

**COMBINED MEETING OF THE BOARD OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**

September 15, 2018

Present

Bill McGowan, President
Todd Davis, Vice President
George Maciag, Director
Biff Jelavich, Director, via telephone
Tom Bugary, Secretary and General Manager

Absent

Allen Rudolph, Treasurer

WELCOME

Bill McGowan called the meeting to order at 10:00 a.m. on September 15, 2018 at the Monterey Dunes Colony Clubhouse.

MINUTES

The board reviewed the draft minutes of the July 21, 2018 board meeting. It was M/S/C to approve the minutes as presented.

TREASURER REPORT

Due to the absence of Allen Rudolph, Bill McGowan gave the Treasurer's Report for July and August 2018. Bill noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, Bill stated that all our account balances could be seen in the written report, which has been attached to and made part of these minutes.

FINANCE COMMITTEE REPORT

Bill McGowan reported that since our FY 2017-18 audit is in progress, the meeting scheduled for the previous day was cancelled.

ENVIRONMENTAL CONTROL COMMITTEE (ECC)

Fran Gentry, Acting Committee Chair, reported that the committee a teleconference on July 20, 2018 in which the committee discussed the following:

- ◆ Unit 304 requested a fountain in the common area (different from the previous fountain request that was disapproved). Fran stated that the committee had disapproved any kind of fountain in the common area.

- ◆ Unit 214 requested that she be allowed to landscape the common area outside of her courtyard fence. This request was approved with stipulations. It was noted that #212 and #216 would like to participate in this landscaping project; however, each unit would need to complete an ECC application.

AD HOC HIGH-SPEED INTERNET COMMITTEE REPORT

The board has established an ad hoc high-speed internet committee consisting of three members – Stuart Wentworth, Amy Sung, and Jim Forster. Amy Sung gave this verbal report. She stated that the purpose of the committee was to find a faster and more efficient alternative to the internet that the Colony currently has. The committee became aware that fiber had been installed within a mile of the Colony and started looking for a company that could bring the fiber to the Colony. They have met with Cruzio, a company that has previously installed fiber in Santa Cruz and universities in the area. The Colony has an easement right down Monterey Dunes Way. Amy reported that we might be able to run a fiber cable through the easement up to the Colony and, once at the colony, connect the fiber to each driveway via conduits under the asphalt and, finally, connections to each home. The next step of the committee and/or Cruzio is to conduct a feasibility study (see if things are possible) and firm up our options. Once the committee knows what options are available, they will evaluate the prices and the services offered. After the committee has evaluated, they will make a formal report to the board.

Bill Michaels, homeowner, commented that every time we start looking at another internet service provider, our current provider, Redshift, improves their service.

There was discussion on taking bids from other companies and it was decided that, for the sake of due diligence, that we will investigate other companies as well as Cruzio.

GENERAL MANAGER'S REPORT

MONTEREY DUNES COLONY ASSOCIATION

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2018-2019, (July 1, 2018 through June 30, 2019). It also includes management topics associated with the September 15, 2018 director's meeting.

Windows, Doors, Fences, Roofs, Decks, Skylights and Signage

The reroofing of residential units (330, 332, 334) were completed, permits finalized and warranties issued. Garage units (330, 332, 334), (276, 278, 280) and (282, 284 and 286) were also completed. Residential units 282, 284 and 286 are scheduled for reroofing on 10/1/18 through 10/14/18 and units 276, 278, 280 are scheduled to be reroofed 10/22/18 through 11/2/18.

Association staff has replaced 17 windows/sliding glass doors at unit 122.

Burned ocean side deck stairs and boardwalk were replaced at unit 204.

Drainage Field, Chip Seal and Asphalt Repair

We have completed the installation of a drainage field and new curb system near the guardhouse and will tie this project in to the asphalt repair work which is now in the process of being contracted to the Don Chapin Company. I have asked the estimator for Don Chapin Company to give me an additional bid for striping and

“button” replacement. If his costs are close to what I could do it for in-house, I will add this to the contract documents. Written into the contract is regrading certain areas where necessary and addressing “ponding” in a couple of the parking areas. They feel they can best address these areas by slightly adjusting the transition with an overlay application. This type of work will add to the cost of the contract, however, the time to get the elevations correct is during this repair.

Association staff has “edged” the road in preparation for the chip seal and scraped and repainted the fence along the easement road to the colony front gate.

The chip seal and asphalt repair is scheduled to be completed in October/November, 2018.

Increased Septic Maintenance

At the recommendation of our septic maintenance company, I will be increasing the septic maintenance, (pumping and inspection) from once a year to twice a year for systems #1 and #2, (June and February). These two systems have increased matting to the point that crews are having difficulty breaking the mat and removing the solids.

Annual Audit

The annual audit was completed on August 30, 2018. We have yet to receive the auditor’s report for analysis by the finance committee.

Coastal Projects

1. The Salinas River Lagoon Management Stakeholder’s meeting took place on August 3rd, 2018 from 9 AM to approximately noon. The group then met out at the Salinas River mouth to discuss, (again), the process of breaking the river out to the ocean in the event of eminent flooding. Some of the participating organizations/agencies were:
 - Monterey County Water Resources Agency, (MCWRA) Responsible managing agency
 - California Coastal Commission, (CCC) Permits and regulatory authority
 - California State Parks
 - California Department of Fish and Wildlife, (CDFW) Steelhead initiatives
 - California State Water Resources Control Board, (SWRCB) Water quality
 - United States Army Corps of Engineers, (USACE) Permits and regulatory authority
 - National Oceanic and Atmospheric Administration, (NOAA Fisheries) Steelhead initiatives
 - United States Fish and Wildlife Service, (USFWS) Western Snowy Plover
 - Point Blue Conservation Science Western Snowy Plover
 - Resource Conservation District of Monterey
 - The Nature Conservancy
 - Monterey County Land Watch
 - The Otter Project Agriculture and its effect of wildlife . Pesticides and rain runoff
 - Sea Mist Farms Agriculture
 - Scattini Ranch Farms Agriculture
 - Hank Bellone, owner, Mulligan Hill property (where Salinas River mouth breaks to the ocean)
 - Several coastal biologists representing agencies or private organizations, endangered plants, animals and insects
 - Several other Landowners who shared interest in winter flooding.

- Private organizations with individual “specialized” interests.

The meeting was productive in that there were several initiatives introduced that if approved would allow for the productive management of the Salinas River throughout the seasons. There were also smaller groups identified who would work on these initiatives and then present them to the larger group for discussion, implementation at a later date.

There is a follow-up “Salinas River Long-Term Management Plan – Planning Group Meeting on Friday, September 14, 2018 at 9:30 AM. The meeting will be facilitated by members of the Consensus Building Institute and will discuss opportunities and constraints of the proposed (Salinas River) Long Term Management Plan, (LTMP). Also on the agenda are the LTMP’s objectives and actions. I will attend this meeting at the Monterey County Water Resources Agency in Salinas.

2. I had a meeting with Coastal Dune Biologist Joey Dorrell-Canepa on August 24th to review our authorized plant list for the common area as well as the proposed list of plants authorized to be planted within the individual courtyards. After going over the list, Joey felt that when approved, the colony has to strongly emphasize the distinction between the two lists and be careful not to extend the plants, listed as authorized for planting in the courtyard, out onto the common area. She is currently verifying that we can even have a second list since the colony is on a parcel designated a “Scenic Easement”. Since the colony predates the Coastal Commission, the colony parcel of land was not designated as a “Conservation Easement”, however, the California Protected Areas Database shows the houses within the colony are surrounded by “protected” easement. Once we clarify the definitions of “scenic”, “conservation” and “protected”, we can then proceed with rewriting the MDCA policy consistent with the Coastal Commission’s guidelines for Environmentally Sensitive Habitat Area(s), (ESHA). For clarification, there are three important elements to the definition of ESHA. (1) A geographic area can be designated ESHA either because of the presence of individual species of plants or animals or because of the presence of a particular habitat. (2) In order for an area to be designated as ESHA, the species or habitat must be either rare or it must be especially valuable, and (3) the area must be easily disturbed or degraded by human activities. With the sensitive plants, birds and insects living here at the colony, our parcel is more than likely designated an ESHA for more than one endangered species along with specific restrictions on how the easement is managed.
3. I contacted Mark Foxx from Haro Kasunich and Associates for an update to the erosion mapping project they are working on for the colony. The following is his update as of 9-14-2018:

“We (Haro Kasunich and Associates Inc.) are making progress on the erosion evaluation project that you authorized in June.

We have:

- 1) Obtained the 2017 topography and rectified orthophoto from Central Coast Surveying. We de-bugged the TFW file to allow those to be overlaid.
- 2) Obtained the 2017 digital terrain model and TIN from Aerial Photomapping Services
- 3) Obtained the LiDAR data from 1997, 1998, 2011, 2014 and 2016 from NOAA
- 4) Reviewed historical files
- 5) Prepared 12 preliminary ground surface profiles from 1988, 2011, 2014, 2016 and 2017 and reviewed the next steps needed in their revision and interpretation
- 6) Worked on de-ciphering some of the Rogers Johnson and Associates (REJA) data
- 7) Attempted without success to get a clean copy of the 1970 Greenwood Associates topographic map (the original was reportedly disposed of by REJA”

“Next we are going to:

- 1) Obtain the California Coastal Records Project oblique aerial photography
- 2) Obtain 1970-2006 vertical aerial photography from the University of California Special Collection
- 3) Analyze aerial photography
- 4) Scan and digitize pertinent 1970 topographic contours shown on the REJA map.
- 5) Scan and digitize pertinent REJA profiles
- 6) Interpret data
- 7) Overlay time sequential cross sections
- 8) Evaluate erosion processes
- 9) Assess short term episodic erosion and try and quantify hazards
- 10) Assess long term bluff erosion and rates
- 11) Discuss coastal erosion tolerance
- 12) Prepare graphics
- 13) Prepare report"

"I think we are making good progress. This is a complex project with a lot of moving parts and many of the required tasks must be done consecutively, not concurrently, in order to reach meaningful conclusions. We are making steady progress."

Drywood Termite Maintenance Program Update

Residential Unit Local Treatments: 8-7-18, (Wheeler Termite Company)

Units 148, 184 and 318

Garage Local Treatments: 8-7-18, (Wheeler Termite Company)

Units 126, 148, 308

Garage Fumigations: 9-13-18 through 9-15-18, (Wheeler Termite Company)

126, 128, 130
 132, 134, 136
 138, 140, 142
 184, 186, 188
 190, 192, 194
 318, 320, 322

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation Billing

During the July 2018 billing period, there were 34 units that exceeded the Tier 1 water conservation limit. Eight units were under the \$5.00 billing limit. There were 10 units in Tier 2 and 16 units in Tier 3.

During the August 2018 billing period, there were 39 units that exceeded the Tier 1 water conservation limit. Nine units were under the \$5.00 billing limit. There were 9 units in Tier 2 and 17 units in Tier 3.

Owners who are in the Tier 2 or 3 water use zones are billed for their usage in accordance with Association Policy.

Top Tech Plumbing installed a new Fire Hydrant at location number 6, (near unit 280 garage).

OLD BUSINESS

There was no old business.

NEW BUSINESS

There was no new business.

OWNER'S STATEMENTS

Deceased Owner

Bill Michaels, #268, announced that Edy Schwartz, #326, wife of Jeff Schwartz, former board member, had passed away. There was a minute of silence to thank her for everything that she has done for the Colony.

Homeowner Letter

Bill McGowan announced that the board had received a letter from Colleen Floyd Carroll, #312, that had three different concerns – 1) Accounting system; 2) Short-term rental fees; and, 3) Parking. Bill felt the first two items were management issues and, therefore, referred them to management. Although no action could be taken on the third issue, parking, because it was not on the agenda for this meeting, it will be put on the agenda for the next board meeting on November 17, 2018.

Sign Lighting

A homeowner from #214 was concerned that the sign on Monterey Dunes Way (up to the access road) is not lit up and it's easy to miss the turn when it's dark. The possibility of solar lighting or reflective strip on the sign was discussed. Tom reported that he will investigate his options to find the most effective way to light up the sign.

Solar Power for Units

A homeowner at unit #176 questioned whether or not the homes at the Colony were close to being allowed to install solar panels since the common areas already receive solar power from our solar farm. Tom answered that since the common areas have one assessor parcel number (APN), we were able to use one meter to receive all the power generated by the farm at a single-entry point. PG&E then allocates the solar to the other common area meters through Virtual Net Metering. Unfortunately, we can't do the same for the homes because each home has their own parcel number. Presently the Public Utilities Commission, (PUC), is looking at virtual net metering for associations such as ours, however, we are unaware of any change to their program as of this date. Tom also stated that if a homeowner were to put solar panels on their roof, they would then be required to take responsibility for the installation and maintenance of the panels and be responsible for any damage to the roof. He also stated that the new roofs have a 25-year warranty that would become void if we installed anything on the roof itself so the option of waiting for the PUC to allow us a way to virtually reallocate power appears to be the most attractive alternative to solar for the individual homes.

Expense Concerns

George Maciag, board member, #310, expressed the sentiment that all homeowners who are concerned about particular expenses attend a finance committee meeting to learn more about the expense.

Board and Employee Kudos

Amy Sung, #236, thanked the board members for volunteering their time to make the Colony a great place to live. Bill McGowan further thanked management and the people who work here and keep the Colony running smoothly.

WATER COMPANY BUSINESS

Addressed in Managers Report.

ADJOURNMENT

The meeting was adjourned at 11:30 A.M. The next regular board meeting is scheduled for November 17, 2018 at 10:00 A.M.

Respectfully Submitted

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Thomas J. Bugary CMCA, CCAM
General Manager and Secretary

EXECUTIVE SESSION

The Board discussed the following two items in executive session after the regular board meeting:

- Homeowner cited for an unreported rental. The homeowner was fined \$350 for this repeated violation.
- Homeowner cited for car trailer transport on main road. The homeowner was fined \$450 for this violation.

Treasurer's Report July and August 2018

This report covers our fiscal year budget status through August 31, 2018. Account Balances as of July 31, 2018 and August 31, 2018 are:

	<u>July</u>	<u>August</u>
Total MDCA Reserve Funds	\$3,272,507.69	\$ 3,462,630.84
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ ---	\$ ---
+ <i>ICS Reserve (Bank Acct)</i>	\$ 718,590.04	\$ 907,508.24
+ <i>CDARS (CD Due 3/28/19)</i>	\$ 305,835.17	\$ 305,965.08
+ <i>CDARS (CD Due 1/31/19)</i>	\$ 612,044.23	\$ 612,434.21
+ <i>CDARS (CD Due 3/26/20)</i>	\$ 318,555.67	\$ 319,043.02
+ <i>CDARS (CD Due 3/25/21)</i>	\$ 310,276.79	\$ 310,474.50
+ <i>Wealth Mgmt Trust Acct</i>	\$ 2205.79	\$ 2,205.79
+ <i>WM CD (Due 10/4/18)</i>	\$ 235,000.00	\$ 235,000.00
+ <i>WM CD (Due 4/4/19)</i>	\$ 235,000.00	\$ 235,000.00
+ <i>WM CD (Due 10/7/19)</i>	\$ 235,000.00	\$ 235,000.00
+ <i>WM CD (Due 7/7/21)</i>	\$ 150,000.00	\$ 150,000.00
+ <i>WM CD (Due 7/8/21)</i>	\$ 150,000.00	\$ 150,000.00
CAB Operating	\$ 301,589.94	\$ 147,810.00
RABOBANK Petty Cash	\$ 1,221.23	\$ 1,179.09
CAB Water Operating	\$ 45,243.91	\$ 43,752.45
Reserve Funds	\$ 137,736.41	\$ 139,075.31
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 137,736.41	\$ 139,075.31

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,

Allen Rudolph

Allen Rudolph