

**COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION
May 10, 2008**

PRESENT

Ellen Michaels, President
Frank Williams, Vice President
George Maciag, Director
Tom Bugary, Secretary and General Manager

ABSENT

Marty Deggeller, Treasurer
Jeff Schwartz, Director

WELCOME

Ellen Michaels called the meeting to order at 10:00 AM, May 10, 2008 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the minutes of the March 22, 2008, Directors meeting. It was M/S/C to approve the minutes as written.

TREASURER'S REPORT

In the absence of the Treasurer, Marty Deggeller, Tom Bugary gave the Treasurer's Report. Tom stated that in lieu of reading the account balances from the Treasurer's Report, the financial report for March 2008 is attached to these minutes. Additionally, Tom noted 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.

FINANCE COMMITTEE

John Gentry, Chair, reported that the Finance Committee had met that morning immediately prior to the Board meeting to review the financials for the first 9 months of the fiscal year (July-March). Based on the reviewed financials, the Committee is confident that the total fiscal year expenses of the Colony will be close to the budgeted amount even though there has been a large unbudgeted expense for storm damage.

GENERAL MANAGERS REPORT

Deck and Fence Replacements

This report covers the 2007-2008 fiscal year, July 1, 2007 to date. Association carpenters have completed 13 of the 15 scheduled replacement decks this year, (5-Oceanside, 2-Master Bedroom, 1 Balcony and 5-Landside Entry Decks).

Courtyard fences were replaced at units 132, 134, 178, 180, 212, 238, 252, 270, 314 and a partial replacement at 126 and 254 this fiscal year as well as partial replacements at Units 288 and 290. Refuse enclosures were replaced at units 312 and 314-316 as well as the master bedroom deck fence at unit 228. We are still on track to replace approximately 1,600 linear feet of fencing with associated supports, gates and hardware before the end of the fiscal year.

Window and Entry Door Replacement

The Association has completed 99 of the 145 window replacements scheduled in the 2007-2008 reserve budget. We have also replaced 6 vinyl warranty replacement windows with fiberglass Ultra Windows. Defective vinyl windows are replaced by Milgard with their fiberglass product-line and our labor to replace these windows is subsidized by Milgard. Association carpenters have replaced 10 defective vinyl windows/sliding glass doors to date.

Re-siding , Side Wall Shingle Order

2007-2008

Completed Units: 126, 132, 134, 104, 212, 250, 312, 314, 316, 206, 324, 220, 106

Partial: 136, 178, 224, 298, 164, 208, 230, 236, 238

Garages: 312, 314, 316, 224, 226, 228

On April 24, 2008 we received a shipment of sidewall shingles from Fraser Cedar in BC. One half of that order was shipped in a joint purchase with Pajaro Dunes North Association. The cost of shingles has dropped from \$290 a square, (10x10, or 100 square foot coverage) in November of last year to \$258 a square with this load. Supply and demand continues to cause the cost of siding to remain high, but it has eased somewhat at least in the short term.

The cost for 120 square of premium sidewall was \$30, 960.00.

Smoke Detector/Battery Replacement Program

We have completed all smoke alarm inspections and battery replacements for all but two units on the property.

Electric Panel / Water Heater Inspections

We have started the inspection process identifying the type of electric sub panels that are installed in the units, as well as the type and age of the hot water heaters. During the inspection process, we found one hot water heater that was leaking at the base and notified the absentee homeowner of the leak. The owner has had a local plumbing company replace the hot water

heater. We are not very far along on the inspection process as we are doing it as time permits. I will present an updated report to the board at the July 19, 2008 director's meeting.

Insurance Deductible Cost Comparisons

As an action item from the last board meeting, the board asked that I research the savings, if any, for raising the association's insurance deductible from \$25K, to \$50K, allowing the individual homeowner's, HO/HO6 policies to pick up the higher deductible as a reimbursable assessment. The board wanted to know the general cost increases to the HO/HO6 policies and the savings, if any, to the master policy premiums.

Our insurance broker, Jeff Kane conferred with several insurance carriers and found that most, if not all carriers in California cannot write a policy with a \$50K deductible. The \$50K deductible is not a program that has been submitted to the California Department of Insurance for approval at this time, therefore, it cannot be offered without first obtaining the approval from that office. Jeff stated that our insurance company told him that there "isn't a big enough market out there" for a policy with such a large deductible so they (the carrier) did not think they would consider trying to obtain permission from the state to sell that type of a policy.

Water Damage (Unit 166)

On February 9, 2008 the homeowner of Unit 166 discovered that her water heater had leaked, causing considerable damage to her unit. Water damage and restoration crews were called and the association's insurance carrier was notified of this accident. Our insurance carrier estimated the damage at approximately \$36K and paid the initial estimate minus the \$25K deductible. The insurance claim is still open.

Warranty Fumigation

During fiscal year 2007-2008, Terminix tented and fumigated units 246, 248, 250, 252, 254, 256, 318, 320, 322, 330-332-334 and garages at units 252, 258, 260 and 262 under our extended warranty contract.

Units 312-314-316 were scheduled for warranty fumigation April 2-4, 2008 and completed as scheduled.

Units 324-326-328 and 144-146-148 were scheduled for warranty fumigation April 14-16, 2008. Due to high winds, the tarps were damaged and the fumigation aborted. Terminix attempted to "re-tarp" these buildings, as well as units 132-134-136, on April 21-23, 2008. Of the three buildings, only one building, units 132-134-136, was successfully completed, the other two buildings were again aborted due to high winds and damaged equipment. Management is working with Terminix to schedule these two buildings for another attempt to re-fumigate them this fall. Homeowners will be notified of proposed schedules as soon as we firm up some dates for this work.

Storm Damage

Due to strong winter storms in January and February, the colony experienced damage to the fore-dunes, with tons of sand and debris thrown up onto the property, covering existing vegetation and damaging common area boardwalks and one of our 9 sewer systems.

During the week of March 17 through the 21st and on March 24th, management augmented the association staff with laborers from a local manpower agency and repositioned much of the debris back in the area of the washed out dunes. State Parks Rangers stopped our work on Tuesday, March 18th claiming that we were encroaching on state property. After reviewing the survey markers, it was determined that we were working on our own property and we continued to re-deposit the driftwood back in the washed out areas staying within our property lines. Repositioning the driftwood back to the foredunes was the recommended method of repairing the dunes by Dr. David Shonman, a coastal biologist the association had hired as a consultant in 1983 during a “50-year” storm that destroyed much of the foredunes on the southern half of the colony. Much of the dunes were restored after completing his recommended repairs.

On Tuesday, March 25th, management was given a stop-work order by the coastal commission. Officials from the State Parks had informed the San Francisco office of the Cal Coastal Commission that we were “re-developing the fore-dune area. After explaining to the investigator what we were actually doing, the officer said that she “needed to acquire more information” in order to determine if a permit was necessary to repair our fore-dune area.

Within a week of that stop work order, 90% of the state beach area adjacent to the fore-dunes was partitioned off and identified as a federally protected refuge for the western snowy plover nesting season. At this point, all work stopped.

Management solicited the assistance from a coastal biologist in an attempt to schedule some repairs to the fore-dunes, or at least try and re-vegetate some of the washed out areas, however, after consulting with the State Parks on our behalf, the biologist stated that the repair model for repositioning the driftwood in the washed out areas (made in 1983), was written before the snowy plovers were declared endangered. Therefore, any repositioning of wood back to the washed out areas had to be coordinated through the state parks system.

The Board M/S/C Tom’s suggestion that he contact David Shonman, a local Marine Coastal Biologist, to develop a plan for the continuing maintenance of the dunes and to assist the Colony in their negotiations with the agencies mentioned.

Tom will report on his contact with David Shonman and David’s recommendations at the next Board Meeting.

2008-2009 Budget and Disclosure Packets

We have completed this year’s budget and disclosure packets. Due to the size and cost to reproduce, bind and ship this document, we are asking owners who would rather have them in PDF format to let us know and we will send it to them email. If we don’t hear from homeowners that they want the documents sent to them via email, we will forward a hardcopy to the homeowner’s primary mailing address starting next week.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the March billing period, there were 15 units that exceeded the Tier 1 conservation zone and 2 that exceeded Tier 2. Unit owners were notified of their monthly and gallon-per-day consumption.

The 2 units that exceeded Tier 2 limits in March were due to sprinkler systems.

During the April billing period, there were 18 units that exceeded the Tier 1 conservation zone and 7 that exceeded Tier 2. Six of the seven units that exceeded tiers 1 and 2 were due to the fumigation of their buildings during that period. During fumigation the ground around the building must remain saturated and excessive amounts of water are wasted in order to achieve a good seal.

While all consumption is recorded as historical data, unit owners in the buildings that were fumigated were not held responsible for the higher-than-normal water use during the period of fumigation.

Homeowners are reminded that water usage exceeding the Tier 1 level will start being billed as of June 1, 2008.

OLD BUSINESS

None.

NEW BUSINESS

School Request for Salinas River Access via Monterey Dunes Colony Property

Shell Beach Elementary School requested access through Monterey Dunes Colony on May 22, 2008, to bring a group of GATE (Gifted and Talented Education) students to the mouth of the Salinas River because they are studying aquatic cycles and systems and have been following the entire length of the Salinas River throughout the school year. **The Board M/S/C approval of this request.**

Speaker Program

George Maciag, Director, has organized several speakers to address interested homeowners after the Board meetings. Following the Board meeting today, Karen Carlson, Executive Director of Friends of Moss Landing Marine Laboratories will be the guest speaker. Following the next Board meeting on July 19, 2008, Rob de Bree, Manager of the Elkhorn Native Plant Nursery will be the guest speaker.

Announcements

- ◆ Mrs. Toni Corio, co-owner of unit #284 and spouse of Mr. Steve Corio has passed away.
- ◆ Mr. Tom Lauhon, one of the original homeowners at MDCA, past member of the ECC, and past Board Director has passed away.
- ◆ The board asked that management remind all homeowners that there is an annual reserve assessment of \$5,200 due on July 1, 2008, and late as of July 16, 2008. A late fee of 10% or \$520 is assessed to all late payments.

WATER COMPANY BUSINESS

Addressed in Manager's Report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:45 a.m. The next Board meeting will be on July 19, 2008 at 10:00 a.m. in the Clubhouse.

EXECUTIVE SESSION

1. Homeowner Request to Waiver Late Fee.

FOR THE BOARD OF DIRECTORS:

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

Treasurer's Report March 2008

This report covers our fiscal year budget status through March 31, 2008

Account Balances as of March 31, 2008 are:

| | <u>March</u> |
|----------------------------|--------------|
| Union Bank Reserve | \$306,958.18 |
| Union Bank Operating | \$ 62,896.01 |
| Union Bank Investment Acct | \$ 7,933.40 |
| Community Bank Petty Cash | \$ 599.22 |
| Union Bank Water Operating | \$ 19,894.66 |
| Union Bank Water Reserve | \$ 89,675.84 |

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