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MINUTES OF ANNUAL MEETING
SURFSIDE HOMEOWNERS ASSOCIATION
July 10, 2010

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

Chris Hanson, Martin Jenkins, George Miller, Grant Murrell, Larry Nelsen, Debbie Richmond, Gary Williams and John Williams.

Surfside Homeowners Association Guests Present: John Didion, Pacific County Sheriff, David Burke; County Prosecuting Attorney; Brian Blake State Representative; Sam Jacobs, Surfside Homeowners Association Legal Representative; Jim Lanzarotta Surfside Homeowners Association Auditor/Accountant; 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; Sara Chase, Secretary to the Board; Kaye Dawson, Office Secretary; Jim Meyers, Compliance Officer; Paul Jacobson, Deputy Sheriff; Bill Neal, Interim Water/Field Superintendent; Gil Gonzalez, Water/Field Technician, and Nancy Cheney, Compactor Attendant.

QUORUM DECLARED

President Flood declared that according to the DECC a Quorum was present between guests and proxies. The proxies were distributed to the proxy holders.

ADOPTION OF AGENDA

Flood introduced the motion to adopt the annual meeting agenda as printed and provided to the members. Sophia Platt moved to adopt the annual meeting agenda as presented. Sandy Smith seconded the motion. The motion passed.

INTRODUCTION OF BOARD MEMBERS, EMPLOYEES AND SURFSIDE GUESTS

Flood introduced and welcomed the guests including the, Pacific County Sheriff, John Didion, County Prosecuting Attorney, David Burke, Brain Blake State Representative, Sam Jacobs, Surfside attorney, and Jim Lanzaratta, Surfside Accountant.

APPROVE MINUTES OF JULY 11, 2009 ANNUAL MEETING

Michael Berlien moved to approve the minutes of Annual Meeting held July 11, 2009. Larry Raymer seconded the motion. The motion passed and the minutes were approved.

NOMINATION OF CANDIDATES FOR THE BOARD BY DEBBIE RICHMOND:

Debbie Richmond requested that as the board candidates are introduced that they come forward. Jim Flood, George Miller, Grant Murrell and Gary Williams. Flood then requested any nominations from the floor. Nancy Cheney nominated from the floor, Kirby Smith as a board candidate. Kirby Smith 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.

Debbie Richmond 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 Kirby Smith was introduced it was also explained that although he did not appear on the ballot as a candidate to vote for, he could be written in if a member wished to vote for him.

BALLOTING

Janet Corey Designated Election Committee Chairperson and her assistants distributed the ballots. 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. Given the fact three of the Executive Committee is running for reelection, the proxies were given to the remaining five Board Members.

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.

Jim Flood stated that the goals for 2010 that the Board identified in August of 2009 that included the following categories safety, employee and stakeholders, assets, financial and operations have for the most part been addressed and improvements made in the way we do business to provide leadership and ensure customer satisfaction, maintain a safe work environment, maintain our many

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valuable assets, improve overall operations, implement better financial controls, comply with State and Federal mandates regarding water quality and create an ongoing high quality of life here in Surfside.

Mr. Flood stated that Surfside faces difficult challenges. We need board members with good management skills and a vision of the future. Today we will be electing four Board Members, interestingly the candidates running for the positions are all current board members. The members will have donated over 200 hours a year of time and effort to make things better for all of us.

Jim reviewed the accomplishments of the various committees, and thanked them for their service. The services of all the committees continues to make our community a great 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.

SHERIFF JOHN DIDION

John Didion spoke to the state of law and order in the Surfside community. Surfside continues to have the lowest crime rate in Pacific County due to citizens taking ownership of their own public safety and engaging with county staff in an effort to keep the community safe. John stated he was not sure what life without Larry would be like, but that Paul Jacobson has been doing a great job. Since last year there have been 227 calls in Surfside, the highest incidents of calls are traffic related, followed by alarms and reports of suspicious persons. Sheriff Didion again praised the members for their diligence in their observations, because of them a major narcotics dealer was removed from our area. During the winter holiday season we were plagued with a rash of burglaries, Paul Jacobson adjusted his schedule to patrol the area in the wee hours and after a short high speed chase apprehended a suspect, with that arrest the burglaries came to an end. The sheriff's office is looking at the possibility of three way stops on the long straight stretches, placement of radar devices to give current speed displays to drivers.

STATE REPRESENTATIVE BRIAN BLAKE

Brian Blake spoke to the state of the economy. He stated that the large appropriations committee has been broken into smaller ways and means committees, and he feels that this gives a better understanding of the state budget to more individuals. With the economy falling off the cliff there was a nine billion dollar problem that they were able to resolve with budget cuts and fund

transfers. During these difficult times of continued flat revenues he is happy to work with county officials to develop creative ways of handling the budget shortfalls. He thank Surfside for inviting him to the meeting.

LEGAL REPORT BY SAM JACOBS, SURFSIDE ATTORNEY

Sam Jacobs reported that this is his 11th year as Surfside's legal representative. Mr. Jacobs stated that Surfside remains on good legal footing with few problems. He credits this to the abilities of the General Manager, Barbara Robinson, a strong board and a pro-active response to complaints.

He stated that he is seeing the same number of dues enforcement issues as in the past. Sam explained that Surfside is in a very good position in relationship with mortgage companies in foreclosure procedures as Surfside has priority over the lenders in collecting homeowner dues.

Sam spoke about the case working its way through the courts at this time that could have an impact on Surfside is the Lummi case involving municipal water responsibilities and rights. Depending on the outcome of the case Surfside could be defined as a municipal water system, and that could require metered water for members.

FINANCIAL REPORT BY JIM LANZAROTTA, ACCOUNTANT

Jim spoke of the five elements of the audit including financial controls and fraud. The policies for financial control at Surfside are excellent, through the process of interviews and review of documents it was determined that there is no instance of fraud in Surfside.

Jim reviewed the graphs that had been given to the audience for their perusal. He strongly stated that the members receive good value for their dues, when compared to surrounding communities utility costs.

ARCHITECTURAL COMMITTEE:

Wayne O'Dell gave the Architectural Committee report. He thanked all of the members who serve on the committee for their time and efforts in the review process.

Wayne explained that a new process of review of all applications will be done by Jim Meyers covenant compliance officer for completion of applications. This should streamline the application process and afford the members a speedy approval of their applications.

RV COMMITTEE:

No report given.

COMMUNITY RELATIONS COMMITTEE

As the committee members had left the meeting, to help prepare the annual picnic, Jim Flood reviewed a few of their accomplishments this year. Planting demonstrations, working on the annual garage sale and participation in the Ocean Park Fourth of July parade.

WATER/FIELD DEPARTMENT

Gary Williams, Water/Field services trustee introduced Bill Neal, interim Water/Field Services supervisor. Bill Neal reported that the focus of the department has been water quality. Lowering the amount of chlorine, removing or reducing the iron-magnesium levels has been the focus. The last two tests have had levels well below the state guidelines. Bill stated that the color we see at times in our water is the result of water percolating through organic matter.

FISH & WATERWAYS

Grant Murrell spoke about the resources for enhancement of the waterways that Katherine Sayce or Kim Patten could provided to homeowners. Gerry Dunn questioned the water level of the canal and felt that Surfside is not conferring with homeowners along the canal. Gerry stated that the screen is covered with debris. The water level is more than eighteen inches above the pipe. Mr. Dunn asked about the responsibility of the water ways being turned over to the county, he feels that it is a Surfside Management responsibility. Jim Flood stated he would have the Water/Field Service crew check on the screen blockage issue.

GRIEVANCE COMMITTEE

Jim Meyers said that grievances are more of a people problem than covenant enforcement issues. There have been very few general covenant compliance complaints filed in the past year.

TREE, BRUSH AND NOXIOUS WEEDS

Jim Meyers reported that the tree height issue has slowed down considerably since last year. Most areas with over height trees have been brought into compliance. Jack Worrell asked if when people trim their trees they could be

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reminded to clean the yard of debris. It presents a fire hazard as well as being very unattractive. Jim responded that he does not close a tree complaint until the area is clear of debris. Letters sent to members to let them know that their trees need to be trimmed also includes that all debris must be removed.

Mrs. Casey asked if a chipper could be made available to the members as an alternative to burning.

ELECTION RESULTS: JANET COREY DESIGNATED ELECTION COMMITTEE CHAIRPERSON

Janet announced the election results:

Board Positions, Jim Flood, George Miller, Grant Murrell and Gary Williams
The proposal for transfer of unexpended funds to the reserve fund passed.

OFFICIAL OPEN HEARING

Jim Flood, President opened the meeting for the official hearing on the proposed covenant changes for RV usage. The following members gave testimony for or against the covenant changes: William Casey gave a statement against proposed covenant changes, Ray and Rosie Sartin (presented a petition with a 322 signatures opposing any changes to the covenants restricting RV's), Tom Trotta opposed, Ted Laurer opposed, Bill Davis opposed, Michael Berlien opposed, Leslie Wells would like to see RV'ers have the maximum time to enjoy property, Georgia Mourikis opposed, Pat Barlow would like to have the option for year round use, Alicia Steed pro change, Robertson Miller opposed, Mike Frakes would like to have two months added to the allotted time, Alice McGlothlin opposed, Lindsay Barlow would like extended time, Barbara Deets opposed, David Olson would like to see an increase in time for use, Marge Pettet extend the use time by 45 days.

MOTION TO CLOSE FLOOR COMMENTS

Larry Raymer made a motion to close floor comments. Leslie Wells seconded the motion. The motion passed. The Board will now consider all documentation and testimony provided by the membership on the proposed amendments at their regular August Board Meeting to be held on August 21, 2010.

MOTION FOR ADJOURNMENT

Larry Raymer made a motion to adjourn the Annual Meeting. Ray Sartin seconded the motion. The motion passed. The meeting adjourned at 1:00 P.M.

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Jim Flood, President

Grant Murrell, Secretary

Sara Chase, Recording Secretary