



October 2011

SURFSIDE III e-NEWSLETTER

Daniel Kessner – Editor



FROM THE BOARD OF DIRECTORS

CLARIFICATION OF ISSUES PRESENTED DURING THE CURRENT BOARD OF DIRECTORS CAMPAIGN

Information distributed by one of the candidates is incorrect. The information below is the correct information.

The bank does not require that the association retain two months of payments in escrow. They only require that the association make the monthly payments. To do that efficiently the association has set up automatic drafting of the monthly payment from our account to theirs.

When we applied for the loan we wanted to enhance our chances for loan approval. The answer was to become a bank customer. We did that by opening an account and depositing \$150,000 from the capital reserve account. That also lowered the interest rate by a point and enhanced our approval chances. We received approval for a \$4 million dollar credit line, which has now been extended to \$6 million. The \$150,000 is available to the association and is listed on the balance sheet as account 11500. The financial reports are posted to the Surfside III website monthly. Here is the link to the financial reports: <http://www.surfsideiii.com/docs/financial/financial.htm>. If we choose to close this account we would transfer the funds to our Union Bank Capital Reserve account 10300, however our interest rate would increase.

Owners are not contributing \$404 per month toward the loan. Right now we are in the drawdown period where we pay interest-only payments of approximately \$20,000 per month, or \$64 per unit per month. This money comes from the capital reserve account. When we finish the work, principal and interest payments will be approximately \$48,000 per month or \$155 per unit per month, and will come from the capital reserve account.

There won't be a reserve account deficiency because of the loan. Funds going into capital reserves will be used to make the loan payments. Future capital repairs will be funded using the loan. As we pay it down we will use some or the entire unencumbered portion for capital repairs. The loan becomes a ready and reliable source of capital funding. Details about this were presented at the annual meeting.

The association will not be switching to self management and is not going bankrupt. The Board has been inspired by the efforts of the Budget Committee and has made expense cuts after looking carefully at all expense categories. Our monthly dues are high and we want to do anything possible to keep them from rising further. More cuts will be announced in the near future.

The association will have a \$6,000,000 loan when the work is finished. The association does not have a large capital reserve fund. The association did not fund reserves for the first ten years of its existence and when it did the funding was inadequate. In 2004, the association Board withdrew \$400,000 from capital reserves to pay operating expense because the dues were too low to support operations. This was followed by 20% increases in dues in 2005 and 2006 in an attempt to increase funds in capital reserves and to provide more funds for operations. Over the first thirty years of the association's existence, it underfunded reserves by at least \$3,500,000. That deficit cannot be made up easily. In order to complete needed capital repairs our options are limited to special assess, raise dues, or use a credit line to fund capital repairs. After polling the owners in late 2009, the decision was made to go with a credit line and a long term loan as the capital funding source. See Surfside III newsletter for further information <http://www.surfsideiii.com/docs/newsletter/newsletter.htm>.

While special assessments are not welcome news, a special assessment is being considered and will likely be approved to recover the funds lost from the high delinquencies, and replacing the natural gas lines in five condo buildings. The gas lines cost \$220,000 and delinquencies are \$250,000 and have pinched the association's cash flow so that in order to pay our regular bills we held off putting some funds into capital reserves. As of 8/31 we are holding seven checks totaling \$330,000 that should be deposited into capital reserves. In order to complete the construction work we need to deposit these funds.

A line item in the budget for bad debt contingency is not necessary. Any delinquency or variation in dues income is reflected in the income section of the monthly financial reports, account 50100. For accounts with our collection attorney, the accountant that audits our financial reports has advised that he will adjust the year-end financial audit for uncollectible accounts.

EXECUTIVE SESSIONS BY CONFERENCE CALL

The open meeting act has been amended effective January 1, 2012. At the present time the Board is not required to give any notice to the members of an upcoming executive session meeting. However, effective next year, the owners must be given at least two days' notice of any executive session meeting except in emergency circumstances. In addition, the Board will also be permitted to meet solely in executive session without following an open session meeting. The new law also now provides that owners be given, upon request, a copy of the agenda for any Executive Session meeting. Further, the new law specifically provides that Board meetings may be held by teleconference. However, e-mail discussions are now prohibited except in case of emergency. Because of these changes, the Executive Agenda will be posted starting at the beginning of next year. In addition, we are also publishing the executive session schedule of meetings that are currently being held because of the extreme volume of short-fuse issues.

The Board has set aside the time from 7:00 AM to 8:00 AM each Tuesday morning to handle items by conference call in Executive Session. That meeting will be begun by conference call and will then be recessed and resumed each Tuesday and then finalized as part of the monthly meeting on the second Saturday in the Surfside III clubhouse when the executive session is adjourned. While not required, the Board will only accept unanimous votes during the conference call and postpone the vote, if possible, until the next Saturday Executive Session meeting.

The items on the calendar for the Tuesday Executive Session extension will be limited to: response to questions from our on-site manager that are administrative or procedural which involve individual owner or legal issues. The list of items to be discussed at these meetings includes: (1) to consider litigation, (2) matters relating to the formation of contracts with third parties, (3) member discipline, (4) personnel matters, or (5) to meet with a member, upon the member's request, regarding the member's payment of assessments or on a disciplinary/violation matter.

NOTE: Should any open meeting item require an emergency vote on that item, when there is not enough time to schedule a properly announced open meeting, that emergency vote must be unanimous and that item if passed unanimously will be part of the consent agenda at the next open meeting and will be discussed at that time. Examples of open meeting items which are an emergency would be a flooded unit or a failed water heater.

TOWNHOME WATER HEATERS SET TOO HIGH WILL DAMAGE COATING AND THE OWNER WILL BE RESPONSIBLE FOR ALL DAMAGE

The townhome owners each have their own water heater in their garage. If they are set higher than medium, or 120 degrees, the 10-year warranty will be voided and the interior epoxy coating will be damaged. The repair of any water leaks and the damage due to flooding under that circumstance will be the responsibility of the owner. The owner will also be responsible for the recoating of the plumbing. Basically, the water heaters must not be set to any temperature over 120 degrees, please.

RV STORAGE PRICES INCREASE TO \$75/MONTH

The Board of Directors approved an increase of \$25 to the fee for parking an RV, boat, trailer or similar vehicle in the numbered spaces against the wall by Industrial Avenue in the Building 1 parking lot.

This new monthly fee remains a small amount below open market prices, but updates the existing price to more accurately reflect competition. This also provides some additional revenue to SS III. Please don't forget to include the extra \$25 in your next payment if you are renting an RV space.

SURFING AND SAND IN THE SHOWER DRAINS

The association recently had to pay several hundred dollars to unclog pool area shower drains clogged with sand and hair.

Please be sure to pre-shower both boards and wet-suits fully in the outside shower by the beach gate before using the shower in the clubhouse.

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

We had a well attended meeting, with many new owners and renters joining our loyal group of core members. Sr. Officer Steve Hart and Police Volunteer Delores Dyer also attended. After reviewing the Police Log through August 27, we asked the officer about the auto/pole collision on Surfside in front of our buildings. The driver and passenger had left the scene. The police arrested them shortly after, and both were in jail. Officer Hart could not tell us much about the SWAT-like action the next day, as it was part of an ongoing investigation. He did tell us about changes at the Police Department all aimed at making Port Hueneme a very unwelcoming place for criminals. He also reminded all of us "watchers" to call police dispatch at [\(805\) 986-6530](tel:8059866530) to report suspicious activity. Please also call the office so we can be in the loop and take action if warranted.

Next meeting is Thursday, October 6, at 7 pm in the clubhouse.

Questions or reports to Val 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."

Dan Kessner

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

Donalea Bauer, Vice President, community manager
Email: donaleabauer@lordonmanagement.com

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

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: Kasey Lane, ext. 3339; klane@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 Directors' Candidate Statements

Surfside Owners,

Linda Kaplan is running for a seat on the Board of Directors. Linda was on the Board in the past and in 2005 more than 200 owners signed a petition to recall her and another Board member. She resigned.

Linda Kaplan has made some statements in campaign material that are inaccurate and I feel compelled to respond. While I have the unanimous support of the rest of the Board, I have written this letter in my personal capacity. On the first page of this newsletter, you will find a response and explanation to all the campaign items which are inaccurate. If you still have questions, I will try to clarify these issues further at the annual meeting.

Sincerely
Bill Betts