

MINUTES OF REGULAR BOARD MEETING
SURFSIDE HOMEOWNERS ASSOCIATION
JUNE 19, 2010

B.OT. Present: Jim Flood, Chris Hanson, Martin Jenkins, George Miller, Larry Nelsen, Debbie Richmond, Gary Williams and John Williams

B.O. T. Absent: Grant Murrell (excused).

Staff Present: Ginger Byrd, Paul Jacobson, Jim Meyers, Barbara Robinson and Dan Waterbury.

President, Jim Flood called the meeting to order at 9:00 a.m.

Vice-President, Gary Williams made a statement regarding "safety first". He reminded that we are getting into the dry season and that the fire risk is getting higher. He stated that we want staff to take extra precaution when using gas or any equipment such as chain saws. He also stated that residents should take precautions when using their barbeques and to be sure they are prepared in case a fire erupts. Lastly, he reminded all that fireworks are not allowed within the boundaries of Surfside. One misguided firework could ignite a fire.

President Flood then made an invitation for floor comments.

Floor Comments: There were no floor comments

Agenda: The agenda stood as stated and adopted.

Minutes: The minutes of the May 15, 2010, regular board meeting stood as written and adopted.

Old Business:

Introduction Of Candidates For The Board: Debbie Richmond stated that there are four positions open on the board. There are three, three year terms and one, one year term. Debbie stated that Grant Murrell, George Miller, Gary Williams and Jim Flood are all running for the positions. George Miller explained that the length of the term is determined by the number of votes each candidate gets, with the one receiving the least votes serving the shortest term.

2010 Board Goals: Barbara Robinson Stated that we are winding down on the time period for the goals to be completed. She stated that most of the goals have been completed. Barbara stated that we need to complete the Reserve Study but it is on hold until Jim Lanzarotta can meet with the Board of Trustees and have a workshop. Barbara stated that our financial controls have improved, and we are in the process of updating our safety plan. She stated that she and Larry Nelson met with Jim Szepek,

safety coordinator of Labor and Industries. Lastly we continue to get our water system up to standard.

Veterans Plaque: George Miller stated that the dedication was spectacular. He stated that there were about 75 people in attendance. He stated that there were many veterans there and they expressed thanks for the memorial. George stated that all trustees who live here were in attendance. George continued to thank all who helped make the memorial, his dream and vision, possible. George stated that all of the people that helped remind us that Surfside is not just a water district or an investment but a community. George shared a story about a man who drove up to the memorial, got out of his car, walked up to the flag, saluted it and then drove away.

New Business:

Draft Audit: Because the meeting was going ahead of schedule, the Board decided to move on to Committee Reports.

Staff and Committee Reports:

Water/Field Services: Dan Waterbury stated that we had hired a new temporary summer helper named Tyler Augustine. Dan stated that they have done a profile of the water, pre and post saturator, and the samples show that most of the problems are coming from the Reservoir. He stated that they will be flushing the system again. He stated that due to employee injuries they did not get this completed. George Miller asked how much time was lost by starting over and Dan told him not much as they hadn't made much progress. Dan stated that it takes about two weeks to do all of the flushing.

Sheriff Report: Paul Jacobson stated that May was a quiet month. He stated that the number one speeder was no longer in the area. He also stated that Deputy Mike Ray wanted him to thank all of the citizens for their co-operation on the PacNet warrant on 357th Street.

Financial Motions: Martin Jenkins moved to approve transfer of 2010 budgeted reserve fund contributions in the amount of \$35,000.00 from operational funds account into reserve fund account; to approve transfer of 2010 budgeted water line replacement funds in the amount of \$142,650.00 from operational funds account into the water line replacement reserve fund account; to approved check number 1025 in the amount of \$17,637.02 and transfer funds from water line replacement account to operational funds account for first quarter payroll expenses; to approve check number 1026 in the amount of \$1,420.09 payable to H. D. Fowler for water line replacement project and to approve check numbers 12834 in the amount of \$825.84 to Oman and Son, 12835 in the amount of \$42.01 to Jack's Country Store, 12848 in the amount of \$1,691.03 to Ford Electric and Debit card transaction in the amount \$40.85 for dedication ceremony supplies all to come from Generator Cover funds for 306th bridge project. Seconded by Gary Williams. Motions passed unanimously, 8-0.

Claudia Justice asked about the lots that look like an RV park? Martin Jenkins stated that the member owns five lots and put seven RV hook ups on it. He stated that they have several kids and this will allow all to be there at one time. Barbara Robinson stated that the county is onboard with this. Chris Hanson stated that there aren't any covenants against this.

The meeting went into recess at 9:28 am for a five minute break.
The meeting reconvened at 9:36 am.

2010 Audit: The draft audit was present by Jim Lanzarotta using speaker phone and internet. Jim listed the items that would be reviewed: Audit team, Recent changes to audit standards, Audit report, Required communications, Other matters, Status of tax return elections /issues, Reserve fund status and Operating fund status.

Jim showed pictures and introduced the members of the audit team.

Jim stated that expanded emphasis has been placed on fraud risk. He stated that they interviewed several staff members and the Board Treasurer. He stated that they found no fraud and no risks out of the ordinary. In addition to interviews, the team checks the internal controls of the association looking for risk.

Jim stated that the association is getting an unqualified/clean report. He stated that the team found all classifications were correct and that the books were adequate to support the financial statements.

Jim stated that there is a letter to those in management and reviewed the draft letter. He stated that in his opinion the Board is following good choices. There weren't any adjustments to the books necessary. He stated that the staff is doing a good job and that there not any disagreements with them. He also said he felt that there were some good discussions with staff.

Jim stated that he is required to present a communication of internal control matters. He stated that there were no material weaknesses. Jim stated he suggests that because the association out sources the preparation of the financial statements we should have a policy outlining this process. Jim also stated that he suggest a more detailed reconciliation of activity between operating and reserve funds. Lastly he stated that he felt that this is a good time to look at the reserve fund policies. Jim stated that he would like to come and meet with the Board to discuss the reserve fund.

Jim stated that 2009 was a good year. He is filing the tax return as a homeowners association this year in the amount of \$1,080.

Jim reviewed a chart of reserve funds and also of operating funds. He stated that these charts show that the association has done a good job of managing their expenses.

Jim reviewed the financial statements. He stated the association is ending the year with over \$600,000.00 cash in operating fund. He stated, however, that quite a bit of that is 2010 prepaid member fees.

Lastly, Jim thanked the staff and Board of Trustees. He then asked for questions. Jim Flood asked about the radical swing between 2008 and 2009 on the financial statement. Jim stated that excess revenue of expenses, adjustment for depreciation and prepaid member fees all have an effect on the bottom line. He stated that he can do a schedule to better show this. Jim stated that he will finalize the statement next week. Discussion followed as to what would be presented for the annual meeting. George Miller asked about the reserve schedule and the items that have a zero to be funded. It was explained that these items have been totally funded. Barbara Robinson pointed out that there is nothing on the schedule under \$10,000.00.

Continuation of Committee Reports: Barbara Robinson stated that we had several calls about a motor boat in the canal. Barbara stated that this was Aquatechnex doing the annual waterway survey and report.

Gary Williams asked about the Fourth of July float. He was told that the Community Relations Committee had found a truck and a driver.

Claudia Justice complimented Barbara on reducing the cost of the audit.

Chris Hanson moved to accept all Staff and Committee Reports as submitted. Larry Nelson seconded. Motion passed unanimously, 8-0.

Communications:

There was no discussion of incoming correspondence and outgoing correspondence.

Barbara Robinson stated that she and Larry Nelson had met with Jim Szpeck of Labor and Industries to discuss safety.

Jim Flood stated that Barbara had applied to grant monies again this year. He stated that we didn't get any funds however.

Sheila Wallace asked who would be working as liaison with the Fire Wise Program. Larry Nelson stated that he, George Miller and Debbie Richmond are working on this.

Floor Comments: Georgia Mourikis stated that the Board at the last meeting stating they were going to look into an independent contractor doing the water main replacement. She asked if this was being done. Jim Flood stated that this was a member comment not the Board of Trustees. Georgia stated that our water department employees are getting hurt and perhaps this is because the project is too difficult for them. Barbara Robinson stated that Gil Gonzalez is back to work and that his injury was not job related.

Daniel Spiegel asked if there was someone that is knowledgeable about septic systems that could talk with him. Debbie Richmond will talk with him after the meeting.

The Board recessed to closed executive session at 10:43 a.m. and opened again for regular session at 11:33 a.m.

Martin Jenkins moved to adjourn the regular board meeting at 11:35 a.m. George Miller seconded the motion. The motion passed unanimously, 8-0.

Jim Flood, President to the Board

Ginger Byrd, Recording Secretary