

**COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION
May 16, 2009**

PRESENT

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

ABSENT

George Maciag, President

WELCOME

Bill Michaels, Vice President, called the meeting to order at 10:00 AM, May 16, 2009 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the minutes of the March 28, 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 March and April 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.

ENVIRONMENTAL CONTROL COMMITTEE (ECC)

The ECC met via telephone conference on April 22, 2009, to review 3 requests:

Unit #280	Remove Acacia outside of unit and replant	Approved with stipulations.
Unit #260	Add bench to inside of courtyard	Approved with stipulations.
Unit #200	Replacing door and window with large window	Approved with stipulations.

GENERAL MANAGERS REPORT**Deck and Fence Replacements**

This report covers the 2008-2009 fiscal year, July 1, 2008 to date. 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, 242, 264, 276(with fence enclosure), 284, and one contractor deck.

Courtyard fences completed, all or in part, this year are at units 128, 174, 202, 242, 272, 278, 282, 284 and 330.

Window and Entry Door Replacement

The Association replaced 62 windows at units 128, 142, 174, 208 and 232. Unit 208 is under construction with 11 windows completed as of this date. Unit 200 will have 17 window replacements starting in June; 16 of these windows will be the responsibility of the association. 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 contractors have replaced 3 garage doors since July 1, 2008.

Re-siding

Siding has been replaced all, or in part at units 108, 124, 128, 130, 140, 142, 172, 174, 176, 202, 224, 226, 228, 232, 234, 236, 280, 282, 268, 270, 272, 276, 278, 282, 306, 308, 310 and 330.

2009-10 Budget and Annual Disclosure Packet

The 2009-10 Operating and Reserve Budget is in the process of being distributed to the Members. 44 homeowners accepting the packet via email have already been sent their copies at an estimated savings to the association of approximately \$850. The remaining eighty recipients are being distributed hardcopy via U.S. mail. This years packet also includes full reserve studies for the Association and Water Company as prepared by our reserve analyst, management and approved by the Board.

The Board encouraged those homeowners not receiving communications via email to sign up by sending an email to Susie at the office. The email address is: mdca@redshift.com.

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 172-174-176 were identified with live re-infestations and are pending a determination of necessary treatment for the structure.

Smoke Alarm Inspections

As of the date of this report, association maintenance has inspected all but a few of the units in the colony and is expected to finish up the remaining inspections the week of May 18 through the 22d. The batteries in each inspected alarm were replaced and the units were stress tested for performance. During this inspection cycle, maintenance replaced several unserviceable alarm units throughout the colony as a charge-to-unit service to homeowners.

FPE Electric Panel Replacement

In June, 2008 management completed the inspection of all 120 units, identifying the type of electric sub panels that are installed in each unit. Upon review of the results of the inspection, the board directed that management send letters to each owner of existing Federal Pacific Electric, (FPE) sub panels and again notify these homeowners of this necessary replacement. As of July 19, 2008 there were 39 FPE Electric Panels still installed in MDCA units. The Board directed that those panels still not replaced by the homeowner 6-months after date of the letter be replaced by the association and the cost of the replacement charged to the owner in the form of a reimbursable assessment.

As of the date of this report, there are 7 units remaining with original FPE panels installed: Units 104, 112, 208, 230, 236, 238, and 308. These units are scheduled by management for replacement panels and permits have been pulled from the County Building Department. Unit owners will be notified of dates for this maintenance and will be billed the cost for the replacement in the form of a reimbursable maintenance assessment.

Coastal Projects

From last report:

On February 26, 2009 Coastal Geologists completed preliminary tests on the south end of the property prior to developing a wave run up protection plan for MDCA. The Coastal Commission allowed heavy equipment out on the beach area to dig test holes in order to determine actual beach elevations as opposed to seasonal elevations caused by wind blown sand. There were other tests conducted concerning wave direction and intensity, (based on the height and configuration of the offshore sand bar), as well as actual property surveys to ensure that any wave protection (artificial dunes) are placed on association property. Plans for wave run-up protection will be ready for presentation to the Board of Directors in early April.

On March 4, 2009 the Monterey County Water Resources Agency prepared the river mouth for breeching to the ocean. Due to recent rains, the Arroyo Seco and Salinas Rivers swelled past flood stages and consequently the Salinas River broke through to the ocean on the morning of March 5th. The Resources Agency cut the starter channel for the river in a fashion that caused the river to initially break indirectly to the ocean, however, they did not follow a request from NOAA fisheries to break the river in a way that it would significantly slow the flow of the river to the ocean. Breaking the river in a northern direction, then sharply changing the channels direction west to the ocean could have endangered the south end of the our development in the event the river were to take its own path to the ocean through the pond area. Subsequent to this breeching, management is trying to set up meetings with representatives from NOAA, DFWS, and MCWRA to discuss their plans for the Salinas River and lagoon management over the next few years. Additionally, MDCA management will be discussing alternative methods for breeching the river with coastal geologists at Haro-Kasunich and Associates.

On March 9th State Parks and PRBO put up the virtual fence out on the beach. There was very little interaction between the State Parks crews and MDCA as we had not yet received permission to install snow fencing in areas replacing some of the virtual fencing in order to build up the foredunes with blowing sand. Subsequent to the fences being installed, David Shonman was informed by DFWS that they wanted to study the use of snow fences out on the foredunes for another year before approving their placement. Without an appeal process, we will have to wait until the spring of 2010 to install any barriers or fences that catch blowing sand.

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 Brent 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. County 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.

Tennis Court Repairs

In February 2009, a homeowner reported anomalies to our newer tennis court surfaces that had been rebuilt in 2005. Small 6-9 inch "bubble-like" raised surface spots had appeared in 7 places on the three replaced courts. Consequently, management met with a representative from the Don Chapin Company, the General Contractor who rebuilt the courts to review the damaged areas. Chapin cut out samples of the raised surfaces and sent the samples to a lab, the contractor determined that there must have been a chemical reaction in the asphalt (over time) to cause the raised surfaces. Even though the courts were out of the manufacturers warranty period, the contractor ground the raised surfaces down to the correct surface level free of charge. We have contacted Vintage Contractors Inc, the contractor who surfaced the courts in 2005 and after a site visit they have quoted the association \$1,320 to finish the repairs. I am attempting to find another vendor in the area that can bid on the project, however, this service is a proprietary system and finding vendors who can repair this surface with the Plexipave system could be difficult.

The Board M/S/C to fund repairs the tennis courts.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the April billing period, there were 13 units that exceeded the Tier 1 conservation zone, 6 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.

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

None

NEW BUSINESS

Set deadline for Receipt of Nominations

At the last Board meeting Jim McFeeters and Bill Michaels were appointed by the Board President to the Nominating Committee for the 2009-2010 election for Directors. It was announced at this meeting that the deadline for receipt of nominations for the 2009-2010 Board of Directors is July 10, 2009.

WATER COMPANY BUSINESS

Addressed in Manager's Report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:05 a.m. The next meeting date is July 18, 2009 at 10:00 AM.

EXECUTIVE SESSION

A member requested that his Tier 3 Water Charges be waived due to leaks or possible meter malfunction. This request was approved.

FOR THE BOARD OF DIRECTORS:

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

Treasurer's Report March and April

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

Account Balances as of March 31 and April 30, 2009 are:

	<u>March</u>	<u>April</u>
Union Bank Reserve	\$567,729.61	\$533,276.12
Union Bank Operating	\$ 82,787.31	\$ 86,950.96
Union Bank Investment Acct	\$ 7,972.91	\$ 7,976.18
Community Bank Petty Cash	\$ 994.87	\$ 335.80
Union Bank Water Operating	\$ 24,067.39	\$ 25,765.82
Union Bank Water Reserve	\$ 86,166.48	\$ 87,564.17

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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