

2010 SURFSIDE COLONY LTD
ANNUAL SHAREHOLDER MEETING MINUTES
JULY 25, 2010

Sandy Redding welcomed everyone to the meeting. She announced the meeting would be videotaped and asked the Shareholders to step up to the microphones if they wanted to ask questions or make comments. Mrs. Redding asked all attendees to be sure to register. She indicated all speakers had two minutes to speak and any number of speakers would be permitted. She then introduced the Surfside Board President, Dave Evans.

MEETING OPENED

Dave Evans, Board President called the 2010 Surfside Annual Shareholder Meeting to order at 10:15am. A quorum was not reached at that time.

INTRODUCTIONS

Mr. Evans then introduced the Board members KC Coultrup, Sandra Redding, Steve Wiles and Darlene Cahoon. He introduced Todd Healy, the Maintenance Manager, Miguel Haro, the Maintenance Worker and Chressa James the Office Manager. He also thanked the volunteers who worked at check-in. Cyndy Regan-Nowak, A14, Bibi Mesmer, B96 and Pat Taylor, C23.

Mr. Evans then asked Mr. Wiles to introduce the new Shareholders. Mr. Wiles introduced and welcomed Pete and Liz McKinley, A71, Scott Goodwin & Suzie El-Saden, B92, Ken & Yvette Holst, B113, Christopher Frisco, C25, and Michael & Jacqueline Stephen, B106. None of the new Shareholders were in attendance.

STATE OF THE COLONY REPORT

Mr. Evans indicated the Colony is in good shape financially and looks great. The team of Todd Healy and Miguel Haro with Sunrise Landscaping is doing well. The Colony looks green and clean and beach is cleaner than it has ever been.

Mr. Evans discussed the Colony drainage project. This includes the front gate area, in front of B68, the parking lot and the current French drains. The engineering has been done and it is now in plan check with the City of Seal Beach.

He discussed the new beach cleaner and that the Board had renegotiated with the City of Seal Beach to offset beach cleaning costs. A new beach cleaner has been purchased, trading in the smaller unit for a new larger unit.

Mr. Evans outlined the Colony events that had taken place this past year. He mentioned the Easter party, the Maintenance building parting, the 4th of July parade and BBQ and the upcoming Potluck.

He acknowledged the new Security company is up and running. Security and parking has been improved around the Colony. He thanked Ms. James for all her work with the security company. He encouraged all Shareholders to let Ms. James know their 4-digit security code.

Mr. Evans indicated the Board intends to review and update the Colony rules and regulations in the coming year. Also, the Architectural Committee will be reviewing and updating all rules and requirements for home building and remodeling. He asked that anyone with input on the Architectural rules for the Colony to contact the Colony office.

Mr. Evans noted that there were several seat openings for the Tax Districts for Surfside Colony and encouraged residents to think about running for a seat.

Mr. Evans pointed out the growth of the C Row landscaping, how much improved it is.

He commended the Library volunteers, Pat Taylor and Bibbi Mesmer for the good job they do keeping the library organized and looking good.

At that time Mr. Evans announced a quorum had been reached and asked for a motion to approve the minutes of the 2009 Annual Shareholder meeting.

Motion: by Dick Goodspeed, A72 to approve the 2009 Annual Surfside Shareholder Meeting Minutes as written.

Second: by Shannee Coultrup

Vote: all in favor

Motion carried

FINANCIAL REPORT

He then introduced KC Coultrup to go over the Budget and Financial status of the Colony. Mr. Coultrup went over the profit and loss report for the year compared to last year. Mr. Coultrup observed that the Colony has been making income and putting some aside in spite of the current recession. He indicated the Board is being very conservative with the Colony funds investing in CD's only, protecting the principal. He reviewed the assets and liabilities with conservative increases in assets. Change of assets of \$93,000 for the last fiscal year. Mr. Coultrup encouraged anyone who wanted to see the full financials to go into the office to review at anytime. He fielded questions from the Shareholders.

Mr. Coultrup told the Shareholders, the Colony would be doing special projects this year and the Tax Districts had agreed in advance to reimburse the Colony for them. Professional fees include accounting, legal and engineering.

He then went over the Budget. The Budget is determined based on the previous year's expenses. The net income for the current fiscal year is anticipated as being \$154,000.00. He pointed out the increase of income from the Tax Districts. He then asked if there were any questions about the Budget.

Dick Goodspeed got up to thank the Board for their managing of the Colony finances in this difficult time.

Motion: by Dave Jones, B 99 to approve the budget for the 2010-2011 fiscal year as presented.

Second: by Janell Dunagan, A 68

Vote: all in favor

Motion Carried

TAX DISTRICT REPORTS

Mr. Evans then introduced John Kriss to give the Tax District report.

There are two Tax Districts that funnel money from the property taxes back to Surfside. Mr. Kriss went over a brief history of the Tax Districts. They receive funds from the property taxes and send them to Surfside for various projects and expenses.

The Tax Districts pay monthly expenses to Surfside as well as fund specific projects identified by Surfside in advance. The Storm Water Tax District was formed in 1941 for drainage, flood and water damage and beach replenishment. The current Storm Water Tax Board consists of Jon Regnier, Gayle Winnen and John Kriss. The Community Services Tax District was initiated in 1960 for street repair, security, landscaping and the current Board members are Gino Salegui, Don Karich and John Kriss. Community Services is required to have 5 members instead of 3 and Storm water is still only required to have 3. Anyone interested must go to the County and fill out paper work and raise their right hand and swear to be fiscally responsible with the tax dollars. There are 2 openings on the Community Services Tax District.

Community Services has a \$160 tax on Surfside property tax bills and also receives a percentage of taxes paid. Their only customer is Surfside Ltd.

Mr. Kriss then went over the last beach replenishment. The contractor finished in October of 2009 and the sand went out to the end of the jetty fence. The Army Corp. of Engineers claimed they had met the criteria set forth for the sand fill. In December, the beach began flooding and got very muddy. Surfside flooded but Sunset Beach did not. Mr. Kriss wrote a letter to the Army Corp. of Engineers to let them know there was something wrong with the sand fill. A reply was not received until last Friday after Mr. Kriss's repeated calls. They claimed the beach replenishment was done to specifications and the height was correct. They indicated it was the bad weather in the winter that caused the problems with the beach. The Army Corp of Engineers will monitor the beach and if it becomes too narrow they will start the process of setting up new beach replenishment. Mr. Kriss said he would continue to monitor the issue, making phone calls and writing letters. The Army Corp. of Engineers comes out each month to measure the beach. Mr. Kriss indicated the contractor had used a different procedure than previous years. The replenishment should have started in September 2008 but started much later. Because of the grunion running and least tern nesting, the process was revised. They used a dyke system and ran a line from the end of the fence on the jetty to the water tower and filled in with sand. This resulted in different dimensions of the beach. The beach received 1.5 million cubic yards of sand and 13 feet of sand. The end result was a different texture of sand and more silt.

Mr. Kriss then went over the financial statement of the Tax Districts.

The Community Services Tax District gives Surfside funds monthly for its monthly expense and in addition gives funds for projects Surfside Colony has requested assistance paying for. The Budgeted income was \$320,000 and \$356,000 in revenue was received. The County had indicated they were going to borrow 12 % of revenues so it was not put in the Budget. The County did borrow the money and paid it back. The total expenses were \$379,000, tapping into reserves for the extra.

The proposed Budget for Community Services shows a deficit of \$126,710 in order to give Surfside Colony extra for the proposed projects. The planned reserves for the 2010-2011 Budget are \$272,827 to be held in case of emergencies. The Community Services Tax District is required to keep 6 months of expenses in reserve.

Mr. Kriss then went over the Storm Water Tax District Financials. The budgeted income was \$113,693 and the actual received was \$128,000. The expenses paid to Surfside Colony were \$112,233. \$57,000 goes to Surfside per year in monthly payments. The net income and expenses for 2009-2010 was \$16,091. The proposed Budget for 2010-2011 shows income at \$129,093 and expenses of \$57,800 for monthly expenses plus projects and the berm expenses for a net of -\$47,758., which will come out of the reserves. The change in reserves will be a decrease from \$263,000 to \$236,000. The reserves are broken down into the following categories: Revetment maintenance and repair \$50,000, Sandfill \$150,000 and General reserves of \$36,498. In 1983 the Storm Water Tax District used reserves to assist the Colony to repair after winter storm damage.

As there were no questions, Mr. Kriss turned the floor over to Mr. Evans.

OLD BUSINESS

Mr. Evans reminded the Shareholders about the Tax District election in November. He reiterated that there are 10 seats on both Tax Districts and the top 5 candidates on each Board would get a seat. There are 4 seats available on the Community Services Tax District and 5 on the Storm Water. He encouraged Shareholders to serve on the Tax District Boards. He pointed out that Tax District funds keep the Shareholder dues down. He encouraged Shareholders to attend the Tax District Meetings.

Mr. Evans then discussed the Colony Drainage and Front Gate Projects. He indicated he had gone to the Coastal Commission to submit plans for the Front Gate project. Coastal had concerns about the front gate blocking the view of the ocean from Pacific Coast Highway. The Coastal Commission did however give Surfside most of what it wanted for the project. Now the plans need to go through the City permitting process.

NEW BUSINESS

Mr. Evans then asked if there was any new business to be brought before the Shareholders. Three young girls requested new and improved playground equipment and indicated they would be willing to do a fundraiser to pay for it. Mr. Evans indicated there was some money in the Budget for playground equipment and that the original playground was paid for by donations. He informed the Shareholders that a plaque thanking those donors of the playground had been placed on a rock by the grassy area of the park.

An unnamed Shareholder asked what the policy was for dogs on the beach. Mr. Evans responded that there are no dogs allowed on the beach. A discussion ensued regarding the problem of owners not picking up after their dogs. He recommended calling animal control if there is a problem dog or reporting it to the Colony office. Mr. Evans encouraged the Shareholders to come to the monthly Board meeting where a lot of these issues are addressed.

Gino Salegui, A57 then asked what the policy was for golf carts. Mr. Evans indicated that golf carts are allowed on the streets of Surfside with a licensed driver. He said there are no rules for golf carts on the beach in the Surfside rules however it is against the laws of Seal Beach.

A Shareholder then asked how much of the beach belongs to Surfside and how much belongs to Seal Beach. Mr. Evans indicated the mean high tide line was measured years ago and it was fixed at that time at about 150 feet out from the front of the homes in Surfside.

Mr. Evans asked if there was anymore new business and there was none. He asked for volunteers to review the minutes and they were Shannee Coultrup, B66, Cathy Noonan, A5 and Sandra Thompson, A86.

Mr. Evans reminded the Shareholders for the Potluck to be held that evening at 5pm. He asked volunteers to stay behind after the meeting to help set up for the party.

As there was no further business before the Shareholders there was a motion to adjourn.
Motion: by Dick Goodspeed, A72, to adjourn the 2010 Annual Shareholders Meeting of Surfside Colony, Ltd.

Second: by Roger Kuppinger, A67.

Vote: All were in favor

Motion carried

The meeting adjourned at 11:30 am.

Respectfully Submitted,


Sandra Redding,
Board Secretary