

**COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**

September 15, 2012

PRESENT

Bill Michaels, President
Ted Swanson, Treasurer
Bob Dickinson, Director
George Maciag, Vice President
Jeff Schwartz, Director
Tom Bugary, Secretary and General Manager
Joelyn Carr-Fingerle, CPA

ABSENT

None

WELCOME

Bill Michaels, Board President, called the meeting of the board to order at 10:00 AM, September 15, 2012 at the Monterey Dunes Colony Clubhouse and established that there was a quorum.

MINUTES

The Board reviewed the draft minutes of the July 21, 2012 directors meeting. It was M/S/C to approve the minutes with the following amendment: *The last statement of Page 7 of the minutes, under the topic "Website Committee Report", reads "After discussion, the Board asked management to implement item 2) (posting safety information). The Board M/S/C a motion to amend this statement to add "and there was no conclusion on the other items, but will be discussed at the September meeting."* In addition, it was emphasized that the Board will not be creating a legal advisory committee, but, rather, an ad hoc conflict resolution committee.

TREASURER'S REPORT

Ted Swanson, Treasurer, gave the Treasurer's Report for July and August 2012. Ted noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, Ted stated that all of our account balances could be seen in the written report, which has been attached to and made part of these minutes.

FINANCE COMMITTEE REPORT

Bob Dickinson gave a report that the committee had met the previous day and reviewed the FY 2011-2012 annual audit prepared by Joelyn Carr-Fingerle, CPA. Bob summarized the meeting as follows:

The Colony ended FY 2011-12 with an operating net income of \$34K and a reserve net income of \$227K, which means we are building up our available reserve funds. At year-end (June 30), the reserve account balance was approximately \$1.3 million and the operating account balance was approximately \$175K.

The Water Company ended FY 2011-12 with an operating loss of \$6K and a reserve loss of \$28K. At year-end, the operating account balance was approximately \$55K and the reserve account balance was approximately \$208K.

All in all, the audit was a “clean” report that showed that the financial strength of the colony grew throughout the year. The committee recommended to the Board that they approve this report. The Board M/S/C this recommendation.

Another item the committee discussed was an archiving project to scan and archive documents relevant to the Colony since its inception. After discussion the committee agreed that this was a worthwhile project and requested Tom to investigate the software and equipment necessary to get the job done; the Board concurred with this request.

ENVIRONMENTAL CONTROL COMMITTEE (ECC) REPORT

Ellen Michaels, ECC Chair, gave a verbal report. She stated that the ECC had met on August 31, 2012, to discuss an interior remodel at #332, a three-story unit. They would like to finish the basement; however, the committee had a couple of questions for the architect and the homeowner, but they have not yet responded to the committee’s inquiry.

ADHOC WAVE RUN-UP COMMITTEE

Ted Swanson, committee chair, reported that there was a committee meeting a few weeks ago and the two main topics of discussion were the septic system and the proposed testing of the wave run-up barriers. Ted stated that by placing the run-up barriers on the beach at low tide, we can observe larger and larger waves hitting the barriers and determine the degree of movement, connector strength, floatation or buoyancy, back-wash, scouring, tilt/twist, and resistance.

POSTAL ADDRESS CHANGE COMMITTEE REPORT

Ted Swanson and Don Tenenbaum (the Committee) wrote a letter to the District Director in charge of asset allocation in Monterey, Santa Cruz, and Santa Clara counties asking him what are the necessary steps to change addresses from Castroville to Moss Landing. The Director has not yet responded to our letter, but Ted feels confident that he will receive a response in the next 30 days.

GENERAL MANAGERS REPORT

MONTEREY DUNES COLONY ASSOCIATION

This report covers work completed from July 1, 2012 to date.

Fences and Sidewall Shingle Replacement

Unit Courtyard Fences completed all or in part this fiscal year are at units 148, 150, as well as Trash Enclosures.

Shingles were replaced in the courtyard area of unit 236 and North Facing Wall of unit 286. These remaining smaller areas are pick-up work from the completed shingle project funded up until this fiscal year.

Skylights

The Association replaced 4 roof skylights at unit 246.

Landside Boardwalk Replacement

Landside boardwalks have been replaced near units 148, 150, 152, 224, 232, and 234. Boardwalk is replaced as determined necessary and in many cases, ahead of the current reserve schedule.

Window and Entry Door Replacement

Association Carpenters are completing 15 window replacements at unit 236.

Coastal Projects

From last report:

After several attempts to convince State and Federal agencies that the use of snow fencing to capture wind-blown sand was not destructive to the environment, nor was it threatening to the snowy plovers nesting on the beach, Ted Swanson and I met with David Shonman on Tuesday June 25, 2012 to talk about alternatives. We agreed that it was probably a losing cause to push these agencies any farther, as they had a predetermined but unproven mindset that the drift fencing was harmful. Absent from any expert's opinion stating otherwise, we refocused our efforts on alternatives we could get county and state approval on such as using drift wood in lieu of snow fencing, (positioning it during the winter in the foredunes) and piling sand on top of the prepositioned drift wood. David is drafting a letter to the Department of Fish and Wildlife asking for this change and for their support in obtaining a coastal development permit to do repairs to the foredunes this coming winter.

We have a scheduled meeting with Jill Poudrette, Steve Bachman and Amy Palkovic, current State Parks representatives who are responsible for entering into a right of access agreement between us to work out in the foredune area. Jill Poudrette is the designated responsible person by State Parks to resubmit and track our Right of Access Agreement through the approval process. Our original permit was signed in late 2008 by MDCA and State Parks and sent to Sacramento for approval by the Coastal Commission and Corp of Engineers, but instead,

it sat in Sacramento at the State Clearinghouse without further action. The responsible person at that time was Ken Grey, (now retired), who did not follow up on the progress of the agreement. According to Jill, now that we know it is not in the system, the agreement needs to be reviewed and redone. She stated to us in a letter that “The Right of Entry permit for this project was never finalized and since conditions may have changed and the work the Colony is performing is different than what is described in the Notice of Exemption, we will have to start this process again. We should start with a site visit to discuss the proposed project. “ This will be the topic of the meeting on July 26 at 10:00 AM at the colony clubhouse. Representing MDCA will be Ted Swanson, Tom Bugary and David Shonman.

Ted Swanson, Tom Bugary and David Shonman met with State Parks Representatives on July 26 at the colony clubhouse. This meeting was followed by a site tour of the south end of the property. At this meeting the history of the Right of Access Permit between the colony and State Parks was reviewed and the possible models for future agreements between us discussed. State Parks Supervisor Steve Bachman highly recommended an MOU (Memorandum of Understanding) format in lieu of a permit because an MOU is a long-term agreement that doesn't expire unless the parties want it to, versus the permit that is usually for a specific amount of time. The parties also discussed the content of the MOU as a starting point for the draft version David Shonman is preparing and will circulate.

During the development of the MOU, a distinct non-evasive plan had to be detailed on how we would access the beach area bringing in replacement sand in the off season. Plans ranged from heavy equipment entering the beach via the river mouth area, to hand-carts carrying sand out to the beach via existing boardwalk. The consensus was the simpler the plan, the easier to get it past the Coastal Commission, County Coastal Developers and State Parks concurrence. Management came up with a specialized 4 wheel hand-truck designed to carry heavy loads but with little stress on the part of the operator. These trucks could be loaded with a back hoe at the sand storage area and carted to the beach via boardwalks and once on the beach rolled on 8 foot sections of plywood to the fill site. This method is the current proposal and if approved, should be the model for any future repairs to the foredunes we may be faced with.

Electrical Brownout 318 through 340 (update)

On Friday May 11, 2012 there was a major electrical power failure where PG&E equipment caused extensive damage to power appliances from units 318 through 340. More specifically the garage door openers between 318 and 340 were burned out, street lights and many appliances were damaged inside units 330-332 and 334. The association replaced the garage door openers on behalf of the homeowners and submitted the claim forms to PG&E for reimbursement. Garage door openers were replaced by MDCA upon an agreement with the unit owners to pay the costs and to wait for reimbursement from PG&E if/when they pay for the damages. Claims for appliances inside the individual homes were submitted by the homeowners themselves. On August 30, the Association was reimbursed \$3,357.55 for claimed damages. MDCA homeowners were reimbursed for the garage door openers and the Association for other damaged items of property.

Combination Locks at Clubhouse

Management is researching different combination lock systems to install on the clubhouse to allow members greater access to the clubhouse. While the policy of locking the clubhouse in the evenings and on weekends has been a practice for over 15 years due to vandalism, we have had at least one suggestion that we find ways of keeping it open or with greater access to the homeowners. Current policy allows homeowners to call the duty person, or guard and have them come and unlock the door when the homeowner wishes to have access. The downside of this is that the equipment would have to be stainless and therefore expensive. In addition, most homeowners would still call the duty person for the combination.

After discussion, it was agreed to table this item until the next Board meeting on November 17, 2012.

Fumigations

Units 306, 308 and 310 will be tented and fumigated for drywood termites on September 18th through the 20th. This tenting is warranty work subcontracted through Best Care Fumigations for Terminix.

Tennis Court Reconfiguration to Accommodate Mini Driving Range

Management is in the process of replacing the old golf driving net and frame normally located between the Bocce Ball Court and the multi-use court. One of the issues with having the driving range located between the two courts is that it seems too cramped especially with people playing on the multi-use court.

We are looking at a few different systems that would better fit the unused tennis court area. We are looking at inexpensive repair products for the cracks in the asphalt and a larger net area for hitting the golf ball off of the T or off a grass area. I will have more to report on this as I gather information, probably by the next director's meeting.

After discussion, it was agreed to table this item until the next Board meeting on November 17, 2012.

Water Tank Update

I visited 5 water tank sites in Northern California on August 21, 2012. Curtis Lang, the GM for Carson Manufacturing Company located in Petaluma, CA, spent the day with me showing me the different tanks. I saw tank liners at various stages from the installation process to one that had been in for over 7 years. I also talked with some of the customers and maintenance workers onsite and have come to the conclusion that the liners do hold up to their specifications. After returning, I took the available data, pictures, samples and as-builds of our tank and have turned this packet over to a local structural engineer to determine what we need to do to the tank in order to ensure proper integrity before installing a liner. After I receive this report, I will present this information to the Finance Committee for funding and subsequently to the board for contract approval.

Chimney Inspections/Cleaning 2012

Cypress Sweeps has completed inspections and cleaning of 18 fireplace systems. 2 of the 18 were red-tagged. The Inspections and cleaning were put on hold due to the sweep, (John Crocker), being deployed to Northern California to battle the large fires ongoing in that area. John will complete the inspections, cleaning and repairs when he returns this month.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the July billing period, there were 29 units that exceeded the Tier 1 water conservation zone, seven were under the \$5.00 billing limit and therefore not billed. There were six units that exceeded Tier 2 and were billed for excess water usage.

During the August billing period, there were 17 units that exceeded the Tier 1 conservation zone. Four were under the \$5.00 billing limit and therefore not billed. There were four units that exceeded Tier 2 and were billed for excess water usage.

Owners who exceeded Tier 1, or are in Tier 2 or 3 water use zone are billed for their usage in accordance with Association Policy.

Fire Pump Repairs

Management has contracted with Fire Pump Testing and Sales to repair the Diesel Back-up Fire pump for approximately \$7K. This work includes a complete overhaul of the Liquid-End of the pump. The pump should be out of service for 1 business day.

OLD BUSINESS

Homeowner Survey Results

George Maciag distributed a copy of the survey results (minus responder names) to those interested persons that were in attendance and stated that the survey results would be posted on our website after this meeting. George reported that there had been 87 homeowner responses overall; however, not all homeowners responded to every question, so the number of homeowner's responses to specific questions varied from question to question.

Although George suggested to the Board that they form an ad hoc committee to perform an analysis of the survey answers and comments, he did highlight a few of the responses such as:

1. Communication with staff received the highest rating at 98.8% .
2. Communication with the Board received the 2nd highest rating at 95%.

After discussion, the Board agreed to appoint an ad hoc analytical and recommendation committee at the November 17, 2012 meeting.

Website Committee Report

Harley McAdams, chair of the committee, prepared a written report which was presented at the last meeting; however, not all of the recommendations in the report were discussed. Specifically, the items not discussed were:

- a) Improve communication with homeowners when new information is posted on the existing website.
- b) Make the existing website more attractive by adding pictures of the MDC homes, the beach, and the scenery.
- c) Add links for FAQ's on both the public and private pages of our existing website.

After discussion, the Board would like to extend Harley McAdams an invitation to attend the November 17, 2012 meeting.

Homeowner Request for Telephone Participation at Board Meetings (Tabled from last Meeting)

The board discussed a request from a member that homeowners be afforded the opportunity to call-in to a board meeting on a listen-only conference call. After discussion, the board decided to make no changes to the current method of allowing homeowners to come into the office and listen to a recording of the meeting for as long as the recording exists – until the meeting minutes are approved or special arrangements are made to keep the recording longer.

Appoint Legal Committee

Bill appointed George Maciag as chair of the ad hoc conflict resolution committee, and, in turn, George will recommend members for the committee to the board at the November 17, 2012 meeting.

Homeowner Request for Signage Lights on Molera Road Sign (Tabled from the Last Meeting)

Tom researched the various options and prices for signage lights. After discussion, the Board decided not to pursue this request.

NEW BUSINESS

Board Discussion/Approval for Liens on Units 152 for Delinquent Assessments

In accordance with Civil Code §1367.1(c)(2), it was M/S/C to approve a lien for past due assessments on unit #152.

OWNER'S STATEMENTS

Today is beach clean-up day. On her way to this meeting, Mary Ann Hoisington noted three young men on our beach picking up trash and she would like to thank those young men and hopes that this note gets to them.

WATER COMPANY BUSINESS

Addressed in the Managers Report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:45 p.m. The next Board meeting will be on November 17, 2012 at 10:00 a.m. There will be an annual homeowners meeting and barbeque on October 20, 2012 beginning at 10:00 a.m. and 12:00 p.m., respectively.

EXECUTIVE SESSION

A homeowner requested the Board waive a late fee for a delinquent assessment.
A homeowner requested the Board waive a water bill due to a leak in the unit.

FOR THE BOARD OF DIRECTORS:

//s//

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

Treasurer's Report July and August 2012

This report covers our fiscal year budget status through August 31, 2012.

Account Balances as of July 31 and August 31, 2012 are:

	<u>July</u>	<u>Aug</u>
Comm Assoc Banc (CAB) Reserve	\$ --	\$ ---
ICS Reserve (CDARS Acct)	\$ 693,085.77	\$ 635,211.92
MDCA Cash held by Water Co.	\$ 600,000.00	\$ 600,000.00
CDARS (CD Placement)	\$ 503,450.12	\$ 503,578.40
CAB Operating	\$ 105,365.13	\$ 148,155.16
RABOBANK Petty Cash	\$ 1,133.70	\$ 1,060.51
CAB Water Operating	\$ 17,844.59	\$ 14,636.79
CAB Water Reserve	\$ ---	\$ ---
ICS Water Reserve (CDARS Acct)	\$ 113,655.14	\$ 115,102.52

Payments to the Capital Replacement Fund (\$16,320.00 per month) are current.

Payments to the Mutual Water Association (\$3,750.00 per month) are current.

Respectfully Submitted,

Ted Swanson

Ted Swanson