



# SURFSIDE III NEWSLETTER

"The best way to predict the future is to invent it"

~Alan Kay



June 5, 2006

## COA Business

### *Message From Board of Directors*

**To: Surfside III Home Owners**  
**From: Surfside III Board of Directors**  
**Re: Special Assessment**

There have been several important recent developments regarding the proposed special assessment. They are as follows:

1. [Insurance](#)
2. [Possible Alternative Repair Method for Water and Drain Lines](#)
3. [Current State of Unit Repairs](#)

#### 1. **Insurance:**

State Farm is very concerned about our situation. In the last three years they paid \$328,600 in water and sewer leak claims at Surfside III. Surfside paid ~\$400,000 in premiums for the same time period. On Thursday May 18, State Farm advised that they would consider renewing the policy that expires August 15 under the following conditions:

- The membership approves a plan to correct the recurring sewer and water leaks.
- Surfside does not file any new water/sewer related claims.
- Surfside provides progress reports to State Farm every two months.

If they do not renew the insurance we will have to go to the secondary markets. According to Tim Kline, a highly regarded local insurance consultant, it will cost approximately \$340,000 more for insurance. This will translate into a maintenance fee increase of approximately \$92.00 per month.

#### 2. **Possible Alternative Repair Method for Water and Drain Lines:**

Last year, the Board inquired about an epoxy process to line the interior of the water and drain lines. This process would reduce cost since the walls would not have to be opened up to replace water and drain lines. We were told that the process could not be used on drain lines less than 3". A unit owner has since advised us that the process can now be used on small diameter drain lines. The Board has examined this process and concluded that it is worth serious consideration. The vendor has a long warranty (40 Years), which is longer than new piping. The vendor will provide a quote in approximately two weeks to do all units at Surfside III, and a list of references. The Board will then compare that quote to the re-pipe bids and make a decision about which process to use.

Typically, these epoxy processes are the same or nearly the same cost as replacement. The difference is that it is faster and there is less need to open the walls possibly exposing mold. If this process can be used and it reduces the cost of the special assessment the Board will advise all owners and the special assessment amount will be adjusted accordingly. At the present time, we must proceed as if the water and drain lines will be replaced.

#### 3. **Current State of Unit Repairs**

More than 40 units at Surfside are under repair due to sewage and water leaks. Through a \$2,000.00 per unit emergency assessment last year the association has been repairing and restoring damaged units. There is an average of 2 new leaks each week. All of the funds from that emergency assessment have been spent or are committed. If the special assessment is not approved it is possible there will be another emergency assessment to

deal with the new leaks that occur each week.

Here is what it will cost in the next year if we do not approve the special assessment.

Incremental cost of new insurance.....	\$340,000
Another emergency assessment (maximum allowed per CC&Rs without owner approval).....	\$618,000
Emergency plumbing repairs (based on last 12 months).....	\$110,000
Legal expenses (based on last 12 months).....	\$160,000
<b>Total.....</b>	<b>\$1,228,000</b>

The \$1,228,000 per year will be each year without end, without permanently fixing anything.

The special assessment will cost \$1,240,000 per year for the next five years, and it will fix the problem.

In the last year, the association has paid approximately \$110,000 for emergency plumbing repairs to patch water and drain lines. Legal expense including settlement of three lawsuits related to sewer and water leaks was \$160,000.

Neighboring associations are also experiencing drain line failures, and are investigating potential solutions.

There is more information on the web site at [www.surfsideiii.com](http://www.surfsideiii.com). There is also an FAQ section on the web site. If you have any other questions please contact the Board at [website\\_updates@surfsideiii.com](mailto:website_updates@surfsideiii.com).

## SPECIAL ASSESSMENT FAQs

### 1. Can we have our special assessment ballots counted like they do for the state, having one board member, one Lordon representative, and at least two volunteer homeowners counting the votes?

**ANSWER:** When we reach the deadline date all original ballots will be brought to Surfside and counted by volunteer homeowners. The results will be announced. All ballots must be signed by the unit owner. There are no proxies. Owners cannot assign their rights to management or Board members. If a ballot is not signed the unit owner will be contacted and asked to sign it or submit a new one. Original ballots will be retained at Surfside. Lordon is just acting as a central mailing point.

### 2. Why are we using a mail-in ballot, instead of voting at a meeting?

**ANSWER:** The mail-in ballot gives all unit owners an opportunity to participate in the voting. No matter what day we would hold a special meeting not all owners could attend.

### 3. How can we be sure the voting is honest? Can't management and the Board just falsify ballots and swing the vote in favor of the special assessment?

**ANSWER:** The letter and ballot were mailed to the address of record for each owner. The envelope from the mail-in ballot will be kept and attached to the ballot. The postmark will verify that the ballot was mailed back. There are owners with addresses in Arizona, Nevada, Pennsylvania, Maryland etc. The postmark from those areas will provide proof that the owner received, signed and return mailed the ballot.

### 4. The ballot says that a majority of a quorum of owners will decide if the special assessment passes. Shouldn't it be a majority of all owners?

**ANSWER:** The passage by a majority of a quorum is specified in CA Civil Code Section 1366(b).

Civil Code Section 1366(b) provides in pertinent part as follows:

Notwithstanding more restrictive limitations placed on the board by the governing documents, the board of directors may not impose a regular assessment that is more than 20 percent greater than the regular assessment for the association's preceding fiscal year or impose special assessments which in the aggregate exceed 5 percent of the budgeted gross expenses of the association for that fiscal year without the approval of owners, constituting a quorum, casting a majority of the votes at a meeting or election of the association conducted in accordance with Chapter 5 (commencing with Section 7510) of Part 3 of Division 2 of Title 1 of the Corporations Code and Section 7613 of the Corporations Code. For the purposes of this section, quorum means more than 50 percent of the owners of an association. This section does not limit assessment increases necessary for emergency situations. For purposes of this section, an emergency situation is any one of the following:...."

Therefore, despite more restrictive limitations in the governing documents, a Board may impose a special assessment which is approved by the majority of a quorum of the owners as defined above.

Corporations Code Section 7513 pertains to acts without a meeting and provides in pertinent part:

"a) Subject to subdivision (e), and unless prohibited in the articles or bylaws, any action which may be taken at any regular or special meeting of members may be taken without a meeting if the corporation

distributes a written ballot to every member entitled to vote on the matter. Unless otherwise provided by the articles or bylaws and if approved by the board of directors, that ballot and any related material may be sent by electronic transmission by the corporation (Section 20) and responses may be returned to the corporation by electronic transmission to the corporation (Section 21). That ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the corporation.

(b) Approval by written ballot pursuant to this section shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

(c) Ballots shall be solicited in a manner consistent with the requirements of subdivision (b) of Section 7511 and Section 7514. All such solicitations shall indicate the number of responses needed to meet the quorum requirement and, with respect to ballots other than for the election of directors, shall state the percentage of approvals necessary to pass the measure submitted. The solicitation must specify the time by which the ballot must be received in order to be counted...."

#### **5. What happens if we do not pass the special assessment?**

**ANSWER:** It is possible that there will be another emergency assessment of \$2,000 per unit to continue repairs to more than 40 units and to repair the units that will be damaged in the next year. We are averaging two new events per week. Emergency assessments will continue each year, unless the membership approves a special assessment to permanently fix the drain and water lines.

We will lose our insurance. State Farm has told us that we must pass the special assessment, not file any new claims, and give them reports every two months on our progress toward replacing the drain and water lines. Tim Kline, an insurance consultant said that new insurance with a secondary carrier will cost approximately 340,000 more than we are paying now. This will result in an increase in the maintenance of about \$92.00 per month effective January 1, 2007.

#### **6. Isn't there a new process to repair the pipes that will save us thousands of dollars?**

**ANSWER:** Last year the Board inquired about the use of epoxy techniques to repair both the water pipes and the drain lines (sewer lines). We were told that epoxy can be used in the water lines but not in the sewer lines. We were misinformed. The Board has examined this process and determined that it should be seriously considered. The vendor is preparing a quote to do all units at Surfside. They will provide a list of references. The quote is expected in two weeks.

Typically, these epoxy processes are the same or nearly the same cost as replacement. The difference is that it is faster and there is less need to open the walls possibly exposing mold. If this process can be used and it reduces the cost of the special assessment the Board will advise all owners and the special assessment amount will be adjusted accordingly. At the present time, we must proceed as if the water and drain lines will be replaced.

#### **7. Why can't the drain line and water supply line problem be solved through the monthly maintenance fee? Don't we pay a portion of the fee to provide for capital repairs?**

**ANSWER:** Water and drain lines are not part of the capital reserve study. Most associations don't reserve to replace items that should last the life of the buildings. The water supply lines are at the end of their useful life, which is 25-30 years. The drain lines should last 60 years. They were not installed to applicable building codes at the time of construction. They do not have the required number of hangers, they are not plumb, and joints are misaligned. They are failing prematurely.

#### **8. The association never seems able to stay within its budget, we run deficits each year. How do we know that won't happen with the special assessment?**

**ANSWER:** The association stays within budget except for the budget categories related to plumbing repairs, and legal expense. There is no way to predict how many drain line or water line leaks will occur. We can only react when they occur.

#### **PLEASE NOTE:**

If you have already submitted your ballot and would now like to change your vote, please print another ballot from our Internet site <http://www.surfsideiii.com> (click on "Information", then "Special Assessment". Print and fill out the replacement ballot and mail it to the address shown. The ballot with the most current date will

be the one counted. An alternative to mailing the ballot is to find Hector (new maintenance manager) or Gretchen (Lordon onsite manager Tuesdays and Fridays) at the complex and leave it with them in a sealed and dated envelope.

**The Board will hold an additional Question & Answer session on Saturday, June 10, at 10:00 am.**

## Committee Briefs

**Communications/Newsletter Committee** (Chair: Linda Kodman 488-2332, [Linda@kodman.com](mailto:Linda@kodman.com) )

There are a handful of volunteers working to improve communication at Surfside III. They have virtually no resources. Could communication improve at Surfside III? Definitely, but not without your help. What can you do to help communications?

If...	Then...
...you have email/web access but are not receiving updates	...sign up for announcements on the website ( <a href="http://www.surfsideiii.com">www.surfsideiii.com</a> ).
...you have problems signing up on the website	...contact the webmaster (see the bottom of the homepage)
...you receive a survey through email, mail, or monthly billing envelope	...please respond fully and honestly and make sure you follow the directions. Incorrectly completed surveys often aren't used. Surveys are a good way to let your leadership know your status and opinions. The Board needs like better communication from you too!
...you feel you are getting too many email announcement and can't keep up	...it's your decision. You can either ask to be removed (no update) or you can delete those you don't wish to read. Our all volunteer crew cannot sort by individual preferences.
...you have not heard back from someone at Lordon and have waited an appropriate amount of time	...look at the most recent newsletter, making sure you are following the correct procedures and using correct contact information. Escalate the issue as indicated in the procedures. Please remember that Lordon is on a steep catch-up curve from management turnover (Irene → Spectrum → Lordon/Frances → Lordon/Gretchen). Each time there is turnover items are more difficult to find, systems must be redesigned, etc.
...you want the same information everyone on email is getting, but don't have a computer.	...go to the <a href="#">library</a> and use the free services there. A librarian would be happy to help you. You can also take an email or internet class. This will open up a world of information to you. It is not just Surfside III; most of the world is online also. Or kindly ask a neighbor to print items for you. You could give them a little money for paper and ink if they need. It's still cheaper than a stamp.
...you feel communication should improve more	...volunteer to make that happen. We need "building representatives" who will print email and website information and deliver them to people in their building who don't have access. There are many small projects that you can do to be part of the solution...complaining without donation of money or time is futile.
...you like the emails and website but are interested in something more interactive	...let the Board know that you support a more enhanced site. Remember though, our current site is donated and run by volunteers. Therefore a small cost (less than \$2 per month per owner) would be incurred. All documents on the site would be printable for providing to owners who have no access. One company we spoke to was <a href="#">Association Voice</a> . They are the only one we know of that specializes in homeowners' associations.
...you want to volunteer, but can't attend meetings	...ask the committee chair or Board member how else you might help. People aren't needed just to attend meetings and give opinions. They are desperately needed to take on "tasks" and "projects". These can often be done on your own schedule and even from a remote location.
...you liked getting current information on the bulletin board but it seems outdated and stale	...volunteer to partner with a person on email to print and post to the bulletin board. You could section the board, post guidelines for content and removal, and rotate items given to you by the website.

to you now	
...you express yourself at a Board meeting, but feel people aren't listening to what you are saying	...consider if the meeting was the best time to present your view. If so, was your comment too long? Is it possible that you came across as confrontational because of your frustration or passion about the issue? Do others just not share your opinion – they have that right as long as they treat you with respect. Consider contacting Lordon or a Board member directly to discuss your issue. Sometimes conversation between 2-3 people is more affective than in groups.

**Architectural Committee** (Chair: Linda Kaplan)

**Clubhouse Committee** (Chair: Katy Greenstreet)

**Environmental Concerns Committee** (Chair: Michelle Hoffman, 805-488-6059)

**Landscaping Committee** (Chair: Terry Smith 805-648-5433 hm, 805-340-0343 cell, [smithannterry@yahoo.com](mailto:smithannterry@yahoo.com))

**Neighborhood Watch Committee** (Chair: [neighborhoodwatch@surfsideiii.com](mailto:neighborhoodwatch@surfsideiii.com))

NOTE: Newsletter submission dates for committees had to be cut three-days short due to Special Assessment correspondence. Please look for possible email updates from these committees in the coming month.

### INACTIVE COMMITTEES

Contact [website\\_updates@surfsideiii.com](mailto:website_updates@surfsideiii.com) to Volunteer

**Budget Committee:**

Seeking chair and members

**CC&R's Committee**

Seeking chair and members

**Maintenance Committee:**

Seeking chair and members

**Risk Management Committee:**

Seeking chair and members

### Contact Information

**Surfside Direct Contacts:**

Surfside III COA  
600 Sunfish Way  
Port Hueneme, CA 93041  
[www.surfsideiii.com](http://www.surfsideiii.com)  
[website\\_updates@surfsideiii.com](mailto:website_updates@surfsideiii.com)

**Management Company:**

*Anna Hernandez, assistant*  
Email: [anna@lordonmanagement.com](mailto:anna@lordonmanagement.com)  
Phone: 800-729-5673 x 3386

*Gretchen, manager*

Email1: [gletcher@lordonmanagement.com](mailto:gletcher@lordonmanagement.com)  
Email2: [manager@surfsideiii.com](mailto:manager@surfsideiii.com) (checked twice weekly)  
Phone 1: 800-729-5673 2003 (Lordon office in Westlake)  
Phone 2: 805-488-9204 (Surfside office twice weekly)

*Donalea, Vice President*

Email: [donaleabauer@lordonmanagement.com](mailto:donaleabauer@lordonmanagement.com)  
Phone: 800-729-5673 x 3342

***Our Board:***

Bill Betts - President  
Ira Green - Vice-president  
Inna Giler - Treasurer  
Karl Twyman - Secretary  
Joe Dehorty - Director

***Lordon Property Management:***

31416 Agoura Road, Ste 105  
Westlake Village, Ca. 91361  
800-729-5673 Ext. 3386  
818-707-0200 Ext. 3386

### The process for Owners/Residents to report maintenance issues with their units is as follows:

Please contact Anna Hernandez at Lordon Management – her phone number is 800-729-5673 x 3386. She will share the information with our manager, Gretchen Fletcher. Any emergency items will be dispatched to a vendor for correction. If you have concerns such as landscaping, pool maintenance, etc. and they are non-emergency these will be promptly reported to the appropriate vendor for correction under their service contracts. You will receive a customer service card confirmation from Anna on maintenance issues that you report to her for your records. A work order is issued to the vendors and this information is included in a report to the Board.

**Non-maintenance issues are to be handled as follows:**

If your request is an item that can readily be responded to by the management company, then we will respond to the owner by phone, letter, or email. If it is an issue that needs to be reviewed by the Board such as an Association policy, contract, etc. then this will be referred to the Board for a decision at their meeting.

Please note that if you need assistance by a supervisor, please feel free to contact Donalea Bauer at Lordon Management – her extension number is 3342.

***Calendar of Events***

June 2006	July 2006	August 2006
10 Special Assessment Question/Answer Session at 10:00 am	26 Board Meeting in the clubhouse at 7:00 pm (mark your calendar)	23 Board Meeting in the clubhouse at 7:00 pm (mark your calendar)
17 Special Open Board Meeting at 10:00 AM (2 hours on Saturday) Purpose is for owner volunteers to open and count the Special Assessment ballots. Executive session immediately following.		
28 Board Meeting in the clubhouse at 7:00 pm		

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### Community News

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No community news has been submitted by volunteer homeowners as of the posting date of this newsletter. Please submit your content to the Communications/Newsletter committee chair (see above) by the 7<sup>th</sup> of each month for inclusion in that month's newsletter.

**-- END OF NEWSLETTER --**