



September 2011

SURFSIDE III e-NEWSLETTER

Daniel Kessner – Editor



FROM THE BOARD OF DIRECTORS

Scott Walker, who was our onsite property manager, has left employment at Surfside III. While Scott is available to the Board for questions, please direct all inquires which would have gone to Scott, instead to Carol Short at carol.short@surfsideiii.com. Carol immediately assumes sole responsibility for the onsite office. Since we will not be replacing Scott, in order for Carol to absorb the total responsibility for the onsite office, the hours are:

NEW OFFICE HOURS; EFFECTIVE MONDAY, AUGUST 8, 2011

OFFICE OPEN:

MONDAYS AND FRIDAYS – 8 AM-12 NOON
WEDNESDAYS – 1 PM-5 PM

OFFICE CLOSED:

MONDAYS AND FRIDAYS – 12 NOON-5 PM
ALL DAY - TUESDAYS AND THURSDAYS
WEDNESDAYS – 8 AM-1 PM

THERE WILL BE NO ON-SITE TELEPHONE SERVICE WHEN THE OFFICE IS CLOSED.

State of the Association

The annual meeting is October 1, 2011. At this time of the year it is good to review the state of the association and to reflect on the journey.

Over the last 6 years Surfside III has risen from the ashes like the mythical Phoenix.

Drain lines have been replaced. Supply lines restored. Elevator towers replaced. Elevator mechanical and hydraulic systems replaced.

Legal problems solved. 12 lawsuits were defended with 7 judicial decisions in favor of the association and none against. 5 lawsuits were settled before trial. There are no lawsuits pending. One trial lasted 5 weeks, which required a Board member be present at all times. When the judge issued his decision in that case he commended the association for operational transparency and planning that resolved very difficult problems.

There were no funds in capital reserves in 2005. Thanks to the advice and planning support from our capital reserve study firm, Facilities Advisors, there is now more than \$650,000 in capital reserves. Capital reserves are being used to pay for the loan interest payments, and will be used to repay the loan principal starting in 2013.

In February, the association was honored by the Community Association Institute with an exceptional achievement award for its progress in solving its legal and capital problems.

Insurance premiums have dropped 18% since 2006. Insurance agents and companies now want our business.

Monthly dues have risen an average of 3% since 2006. There were no dues increases from 2006 to 2010. Recent increases are due to water, sewer, electric and gas costs.

In 2005, we couldn't get a loan at any interest rate. In 2009, we obtained a three year loan for \$2,300,000 that was used to accelerate the plumbing replacement ahead of our special assessment cash flow. We have paid it down faster than required and have a balance of just \$350,000 left.

The association now has excellent credit and on August 18 we closed on a \$6,000,000 line of credit. This will be used in conjunction with capital reserve funds to continue the restoration of Surfside III.

Building envelopes are being replaced or repaired. Stucco is being replaced or recoated. Railings replaced or restored. Wood trim, siding, and sheet metal replaced. Decks restored and re-coated. Posts and beams replaced, where needed.

Buildings 1, 8, 10, 11, 12, 13, 14, 15, 16 and 17 are complete. Buildings 2 and 3 are under renovation. Next will be Buildings 4 through 7 and 9 (clubhouse). We expect to complete the building renovations by the end of 2011.

After the buildings are finished the following renovations will be scheduled.

- Ground and street lighting
- Paving repairs and seal coating
- Seepage tank for car wash and hot tub overflow
- Clubhouse library side bathrooms
- Clubhouse exercise room
- Clubhouse interior ceiling repairs and painting
- Bridge repairs
- Picnic pavilions
- Landscaping
- Access gates and access control systems
- Townhouse fencing
- Tree trimming

These repairs will be done in 2012. In 2013 we will commence principal and interest payments on the line of credit.

This work will restore Surfside III and will help protect our values in this down market and position us to recover value when market conditions improve.

The work that is being done is expected to have a useful life of least 20 years. The stucco resurfacing has a 20 year warranty. The siding material is a composite material that will not rot or mildew and should last 30 years or longer.

From an operational perspective, the Board has made the following cuts in the budget this year that will show as savings in 2012. The goal is to create a surplus in future budgets to absorb line item increases without a dues increase.

The on-site assistant manager position has been eliminated.

Clubhouse hours will be reduced effective September 6, 2011.

Maintenance staff hours have been reduced from 108 to 60 per week.

Health benefit costs have been reduced by increasing employee co-pay.

Maintenance supply costs reduced by buying supplies in larger quantity.

Delinquencies have been reduced \$80,000 and are now at \$230,000.

The journey has been long, sometimes hard but worth it. We are coming to the end and soon it will be time for our victory lap.

Thanks to the owners of Surfside III for your help, support, resilience, and patience over the years.

FROM THE ON-SITE OFFICE

Preventive Maintenance

If you plan on replacing your washing machine, contact the on-site office in advance in order for our vendor to clean out the drain line behind the washer before installation.

Quality Control

With the exception of the railings, **Building 1** is completed. In order that we can address any issues overlooked, we are requesting all owners to acknowledge that the work has been completed satisfactorily and within 30 days in receipt of this notice.

If you have not had an opportunity to inspect the exterior of your unit, please do so. You can respond by e-mail to carol.short@surfsideiii.com or contact the on-site office at [\(805\) 488-8484](tel:8054888484).

Thanks you for your attention in this matter.

COMMITTEE BRIEFS

For more information visit: <http://www.surfsideiii.com/docs/committee/committee.htm>

Please contact the chair to volunteer.

Neighborhood Watch Committee: Val Lameka; 805-986-2855; v.lameka@yahoo.com

Delores Dyer, our Police Volunteer, filled in for Sr. Officer Bates, who was unable to attend. It was an interesting meeting. Mrs. Dyer attends all of the Neighborhood Watch meetings in Port Hueneme. It seems that our problems and concerns are interchangeable with the other Watches. Fortunately, or unfortunately, Surfside III is not unique. We hope those of you who cannot attend meetings are still watching out for all of us. The last newsletter laid out a simple way to help.

We do have a couple of reminders:

Lock your doors and windows, especially in buildings which have scaffolding up. Scaffolding can be like a ladder.

Curfew hours for residents and guests less than 18 years of age is between 10:00 pm and 6:00 am the following day. This is a City ordinance and Surfside III complies with its enforcement. Parents or guardians are legally responsible for curfew violations.

Our next Neighborhood Watch meeting is Thursday, September 1, at 7:00 pm in the Clubhouse.

Reports or questions to Valerie Lameka

FROM THE EDITOR

Please send all newsletter submissions to me at dkessner@csun.edu. Please avoid any special formatting and use Arial 10-point font if you have it. The deadline is the 20th of each month for the following month's issue. Owners and renters should be aware that the

Newsletter is always available on the website: www.surfsideiii.com. This includes back issues.

The **Owners' Corner** is a forum for all of you to voice your opinions on anything that might be of interest to everyone else. Please feel free to take advantage of this.

The City of Port Hueneme has a free electronic newsletter with information on various city-related matters and events. To sign up to receive it, visit the city website: www.ci.port-hueneme.ca.us, then in the column at the far left, click on "Sign Up for E-News."

CONTACT INFORMATION

MAINTENANCE/RESIDENT SUPPORT (PHONE NUMBERS AND E-MAILS BELOW):

Contact Lordon Management, Jennifer Critchfield; for e-mails always copy Donalea Bauer

Include your phone number(s) and/or e-mail for response before end of next business day. If you get her voice mail, but would like to speak with her directly, hit zero and talk to the operator.

If more urgent, call Donalea Bauer.

Surfside III On-site Property Manager's Office: 600 Sunfish Way, Port Hueneme, CA 93041

Phone: 805-488-8484

Please note that calls regarding maintenance or billing should be directed to Lordon Management.

Surfside III Direct Contact:

Surfside III COA
600 Sunfish Way
Port Hueneme, CA 93041
<http://www.surfsideiii.com>
manager@surfsideiii.com
Phone: 805-488-8484

Carol Short, On-site Property Manager

Management Company:

Lordon Property Management
1275 Center Court Drive
Covina, CA 91724
Phone: 800-729-5673
For after-hours emergencies, dial 5 or
626-771-1075

Donalea Bauer, Vice President, community manager

Email: donaleabauer@lordonmanagement.com
Phone: 800-729-5673 x 3342

Jennifer M. Critchfield, assistant community manager

Email: jcritchfield@lordonmanagement.com
Phone: 800-729-5673 x 3380

Our Board:

Bill Betts - President bill.betts@surfsideiii.com
Ira Green - Vice-president ira.green@surfsidediii.com
Skip Perry - Treasurer skip.perry@surfsideiii.com
Michael Madrigal - Secretary michael.madrigal@surfsideiii.com
Bob Banfill - Director bob.banfill@surfsideiii.com

LORDON MANAGEMENT: OTHER DEPARTMENT EXTENSIONS

All escrow matters: Nicole Castillo, ext. 3339; nicole@lordonmanagement.com
All insurance and collections: Mia Preciado, ext. 3337; mpreciado@lordonmanagement.com
Your account, billing address, etc: Liz Lopez, ext. 3319; llopez@lordonmanagement.com
Liens, legal issues: Donalea Bauer (see above)

October 1, 2011 Board of Director's Candidate Statements

A LOOK BACK, A REVIEW OF WHERE WE ARE, AND A LOOK FORWARD

Being it is that time of year again, I thought it would be interesting to look back and share some experiences with the owners of Surfside III. I bought my home at Surfside III in 2003. At the time of purchase, probably like many owners, I was excited about buying near the beach, and maybe a little ignorant of association living and finances, etc. I don't recall being told about plumbing issues or that the reserves were low, but then I didn't ask...."Buyer Beware." I spent the better part of my first year at SSIII upgrading my unit, a unit which had been trashed by previous residents, and had a person living in the garage prior to my purchase. I didn't get much involved in the board activities until I received a notice that my wife had to remove potted plants that she had placed out front to fill in where a huge Eucalyptus tree had been removed. It was impossible to plant anything because the root was left just below the surface.

We removed the plants, but I started to take notice of all the building code violations and other hazards like spikes sticking out of the ground by rotted timbers. I submitted over 60 photos to the Board of these issues and received no response. I started to question where our funds were going. With no replies, I decided to run for the Board and got elected in Oct. 2004. I served till February 2006.

What an interesting 17 months.

I came to find out we have many structural issues, plumbing supply and drain line issues, dry rot issues, clubhouse roof issues, mold issues, legal issues and \$40K in reserves to fix it all. During that time we had a large amount of owners screaming for a recall or resignation of a few board members, and legal issues because staff had performed work which caused units to be affected by water, and thus the association was liable. We quickly changed to having licensed, insured contractors doing any trade work. We had a change in management that helped us identify most of the issues (some are always hidden till you start work). We had a professional (Bruce Kimmel) come in and do a survey one day to help give some repair direction. Emergency assessment and special assessments were required to fix over 50 units that had been flooded. At times we were having 2-3 units flooded per day for a week. During that time, I had to assume the role of President, as two Board members were forced to resign by the owners. In February of 2006, the demands of the Presidency were in too much of a conflict with my paying job, and my wife and I had hopes of selling our unit and moving closer to the kids.

Bill Betts assumed the Presidency of the Board, and has presided since March of 2006. In September of 2008, I was asked by owners to run for the Board again. I did, and have served as Treasurer since that time. A lot has transpired since that time. The supply lines and drain lines have been repaired. We are in the process of doing a maintenance program on the lateral underground lines. Having repaired the drain lines, more debris is flowing to the bottom laterals. Residents are not always careful of what they put down the lines and this has caused back-ups which have caused us to be over budget on expenses this year. We have successfully traced problems back to specific units in some cases and have charged those owners back. Our reserves are a more respectable \$300K plus. They would be higher if the economy was not so bad, and foreclosure and delinquencies had not risen due to the economy. We have a group of good licensed contractors that carry the appropriate insurance; we have resolved the legal issues that have arisen from owners because of past boards' actions. We are well into the envelope work, and are working to complete all the buildings by the end of the year. But we are not stopping there. We have developed a relationship with Mutual of Omaha Bank. Because we have paid on time or early, the bank has increased our line of credit and reduced our interest rate from 6.125% to 5%. When we finish the envelope work, there are plans to redo our street and ground lighting, our pavement, front gate entry system and décor, the gym, and the balance of the clubhouse bathrooms and painting of the interior of the clubhouse which had a bad roof and leaked on the upgrades that were done by previous boards, as well as trying to implement a crime free program.

I have to say, it has been a pleasure serving on the board with Bill Betts, Ira Green, Mike Madrigal and Bob Banfill the last few years. We don't always agree with each other at the start of discussions, and sometimes they get heated, but in the end we believe we reach a very good decision that serves the community best. I am proud to say that we have put financial controls in place, had our financials audited each year and no issues have been found. We have had reserve studies done, and continue to have them updated each year and do new ones as required by law. We have let owners know the problems we face as an association in the reconstruction process, i.e. gas lines, rotted walls. We have been complimented by experts and rated in the top 10 of their over 300 clients in how we have made everything available to owners within reason, and especially on the website.

Our Goal as a Board is to have all the reconstruction done by the end of 2012, and at that time have a maintenance program in place

to avoid slipping back in to the conditions we had in 2003 and 2004. It has been a long, hard road for the owners, the staff and the Board alike. We are nearing the end of this long journey and would like you to give us the opportunity to complete this task. The economy and specifically the housing market have taken a toll on all home values in the country. It is our desire to vastly improve the physical, financial and social atmosphere at Surfside III, so we are in position to outpace the balance of the market in improving market value.

Thank you, Skip Perry, Treasurer

Dear Homeowners:

My name is Linda Kaplan. I have been a homeowner at SSIII since 2000. I previously served on the board 2001-2004 and in 2007. Currently, I serve on the Board of Directors for the Community Association Institute-Channel Islands Chapter. CAI is an organization that provides continuing education and legal updates to participating Management Companies as well as any Ventura County HOA Board Member. Being so involved with CAI afforded me the opportunity to take the course to become a Certified Association Manager. These courses include a complete review of the Davis Sterling Act which governs all California HOA's.

Because of the current financial climate at our Association, a large number of homeowners have reached their saturation point. I will be a fresh voice on the SSIII Board. It is the responsibility of the Board members to protect the property value for all owners, Including making sure the common area is safe and aesthetically pleasing, that equipment is maintained, and an adequate Reserve Fund is available to make the required repairs.

MY GOAL as a Board Member would be to:

1. Provide a realistic annual Budget that balances the needs of the community with the monthly expenditures so we can pay our bills in a timely manner. Also to insure the Annual Audit is provided in a timely manner, by April 30th, as prescribed by California Civil Code.
2. Create a safer environment by developing rules and regulations holding the unit owners responsible for their tenants. Each owner that rents their unit should be required to provide a background check certifying their tenant is not a criminal.
3. Hold OPEN board meetings to discuss all contracts under consideration, all vendors under consideration and any other issue that may impact the budget. Board notices are to be posted at least 4 days prior to "any" meeting, open or executive. If any decision is made via email during the month preceding the meeting it shall be posted on the meeting agenda so all owners are informed.
4. Require SSIII Board members to participate at CAI events and take an annual educational course to remain updated on all new laws affecting HOAs.
5. HOLD OWNER TOWN HALL MEETINGS TO PROVIDE A PLATFORM FOR OWNER PARTICIPATION AND SUGGESTIONS ON THE THIRD SATURDAY OF EACH MONTH. This will enable the Board to address issues that are of particular importance to the owners.
6. Engage the services of a Reserve Study specialist who will provide a true picture of the conditions that exist within the Association and properly fund our reserves as recommended.

The status quo must be changed if we are to stop the continuing slide in the values of our property. I hope you will consider my platform and support my efforts to make changes to our current practices. Thank You for your consideration.

Linda Kaplan