

**COMBINED MEETING OF THE BOARDS OF DIRECTORS  
MONTEREY DUNES COLONY ASSOCIATION  
AND  
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**  
July 17, 2010

**PRESENT**

Bill Michaels, Vice President  
Jim McFeeters, Treasurer  
Ted Swanson, Director  
Jeff Schwartz, Director  
Tom Bugary, Secretary and General Manager

**ABSENT**

George Maciag, President

**WELCOME**

Bill Michaels, Vice President, called the meeting to order at 10:11 AM, July 17, 2010 at the Monterey Dunes Colony Clubhouse.

**MINUTES**

The Board reviewed the draft minutes of the May 15, 2010, directors meeting. It was M/S/C to approve the minutes as written.

**TREASURER'S REPORT**

Jim McFeeters, Treasurer, gave the Treasurer's Report for May and June 2010. Jim noted that the payments to the Capital Replacement Fund of \$16,320.00 per month and \$3,750.00 per month to the Mutual Water Association were current. Additionally, Jim stated that the account balances could be seen in the written report, which has been attached to and made part of these minutes.

**FINANCE COMMITTEE REPORT**

John Gentry, Chair, reported that the finance committee had met earlier that morning to review the FY 2009-2010 finances, as well as discussed banking options and investment strategies. John stated that Jim McFeeters presented a draft of an updated investment policy for the committee to study and a final investment policy will be formulated at the next finance committee meeting. There will be a meeting between a Mutual of Omaha bank representative, the finance committee, and any other member who wishes to attend, in order to discuss investment and banking options. Any member interested in attending the meeting should call (831-633-4000) or email ([mdca@redshift.com](mailto:mdca@redshift.com)) the office for more information.

Regarding the finances of the colony for FY 2009-2010, subject to completion of the annual audit, the incurred operating expenses exceeded our income by about \$16K, mostly due to coastal and bad debt expenses. The next meeting of the finance committee will be on 9/11/10 at 9:00 a.m., immediately prior to the board meeting.

### **AD HOC WAVE RUN-UP COMMITTEE REPORT**

Ted Swanson, committee chair gave a verbal update. He reported that the committee is seeking the most cost-effective and efficient way of protecting the homes and occupants for both the short- and long-term. A short-term approach that is being looked at is a combination of small geotube(s) and water-barriers (called Water Walls), which recently received a favorable engineering review. Ted also noted that the Water Walls will relieve some pressure that would have been put on our septic tanks from the original configuration of the project.

Water Walls are water-filled structures (like those on the freeway), and are approximately 6' long and 3' high. The units weigh about 80 pounds when empty, but when filled with water can weigh up to 1100 pounds, which means they can be placed into position fairly quickly at any location on the property and then filled with water. The committee is trying to determine a "trigger" and a process that would determine the timing of the placement of these barriers to prevent a potential breach. These units can be easily removed when there is no longer a threat to the colony. Water Wall units can stand-alone, but are made stronger when they are interconnected. The U.S. Department of Transportation issued a favorable crash report given a 2000 pound vehicle hitting a filled water wall at 45 MPH.

### **GENERAL MANAGERS REPORT**

#### **Deck and Fence Replacements**

This report covers work completed in this fiscal year 2009-2010, July 1, 2009 through June 30, 2010. It does not cover categories of work that were completed this year and not updated in this reporting period, May 15 through July 17, 2010.

Association carpenters have completed 10 of the 15 scheduled decks this fiscal year, and 3 partial decks as "charge to owner" projects. Decks were replaced at units 330, 236, 220, 214, 178 and 160, and (2 ea) at 168.

Unit courtyard fences completed, all or in part since July 1, 2009 were at units; 110, 124, 126 (partial), 144, 146, 164, 168, 220, 244, 248, 264, 266, 268, 276, 312, 316, 328, 330, and 336 (partial). Also completed were fences at the 172 refuse enclosure, units 156-158 and 260-262 garage areas and the fence along the walkway between 174 and 176. Association carpenters have fenced in well number 3 and created an access for the maintenance and repair to the well head, submersible pump, motor and panel.

Association carpenters replaced cul-de-sac signage at the entrance for units 102-130, 242-246 and 300-316. We have also replaced courtyard trellises at units 130 and 236 as well as 2 main entrance signs.

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

The association has replaced or reset 55 of a scheduled 95 window replacements this fiscal year. We continue to identify and replace defective vinyl block frame windows as they break seal at the frames and start to leak.

Association Carpenters have replaced eight entry doors this year, the latest at units 190 and 336.

Contractors replaced the garage door at unit 246 for the homeowner. Association Carpenters replaced an approved entry door in the garage at unit 310. This installation was a charge-to-owner installation.

### **Bad Debt and Foreclosures**

One Association unit defaulted, was taken over by the bank, and sold. Association fees and costs were recovered outside of our attorney fees. The other unit remains in the non-judicial *lock-step* foreclosure process with outstanding association dues and fees in excess of \$19K. As with the first unit that defaulted, the association will be working with our attorney to secure most of this outstanding debt. Attorneys responsible for collecting this debt have scheduled this unit for sale on August 16, 2010 at 168 W Alisal Street at 10 AM. While the process is lockstep, slow and time-consuming, our attorney feels confident about the association's chances to collect a good portion of what is owed on this unit.

### **Re-siding**

Since the budget cycle started on 7-1-09, association staff has replaced sidewall shingles all, or in part at units: 110, 112, 130, 138, 146, 160, 178, 196, 198, 236, 238, 240, 258, 260, 262 and 284. We did not complete all the siding projected for replacement in 2009-10, but will make up any shortfalls in the next two budget cycles.

### **Fumigations**

During this reporting period, units 258-260-262 were scheduled for tenting under our warranty with Terminix International. However, prior to tenting the building, a nest of cliff swallows with young were discovered at unit 262. Since the swallows are federally protected, the fumigation is postponed until the birds have matured and left the nest.

According to our Drywood Termite Protection Warranty, which was purchased in November 2000 and set to expire in November 2010, the association has the right to continue the coverage on a yearly basis at \$3,500, (the same price as our yearly rate to date. Two years in advance is at a reduced rate of \$6,650). This continued coverage cannot be cancelled unless the association fails to pay the annual premium by a specific date. We have a suspense of September 1, 2010 for the renewal. (This is an agenda item for the board). (unbudgeted reserve expense).

**The Board M/S/C to purchase two more years of termite warranty protection for \$6,650.00.**

### **Smoke Alarm Inspection**

The 2010 CY Smoke Alarm and Battery Replacement Project started in April and is close to completion. Management is working with the few remaining units to coordinate inspection times/dates to complete this annual project.

### **Graham Baker Compliance**

The association was required by law to retrofit the circulation systems of both the swimming pool and hot tub with devices designed to prevent the possible drowning of young children due to suction capabilities of certain circulating systems. The cost of this retrofit was \$3,300 and was not budgeted in last year's expense lines. In addition, the Monterey County Health Department levied a "compliance fee" of \$266, allowing us to retrofit the pool and hot tub.

### **Annual Fireplace System Inspection**

The Association has again contracted with Cypress Chimney Sweeps for annual fireplace inspections. The inspections start on July 1, 2010 with a projected completion date of November 30, 2010. Cypress Chimney Sweeps did not increase inspection and cleaning fees for the 2010 season. As of this date, there has been 1 red tag issued by the inspector. The owner has authorized the repair of his unit.

### **Unit Burglary**

On July 11, 2010, I received a report of a house burglary at one of our units. I have since spoke with the owner, the sheriffs' office, and am waiting on a police report. The owner reported to have left her house to have lunch in Moss Landing and upon return, discovered a few high-dollar items missing out of her unit. The owner states all doors were locked and doesn't know how this theft could have happened as there is no sign of forced entry. Management contacted the homeowner of the adjacent home and after entering and inspecting the unit found it to be intact.

### **Coastal Projects**

#### **From last report:**

*After the director's meeting on 3-20-10, the Board met in executive session to discuss the wave run-up project and changes to the contract. They also discussed the challenges from a homeowner (at the directors meeting, earlier that day), to the wave run up project. The board decided to refer to counsel and allow him to advise them of their options regarding the challenge. On 3-27-10 the Board reviewed Steve Weil's opinion letter concerning the challenges to the project and subsequently decided to meet with him the following week in San Jose to discuss this pending legal challenge. Due to bad weather and other scheduling conflicts, this meeting didn't occur until 4-19-10 in San Jose.*

*On 4-30-10 the board again met with our Engineers to go over the specifications of the wave run up plan and to look at the modified plans showing changes to the project. The discussion ended up being centered on the possibility of using water (water bladders) inside the geo-tubes, rather than costly sand. This recommendation later evolved into the possibility of using polyurethane vertical barriers and prepositioning these vertical barriers where necessary in the event of an emergency as part of the MDCA Emergency Action Plan. These polyurethane barriers are used on roads as impact barriers, they are less costly than their cement counterparts and are easily set up and taken down. The board is working with our engineers to determine the feasibility of using these barriers in the event of storm surges during the winter season.*

*On 5-10-10, the colony took possession of approximately 400+ yards of beach sand from a governmental agency to assist in the wave run up project. The sand is being stored near the south well in the southern portion of the colony.*

*I have leads on additional beach sand and hope to increase this stockpile, further reducing the cost of materials with any project we might end up completing.*

On June 24, 2010 the Monterey Dunes Colony hosted a second meeting of federal, state, and local agencies as well as selected experts and private land owners to discuss the river mouth and lagoon issues affected by proposed changes in breaching the lagoon. Issues relating to the discussion on how/when to breach were steelhead migration, snowy plover nesting, soil and sand distribution, agriculture and flood concerns and how best to manage the use of the river by all agencies to promote their specific projects and charters. It was clear by the end of the meeting that the best solution to the problem of breaching the river was *better management practices and less restrictive and timely breaching permits from the Army Corps of Engineers*, however given the conflicting agendas from each of the major players; it became clear that getting any consensus would be difficult. In many cases the agencies only agreed to disagree with the two largest players, the Department of Fish and Wildlife, (plover) and the NOAA Fisheries, (Steelhead), having conflicting Biological Impact Studies concerning the lagoon and river breaching protocols. Some good that did come out of the meeting was that most issues, be they fish, bird, flooding, or private residential concerns were now clearly articulated, so the process of river and lagoon management will not be something one agency controls, nor will decisions be made in the dark. Representing MDCA were Directors Bill Michaels, Ted Swanson, and Jim McFeeters and myself as the Association's Managing Agent.

At the direction of the board, John Kasunich from Haro, Kasunich and Associates, was asked to work up wave run-up data concerning the use of plastic water filled temporary barriers. The association received the requested data on June 23, 2010 in a letter with attached data sheets explaining his analysis. Ted Swanson evaluated the data, researched the materials and called a meeting of the ADHOC Wave Run-up Committee on Friday July 2, 2010. Members present were Ted Swanson, Bob Dickinson, and Tom Bugary. Ted agreed to research bulk cost for the barriers out of a company in San Clemente, CA. Tom was tasked with working through the County Coastal Planners and Coastal Commission with a presentation to them on the type of barriers, positioning, and what weather conditions would trigger the association to position the barriers out on the dunes, (at present), in the southern end of the property. While this type of advanced notice to the commission is not necessary, having the Coastal Commission acknowledge our emergency plan, before the emergency, will lesson the tension with State Parks when we actually put the barriers out on the property line. The barriers would be removed at the end of the "emergency", or storm season, prior to the snowy plover nesting season. David Shonman, a Coastal Biologist who has assisted MDCA with coastal projects in the past, has written an opinion to the California Coastal Commission concerning our Emergency Plan using wave run-up barriers to support the modified geo-tube permanent barrier plan which is scheduled to start on October 1, 2010. This opinion will be submitted to the Commission the week of July 19<sup>th</sup> and should secure their support for the plan.

David Shonman has also been working with the Department of Fish and Wildlife Service to gain permission for the colony to use snow fencing on the state owned beach to capture the wind blown sand and help rebuild the foredunes in the eroded areas. David has secured meetings between the State Parks, the DFWS, and the Point Reyes Bird Observatory, (contracted agents for managing the snowy plover). The goal of these meetings is to put up test fences in wind blown areas this coming year so that the biologists can study the effects of the fencing on the plovers and more specifically their nesting practices.

I have received a request from a State Parks Environmental Scientist requesting a meeting to discuss the wave run-up project, and other environmental issues affecting us as neighbors. This meeting is tentatively set for July 28, 2010.

**After discussion, it was M/S/C to add a line item to future reserve studies for establishing protective barriers for the homes because of wave run-up.**

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

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

During the May billing period, there were 11 units that exceeded the Tier 1 conservation zone, 4 of which were under the \$5.00 billing limit and not billed. One unit was noted to be in the Tier 1 billing zone. Unit owners were notified of their monthly and gallon-per-day consumption.

During the June billing period, there were 21 units that exceeded the Tier 1 conservation zone, 9 of which were under the \$5.00 billing limit and not billed. 5 units were noted to be in the Tier 3 billing zone. Unit owners were notified of their monthly and gallon-per-day consumption.

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.

End of Managers Report.

### **OLD BUSINESS**

None

### **NEW BUSINESS**

#### **Director Election by Acclamation as of July 9, 2010**

As of July 9, 2010, the current Board of Directors was reelected by acclamation.

#### **Member request to pay reserve assessments monthly versus annually**

A few years ago, homeowners were surveyed where a majority elected to pay annual reserve assessment versus dividing the assessment into 12 equal payments and adding the amount to the monthly homeowner dues. Recently, a homeowner made a request to the Board that the owners be re-surveyed. This issue was tabled to allow the Board time to contemplate what type of data should be in a survey if they decided to re-survey the membership.

### **WATER COMPANY BUSINESS**

Addressed in Manager's Report.

### **ADJOURNMENT**

There being no further business, the meeting was adjourned at 11:55 a.m. The next meeting date has been rescheduled from September 18 to September 11, 2010 at 10:00 AM.

**EXECUTIVE SESSION**

The Board discussed a homeowner request for a waiver of association policy concerning deck replacement.

FOR THE BOARD OF DIRECTORS:

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

## Treasurer's Report May and June

This report covers our fiscal year budget status through June 30, 2010.

Account Balances as of May 31 and June 30, 2010 are:

	<u>May</u>	<u>June</u>
Union Bank Reserve	\$ 569,787.93	\$534,897.65
Mutual of Omaha Reserve	\$ 250,807.03	\$594,233.15
Union Bank Operating	\$ 82,163.53	\$103,938.97
Union Bank Investment Acct	\$ 8,005.52	\$ 8,006.21
Community Bank Petty Cash	\$ 454.14	\$ 940.73
Union Bank Water Operating	\$ 24,539.60	\$ 13,463.63
Union Bank Water Reserve	\$ 103,512.34	\$104,861.89

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,

*Jim McFeeters*

Jim McFeeters, Treasurer