

**COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION
January 21, 2006**

PRESENT

Ellen Michaels, President
Frank Williams, Vice-President
Marty Deggeller, Treasurer
Tom Bugary, Secretary and General Manager

ABSENT

John Steinhart, Director
Jeff Schwartz, Director

WELCOME

Ellen Michaels called the meeting to order at 10:00 AM, January 21, 2006 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the minutes of the December 3, 2005 meeting. It was M/S/C to approve the minutes as written.

TREASURER'S REPORT

Marty Deggeller, Treasurer, gave a verbal report. In lieu of reading the account balances from the treasurer's report, Marty stated that the financial report for November and December is attached to the minutes. Marty noted that the Reserve Account balance dropped significantly from November to December due, primarily, to the tennis court rehab project. Marty told the homeowners that payments to the Capital Replacement Fund of \$16,320.00 per month and \$3,750 per month to the Mutual Water Association were current.

FINANCE COMMITTEE REPORT

Last Meeting 1-21-06 – 9:00 AM

John Gentry reported that the committee had met at 9:00 a.m. that morning to review the fiscal year finances through December (July – Dec). John said that overall the Colony is

fiscally sound, however he wanted to comment for the record and restate a previous decision of the Board to spend approximately \$60-\$70K from the operating account for capital improvements, (basketball court, bocce ball court, putting greens, driving range, etc). This expense will appear on the books as an unbudgeted (Capital Improvement) expense. The money to fund this project will come from previous years' income over expenses.

The next meeting of the Finance Committee will be an annual budget meeting on Friday, March 17, 2006, at 10:00 a.m. in the Clubhouse.

ENVIRONMENTAL CONTROL COMMITTEE (ECC) REPORT

Last Meeting 1-12-06 – 10:00 AM

Ted Swanson reported for Mary Jansing Balgooyen. Ted reported that the ECC had met on January 12, 2006, at the Monterey Dunes Clubhouse. One item was presented to the Committee for approval.

- The owners of unit #172 submitted an application requesting an additional window on the west-face of their unit where the fireplace was removed during an ongoing remodel. They also requested to install a hot tub in their oceanside deck.

The committee approved this application as submitted.

ADHOC INSURANCE COMMITTEE

Marty Deggeller, Committee Chair, explained that in December and January, the Insurance Committee had met several times with our insurance broker and developed options for flood insurance coverage for the colony. The committee then presented these options at the last board meeting. Subsequent to this presentation and discussion, the Board decided to pursue one of these options. Since that time, in the application phase of obtaining the flood insurance, new information pertaining to that decision was uncovered which changed the nature of the coverage. After a lengthy discussion, Ellen stated that she felt that the flood insurance issue needed to go back to committee for additional work. It was M/S/C by the Board to reverse a decision by the Board on December 3, 2005 to fund 120 individual insurance policies through FEMA, and that the Insurance Committee would re-look the flood insurance options, and present these findings to the Board at the next Directors Meeting.

GENERAL MANAGERS REPORT

Deck and Fence Replacements

We have replaced 14 of the 15 decks identified as unserviceable this fiscal year, (July 1, 2005 through June 30, 2006). Along with the tennis court replacement project, we are repairing the viewing stands and replacing the railings at the top of the stairs.

We have replaced 2 additional refuse enclosures (324-326, and 328-330), since my last report, bringing the total number of enclosures replaced to 12 this fiscal year. Refuse containers are funded out of the fence budget line and we are at 150% of our allocation for this year. Fences and refuse containers are replaced as they become unserviceable and it is hard to predict when an enclosure will start failing. Sometimes after a winter storm, I find numerous fences and refuse containers that have fallen or are failing. At this time, we either replace the fencing, or stabilize it and schedule it for near-term replacement. Although we still have boundary fences that need replacement, we have shifted our focus from fences to windows and doors where funding is available and replacement priorities are waiting. There have been no courtyard fences replaced since my last summary on December 3, 2005.

Mail Box Clusters

The mailbox cluster for units 206 through 216 was recently replaced due to an accident where it was hit by a vehicle and damaged beyond reasonable cost-effective repair.

Window Replacement Project

We have replaced 71 of the 147 windows scheduled for the 2005-2006 budget-year. I anticipate completing the 147 projected replacements this year.

Re-siding Project

We completed re-shingling unit 144, and the landside courtyards of unit 272. We also completed unit 154, after the unit structure was reengineered, repaired, and new windows installed. This project took over 7 months due to delays in engineering, planning, and contractor scheduling.

Six months into this fiscal year, garages at units: (120,122,124), (126,128,130), (176,178,180,182), (184,186,188), (190,192,194), (230,232,234), (264,266,268) (270,274), (324, 326,328), (282, 284,286) are resided.

The shingling project is somewhat behind schedule taking a backstage to some of the more urgent replacements such as decks, windows and doors. We will focus on residing walls this spring, as the weather improves.

High Speed Internet Update

Redshift is still installing high-speed internet access in the private residences. They are setting up installation and service schedules directly with interested homeowners.

There have been system outages throughout the month of December into January. Redshift has replaced base-station radio equipment in an attempt to correct the problem. Redshift continues to work this maintenance issue.

Insurance Risk Assessment Findings Update

During a past Risk Assessment Inspection, a field representative of the Travelers Insurance Company, recommended that sleeping rooms in every residential unit in the Colony have smoke detectors installed that would be continuously powered by the house electrical service.

The Board directed me to work with our insurance agent Jeff Kane in defining what the insurance company actually required, and what was only recommended, and (if necessary), develop a scope of required work, and to obtain bids on installation of any necessary smoke detectors.

As of Friday January 20, 2006, Jeff Kane, our insurance broker, was still working with our insurance carrier (Travelers) to clarify what code upgrades are actually required. Jeff has recommended that we not proceed with upgrades until he finishes working with the carrier.

Another recommendation by the Traveler's Insurance Inspector, (installing a water sprinkler system in the building that houses the water system distribution equipment), is being researched and has been opened for bids.

Tennis Court Project

The Tennis Court Project was started on September 17, 2005 by the Don Chapin Company and is scheduled to continue through the new year. The center courts have been completely rebuilt, like-in-kind with the previous courts while the third court has been converted into a multi-purpose, basketball/volleyball/shuffleboard court.

The fourth court area, (not yet completed) is being converted into a putting green, mini-driving range, bocce ball court, etc. The project is contracted to extend over 4-months, however rain and weather delays have extend the completion date out past January 2006. Homeowners are reminded that due to safety and construction concerns, the multi purpose court that is fenced-in is closed until further notice. Management has also secured the 2 northerly-located tennis courts for repairs. These older courts will be reopened this spring.

Storm Damage

Recent winter storms have not been as severe as those of previous years. 2005-06 winter storm damage to residences and common area facilities is estimated at \$3,500.00. Downed fences, and blown side wall shingles accounted for the majority of the damage to the residences.

OLD BUSINESS

None

NEW BUSINESS

None.

WATER COMPANY BUSINESS

Item Water Conservation – Oriented Billing

During the November and December billing periods, there were no units that exceeded the Tier 2 or Tier 3 zones.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:30 a.m. The next meeting of the Board of Directors will be March 18, 2006 at 10:00 a.m.

EXECUTIVE SESSION

1. Requests for Late Fee Waivers
2. Scheduled Homeowner Hearing

FOR THE BOARD OF DIRECTORS:

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

**Treasurer's Report
November and December 2005**

This report covers our fiscal year budget status through December 31, 2005.

November 30, 2005 and December 31, 2005 account balances are:

	<u>November</u>	<u>December</u>
Union Bank Reserve	\$454,325.72	\$382,927.70
Union Bank Operating	\$ 90,451.51	\$ 95,877.08
Union Bank Investment Acct.	\$ 7,795.27	\$ 7,799.74
Community Bank Petty Cash	\$ 799.68	\$ 1,742.80
Union Bank Water Operating	\$ 18,238.89	\$ 17,149.93
Union Bank Water Reserve	\$ 68,323.42	\$ 69,717.92

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**