

**SURFSIDE COLONY LTD
BOARD OF DIRECTORS MONTHLY MEETING
SURFSIDE COLONY OFFICE
TUESDAY, JULY 14, 2009**

BOARD MEMBERS PRESENT: Dave Evans, President, K.C. Coultrup, Keven Loza, Dave Jones and Sandra Redding

GUESTS PRESENT: Chressa James, Steve Wiles, and Rich Pearson

Dave Evans called the meeting to order at 6:30 pm and recognized a quorum.

MOTION: by KC Coultrup to approve the June 9, 2009 meeting minutes as written

Second by: Dave Evans

Vote: Unanimous

Motion: Carried

COLONY FINANCES REPORT BY K.C. COULTRUP: Mr. Coultrup indicated he and Mrs. Redding had met with Ms. James and the Accountant to work on the year-end financial report and the new budget. There was a discussion on the financials for the Annual Meeting and the new budget. It was agreed Mr. Coultrup, Mrs. Redding and Ms James would have a separate finance meeting to finalize the budget.

The Board discussed the Tax District income and how it should be handled in the budget. Mr. Evans went over the topics for his presentation at the annual meeting. A discussion ensued on the financing of the new front gate project. No decision was made however several options were identified including, borrowing funds and requesting fund from the Tax Districts.

The Board went over the colony inventory and depreciation schedule. It was agreed a new inventory needed to be done and would be done before the Annual Meeting.

They then reviewed the Profit and Loss report, the Balance Sheet and the Accounts Receivables aging. There is approximately \$400,000.00 in the Money Market account. Mr. Coultrup is in the process of purchasing more CDAR's. He will leave \$250,000 in the money market and put the remainder in the CDAR's. The checking account balance is approximately \$100,000.00.

Construction deposits were then discussed. Ms. James is in the process of reconciling the account which receives all construction deposits. She will adjust the account to reflect all current outstanding deposits.

The status of placing a lien on a homeowner was then discussed. The Colony Attorney Skip Cook has indicated it is possible to place a lien however it may affect the colonies non-profit status. The Board agreed all outstanding debt on a property will be requested through escrow on the sale of the property in question. A stock transfer will not take place until all debt has been cleared from the property. Three accounts are over 90 days outstanding. One homeowner paid the principle but not the late fees. It was agreed once the late fees become 90 days delinquent, the transponder will be turned off.

PRIVATE NETWORK: The private network is up and operational. There is still some configuration to be done in the colony office. The network usage can be seen on the website. The WIFI can be accessed by login and password. Verizon DSL will be used for now to be sure

the network is running smoothly before a switch to FIOS is considered. C17 wants to cut the street to get access to FIOS. Mr. Coultrup indicated he would look into it.

SAND REPLENISHMENT: Mr. Evans indicated the sand replenishment would continue for another month. He pointed out that an El Nino is predicted for this winter therefore it is key to get as much sand as possible.

FRONT GATE PROJECT PROPOSAL: JR Haskett has sent an outline for a budget for the proposed gate. The ballpark figure is \$300,000. To do the work on the drainage around the front gate and the parking lot is estimated to cost \$200,000, including a larger red valve. If bricks were used to match the back gate, there would be an additional cost. There will be an artist rendering of the proposed front gate for the Annual Meeting. The Colony will submit the proposed plan to the city of Seal Beach and Coastal Commission.

COLONY DRAINAGE: Mr. Evans indicated Jones Cahl wanted more money than expected for the work done on analyzing the entire colony drainage situation. A discussion ensued and the board agreed to pay the additional amount. . The board is supportive of the relationship with Jones Cahl for future work on drainage in the colony. Mr. Evans has sent the new French Drain information to Mr. Cahl. The new French Drains have a pipe at the end which holds water then allows it to percolate into the soil over time.

TAX DISTRICTS: Mr. Coultrup and Mrs. Redding went to the monthly Tax District meeting. They reported the Storm Water Tax District has taken their money out of the county account and placed it in LAIF. They believe this to be a safe place for their funds. The Board reviewed the letter from the Tax Districts in response to the Board letter requesting the Tax Districts take their money out of LAIF. The Board's position is that they are concerned the State will take the Tax District money even if it is in LAIF.

ANNUAL SHAREHOLDER MEETING: A discussion then ensued regarding the voting at the Annual Meeting. There was concern regarding the cumulative voting that has taken place in the past.

MOTION: by Dave Evans to vote at the Annual Meeting, one vote per position on the Board of Directors per shareholder.

Second: by Keven Loza

Vote: Unanimous

Motion Carried

STREET LIGHTS: Ms. James indicated there is a catalogue coming to review streetlight options.

NEW BUSINESS:

Election Polling Place: It was agreed that the Colony office will continue to be used as a polling place and Ms. James' work schedule will be flexible to prevent her losing a days work.

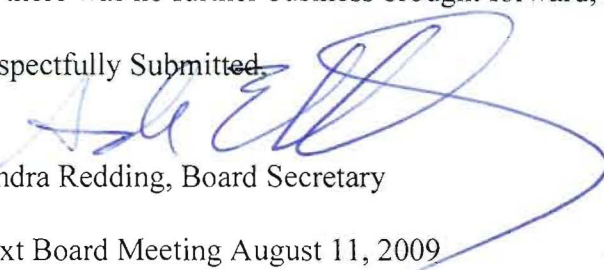
Playground Plaque: Money was collected many years ago to pay for the playground. Those making a donation of \$250 or more were told their name would be placed on a plaque. It will cost about \$700-\$800 for the plaque. Mrs. Redding will get the information from Mr. Evans and look into getting the plaque done.

Meeting with Seal Beach Officials: Some board members will meet with Seal Beach Officials to ask them to pay for all future sand fills and potential revetment repair. Once this commitment has been reached, The Storm Water Tax District can release \$250,000 of their cash reserves.

Beach Cleaning equipment: Mr. Evans indicated the current tractor and beach cleaning device are in need of repairs and cleaning tines need replacement. He has been looking into upgrading to a larger and more efficient beach-cleaning machine. There would be a trade in allowance for the old machine. The new machine would be a demo unit, nearly new and would save money on trash pickup as it picks up less sand. Mr. Evans indicated he would get a revised price. The board was in agreement that the purchase would be a benefit to the colony.

As there was no further business brought forward, the meeting was adjourned at 8:35 PM.

Respectfully Submitted,



Sandra Redding, Board Secretary

Next Board Meeting August 11, 2009