

MINUTES OF BOARD OF TRUSTEES
SURFSIDE HOMEOWNERS ASSOCIATION
MAY 17, 2008

Those Present: Gene Bowen, Jim Flood, Cathy Gabrielson, Grant Murrell, Warren Olson, Walt Platt, Warren Schmidt, Greg Willeford, Gary Williams

Those Absent: None

President Warren Olson called the meeting to order at 9:00 a.m.

Floor Comments

Larry Amundson asked for an update on the footbridges and cabana opening.

Flood said that Western Wood Structures was in the process of treating the wood. They expect to be on site here in June and be finished by the end of July.

General Manager Ken Karch reported that the appeal period for the County Commissioners decision had run out and there had been no further appeals to the bridges being built.

Olson asked staff to report on the cabana progress. Water Superintendent Bob Haskin reported that he has plans for staff to begin working on them this week. The nine new toilets are purchased, the graffiti has been painted over, and the Community Relations Committee will soon begin beautifying the grounds surrounding them. Clark reported that the cabanas will be included as part of the Neighborhood Watch project. He also said that the perpetrator of the graffiti in division 16 has now left the area.

Kathy Smith asked how the dog fine proposal would work.

Olson said that the compliance officer would issue citations and that they would be appealable to the Board of Trustees.

Smith asked if only one neighbor complained about a barking dog, how would that be handled?

Olson said he did not want it to become an harassment issue. Each complaint would be investigated by the compliance officer and neighbors would be contacted to see if it is a real problem.

Michael Flood said she and her husband purchased their property so that their dogs could enjoy the openness of the beach and she is worried about neighbors using her dogs as a reason to complain. She reminded the Board that a lot of homes are investment properties and if some of these new rules had been in place when they purchased their property, they would not have bought in Surfside.

Clark said that most of the problem dogs belong to renters. Responsible owners take care of their dogs.

M. Flood continued to express fear about neighbors using this as a grudge issue. She also said that she rescues stray animals all the time here and takes them to the humane society.

Olson said that if the new policy is not working in a year, the Board can rescind it.

Willeford stated that dog enforcement rules in Oregon are a lot stricter than here.

Karch said the draft provision regarding barking dogs includes two warnings before a fine is required within a six month period.

Olson introduced SHOA's new Covenant Compliance Officer, Vince Stevens.

Stevens said his background is in construction and he has a handyman service here on the peninsula. This has been his first week on the job and he is looking forward to it. He is from Anchorage, Alaska where he was involved in resolving disputes between owners and sub-contractors, etc. He has had a lot of "under fire" training.

Bowen encouraged members to come to the Board if they feel there are problems with enforcement of the covenants.

Introduction of Board Candidates

Williams thanked the nominating committee for its work in finding candidates, conducting interviews, and for work yet to come.

Bowen said he had owned property for five years and that he has a lot of experience serving on volunteer boards. He has served on the Architectural Committee for two years.

Chris Hanson has served on the Architectural Committee also for three months. He also has experience serving on volunteer boards and feels he represents Division 16 where he lives.

Larry Nelsen said he has been in construction all his life, likes the diversity of Surfside and questions some of the rules that have changed and also the money being spent. He said the Board should represent all the people. He feels he is looking out for those on fixed incomes.

John Reichenbach says he has lived in Surfside for 1 ½ years and has a background in employee assistance programs. John has recently joined the Fish and Waterways Committee. He was a shop steward so feels he knows how to deal with disputes. He

has a big investment here and knows he will stay here for awhile so would like a voice in the decision making. He has worked on the unofficial committee that has held three meetings and feels he knows the concerns of the members. He would like to remove the barrier that was there under the previous Board.

Debbie Richmond said she would like to see all members have a voice in the decisions being made.

Before the Board meeting on June 21st there will be coffee and doughnuts and a meet the candidates time sponsored by the nominating committee of Shirley Baker, Vivian Wattum and Larry Amundson.

Brian Pierce Recognition

Olson gave Brian Pierce a certificate of appreciation from the Board for all his contributions in the past year as an office secretary, compactor attendant, and water staff fill-in while Baldo Pulido was out on medical leave. He said he witnessed him out in the trenches fixing pipes during the recent main breaks. Pierce has tendered his resignation as he is returning to the company he worked for in Portland at a much higher rate of pay than he was making at Surfside.

Agenda Adoption

Murrell requested that the committee reports be adopted as written. Olson answered that there are issues on a few of them so some of the reports need to be heard in full so that questions can be asked.

BY CONSENSUS THE AGENDA WAS ADOPTED AS WRITTEN.

GABRIELSON MOVED AND SCHMIDT SECONDED TO APPROVE THE MINUTES OF THE REGULAR SHOA BOARD MEETING OF APRIL 19, 2008 AS PRINTED. MOTION PASSED 8-0.

Member Input on Budget

Platt said that the 2009 budget would be reviewed by the Budget Committee in mid-July. In August members could add items they would like to see in the budget. Flood added, "or **not** see in the budget."

Olson said this is the Board's effort to get member ideas ahead of time. Murrell added that budget requests should all be in writing from staff and members with a justification.

Platt assured Murrell that there are supporting documents available with detailed justifications for budget items.

Olson said that staff meets with the budget committee and are questioned thoroughly.

Murrell once again emphasized that these requests need to be reduced to writing so the membership can see the justifications for the items requested, not just the Board. Olson agreed that an explanation is owed to the membership.

Flood said he felt he had inadequate information at the Budget Meeting held last fall to answer member questions. He noted that all the Board candidates are running on fiscal responsibility.

Olson asked said that members need to seek this information out. The Board should not micromanage the organization. Said he has not seen Board members willing to put in the amount of time required to do that and they need to trust staff.

Murrell added that in order to get input from members, the members need to be given the information to review.

Olson said that the information would be available at the August meeting. Williams reiterated that the August meeting should accomplish that.

Richmond said it would help in dispelling rumors also.

Olson said that a lot of time is spent on doing just that. Staff is already overworked and need time to do their work.

Platt said the budget had been reviewed by the Budget Committee three times before it was fine tuned enough. He said he would be glad to give out the talking points.

GABRIELSON MOVED AND WILLIAMS SECONDED TO PROVIDE A 90-MINUTE OPPORTUNITY FROM 9 A.M. TO 10:30 AM AT THE AUGUST BOARD MEETING AND AGAIN AT THE OCTOBER BOARD MEETING TO OBTAIN MEMBER INPUT INTO THE BUDGET PROCESS BEFORE FINAL BOARD APPROVAL OF THE PROPOSED BUDGET FOR 2009. MOTION PASSED 8-0.

Interview Committee for Office Secretary/Secretary to the Board

Olson announced that Sharon White, Bowen, Richmond, Karch, and Olson will be the interview committee for the Board who will be interviewing in the next two weeks for the two secretary positions available.

Dog Fine Proposal

Olson said he wants to send the proposal back to staff for refinement. Bowen suggested that research be done on dog waste disposal containers that could be put up on the footpaths. Bowen recommended a change from a six-month time period to 12 months. Bowen also recommended that vicious or threatening dogs would just be referred to the sheriff with no fines from Surfside. Murrell said that if it is left in the policy, Surfside would have to define threatening and vicious. The policy as proposed

will be items a – d only. Item 2 will just be a referral to the sheriff's office. The dog fine proposal will be considered again at the June 21 meeting.

Board Correspondence Policy

Olson said that he does not want the 72-hour rule for Board review prior to correspondence being sent. Olson said the reason that rule was set up was that in the past Board members wrote letters and it gave other Board members a chance to see what was written before it went out.

Baker asked about when the Architectural Committee responds to letters. They should be signed by the Chair, the Compliance Officer or the General Manager.

WILLEFORD MOVED AND WILLIAMS SECONDED TO APPROVE THE PROPOSED BOARD POLICY ON CORRESPONDENCE AND DIRECT THE GENERAL MANAGER TO INCORPORATE IT INTO THE SHOA OPERATIONS MANUAL. MOTION PASSED 7 YES TO 1 NO (MURRELL).

Home Business Policy

Needs to be rewritten for the June meeting. Bowen suggested that the application form could be approved and the rest could be rewritten for the June meeting. Olson said the Board needs to retain control to be able to rescind an approval. It would be on a case by case basis and permission could be revoked if it becomes a problem.

BOWEN MOVED AND FLOOD SECONDED TO ADOPT THE APPLICATION FORM FOR HOME OCCUPATIONS (AT THE END OF THE PROPOSED POLICY) AND MAKE IT AVAILABLE TO MEMBERS SEEKING PERMISSION TO HAVE A HOME BUSINESS. This would allow the Board to give permission to the upcoming tour of artist studios coming up the latter part of August.

FLOOD MOVED AND SCHMIDT SECONDED TO AMEND THE MOTION IN ORDER TO REMOVE THE NOTE AT THE BOTTOM OF THE APPLICATION FORM REQUIRING A COPY OF THE PACIFIC COUNTY SPECIAL USE PERMIT BEING ON FILE WITH SHOA. VOTE ON THE MOTION AS AMENDED WAS 7-0 WITH ONE ABSTENTION (MURRELL).

Gabrielson added that the reason for the special use permit is so the state can collect the taxes and disperse them to the county for the business being proposed.

If this policy were approved at the June meeting, it would be in time enough so the tour of studios could be approved at that meeting also. Olson asked that Jan Richardson make application to be heard at the June meeting using the form that was just approved.

Schwindt Study Update

The Schwindt Study resulted in two lists of projects - replacement items in the Schwindt study (money coming out of reserves) and new capital items (largely Water Department items referred to in the Six-Year Water Plan).

Olson said he would like to see something to give to the membership at the July annual meeting.

Haskin said there are 114 hydrants needed to get proper flow in Surfside totalling \$707,000.00. Some of these are already installed.

Flood said that one is needed every 600 feet depending on what homeowners insurance a person has. Williams said that 600 was a worse case scenario. Hydrants are included in the six-year water plan.

Olson added that the Schwindt study is an asset replacement plan. It does not duplicate the water plan. They are two separate items. Some of the hydrants were budgeted for this year so \$78,000 can be subtracted from the \$707,000.

(Grant Murrell announced that he would no longer be living full time in Surfside after July. His wife has returned to work at her previous place of employment and he has accepted employment with Multnomah County. They have purchased a home in Milwaukie, Oregon.)

Olson said all this discussion on the hydrants, etc. could be another example of the Board's potential for micromanagement or fixing something the Board knows nothing about. He asked what the spacing would be in Surfside for hydrants. Haskin said it varies with the number of houses and the terrain of the lots. Currently, he wants to replace the ones that are out of order right now. Surfside has 36 now and 6 need replacement. There are 72 in the water plan. He plans to install 12 this summer and will also include any required if there are any more main replacements. Haskin's experience as water superintendent and fireman is a great asset here. Saving money is a critical part of the decision to have staff do the work of replacing the water mains instead of contracting it out.

Haskin said all meters would be auto read and they would not require a meter reader. Ilwaco is already running a system like this.

Olson asked if North Beach Water's equipment could be used for reading the meters?

Haskin said the full hydrant repair, replacement, and supplement project is currently expected to cost \$1.1 million dollars. Schwindt shows it at \$1 million two years ago.

Ocean Villa alone will require 3300 feet of pipe. (This is an area where some owners are on wells and others use Surfside water at the south end of Surfside).

Richmond asked if installing all these hydrants would require additional water storage facilities to support them.

Haskin said water storage requirements are not based on the number of hydrants. It is based on the number of homes.

Debbie asked how the non-members will share in the cost of installing these pipes to their area?

Haskin said the goal is to join service areas up to North Beach Water Department area. The costs would be shared and it can be billed after the fact.

Haskin said the water plan would not be completed by June 7. Olson cancelled the proposed workshop for that day as several Board members could not attend and the subject matter they wanted to deal with will not be available. Karch gave out the proposed water plan in notebook form to Board members for their review. Hopefully, there will be something to report at the annual meeting in July. More will be discussed at the June 21 Board meeting.

Volunteer Policy

Olson said that the policy put in the Board books needs revision. There will be no application form required. It is merely a policy for the policy and procedures book that clarifies how volunteers can be used in the association.

Annual Meeting Mail Out Materials

Olson said the more they tried to re-write these materials, the more confusing they got. Members are asking why they can't bring them to the meeting and also why they can't drop them off at the office instead of mailing to Janet Corey. Olson would like to liberalize and allow members to drop them off at the office in a sealed container, maybe using the white box with a lock on it. They would be transported to the meeting and Janet Corey would deal with them there. The time element in what she does is what is not understood and maybe she is just unable to handle them in the time allowed before they hand out the ballots at the meeting. He will have to investigate further.

Murrell asked that the process be made as easy as possible on the membership. Olson added it is not a secret ballot.

CONCENSUS OF THE BOARD WAS TO BE AS GENEROUS AS POSSIBLE IN ALLOWING LAST MINUTE BALLOTS IN A SEALED ENVELOPE TO BE ACCEPTED AT THE OFFICE AND AT THE ANNUAL MEETING IN ADDITION TO THE STANBDARD RETURN MAIL PROCEDURE.

Olson reported that 222 members (or 8%) still have outstanding balances on 2008 dues and assessments.

The mail out will go first class with the newsletter and we will get an answer from Janet Corey regarding her capability of handling last minute ballots.

Murrell asked if all documents could be e-mailed to save on related costs? Olson said we are out of time this year, but could consider it next year. Only 25% of the membership have given us e-mail addresses.

Olson added that the section regarding special rules on the mail out will not limit reports to five minutes. Some people come a long way to this meeting and they want to hear how the association is doing and to limit the attorney, auditor, President, and General Manager to five minutes is not adequate to give the full picture.

WILLIAMS MOVED AND FLOOD SECONDED TO ADOPT THE MATERIALS AS MODIFIED FOR THE 2008 ANNUAL MAIL OUT. MOTION PASSED 8-0.

Meeting break from 11:30 a.m. to 11:45 a.m.

New Business

Amendment of Tree Committee Charter

GRANT MURRELL MOVED AND WILLIAMS SECONDED TO APPROVE THE PROPOSED COMMITTEE CHARTER OF THE TREE, BRUSH, VEGETATION, AND NOXIOUS WEEDS SUB-COMMITTEE, AND DIRECT THE GENERAL MANAGER TO INCORPORATE IT INTO THE SHOA OPERATIONS MANUAL. MOTION PASSED 8-0.

Sign Complaint In Commercial Area

Stevens said there had been a complaint to the architectural committee regarding the Anchor Realty and Lighthouse Realty commercial signs. In section 2.8 of the covenants, it is required that all commercial signs in Divisions 5 & 6 come before the Board of Trustees. Stevens suggested a blanket approval of all existing commercial signs.

MURRELL MOVED AND FLOOD SECONDED TO APPROVE THE LIGHTHOUSE AND ANCHOR REALTY SIGNS IN SURFSIDE DIVISION 5. MOTION PASSED 8-0.

WILLIAMS MOVED AND FLOOD SECONDED TO APPROVE THE NOMINATING COMMITTEE RECOMMENDATIONS FOR BOARD CANDIDATES. MOTION CARRIED 7-0 WITH BOWEN ABSTAINING.

Correspondence

The Starheim item was moved to closed session. With regard to the Applegate item, he is challenging the extra \$100 multiple dwelling fee assessed to approximately six people who own extra houses used as rentals. After searching the minutes, the only reference that was found was on March 21, 1992 with reference to long term rentals. The fee covers the use of water and trash collection for that extra house(s). It was suggested that the matter be referred to Sam Jacobs, SHOA attorney.

Meetings and Contacts

Haskin reported that he has met with George Miller, who is interested in improving the Twin Lakes Cabana.

Committee Reports

Water Report

Haskin reported he is ready to pull out the bridge pilings this week. The remnant wood is all at the water warehouse waiting to be taken to the dump.

Olson reported and Murrell agreed that adverse possession applies to the ownership of the footpaths. Since it has not been challenged up to this point, the fence referred to at the last meeting belongs to SHOA. It has been there 20 years or so. This issue could get complicated.

Haskin asked Flood what the date of bridge installation would be. Flood said they would start installing the end of June.

Board members discussed the issue of mail boxes in the right of way that were knocked over during the recent main replacements. After discussion, it is believed that the owners have to put their own mail boxes back up as they were in the right of way and the property does not belong to SHOA or the member. SHOA does not want to get involved in installing mail boxes on county rights-of-way.

Bowen asked that members be notified that there is a problem with the mail boxes being in the right of way. It would be considered a structure in the right of way. The owner is responsible to replace anything damaged in the right of way. He suggested a newsletter article might be appropriate here.

Fish and Chemical Applications

Haskin said Aquatechnex recommends carp not be planted until fall. After the water is treated later this month, there will be limited food for them to eat until then anyway. There was some confusion that the bass and bluegill were being stocked in a new waterway. Williams will work out the timeline of when put them in and how to get them here as there are requirements about the amount of water required and the size of the truck to haul them in, etc.

Six-Year Water Plan

Karch handed out the draft six-year water plan to Board members chapters 1-7. Chapters 8 and 9 are yet to come. Olson asked that the Board read it so they can become familiar with its contents as they will be voting to adopt it at a later time. Chapter 8 deals with projects and costs and Chapter 9 deals with the financing arrangements.

Flood requested spreadsheets of the projects. Bowen said it was too much information for him. Is there a need to read it if we do not understand what it is talking about?

Architectural Committee

Karch and Olson said that a policy could be adopted on same materials based on the appeal decision in the Starheim case. It will be discussed at the June 21st meeting which will include that hearing.

Treasurer's Report

Olson repeated his request that the financial report pages be numbered consecutively so that reference to specific pages could easily be made for discussion. It was noted that the \$15,000 in the Rodich case came out of legal fees.

Platt reported that all accounts are now insured by FDIC up to \$100,000.

PLATT MOVED AND WILLEFORD SECONDED TO APPROVE THE TRANSFER OF FUNDS FROM KEY BANK OPERATIONAL FUNDS ACCOUNT IN THE AMOUNT OF \$280,000.00 PAYABLE TO RAYMOND JAMES FOR TWO (2) \$95,000.00 SIX-MONTH CERTIFICATES OF DEPOSIT AND ONE (1) \$90,000.00 THREE-MONTH CERTIFICATE OF DEPOSIT. MOTION PASSED 8-0.

PLATT MOVED AND BOWEN SECONDED TO APPROVE CHECK NUMBER 15553, IN THE AMOUNT OF \$4,778.19 PAYABLE TO KEN KARCH FOR REIMBURSEMENT FOR FOOTBRIDGE REPLACEMENT PROJECT PERMITS AND TRANSFER OF FUNDS. MOTION PASSED 8-0.

PLATT MOVED AND MURRELL SECONDED TO APPROVE CHECK NUMBER 15566 IN THE AMOUNT OF \$1,598.95 PAYABLE TO ENGLUND MARINE FOR PUMP REPLACEMENT AND TRANSFER OF FUNDS FROM RESERVE ACCOUNT. MOTION PASSED 8-0.

PLATT MOVED AND SCHMIDT SECONDED TO APPROVE CHECK NUMBER 15568 IN THE AMOUNT OF \$2,024.34 PAYABLE TO FURROW PUMP FOR PUMP REPLACEMENT AND TRANSFER OF FUNDS FROM RESERVE ACCOUNT. MOTION PASSED 8-0.

Investment Policy

Jim Lanzaotta will be writing this and has not started yet.

Fish and Waterways

The committee is sponsoring a workshop at the SHOA office on plants, mosquitoes and tree removal led by Kim Patten and Larry Raymer. An invitation will be mailed out to all members with the June newsletter. Mary Murrell will no longer be available to be chair of this committee so if Russ Harwell can not return to the position, a new chair needs to be found.

MURREL MOVED AND WILLIAMS SECONDED TO ACCEPT THE COMMITTEE REPORTS AS WRITTEN, REPORTED AND COMMENTED ON. MOTION PASSED 8-0.

Meeting recessed at 1:05 p.m. for ten minutes to go into closed session at 1:15 p.m.

Meeting came back out of closed session at 3:45 p.m. into open session.

SCHMIDT MOVED AND WILLIAMS SECONDED THAT THE BOARD OF TRUSTEES AMEND OPERATING PROCEDURE 104 BY ADDING A NEW SECTION 2.4.4 TO OPERATING PROCEDURE 104 TO READ AS FOLLOWS: “. . . 2.4.4 AT EACH ARCHITECTURAL COMMITTEE MEETING, THE COMMITTEE WILL REVIEW THE ARCHITECTURAL COMMITTEE MEETING MINUTES FROM ANY PREVIOUS MEETING(S) AND APPROVE OR AMEND SUCH PREVIOUS MINUTES. SUCH REVIEW SHALL INCLUDE ANY MOTIONS OR COMMENTS APPROVED BY THE ARCHITECTURAL COMMITTEE . . .” MOTION PASSED 8-0.

GABRIELSON MOVED AND WILLEFORD SECONDED TO ADJOURN THE MEETING AT 4:00 P.M. MOTION PASSED.

Respectfully submitted,

Sharon White, Recording Secretary

Warren Olson, President