

**COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**
July 18, 2009

PRESENT

George Maciag, President
Bill Michaels, Vice President
Mary Jansing Balgooyen, Treasurer
Frank Williams, Director
Jeff Schwartz, Director
Tom Bugary, Secretary and General Manager

ABSENT

None

WELCOME

George Maciag, President, called the meeting to order at 10:00 AM, July 18, 2009 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the minutes of the May 16, 2009, Board meeting. It was M/S/C to approve the minutes as written.

TREASURER'S REPORT

Mary Jansing Balgooyen, Treasurer, gave the Treasurer's Report for May and June 2009. Mary noted that the payments to the Capital Replacement Fund of \$16,320.00 per month and \$3,750.00 per month to the Mutual Water Association were current. Additionally, Mary stated that account balances could be seen in the written report, which has been attached to and made part of these minutes.

FINANCE COMMITTEE REPORT

John Gentry, Chair of the Finance Committee, reported that the committee had met earlier that morning to review the unaudited financial reports of the colony for FY 2008-09. The year end profits/losses were similar to the projected numbers by Tom Bugary, General Manager. Further, John reported that we had a total of \$55K in the unbudgeted coastal projects expense line. However, thanks to good budgetary restrictions by management, the overall deficit for the operating budget was only \$13K (Management saved \$42K in other areas).

At this point, it was noted that \$16K has been budgeted for coastal expenses during FY 2009-10; however, even though the exact amount of what is needed to fund this budget line is unknown, it

was noted that this amount will not be enough to cover all the project expenses and, consequently, a special assessment will be necessary. John suggested that a separate mailing be sent to homeowners advising them that an unspecified special assessment will be necessary for coastal projects; George Maciag, Board president, said that he would speak with the General Manager about creating such a letter.

GENERAL MANAGERS REPORT

Deck and Fence Replacements

This report covers the 2008-2009 fiscal year, July 1, 2008 through June 30, 2009. Association carpenters and contractors have completed 12 of the 15 scheduled decks this fiscal year. Decks were replaced at units 128, 142, 174(2), 202(2), 208, 220, 242, 264, 276 (with fence enclosure), 284, one owner deck, (CTO) and one deck assigned to a contractor.

Unit courtyard fences completed, all or in part this year: 128, 156, 174, 198, 200, 202, 242, 272, 278, 280, 282, 284 and 330.

Window and Entry Door Replacement

The Association replaced 74 windows at units 128, 142, 174, 208 and 232. Unit 200 is under construction with 16 association windows completed as of this date. We have also replaced 8 vinyl block frame windows this fiscal year and two aluminum Blomberg Sliding Glass Doors.

Association Carpenters have replaced 6-entry doors and 5 garage doors this fiscal year, 3 over our budgeted allocation.

Built-up Roofs

The association has 50 built-up roofs scheduled for replacement starting in the 2009-2010 budget. Unit 124 was reroofed during this reporting period as well as repairs made to the structure due to dry rot. Unit 184 is pending replacement in the August, September 2009 timeframe, with units 270 and 330 to be scheduled later in the fiscal year.

The association replaced 8 flat-roof skylights this year, 4 on unit 124 and 4 on unit 190.

Re-siding

During the 2008-2009 budget cycle, siding was replaced all, or in part at units: 108, 122, 124, 128, 130, 140, 142, 172, 174, 176, 200, 202, 224, 226, 228, 232, 234, 236, 338, 280, 282, 268, 270, 272, 276, 278, 282, 306, 308, 310 and 330.

Sidewall Shingles at unit 138 are currently being replaced and will be counted against the 2009-2010 budget when completed.

Mailbox Clusters

Mail box clusters for units 102-130 and 196-204 were replaced during this reporting period.

New Marquee Sign

The information board at the clubhouse was replaced this month. The old board succumbed to the elements and was in danger of falling over. The new board is slightly larger allowing for additional meeting information to include the posting of the agenda for upcoming board meetings.

Fumigations

Units 144-146-148 are scheduled for re-fumigation on September 21-24, 2009.

Units 108-110-112 were identified with live re-infestations of drywood termites and are pending re-fumigation.

Units 120-122-124 were identified with live re-infestations and are pending a determination of necessary treatment for the structure.

Smoke Alarm Inspections

Completed for 2009

Fireplace Inspections

Annual fireplace inspections and cleanings started this month and will continue through October. Management has again retained the services of Cypress Sweeps, Chimney Service to inspect and clean the units. Homeowners will be notified in advance of inspection dates.

FPE Electric Panel Replacement

As of the date of this report, all panels have been replaced.

Coastal Projects**From last report:**

As our contract coastal biologist, David Shonman attended a meeting on May 5, 2009 at the State Park Headquarters in Marina concerning the Salinas River Management Plan. Attendees were 3- from the Water Resources Agency, including Bret Buche, (Asst. GM), 4- from State Parks, including Dave Dixon and Ken Gray, (Director of Operations), 4- from PRBO including Kriss Neuman, (Lead Biologist) and 4- from US Fish and Wildlife led by Jacob Martin, (Lead Biologist).

The topic of the meeting was the execution of the County's emergency river mouth breaching operations, however much of the discussion dealt with NOAA/NMFS, (Fisheries) and their push to move the river mouth breaching farther to the north (towards the southern end of the colony).

The groups discussed NOAA Fisheries plan to enhance the steelhead habitat in the Salinas River. USDFW, State Parks, PRBO, MDCA, were all unanimous in opposing the project as stated in the published Biological Opinion (dated: 24 July 2007). All present at the meeting were in agreement that that prior to the release of the Biological Opinion, they had no idea that NOAA was planning to open the river several times a year right up through June. Jacob Martin, (DFWS) advised NOAA and the other agencies that he intends to revise the Department of Fish and Wildlife's opinion of the river mouth project due to the plan's increased threat to the plover population. David Shonman went on record to emphasize that any attempt to change the direction of the river northward could have

catastrophic effects on the southern section of our development, including possible damage to one of our septic systems.

Given the fact that the Biological Opinion Paper is now at the Army Corps of Engineers for signature, our plan is to set up a meeting with this agency in an attempt to educate them on what affect this project may have on the safety of the colony. In this way we can put them on notice, hopefully before they sign off on the project.

At previous meetings with NOAA Fisheries, MDCA has offered the idea of “armoring” a channel with rock or other permanent material to allow for the steelhead project under a more controlled setting. By setting up a controlled channel to the Ocean, the plover’s habitat would not be threatened, the colony would not be endangered and the river would still blow out to the ocean in the event winter rains caused a surge in the river. NOAA Engineers opinioned that building an armored channel would not work as it would require a huge and expensive structure to withstand exposure to waves, sand, and river flow.

On May 8, 2009, representatives from the Board of Directors met with John Kasunich and Mark Foxx, coastal geologists under contract by the association to develop wave run up protection strategies. Kasunich and Fox offered three possible solutions using environmentally friendly geo-tube material (sausage-shaped) bags strategically positioned to protect units from 328 down to 310. Proposed plans could include:

- 1. Bags positioned on site and filled with special (dry) sand, blown into the positioned bags from the parking area. The artificial berms would then be covered with sand and re-vegetated.*
- 2. Bags positioned on site and filled with a slurry-sand mix (wet) sand, pumped into the positioned bags from the parking area. The artificial berms would then be covered with sand and re-vegetated.*
- 3. Pre-filled and sealed bags would be trucked in from a preparation site and then deposited out on the dunes with a tractor. The artificial berms would then be covered with sand and re-vegetated.*

The next step is for Kasunich and Foxx to get hard numbers for each method from qualified contractors and upon review of the numbers associated with the types of repair, decide in an open meeting how they wish to proceed. Any decision to move forward with plans 1, 2, or 3 would require a funding plan.

Since our meeting with coastal engineers John Kasunich and Mark Fox on May 8, 2009, they have located 3 contractors, capable of installing the geotubes westward of the houses and are in the process of obtaining the necessary bids for the project. The contractors bidding are;

Don Chapin Company, Salinas, CA.
Sunstone Construction Company, Campbell CA.
Granite Construction Company, Watsonville, CA.

Preliminary numbers show the cost of this project could be as much as \$300K, however, final numbers are not yet available. John Kasunich is in the process of meeting with all three contractors and I should have hard numbers and specifications for board review within the next two weeks.

After several unsuccessful attempts to meet with Coastal Commission Planners in Santa Cruz to start the permit process for the wave run up barriers, we requested to meet with Monterey County Coastal Planners in an attempt to get the coastal permit process started at the local level. David Shonman and I met with John Ford, a Senior County Coastal Planner on 6-25 and went over the project with him. Mr. Ford agreed to assist MDCA in obtaining a coastal permit through the Coastal Commission, however, he advised that we also meet with County Health Department officials concerning the septic systems prior to them receiving the request for permit during the normal review process. The Health Department would be required to sign off on the project because of the proximity of the sand tubes to the tanks and leaching lines. I made contact with County Environmental Health Services and after a meeting and subsequent visit to the

proposed work site here at MDCA, the Health Department has shown positive interest in signing off on the project. Currently, David Shonman is finishing the request for permit and has submitted the paperwork to the County Planning Offices for processing.

Salinas River Mouth Management (breaching): At this point, we have been unsuccessful in securing a meeting with NOAA MFS in Santa Rosa. David Shonman feels that the MFS environmentalists have little interest in dealing with our concerns. The most current MFS-written Biological Impact Study concerning MFS-directed changes to the management of the Salinas River is currently at the Army Corps of Engineer Office in San Francisco for signature. To the best of our knowledge, information concerning artificial breaching of the river to the north, and any subsequent changes to the impact statement by the MFS biologists have not been made available for public review and comment. Upon contact with the Corps of Engineers, they were willing to meet with us but only after we discussed the river management plan with the MFS. David Shonman then made contact with the MFS in Santa Rosa to again try and solidify a meeting with them to discuss alternatives to their directed river mouth breaching plans. Bill Stevens, Resource Management Specialist MFS took the call and commented that the project was a "County Project", and not a NOAA MFS project. This temporarily closed the door to dealing with the MFS biologists at this time. At this point, we hosted a meeting on Friday, July 10, 2009 at the MDCA clubhouse concerning the River Mouth Management Plan. Participants were Monterey County River Management Specialists, a county contract engineer out of San Francisco, John Kasunich, our contract coastal engineer, David Shonman, our contract coastal biologist, myself and Mary Jansing, representing MDCA as a Board Director. The purpose of the meeting was to discuss the River Mouth Management Plan, alternatives to the MFS breaching directives, and a general discussion on all agencies involved or affected by the MFS mandated breaching policies. It was an extensive meeting ending in the consensus from all that (1). a better management schedule of breaching the river would optimize and control the flow of the river to the ocean, (2). would prevent flooding of the neighboring farms, (3). would offer a conducive environment for steelhead access to and from the river, (4). would preserve existing snowy plover habitat, and (5). would protect the colony from the dangers of damage to property and lives if the river were to flood the colony after artificial breaching to the north. After the meeting, we drafted a letter to Bill Stevens, NOAA MFS, informing him of our meeting, our discussion, and again requesting a meeting with him either in Santa Rosa at his office or here at MDCA. A copy of this letter was sent to all agencies concerned as well as to our County Supervisor on Wednesday, 7-15-09.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Consumer Confidence Reports

The 2008 Mutual Water Association Consumer Confidence Report was mailed to all owners in June. The report has an end date of December 2008 as mandated in the reporting process. Homeowners wanting more current information can always address any concerns or review current test results at the association office.

Water Conservation – Oriented Billing

During the May billing period, there were 11 units that exceeded the Tier 1 conservation zone, 5 of which were under the \$5.00 billing limit and not billed. Three units were identified as being

in the Tier 3 billing zone. Unit owners were notified of their monthly and gallon-per-day consumption.

During the June billing period, there were 14 units that exceeded the Tier 1 conservation zone, 4 of which were under the \$5.00 billing limit and not billed. Five units were identified as being in the Tier 3 billing zone. Unit owners were notified of their monthly and gallon-per-day consumption.

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. All homeowners are notified of their monthly and gallon-per-day consumption rates.

OLD BUSINESS

Nominations for Directors for the 09-10 Term are closed effective July 10, 2009

Anyone can be nominated for Board Director, a person can even self-nominate, up to a certain date. For the 2009-10 term, the deadline was July 10, 2009. Since there were only five nominations made and there are five Director positions, all five nominees are elected by acclamation to make up the 2009-10 Board of Directors.

NEW BUSINESS

Additional \$6K approved for work by Haro, Kasunich & Associates, Inc.

Haro, Kasunich & Associates, Inc., are the engineers for our sand dunes project. We entered into a contract with them for approximately \$26K, however, unforeseen expenses have created some additional expenses not covered by the contract amount. The Board M/S/C an additional \$6K in expenditures with Haro, Kasunich & Associates, Inc.

Appoint Finance Committee Member

The President of the Board, George Maciag, appointed Robert Dickinson, unit #214, to be a member of the Finance Committee.

2009 Annual Homeowners Meeting & Barbecue

It was announced that the 2009 Annual Homeowners Meeting & Barbecue will be on October 17, 2009. Flyers about the annual event will be sent to homeowners in September.

WATER COMPANY BUSINESS

Addressed in Manager's Report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:25 a.m. The next meeting date is September 12, 2009 at 10:00 AM and will be a joint meeting with the Finance Committee to review the auditor's report with the CPA/auditor in attendance.

EXECUTIVE SESSION

A homeowner hearing was held for a violation to the pet rules.

FOR THE BOARD OF DIRECTORS:

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

Treasurer's Report May and June

This report covers our fiscal year budget status through June 30, 2009.

Account Balances as of May 31 and June 30, 2009 are:

	<u>May</u>	<u>June</u>
Union Bank Reserve	\$513,851.69	\$768,304.77
Union Bank Operating	\$101,879.36	\$163,973.99
Union Bank Investment Acct	\$ 7,979.34	\$ 7,982.83
Community Bank Petty Cash	\$ 636.06	\$ 542.94
Union Bank Water Operating	\$ 23,812.18	\$ 26,975.96
Union Bank Water Reserve	\$ 88,960.07	\$ 88,429.74

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,

Mary Jansing Balgooyen

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