

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

March 21, 2015

PRESENT

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

ABSENT

Todd Davis, Director

WELCOME

Frank Williams called the meeting to order at 10:00 AM, March 21, 2015 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the draft minutes of the 1-17-15 directors meeting, as well as the 2-6-15 and the 2-19-15 Board meetings via teleconference. It was M/S/C to approve all three sets of minutes as presented.

TREASURER'S REPORT

Ted Adams, Assistant Treasurer, gave the Treasurer's Report for January and February 2015. 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

Ted Adams, committee chair, gave a verbal report. Ted stated that the committee had met the previous day to review the first eight months of the FY (fiscal year) 2014-15, as well as review MDCA and Water Co. proposed operating and reserve budgets for FY 2015-16. The committee recommends that the Board approve and adopt the budgets as presented at this meeting. The

annual reserve assessment would remain the same, (\$5000), as last year, yet the percent-funded of reserve expenses will increase to 29%. The monthly assessments would change from \$854 to \$865, an \$11 or a 1.29% increase. This modest increase in monthly assessments is less than the current price index (CPI).

Additionally, the committee discussed and recommends a strategy for laddering our investments in CDARS (CD's that are insured up to a million dollars) so that eventually we will have at least five 5-year CDARS. This means that one CDARS will be maturing each year and, in combination with the annual reserve assessment, we will be able to maintain a fair amount of liquidity. In addition, the 5-year CDARS earn almost twice as much interest as 1-year CDARS.

After discussion the Board M/S/C all recommendations of the committee.

RENTAL COMMITTEE REPORT

Since there has not yet been a face-to-face meeting of the rental committee, this report has been tabled until the following Board meeting. The idea of a survey regarding owner-renter issues has been mentioned and it is anticipated that this step will be taken in the future so that the committee can focus on the core issues (disputes and solutions) between the two groups.

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

Association carpenters replaced a sliding glass door and a window at unit 178. Carl Black Constructions is in the process of replacing 8 windows in unit 286. Unit 298 is pending replacements with windows received and in stock. Unit 290 is also scheduled for window replacement in fiscal year 2015. I will be ordering these windows this month for installation in May-June of 2015.

The main entrance door to the Association Office was replaced.

The courtyard fence and gate were replaced at unit 262.

Slope Roofs

During the heavy rain in December of last year, two sloped roofs on the west side of units 224 and 230 leaked in the vicinity of the large skylights. Our initial reaction was to check the seals in the skylights as one roof had just had a new skylight installed in 2014. Finding the skylights sealed, we discovered that termites were embedded under the shakes and had eaten through some of the felt (which is what makes the roof water tight). Both roofs had the same problem and

upon inspection, one would think the roof is solid. If you lift the first layer of shakes, you can see the infestation(s). I contracted with Carl Black Construction at an hourly rate to tear out the damaged areas and replace the felt and the shakes. Terminix was on site and inspected the infestation and are planning to fumigate the two buildings in the near future. I am also planning on tearing off and replacing the roof of the building housing the water company equipment. I am recommending using a composite material rather than wood shakes in any future roof replacement project. I had to move up some money in the reserve schedule as these repairs far exceed the scope of annual operating maintenance.

Garage and Entry Door Replacement/Repairs

The garage doors on unit 114 and 274 garages were replaced and the door at unit 138 was repaired. Barrier strips were installed on the garage floors at units 152, 154 and at 186. Barrier strips prevent water from settling on the garage floor due to building settling or asphalt needing to be regraded.

Solar Project

From Last Report:

The Building Permit was approved on 12-4-14 and the Racking Payment (helical piers adapters and mounts) was paid along with payment for the trusses, rails, clips and hardware on 12-15-14, (\$58,925).

The helical piers arrived on Friday 1-10-15 along with associated hardware. The trusses, rails and other hardware should arrive the week of 1-19-15.

I met with contractors on 1-13-15 to go over plans to bury the helical piers in preparation to assemble the solar array. Installing the piers can be tricky as the spacing has to be close to perfect to be able to attach the panels. I am a little reluctant to try this on my own when the installers have the templates, equipment and expertise to easily complete this part of the install.

I contracted with Cordrey Construction to complete the helical-pier-setting part of the project as well as with California Sheds to build the custom shed for where the inverters will be housed. After the piers were set the week of February 23, 2015, association staff started to set the framing for the solar panels. Each piece is set to specific specifications for optimum performance and it has become slow and tedious work. There were several shortages of hardware, delays, orders and reorders and added expense for 6000 pounds of cold patch, asphalt sealer, paint for the metal structures, bolts and brackets, conduit, electricians, etc.

The next step is setting the micro-inverters, contracting with an electrician, and setting the panels in place and finally working with PG&E setting up the commercial account and initiating the process of producing electricity.

There is a lot of work remaining in this project however I am hopeful in having the field up and running in the next couple of months.

Painting

Association staff has completed painting the exterior trim on units 128, 130, 132, 134, 136, 138, 140, 142, 144, 146, 148, 170, 224, 226, 228, 336, 338, 340, 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). We will be starting with the office computer hard drives in the near future.

Landside Boardwalk Replacement

Landside boardwalks have been replaced near units 156, 158, 208, 210 and 212. This project has slowed due to recent seasonal projects such as building artificial dunes at the southern end of the property and the solar field behind the clubhouse, but the boardwalk replacement project should pick up as the staff gets redirected from these un-programmed one-time ventures back to normal reserve projects.

Fumigation Update

<u>Fumigations</u> for drywood termites:	Pending	Units 224, 226, 228
	Pending	Units 230, 232, 234

<u>Local Treatments</u> 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)
	February 25, 2015	Unit 218 – (garage)
	February 25, 2015	Unit 222

I will be meeting with the new branch manager from Terminix on Thursday, 3-26 to go over possible detection methods available for inspecting all roofs within the colony. Dry Wood Termites work their way under the top layer of wood shakes and eat the treated wood from within. If they damage the felt paper, we then have leaks as recently experienced at units 224

and 230. I would like to come up with a method by which we can identify potential problems before the roof leaks and treat the infestation, extending the life of the roof system.

Coastal Projects

From previous report:

I met with David Shonman and Joey Dorrell-Canepa on 12-8-14 at the south end of the property and went over the project. By the end of the meeting all present understood the overall operation as well as their personal roles and responsibilities.

The project started on Monday 1-5-15 and was completed on Friday 1-9-15. Two workers were assigned to ATV's, one on a track loader, (filling the ATV's with sand), two out on the foredunes receiving the sand, placing it and raking while another member of the staff was assigned to the on-site biologist to help with the seeding, planting and the straw plugging as each section was complete. We moved about 400 yards of sand over the 5 day period.

Association Staff worked with Biologist Joey Dorrell completing the landscaping and watering the seedlings over the next couple of weeks. The cover took well and is progressing. The following is an "after action report" from the Biologist received on 3-9-15:

"Tom and David,

Here is a very quick summary of the restoration work that occurred in January and February at the new dune areas. Starting Monday 1/6/15 after the safety talk, there were approximately 29 hours of sand movement through Friday noon. Figuring 1 cu yard of sand moved every 5 minutes (2 vehicles) that means ~348+ cu. yards of sand was moved in 29 hours.

The stockpiled sand was very clean and thoroughly saturated with rain water from prolific November rainfall. The weather was ideal for optimal sand moving, straw plugging and planting. Seven bales of straw were used to straw plug the new sand areas for stabilization and wind protection of the seedlings. Approximately 500 site-specific seedlings and transplants were planted by Joey Canepa, Efen and Nelson, (colony staff). This included transplanted saltgrass (*Distichlis spicata*) and American dune grass (*Leymus mollis*) from the site. I will detail the planted species when I send the invoice in the next day or two. Watering commenced ~ once/week as of 1/15/15. The lightweight hose is easy to manipulate and can even be coiled on a shoulder to avoid plant damage. Establishment of the plants is looking very good! I collected most of the empty cells on 2/23/15. Only 1 seedling disappeared with no trace (south dune), and 1 seedling died (desiccation, possible fungal infection) on the north dune. There was visible growth for all seedlings at this time. Seedlings looked very robust. Some cells were left behind to mark smaller plants with no visible growth or possible deficiency. A plover was seen circulating in the bare foredune sands of the south dune on 2/23/15. What a great job this was! I was really thrilled with the quality of work and collaboration from your excellent staff!
Joey Canepa"

On Monday 4-9-15 I and David Shonman met with Sarah Duncan from the Central Coast Wetlands Group who had just received a "Climate-Ready-Grant" from the Coastal Conservancy for removing invasive removal and native planting of the sand dunes. While most of their work

seems to be focused on State Parks property and the removal of ice plant there, they seemed interested in helping with some of the re-vegetation we have been working on out on the foredunes. After a visit out to our newly planted areas on the southern end of the colony, we agreed to keep in touch so we at the dunes will know when they are working in the area. There seems to be opportunity to benefit from their grant program, however, we have yet to identify specifics as well as the liabilities that come with volunteers working on private property.

David is working on revising the draft MOU with State Parks and feels we should be able to push through a draft within the next couple of months for review at State Parks as well as by the Coastal Commission, (meetings pending). Given our track record with both agencies, I feel optimistic we can come up with a beneficial agreement to send to the Fish and Wildlife Service for review/approval.

I have agreed to host the 5th annual Salinas River Lagoon Working Group meeting with the various regulatory agencies in mid-April. The exact date has not been set as attendees are requesting 1 of 4 dates in an attempt to schedule as many agencies as possible. So far State Parks, Fish and Wildlife, Coastal Commission, NOAA Fisheries, Water Resources Agency, Local Farmers, and several conservancy groups have signed up to attend at least one of the dates. The focus of this meeting will be to discuss the upcoming winter and how the agencies plan to break the river out to the ocean and to react to potential emergencies. Since the Association is neutral ground for these agencies, there usually is a lot of good discussion and interaction between these agencies.

On Monday 3-16-15, State Parks has started putting up the symbolic plover fencing on the beach west of the colony. This fencing should be completed by the end of this week. State Parks has assured me they will not disturb the new foredunes areas when they set up their fences.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the January 2015 billing period, there were 2 units that exceeded the Tier 1 water conservation zone. None were under the \$5.00 billing limit. There were 0 units in Tier 2 and 2 units in Tier 3.

During the February 2015 billing period, there were no units that exceeded the Tier 1 conservation zone. None under the \$5.00 billing limit. There were no units in Tier 2 and none 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.

NEW BUSINESS

Board vote to place a lien on unit 116

The Board discussed the non-payment of homeowner dues by unit #116 owners. After discussion, the Board felt that it was their fiduciary responsibility to again place a lien on the unit. It was M/S/C to put this lien in place.

Board vote to place a lien on unit 242

The Board discussed the non-payment of homeowner dues by the unit #242 owners. After discussion, the Board felt that it was their fiduciary responsibility to place a lien on the unit. It was M/S/C to put this lien in place.

Strategic Planning Committee

Bob Dickinson, committee chair, reported that the committee will be having its first meeting immediately following the Board meeting.

Redshift Issues

Bob Dickinson stated that he had met with Tony Cricelli, Redshift owner and CEO, in late January to talk about the concerns Monterey Dunes Colony has in terms of reliability of service and their customer support capability.

Redshift has developed a new link between Monterey Dunes Colony and a station at Ft. Ord, which has four times the bandwidth and more reliability than the link from Monterey provides. This new Ft. Ord link provides dramatic improvement in system capability, less of a disparity between up loads and down loads, and greater speed. The new rates that were to begin in January did not happen because Mr. Cricelli could not obtain more efficient equipment; however, new rates based on the Ft. Ord link are being developed.

OLD BUSINESS

Solar Farm Project Update

Addressed in the Managers Report.

Security System Update

Tom and Art Testani researched various options for a camera security system for the Colony and have come up with three bids for installing this system. Covered areas for surveillance are: 1) the front gate, 2) the maintenance yard and 3) the newly installed solar field. Art recommended that we have another meeting with one of the vendors to discuss small but important issues such as internet, video storage, and security of the system and if promising, present their contract to the board for discussion and approval at a future board meeting. The Board concurred.

Governing Documents Update

The new governing documents are in effect and have been notarized, recorded, and sent to all

homeowners.

OWNER'S STATEMENTS

Ted Swanson asked Tom if there had been any progress on the subject of whether home owner associations can provide virtual net metering. Tom answered that he didn't believe so, but that he would double-check.

WATER COMPANY BUSINESS

Addressed in the Managers Report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:20 a.m. The next Board meeting will be on May 16, 2015 at 10:00 a.m.

EXECUTIVE SESSION

Three homeowner requests for a water bill waiver was discussed and approved.

FOR THE BOARD OF DIRECTORS:

//s//

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

**Treasurer's Report
January and February 2015**

This report covers our fiscal year budget status through February 28, 2015.

Account Balances as of January 31 and February 28, 2015 are:

	<u>Jan</u>	<u>Feb</u>
Total MDCA Reserve Funds	\$2,249,551.01	\$2,204,834.94
+ Comm Assoc Banc (CAB) Reserve	\$ 45,813.17	\$ ---
+ ICS Reserve (Bank Acct)	\$ 793,979.94	\$ 794,836.60
+ CDARS (CD Placement)	\$ 602,751.34	\$ 602,866.95
+ CDARS (CD Placement)	\$ 506,830.94	\$ 506,928.14
+ CDARS (CD Placement)	\$ 300,175.62	\$ 300,203.25
CAB Operating	\$ 24,605.65	\$ 27,425.15
RABOBANK Petty Cash	\$ 1,067.11	\$ 991.21
CAB Water Operating	\$ 11,240.56	\$ 11,877.00
Total Water Reserve Funds	\$ 81,826.81	\$ 83,159.11
+ CAB Water Reserve	\$ ---	\$ ---
+ ICS Water Reserve (Bank Acct)	\$ 81,826.81	\$ 83,159.11

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,

John Steinhart

John Steinhart