

**COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER
ASSOCIATION
November 17, 2007**

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, November 17, 2007 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the minutes of the September 1, 2007 Directors meeting. It was M/S/C to approve the minutes as written.

TREASURER'S REPORT

Mary Jansing Balgooyen reported for Marty Deggeller, Treasurer. Mary presented his written report for August, September, and October, 2007. This report is attached to and made part of these minutes. Mary pointed out that in early August our annual insurance policies were due. This caused a large withdrawal from the operating account. In turn, we borrowed money from our reserve account to help pay for the annual premiums and are scheduled to pay this money back to the reserve each month over a ten month period until the end of the fiscal year in June. Mary also reported 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 of the ECC, gave a verbal report. Mary reported that the ECC had two meetings since the last board meeting – one on November 8 in which no action was taken and one on November 16 in which the following actions were taken:

- ◆ #260 – Submitted an application to plant a Monterey Cypress tree surrounded by ceanothus plants outside his front gate. The request was approved with stipulations.
- ◆ #292 – Submitted an application to 1) sheetrock garage interior; 2) Install four 2-plug electrical outlets in the four corners of the garage; 3) Install a dedicated outlet for the garage door opener; and 4) Install overhead fluorescent lighting in the garage. The request was approved with stipulations.
- ◆ #102 – Submitted an application to sheetrock the interior of their garage and install storage bins. The request was approved with stipulations.
- ◆ #220 – Submitted an application to remove two trees from inside her courtyard. The request was approved with stipulations.
- ◆ #222 – Submitted an application to remove a Cypress tree from common property that abuts the corner of her garage. The request was approved with stipulations.

GENERAL MANAGERS REPORT

Deck and Fence Replacements

This report covers the July 1, 2007 through June 30, 2008 fiscal year. Association carpenters have completed 5 of the 15 scheduled replacement decks this year, (2-Oceanside, 1-Master Bedroom, and 2-Landside Entry Decks).

The Association has replaced courtyard fences at units 132, 134, 178, 180, 252, 270, 314 and a partial replacement at 254. Association staff has also replaced damaged fencing at 288 and 290 and billed the insurance company for the replacement. In addition, 2 refuse enclosures were replaced at units 312 and 314-316 as well as a master bedroom deck fence at unit 228.

Association carpenters are scheduled to replace up to 1000 linear feet of miscellaneous fencing with associated supports, gates and hardware this year @ approximately \$45.00 - \$55.00 linear foot.

Window and Entry Door Replacement

The Association has completed 30 of the 145 scheduled window replacements scheduled in the 2007-2008 reserve budget. Vinyl warranty replacement windows will significantly increase these numbers. Defective vinyl windows are replaced by Milgard with their fiberglass product-line while the labor to replace these windows is heavily subsidized by Milgard. Association carpenters have replaced 9 defective vinyl windows to date and anticipates approximately 20 additional replacements this year. Management continues to repair rotted framing and deck tie-ins as they are identified during window and deck replacements.

Re-siding

Completed since July 1, 2007: Units 126 partial, 132, 134 minus owner trellis area on north courtyard wall, 136 partial, 178 partial, 298-southern-exposure, unit 250, building 37 all (units 312, 314 and 316). Garages assigned to building 37, units 312, 314, and 316 were also completed.

Electrical Panel Replacements

Management will recount the number of Federal Pacific Electric Panels remaining in the homes in December at the same time as the smoke alarm inspection/ battery replacement program is completed. I will be able to give the board a complete report at the January directors meeting. David's Electric, (one of four electric companies working on the property changing out the FPE panels), advised management on 11-15-07 that he will be bringing in additional help to assist in reducing his back-logged workload.

Fire Damage Report for Garages 288-290-292 (Update)

1. July 2, 2007, Fire started around 1:15 AM
2. July 3, 2007, Fire Chief Roberson and North County Fire Department start to investigate the burn site.
3. July 5, 2007, Kirt Murotsune, Tech Specialist from Travelers Insurance visited the site and called in his own investigator to work with the County Fire Department. He also measured the site for initial estimates for payment of claim.
4. July 13, 2007, Site cleared for cleanup by Fire Department and Insurance Investigator. Per a phone conversation with the insurance investigator, the cause of the fire is undetermined. Site cleared for cleanup.
5. July 16, 2007, Association crews start cleanup of site.
6. July 16, 2007, Smith's Tree Service, arborist Brian Jacobson, inspects damaged trees at site of fire.
7. Association crews remove damaged trees.
8. Insurance Company sends preliminary payment of \$31,772 based on insurance cost estimates.
9. July 24, 2007, Kirt Murotsune, Tech Specialist from Travelers Insurance re-visits site and inspects pad, and re-measures surface area after debris removal.
10. August 1, 2007, Insurance Company sends additional payment of \$31,640 based on additional estimates.
11. August 3, 2007, Received approval from insurance company to hire Richard Rhodes Architect at an estimated cost of \$13,200.00.
12. August 6, 2007, Invoiced Insurance Company for Fire Cleanup minus pad replacement. Requested Fire Report from Travelers.
13. August 8, 2007, Received fire Report from NCFD. Travelers declined to release their fire report. Travelers sent claim to Subrogation.
14. September 9, 2007, Invoiced Insurance Company for Architect and Engineering. Payment Received
15. October 1, 2007, Invoiced Insurance Company for additional Architect and Permit fees. Payment Received.
16. October 26, 2007, Notified by Architect that they had selected contractor.
17. October 30, 2007, Received contract from Starritt Construction for signature/approval.
18. October 31, 2007, Forwarded contract to Insurance Company for approval of code upgrades and cost differences.
19. November 1, 2007, Notified by Insurance Company they are working with proposed contractor and County Building and Planning over contract cost differences and code upgrades.
20. November 13, 2007, Pending.

Fireplace Inspections

Cypress Chimney Sweeps has completed 111 of the 121 chimney inspections for the 2007 calendar year.

30 of 111 fireplace units red-tagged and/or in need of repair:

- | | |
|----|---|
| 23 | for chimney caps and/or replacement flue pipe sections – (completed). |
| 2 | for spark screen replacement/hearth repair – (completed). |
| 3 | for hearth repair – (completed). |

- 1 for cold air intake replacement – (completed).
- 1 rusted through at damper plate and flue connection – (pending replacement).

Warranty Fumigation

Terminix recently fumigated units 252, 254, 256, 318, 320, 322, 246, 248, 250 and garages at units 252, 258, 260 and 262 under our extended warranty contract.

Units 330-332-334 are scheduled for fumigation November 28, 2007.

Units (132, 134, 136), (312, 314, 316), (324, 326, 328) are pending fumigation re-treatment.

Homeowners will be notified once we receive available dates for fumigation from the Salinas Terminix office. We recently had to cancel one scheduled re-fumigation because swallows still occupied a nest in the eaves of the building. The swallows that occupy the buildings each year are endangered and protected by federal law. Once the birds establish a nest, we cannot disturb the nest until they complete the cycle and vacate the nest for the year.

Terminix has committed to one refumigation per month but has asked that they not complete any fumigations in December and January. They will resume warranty work in February and continue through 2010 when our warranty contract will expire. Our contract with Terminix states that they must re-treat a building within six months of identifying a building as being re-infested. We continue to monitor the re-treatment process to insure warranty compliance.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the August, September and October billing periods, there were no units that exceeded the Tier 1 conservation zone.

OLD BUSINESS

Flood insurance for common buildings

The board appointed a committee to research options and give recommendations to the board on common building flood insurance. The committee chair is not available and any discussion is tabled until the next board meeting.

Contract/Vendor insurance

Discussion on this issue is tabled until the next Board meeting.

Satellite committee

The board appointed a committee to research options and provide feedback to the board, however, due to the absence of the committee chair, this issue is tabled until the next Board meeting.

NEW BUSINESS

January 2008 Board Meeting

Frank Williams cannot attend the January 26, 2008 board meeting in person; however, he will be available via speaker phone. The board asked Tom to see if we can have a speaker phone available for Frank to participate.

WATER COMPANY BUSINESS

Addressed in the Manager's Report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:40 a.m. The next Board meeting will begin immediately.

CONTINUED ANNUAL MEETING OF MEMBERS

The Board of Directors continued the annual Meeting of the Members from October 20, 2007.

WELCOME

Ellen Michaels called the meeting to order at 10:40 a.m. on November 17, 2007 at the Monterey Dunes Colony Clubhouse. This meeting continues the Annual Homeowners Meeting of October 20, 2007, continued due to a lack of a quorum. At this time, the board holds 66 proxies, establishing a quorum for the purposes of approving the minutes of the October 2006 Meeting of the Members and approving IRS Resolution 70-604.

MINUTES

The Board reviewed the minutes of the Annual Homeowners Meeting on October 21, 2006. It was M/S/C to approve the minutes as written.

IRS Revenue Ruling 70-604

Ellen read aloud an IRS Revenue Resolution for fiscal years ending June 30, 2007 and June 30, 2008. It was M/S/C to approve the resolution, which applies any excess revenue generated by the Association in that fiscal year to future year's expenses. This resolution is in accordance with Revenue Ruling 70-604.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:00 a.m. The next Board meeting will be on January 26, 2008 at 10:00 a.m.

EXECUTIVE SESSION

Approval of executive session teleconference minutes from 10/30/07.
Three requests for late fee waivers of delinquent assessments.
Owner discipline.

FOR THE BOARD OF DIRECTORS:

//s//

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

Treasurer's Report
AUGUST, SEPTEMBER, AND OCTOBER

This report covers our fiscal year budget status through October 31, 2007.

Account Balances as of Aug. 31, Sept. 30, and Oct. 31, 2007 are:

	Aug	Sept	Oct
Union Bank Reserve	493,920.35	417,964.53	423,395.84
Union Bank Operating	48,911.82	142,176.87	138,257.40
Union Bank Investment Acct	7,899.02	7,903.86	7,909.57
Community Bank Petty Cash	977.40	847.71	109.99
Union Bank Water Operating	16,646.62	16,629.71	17,206.35
Union Bank Water Reserve	79,728.83	81,147.15	82,583.90

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