

**COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION
November 20, 2004**

PRESENT

Mary Jansing-Balگوoyen, President
Ellen Michaels, Vice-President
Marty Deggeller, Treasurer
Jeff Schwartz, Director
John Steinhart, Director
Tom Bugarý, Secretary and General Manager

WELCOME

Mary Jansing-Balگوoyen called the meeting to order at 10:00 AM, November 20, 2004 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the minutes of the September 11, 2004 meeting. It was M/S/C to approve the minutes as written.

TREASURER'S REPORT

In lieu of reading the account balances from the treasurer's report, Marty Deggeller stated that the financial report for October is attached to the minutes. Marty stated that as a matter of record, he receives on a monthly basis, a reconciliation of our accounts conducted by an outside bookkeeping service. This procedure is an added internal control practice that was recommended by our CPA in 2002.

Marty told the homeowners that payments to the Capital Replacement Fund of \$16,320.00 per month and \$3,577.20 per month to the Mutual Water Association are current.

ENVIRONMENTAL CONTROL COMMITTEE REPORT

Ellen Michaels reported that the ECC had met on October 15, 2004 and the following actions were taken. The committee:

~ reviewed an application from #266 to "enlarge the dining area, add a window to the family room, enlarge family room, add a loft above the family room, and move the fireplace." Ellen stated that the committee approved the request "in concept" with the

condition that the fireplace chase remain in the same location, shared in the same chimney chase as unit 268. After the plans are modified, the drawings will be resubmitted to the committee for final review, and final approval.

~ reviewed a letter from a local architect concerning expanded deck space within the courtyard area of unit 258.

Ellen stated that the ECC instructed Tom well over a month ago to send unit 102 a letter asking them to put up a temporary barrier protecting the north side of the deck where the Association removed a windwall in preparation for the construction of an ECC approved ADA ramp. The homeowner of unit 102 sent back the letter asking if the Association could construct the required barrier, and asked for an estimate of costs. Tom recommended that if the Association were to do the work, they do it on a time-and-materials basis since there is no markup for services and therefore, no margin to absorb any errors in the estimate. The Board recommended that Tom notify the owner that we would do the work on a time and materials basis.

GENERAL MANAGER'S REPORT

Deck and Fence Replacements

Management has replaced 13 of the 25 decks identified as unserviceable this fiscal year, (July 1, 2004 through June 30, 2005). We continue to combine deck replacements with other major construction projects when possible. Decks scheduled for replacement this year are 320, 324, 334, 306, 190, 222, 266, 296 and 198. We are also scheduled to replace the windwall on the west side of the clubhouse in the last quarter of this fiscal year. This is a very large project, which will require input from the ECC on the design. Management is in the process of re-inspecting all decks on the property and revising the replacement priority schedule.

Association labor-force has replaced over 3000 feet of courtyard fencing and gates since July 1st, and is well over our estimated amount of replacements for this fiscal year. Fences are replaced as they wear out and we have yet to have any difficulty in selecting which fence sections to replace. Management has reevaluated the fence replacement schedule for the remainder of the year and will be presenting an adjusted schedule to the finance committee with a recommendation to shift funds from other programs to cover additional fence replacements still pending this year.

Window Replacement Project

In-house staff has replaced or reset 42 windows since July 1, 2004. Scheduling issues continue to hamper the replacement process however we have scheduled other needed projects and repairs until we can pick up speed on the window project. We have committed approximately 200 of the 218 windows for replacement this fiscal year.

Beach Cleanup 2004

The California Coastal Commission 2004 Annual Beach Cleanup was held on Saturday, September 18, 2004 from 9:00 AM to 12:00 PM. The MDCA beach cleanup went well with a volunteer group of girl scouts chaperoned by Pat Doughty (unit 196) from the bay area leading the effort, turning in 193 lbs of trash and recycling.

Landscaping the New Well

We have purchased replacement Monterey Cypress and other approved plants and shrubs for re-landscaping the new well area. We have installed a temporary irrigation system to support the new plants and should have the landscape project completed by the end of the calendar year.

Pool Heater Replacement

The pool propane heater needed replacement this past month. Under normal circumstances, the heaters are supposed to last approximately eight years; however, they are only lasting 3-4 years, even with scheduled preventive maintenance. I believe a contributing factor in the shortened life span of the heater is that we are right on the beach and the ocean environment is extremely corrosive to the outside elements and electrical panels of the heaters. With the chlorinated water passing through the interior of the heaters, and the outside subject to the salt, the heater ages prematurely.

Scheduling Issues

There have been instances where management has set up schedules with homeowners to replace windows or rebuild decks on units where the owner, after agreeing to a schedule, has then decided that they needed the unit at the last minute and then postponed the work. With materials in the garage and labor committed, it is extremely difficult to divert a specialized workforce at the last minute and, at the same time, get the best value for the dollar from our labor force. Owners are requested to allow management maximum flexibility when installing windows, doors and decks.

Pool Closure

The Association Pool was closed for the season on October 25, 2004.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

New Well Testing

We are currently monitoring well #4, our new deep water well with Chloride levels of between 150-160 PPM over the past 4 months. When the well was developed, the initial reading in April 2004 was around 60 PPM, which somehow became elevated to between 150 and 160 by June. Jeremy Wire, from Geoconsultants is not overly concerned as the

levels are well below the 250-PPM minimum limits and far below the 500-PPM maximum limits set by the County Health Department. Jeremy stated that he thought that since the new well was in the same aquifer as the old south well that the new well might be drawing a residual from the disturbed area of the abandoned well. Jeremy wants to continue to monitor the well on a monthly basis but at this time, the chloride level is stable and within acceptable drinking water standards.

OLD BUSINESS

2005-2010 Reserve Budget

After attorney-review, the Special Assessment Ballot for years 2005-2010 was sent to the homeowners on November 18, 2004.

NEW BUSINESS

#224 Request

Unit #224 has requested to erect a tent in the parking area near their unit for a catered sit-down dinner at their daughter's wedding in February 2005. The owner was present and presented a sketch of where the tent would be located. The tent would not block access to parking areas and would be set-up by a professional tent company. After discussion, the Board approved the request and wished the owner a good time at her event.

WATER COMPANY BUSINESS

Water Usage

The Board asked Tom to research and present a water rate proposal plan at the next Board meeting with a tiered water billing matrix that would allow homeowners a baseline usage rate similar to some of the neighboring water systems. This system would penalize those members that abuse water and would also promote conservation. After monitoring water consumption for well over a year now, it was the consensus of the Board that there are a few cases where homeowners use far more water than they should be using and the distribution of costs among members of the association for the use of water is very disproportionate.

Mary Balgooyen stated that the primary objective of the Board in implementing some type of plan is water conservation, especially given the cost of drilling new water wells. John Steinhart volunteered to work with Tom on this proposal.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:55 a.m. The next Board meeting will be on January 22, 2005 at 10:00 a.m.

EXECUTIVE SESSION

Following the adjournment of the Board meeting, the Board reconvened in an executive session to discuss a homeowner request to waive a late fee.

FOR THE BOARD OF DIRECTORS:

Respectfully Submitted,

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

Treasurer's Report

October 2004

This report covers our fiscal year budget status through October 31, 2004.

October 31, 2004 account balances are:

Union Bank Reserve	\$ 531,596.50
Union Bank Operating	\$ 83,442.69
Union Bank Investment Acct.	\$ 7,751.00
Community Bank Petty Cash	\$ 1,195.20
Union Bank Water Operating	\$ 20,009.23
Union Bank Water Reserve	\$ 60,715.07

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**