

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

November 15, 2014

**PRESENT**

Frank Williams, President  
Bob Dickinson, Vice President  
John Steinhart, Treasurer  
Todd Davis, Director  
Ted Adams, Assistant Treasurer  
Tom Bugary, Secretary and General Manager

**ABSENT**

Jeff Schwartz, Director

**WELCOME**

Frank Williams called the meeting to order at 10:00 AM, November 15, 2014 at the Monterey Dunes Colony Clubhouse. Frank has developed a draft copy of a single-page document called "Welcome to Monterey Dunes" that lists the most important rules at the Colony and is hopeful that rental units will keep this laminated one-page document in their unit when it is final.

**GOVERNING DOCUMENTS UPDATE VOTE TABULATION**

Frank announced that we need a 2/3 majority (80) to approve a vote either way. In previous votes on revised governing documents, we have had over 100 ballots cast; it's important that we get a significant number of homeowners to vote, as we all will be governed by these documents for some time. Since we have not received a representative number of ballots, we are tabling the vote until all units are contacted and at least 100 ballots have been received.

**MINUTES**

The Board reviewed the draft minutes of the 9-20-14 directors meeting and the 10-18-14 annual homeowner's meeting. It was M/S/C to approve both minutes as presented.

**TREASURER'S REPORT**

Ted Adams, Assistant Treasurer, gave the Treasurer's Report for September and October 2014. 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.

### **ASSIGNMENT/DISBANDING OF COMMITTEES**

The following is a list of committees, the committee type, their status, and their assigned members that were M/S/C by the Board.

<i><b>Committee</b></i>	<i><b>Type</b></i>	<i><b>Status</b></i>	<i><b>Members</b></i>
ECC (Environmental Control Committee)	Standing	Active	Jeff Schwartz*, Ted Swanson, Allen Rudolph.
Finance Committee	Ad-hoc	Active	Ted Adams*, Bob Dickinson, Art Testani, Donna Briskin, Ted Swanson,
Broadband Committee	Ad-hoc	Disbanded	Bob Dickinson*, Bill Michaels, Terry Opdendyk,
<i>Was disbanded with thanks because they fulfilled their purpose to review the colony's internet status and make recommendations to the Board.</i>			
Wave Run-up Committee	Ad-hoc	Disbanded	Ted Swanson*, Bob Dickinson, Tom Nolan,
<i>Was disbanded with thanks because a waiver for permit was obtained to nourish the foredunes with 450 yards of sand and then re-vegetate with native plants.</i>			

\* Denotes Committee Chair

### **FINANCE COMMITTEE REPORT**

Ted Adams, committee chair, stated that the committee had met the previous day to review the first four months of the FY (fiscal year) 2014-15 (July-June). The operating budgets for both the Association and the Water Company appear to be on-track with a few minor timing issues.

The major point of discussion at the committee meeting was flood and earthquake insurance; currently both insurance policies do not provide for full replacement costs. In order to bring our flood insurance coverage up to full replacement value, the annual premium would have to be increased approximately 50%, or from \$700 to \$1,050 per unit.

If we doubled our earthquake insurance (from \$10M to \$20M), the premium would increase by approximately \$15,000 annually (20%), or from \$570 to \$695 per unit

Our flood insurance is a “per unit” policy, through FEMA. This means that although we have an aggregate amount of approximately \$30M of flood insurance coverage, each building has its own \$250K per unit policy (2 Unit Buildings = \$500K Coverage and 3 Unit Buildings = \$750K Coverage). If flood damage were incurred, our insurance coverage would be limited to the building coverage for repairs/replacement.

Our earthquake insurance is a “blanket” policy, this means that we can use the total earthquake coverage of \$10M per incident for repairs/replacement even if only one or two buildings were involved.

After discussion, it was decided that Tom would arrange a teleconference between the insurance agent, the finance committee, and John Steinhart, Board director.

## **GENERAL MANAGER’S REPORT**

### **MONTEREY DUNES COLONY ASSOCIATION**

This is a cumulative report covering projects and work as completed in fiscal year 2014-2015, (July 1, 2014 through June 30, 2015).

#### **Windows, Doors, Fences, and Skylights**

I have ordered 17 window/sliding glass door replacements for unit 298 and 8 replacements for 286. The windows should arrive the first of the new-year and replacement scheduled shortly thereafter. Unit 290 is also scheduled for window replacement in fiscal year 2015. I will be ordering these windows in the January time-frame for installation in March-April of 2015.

The main entrance door to the Association Office was replaced.

#### **Garage Door Replacement/Repairs**

The garage door on unit 114 was replaced and the door at unit 138 was repaired.

#### **Solar Project**

I met with Dan Hopkins from Builder’s Solar and Engineers from the Monterey Energy Group on September 24, 2014 and went over the project. Monterey Energy Group Engineers surveyed the site for sun exposure and panel placement.

I met again with Dan Hopkins on Monday, October 27, 2014 to go over the plans as developed by the Monterey Energy Group. I also went over the fee schedule for the permits and was somewhat disturbed at the cost the county charges just for the colony to go green. The permit charges were:

Environmental Health -	\$ 135.00
Planning -	\$ 161.40
Technology Fees -	\$ 116.46
General Plan Implementation -	\$ 8.89
Routing Plan Review -	\$ 500.00
Plan Review, Standard -	\$ 1,170.00
Inspection, Not Otherwise Classified -	\$ 1,080.00
CA Building Standards Commission -	\$ 12.00
Strong Motion – Commercial -	\$ 84.00

In addition, the county is requiring a complete soils report even though the field is located on an existing surface and a subsurface of sand.

Association staff has taken down the center divide between the two courts and cleared the surfaces in preparation for the building stage.

### **Painting**

Association staff has completed painting the exterior trim on units 132, 134, 136, 138, 140, 142, 170, the clubhouse trim and all external chimney pipes and caps.

### **Archiving Project Update**

We are approximately 80% complete with archiving existing documents into the efilecabinet system. Association documents are saved on a personal storage drive in the association office as well as off-site storage, (cloud).

### **Landside Boardwalk Replacement**

Landside boardwalks have been replaced near units 156, 158, 208, 210 and 212.

On 8-26-14 I purchased a truckload of Trex from the Nevada plant at a cost of approximately \$41K, or \$2.96 per linear foot.

### **Health Department Inspection.**

On November 3, 2014 the Association received an impromptu inspection by the health department of the pool and the hot tub. There were no issues noted.

### **Security Cameras on the Property**

I have researched several options and talked with the design and installation technicians of several security companies. I am not ready to offer options to the board on security systems because I don't understand all the differences in the materials specified. I am, however, recommending to the board they form a committee to evaluate the three proposals I have received and to work with me on how best to implement a security system within the colony.

### **Fumigation Update**

**Fumigations** July for drywood termites: None this fiscal year

<b><u>Local Treatments</u></b> for drywood termites:	July 28, 2014	Unit 228
	July 28, 2014	Unit 298
	July 29, 2014	Unit 222
	August 14, 2014	Unit 160
	August 14, 2014	Unit 318
	August 25, 2014	Unit 240 - (garage)
	October 7, 2014	Unit 148 - (garage)
	October 22, 2014	Unit 214
	October 24, 2014	Unit 294 – (garage)

### **Coastal Projects**

*From previous report:*

*Our application for a coastal development permit and waiver (#3-14-1180) was processed and completed by the Santa Cruz office on August 25, 2014 and placed on the docket to be heard in front of the Coastal Commission on September 11, 2014. Based on David Shonman's, (our Contracted Coastal Biologist), recommendation, the Central Coast District Manager, Susan Craig recommended to the commission that they grant a De minimis waiver for the Coastal Permit and allow the project to go forward. The commission agreed unanimously and approved the waiver. The next step is to decide when to take the 450 cubic yards of sand out to the foredunes and place it in the designated areas outlined in the waiver documents.*

*In preparation for the upcoming winter season, I am in the process of purchasing additional couplings and hoses to connect to our fire hydrant system in order to have two fill stations available if we are required to set up the Wave Run-Up barriers. I elected to purchase additional hoses and fill with our fresh water system rather than purchase a solid waste pump and fill from the ocean only after extensive discussions with the manufacturer of the solid waste pumping system. Filling the barriers from the ocean would draw a lot of sand into the barriers and emptying them would become difficult given the small drain holes in the barriers. For this and other reasons, I elected to stay with the fresh water fill process.*

David Shonman, in collaboration with Joey Dorrell-Canepa, (also a coastal biologist who will be re-vegetating the project areas), and I discussed the best time to conduct the project given all the variables. The consensus was that we transport the sand out on the beach early in January. The schedule has now been set for the first week of January 2015 when the tides look favorable.

After an extensive search for the best hand-operated cart to take the sand from the stockpile near Well #3 out to the proposed project sites. I had David Shonman ask Mike Watson from the Coastal Commission if we could move the sand via a utility vehicle with soft wheels which would not damage the boardwalk under heavy loads. This decision would also speed up the project and would substantially save our labor force. Mike Watson agreed with the following conditions:

1. Avoid disturbing any existing snowy plovers, (David Shonman will check the area prior to starting to transport sand).
2. Avoid operating (equipment or people) on State Park property.
3. Limit utility vehicle operation to the boardwalks and plywood positioned for turn-arounds.
4. Re-vegetate any areas damaged by sand delivery.

I reserved two Kubota RTV900 Utility Vehicles with hydraulic dumps as well as a B2320 Front-End Loader for the week of January 5 through January 9, 2015. Hopefully, the weather will cooperate.

I plan on having a meeting out at the proposed project sites sometime next month to ensure all parties are ready to go on January 5, 2015.

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

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

During the September 2014 billing period, there were 7 units that exceeded the Tier 1 water conservation zone. Two were under the \$5.00 billing limit and therefore not billed. There were 3 units in Tier 2 and 2 units in Tier 3.

During the October 2014 billing period, there were 8 units that exceeded the Tier 1 conservation zone. Three units were under the \$5.00 billing limit and therefore not billed. There were 4 units in Tier 2 and 1 unit in Tier 3.

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.

### **Water System Update**

The water tank project was completed in September 2013 but showed a small leak in the liner as we were filling the tank. The contractor returned many times over the last year attempting to find the pin-hole leak and making repairs. He ended up patching and redoing so many areas of the lining that he finally decided that there was a defect in the material that he could not find and committed to tearing out the existing material and replacing it under warranty.

From August 19<sup>th</sup> through August 23<sup>rd</sup>, Carson Manufacturing removed the existing liner from the tank, reinforced the existing padding and replaced the liner in the tank. This replacement

included refurbishing all the stainless rings and any surface that was sealed with adhesive. We started refilling the tank the following week and are at capacity at this time. After about two weeks with no leaks detected, there are now signs of a small leak in the liner. The contractor is monitoring the leak as it is so small, it is almost non-detectable, however he will again go in the tank and try a seal around the inlet valve on Thursday, November 20, 2014.

All water testing is complete and the tank was put back on line for the winter.

We still have synchronization issues between wells 3 and 4. Contractors have ordered the necessary conversion materials and will reprogram the control panels once well 3 is retrofitted with a new backflow prevention valve and the storage tank is back on line.

END OF REPORT

### **NEW BUSINESS**

#### **Vote to notice unit 116 for hearing, not in good standing**

At the last meeting, the board elected to send unit #116 to collections for non-payment of assessments. At this date they are not current and the Board M/S/C a motion to send a notice to the homeowners regarding a hearing to suspend their membership rights and privileges for not being in good standing.

#### **Unit 242 update, foreclosure sale**

On 11/20/14 the bank holding unit #242's mortgage (Bank of America) will hold a trustee's sale at the main entrance to the County Administration Building in Salinas. If there is no buyer, the property will revert back to the Bank. Either the new homeowner or the Bank will be responsible for monthly and annual assessments from the date of the sale. Additionally, whoever the owner is will be responsible for providing the renters with a 60-day notice to vacate.

#### **Board vote on unit 242 for governing documents update**

Since the Association is the current legal owner of unit #242, the Board needs to vote in an open meeting on whether or not to use #242's vote to approve the updated governing documents. It was unanimously decided to cast #242's vote in approval of the documents.

#### **Ground rules for service/comfort dogs**

It has come to our attention that it becoming more common for renters to travel with comfort dogs. Since we have a rule disallowing renters of less than three months to have a pet at the Colony, it was felt that we need clarity on this issue. It was not felt that service/comfort animals are pets, but, rather, a disability accommodation, and, therefore, none of our policies need to be adjusted.

## **OLD BUSINESS**

### **Camera/security update for front gate, maintenance yard and proposed solar fields**

Addressed in the Manager's Report. After discussion, it was decided to ask Art Testani to assist Tom in obtaining the best equipment and contract.

## **OWNER'S STATEMENTS**

### **Unit 110 homeowner letter to the Board**

The letter from the unit #110 homeowner said that he was voting against approving the new governing documents because the new CC&R's discriminate against homeowners who rent their unit(s) by requiring them to provide names to the Association of each occupant of a home but not requiring homeowners who do not rent to do the same. The board discussed this letter and agreed this is not the current practice of the association, nor is it the intended practice in the revised governing documents.

The current CC&R's state that the Board "will" ask for the name of each rental occupant; however the proposed CC&R's state that the Board "may" ask for the name of each rental occupant. It was pointed out that the current CC&R's are more stringent in regards to asking for the names of occupants who are renting.

### **Unit 156 homeowner letter to the Board**

One of the homeowners of unit #156 wrote a letter to the Board complaining about a party that was held by renters next door to his unit; he also had complaints about various past renters in this same unit.

John Steinhart spoke with the complaining party and informed him that when he is aware of a renter breaking a rule, he should notify Security. If the problem persists after the Manager or Security has spoken with the renter, then the police would be notified. If the police are called, the homeowner will be notified and subject to a fine in accordance with our rules.

### **Parking at the Colony**

John Steinhart asked if we had a rule regulating parking. The answer is "no"; however, homeowners are requested to park in their garages before utilizing the common area parking.

### **Coastal Commission Letter Follow-Up**

Ted Swanson reported that a little more than a week ago he had received a letter as follow-up to a letter he had sent to the Coastal Commission asking about El Niño preparations using his daughter's return address. The follow-up letter simply referred him to four Coastal Commission websites that have El Niño preparation information. He is still evaluating the sites; however, he feels that there is very good and useful information there that can be used in case of an El Niño



storm.

### **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 Board meeting will be on January 17, 2015 at 10:00 a.m.

### **EXECUTIVE SESSION**

A homeowner request for a water bill waiver was discussed and approved.

FOR THE BOARD OF DIRECTORS:

//s//

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