

**COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION
September 11, 2004**

PRESENT

Mary Jansing-Balgooyen, President
Ellen Michaels, Vice-President
Marty Deggeller, Treasurer
Jeff Schwartz, Director
Tom Bugary, Secretary and General Manager

ABSENT

John Steinhart, Director

WELCOME

Mary Jansing-Balgooyen called the meeting to order at 10:00 AM, September 11, 2004 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the minutes of the July 24, 2004 meeting. It was M/S/C to approve the minutes as written with a minor stylistic modification. Under the section dealing with the Trash Collection issue, the first person pronouns will be changed to the third person (e.g. "I" vs Tom or Gen Mgr).

TREASURER'S REPORT

In lieu of reading the account balances from the treasurer's report, Marty Deggeller stated that the reports for both July and August 2004 are attached to these minutes. Marty also noted that the Union Bank Operating Account showed a balance reduction from July to August of approximately \$93K due to timing issues in the transfer of funds and to a large percentage of the Association's insurance being paid out of this account in August.

In addition, Marty stated that the 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.

FINANCE COMMITTEE REPORT

In the absence of John Gentry, Marty Deggeller gave the Finance Committee report. Marty reported that the committee met with Joelyn Carr-Fingerle, CPA, on August 30, 2004, and discussed the MDCA and MDCMWA FY 2003-04 draft audits and year-end reports. Joelyn reported that the administrative processes and procedures we have in place were optimal, and she had very few recommendations for improving our internal controls. Joelyn did, however, recommend that we look at our employee retirement program that has been on the table for 4 to 5 years and possibly start the program. Marty stated that a retirement program is contractual with the General Manager, but upon implementation, would have to be made available to all employees of the Association. Marty further stated that the committee had discussed retirement options and recommends that the Board authorize a Simple IRA, retirement plan, and make it available to all eligible MDCA staff. Marty told the Board that Frank Williams had done most of the research for the committee, because of his experience in dealing with retirement issues in his own business.

Marty explained that with the Simple IRA plan, the Board has two options—the first is a 3% matching option where the employee contributes up to 3% of his/her annual gross payroll. Employees can contribute up to the IRS maximum allowable contribution per year, however, the Association contributes a maximum of 3% of the employees gross annual income. The second option is a 2% across-the-board option in which the Association would contribute 2% of an employee's annual gross payroll to a retirement fund for the employee regardless of whether the employee contributes to the fund.

The Board agreed to accept the Finance Committee's proposal of a Simple IRA at the 3% matching option and asked Marty, with the assistance of Frank Williams and Tom Bugary, to work out the details of the program. The Board M/S/C that the Association initiate the program as soon as the details can be worked out. The Board directed that they look at the finished product, either via email, or through a conference call and give final approval before implementing the plan.

Upon the recommendation of the Finance Committee, the Board M/S/C accepting the FY 2003-04 audit reports for both MDCA and MDCMWA.

ENVIRONMENTAL CONTROL COMMITTEE REPORT

Ellen Michaels reported that the ECC had met on September 10, 2004 and the following actions were taken:

- #102 requested to landscape a portion of the common area outside the east entrance and courtyard fence line of their unit. All plants were indigenous to this area and from the approved plant list. The request was approved.

GENERAL MANAGER'S REPORT

Deck and Fence Replacements

We have replaced 5 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 on the short schedule for replacement this year are 182, 142, 320, 324, 334, 320, 306, 190, 222, 266, 296, 182, 210 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. Management will be re-inspecting all decks on the property again in October, reevaluating their serviceability, and revising the replacement priority schedule based on this inspection.

We have replaced over 1600 feet of courtyard fencing and gates over the past 2-months, and are well ahead of schedule for fence replacement this year. Fences are replaced as they wear out and over the past few years, we have not had a difficult time in selecting which fence sections to replace. We will also be reevaluating the fencing on the property in October and readjusting our schedule for the remainder of the year.

Window Replacement Project

We have replaced or reset 10 windows since July 1, 2004. Scheduling issues have caused the window project to start slow this fiscal year but it should pick up speed over the next couple of months as schedules solidify and we refocus from other main projects back to windows.

Annual Meeting

The annual meeting packets went out on September 5, 2004. We will be sending out reminders to homeowners urging them to return their proxies to the association office as soon as possible so that we can ensure we have the necessary quorum requirements.

Beach Cleanup 2004

The 2004 annual beach cleanup is scheduled for Saturday, September 18, 2004 from 9:00 AM to 12:00 PM. The checkpoint will be set up at the Clubhouse.

Pool Closure

The Association Pool is scheduled to close October 25, 2004, the week after the Annual Meeting.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

None

OLD BUSINESS

2005-2010 Reserve Budget

The proposed 2005-2010 Reserve Budget, was mailed to all homeowners last spring and has been discussed as an agenda item at the last three board meetings. Management has also collected comments from homeowners and passed any recommendations and/or concerns on to the Board. The total amount of this 5-year budget is \$26,300 per unit. These funds will be collected through a series of annual special assessments. The recommended schedule is as follows:

<u>YEAR</u>	<u>AMOUNT</u>	
Year 1 (FY 05-06)	\$6,000	(Includes rebuilding 2 tennis courts to original specifications)
Year 2 (FY 06-07)	\$5,000	
Year 3 (FY 07-08)	\$5,100	
Year 4 (FY 08-09)	\$5,200	
Year 5 (FY 09-10)	\$5,000	

Management will send out the ballots in October of this year soliciting a vote of the membership concerning these reserve assessments.

MDCMWA D&O Policy

Management had one action item from the last meeting to determine whether or not the Board was covered under our existing D&O policy for matters relating to the water company. Tom investigated the issue and reported that “yes”, the board is covered under our existing D&O policy, with two exclusions:

- 1) Mediation of water supply, and
- 2) Failure to supply water.

Asked about emergency backup drinking water supplies by a homeowner, Tom explained that the Association has an emergency water back-up plan if both pumps were to fail and the colony were suddenly out of water. MDCA has an agreement with Calistoga Water Company that they will deliver a set amount (pallets) of water in two-gallon jugs for our residents.

NEW BUSINESS

Exclusive Use of Clubhouse

There were two requests for the exclusive use of the clubhouse. One request was for a YPO get-together and one was for a wedding. The first request was approved, however the second request needed to have final details worked out, such as:

- 1) How will the deck be covered (how will a proposed canopy tie-in with roof, etc)?
- 2) Will there be outdoor heating and how will it be provided?

It was the consensus of the Board that an event this size/complexity needed to be set up by professional organizations specializing in these types of events. Some items of concern to the Board were liability insurance, tarps/tents, tables, heating apparatuses, and security coverage. Since the wedding will be held in February, inclement weather will be a concern. The Board wanted to see a plan in the event of inclement weather where it is inevitable that guests will end up in the clubhouse and possibly exceed the maximum number of people allowed in the clubhouse per fire safety codes.

The Board asked that the homeowner submit a detailed plan showing how the guests will be accommodated in the event of adverse weather, ie: outdoor heaters and tarps, use of unit(s), etc. The Board will review the plan before they make any final decision.

CAI “Buck a Door” Program

The California Legislative Action Committee (CLAC) is the advocacy group of Community Associations Institute (CAI). CLAC is an institute who supports the legislative efforts in California for homeowner associations. CAI is asking for contributions to help fund CLAC’s efforts. CAI recommends that donations be a buck-a-door, or, in our case, \$120.00. Historically, MDCA has participated in this program. After discussion, the Board M/S/C to make the suggested donation of \$120.00.

Revised Maintenance Policy

The new CCRs were passed and recorded on June 8, 2004. The existing maintenance policy was written based on the old CCR’s and needed to be realigned to the new governing documents. The revised maintenance policy was approved by the Board and will be sent to all homeowners in the next mailing.

Appoint Inspector of Elections for Annual Meeting

Mary announced that Bill Hoisington, our inspector of elections for many years, couldn’t attend the Annual Meeting this year. Mary asked Jim McFeeters to take on that responsibility and tabulate the votes in the election.

WATER COMPANY BUSINESS

Addressed in the Managers Report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:40 a.m. The next Board meeting will be on November 20 at 10:00 a.m. The Annual Homeowners Meeting will be on October 16, 2004 at 10:00 a.m. followed by a BBQ lunch at 12:30 p.m.

EXECUTIVE SESSION

Following the adjournment of the Board meeting, the Board held an executive session to discuss waiving a late fee.

FOR THE BOARD OF DIRECTORS:

Respectfully Submitted,

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