRODUCTION OF BOARD MEMBERS, EMPLOYEES AND SURFSIDE GUESTS

Olson introduced and welcomed the guests including the County Commissioner, Bud Cuffel, County Sherriff, John Didion, County Prosecuting Attorney, David Burke, Sam Jacobs, Surfside attorney, and Jim Lanzaratta, Surfside Accountant. Cuffel, Didion and Burke spoke to the members with a short address regarding their assessment of the previous year. Summarily, all three discussed the relationship between the County and Surfside Homeowners Association staff and members as a good one in terms of communication. Larry Clark was commended for understanding that law enforcement must be a part of the community and for obtaining the confidence of the members.

New employees, Dinah McCreddie and Dee Quillen were introduced and welcomed. Jim Meyers, who was not present, was also introduced to the members. Additionally, Parliamentarian, Kevin Connolly was introduced.

APPROVE MINUTES OF JULY 14, 2007 ANNUAL MEETING

Gary Williams moved to adopt and approve the July 14, 2007 minutes as printed. Richard Bichel seconded. Motion passed unanimously.

NEW BUSINESS:

Olson addressed new Business with the preface that New Business items would only be heard in the form of a motion. No motions were made.

NOMINATION OF CANDIDATES FOR THE BOARD BY SHIRLEY BAKER:

Shirley Baker was introduced who as a member of the nominating committee and the stand in for Dan Maryott. Baker stated that each candidate was interviewed and was determined to meet the qualifications of a potential board member. She named the candidates as Gene Bowen, Chris Hanson, John Reichenbach and Debbie Richmond. Olson asked for further nominations from the floor. Hearing none, nominations were closed. Olson explained that Larry Nelson was not present due to travel delays; however, each remaining candidate was given the opportunity, in alphabetical order, to address the members, including a summary of what they hoped to bring to the executive committee if elected.

PRESIDENT'S ADDRESS: WARREN OLSON

Warren Olson, B.O.T. President presented his address to the members, focusing on the core functions of Surfside, including the six key functions of; water, trash, covenants, assets, security and paying the bills. Each area was summarized in terms of the past year's progress. Summarily Olson stated that Surfside is more than its core functions but it is a community that cares, deeply with great emotional involvement. However, problems occur because people often care about different things and Surfside members are a diverse lot. The challenges of the B.O.T. is to manage all the individual interests, while at the same time facilitating caring and respect of others in the community. (See attached President's Address)

BALLOTING

All ballots for people present were handed out.

Janet Corey explained the ballot, which is somewhat different this year than in previous years, due to the initiative of the board members' intention to track votes on additional. The Vote regarding budget tax election was explained to members, that a vote to pass would allow the board the flexibility to move operating funds from reserves if necessary.

Ballots were passed out.

Another question came from the floor regarding "Other matters" to be voted on and it was explained that these matters would have been covered in New

Business was covered in New Business. However, none were raised so there were no other matters to vote on.

Voting was completed and Olson stated that while the ballots were being counted the Staff and Committee reports would be introduced.

LEGAL REPORT BY SAM JACOBS, SURFSIDE ATTORNEY

Sam Jacobs, Surfside Attorney gave his annual report. He stated that generally, his efforts centered around three categories, i.e. assessment issues, covenant enforcement, answering questions for B.O.T, Committees and staff have within their sphere of work. Some other types of legal services provided were assistance with claims pending against the association for several years, which were successfully settled this past year. Additionally help was provided in the form of an appeal for the constructions of the bridges, which although delayed, will continue.

Olson asked if anyone still had a ballot on the floor and none were found, therefore, the balloting was closed.

FINANCIAL REPORT BY JIM LANZAROTTA, SHOA ACCOUNTANT

Jim stated that there are four critical services that his firm provides to Surfside: 1) the annual audit, 2) prepare the tax return for Surfside, 3) retirement plan annual filing 4) consultant assistance with financial issues and challenges faced within the association. The topics addressed were the following: changes to audit standards, auditor's report, required communications, other matters, financial highlights, status of tax return elections/issues, and status of reserved funds. Graphs were available to the members.

ARCHITECTURAL

Wayne O'Dell, Architectural Committee Chair reported, stating that the AC committee meets every Tuesday from 9-12 regarding compliance of building the covenants. In the past year, 21 plans were approved for new home applications, 83 septic, 28 sheds/accessory buildings/garages, 27 fences, and 13 decks. O'Dell gave recognition to the committee volunteers and the staff, stating that the work completed wouldn't have been possible without AC members and support of staff, including Brian Hart and Ken Karch. O'Dell also thanked the water team at Surfside for the great support provided to the committee.

Murrell asked if the number of new homes approved were increased or decreased over previous year. O'Dell answered that the previous year report showed 63 new homes approved and last year was 21.

COMMUNITY RELATIONS

Olson read the Community Relations Committee Report, due to the inability of co-chairs to be present at the meeting. The summary of the report is that the Committee has been very busy, accomplishing much with the production of the Surfside Newsletter at a savings of at least \$10,000 for the year; the purchase of propane stove for the meeting room; a garage sale which raised over \$2,000 for the purpose of beautifying the cabanas; and the establishment of neighborhood watch teams. All of these efforts were successfully accomplished through the teamwork of volunteers and staff.

FIELD OPERATION/WATER DEPARTMENT

Bob Haskins reported that the Water Department has worked over the past year to assure the flow of water to Surfside homes, regardless of weather or water system failure. Additionally, much work has been accomplished regarding the prep for new bridges, which are expected to be ready in early August. Maintenance has occurred on the pathways and is expected to occur on the water department facility itself. The waterways have also been concentrated on, to clear up milfoil, etc. Bob continues to work to ensure that the waterways will be stocked with bass and bluegill in the future, as well. Volunteers, members and staff were thanked for hard work and support.

Questions were asked regarding bridge footings and the answer involved that the footings were accomplished with soil compaction. Additionally, questions were asked regarding replacement or repair of water pipes and the answer was that the pipes were replaced, not repaired. Additionally a question was asked regarding what is the plan of the laying of the new pipe, which is necessary due to pipes wearing out, and the answer is that they will be replaced according to what members can afford.

FISH & WATERWAYS

Mary Murrell gave a summary report, stating that the focus of the committee has been on stocking of fish, as well as managing the waterways in an ecologically and environmentally sound manner. Included in this is help with landscaping for members who are concerned with the erosion of their land up next to the waterways. A plea was made for more volunteer committee members and Bob Haskins was thanked for the support of the maintenance crew in the maintenance of the waterways.

A question was posed from the floor regarding the trout for fishing derbies and it was answered that although there may be fishing derbies in the future, they will not be trout derbies, but rather bluegill and bass derbies, as the trout will not propagate in our waterways. Another question was asked regarding the overgrowth of the waterways and this question was answered by explaining that

the landowners have the responsibility to keep waterways clean with clear shorelines.

Question: Will the fish, which we plan on stocking with, be immune to any disease. Bob answered that there is an issue in this region and part of his difficulty in stocking is finding a provider of fish from an area where prolific fish disease is not a problem. State of WA did inform us that bluegill and bass are the recommended fish with regard to ecologically soundness of waterways.

Question: Why does Surfside have an objection of walls put in on the Shorelines? The answer was given that there is no regulation against having walls. However, part of the homeowners' issues regarding walls is that when the water level is up in the winter time some of the walls were being lost to high waters.

GRIEVANCE

Gloria Hajdok reported that the committees number one complaint situation continue to be dog complaints, including barking, running loose, viciousness, etc. This situation will hopefully be controlled in the future more easily due to a fine policy. Violators will be fined after the first notice and the policy also includes removal of the pet from the Surfside lots if necessary. She encouraged that all members read the covenants to become aware of possible violations. Additionally, property conditions for people who vacation only in Surfside, presents a problem, which the committee continues to deal with on a case-by-case basis. The committee has seen 62 complaints with 54 of them closed and only 8 pending, for the year, however, they do expect to see more complaints generated by the summer influx of members. Hajdok expressed the committee's thankfulness that a new Compliance Officer has been hired, since volunteers have often been treated poorly by members when trying to enforce covenants.

Question: What happens when people don't pay fine? The answer was that the complaints would then be referred to the attorney and he will be involved to take to court if necessary to enforce covenants. Person then would pay more than simply a fine, including legal fees. Additionally, the County court itself can put sanctions on people as well. Sam Jacobs stated that new covenants have procedures for people to appeal fines, as well as a mechanism for enforcement. The fine can be a lien against the violator's property which can be foreclosed for non payment of assessments.

Question: How do we notify person(s) who made a complaints regarding progress of the enforcement of covenant? The Compliance Officer will be handling most of the feedback in the future. A feedback letter will be sent with more information. A comment was made from the floor regarding Surfside's commitment to giving members a "break" by giving them time to comply and yet the complaining party gets no satisfaction and not even feedback. Olson agreed

that this process has sometimes taken too long, but the hope is that a Compliance Officer will now speed up the process.

Question: Why does Surfside seem to have such a problem with Compliance Officers not staying? Answer: The Compliance Officer's in the past left due to personal matters, which are resolved now. Whether or not board could enforce covenants was one of the problems and now the current board is willing to enforce covenants. The past Compliance Officer was not supported adequately. Now this support is in place and moving forward.

RV COMPLIANCE

Ray and Bonnie Sartin reported. Permits and registrations of RV covenant rules were clarified. In the last six months the committee has handled over 100 RV complaints and out of these 80 people has complied. There are 20 still pending and of 20, 10 who probably will comply but 10 who are dragging their feet. Jim Meyer, the Compliance officer, however has contacted every one and has talked to them and tried to resolve the problem and the committee is hoping that Jim will be able to help more in compliance issues. Most of problems that are unresolved are derelict vehicles and RVs parked on plot, which are used for storage and garbage, etc. Recently one of these types of complaints was sent to the Surfside attorney. However, progress has been made and in the past year with the help of the Compliance Officer and the Deputy Sheriff 7 derelict vehicles have been hauled away.

Question: What are the covenant requirements for utility trailers in Surfside? The answer is that utility trailers are not covered under the covenant and are therefore not under the RV committee's realm.

Question: Out of 100 or so complaints how many of them were generated by people driving around looking for problems? Answer: All complaints must be written and submitted to office.

TREE, BRUSH & NOXIOUS WEEDS

Larry Raymer reported and the process of enforcement of covenants and the complaint process were explained. Raymer stated that the Compliance Officer and the office staff has contributed to success of the tree committee and without these people the committee would not be able to enforce covenants. Raymer also stated that he is hopeful that the fine system will also help.

Question: Is there a possibility for Surfside to hire contractors to take care of the tree problems? The answer is that it is the responsibility of the member to take care of their own property, however, regarding a list of individuals who do the work, the committee can look into this but we have to be careful not to endorse a contractor.

Question: Is anyone on there anyone on the Committee who is qualified to determine if a tree is dangerous in the next windstorm. The answer is that an arborist informed him that there is no way to tell when a tree will fall. Additionally, Surfside's covenants don't cover the problems of the possibility of trees falling. Again, this is a private landowners issue and can be addressed privately by the landowner.

Question: Since non-compliance is being given too much lenience, can the committee establish set processes and follow up as well. The answer was these set processes and follow up are currently being worked up.

ANNOUNCEMENT OF ELECTION RESULTS

Janet Corey announced that the top 3 candidates for the Board of Trustees were Gene Bowen, Larry Nelson, and Chris Hanson. Regarding the 70-604 election vote, there were 327 "Yes" votes to 42 "No" votes. There were a total of 81 votes by floor ballot and 318 votes by proxy for a total of 399 votes.

Chris Hanson and Gene Bowen were then sworn in as the new board members and signed the Oath of Office. Larry Nelsen will be sworn in at the Regular July Board Meeting.

Greg Willeford and Warren Schmidt the exiting Board Members were recognized for their service to the association.

UNFINISHED BUSINESS & FLOOR COMMENTS

None heard.

MOTION FOR ADJOURNMENT

Lonnie Smith moved to adjourn. Sophie Platt seconded. Meeting was adjourned at 12:40 P.M.

Warren Olson, President

Greg Willeford, Secretary

Dinah McCreddie, Recording Secretary