

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

November 19, 2011

**PRESENT**

Bill Michaels, President  
Ted Swanson, Treasurer  
Bob Dickinson, Director  
Tom Bugary, Secretary and General Manager

**ABSENT**

George Maciag, Vice President  
Jeff Schwartz, Director

**WELCOME**

Bill Michaels, Board President, called the first meeting of the newly elected board to order at 10:00 AM, November 19, 2011 at the Monterey Dunes Colony Clubhouse and established that there was a quorum. Bill briefly identified the other members of the 2011-2012 Board and what their position was:

George Maciag -	Vice President
Ted Swanson -	Treasurer
Jeff Schwartz -	Director
Bob Dickinson -	Director

Finally, Bill said that the colony had experienced a minor emergency when the water main in the road near unit 170 and 172 ruptured. Fortunately, staff monitored the leak over the weekend and repaired the break the following week.

**MINUTES**

The Board reviewed both the draft minutes of the September 17, 2011 directors meeting and of the October 15, 2011 annual homeowners meeting. It was M/S/C to approve both sets of minutes as written.

**TREASURER'S REPORT**

Ted Swanson, Treasurer, gave the Treasurer's Report for September and October 2011. Ted noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, Ted stated that all of our account balances could be seen in the written report, which has been attached to and made part of these minutes.

## **FINANCE COMMITTEE REPORT**

Bob Dickinson, Committee Chair, reported that the committee had met the previous day to review both the water company's and the colony's finances for the first four months of the fiscal year (July-Oct). Although it is still relatively early in the fiscal year, it was noted that the colony financials appear to be on track with the budget. However, the water company has unexpected issues, i.e. broken water mains and water storage tank, that has expedited the need for funds in the water company.

Bob reported that all funds of the colony, whether invested funds or bank funds, is fully FDIC insured. The majority of reserve account funds have been invested into CDARS. CDARS is a CD placement program where all funds are channeled through our bank which, in turn, invests the funds in various CD's making sure that all are FDIC insured and provides us with one statement and one overall interest rate.

Bob announced that on January 20, 2012, the finance committee meeting will start at 12:00 p.m. so there will be time to scrub each budget line item in order to identify where the "decision points" are and develop some options; Bill advised Bob that he had previously been involved in the budget process and had come to the realization that largest variable in the budget is the unknown such as a storm that blows down mailboxes and fences or the like.

Bob said that the other thing the committee will discuss in January is a structural change to the water company because the reserve account is underfunded and the operating account is "skinny". In order to increase the funding, the committee will discuss changing the way the homeowner monthly dues are allocated, thereby increasing the water company funds and decreasing the colony funds.

## **ADHOC WAVE RUN-UP COMMITTEE**

Ted Swanson, Committee Chair, reported that he and Tom had a meeting with a new county planner involved in the MDCA Wave Run-up Proposal and overall, it was very productive. The meeting resulted in a handshake deal to put up the new boardwalk that would double as a foundation for the water barriers without going through the permit process. The county recognized the boardwalk was being rerouted rather than installed as new.

Ted also reported there are two areas the committee is still pushing for: 1) Nourishment of the sand dune breaches (with sand from our stockpile) and 2) temporary sand fencing during the off season for snowy plovers, even though the PRBO says that there is no off-season due to "permanent resident plovers". Two reasons they give for not letting us put up snow fencing:

1. The birds pair off at the beginning of regular bird season (Feb-Mar) and if the snow fence is up, the birds get confused.
2. If the birds put their nest behind the snow fence and sand blows on it, the little birds in the nest will suffocate.

## **ENVIRONMENTAL CONTROL COMMITTEE (ECC) REPORT**

On October 5, 2011, the committee held a teleconference to discuss a request by unit #142 to landscape in the common area outside their unit with all native plants. The committee approved this request.

## **GENERAL MANAGERS REPORT**

This report covers work completed this fiscal year, July 1, 2011 to date.

### **Deck, Fence and Sidewall Shingle Replacements**

Association carpenters have replaced 6 decks this fiscal year. Decks replaced: Unit 134 Entry, 134 Landside Bedroom, 176 Entry, 182 Entry, 312 Oceanside and 338 Entry.

Unit courtyard fences completed all or in part from July 1, 2011 to date were at units 176 and 338.

Shingles were replaced on the north-face of unit 326 and on the Oceanside of 124.

### **Landside Boardwalk Replacement**

Landside boardwalks have been replaced near units 134, 172, 332, 334, 336 and 338. Boardwalk is replaced as determined necessary and, at times, ahead of the current reserve schedule. Our landside boardwalk system is deteriorating in some places to a point where once reported, immediate replacement is required to avoid homeowner/guest accidents.

### **Window and Entry Door Replacement**

Oceanside Sliding Glass Door on Unit 286 and a Picture Window.

### **Utility Light Pole Replacement**

Light poles were replaced near units 300 and 306, out of cycle ahead of the reserve schedule.

### **Bad Debt and Unit 242**

The association continues to rent unit 242 (month-to-month) for a reduced rate in order to realize some income rather than let the unit sit empty until it is foreclosed on. The lease stipulates that the tenants may have to vacate the unit in as little as 60 days after the unit sells.

The association is expensing all the rental income so that the bank cannot claim any of the rent after they finally foreclose on the unit. Part of the income over and beyond the dues owed the association is used to pay-down the accumulated debt which remains on the association's books.

### **Fumigations**

We are researching claims from Terminix that a second contract exists concerning the fumigation of the 41 residential buildings, commercial facilities and associated garages. One

contract was completed in 1997-98, the other 1998-99. I will make a report to the board at the next board meeting as to my findings. I have asked our attorney to search his records for any fumigation contracts prior to my time as the GM and have asked Terminix International for copies of their files.

Units 190 and 194 have received local treatments for infestations of drywood termites under our extended contract with Terminix. Units 230, 232 and 234 are scheduled to be tented and fumigated on November 30 - December 2, 2011, also under our extended warranty.

Unit 176 was treated for subterranean termites by Wheeler Termite Company as this type of infestation is not under our extended contract with Terminix. The Wheeler Termite Company submitted a competitive bid to Terminix's proposal and did the work for considerably less money.

## **Coastal Projects**

### **From last report:**

*After coordinating the permit documents with Ted Swanson, (Wave Run-up Committee Chair) at an impromptu meeting on Friday August 26, 2011, David Shonman met with Monterey County planners to submit the final version of Monterey Dunes Foredune Repair Proposal on Tuesday, August 30, 2011. Liz Gonzalez, (the planner who has worked extensively on previous versions of the amended plan), processed the application and has been assigned as the senior planner of the project. After discussing the project in detail with her, we now feel that there is a very good chance that we will receive an "administrative approval" for the project in lieu of a one-time permit, but this has not been confirmed as of this date.*

*After we receive county approval to dump our sand out in the voids, we will then coordinate with the State Park officials for access to the beach during the winter months, working around the snowy plover nesting season.*

On September 19, 2011 we received an email from County Planner Liz Gonzales as to the status of our sand nourishment permit. Rather than give MDCA administrative approval to move forward with the project as anticipated, the email stated that "The proposed project requires a Coastal Development Permit for development within 100 feet of Environmentally Sensitive Habitat Areas (ESHA); which will be heard by the Zoning Administrator." She went on to state that our original permit could not be amended because 1) The dunes we proposed to nourish with additional sand had not been previously disturbed (she explained that our original permitted project had a septic system under it, and therefore was a previously disturbed area) and 2) the proposed area for repair is much further out toward the ocean. While she conceded that there will probably not be direct disturbance to the ESHA, there is the issue with the additional placement of sand that was not presented in the previous project. With that explanation and additional requirements for information and studies, the committee decided to table this plan and to move forward with getting the re-routed boardwalk in before the winter storms.

Monterey County Planner Lucy Bernal made an impromptu visit to the colony on November 4, 2011 to look over the proposed Sand Nourishment Project area. She had recently taken over the project for Liz Gonzales and was familiarizing herself with the area. Upon arrival to the colony she observed MDCA crews working on rerouting the boardwalk and assumed this as part of the project. She questioned the project and at my request, David Shonman, Ted Swanson and I met with her, (Lucy Bernal) on November 16, 2011 at the Monterey County Planning Office and discussed the two separate projects. We were joined by Liz Gonzalez and upon completion of the meeting had an understanding of how we would move forward with both. The boardwalk project will move forward and Liz required a copy of the Biologist's report, clearing the route of

the boardwalk of sensitive vegetation. The Sand Nourishment Project is on hold until next year as the additional requirements added by the county will not give us enough time to comply before the winter storm season.

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

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

During the September billing period, there were 17 units that exceeded the Tier 1 water conservation zone, 8 were under the \$5.00 billing limit and therefore not billed. Four units exceeded Tier 2, one of which was due to fumigation, (commercial water use), the other three were billed for excess water use.

During the October billing period, there were 5 units that exceeded the Tier 1 conservation zone, 3 were under the \$5.00 billing limit and therefore not billed. There were no units that exceeded Tier 2.

Owners who exceeded Tier 1, or are in Tier 2 or 3 water use zone are billed for their usage in accordance with Association Policy. All homeowners are notified of their monthly and gallon-per-day consumption rates.

### **Water Storage Tank**

The 212,000 gallon water tank was recently moved up on the Reserve Schedule and identified as a component for early replacement due to leaks caused by deterioration in many of the bolted seams of the tank. As of the date of this report, we have discovered another section of the tank, (the 4<sup>th</sup> area) that has started to leak and we have again solicited the services of LiquiVision Technology to inspect and repair the leaking seams. LiquiVision will suit up and repair the tank on November 28, 2011 and will supply the colony with a video of the repair.

I will be visiting a couple of manufacturers over the next few months identifying options for a replacement tank.

The finance committee continues to evaluate options on replacing the tank in the next few years

## **OLD BUSINESS**

### **MDCA Website**

Bill Michaels brought up an issue that was discussed at the annual homeowners meeting on October 15, 2011. He said that there had been several concerns about the website and he suggested that we form a committee to recommend improvements.

### **Redshift**

Bob talked to Redshift (our internet service provider). The end result is that those people that did not upgrade should now be receiving much better service because they finally upgraded equipment for the older radio links.

## **Cell Phone Service**

It was noted that there were several homeowner concerns with the lack of cell phone service or sporadic cell phone service in certain locations in the colony. Although the board cannot fix the cell phone problem, a phone call to your provider requesting a signal booster (microcell) would probably help correct the problem. The microcell needs to be connected to the internet and the internet has to be on in order for the microcell to work.

## **NEW BUSINESS**

### **Board Meetings for 2012**

It was announced that board meetings are generally held on the third Saturday of every other month. Specifically, the dates of the 2012 board meetings are: January 21; March 17; May 19; July 21; September 15; and November 17. The annual homeowner's meeting and barbecue will be on October 20, 2012.

### **Recommendation by homeowner to set term limits for director positions**

There was a homeowner recommendation that no board member should serve more than four consecutive years without a two year hiatus and if more than one board member "terms out", the board member with the longest service would be "termed out" and the other(s) could serve one more year. It was discussed that term limits are a very nice idea, but is not practical considering there is not a consistently large applicant pool available each year. It was suggested that community outreach could be improved to increase the available applicant pool. It was concluded to table further discussion until the January 21, 2012, board meeting.

### **Homeowner request to replace large O/S skylight (original) with dual pane glass**

The colony has a current window policy that states the standard replacement window provided to homeowners is a Milgard Fiberglass dual-paned window. There are nine units at the colony that were built with large O/S skylights, of which the original design was a single pane aluminum frame window. A homeowner requested that these 9 skylights be included in the window policy and that dual-paned glass be used when these skylights are replaced instead of the single-paned design that is currently used. The homeowner went on to say that the skylights are having issues caused by condensation, as well as heat loss, which would be solved by using the dual-paned glass. The board requested that Tom visit the requesting homeowner's unit and inspect the skylight from the inside before the next meeting. After Tom's inspection, the board will discuss, and hopefully decide, whether the large skylights should be part of the window replacement policy.

## **OWNER'S STATEMENTS**

A homeowner asked if there were any restrictions on the number of units in the colony that could be used as rental units. Tom answered him that there were not any restrictions; however, the number of rental units has declined over the last several years because new homeowners generally do not rent their units.

## **WATER COMPANY BUSINESS**

Addressed in the managers report.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 12:25 p.m. The next meeting will be on January 21, 2012 at 10:00 a.m.

FOR THE BOARD OF DIRECTORS:

//s//

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

**EXECUTIVE SESSION**

There was a homeowner request for a late fee waiver. The request was discussed and approved.

## Treasurer's Report September and October 2011

This report covers our fiscal year budget status through October 31, 2011.

Account Balances as of September 30 and October 31, 2011 are:

	<u>Sept</u>	<u>Oct</u>
Comm Assoc Banc (CAB) Reserve	\$ 153,696.08	\$ 140,504.56
CDARS (CD Placement)	\$1,245,445.03	\$1,245,927.50
CAB Operating	\$ 107,664.47	\$ 98,507.31
RABOBANK Petty Cash	\$ 750.52	\$ 952.28
CAB Water Operating	\$ 27,336.50	\$ 27,240.16
CAB Water Reserve	\$ 203,856.76	\$ 205,252.02

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,

*Ted Swanson*

Ted Swanson