

**COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**
September 20, 2008

PRESENT

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

ABSENT

Marty Deggeller, Treasurer

WELCOME

Ellen Michaels called the meeting to order at 10:00 AM, September 20, 2008 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the minutes of the July 19, 2008, Directors meeting. It was M/S/C to approve the minutes as written.

TREASURER'S REPORT

Frank Williams gave the Treasurer's Report for Marty Deggeller, Treasurer. Frank stated that the financial report for July and August 2008 was attached to these minutes. Additionally, Frank 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.

ENVIRONMENTAL CONTROL COMMITTEE (ECC)

Mary Jansing Balgooyen, chair, reported that the ECC had a request from the homeowners of unit #336 to install a hotub on their oceanside deck. The Committee approved this request with stipulations.

RECREATION COMMITTEE REPORT

Bill Michaels, chair reported that the committee met on August 19, 2008, to review the results of a survey sent to homeowners in June of this year, and to discuss financial and regulatory issues concerning the different options.

After the review, research and discussion, the committee recommends that the colony replace the existing tennis court surface with a grass (sod) surface, converting this area into a multi-use picnic and family sport area. The committee also recommends that the colony purchase a temporary storage shed to store portable equipment such as picnic tables, umbrellas, portable grills and other equipment. The multipurpose area will be reserved by homeowners similar to the way the clubhouse is used. Pets will be allowed off leash within the confines of the fenced in area, however pet owners will be responsible for cleaning up after their pet.

Tom stated to the board that if this project is approved as recommended by the committee, it must be funded out of the operating account and not by the reserve account. The \$26K already approved for the tennis court surface must be redistributed back into reserve projects and the tennis court will be dropped off of the reserve study as a component in the next annual cycle.

After considerable discussion, the board M/S/C to approve of the committee's recommendation and allocated up to \$7,500 in capital improvement, (operating funds) to be used in developing this project. The board also acknowledged that the \$26K allocated under the reserve fund for court surface repair be redistributed into the reserves and this component dropped from next years reserve update.

GENERAL MANAGERS REPORT

Deck and Fence Replacements

This report covers the 2008-2009 fiscal year, July 1, 2008 to date. Association carpenters have completed 3 of the 15 scheduled decks this fiscal year. Decks were replaced at units 202, 242, and 330.

Courtyard fences were replaced all, or in part at units 184, 202, 242, 272 and 330.

Window and Entry Door Replacement

The Association replaced 9 windows at unit 232. We are scheduled to replace 136 additional, original aluminum windows, vinyl defective windows and block frame vinyl windows within the next nine months.

Association Carpenters have also replaced 3-entry doors and 1 garage door since July 1, 2008.

Re-siding , Side Wall Shingle Order

Siding has been replaced all, or in part at units 202, 224, 226, 228, 232, 280, 282, 268, 330, and 310. Two of these units will be billed for portions of the sidewall which where extended due to recent remodels.

On August 8, 2008 we received a shipment of sidewall shingles from Fraser Cedar in British Columbia. The cost of shingles dropped from \$258 a square in April, to \$230 a square with this shipment due to the recent slowdown in the construction industry. The total cost of the last load of shingles was \$50,600.

Fumigations

Units 324-326-328 and 132-134-136 are scheduled for refumigation on 10-13-08 and should be cleared by the end of the day on 10-15-08. Homeowners will receive the fumigation packets from terminix prior to start of the work.

Units 336-338-340 are scheduled for refumigation on 10-27-08 and should be cleared by the end of the day on 10-29-08. These homeowners will also receive the fumigation packets from terminix prior to start of the work.

Electric Panel / Water Heater Inspections

In June, 2008 management completed the inspection of all 120 units identifying the type of electric sub panels that are installed in each unit, as well as the type and (in some cases), the age of installed hot water heaters. 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. Many hot water heaters in the units are without date stamps and the actual age is hard to determine, while others are not installed with catch pans, or plumbing that would displace water outside the unit in the event of a leak. The board discussed how best to deal with hot water heater replacement but tabled the issue for further discussion at a later date.

Storm Damage

Previously reported:

Due to strong winter storms in January and February, the colony experienced damage to the fore-dunes, with tons of sand and debris thrown up onto the property, covering existing vegetation and damaging common area boardwalks and one of our 9 sewer systems.

During the week of March 17 through the 21st and on March 24th, management augmented the association staff with laborers from a local manpower agency and repositioned much of the debris back in the area of the washed out dunes. State Parks Rangers stopped our work on Tuesday, March 18th claiming that we were encroaching on state property. After reviewing the survey markers, it was determined that we were working on our own property and we continued to re-deposit the driftwood back in the washed out areas staying within our property lines. Repositioning the driftwood back to the foredunes was the recommended method of repairing the dunes by Dr. David Shonman, a coastal biologist the association had hired as a consultant in 1983 during a "50-year" storm that destroyed much of the foredunes on the southern half of the colony. Much of the dunes were restored after completing his recommended repairs.

On Tuesday, March 25th, management was given a stop-work order by the coastal commission. Officials from the State Parks had informed the San Francisco office of the Cal Coastal Commission that we were "re-developing the fore-dune area. After explaining to the investigator what we were actually doing, the officer said that she "needed to acquire more information" in order to determine if a permit was necessary to repair our fore-dune area.

Within a week of that stop work order, 90% of the state beach area adjacent to the fore-dunes was partitioned off and identified as a federally protected refuge for the western snowy plover nesting season. At this point, all work stopped.

At the direction of the Board, management solicited the assistance from a coastal biologist in an attempt to schedule some repairs to the fore-dunes, or at least try and re-vegetate some of the washed out areas, however, after consulting with the State Parks on our behalf, the biologist stated that the repair model for repositioning the driftwood in the washed out areas (made in 1983), was written before the snowy plovers were declared endangered. Therefore, any repositioning of wood back to the washed out areas had to be coordinated through the state parks system.

David Shonman contacted the Coastal Commission and explained our situation to the enforcement officer who had issued our stop order. The enforcement officer requested from David Shonman that I, as managing agent, discuss the circumstances surrounding the repairs to our foredunes directly with him rather than through the biologist. On March 23, 2008 I made contact with Mr. Sharif Traylor, from the Coastal Commission and had a lengthy discussion concerning our repairs to the fore-dunes. At the end of our conversation Mr. Traylor stated that he had been misinformed as to the scope of the dune repair and rather than conducting a re-development of the fore-dune area, we were

enacting a "soft repair". He asked that MDCA work with the State Parks and with the Point Reyes Bird Observatory, (PRBO) biologists in an attempt to work out an agreement to repair our fore-dunes in future years keeping in context the federal protections placed on the snowy plover. He then asked that I come back to him with a plan that has been agreed upon by all players.

After developing a position paper, David Shonman coordinated a meeting on June 30, 2008 between the MDCA, State Parks District Ranger, PRBO, and State Parks Permits, (the Coastal Commission declined to participate). The meeting included a site visit of the fore-dune area, a lengthy discussion of past repairs, right of access, and Western Snowy Plover protection issues. While the meeting was productive, it showed caution and concern on the part of the PRBO biologists to assist the colony with future repairs to our dunes outside of a very narrow window each year. At the end of the meeting all parties agreed that MDCA would develop and submit a proposal/plan (for staffing and comment) by all state agencies involved, as well as by the Federal Department of Fish and Wildlife.

MDCA submitted a proposal to State Parks on June 30, 2008. As a courtesy, MDCA kept the Coastal Commission informed of the submittal. David Shonman, dealing directly with Mr. Ken Gray in the State Parks, (permits and records) informed me that the State would like to see a property line where they could determine any lost beach property due to erosion. At my request, David Shonman contacted Rogers E. Johnson and Associates and obtained an estimate to resurvey the 12 reference points on our beach, first surveyed in 1983 and again in 1995. These surveys show the historical changes in the beach and fore-dunes as compared to past records. In addition, David Shonman advised that we also hire a licensed surveyor to determine our actual "legal" north-south property line with the State. Rogers E. Johnson and Associates do not determine legal property lines, however their survey lines are very accurate. They survey reference points using geographical data as opposed to county recorded deeds.

With the Right of Access proposal submitted to the State for staffing, we can reasonably expect some sort of an answer within the next few months. The process is slow and I can only assume that the document submitted will be adjusted several times before an actual agreement is reached and a permit secured.

Recommendation: To approve up to \$6,740 for Rogers E Johnson & Associates to survey the 12 beach reference points and prepare a report in accordance with the Cost Estimate provided.

The Board M/S/C the above recommendation.

On September 5, 2008 management received a Notice of Exception from the Department of Parks and Recreation to the State Planning and Research Department in Sacramento. This document authorized the development of a Shoreline Maintenance Right of Entry Permit between the State Parks and the colony. Along with this authorization came the actual draft Right of Entry agreement/document for association review and Board signature. This document is currently in negotiation and with minor adjustments will allow the colony the necessary access to provide foredune maintenance and dune restoration.

Rogers Johnson & Associates completed the shoreline boundary survey the first week of September. David Shonman and I met with Mr. Johnson on Monday, September 15, 2008 and went over the preliminary findings of this survey and report. We also discussed soft, as well as possible "hard fixes" to the damaged foredunes on the southern portion of the colony. Following that meeting, David discussed these repairs with members of the Coastal Commission Planning Department to include the possibility of emergency repairs if future storm seasons were to again pose a threat to any of the buildings on the property.

Jeff asked Tom to define soft and hard fixes. Tom explained that soft fixes are assisting the formation of foredunes naturally and can include the use of snow fencing to catch blowing sand, possibly importing some sand to build up the dunes in washed out areas, (if necessary), and repositioning driftwood to enhance the development of the dune formations. These fixes include the re-vegetation of native plants which assists in holding the sand during times of high winds and water run-up. All of the soft fixes allow nature to take its course and minimizes costs to the association. A hard fix would be using boulders, or riprap and/or building wood revetments to break-up the wave action during storms. This method is much more costly than a natural, soft fix but necessary in the event of imminent danger to the homes. While the soft fix is the most preferred method of repair, if nature doesn't give us enough time to develop the foredunes between storms, or if our regulatory agencies do not cooperate with letting us enact these soft maintenance fixes

throughout the year, our biologist has stated that a “hard fix” might become necessary in the future to save some of our buildings from winter storm run-up.

On Tuesday, September 16th, George Maciag, (Board Director), Tom Bugary, (GM), Carol Turley, (GM, Pajaro Dunes Association) and David Shonman, our Coastal Biologist met at the association clubhouse. The purpose of this meeting was:

- to discuss (from a historical perspective), emergency operations enacted to protect the houses at Pajaro Dunes Association during the winter storms of 1983.
- to discuss the PDA manager’s experiences in the formation and functionality of a Geologic Hazard Abatement District at Pajaro Dunes, formed in 1999. The district is a government entity composed of the Board of Directors and members chartered to react to maintenance and emergencies concerning their seawall. They are a state organization with powers to maintain and/or repair their seawall from any natural threat.
- and to discuss the feasibility of other remedies the Coastal Commission may recommend if it became necessary to enact a “hard fix” to our foredune area.

We are currently reviewing the Right of Entry permit agreement with State Parks and hope for implementing this agreement by the end of the calendar year.

Unauthorized Dumping on Association Property

The association maintains a common area trash point near the association clubhouse parking area. This trash receptacle is used as a storage area for common area trash to be transferred to the Marina dump. While this has always been a point where some homeowners have dropped off excess refuse for the association to dispose of, it has most recently turned into a place to dump couches, old TVs, dining sets, old BBQ grills and other large items. Every time someone drops off these items, the disposal of these items becomes a cost that the remaining owners have to bear. Owners are encouraged to contact the association office with large items and contract with the association to dispose of these items as a charge-to-owner.

Fireplace Inspections

The Association has again contracted with Cypress Chimney Sweeps for annual fireplace inspections. The inspections started on June 24, 2008 with a projected completion date of November 30, 2008.

As of this date, there have been 12 red tags issued by the inspector, all for unserviceable chimney caps and exterior pipe sections. Of the 12 red tags, 11 have already been corrected with the one remaining repair awaiting parts.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing (Agenda Item)

During the July billing period, there were 24 units that exceeded the Tier 1 conservation zone and 15 that exceeded Tier 2. Seven units in excess of Tier 1 allocations were not billed as they

were under the \$5.00 billing limit. Unit owners were notified of their monthly and gallon-per-day consumption.

During the August billing period, there were 20 units that exceeded the Tier 1 conservation zone and 9 that exceeded Tier 2. Eight units in excess of Tier 1 allocations were not billed as they were under the \$5.00 billing limit. Unit owners were notified of their monthly and gallon-per-day consumption.

Owners who exceeded Tier 1 and Tier 2 water use limits were billed for their usage in accordance with Association Policy. All homeowners were notified of their monthly and gallon-per-day consumption.

OLD BUSINESS

Action item from the 7-19-08 directors meeting, the Finance Committee was asked to study and submit a recommendation as to the necessity of a full audit each year as opposed to having a less expensive financial review. The committee has yet to discuss the issue and will report on it's findings at the next directors meeting.

NEW BUSINESS

Imposition of Lien, Unit 116

Ellen stated that under the California Civil Code, Section 1367.1, the decision to record a lien for delinquent assessments on one of its units can only be made by the board of directors, through a majority vote taken in an open meeting. The law also directs that the board shall record the vote in the minutes of that meeting. The civil code also states that owners have to be more than \$1,800.00 in arrears, or be in arrears for at least one year for the association to take action in the collection of this debt. In this case, the homeowners of unit #116 are past due in excess of this amount.

The Board M/S/C to record a lien and start collection procedures on unit #116.

WATER COMPANY BUSINESS

Addressed in Manager's Report.

ADJOURNMENT

Before adjournment of the meeting, Frank Williams wanted to recognize Ellen Michaels for her years of service on the Board of Directors and to let everyone know that this is her last term. The next Board meeting will be to elect new directors.

There being no further business, the meeting was adjourned at 11:00 a.m. The next meeting will be the Annual Meeting of the Membership on October 18, 2008 at 10:00 AM, followed by the annual barbeque at 12:00 p.m.

EXECUTIVE SESSION

A homeowner request for waiver of Tier 2 and 3 water conservation charges.

GUEST SPEAKER

Mr. David Shonman, a highly respected Coastal Biologist, was the guest speaker. Given his long history working at Monterey Dunes, his presentation covered the history of the dunes and challenges the colony faces as the coastline changes. The presentation began at 12:00PM.

FOR THE BOARD OF DIRECTORS:

//s//

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

Treasurer's Report July and August

This report covers our fiscal year budget status through August 31, 2008.

Account Balances as of July 31 and August 31, 2008 are:

	<u>July</u>	<u>Aug</u>
Union Bank Reserve	\$796,846.37	\$685,879.96
Union Bank Operating	\$ 79,023.51	\$ 99,893.55
Union Bank Investment Acct	\$ 7,946.58	\$ 7,949.71
Community Bank Petty Cash	\$ 555.93	\$ 1,091.52
Union Bank Water Operating	\$ 18,702.11	\$ 19,202.45
Union Bank Water Reserve	\$ 75,021.11	\$ 76,407.42

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,

Martin E Deggeller

Martin E. Deggeller, Treasurer