

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

January 19, 2013

PRESENT

Frank Williams, President
Bill Michaels, Vice President
Ted Swanson, Treasurer
Bob Dickinson, Director
Jeff Schwartz, Director
Tom Bugary, Secretary and General Manager

ABSENT

None

WELCOME

Frank Williams, Board President, called the meeting of the board to order at 10:00 AM, January 19, 2013 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the draft minutes of the November 17, 2012 directors meeting. It was M/S/C to approve the minutes as written.

TREASURER'S REPORT

Ted Swanson, Treasurer, gave the Treasurer's Report for November and December 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 to review the finances of the colony and the water company for the first 6 months of the fiscal year (July-Dec). Current expenses for the operating budget are at or close-to budgeted amounts. Current expenses for the reserve budget are approximately 4% over budgeted amounts mainly due to timing issues and Tom projects that, by year-end, actual expenses will be at or close to budgeted amounts.

The Water Company, to-date, is basically on track for both its operating and reserve budgets; however, there are two unexpected repairs that need to be made, the coil and radiator on the backup generator and a stopgap patch on the water tank, that will cost \$10-\$15K between them.

Tom presented proposals for February insurance renewals and the committee recommended that the board renew a package of insurances that, in total, have increased by \$16,000 or approximately 8%. Almost all of the insurances have increased, but the largest increases are for earthquake and workers compensation insurance. It was also noted that substantial increases in flood and health insurance are expected; however, health insurance does not renew until July and flood insurance does not renew until August and we don't know how much of an increase there will be in either. **The board M/S/C to approve the insurance package for February as recommended by the finance committee.**

The FY 2013-14 draft budget is due for completion in February and will be discussed in depth by the committee in March of this year. Bob stated that it is the committee's goal keeping the monthly dues as stable as possible and keeping any increases in monthly assessments as close to 2% as possible. However, given the various increases in all the insurance lines, as well as minor increases in fuel, contracts and a few other expense lines, this may not be feasible, but remains' the committee's goal.

ENVIRONMENTAL CONTROL COMMITTEE (ECC) REPORT

Jeff Schwartz, ECC Chair, reported that the committee had a teleconference on 1/11/13 to discuss a request from #322 to remove the courtyard pavers and landscape with native plants. The committee approved this request with stipulations.

AD HOC WAVE RUN-UP COMMITTEE

Ted Swanson, committee chair, stated that we have already experienced the highest tides we are going to get for the 2013 winter season. Unfortunately, due to a requirement that we must acquire a coastal development permit (CDP) to do the barrier test mentioned in previous reports, we will not be able to conduct the test until after this snowy plover season (after Oct. 1), next year. We are now in the process of moving forward with the CDP application process.

In addition to worrying about wave run-up, the committee has been focused on a contingency plan in the event there is a failure of our septic system. Ted has been doing research on a system called Advantex by Orenco – pre-plumbed, portable septic tanks. The committee will be having a meeting in the near future concerning this contingency and will report back at the March 16, 2013 meeting.

AD HOC POSTAL ADDRESS CHANGE COMMITTEE REPORT

Now that the matter has been turned over to an (Postal) Address Management System (AMS), Ted has been in verbal conversations with the AMS manager. The manager states that if they survey all the homeowners and a simple majority want to make the address change to Moss Landing, then it will happen. Ted stated that we had already taken a survey and had previously asked homeowners via email if they wanted the address change; he then asked the AMS manager if they could use **our** survey results, rather than conduct a new survey. He was told this was a possibility and is now awaiting a decision on that question.

GENERAL MANAGER'S REPORT

MONTEREY DUNES COLONY ASSOCIATION

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

Windows, Doors, Fences and Sidewall Shingle Replacement

Association Carpenters are completing 15 window replacements at unit 236. Reset two Sliding Glass doors at unit 300, and is currently working at unit 310 replacing most of the block-frame vinyl windows and Doors. Unit 324 is pending 11 replacement windows as scheduling permits..

Unit courtyard fences completed all or in part this fiscal year are at units 120, 148, 150, 222, 250, 312, and 324, as well as 2 trash enclosures.

The Association replaced the individual entry door at the garage at unit 312 as a Charge-to-Owner.

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.

Decks

Decks were replaced, all or in part at units 154, 194, 274 and unit 300. While decks are not budgeted in this year's reserve schedule, significant repairs were required that were not anticipated when we were budgeting for this year's reserve schedule.

Skylights

The Association replaced 4 roof skylights at unit 246. Unit 268, 206 and 256 are pending replacement skylights. 268 and 256 are Charge to Owner or Contractor replacements.

Terminix Warranty Treatments and Fumigation

Units 190, 192 and 194 were fumigated for Drywood Termites on 12-12 through 12-14-2012. Units 108, 110 and 112 are pending fumigation. Unit 154 received a local treatment in December.

Recreational Facilities Update

The replacement Golf Driving Range will be installed in its new location in the unused Tennis Court area on January 22, 2013.

Archiving Project Update

The Archiving project has slowed down because our part-time temporary hire quit. We will pick up with a new hire now that the holidays are past.

Landside Boardwalk Replacement

Landside boardwalks have been replaced near units 148, 150, 152, 154, 156, 218, 220, 222, 224, 232, 234, 250, 252, 256, 258 and 300. Boardwalk is replaced as determined necessary and in many cases, ahead of the current reserve schedule.

Coastal Projects

From last report:

Salinas River Lagoon Working Group met on October 23, 2012 at 9:00 AM at the MDCA Clubhouse followed by a site-visit at the river mouth-lagoon area. Members present were from Monterey County Water Resources Agency, California State Parks, Department of Fish and Wildlife, NOAA Fisheries, Local AG groups, Homeowners, and a representative from (TNC) The Nature Conservancy. The main focus of the group was to determine the path for breaching the river this year and coordinating the mechanical portion of the breach with the different agencies. The Water Resources Agency plans to breach the river prior to flooding the AG fields even without the consent of the California Coastal Commission.

On October 8, 2012 the draft Memorandum of Understanding between the Colony and our neighbor, California State Parks was sent to Steve Bachman, Senior Environmental Scientist, (State Parks), for review and comment. Since then, there have been several minor changes to the content of the agreement with most of the core content remaining intact.

On October 29, 2012 David Shonman sent a proposal to State Parks requesting to test our wave run-up barriers out on the beach. After reviewing the test project, State Parks required MDCA to seek comment/approval from the California Coastal Commission. After several email exchanges with the Coastal Commission, their position was while we could do the test, it would require a coastal development permit. We have postponed the test until next winter as there isn't enough time this year to obtain the coastal permits.

On November 26, 2012 Mike Watson, CCC stated in an email to David Shonman that "To the extent there were no resource issues or coastal act consistency problems, I could review a "completed" application and submit a recommendation for a CDP waiver to the Commission." For the first time in a long time, this statement indicated a shift where the CCC would allow us to move forward with a multi-year MOU between MDCA and State Parks. Outside of the Department of Fish and Wildlife, all concerned parties agree that we should enact dune nourishment in the snowy plover off season. David Shonman is moving ahead with submitting for a Coastal Development Permit, (CDP) to compliment the proposed MOU with State Parks.

On December 4, 2012 The Monterey County Water Resources Agency sent out a notice via email stating that the Salinas River Lagoon was at 5.24 feet and rising, causing flooding in the local fields and threatening structures. The OSR was full and couldn't take any more water and flows were expected to increase through the Spreckels release point. With the Sandbar between the ocean and the lagoon in excess of five vertical feet above the waterline, The MCWRA elected to mechanically breach the river to the Ocean under an emergency proclamation.

After several discussions concerning how to move the CCC to approve our multi-year MOU with State Parks, David Shonman was asked to send the CCC a letter asking for a meeting. He was also asked to copy the Department of Fish and Wildlife hoping to bring them on board as the proponent for the Snowy Plover. To date we are in communication with the CCC but have yet to receive a reply from the DFWS. We are in the process of submitting an application for a Coastal Development Permit to support our MOU with State Parks.

Chimney Inspections/Cleaning 2012

Cypress Sweeps has completed inspections and cleaning of all 119 fireplace systems for this year. 3 of these were red-tagged and 1 remains unserviceable.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the November billing period, there were 3 units that exceeded the Tier 1 water conservation zone, 1 was under the \$5.00 billing limit and therefore not billed. 1 unit was in Tier 2 and the other, Tier 3.

During the December billing period, there were 6 units that exceeded the Tier 1 conservation zone. 5 were under the \$5.00 billing limit and therefore not billed. 1 unit was in Tier 2.

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.

Water Tank Update

I am now working on preparations for repairing the 212,000 gallon water storage tank in the June-July-August 2013 timeframe. There are 5 stages we need to go through in order to accomplish the repair.

1. Obtain the necessary Permits
2. Plumbing in (a) temporary Water Tank(s)
3. Repair and Paint the interior of the Tank and Prepare it for the Liner
4. Install the Liner
5. Re-plumb the System back to its original configuration.

We have received one of three bids back for Plumbing in the system, one company, (Salinas Pump), declined to bid the project and we have no returned bids on repairs to the tank as of this date. We expect see another bid within the next month.

2013 Water Extraction and Conservation Report

This report was completed and sent to the county on January 4, 2013. The Association used 19.7 Acre feet of water, (6,419,265. gallons) in 2012. This was 162,926 gallons more than last year primarily due to a pipe break in the main distribution line and a pump and motor replacement at Well #4. After replacing the motor and pump, we flushed the volume of the casing.

Back-up 50 KW Generator Repairs

During routine maintenance, disassembly and overhaul, mechanics noted a faulty copper winding and unserviceable radiator core. While the generator is in relatively good shape, these repairs need to be addressed out-of-cycle and due to the age of the generator, repair parts are not readily available. Both the radiator and coil has to be sent out for rebuild. Costs to repair the generator are estimated at \$10K with the generator down for a 2-week period.

Well #4 Submersible Pump and Motor Replacement and Casing Inspection

On December 26, 2012, Maggiora Bros Drilling, Inc. replaced the submersible pump and motor in Well #4. At the time of the replacement, we did a visual inspection of the casing to determine the condition of the well and have the digital copy of the inspection on file in the office. This replacement was with budgeted reserve funds.

OLD BUSINESS

Appoint Ad Hoc Conflict Resolution Committee


A recommendation was made to appoint John Steinhart as chair with Todd Davis, Bob Dickinson, and Tom Nolan as members. The Board unanimously M/S/C this recommendation.

Appoint an Ad Hoc Survey Analysis and Recommendation Committee

At the last board meeting, John Steinhart was appointed chair. It was recommended to approve the following homeowners as members: Lois Anderson, Craig Nordlund, and Sumerle Davis. The Board unanimously M/S/C this recommendation.

Ad Hoc Website Committee Report

The committee chair, Harley McAdams, could not be present at the meeting because his wife was accepting a “National Scientist of the Year” award; therefore, John Steinhart gave a presentation for him. The Website Committee Summary is attached to and made part of these


minutes.  *Click on the easy button to go to the report*

Recommendation to Establish a Records Retention Policy


The board M/S/C to adopt the records retention policy as proposed. The approved policy is attached to and made part of these minutes.  *Click on the easy button to go to the policy*

NEW BUSINESS

Ad Hoc Conflict Resolution Committee Report

John Steinhart, committee chair, reported that the committee has revised the Internal Dispute Resolution (IDR) Policy and they are recommending that the board adopt the revised policy; after discussion, **the board M/S/C the recommendation**. Since the purpose of this committee has been fulfilled, this committee is officially disbanded. The board will now solicit volunteers and create a list of homeowner mediators that can be utilized in the IDR process. The approved IDR is attached to and made part of these minutes.  *Click on the easy button to go to the policy*

Ad Hoc Survey Analysis and Recommendation Committee Report

An online homeowner survey was completed via “Survey Monkey” over the course of the summer in 2012. The purpose of this committee was to analyze the results of the survey and make comprehensive recommendations. Craig Nordlund, committee member, gave a verbal presentation and a Power Point report he developed from committee input. The report has been attached to and made part of these minutes. Since the purpose of this committee has been fulfilled, this committee is officially disbanded.  *Click on the easy button to go to the report*

Rule Discussion, Prohibition of Pets in the Clubhouse

The rules will be updated in conjunction with our CC&R’s later this year. It is necessary to update our CC&R’s to stay current with the new Davis & Stirling Act that governs homeowner associations; however, Frank noted that a large percentage of the changes will be cosmetic in nature. After discussion, it was agreed that the “pets prohibited in the clubhouse” rule would be revised in the upcoming rules revision and it was M/S/C not to enforce the existing rule until then.

Discussion, Clubhouse Hours of Operation

Our current rules state that the clubhouse is open daily from 8:00 a.m. to 5:00 p.m. for general use as a common area. After discussion, it was M/S/C that when the rules are revised, the clubhouse rule would be rewritten to reflect that the clubhouse would remain unlocked Monday thru Friday during working hours, but that a homeowner could request to be let in after-hours or on weekends up to 10 p.m. and that this rule would be publicized.

Bill Michaels pointed out that the pool does not open at 9 a.m. as our sign says, but, rather, it opens at 10 a.m. Tom responded saying that we would have the sign amended to reflect the correct opening time.

Discussion on Classes of Occupants and Use of Common Facilities

Article 2, section 2.5, “Delegation of Use”, of the CC&R’s state that “Any owner may delegate his or her rights of use and enjoyment, including easement, in the development to owner’s family, tenants, guests and invitees, subject to the terms of the governing documents.” A

discussion ensued on whether allowing only homeowners to enjoy certain amenities was a violation of Article 2, section 2.5 of the CC&R's. In the end, this item was tabled until the following meeting on March 16, 2013.


CC&R Udate in 2013 due to Rewrite of the Davis Stirling Act

Discussed above in the section titled "Rule Discussion, Prohibition of Pets in the Clubhouse".

Discuss Change to Annual Meeting Date

The board agreed to change the annual homeowners meeting and barbecue date from October 19, 2013 to October 26, 2013. *Please note this change!*

Resolution to Refrain from Paying Property Taxes on Unit 242

After discussion, the board adopted a resolution to refrain from paying property taxes on unit 242. The resolution has been made part of these minutes.  *Click on the easy button to go to the resolution*

Horses and People up on the Foredunes

This item was tabled until the following meeting on March 16, 2013.

OWNER'S STATEMENTS

None

WATER COMPANY BUSINESS

Addressed in the Managers Report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:45 a.m. The next Board meeting will be on March 16, 2013 at 10:00 a.m.

EXECUTIVE SESSION

Three topics of discussion were two late fee waiver requests and an excess water use waiver request. All requests were approved.

FOR THE BOARD OF DIRECTORS:

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

Treasurer's Report November and December 2012

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

Account Balances as of November 30 and December 31, 2012 are:

	<u>Nov</u>	<u>Dec</u>
Comm Assoc Banc (CAB) Reserve	\$ --	\$ ---
ICS Reserve (CDARS Acct)	\$ 643,105.75	\$ 618,524.97
MDCA Cash held by Water Co.	\$ 600,000.00	\$ 600,000.00
CDARS (CD Placement)	\$ 503,955.19	\$ 504,083.59
CAB Operating	\$ 125,206.21	\$ 118,730.33
RABOBANK Petty Cash	\$ 339.27	\$ 208.48
CAB Water Operating	\$ 7,174.32	\$ 12,042.76
CAB Water Reserve	\$ ---	\$ ---
ICS Water Reserve (CDARS Acct)	\$ 718,112.00	\$ 728,348.65

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