

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

October 18, 2008

PRESENT

Ellen Michaels, President
George Maciag, Director
Jeff Schwartz, Director
Tom Bugary, Secretary and General Manager

ABSENT

Frank Williams, Vice President
Marty Deggeller, Treasurer

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 18, 2008 at the Monterey Dunes Colony Clubhouse, 195 Monterey Dunes Way, Castroville, CA 95012.

HOMEOWNER INTRODUCTIONS

Homeowners, present at the meeting introduced themselves.

READING OF MINUTES FROM THE LAST JOINT ANNUAL MEETING OF MEMBERS

Ellen Michaels asked if any member present wished to have the minutes of the last annual meeting read out loud. By unanimous consent, the reading was waived and it was M/S/C to approve the October 20, 2007 Annual Meeting Minutes as written.

PRESIDENT'S REPORT

Ellen Michaels stated that it has been a busy year for the colony. She reported that association carpenters replaced 15 decks, 116 windows/sliding glass doors, 7 entry doors and two garage doors. They also replaced 1520 linear feet of courtyard fencing, gates and posts, and installed 380 square of sidewall shingles.

Ellen went on to report that Terminix fumigated 4 residential buildings and 4 garages this year under our 10-year extended warranty that the colony purchased in 1999. The work is estimated at \$6 to \$7K per building and our warranty work over the past 9 years is valued at over \$100K.

Ellen reported that our fireplace system inspection program is working well with thirteen systems identified this year in need of repairs. In addition, unit smoke detectors were inspected for serviceability, batteries replaced and tested in accordance with the Association's smoke detector policy.

Ellen read of a list of many other accomplishments from committees or by management that occurred during the year, one being the Recreation Committee, reactivated to study and give recommendations to the board regarding tennis court #4. The committee surveyed the membership, researched alternatives and associated costs and recommended to the board that the colony replace the existing tennis court surface with grass, converting the area into a multi-use picnic and family sport area at a savings of about \$20K. The committee also recommended that this area should be pet friendly, as it would remain fenced. The Board unanimously approved that recommendation.

For the past few years, the Colony has been communicating the importance of replacing electric subpanels in units that have developer installed Federal Pacific Electrical panels. In July of this year, the board asked management to conduct an inspection of all homes to determine those units still protected by these defective subpanels. The results showed that 39 out of the 120 units on the property still had these panels. Considering the electric subpanel replacements a major safety issue for our attached units, the board directed management to send a letter to the 39 owners who still had the defective panels installed and again inform them of the dangers of the panel giving them six months from the date of the letter to replace their panel by a licensed electrician. The letter further stated that if at the end of six months the panel still had not been replaced, the association would replace the panel and bill the affected owner for the new panel on a time and material basis.

Association staff augmented contractor labor to rebuild garages, fences, boardwalk, and pavement at 288-292 due to fire. Although this was an insurance claim, using Association labor instead of contract labor saved our operating fund approximately \$6,500.

One of the more controversial committees this year was the Insurance Committee. This Committee studied business and contractor insurance requirements and was tasked to recommend options to the board that would define the level of liability insurance needed by each contractor or service in order for them to work on the property. The end result was a clear policy that defines each level of service and with it a reasonable amount of required insurance based on the potential risk of the vendor to the community.

Tom has been working with our contract biologist, coastal engineers and representatives of county, state and federal agencies on options available to protect our homes from winter storms similar to the ones we had last winter. The storms in January and February this past year are said to have been 50-year events, so severe that the ocean run up hit several units causing thousands of dollars in common property repairs to boardwalks, septic systems, and building maintenance. Ellen stated that details of our interaction with state and local agencies, subsequent to those storms, are recorded

in the minutes of the directors meetings this year and we continue to work on a Right-of-Entry permit between the colony and the state agencies to perform maintenance across our shared property line.

Ellen stated that much of the credit for the work at the colony belongs to a special group of dedicated homeowners who gave up a lot of their time over the past year on behalf of the association. She cited the following:

- ◆ The Finance Committee – John Gentry, chair; Frank Williams; Bill Michaels, Jim McFeeters, Marty Deggeller, Tom Bugary, members.
- ◆ The Environmental Control Committee (ECC) – Mary Jansing Balgooyen, chair; Jeff Schwartz, Ted Swanson, Tom Bugary, members.
- ◆ Insurance Committee – Mary Jansing Balgooyen, chair; Marty Deggeller, Tom Bugary, members and Jeff Kane, our insurance broker.
- ◆ Recreation Committee – Bill Michaels, chair; Ted Swanson, Russ Ryder, Tom Bugary, members.

Ellen reported that during this past year our Water Distribution Operator, Ed Downie, received the highest inspection rating possible for small water systems by the Monterey County Health Department and both the water discharge inspection by the County Water Resources Agency and the Annual Consumer Confidence Water Quality Report were without discrepancy.

The colony now has a 3-tiered water billing system to promote water conservation and to preserve the longevity of our deep water wells. This conservation billing system has been very successful in that we have sharply reduced our water consumption since the onset of the program.

Ellen thanked Tom for what he does as the General Manager, staying on top of the daily work while dealing with the different agencies on behalf of the colony, keeping the board informed and making their jobs easier.

In closing, Ellen stated that this is her last meeting as a director as she had declined another term on the board. She expressed her gratitude for serving with such great people – Frank Williams, Marty Deggeller, George Maciag and Jeff Schwartz. In addition she thanked the Association management and staff for their dedication and support to make this a better community a better place to live.

Jeff Schwartz thanked Ellen for all her hard work as president these last few years. All present at the meeting acknowledged her contributions.

INTRODUCTION OF DIRECTORS, 2007-2008 TERM

Ellen Michaels introduced the 2007-2008 Board of Directors:

- 1) Frank Williams, incumbent.
- 2) Jeff Schwartz, incumbent.
- 3) Mary Jansing Balgooyen.
- 4) Bill Michaels.
- 5) George Maciag, incumbent.

MEMBER BUSINESS

A homeowner in the audience asked if his boardwalk to the beach area could be cleared of sand. Tom responded by stating that we are currently under a “Cease and Desist” order issued by the California Coastal Commission and cannot work anywhere near the Monterey Dunes Colony – State Parks property line until the stop order is lifted and the Right-of-Entry permit is finalized. Tom assured the owner that we are still cleaning selected boardwalks where the property lines are within the boundary of the colony but most stretch out onto property belonging to the state.

IRS Revenue Ruling 70-604

Ellen read aloud a mandatory IRS Revenue Ruling (70-604) pertaining to fiscal years ending June 30, 2008 and June 30, 2009. It was M/S/C to approve the resolution which states that any excess revenue generated by the Association in the current fiscal year is applied to the following fiscal year expenses.

ADJOURNMENT

With no further business, Ellen adjourned the meeting at 10:50 A.M. and announced that the annual homeowner’s barbeque will be at 12:00 P.M.

ORGANIZATIONAL MEETING

Following the annual meeting, there was an organizational meeting to elect officers of the Board for the 2008-2009 term. The Directors made the following appointments:

George Maciag	President
Bill Michaels	Vice President
Mary Jansing Balgooyen	Treasurer
Jeff Schwartz	Director
Frank Williams	Director
Tom Bugary	Secretary, (non-voting) Officer of the Board

Respectfully Submitted,

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