



SURFSIDE III NEWSLETTER



September 2007

FROM THE BOARD OF DIRECTORS

Budget and Capital Reserves

The Board wants to make several things very clear to the membership as rumors have circulated about finances.

There will be no increase in the special assessment amount!
There is no 20% increase in the monthly dues in 2008!
There will not be an emergency assessment!

There will be annual increases in the monthly dues in order for the association to implement a ten-year capital replacement plan, approved on August 8. These dues increases will be tied to the need to increase capital reserve funding from its present level to 516,900 in 2008, and 524,900 from 2009-2018.

The following items will be replaced.

- Roofs
- Paving
- Painting
- Repair townhouse building envelope
- Exterior utility room doors.

The strategy is to replace all of these items with products that will not have to be replaced again. For example, roofs would be replaced with a composite material designed to last more than forty years. Alternative materials will be explored for all work including painting.

Special Assessment Repairs Update

Work will begin on the elevators for building 6 and 7 by the first week in September.

Stonemark Construction Management has drafted the scope of work and specifications for the condo drain lines. A walk through was conducted August 8, the bids are due the end of August.

The Board will select a contractor by mid September after the bids are reviewed and qualified.

Contract negotiations will take about 30 days. We expect to start work in late October/early November on the drain lines for building 7.

No decision has been made about whether to borrow funds to do the special assessment work in a shorter period of time.

Stonemark has estimated that to repair all of the problems discovered during the prototype phase will cost 9.1 million. This includes 3 million worth of repairs not previously identified. In addition to the drain lines, water lines and mold

remediation the following problems were discovered.

Townhouse building waterproofing:

The exterior townhouse building envelopes are failing. This results in water leaks into the units from garage roofs, stucco, wood trim, and chimneys. The condo building envelopes are in fair condition and have not been identified as a significant source of water infiltration at the present time. The cost to repair the townhouse building envelopes is approximately 900,000. These repair costs will be incorporated in the capital reserve plan as stated above.

Underground sewer lines:

The underground sewer lines are clogged with organic and inorganic materials. While replacing the interior drain lines will correct the problems in the units, wastewater will flow into constricted underground pipes creating backup problems for first floor units. Cleaning and repairing these lines will cost approximately 300,000.

Interior finishes:

We discovered that the interior drain lines are routed through the walls in such a way that removal requires some shower enclosures and some kitchen cabinets be removed in order to replace the drain lines. In 2006, it was estimated that this would cost about 600,000. Stonemark estimates it will be approximately 2,400,000 or an additional 1,600,000. We won't have bids until the end of August.

Elevator towers:

The elevator tower shafts leak and are being gutted to the wood frame and rebuilt. If not repaired the new elevator mechanical components will be ruined. Additional cost 350,000.

The total cost of these items is 3,100,000. In order to close the gap between the 6.18 million dollar approved special assessment and the estimated 9.1 the following steps have been taken.

The townhouse building envelopes were never in scope for the special assessment and will not be repaired with special assessment funds. The townhouse building envelopes will be completed over a four-year period beginning in 2008. 215,000 will be allocated each year from capital reserves.

The Board set the following priorities:

1. Condo drain lines and mold remediation
2. Epoxy lining of fresh water lines

After the bids come in at the end of August we will know if we can do both the drain lines and the water lines or just the condo drain lines. The condo drain lines represent 90% of the operational repair expenses each year and 80% of the litigation expenses (one lawsuit was for an elevator malfunction) over the last three years. The fresh water line leaks are small in number (10-12 per year) and represent 10% of the operational repair expense and none of the legal expense. The drain lines are the priority.

Policy Regarding The Interior Renovation of Units

The Board of Directors has adopted the following policy regarding the interior renovation of units as it relates to the replacement of interior drain lines.

As we discovered during the prototype phase, the biggest expense associated with drain replacement is the cost of interior finish work. This involves the replacement of sheetrock, shower/tub enclosures, and sometimes cabinets and countertops. To control costs, the association will only replace interior elements that exist presently. Any renovation work done between now and the 12/31/2011 must meet the following requirements:

1. The owner must agree that if access to the drain lines in that unit requires the removal of any new cabinetry, countertop, tile, tub/bath enclosure, or upgraded flooring of any type, the owner will not be compensated. The association will replace these items with like material or product similar to original equipment.

2. All owners are required to submit all interior renovations or modifications to the Architectural Committee prior to the commencement of work. This includes replacement of all kitchen and bath fixtures, cabinets, vanities, flooring, tub/shower enclosures and any other item that would or could create additional expense for the replacement of the drain lines.

CC&Rs

Please do not call our attorney with questions about our governing documents. He would have to charge his normal rate for those calls and instead we have arranged for him to be with us at 7:00 PM on September 12, 2007 at the start of our open meeting. This is announced below in the committee section. At that time the attorney will discuss the CC&Rs that he drafted and answer questions. If you can not be at that meeting, please send your detailed questions to ira.green@surfsideiii.com along with the paragraph references in the document. These will be forwarded to the attorney and will be answered that night.

ON BOARD MEETINGS

Board Meetings are held on the 2nd and 4th Wednesdays of each month at 7:00 pm, and are open to all owners. Participation in Conference Call meetings must be arranged by contacting Marcy Sherbok (marcy.sherbok@surfsideiii.com), including your name and the phone number at which you wish to be called. More detailed information is available on the website.

Schedule for the remainder of the year:

Sep. 12, 7:00 pm, clubhouse
Sep. 26, 7:00 pm, Conference Call Meeting
Special Meeting: Sept. 29, 10:00 am, Clubhouse (to count ballots)
Oct. 10, 7:00 pm, clubhouse
Oct. 24, 7:00 pm, Conference Call Meeting
Nov. 14, 7:00 pm, clubhouse
Nov. 28, 7:00 pm, Conference Call Meeting
Dec. 12, 7:00 pm, clubhouse
Dec. 26, 7:00 pm, no meeting, holidays

Date to be determined: Annual Meeting, Saturday, 10:00 am, Clubhouse

FROM THE EDITOR

Reminder: 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 for submissions is the 10th of the month for the following month's issue.

Thanks, Dan Kessner, Editor

Committee Briefs

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

Please contact the committee chair to volunteer

Landscape Committee: New Chair, Dan Kessner, cell phone 818-274-6048; dkessner@csun.edu

The Landscape Committee is now beginning to work on plans for 2008, which will be mostly involved with a long-overdue trimming of our trees. We know there are many that need attention, but because of budget limitations we will undoubtedly have to prioritize. We will also be developing a long-range plan designed to enhance and maintain the beauty of our complex for the future, hopefully with little or no "emergency" work, which is very costly.

While the makeup of the committee remains as it had been, for reasons of schedule and personal commitments Terry Smith has had to step down as chair. As you can see from the header, I have taken it over, so please direct your

comments and concerns to me. I and the rest of the committee would like to thank Terry for her heroic work over the past few years.

CC&Rs/By-Laws Committee - Update from Skip Perry

Dear Homeowners, **WE NEED YOUR HELP!!!!**

The Committee has been working diligently in co-operation with the Surfside III Board of Directors and the Association's attorney to draft new CC&Rs and By-Laws that conform to current California Codes. You should have received the final Draft as of this writing.

Here is where we need your help...you as Homeowners need to vote on this new draft. Unfortunately, until the new draft is approved, we are governed by the current version, which states that 75% of the homeowners need to approve a change in the CC&Rs and By-Laws. You will be mailed: (1) a Cover Letter explaining the reason for the change, (2) a summary of what each CC&Rs Article and change is, (3) a copy of the CC&Rs, (4) a copy of the By-Laws, and (5) most importantly, two secret ballots.

WE NEED YOU TO REVIEW THE DOCUMENTS AND RETURN THE BALLOTS.

PLEASEEEEE, WE NEED YOUR PARTICIPATION IN THIS MATTER. HELP MOVE YOUR COMMUNITY FORWARD. OUR 1976 DOCUMENTS ARE OUT OF DATE. The attorney will be present at the September 12 Open Meeting to answer questions

Besides not being compliant to current California Code, the CC&Rs and By-Laws will be easier to understand as they are written in the new draft. Some of the major changes are

- 1) a clause which will have the Board of Directors sign a code of ethics
- 2) a change from cumulative to popular vote
- 3) a change that there will be no proxy-directed votes at the annual election
- 4) a change in the percentage required to change the CC&R and BY-Laws from 75% to 155 votes.

Please just follow the instructions and complete the ballot and mail it in. If you have questions, contact the committee members on the website, or the Surfside III office for help.

The ballots must be returned by the close of the polls on Sept 29th.

Thank you

OWNERS' CORNER

The Owners' Corner is a place in the newsletter for owners to voice their observations and suggestions about the association operations or make announcements about any Surfside III social event or activity. While the newsletter Editor and the Board do review these submissions, the opinions and content only represent the author and not the association. We will refuse and return to the author for re-writing any material that is not factual or is in bad taste or denigrates any individual. We are not perfect and apologize in advance if you find the content of anything in this section offensive.

The Surfside III Condominium Association ("association") is not responsible for the content and accuracy and any information provided by owners or third parties. The association and its Board of Directors will not accept any liability for any direct, indirect, incidental, special or consequential damages that result from or are related to material submitted by the owners or other third parties. By submitting any material for publication in this newsletter, all individuals agree to indemnify, defend and hold the association, its officers, directors, members, representatives, managers and agents, harmless to the fullest extent permitted by California Law, from any and all claims, actions, and/or lawsuits, arising out of or related in any way to their material published in this newsletter.

Again no submissions for this issue, but please let us know when you have important issues to discuss.

Dan Kessner, Editor

Contact Information

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

Contact 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 Direct Contact:

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

Management Company:

Lordon Property Management
1275 Center Court Drive
Covina, CA 91724
Phone: 800-729-5673
For after hours emergencies, hit 0

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
Wayne Matayoshi - Treasurer wayne.matayoshi@surfsideiii.com
Karl Twyman - Secretary karl.twyman@surfsideiii.com
Linda Kaplan - Director linda.kaplan@surfsideiii.com

LORDON MANAGEMENT: OTHER DEPARTMENT EXTENSIONS

All escrow issues: Chelia, ext. 3339; crubalcava@lordonmanagement.com
All insurance, lien, and other legal matters: Patty, ext. 3337; patty@lordonmanagement.com
Your account, billing address, etc: Cara, ext. 3319; cwoellhof@lordonmanagement.com