

**COMBINED MEETING OF THE BOARDS OF DIRECTORS  
MONTEREY DUNES COLONY ASSOCIATION  
AND  
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION  
June 17, 2006**

**PRESENT**

Ellen Michaels, President  
Marty Deggeller, Treasurer  
Frank Williams, Vice-President  
Jeff Schwartz, Director  
Tom Bugary, Secretary and General Manager

**ABSENT**

John Steinhart, Director

**WELCOME**

Ellen Michaels called the meeting to order at 10:00 AM, June 17, 2006 at the Monterey Dunes Colony Clubhouse.

**MINUTES**

The Board reviewed the minutes of both the April 26, 2006 Board meeting (via teleconference) and the May 13, 2006 meeting. It was M/S/C to approve the April 26, 2006 minutes as written and to approve the May 13, 2006 minutes with a correction on page 3, second paragraph "Tennis Court Project", the last line should read "perimeter fence" as opposed to "parameter fence".

**TREASURER'S REPORT**

Marty Deggeller, Treasurer, gave a verbal report. In lieu of reading the account balances from the Treasurer's Report, Marty stated that the financial report for May is attached to the minutes. Additionally, Marty 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, Chair of the ECC, gave a verbal report. She stated that there had been an ECC meeting on May 13, 2006, as well as a meeting preceding this morning's Board meeting. At the May 13, 2006 meeting 1 new request and 2 re-submittals were reviewed and the following actions were taken:

A homeowner requested to plant an Australian Tea Tree on common property adjacent to their lot. The committee disapproved this request.

A homeowner requested to add a window over their kitchen/dining area remodel. The committee approved this request as an extension of the approved remodel.

A homeowner resubmitted a request to modify a previously disapproved submittal by adding vertical "visual barriers" to his proposed windows on a southern exposure. This action would block the line of sight into the adjacent unit and would address the reason that the ECC disapproved his previous submittal. The committee disapproved this request because they felt that the vertical barriers interrupted the integrity and continuity of the Monterey Dunes Colony design.

In addition, the owner requested an alternate decking material other than the approved materials used at the Colony. The committee approved the use of his requested decking material within the confines of his courtyard area. The committee did not approve the use of this material on decks outside of the courtyard area.

## **GENERAL MANAGERS REPORT**

The Manager made the following report:

### **Deck and Fence Replacements**

The Association replaced 18 unit decks identified as unserviceable this fiscal year, (July 1, 2005 through June 30, 2006), 3 over the projected 15 decks that were funded this fiscal year. We will not be replacing any more decks in June but are scheduled to replace 15 decks next fiscal year. Management continues to repair and maintain the 354 Association decks as needed through the operating account.

The Association replaced over 1,500 feet of fencing this year. It is still our goal to install a small (125' long, 4' high) chain link fence between the basketball court and the multi-purpose recreational area to keep the two recreational areas separate.

### **Window Replacement Project**

Management has completed 131 of 145 replacement window installations this year. Due to scheduling issues, we may not complete all 145 installations before June 30th but will make up the remaining installations in the next fiscal year. There are also several warranty window replacements that Association carpenters are installing for the manufacturer and

will charge the labor back to Milgard. Management is now ordering and pre-positioning windows scheduled for replacement next fiscal year.

### **Re-siding Project**

We completed siding units 300, 302 and 304, as well as 218, 220 and 222. Association work crews also finished garages at 138, 140 and 142 and are presently working on the 132, 134 and 136 garages. With our focus mainly on reshingling this past month, we are still behind in the replacement schedule and will finish the fiscal year just short of our goal of 500 squares this year.

### **Electrical and Smoke Detector Inspections**

As an action item from the last directors meeting, I have consolidated the electrical reports from the 115 units inspected and attached a summary sheet to the front of the report for discussion:

- 93 units with Federal Pacific Panels
- 29 Oceanside outlets deteriorated since replacement, 3-5 years ago.
- 11 Landside outlets inoperable.
- 3 units without smoke detectors installed or completely removed.
- 17 units with smoke detectors installed but not functioning.
- 48 units with at least one smoke detector in the unit that is not functioning properly.
- 67 units that have detectors that are AC hardwired.

*After considerable discussion over this topic, the Board directed Tom to immediately contact all homeowners that did not have detectors operable within their units and have them repair the detectors immediately. If the detectors are not repaired within one week, Tom was directed to enter the units and make reasonable repairs to the smoke alarms and charge this expense back to the homeowner. The Board also decided to establish an annual program by which the association inspects all smoke alarms in each unit once a year. Tom was asked to brief the Board on how the maintenance staff would do this and report to the Board at the next meeting.*

### **Road Chip Seal Project**

The chipseal project started on Wednesday, May 31<sup>st</sup> with the pre-positioning of road equipment on site. Graham started the sealing on Thursday, June 1<sup>st</sup>, and completed the oil and rock resurfacing on Friday June 2<sup>nd</sup>. The contractor is scheduled to return week of June 19<sup>th</sup> to finish sweeping the roads, reinstalling the divider markers and closing out the project.

### **Changes to the Association Flood Insurance Coverage**

For the past several months, the Board has been researching the most advantageous flood insurance coverage for the Association. As a result of this research, the Association purchased a new flood policy with increased limits of coverage through FEMA, which will

take effect on 8-1-06. In order to clarify this insurance policy to the homeowners, the Board requested our insurance broker prepare a letter to the homeowners to be included in the Dunescape. *The letter was featured in the June issue.* After reading the letter, if there are any additional insurance questions, please contact your insurance broker or the Associations broker, Jeff Kane, at 831-763-7088.

### **Warranty Fumigation**

Terminix is scheduled to tent and fumigate units 242, 244, and the Clubhouse for Drywood termites on the 26<sup>th</sup>, 27<sup>th</sup> and 28<sup>th</sup> of June 2006. The Clubhouse and associated facilities such as restrooms, Jacuzzi and association offices will be closed for business. The phones will continue to be answered by association staff from a remote location for the duration of the fumigation.

### **Annual Septic Services and Repairs**

Tom's Septic Service will be working on the property the week of June 26, 2006 servicing the 9 septic and 17 leeching systems throughout the colony.

### **Annual Chimney Inspections**

The Association has again contracted with Cypress Chimney Sweeps for annual fireplace inspections. The inspections start on June 20, 2006 with a projected completion date of November 30, 2006. Cypress Chimney Sweeps did not increase inspection and cleaning fees for the 2006 season.

### **2006-2007 Proforma Budget and Disclosures**

Annual Proforma Budget and disclosures were mailed to homeowners on May 23, 2006.

## **MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**

### **Consumer Confidence Report**

The annual water quality report, (Consumer Confidence Report) was sent to the members on June 15, 2006. There were no discrepancies associated with the quality of the water at Monterey Dunes during the 2005 calendar year. As part of the report and disclosure to the shareholders, the Monterey Dunes Colony Mutual Water Association received a surprise inspection during this rated period and received the highest inspection rating possible for small water systems.

### **Water Conservation – Oriented Billing**

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

## **OLD BUSINESS**

### **Bat Houses**

A homeowner sent the president of the Board a letter voicing concerns regarding bats at the colony. The letter stated that it was a well-known fact that bats are in abundance at the Colony and they tend to make their homes under the fascia trim and in some cases inside the walls of the units. The homeowner suggested that we research and build “Bat Houses” so that the bats remain in the Colony, but not in the unit walls. Over the past couple of years, Tom has researched the feasibility of building and placing “Bat Houses” at the Colony. The State Parks were in agreement with this method of controlling the bats and experts in the area of bats offered advice on how best to deal with these valuable links to our fragile ecosystem at the dunes.

Tom had presented several documents for board review and recommended that the colony purchase a couple of bat houses through a national bat conservation society and put them up behind the garages. After considerable discussion, the Board directed Tom to purchase the houses and put them up as a pilot program. Tom noted that although there is a high occupancy rate expected of these houses, it takes time for the bats to find them, and to *set up house* in the new structures.

### **Appoint Nominating Committee Chair**

Ellen stated that Jim McFeeters was unavailable to work some of the issues on the nominating committee so she was appointing Mary Jansing Balgooyen as the chair of the nominating committee. Ellen also asked Mary if she needed anyone else to serve with her to fill Jim’s seat. Mary stated that the committee already had an additional candidate to fill a vacant directors position for the next Board, but she said she would let Ellen know if she needed any additional help at the committee level. Mary announced that the committee was recommending Mr. George Maciag as a possible nominee for the director’s position opening in October. She also stated that the remaining four Board members have graciously volunteered to stay on the Board for another year and fill the remaining four seats.

### **Results of vote to realign CCRs to conform with SB61**

The vote was finalized on June 15, 2006. The final tally was:

95	-	For
2	-	Against
23	-	No Response

Tom stated that he has sent the final count to our attorneys who will prepare the documents changing the CCR’s.

## **NEW BUSINESS**

### **Set record date for close of nominations:**

Ellen stated that because the laws concerning elections and voting have change drastically over the past year, she was sending out a letter to the members of the association explaining a little bit about the new process and setting the Associations record date for receiving nominations as July 19, 2006. Ellen read a portion of the letter quoting, in part *“although our nominating committee has identified and interviewed five qualified and motivated directors for the 2006 term, it is the intent of the board to identify any other candidates that desire to nominate themselves before the ballots go out. That way, all candidates’ names are included on the mailed ballots and we can send our members information about the candidates, their background, interests and goals”*. Ellen went on to say that it is an ongoing effort on the part of the nominating committee to keep a list of candidates for both committee vacancies, as well as director seats and all candidates for the Board must meet eligibility requirements as outlined in Article 5 of our CCRs.

## **WATER COMPANY BUSINESS**

Addressed in the managers report.

## **ADJOURNMENT**

There being no further business, the meeting was adjourned at 11:30 a.m. The next meeting of the Board of Directors will be August 19, 2006 at 10:00 a.m. The Annual Meeting of the Members is scheduled to take place on October 21, 2006 at 10:00 a.m., followed by the annual Barbeque at 12:00 noon.

## **EXECUTIVE SESSION**

Subject: Personnel Issues.

## **FOR THE BOARD OF DIRECTORS:**

//s//

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

**Treasurer's Report**  
**May, 2006**

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

**May 31, 2006 account balances are:**

	<u><b>May</b></u>
<b>Union Bank Reserve</b>	<b>\$152,854.84</b>
<b>Union Bank Operating</b>	<b>\$ 98,361.27</b>
<b>Union Bank Investment Acct.</b>	<b>\$ 7,822.39</b>
<b>Community Bank Petty Cash</b>	<b>\$ 910.79</b>
<b>Union Bank Water Operating</b>	<b>\$ 15,050.31</b>
<b>Union Bank Water Reserve</b>	<b>\$ 76,714.52</b>

**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**