

MINUTES
SURFSIDE HOMEOWNERS ASSOCIATION
BOARD OF TRUSTEES
MARCH 15, 2008

Those Present: Gene Bowen, James Flood, Cathy Gabrielson, Grant Murrell, Warren Olson, Walt Platt, Warren Schmidt

Those Absent: Greg Willeford, Gary Williams

President Olson called the meeting to order at 9:00 a.m. and reminded everyone of the forms at the front counter for reporting satisfaction or dissatisfaction.

Floor Comments:

John Reichenbach said he is concerned with the lack of specificity in the budget material and wants to know how much each item will cost specifically ahead of time. He believes that more research should be done before the budget is presented so that this information can be provided. He understands the need for a budget buffer for unexpected expenses. He wants more detail in the budget.

Flood responded that a budget is only a plan. The Board sees each item as it comes up. The Board evaluates each project item by item.

Reichenbach said he wanted to see competitive bids sought for each item. It was pointed out that there are Board policies for contracts and construction contracts.

Platt added that replacements come out of reserve funds and the money is already there. Large new items come out of a capital expenditures account, also budgeted.

Olson added that budget is on the web site and was also put in the Week-ender.

Gabrielson thanked Georgia Mourikis and Jane Bowen for making changes in the newsletter which saved a considerable amount of money. She also added that the upcoming rummage sale needs workers to volunteer. There is a sign-up sheet in the office.

Olson said he enjoyed reading the newsletter and has received many good comments on it also.

Glynnis Bridges added that it is totally recyclable.

Board Appointment to Architectural Committee

The Board recognized Jack Green's service on the architectural committee in his absence. Schmidt introduced Chris Hanson who said he was looking forward to being

on the Architectural Committee and being a part of making sure that the standards in the covenants are being met.

SCHMIDT MOVED AND FLOOD SECONDED TO APPROVE THE APPOINTMENT OF CHRIS HANSON AS A MEMBER OF THE SHOA ARCHITECTURAL COMMITTEE. MOTION PASSED UNANIMOUSLY.

Agenda

G. Murrell asked to move the closed session section in front of reports. Olson said that the report section only had a few that needed to be commented on and that they could approve the rest as written.

AGENDA WAS APPROVED AS SUBMITTED BY UNANIMOUS CONSENT.

MINUTES OF THE FEBRUARY 16, 2008 MEETING WERE APPROVED AS PRINTED BY UNANIMOUS CONSENT.

Old Business

Footbridge Update

Flood reported that as soon as the footbridge permit is approved, the county will issue it. There has been an appeal to the County Department of Community Development's February 20, 2008 letter findings, and a hearing is scheduled for March 25 at 10:30 a.m. If the County commissioners rejects the appeal, the bridges could be installed by the end of July or early August.

G. Murrell asked if John Ebert, the appellant, or others, could appeal the commissioners' decision to a higher court. Olson said yes.

Further Board discussion ensued regarding legal and technical aspects of the footbridge issue.

Olson said the appeal hearing is an open meeting and he encouraged all to attend. It is in the Commissioners' Hearing Room in South Bend at 10:30 a.m. on Tuesday, March 25.

Olson asked for Board direction on the three options to the situation. Discussion followed.

GABRIELSON MOVED AND FLOOD SECONDED TO APPROVE THE LOCATION OF THE 306TH STREET BRIDGE CONTAINED IN THE CONDITIONS SPECIFIED IN PACIFIC COUNTY'S FEBRUARY 20, 2008 "FINAL REVIEW PROCESS DECISION REGARDING THE SHOA BRIDGE REPLACEMENT PROJECTS" LETTER, BUT THAT

THIS ACTION DOES NOT CONSTITUTE AGREEMENT BY SHOA THAT A SETBACK IS REQUIRED. MOTION PASSED UNANIMOUSLY (6-0).

Heating System Update

Water Superintendent Bob Haskin talked with Mr. Jacobson of Active Enterprises to see if SHOA could get a lower price. He would not lower the price of the stove, but will adjust the bill for installation assistance given once the project is completed.

Fish Update

General Manager Ken Karch reported that the carp permits were issued on March 14, 2008 and are in the mail to us. SHOA received a letter from a member challenging the switch from a cold water fishery to a warm water one.

Mary Murrell noted that there is no need to restock every year if the trout are gone. They were sterile and do not reproduce so had to be restocked. This represents a cost savings to SHOA.

Haskin added that there were several reasons for changing to a warm water fishery.

Fishing Derby

Karch requested Board clarification on its intent regarding the 2008 Fishing Derby.

Williams had communicated that there would be no fishing derby in 2008. He said this would be two years now without one. The next one will be in 2009. He suggested the age limits be changed to give those over 12 a chance to participate as they were not allowed in 2007 and 2008.

A second question was whether the lakes and canal should be open for fishing? Williams suggested that fishing be closed until 2009. People can fish from the bridges after they are installed. M. Murrell agreed with Williams. Due to the changeover to a new fishery and the bridge situation, the derby has to be either moved or cancelled. This should lead to a healthy derby in 2009.

M. Murrell added that property owners do not want fishermen fishing from their property without permission. Reichenbach cited the danger of fishing from the bridges. Gabrielson said that during the derby there are monitors on each bridge watching over the children.

M. Murrell suggested that members could fish until the new fish are planted, then there would be a moratorium until the bridges are up and the fishery has been given time to establish itself.

Discussion followed regarding potential problems with enforcement. Olson emphasized that we have to let the fishery become established. G. Murrell said it was the intent of the committee to recommend no fishing.

Ray Gardner reminded the Board of the growing number of children living in Surfside and visiting Surfside.

BOWEN MOVED AND FLOOD SECONDED THAT THERE WOULD BE NO FISHING DERBY IN 2008 AND THAT THE WATERS WOULD BE CLOSED TO FISHING FROM THE STOCKING DATE TO A DATE TO BE DETERMINED IN 2009. MOTION PASSED UNANIMOUSLY 6-0.

Communication Plan

The final SHOA Communication Plan was presented to the Board. G. Murrell and Flood would like to see a summary of the plan to supplement the larger document.

Bowen said there is a great opportunity to use the internet and web site more effectively.

Flood would like to see the fishing information put on the web site.

In response to a suggestion that the Fish & Waterway Management Committee take on the responsibility for future fishing derbies, G. Murrell said it would be unfair to put the responsibility of the fishing derby on the Fish and Waterways committee as it is down to three members: M. Murrell, Cissy Hepburn, and Williams. It is not realistic to ask them.

M. Murrell said that the Community Relations Committee had taken responsibility in the past. G. Murrell said maybe a new committee could be advertised and if no response is received, then there would be no derby.

Gabrielson said she would like to see minutes on the web site just as soon as they are approved. Karch indicated he will make sure they are added as soon as possible.

Karch described the need for computer owners to clear their computers of unneeded "cookies" and other material to make best use of web sites, the limitations of the current web hosting, and plans to switch to a new host.

Bowen said that more resources should be allocated to the web site.

M. Murrell said there are local Surfside people who could assist with this. Karch said that recent ads in the Week-ender for a newsletter editor and web site administrator had not yet been successful.

Computer Server

The Board discussed the earlier proposal for a computer server and asked Karch and Haskin to return to it with a proposal.

Emergency Management Charter

GABRIELSON MOVED AND SCHMIDT SECONDED THAT THE BOARD OF TRUSTEES APPROVE THE COMMITTEE CHARTER FOR THE EMERGENCY MANAGEMENT COMMITTEE (DRAFT 4). MOTION PASSED 6-0 UNANIMOUSLY.

Covenant Compliance Officer Position Description

Scott Norelius, Bowen and Karch reviewed the existing job description and made several changes, which were presented to the Board. It was recommended that the position be advertised now so that the new person could be on duty and trained by May 15th which will be Norelius' last day.

G. Murrell said he would like to see something added that would not allow anyone living in Surfside to be hired for this position. Others said they would hate to see a good candidate passed over just because they lived in Surfside.

CONSENSUS OF THE BOARD WAS NOT TO RULE OUT A CANDIDATE SIMPLY BECAUSE THEY LIVE IN SURFSIDE.

BOWEN MOVED AND GABRIELSON SECONDED THAT THE BOARD OF TRUSTEES APPROVE THE AMENDED POSITION DESCRIPTION FOR THE SHOA COVENANT COMPLIANCE OFFICER, AND AUTHORIZE THE GENERAL MANAGER TO ADVERTISE THE POSITION AND HIRE. MOTION PASSED 5-1 (G. Murrell).

Meeting break from 10:45 to 10:55 a.m.

New Business

Dog Fines

Olson indicated that part of the new covenant provisions that has not yet been implemented is the fines section. Dog complaints, being among the most common concerns, might be a good place to start. Some discussion has taken place and a proposal will soon be ready to present to the Board. This is just a heads up that it is coming.

G. Murrell asked how members can identify people who are breaking the rules if you don't know their name. Deputy Larry Clark and Norelius can help with that as they are most familiar with the membership in the field.

Clark added that dog complaints at the county level are administered under Department of Community Development. The sheriff does not do enforcement unless it is a

potentially dangerous dog or one who has been declared vicious. Bob Hazen, DCD, is the enforcement officer and due to his other responsibilities, he has not been enforcing as well as he has in the past.

Olson cited appreciation for all the enforcement going on in Division 16. Progress has been made in eliminating junk vehicles and trailers along with other RV violations.

Bowen said that he hoped good judgment would be used in instituting this fine system.

Reichenbach said there is a problem with cats as well. Feral cats are a danger to birds.

Mourikis said she has seen a large dog on the playground where a sign is posted no dogs allowed. It is a danger for children to play with these larger dogs there.

Schmidt said that the AC has been criticized for approving dog fences, but it is a better alternative than allowing them to run loose.

Olson asked Karch to ask Norelius to research means for control of feral cats, and suggested contacting the county trapper for information.

Employee Manual

Williams, G. Murrell and Willeford met and are working on an employee manual for SHOA. Karch passed out some sample employee manuals from other businesses and public entities. The committee will continue working with the General Manager on a proposal.

Compensation/Salary Policy

Bowen described an employee activity analysis process involving meeting with each employee and finding out exactly what they do so that established for that position. Karch added that the process worked very well in the Covenant compliance Officer's case.

Communications (Correspondence In & Out)

John Ebert has asked that his correspondence be placed in the Week-ender. Olson said that this venue is not the appropriate place for a member dispute with SHOA.

G. Murrell asked about the role of the General Manager vs. the Board in the Weekender. Olson said it is part of the Board's effort to communicate with the membership.

Gardner said it is not an official publication anyway. Olson said that Ken was doing it as a service to improve communication.

BOWEN MOVED AND FLOOD SECONDED TO ADOPT THE PROPOSED GUIDELINES FOR THE WEEK-ENDER (SEE ATTACHED) AND THAT IT IS NOW AN OFFICAL PUBLICATION OF SHOA.

G. MURRELL MOVED AND SCHMIDT SECONDED AN AMENDMENT TO READ "COMMUNICATIONS FROM THE BOARD OF TRUSTEES WILL HAVE PRIORITY."

Bowen accepted this as a friendly amendment. MOTION PASSED 6-0 UNANIMOUSLY.

Olson will communicate to John Ebert saying that because his request involves a legal issue, it is inappropriate and can not be included in the Week-ender as it is an official publication of SHOA.

It was suggested that a blog be added to SHOA's website. This would allow for member questions and comments on a continual basis instead of them having to wait for a Board meeting or other opportunity.

Bowen asked if there was any chance that the RV window of opportunity could be widened for a summer permit. Discussion followed regarding use of RVs. The timeline now used was part of a compromise with the county who wanted to place additional restrictions on RV use in Surfside as it is zoned residential. The Board consensus seemed to be that given the history, this "can of worms" did not need to be reopened.

In parts or all of Divisions 8, 14, 15, 16 and Ocean Woods RVs are allowed year round, but may not be used as permanent dwellings. Hanson said that with year round placement of RVs on lots that mold is a real problem.

Report on Meeting with Staff

Flood and Olson reported on their meeting with staff to hear their concerns. Among the issues identified were lack of an appetite for effective enforcement of covenants and lack of respect for staff. Additional meetings are scheduled.

Gabrielson added that staff would like to leave meetings earlier so they can get back to their work.

Committee Reports

Financial Report

Due to the FDIC limits of insurance to \$100,000 on an account, Platt recommended the following motion:

PLATT MOVED AND BOWEN SECONDED TO APPROVE THE FOLLOWING TRANSFERS TO REDUCE EXCESSIVE BALANCES:

\$75,500.00 FROM BANK OF THE PACIFIC TO BANK OF AMERICA.
\$38,100.00 FROM KEY BANK TO GREAT NORTHWEST FEDERAL CREDIT UNION.
\$2,450.00 FROM KEY BANK TO RAYMOND FEDERAL SAVINGS BANK.

MOTION PASSED UNANIMOUSLY 6-0.

Platt said that funds in the Morgan Stanley account are insured to \$500,000.

Bowen said that what we were doing in practice was not supporting the policy that was written. Platt said he wants to make sure SHOA is fully insured.

Flood said he wants to see no more than \$100,000 in any institution unless it is insured for more due to the current market climate. He asked about the differences between the dues and assessments payments versus bridge payments. It looks like fewer have paid their bridge payment.

Bowen said he had suggested some changes to the reserve fund picture that are shown in this month's statement and said he is happy with the changes as it is easier to see what has happened.

Olson requested that the pages be numbered on the financial report so it is easier to make reference in asking questions.

Platt added that due to the refund of some Safeco insurance money, he has been able to save SHOA \$20,000 this year in insurance.

G. Murrell asked what percent interest SHOA is getting. Answer was 3.2% on bank accounts and 4.95% with Morgan Stanley. Platt said that one out of seven dollars was being spent on insurance when he first took over as treasurer. It is now one out of thirteen so he feels a lot of progress has been made.

Community Relations

A request was made with regard to the rummage sale in having SHOA keep the monies. After consultation with Lanzarotta, it was recommended that a beautification project committee be set up that would handle all the funds and expenditures separate from SHOA. They could just report to SHOA on their results.

Community Relations asked to use the Board room as a back up for the rummage sale if it rains. Flood said he thought it was OK if everything is locked down or put away so that theft does not become a problem.

Water Report

Haskin reported on the recent destruction of a fire hydrant by a drunk driver. It resulted in staff working through the night to repair the water supply. G. Murrell asked that Haskin submit a bill to cover these damages, wages, overtime, parts, etc. for repair and replacement so that it could be submitted to the guilty party's insurance company. He asked that Haskin keep the Board informed regarding the progress of the replacement.

Haskin reported on SHOA water losses, and efforts to compare them to other water systems in the area.

G. Murrell said he noticed no new hook-ups for February. Haskin said there are four waiting on county permits to come.

G. MURRELL MOVED AND FLOOD SECONDED TO ACCEPT THE COMMITTEE REPORTS AS WRITTEN AND COMMENTED ON. MOTION PASSED 6-0.

Meeting recessed at 12:15 p.m. to go into closed session to discuss personnel, legal and contract issues.

Open session reconvened at 1:50 p.m. All members remained present.

SCHMIDT MOVED AND BOWEN SECONDED THAT SHOA ACCEPT THE CLAIM FOR \$15,000 TO RESOLVE ALL CLAIMS OF ELI & SALLY RODICH AND/OR THEIR REPRESENTATIVE AND THAT THE SHOA PRESIDENT IS AUTHORIZED TO EXECUTE SETTLEMENT DOCUMENTS AND OTHER APPROPRIATE DOCUMENTS ON BEHALF OF SHOA. MOTION PASSED 6-0 UNANIMOUSLY.

MURRELL MOVED AND SCHMIDT SECONDED TO SET THE SALARY RANGE FOR THE COMPLIANCE OFFICER AT \$13.00 TO \$15.00 AN HOUR AS A TEMPORARY 40 HOUR A WEEK POSITION WITH THE TEMPORARY STATUS REMAINING IN EFFECT UNTIL DECEMBER 31, 2008 OR UNTIL SUCH TIME THAT THE BOARD DECIDES OTHERWISE FOR IT TO BECOME A FULL TIME REGULAR POSITION. MOTION PASSED UNANIMOUSLY 6-0.

Floor Comments

None

Good of the Order

Olson said that he and Platt had discussed the budget process to see how member input could be allowed earlier in the process than the budget meeting in November. The current schedule includes: July – staff and committees requests prepared; August – Board appoints the budget committee; September – Board gets an update on Budget Committee progress; October – Board sees and approves draft budget; November – member meeting to discuss the budget and vote either in person or by proxy on the final document.

The Board discussed various opportunities to permit more and earlier member input to the budget process. Issues raised included concern about how to communicate (both rejection and inclusion; Budget Committee vs. Board responsibilities; timing of member input; need for additional meetings; level of budget detail; and how to advertise for member input.

Reopening Covenants

The second item Olson had was reopening the covenants to address the architectural issues of "same" materials and to define what business should be permitted in residential areas in Surfside. He said he believes both need to be changed. Language could be rewritten by April and a hearing could be held in May. It could be limited to just these two items. We could try out letting people vote on these two as an advisory vote.

G. Murrell asked about wells not being allowed for those people who had contracted into Surfside for use of water being tied to the covenants that say no new wells are allowed.

Schmidt said that once they sign the contract to join Surfside for water, they are bound by the covenants. G. Murrell needs clarification as the current covenants read no new wells.

Schmidt said that the Robert White situation needs to be dealt with also. He has now filled out a variance application so he can build out into the setback like his non-Surfside neighbors have for a deck. It will be coming up soon.

Olson added that these changes could be handled by resolution of the Board. The process needs to be followed that requires a hearing. He wants members to be allowed to vote this time. He would like to change a few covenants a year instead of so many at one time. Right now no one can have a business in their home for profit. SHOA needs to allow for artists, writers, people who invest on the computer, etc. It is too iron clad right now and does not describe what is actually happening.

CONSENSUS OF THE BOARD WAS TO TRY THIS ADVISORY VOTE IN APRIL AND MAY.

President Olson adjourned the meeting at 2:50 p.m.

Respectfully submitted,

Sharon White, Recording Secretary

Warren Olson, President

Note: This is not an official document. For official minutes, contact SHOA Office