

**COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION
February 3, 2007**

PRESENT

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

ABSENT

Frank Williams, Vice President
Marty Deggeller, Treasurer

WELCOME

Ellen Michaels called the meeting to order at 10:00 AM, February 3, 2007 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the minutes of the November 18, 2006 Directors meeting. It was M/S/C to approve the minutes as written.

TREASURER'S REPORT

Jeff Schwartz gave the Treasurer's Report in Marty Deggeller's absence. Jeff read the account balances as stated in the attached report. Additionally, Jeff stated 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) REPORT

Mary Jansing Balgooyen, Committee Chair, reported that the Committee had met twice since the last Board meeting – once on December 11, 2006 and again that morning immediately prior to the Board meeting.

At the December 11, 2006 meeting, the committee had two requests – one from #292 for a free-standing propane fire pit to be placed on their deck and one from #172 to extend their balcony railing. The request from #292 was disapproved and the request from #172 was approved.

There were two requests at the meeting held on 2-3-07 - one from #292 to change the

configuration of their west-facing windows and one from #188 to extend their boardwalk to their entry gate after removing the cement slabs in the courtyard area. The request from #292 was approved with stipulations and the #188 request was approved.

GENERAL MANAGERS REPORT

Deck and Fence Replacements

The Association replaced 12 of the 15 scheduled unit decks identified for replacement this fiscal year, (July 1, 2006 through June 30, 2007). Decks completed this fiscal year are associated with units 120, 128, 162, 170, 172, 182, 186, 246 and 290.

The Association has replaced courtyard fences at units 120, 172, 174 and 310, and is scheduled to replace approximately 2000 lf of fencing this fiscal year with associated gates and hardware. However, due to winter storm damage, we have an additional section of fence to replace around the perimeter of the swimming pool. This impromptu replacement will cause a delay in the scheduled replacement of some of the residential courtyard fences until the next fiscal year. The Association will continue to temporarily repair courtyard fences that are pending replacement.

Window and Entry Door Replacement

The Association has completed 74 of the 145 scheduled window replacements projected for this fiscal year. Independent contractors completed the replacement of 23 additional windows in units under remodel. At this time, we have one crew replacing windows at unit 246. Management continues to repair rotted framing and deck tie-ins as they are identified during window and deck replacements. Association work crews have installed 5 entry doors this fiscal year.

Re-siding

Association carpenters completed siding units 264, 266, 288, 120, 162, 164, 172, 186, 290 and 340. New sidewall, associated with garage structures at 288-292, 300-306, and 294-296 is also complete.

Management has contracted through Frazer Cedar Products to purchase a direct shipment of 220 squares of premium-grade, cedar sidewall shingles at a cost of \$195.00 a square. The total cost of this shipment is \$42,900.00 plus tax. The cost of cedar continues to escalate with increased consumer demand. Winter storms and shortages of logs has inflated the market and we are already tracking significant increases for the next shipment.

Mailbox Clusters

Association carpenters replaced mailbox clusters, (scheduled for replacement this year), 288 through 298 and 300 through 316.

Smoke Detector Inspections

Management has completed the 2006-2007 colony-wide smoke alarm inspection and test. Association maintenance staff entered each unit, replaced batteries in each alarm, tested all alarms including AC hardwired units and reported the location and operability of each unit on a checklist. Management also made recommendations to each homeowner as to upgrades recommended by the North County Fire Marshal for their specific unit. Unit owners were billed for the batteries used at \$2.00 per battery and a flat labor rate of \$12.50 for 30 minutes as a “charge to owner” service.

Electrical Panel Replacements

Management continues to work with one of the three electricians working on the property to replace faulty electrical sub-panels in the units. Panels, scheduled for replacement through the association office, (regardless of the electrician selected to do the work), are monitored and county permit status verified and filed in the unit files. Many unit owners have gone directly other electricians who have not turned in the county construction permits to the MDCA office for filing.

Warranty Fumigation

Terminix has completed warranty fumigation on units 162 – 166.

Storm Damage

The colony suffered some damage during high winds on 12-26-06. We lost a tree; numerous courtyard fences and a large section of the swimming pool fence were blown down. Subsequent to this weather, 7 units had pipe and water meter damage during a weeklong hard freeze in January. The cost of repairing this damage, including plumber calls and staff overtime, is in excess of \$16,000.00.

Front Gate Card Reader and Telephone Pad

The colony is budgeted approximately \$10,500 for a new card reader and telephone pad at the front gate this year. The existing telephone pad is damaged and in need of repair. There are also additional requests outside the capacity of the existing gate card reader for more key chain tags. I have asked a local vender to give me quotes on the repair of the system, as well as costs on replacing the system as planned in our reserve schedule. I will keep homeowners informed of changes to the gate pad or telephone system to minimize any inconvenience to them or their guests.

2007-2008 Budget Cycle

The 2007-2008 reserve and operating budget cycles start in February. The Finance Committee will get a first draft of the budgets in March and the Board will receive the proposed budget at the April directors meeting.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the December billing period, there were no units that exceeded the Tier 1 conservation zone.

OLD BUSINESS

Tsunami Alert Notification Program

Tom reported that he is working on recommendations to establish a tsunami emergency notification program as an addition to the MDCA emergency manual. Tom told the board that he has not yet worked out all the details and asked to report to the board with recommendations at the next meeting. The board concurred with Tom's request.

NEW BUSINESS

Homeowner Request for Reimbursement for Satellite Upgrade

In 2003, the colony installed satellite television dishes, cabling, and switches on each of the 41 residential buildings in the colony. All network service packages were contracted by the individual homeowner directly with the service provider, (either Dish, or Direct TV). Recently, several homeowners have chosen to upgrade their satellite service, requiring that they install upgraded equipment at an additional cost. One homeowner felt that this expense should be a Colony expense since the installation of this equipment upgrades the current setup and can benefit the other homes in the building. After discussion, the Board decided that if additional repairs were needed to maintain the existing basic service connections to the units, the association would continue to make these repairs, however, if no repair is needed and a homeowner chooses to upgrade their personal system, the homeowner should be responsible to pay the cost of the upgrade. The board did say that the homeowner could work with the other homeowners in the building and possibly share the cost of the upgrade, if the other owners elected to also upgrade their system. The Board asked Tom to invite Tom Little from American Satellite to attend the next Board meeting in March to discuss the upgrade issue, costs, and be available for questions concerning the two satellite services used on the property.

SPCA Handling of Feral Cats at MDCA

A Director from the SPCA recently called the General Manager seeking permission to euthanize all feral cats caught on the property, immediately upon capture and processing at the animal shelter. The director stated that her request was made out of concern for the cats, and it was the right thing to do. The director felt that the feral cat self destructed in captivity over the 4-day waiting period and could not be adopted out under any circumstance. SPCA rules state that they have to obtain permission from the property owner or manager to euthanize the feral cats immediately upon capture, otherwise, the cats remain in a holding area for 4-days until they are euthanized. After a short discussion, the Board decided to not give their permission to the SPCA to euthanize immediately because theoretically a pet cat could accidentally get caught up in this

system and be accidentally destroyed. The Board asked Tom to research if the county's process of keeping feral cats 4-days prior to euthanizing the animals is an SPCA rule or some sort of law, (either county or state). If it is an SPCA rule, the Board feels that the SPCA should change their rule, and that this would then be an internal issue for them to correct. If it policy of keeping feral cats at the clinic is a State law, and changing the disposition of this waiting period is an owner issue, as stated by law, then this matter should be discussed with the animal services officer, possibly at the March board meeting. Tom will research the process and let the board know via email.

WATER COMPANY BUSINESS

Addressed in the managers report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:25 a.m. The next meeting of the Board of Directors will be March 24, 2007 at 10:00 A.M. The Finance Committee will hold a budget meeting the day before at 10:00 A.M. The following Board meeting will be on April 21, 2007 at 10 A.M.

EXECUTIVE SESSION

- Request for waiver of a late fee

FOR THE BOARD OF DIRECTORS:

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

Treasurer's Report November and December

This report covers our fiscal year budget status through December 31, 2006.

Account Balances as of November 30 and December 31, 2006 are:

	<u>Nov</u>	<u>Dec</u>
Union Bank Reserve	\$345,388.72	\$284,334.65
Union Bank Operating	\$ 37,997.17	\$ 60,006.91
Union Bank Investment Acct	\$ 7,851.86	\$ 7,856.85
Community Bank Petty Cash	\$ 1,231.21	\$ 468.38
Union Bank Water Operating	\$ 20,269.45	\$ 18,998.74
Union Bank Water Reserve	\$ 77,412.66	\$ 80,255.49

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