

**MINUTES OF THE ANNUAL MEETING OF MEMBERS
OF
THE MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**

October 20, 2007

PRESENT

Ellen Michaels, President
Frank Williams, Vice President
Marty Deggeller, Treasurer
John Steinhart, Director
Jeff Schwartz, Director
Tom Bugary, Secretary and General Manager

WELCOME

The combined Annual Meeting of the Monterey Dunes Colony Association and the Monterey Dunes Colony Mutual Water Association was called to order by Ellen Michaels, President, at 10:00 A.M., Saturday, October 20, 2005 at the Monterey Dunes Colony Clubhouse, 195 Monterey Dunes Way, Castroville, CA 95012.

HOMEOWNER INTRODUCTIONS

At this time, homeowners that were present in the audience introduced themselves.

READING OF MINUTES FROM THE LAST JOINT ANNUAL MEETING OF MEMBERS

In the absence of a quorum of homeowners, either in person or by proxy, the reading and approval of the minutes for the 2006 annual meeting of the members was postponed until a quorum could be established.

A homeowner noted that there was an error in the first paragraph of the last section of the minutes titled ORGANIZATIONAL MEETING. The first sentence read, "Following the annual meeting, the Board for the 2005-2006 term...." This sentence should read, "Following the annual meeting, the Board for the 2006-2007 term...." It was M/S/C to correct this error.

PRESIDENT'S REPORT

Ellen Michaels started her report by saying that it has been a busy year at the Dunes. A summary of what staff has accomplished include:

- ◆ Replaced 22 decks, (scheduled for 15).
- ◆ Replaced 152 Windows/Sliding Glass Doors, (scheduled for 145).
- ◆ Replaced 420 surface (square) feet of siding, (scheduled for 500 sf).
- ◆ Replaced 3 Parking Lot Lights, (scheduled).
- ◆ Replaced 2 Mailbox Clusters, (scheduled).
- ◆ Repainted the Trim on 8 Residential Buildings, (scheduled).
- ◆ Replaced the Main Gate and Security Phone System, (scheduled).
- ◆ Replaced 2 Sauna Heaters, (unbudgeted expense).
- ◆ Replaced a Company Truck, (scheduled).
- ◆ Replaced 1800 Linear Feet of Fencing, (scheduled for 1000 lf).

Ellen then explained a reserve replacement chart that Tom had prepared. Basically, this chart shows the median line (amount programmed to be completed per year) by project - decks; siding; windows; parking lot lights; fences; and, courtyard lattice. Ellen further stated that the staff does a lot of project juggling in order to stay within 5 to 10 percent of our given project quota for the fiscal year. This chart has been attached to and made part of these minutes.

Ellen also reviewed many other accomplishments during the year. More specifically:

1. An adhoc committee was appointed to review the colony's earthquake insurance coverage. After several review sessions, the colony converted the earthquake insurance to the State of California Earthquake Insurance (CEA).
2. An adhoc committee was appointed to review the occupancy limits as defined in our CCRs and to recommend a rule or policy regarding occupancy limits for residential units. The occupancy limits were reaffirmed at the HUD recommended 2+1 limits (2 people per bedroom plus one person.), and a rule added to the schedule.
3. Due to misuse, vandalism and safety concerns, the sauna rules were revised to limit the use of the sauna to homeowners and their immediate families.
4. An adhoc committee was appointed to recommend a method by which homeowners and their guests would be notified in the event of a tsunami or extremely severe and life threatening weather. The program selected uses 3 NOAA Weather Alert Radios strategically placed – one in the office, (and with the guard), one at unit #158, (the on-sight owner and emergency coordinator) and one with an employee (the maintenance supervisor),

to alert homeowners in case of an impending tsunami or life threatening severe weather. Once designated alert-notification-personnel are aware of an impending tsunami, or severe weather that may threaten life or property, an automated telephone alert system is activated to simultaneously broadcast a message to all homeowners. The system will call members and their guests at the owner's home phone, unit phone, and, if listed on file, their cell phone.

5. An adhoc committee was appointed to recommend policy regarding satellite television upgrades. The results from the committee are pending.
6. The association revised its rules concerning towing vehicles from the colony to reflect recent updates to the California Vehicle Code §22658.
7. The garage tri-plex for units 288-290-292 caught fire and was destroyed. Management is in the process of working with our insurance company, county building and planning officials, and other building specialists to replace the structure. We should have the garage rebuilt by the end of this fiscal year.

Ellen reported that as of this date, 25 chimneys had been identified as unserviceable, (red-tagged), of which 20 are already repaired.

Ellen also reported that the colony established an annual smoke detector inspection program. This program was developed upon the recommendation of our insurance carrier's risk assessment inspection of the colony, and his subsequent inspection report. Once a year, in December, association staff will replace all smoke detector batteries and test the units for signal.

Ellen continues her report by stating that a homeowner called her to alert her to the fact that an original construction exhaust fan in one of the bathrooms in her unit had caught fire. Ellen commented that she thought it was a good idea that homeowners with original exhaust fans, or any original electrical fixtures and appliances in their units, have them checked by a licensed electrician – she emphasized that this was especially true with absentee owners. Jeff Schwartz also reiterated that homeowners with original electrical panels should have them replaced. Tom said that many homeowners have already replaced their original FPE electric sub-panels; however, during the smoke detector inspection, (and battery replacement) in December, he will identify how many FPE panels remain and submit this report to the board in January.

During the past fiscal year, the association had three major projects for the water company:

1. Management purchased a standby submersible pump and motor assembly for well number 4.
2. We replaced a compression tank compressor and,
3. We rebuilt our two main booster pumps for the distribution system.

Additionally, because of the way we manage our water resources with the installation of meters and cut-off valves at each of the units, we have reduced our consumption by 23% since water-use

reports in fiscal year 2000-2001. Ellen said that our two deep wells seem to be working well and the quality of our water remains very high.

In closing, Ellen thanked the many volunteer homeowners, specifically the board of directors, the various committees, vendors, staff for their dedication and support to make this a better community.

INTRODUCTION OF DIRECTORS, 2007-2008 TERM

Ellen Michaels introduced the 2007-2008 Board of Directors:

- | | |
|------------------------------|-------------------------------|
| 1) Frank Williams, incumbent | 4) Marty Deggeller, incumbent |
| 2) Jeff Schwartz, incumbent | 5) George Maciag, incumbent |
| 3) Ellen Michaels, incumbent | |

MEMBER BUSINESS

A homeowner questioned the board why a loud exterior alarm sounds at times early in the morning near the maintenance shop area. Tom answered that there is an exterior alarm, (as well as an interior signal sent to the security company that monitors the device), on our back-up generator and another on the diesel fire fighting pump, a self contained and automated system. The alarm for both the generator and diesel pump reacts to a rapid drop in water pressure, or when the system tests itself every Tuesday morning at 9:00 AM. Since the water company is a municipal system, governed by the County Health Department and the State Water Resources Agency, we are required to have these backup systems in the event of a loss of power and/or a fire on the property. In the case that there is a power outage, the back up generator automatically kicks on and takes over, powering the water distribution system. The exterior alarm assigned to the diesel generator sounds for approximately 15 minutes before it resets itself, as long as commercial or generator power restarts and runs the system. If the alarm does not reset itself, then staff has to physically reset the system and turn off the alarm.

A homeowner asked for a general update on the garage fire at units 288-290-292. Tom reported we have hired the architect and engineer, the plans are complete and submitted to the building department and we have already completed the coastal permit process. We have requested bids and are looking to finalize the contract in the near future. Management is working with the insurance company so that they agree to the contractor's price; once they agree on a price, the specifications, and the language in the contract, the contractor will start the project.

A homeowner expressed interest in an update on the speaker series that George Maciag is working on. Ellen explained that we would like to get local personalities to address the audience on topics of interest immediately following scheduled board meetings. The first of these speakers will, hopefully, be in January 2008.

A homeowner questioned the status of the snowy plover and whether the ferule cats located within the colony were a threat to the plover. Tom answered that the cats could pose a threat as well as other predators on the property. Tom said that MDCA has a cat program where we trap ferule cats

and send them to the SPCA. If we can catch the cats when they are very young kittens, they are adoptable. Tom stated that if a cat we catch is a pet, and is registered, we notify the owner that we have their cat so that they can pick it up. If we don't know who the cat belongs to, and it is clearly not ferule, we will err on the side of caution and will not send the non-ferule cat to the SPCA. We will release it. If we catch a pet cat a second time, the owner is then in violation of a rule and subject to board action. If we catch an unidentified cat a second time, regardless of its behavior, we send it to the SPCA for evaluation and disposition. Pet cats are not allowed to roam the dunes.

Regarding the snowy plover, Frank Williams reported that there has been no change – the snowy plover is still on the endangered list and dogs still are not allowed on our beach (on or off the leash.) Frank said that he does not foresee any changes in the law for a very long time.

ADJOURNMENT

With no further business from the floor, it was M/S/C to continue the meeting until the November 17, 2007 Board meeting in order to establish a quorum in order to approve the minutes and the IRS Revenue Ruling for fiscal years 2007 and 2008.

The annual homeowner's barbeque will be at 12:30 p.m. today. The next Board of Directors meeting is scheduled for Saturday, November 17, 2007 at 10:00 A.M.

ORGANIZATIONAL MEETING

Following the annual meeting, there was an organizational meeting to elect officers of the Board for the 2007-2008 term. The Directors made the following appointments:

Ellen Michaels	Director, (President)
Frank Williams	Director, (Vice President)
Marty Deggeller	Director, (Treasurer)
Jeff Schwartz	Director
George Maciag	Director
Mary Jansing Balgooyen	Officer of the Board, (Assistant Treasurer)
Tom Bugary	Officer of the Board, (Secretary)

Respectfully Submitted,

Thomas J Bugary

Thomas J. Bugary, CMCA, CCAM
Secretary and General Manager