

MINUTES OF ANNUAL MEETING
SURFSIDE HOMEOWNERS ASSOCIATION
July 11, 2009

NOTE: Annual Meeting Minutes Are Not Official Until Approved by the Membership at the July 2010 Annual Meeting.

President James Flood called the meeting to order at 10:05 am, and the remaining Surfside Homeowners Association Board Members were introduced and present as follows:

Debbie, Richmond, Larry Nelsen, Chris Hanson, Grant Murrell, Gene Bowen, Gary Williams, Walt Platt and Cathy Gabrielson.

Surfside Homeowners Association Guests Present: John Didion, Pacific County Sheriff, David Burke, County Prosecuting Attorney; Sam Jacobs, Surfside Homeowners Association Legal Representative; Jim Lanzarotta Surfside Homeowners Association Auditor/Accountant; Jacob Brundage, Fire Chief Pacific County District #1; Janet Corey, Designated Election Committee Chair, and helpers, Mindy Wilkinson, Cindy Wilkinson and Crystal Wilkinson

Surfside Homeowners Association Staff Present: Barbara Robinson, General Manager; Ginger Byrd, Accountant/Bookkeeper; Dinah McCreddie, Secretary to the Board; Sara Chase, Office Secretary; Jim Meyers, Compliance Officer; Larry Clark, Deputy Sheriff; Bob Haskin, Water/Field Superintendant; Gil Gonzales, Water/Field Technician, and Nancy Cheney, Office Assistant.

QUORUM DECLARED AND ANNUAL MEETING RULES READ

President Flood declared that according to the DECC a Quorum was present between guests and proxies. Additionally, he moved that the Surfside Homeowners Association Annual Meeting be conducted under the current edition of Roberts Rules of Order, Newly Revised, except where it is inconsistent with governing RCW's of the State of Washington, the Articles of Incorporation, the By-laws, the Covenants, 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 speakers for each main motion or amendment. No speaker may speak twice until all others, wishing to be recognized, have had an opportunity to do so. Elections of trustees shall be conducted by the ballots provided. 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. Additionally, Flood requested that everyone in the house turn off their cell phones to prevent any interruption of the annual meeting.

HANSON MOVED TO ADOPT ANNUAL MEETING SPECIAL RULES.
WILLIAMS SECONDED. MOTION CARRIED UNANIMOUSLY.

ADOPTION OF AGENDA

Flood introduced the motion to adopt the annual meeting agenda as printed and provided to the members. Agenda approved, as submitted.

INTRODUCTION OF BOARD MEMBERS, EMPLOYEES AND SURFSIDE GUESTS

Flood introduced and welcomed the guests including the, County Sherriff, John Didion, County Prosecuting Attorney, David Burke, Sam Jacobs, Surfside attorney, and Jim Lanzaratta, Surfside Accountant.

APPROVE MINUTES OF JULY 12, 2008 ANNUAL MEETING

GENE BOWEN MOVED TO ADOPT AND APPROVE THE JULY 12, 2007 MINUTES AS PRINTED, WILLIAMS SECONDED. MOTION CARRIED.

THIS WAS LATER CORRECTED AS THE APPROVAL OF THE MINUTES MUST COME FROM THE MEMBERSHIP, RATHER THAN THE BOARD.
CLAUDIA JUSTICE MOVED TO ADOPT AND APPROVE THE JULY 12, 2007 MINUTES AS PRINTED, SECONDED BY A GENTLEMAN MEMBER (UNABLE TO HEAR THE MEMBER'S NAME ON TAPE). MOTION CARRIED.

NOMINATION OF CANDIDATES FOR THE BOARD BY GLORIA HAJDOK:

Hajdok, the stand-in for the chair of the Nominating Committee, Tom Kennedy, in his absence, requested that as the board candidates are introduced that they come forward. Martin Jenkins, Debbie Richmond, Ann Thoreson, and John Williams were introduced. Flood then requested any nominations from the floor. Georgia Mourikis, from the floor, nominated Valerie Harrison as a board candidate and Gail Baer seconded this nomination. Harrison was then directed to come forward to join the other candidates. Hearing no other nominations from the floor, Flood declared floor nominations to be closed.

Hajdok then requested that each candidate tell the membership about their qualifications as a potential board member and each of the above named candidates were given the opportunity, to address the members, including a summary of what they hoped to bring to the executive committee if elected. At the time that Harrison was introduced it was also explained that although she did not appear on the ballot as a candidate to vote for, she could be written in if a member wished to vote for her. Questions were entertained from the floor and one member questioned why Harrison did not appear on the ballot. Harrison answered this question, explaining that she had not made the decision to run for

the board until after the ballots had gone to the printer for printing and also mentioned her husband's health issues for the delay.

BALLOTING

Janet Corey requested that the voting and passing out of the proxies and floor ballots be moved to later in the agenda as her team needed more time for the process of checking in the proxies that had been turned in to the Surfside office.

PRESIDENT'S ADDRESS: JIM FLOOD

Flood welcomed all friends and neighbors to the annual meeting, stating that this meeting is essentially a report from the trustees, committees and staff to the membership on the state of the organization. Flood made some observations on the years past and the challenges ahead. According to Flood this year has been characterized as a year of teamwork between staff and volunteers, including record keeping, note taking, follow up, investigation and enforcement. The result has been a resurgence of volunteers now enjoying a level of commitment appropriate to their gift of time. This teamwork has been very productive for the membership, including more people volunteering and staff is able to get more done. Board members are occasionally approached by members suggesting that we cut back on staff and just have the work done, strictly by volunteers. However, often those that make these suggestions are not volunteers themselves and do not realize the number, magnitude or difficulty of the daily tasks at hand. Flood maintained that it is often difficult to obtain enough volunteers and therefore, staff is critical to the day-to-day operations of the Surfside Homeowners Association. Potential volunteers were encouraged to stop by the office and obtain a list of committees in which they might serve if so inclined. The current volunteers, who have already served on these committees deserve a thank you from all other members as well for giving of their time and effort to make Surfside a better place to live.

Flood related the teamwork spirit between volunteers and staff in the accomplishment of many Surfside goals, which are evidenced on the pictures presented at the annual meeting, including work done, as well as community events and beautification of Surfside, including the replacement of the six bridges, etc. A list of other accomplishments can be obtained from the business office.

Flood stated that the core functions of Surfside, including delivery of water, trash collection and recycling, enforcement of covenants, maintain assets, provide security, and pay bills. By these standards, it is clear that the homeowners association is in outstanding shape. Out of all of these core functions, the most important, according to Flood, is the delivery of clean and pure drinking water, and this is done with high reliability with the dedicated staff of Bob Haskin and his crew, who have developed continued plans to improve this reliability.

Additionally, the aging infrastructure of the water system has been addressed and is in the process of being replaced. Again, the cooperation of the volunteers and the staff has resulted in savings to the association due to the investigation of the purchase of equipment to accomplish the job of to date replacing over ½ mile of new water pipe.

The financial status of the organization is also in very good shape, and by year end 2008, we have lived within our budget and are currently back on track in 2009, and a report will be given by the auditor regarding our operating budget and reconciling it to the capital reserves.

Finally, Flood recognized the Community Relations co-chairs, Georgia Mourikis and Jane Bowen for their many accomplishments in the year 2008, including improving Surfside publications, supporting other volunteers, and working closely with the General Manager to turn the Surfside Office into the Surfside Community Center and organization of a wide range of fun activities for the Surfside members to be a part of, and so much more to make Surfside a “FUN” place to live.

In closing, Flood thanked all staff, volunteers, county officials and members, including the board members and made another plea to the members in general to volunteer for one of the committees of Surfside Homeowners Association.

PROXIES & VOTING BALLOTS WERE PASSED OUT TO THE MEMBERSHIP

Corey officially declared that there is a quorum after counting the proxies as well as the floor ballots which have been handed out. Member's proxy forms were passed out to the members that were identified to vote for the absentee members. Additionally, all remaining proxy votes without an identified proxy voting member were given to the executive committee. Janet Corey explained to the executive committee to sign date all the proxies to indicate that they accept that the member has given each trustee their proxy to vote. The proxy forms different sections/colors were explained by Corey with regard to partially voted (green) forms versus totally voted (white) forms as well as forms (blue) that have not been voted at all, and how to vote on the various forms.

Voting was completed and Flood stated that while the ballots were being counted Sheriff Didion would present his report.

SHERIFF JOHN DIDION

John Didion stated that the Surfside community is a model community due to citizens taking ownership of their own public safety and engaging with county staff in an effort to keep the community safe. Didion gave credit to Deputy Sheriff

Clark and presented Clark with a meritorious service award for his hard work in the community. Some statistics were provided to the members showing that out of 361 total law enforcement actions, most of them were due to traffic violations. Clark was given credit for the enforcement of safe levels of speed in the community. Additionally, Didion explained that the second most prevalent form of law enforcement is responding to suspicious people. Credit was also given to the members of the community for keeping watch in their community, with audible alarms being third on the list. According to Didion, all three enforcement statistics are evidence of the trust which the community places in Clark causing them not to hesitate to call when there is a need. Out of the nine burglaries reported, only two were actual burglaries by people, with the other seven actually being due to a bear in the community.

Didion closed with information that there is a significant budget shortfall for next year and by November 1; funding decisions will be made accordingly. According to Didion, the Pacific County Board is aware of how strongly everyone feels that the Sheriff's services in Surfside are extremely important and public safety is the foundation that everything else is built upon. Therefore, he appealed to the members to let the county board know how they feel, between now and November 1, with regard to the public's thoughts on public safety within Surfside.

GENERAL MANAGER'S ADDRESS: BARBARA ROBINSON:

Thanked staff, board and most importantly volunteers for the help which has resulted in many projects being completed. Robinson directed the members to the hand outs to show the Surfside Homeowners Association goals which were set and have been accomplished as well as what will continue to be the focus for completion in the future. According to Robinson, one of Surfside's major accomplishments has been the replacement of the bridges and approaches. She also explained that the maintenance of the approaches will be an ongoing project which can now continue with budgeted funds. The water main replacement project is still the biggest project to look forward to; however, a solid plan has been developed to enable this process. Equipment has been purchased to which has already been a huge help, especially in replacing pipe which were a part of the 24 main breaks after first of year. Additionally, Robinson pointed out the necessary board policy changes, including the development of an employee manual as well as the resulting employee evaluations. Additionally, it was announced that the Surfside Fishing Derby is now back for 2009 with the co-chairing efforts of Diane Jackson and Pam Stephens. These ladies were thanked by Robinson for the diligence and hard work. Robinson directed the members to look at the goal policies which were adopted in December to occur in 2009, showing that most of them have been accomplished within the timeline indicated on the policy. Finally, Robinson pointed out the Surfside Asset Study which is currently in the process of development, also on the goals policy timeline. She encouraged all members to read this handout to educate them in where Surfside actually is in terms of completing these goals. Robinson closed

by inviting and encouraging all members to come to the Annual Potluck Picnic at the Surfside business office, immediately following the Annual Meeting.

LEGAL REPORT BY SAM JACOBS, SURFSIDE ATTORNEY

Sam Jacobs reported that this is his 10th year as Surfside's legal representative. According to Jacobs Surfside continues to be on strong legal footing. The association continues to be well run with good policies, controls, board leadership and management. Surfside is a maturing and growing association and therefore legal issues faced also change and mature. Traditional issues he must address continues to include members not paying their assessments in a timely manner, although, this has actually decreased even in view of the present economy. Routine enforcement of covenant issues is actually down due to covenant enforcement of Jim Meyers who now handles these problems in-house and they never become a legal issue. According to Jacobs, the Board and the Surfside management staff have kept the association on a good legal footing.

FINANCIAL REPORT BY JIM LANZAROTTA, SHOA ACCOUNTANT

Lanzarotta provided handouts which matched his power point presentation. These handouts are provided in the original minutes for this Annual Meeting.

Auditor's are now required to look at an organizations risks, including any and all checks and balances, and Lanzarotta's team really focused on identifying any areas of risk within the Surfside Homeowners Association accounting practices. They have made more observations and recommendations to the Board. However, the bottom line shows that Surfside has done a very good job of providing these checks and balances and actually needed minimal adjustments with regard to risks. These were presented in draft detail at the last June Board meeting.

According to Lanzarotta, as Surfside's auditor his greatest challenge is to look at fixed assets and determine whether or not members are being assessed a sufficient amount in an effort to maintain and replace these assets as they wear out. The current efforts of Robinson, volunteers and staff to come up with an accurate asset study will significantly help in this process.

Lanzarotta closed by acknowledging the efforts of Robinson, Byrd, the Office Department staff and the Water Department Staff.

JACOB BRUNDAGE, FIRE CHIEF DISTRICT #1:

Chief Brundage discussed the relationship of Fire District #1 with Surfside Homeowners Association and how this improved relationship has resulted in a proactive attitude from both parts. Chief Brundage's staff has determined that

what the people (Surfside members) want is important and as a result of this he has seen the proactive attitude result in improved service to the community. . Proactive steps taken by the Fire District included the addition of an aid unit and a brush truck. According to Brundage, calls received from Surfside members have been doubled in a year showing particular needs of the community. He stated that an aid unit and a brush truck are being added at no cost to SS members. Dune grass/brush fires continue to be the biggest issue with regard to calls received. Members are encouraged to do everything they can to prevent wild fires and wild fire prevention printed materials were brought to be provided to the members. Brundage also congratulated the current board members for sponsoring chipping events, responding to important budgeting issues, etc. which have helped the Fire District #1 know the hot topics in the community. Brundage closed by explaining his "open door policy" encouraging members to call or visit him with regard to any questions they may have.

ARCHITECTURAL COMMITTEE:

Wayne O'Dell gave the Architectural Committee report, explaining to the members that the Architectural Committee meets every Tuesday at 9:00 AM. O'Dell listed all the members of the committee. Additionally he explained what the committee has reviewed. The Committee, in 2008, has reviewed 25 fences, 19 permanent structures/garages, 19 sheds, 6 septic reviews and 6 decks/other items. According to O'Dell, the septic reviews are reviewed much less than in the past as due to certain county requirements they must go directly to the county for approval. O'Dell gave recognition to Shirley Baker who worked on covenant changes and also gave Sara Chase recognition for all of her organizational administrative support to the committee.

RV COMMITTEE:

Rosie Sartin, Co-chair with husband Ray presented the report and introduced all the members of the RV Committee. According to Sartin, the RV covenant violations have definitely improved. Last year in 2007, there were 150 complaints. However, this year, 2008 there were only about 30. According to Sartin, most RV owners are now complying with the permits process and so far this summer, the office has issued over 200 permits. Sartin reiterated the rule that RV's must be removed from certain Surfside properties by September 30. Additionally, she explained that the Surfside office personnel has sent out a questionnaire to build the RV permit data base in an effort to locate people in case of emergency for security issues. To further explained she stated that last year someone left their Air Conditioner on for three weeks during the winter and because there was no contact information available the office was unable to notify the people of this extra expense which was obviously overlooked.

COMMUNITY RELATIONS COMMITTEE

Barbara Robinson gave the Community Relations report, because the committee chairs were both gone from the meeting and working on the Annual Meeting Potluck Picnic. Robinson reported of the many accomplishments of this committee, including the development of the procedures for member use of the cabanas, procedure for use and the reservation of the community room for events and emergency use. This committee has accomplished much in terms of Surfside beautification including the landscaping projects at all of the cabanas. Bulletin board cases were installed at the cabanas by John Reichenbach and George Miller helped to develop and create the signage at the cabanas. Miller is also the founder (along with the help of Pacific County) of the Neighborhood Watch program. Game night and Bunco night were founded by this Community as well. A new Welcome Committee is a subcommittee of the Community Relations Committee, giving out some very nice welcome bags full of coupons and "freebies". This committee has collected \$649 in member donations for the flag pole which has been installed at the Surfside business office, while Surfside member, Bud Graves, installed the lighting for the flag. The committee also sponsored a garage sale and then used the proceeds to purchase three decorative benches, which have now been installed at the twin lakes #2 cabana and the other two are at different locations behind the office cabana. This committee also worked to create and enter the float in the Ocean Park Fourth of July parade, winning the 2nd place prize. They have also raised money for the Foster Children's Christmas fund. Additionally, this committee has organized many events, including the the Annual Potluck Picnic, the New Bridges Opening Celebration, the Cabana Concerts, and the Chili Feed and Horseshoe Tournament. The Committee has also sponsored and participated in decorating the Surfside Office for Christmas as well as the Volunteer Appreciation Dinner. Finally, they have sponsored and organized the Spring Container Demonstration and worked very hard with staff to improve the Weekender and Newsletter publications as well as the web site.

WATER/FIELD DEPARTMENT

Bob Haskin reported. Haskin thanked the board for their support and confidence in the Department's ability to do the work by approving the purchase of the needed equipment. He especially thanked the efforts of his crew who worked long and hard hours, without complaint, often in the middle of night to fix main breaks until water flowed again to all homes in Surfside. Haskins reported he is happy to see that the quality of water is getting better and infrastructure is getting better and encouraged members to call if anyone experiences water quality issues. According to Haskin these problems, if reported, can often be cleared up. Finally Haskin promised that he and his department will do their best to minimize any inconvenience to the members when replacing the Surfside water main infrastructure.

FISH & WATERWAYS

Gary Williams reported that the Fish and Waterways Committee has accomplished many things, including educational sessions with Kim Patton and Kathleen Sayce regarding the best choices of planting for vegetation along the waterways. Additionally this committee has worked closely with the tree committee and the Community Relations Committee to beautify landscape behind the office to give members an example of how landscaping should look to maximize the health of waterways. Last year the waterways themselves had been cleaned up and maintained by the Water/Field Department and the Committee and this year blue gill, carp, crappie, catfish and trout for fishing derby have been introduced to the waterways. Bass were unable to be introduced as was planned this year as the hatchery did not have bass available. Hopefully this will be possible next year. Next year committee plans to continue the maintenance of the waterways, as well as the educational processes of the homeowners along the waterways. John Reichenbach, Cissy Hepburn and Mary Murrell, all chairs, were thanked for their hard work. A plea for more volunteers for this committee was also issued and if interested members should contact the office.

GRIEVANCE COMMITTEE

Jim Meyers gave the report, explaining that disagreements between members continue, and covenant enforcement is still necessary. He views his role as the intermediary between these disagreeable parties. However, he did encourage members to always try to work out their disagreements prior to coming to Surfside to file a complaint. Meyers did state that it is his goal, not only to serve as intermediary in current disagreements and to enforce the covenants, but also it is his hope to help the community learn to work well together. He sees this happening more and more.

TREE, BRUSH AND NOXIOUS WEEDS

Chris Hanson reported for this committee as the chair, Larry Raymer, was out of town. According to Hanson, many tree complaints have been resolved. Hanson also stated that he wanted to make the statement that although he is aware of a controversy regarding tree trimming covenants, Surfside Homeowners Association and the Board representation of the association is not "anti-tree". Hanson also stated he would try his best to answer any questions which could come up for this committee.

OFFICIALLY OPEN HEARING

Barbara Robinson addressed the hearing and directed people to the mailing, which was sent prior to the meeting, regarding the proposed covenant changes

and the handouts. Robinson explained that these covenant changes started with an ad-hoc committee, to the Architectural Committee, for the purpose of addressing in more detail the “same materials” issue. The five criteria’s presented within this covenant were revisited with the intent of allowing more flexibility in terms of covenants related to accessory buildings. This committee is proposing another change which includes removing the fifth criteria of the Section, item E.

Robinson also explained that the RV covenants, Section 2.9A5, was also being addressed, which would include the removal of the language stating that camper bodies cannot be removed from a truck, etc. The reasoning provided for this language to be removed was explained that truck campers are defined in the covenants as RVs. Therefore the request is that truck campers should be treated as any other RV, and should therefore be allowed on the Surfside property at the same time any other RV can be on the property.

Additionally, it is has been proposed that the Construction Permit for RV use should be extended to two years instead of one, to provide consistency with timelines for building construction as outlines in the Architectural Committee procedures.

Also, there is a change proposed that instead of having the Architectural Committee review septic permits, this covenant should be amended to have the water and field department only, review the location of the septic according to the site plan submitted. This is proposed due to the fact that now the county has the ultimate and final responsibility of approving septic approvals and this removes the responsibility from the Architectural Committee.

Robinson further explained that the actual covenant hearing will occur at the August 2009 meeting, in which the board will determine whether or not the proposed changes are denied or approved as submitted.

Two people has previously signed up to speak on the covenant changes, however, when given the chance, no one opted to actually speak.

UNFINISHED BUSINESS & FLOOR COMMENTS

Bob Johnson, wondered why people had to sign up to speak and it was explained that the speaker sign up was used for the covenants issue only. Further it was explained that floor comments are open to all members to express their views and opinions of things as a help to the board who has the responsibility of making hard decisions and therefore, welcomes comments from the members.

Wayne O'Dell wished to inform members that the issue of PUD service needing to be changed to an underground wiring system is a concern, which will result in a huge cost to all PUD customers. Therefore, members need to be aware of this.

The tree height covenants were addressed by Mike Lucente, at 34404 J Place, who was responding to an article which appeared in the most recent Chinook Observer. According to Lucente, Surfside is a unique community as it is next to the ocean or the surf which is where the community gets its name. He stated that members of Surfside have purchased property with an ocean view, beach access or actual ocean shoreline. This is different than living in some other homeowners association, for example, Sunset Sands, which provides a park-like setting with lots of trees. Lucente suggested that if the members of Surfside wanted this type of "park-like" setting, it would be better if they lived in a different place. He stated that it is his opinion that an ocean view and being close to ocean is more desirable to those that have chosen to purchase property in Surfside and that homeowners taxes reflect this desirability. Lucente also stated that the issue of having trees on the property of Surfside is still possible but they could be slower growth trees or trees/shrubs that do not grow so high, etc. Additionally, he stated that an ocean view is not only a "J Place" issue but that there are many homes in other areas, for example on I street and G Street, which have built observations decks. Lucente stated that if the height restrictions are eliminated then eventually Surfside will be like Sunset Sands or other communities and he believed that most Surfside members would like to leave the community the way it is.

Gail Simmons, Gail Baer and Craig Masson, other members who live on J Place made some comments in response to the ad in the Chinook Observer. Summarily they all took exception to comments from some other members that appeared in the article, stating these comments were a misrepresentation of the character and habits of the people who live on J Place.

An unidentified member suggested that we have a better sound system, which would be mobile to be used in the audience, as members in the audience could not be heard. Nancy Cheney stated she remembered that Surfside used to own a sound system. However, the board responded that the sound system being referred to was not a mobile system.

John Reichenbach stated he likes the more relaxed attitude of the board which promotes other members to speak up.

ANNOUNCEMENT OF ELECTION RESULTS

Janet Corey announced that the top 3 candidates for the Board of Trustees were Debbie Richmond, Martin Jenkins and John Williams. Regarding the 70-604 election vote, there were 295 "Yes" votes to 56 "No" votes.

The above named new board member trustees were sworn in by the reading of the “oath of office” with the Board President, Jim Flood.

MOTION FOR ADJOURNMENT

WAYNE O'DELL MOVED TO ADJOURN, THE ANNUAL MEETING. CHUCK SCHUSSMAN SECONDED. MEETING WAS ADJOURNED AT 12:10 P.M.

Jim Flood, President

Grant Murrell, Secretary

Dinah McCreddie, Recording Secretary