

**COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION
MARCH 16, 2002**

Dick Love called the meeting to order at 10:05 AM, March 16, 2002 at the Monterey Dunes Colony Clubhouse, 195 Monterey Dunes Way, Castroville, CA 95012.

PRESENT

Dick Love, President
Mary Jansing-Balgooyen, Treasurer
Ellen Michaels, Director
Marty Deggeller, Director
Tom Bugary, Secretary and General Manager

ABSENT

Burke Critchfield, Vice President

MINUTES

The Board reviewed the minutes from the January 19, 2002 meeting. It was M/S/C to approve the minutes as written.

TREASURER'S REPORT

Mary Jansing-Balgooyen prepared a written report and presented it as follows: "This report covers our fiscal year budget status as of February 28, 2002. The February 28, 2002 account balances are: Union Bank Reserves \$458,912.57; Union Bank Operating \$121, 044.72; Union Bank Investment Account \$3,534.52; we have a Union Bank T-Bill for \$118,000; Community Bank Petty Cash \$2,805.57; Union Bank Water Operating \$6,996.65; Union Bank Water Reserves \$60,230.17. Our payments to the Capitol Replacement Fund of \$15,320 per month are current and the payments to the Mutual Water Association of \$3,316.80 are current. The existing T-Bill that we have listed at \$118,000 matured on 2/28/02 and we have now purchased a new T-Bill which will mature at \$115,000 on 5/30/02. The remaining funds from the \$118,000 will be transferred to our Investment Account and will be reflected in the March Statement".

FINANCE COMMITTEE REPORT

John Gentry reported that the Finance Committee met the previous day. He expressed his appreciation for the committee members stating that the March meeting is the longest committee meeting of the year because, not only does the committee review the financial statements through February at the March meeting, but they also worked on the operating budget for fiscal year 2002-2003 which begins on July 1, 2002. John explained that management prepared a forecast for the remainder of this fiscal year and a draft budget starting point for the committee. The committee then studied the documents in a working session and after considerable

discussion, they decided that the proposed level of services was adequate and needed to be maintained and that maintaining these services would require an increase in monthly homeowner dues from \$585 to \$615 per month starting on July 1st 2002. John reported that the committee will meet on 4/27/02 at 9:00 a.m. so that they can go over the final adjustments to the budget proposal and then will recommend a final draft of the FY 2002-03 Operating Budget for approval by the Board.

ADHOC CABLE COMMITTEE REPORT

Jim Forster gave a progress report stating that their two-man committee (Dale Christensen and himself) has made little progress with the Interactive Solutions satellite TV proposal. He e-mailed the core part of the proposal to all Board members earlier this week.

Basically, the Colony has three options:

- ❑ Option 1 - to discontinue present cable service and let homeowners obtain their own service with a strong ECC policy regarding such installations, i.e. size of satellite dish, location and wiring.
- ❑ Option 2 - Install one satellite dish and Terk antenna (for local channels) on every building, with cable wiring to the living room and bedroom, and let homeowners individually subscribe to Direct T.V. for satellite services (this option would provide for a \$10,000 discount on the cost of installation by Interactive Solutions).
- ❑ Option 3 - Installation of satellite dishes and Terk antennas as above, and subscribe to bulk package programming for all homeowners at a discounted rate.

Mary Balgooyen commented that the Association would need to have a majority vote among the homeowners to enter into any contract for longer than one year. It was pointed out by a homeowner that we have entered into contracts longer than one year on previous occasions without a vote. Tom stated that those contracts were made on an annual-renewing basis with substantial penalties added into the contract if we did not extend the contract for whatever the prescribed duration was past one year.

Marty Deggeller questioned if the quoted installation price from Interactive Solutions included discounts for those homeowners who presently have Direct T.V. at MDCA. Jim answered no, he didn't think so, however he believes that any installation or improvement that would make Interactive Solution's installation job easier would result in a discount, and that no unnecessary work would be performed.

After a lengthy discussion, the Board decided to send out questionnaires to all homeowners asking them which of three options they would prefer.

Mary asked Dale and Jim to clarify the warranty work section of the proposal with Interactive Solutions and report back to the Board at the April Meeting.

ADHOC CCR/POLICY REVISION COMMITTEE REPORT

Mary Jansing-Balگوoyen reported that the committee has met twice. The second time they met, our insurance broker was present at the meeting. Mary explained that the mission of the committee is to bring our CC&Rs, and policies into compliance with the law. She stated that the committee's focus at this point has been on Association Insurance, because our CC&Rs and our internal Association Insurance Policy on handling claims are not in agreement. The committee believes they have an equitable solution in the making, and will present these findings and recommendations at the next Board meeting.

ENVIRONMENTAL CONTROL COMMITTEE

Ellen Michaels stated that the last meeting of the ECC was via telephone conference call concerning a resubmitted ECC window replacement request by the homeowner of unit #282. The request was ultimately approved.

GENERAL MANAGER'S REPORT

Deck and Fence Replacements

We continue to work on deck and fence replacements with the emphasis now shifted to deck replacement. We are over on our allocation of replacement fencing for this fiscal year but still have 9 decks to complete prior to June 30th. Two of the remaining decks we are scheduled to replace are entryway decks using TREX decking material. These two demonstration decks will be used to determine whether or not this material is a good substitute for the more expensive B-grade redwood decking material. The color selected for the decking is darker than the Boardwalks and is called Woodland Brown.

Window Replacement Project

As of March 16, 2002 the Association has identified and is committed to replace windows in excess of our budgeted 218 allocations this fiscal year (July 1, 2001- June 30, 2002). Some of these allocations are through Carl Black and Starritt Construction, however, the majority of these replacements are assigned to in-house carpenter teams. Of the 218 allocated replacements this year, 157 are installed as of March 16th.

Boardwalk Replacement Project

The boardwalk project continues to move forward, however, slower than originally anticipated and remains slightly over budget. We are currently installing Boardwalk on the ocean side of units 196 through 202 and the project continues to advance northward.

We took an early delivery of the last 2-1/2 truckloads of TREX material, (32,256 linear feet) on January 30th, avoiding over \$1,900 in calendar year 2002 price increases.

Exterior Deck Maintenance

Management is cleaning selected decks throughout the colony with different types of cleaning algaecides and evaluating the results of each cleaned deck. We are in the process of finding a product that not only cleans off the mold, mildew and algae from the deck with minimal scrubbing, but also remains somewhat environmentally friendly in the process.

Computers

The Association's Administrative Office recently experienced serious computer system problems where our end result was to completely clean, format, and reload all three Association Computers. A few months ago, the Association received email that carried viruses attached to the messages. Although our antivirus software immediately quarantined the affected files, because the viruses were so new, our antivirus programs could only isolate, but not repair the files. Upon the recommendations of technical support, we repaired our systems by the only means available to us, by deleting the infected system files. Subsequent to deleting these quarantined files, the Association's computers experienced numerous general operating system failures and, over time, they slowly became more and more unstable and difficult to operate. After lengthy evaluations and discussions with the technicians for our installed antivirus programs, we came to the conclusion that the only solution was to clean all the systems and reinstall all of our software. After this extensive project, we are now back to normal with additional Internet antivirus protections in place. By having the antivirus definitions in place and relatively current, we were able to arrest the problem early with minimal downtime, and did not pass on the viruses after we downloaded them with our email messages. The Association had backup data files current and on hand so there was no loss of administrative or financial data due to this computer repair.

South Well Update

We have turned in all requested tests, repair specifications, and data to the Monterey County Water Resources Agency and the County Division of Environmental Health, in order to obtain the necessary permits to repair the South Well. In addition, we have asked both county agencies to expedite their review of the data as we have only one well operating at this time. The project is currently stalled at the County until they complete their review of the repair plan and agree to meet with us for discussion. In an informal, preliminary meeting between our consulting geologist and the Water Resources Agency in early January, the Water Resources Agency initially questioned the recommended repair specifications for the South Well as submitted by our consultant at Geoconsultants. The county's position on the repair was that the distance between the proposed sleeve, or new retrofit casing and the existing steel casing (annular seal), did not allow enough room to adequately seal the casings with cement, (our plan calls for 1-1/2 inch annular spacing and the county requires 2 inches). Without an adequate seal between the two casings, the county believes that there may continue to be contamination, or leakage from the upper level aquifers, down to the lower (deep) aquifer. Geoconsultant's position on this repair is that with recent technological advances in cement, 1-1/2 inches of seal is thick enough to accomplish a good seal. I anticipate that all parties will meet sometime in late March, early April 2002, for discussions.

North Well Destruction

Destruction specifications have been sent to the County for review and comment. We are hoping that we can obtain permits and bid this project out at the same time as we bid out the South Well.

Water System Renovations

As a result of a Monterey County Health Department's inspection of the MDCA Water Company's Distribution System in November last year, management recently completed increased levels of water quality testing, booster pump renovations and some piping retrofits. In order to better monitor chlorination of the MDCA water supply, the Association installed a new retrofit water distribution line at the pump house in the corporation yard with an in-line water-metering device. This water-metering device will allow for the measurement of chlorine that is pumped into the distribution side of the booster pumps by use of predetermined formulas and chlorinator settings, as opposed to the old method of measuring water-in at each of the wellheads and then adjusting the chemical input into the water by chlorine-testing devices used at each end of the water system distribution line. These unbudgeted improvements cost the Association approximately \$5,000 in retrofits.

OLD BUSINESS

None.

NEW BUSINESS

None.

WATER COMPANY BUSINESS

Given in Managers Report

ADJOURNMENT

With no other business, the meeting was adjourned at 11:07 A.M. The next Board Meeting will be on April 27, at 10:00 A.M.

Respectfully Submitted,

Thomas J Bugary

Thomas J. Bugary, CCAM
Secretary