

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

**May 19, 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 May 19, 2018 at the Monterey Dunes Colony Clubhouse. Bill stated that Allen Rudolph couldn't attend today's meeting because he is attending his daughter's graduation.

**MINUTES**

The board reviewed the draft minutes of the March 17, 2018 board meeting. It was M/S/C to approve the minutes as presented.

**TREASURER REPORT**

In the absence of Allen Rudolph, treasurer, Tom Bugary, GM, gave the Treasurer's Report for March and April 2018. Tom noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, Tom 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**

Tom Bugary reported for Allan Rudolph, Treasurer that the finance committee meeting scheduled on May 18, 2018 had been cancelled but that Rick Crowley, a member of the committee was at the colony on that day, came into the office and reviewed the Association and Water Company finances without comment.

**ENVIRONMENTAL CONTROL COMMITTEE (ECC)**

Tom Bugary reported for Fran Gentry, Acting Committee Chair. The ECC had a teleconference on May 18, 2018 to review two applications, both from unit #214 – one to install storage shelves in their garage and the other to install an electric vehicle charging station in their garage, purchasing association power for the charging station due to the location of their garage. The application for storage shelves in the garage was

approved with stipulations. The application for the charging station was approved with stipulations, one being that the requesting owners pay peak rates to the association for any power used. After researching power costs in our area, the committee recommends to the board a standard peak rate of 14.1 cents per Kwh for this agreement and for homeowners who require this type of setup due to the proximity of their garage to their unit in the future. This peak rate is subject to periodic changes by PG&E and will be reviewed annually and adjusted, if necessary. The homeowner of unit 214 was also required to pay for the agreement as drafted by association counsel, however, if any homeowner requests this type of agreement in the future, Tom states he will charge the requesting homeowners a portion of the cost of the agreement and return the difference back to the owners of unit 214. The board MSC to approve the electricity rate and installation procedure using association power.

### **ADHOC CLUBHOUSE UPGRADE COMMITTEE REPORT**

The committee has talked about painting the ceiling and support beams white and replacing the light fixtures. They also discussed painting the room in order to brighten it. However, the committee does not have any final recommendations and requested that the board move the budgeted funds for redecorating the clubhouse from this fiscal year to next fiscal year. The board M/S/C approving their request.

### **ADHOC RENTAL COMMITTEE REPORT**

Dick Matthews stated that he has met with his committee members - Colleen Floyd-Carroll (#312), Allison Jefferson (#146) & Patricia Puterbaugh (#176). The committee developed a white paper outlining prospective renter vetting and rule enforcement (attached). Dick emphasized that it is ultimately up the homeowner to rent or not rent to any person.

### **GENERAL MANAGER'S REPORT**

#### **MONTEREY DUNES COLONY ASSOCIATION**

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2017-2018, (July 1, 2017 through June 30, 2018). It also includes management topics associated with the May 19, 2018 director's meeting.

#### **Windows, Doors, Fences, Roofs, Decks, Skylights and Signage.**

Partial replacements/repairs were made to courtyard fences at units 204, 216 and 268.

A light pole near the main gate was replaced due to severe termite damage.

The reroofing of residential units (114, 116 and 118), (138, 140 and 142), and (224, 226 and 228) were completed, permits finalized and warranties issued. Garage units (112, 114, 116, 118), (138, 140, 142) and (224, 226 and 228) were also completed. Contractors are inspecting roofs to determine which three buildings will have roofs replaced in the 2018-2019 budget cycle.

Three skylights were replaced on the sloped roof section of unit 142.

Units 182 and 184 Oceanside decks were replaced. A damaged deck was repaired at unit 212. Association carpenters replaced the decking in the swimming pool area, completed the last week of January 2018.

An ADA ramp was installed at unit 228 and 334 as additional work and billed to the respective unit owners.

All cul-de-sac identification signs have been refinished or replaced.

### **Annual storm damage repair and cleanup**

The association contracted with Central Coast Tree Service for major tree work at unit 156-160, 226-228, 306 and a large tree near the clubhouse.

Landscapers removed ice plant and spinach plants throughout the colony spraying some of the larger, thicker patches where more economical. Landscapers are also clearing the road edges getting ready for the roadwork later this year.

### **Boardwalk replacement**

Association staff replaced the boardwalk in the common area between units 204 and 218. We are next scheduled to replace the wooden boardwalk between units 262 and 264.

### **Painting and Weatherproofing**

Association staff has completed sealing and re-painting the exterior trim on units; 130, 138, 140, 142, 154, 160, 162, 170, 174, 176, 178, 180, 182, 212, 214, 216, 230, 232, 234, 252, 254, 256, 270, 272, 274, 276, 278, 280, 282, 284, 286, 288, 290, 292, 294, 304, 306, 308, 310, 324, 330 and garages from 102 through 130.

### **Side Wall Shingles**

The wind wall at unit 282 was re-shingled.

### **Drainage Field, Chip Seal and Asphalt Repair**

I have delayed the bidding for the chip seal and asphalt repair, originally scheduled for this spring due to complaints from our neighbor, Mike Scattini, that rain runoff from the cul-de-sac at units 102-130 combined with runoff from the guardhouse area is flooding the farm fields adjacent to the colony property. He asked that the colony participate in installing catch basins and drainage systems he has installed on his property. After inspection, consideration and collaboration with the members of the board, I researched the possibility of installing a new curb system and a drainage field near the guardhouse. I contracted with a local engineer to evaluate the drainage field possibility. After confirming that this type of repair would keep water from dumping into the farmer's field, I now plan on a quick install and will tie this drainage field into the chip seal and asphalt repair work which has been deferred until the end of the calendar year. This additional work will put these projects over budget but with some cost savings over contracting these projects separately. Additionally, we are tasked to maintain the road accessing the property from the entrance of the Salinas State Beach parking area to the entrance of the colony. Although this road belongs to the State Parks, historically the colony has been charged with making any repairs to the road which we use exclusively as an easement over state park property. This will add an additional 10-15% onto the contract price for the chip seal and road repair.

With the drawings completed in early May, I have asked Carl Black to work up some numbers using local lumber/construction yards for estimating materials specified in the drawings and I plan to "sub" the work to drainage field contractors using Carl Black as the General Contractor on a time and material basis. After the drainage fields are completed, we will then take bids for the asphalt repair and chip seal project.

## **Swimming Pool**

The pool opened on April 1, 2018 and will close for the season on October 31, 2018.

## **Hot Tub**

We have removed all the jets from the hot tub, cleaned them and found a contractor to repair the surface tiles of the hot tub this year. The hot tub will be closed for about a week in early June for these repairs. It is my plan to phase out this type of in-ground tub and replace it with a commercial above ground tub in the next few years.

## **Bees Hive(s) removal from the front gate**

Management has contracted for two large honey bee hives to be removed from inside the wood structures adjacent the front gate of the colony. One of the hives measures an estimated six by eight foot in size and the other, slightly smaller. The structures will have to be disassembled in order to remove the hives in pieces at night when the bees are dormant. The bees are being relocated off the property to an organic farm in Carmel Valley.

## **Security Camera System**

The camera system in the colony was installed in 2015 and set up by a company out of San Jose. The software used in the system when installed was proprietary to that company and most adjustments and repairs to the system were completed remotely. In late 2017, the company went out of business and would not respond to service calls or requests to reset the system passwords. With the system down, we contacted a technician at Potters Electric in Seaside who is helping us reestablish the system with new software. This software is less proprietary and has a centralized collection point for video playback. All existing equipment is serviceable and will continue to be used with the new software operating the system. The camera system is expected to be completed and fully functional the week of May 21, 2018.

## **Street Lights**

As an enhanced preventive maintenance schedule, we are disassembling the streetlights that are showing signs of deterioration, sandblasting the shell, repainting them and rebuilding the LED inserts. We have completed 6 lights as of the date of this report.

## **Risk Control Inspection, Traveler's Insurance and Building Inspection.**

On January 30, 2018, the colony had a risk control inspection by our insurance carrier. The inspector, Randall Woodley specifically wanted to look at the colony's safety and risk management programs, review maintenance and inspection records for the buildings, survey selected areas within the development including recreational areas, the maintenance/service yard, water company buildings, hazmat storage and the site of an accident currently in litigation at unit 186. After the inspection we discussed potential exposures and upon conclusion the inspector did not have recommendations for changes in the way we do business. I received a follow up letter on February 2, 2018 confirming his findings.

On May 10, 2018 Counsel for the parties involved in the ongoing litigation met with construction experts at unit 186 to inspect the area where Mr. Larabee, (a renter), allegedly fell in the courtyard of the unit on the afternoon of December 26, 2015. The inspection took about an hour. Depositions followed the next day in San Jose for both the MDCA security guard and the general manager.

## **Coastal Projects**

### **From last meeting:**

*On 22 and 23 February 2018 the Monterey County Water Resources Agency trucked in 140 yards of sand excavated from around the Old Salinas River slide gates. The colony is storing this sand in the southern end of the colony for future restoration projects.*

### **Update:**

The western snowy plover breeding season began on March 1, 2018. State Parks has already installed the barrier fencing with signage identifying the breeding areas. I have been asked by the environmentalists to pass out flyers to guests visiting the colony, explaining the fencing and the importance of staying out of the nesting areas. State Parks has reported that at least one nest has been destroyed by foot traffic this year and the eggs destroyed. The concierge is distributing the flyers to all guests entering the colony.

Mark Foxx with Haro-Kasunich and Associates has reviewed the topographic survey from Central Coast Surveyors. Mark stated that *“It will be a significant effort to do the tasks identified in our letter to Monterey Dunes Colony dated 17 October 2017. That work involves: “Comparison of the 10-27-1970 topographic map, used as a base map by Rogers Johnson and Associates (REJA) in 1983 (by me) and later revised in 1995 and 2008 by REJA, with the current map Central Coast Surveyors has prepared in the same scale and contour interval as used in 1970, with a rectified color aerial photo overlay. Comparison of ground surface profiles (cross sections) through the new topographic map in the same locations as the 1983 REJA sections, and the 2009-2011 Coastal Conservancy LiDAR topographic map and the 2016 West Coast LiDAR topographic map will allow mathematical comparison of the recent site conditions and quantification of the threat to the septic leach fields and homes from additional coastal erosion that is expected to eventually occur at MDC. Through the additional scientific study and engineering analysis, we are hoping to be able to assess the level of risk based on quantitative evidence of past conditions and the trends and rates of change that are discovered, quantified and projected into the future.”*

Mark Foxx has requested a \$40K budget to do the work and present the colony with a product and timeline from which the colony can conduct long-range planning. *The board made MSC to approve the budget subject to itemized billings and progress reports.*

## **Drywood Termite Maintenance Program Update**

### **Local Treatments: (Terminix International)**

Units 222 and 246 garages, units 106, 118, 136, 148, 196, 222, 248 and 250 living areas.

After receiving several proposals for a drywood termite maintenance contract for our garage buildings, we selected a local termite company to use to tent infected garages. Wheeler Termite Company located in Salinas proposed a 5-year warranty for any buildings they treat to remain free of drywood termites. The cost per garage building is between \$1,500 to \$1,700 depending on volume of area to be treated. The association controls the schedule and can inspect treated garages and report warranty work directly to Wheeler, up until each building warranty expires. This warranty is not prorated so if there is a re-infestation during the 5-year warranty period, he will re-tent the building. There is no ongoing contract, nor money spent up front. We will tent garages as needed. This type of program can be easily managed in the reserve schedule at around \$7,500 - \$8,500 a year. In years needing fewer treatments, unused funds are returned to the reserves.

Completed Fumigations: (Wheeler Termite Company)

Garages: 156-158-160, 218-220-222, 294-296-298, 312-314-316 and 324-326-328 were completed on March 20-21 and finished on March 22, 2018.

Upcoming Fumigations: (Wheeler Termite Company)

Residential Units: 246-248 and 250 on June 14, 15 and 16, 2018.

Units: 196-198 and 200 on June 18, 19 and 20, 2018.

After continuous procrastination and demonstrating an unwillingness to act in good faith to treat our residential buildings according to our maintenance contract, I notified Terminix that they are in fact, “terminated”. We will not renew with them on June 1, 2018 and have submitted a detailed complaint to the State of California Structural Pest Control Board in Sacramento. I outlined their poor performance, false advertising and deceptive maintenance practices. On May 17, 2018 a Consumer Services Analyst from the State Structural Pest Control Board called the colony office asking for more information on the complaint. Susie sent them email trails, warranties, policies and other correspondence in support of the complaint. I haven’t yet decided if we will file in small claims court seeking the return of last year’s maintenance fees as advertised on the Terminix website.

In the interim, I have shifted Termite treatments of our residential buildings to Wheeler Termite Company on a “volume”, (per cubic feet) basis for fumigations and time and material basis for any local treatments. It is my belief that we will get more for our money if the money is spent after the service is rendered and not in a bulk payment on an annual basis.

**MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**

**Water Conservation Billing**

During the March 2018 billing period, there were 10 units that exceeded the Tier 1 water conservation limit. Three units were under the \$5.00 billing limit. There were 2 units in Tier 2 and 5 units in Tier 3.

During the April 2018 billing period, there were 13 units that exceeded the Tier 1 water conservation limit. Six units were under the \$5.00 billing limit. There were 2 units in Tier 2 and 5 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.

During the month of February, we received several onsite inspections by the North Monterey County Fire District. While there were no deficiencies in his reporting, he did advise additional hydrant maintenance including the sandblasting and repainting of all the hydrants. There were other recommendations made to ease access to the hydrants by the fire department and to insure that increased pressure was available in the event of a fire. The association has complied with his recommendations.

The repairs to the main water tank are complete.

**OLD BUSINESS**

**None**

## **NEW BUSINESS**

### **UPDATE THE CC&R'S TO CLARIFY DECK-CLEANING RESPONSIBILITIES**

Although there is a policy stating that homeowners are responsible for cleaning their own unit decks, adverse wording in a definition in our CC&R's conflicted with this age old policy; therefore, we either have to hire a full-time staff member to clean decks as required by the CC&Rs, or we have to amend the CC&R's to reflect that homeowners are responsible to clean their own decks. A motion was made to send ballots to homeowners in order to vote on amending the CC&R's in which we need a 2/3 (super) majority (81) votes to pass this amendment. The motion was M/S/C.

### **APPOINT NOMINATING COMMITTEE AND COMMITTEE CHAIR**

Bill Michaels was appointed the Nominating Committee Chair, along with Jim McFeeters and George Maciag. They were tasked to provide the board with a slate of nominated homeowners for next year's board.

## **OWNER'S STATEMENTS**

### **FLAG REQUEST**

A homeowner requested that the board honor all those who have served and are currently serving our nation by placing an American flag in the common area of the Monterey Dunes Colony. The board decided unanimously that the flying of the American flag on MDCA common property needs to be discussed further and deferred it first to the ECC for comment.

### **PG&E RATE BILLING**

Several homeowners have expressed concern that the PG&E rate that the colony is charged is not the correct rate. Stuart Wentworth (#170) will speak to PG&E and try to get the Colony charged at the correct rate and will report back at the next board meeting.

## **WATER COMPANY BUSINESS**

Addressed in Managers Report.

## **ADJOURNMENT**

The meeting was adjourned at 12:00 P.M. The next regular board meeting is scheduled for July 21, 2018 at 10:00 A.M.

### **Respectfully Submitted**

//s//

Thomas J. Bugary CMCA, CCAM  
General Manager and Secretary

## **EXECUTIVE SESSION**

The Board had two hearings and three discussion items (detailed below).

- Hearing, one homeowner failed to notice the association of rental activity. Homeowner fined \$150.
- Hearing, one homeowner cited for parking violation. Homeowner fined \$150.
- Homeowner requests waiver for excess water use. First time violation, fine waived.
- ALS update on APN 229-081-023
- Larabee litigation update



## Treasurer's Report March and April 2018

This report covers our fiscal year budget status through April 30, 2018. Account Balances as of March 31, 2018 and April 30, 2018 are:

	<u>Mar</u>	<u>Apr</u>
Total MDCA Reserve Funds	\$3,243,491.22	\$ 3,169,510.68
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ ---	\$ ---
+ <i>ICS Reserve (Bank Acct)</i>	\$ 694,304.25	\$ 619,162.10
+ <i>CDARS (CD Due 3/28/19)</i>	\$ 305,324.47	\$ 305,449.98
+ <i>CDARS (CD Due 1/31/19)</i>	\$ 610,511.86	\$ 610,888.31
+ <i>CDARS (CD Due 3/26/20)</i>	\$ 316,644.90	\$ 317,113.70
+ <i>CDARS (CD Due 3/25/21)</i>	\$ 309,499.95	\$ 309,690.80
+ <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	\$ 23,767.51	\$ 71,112.53
RABOBANK Petty Cash	\$ 1,111.80	\$ 1,100.80
CAB Water Operating	\$ 32,085.99	\$ 32,337.05
Total Water Reserve Funds	\$ 158,475.94	\$ 159,814.94
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 158,475.94	\$ 159,814.94

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,

*Thomas Bugary*, GM

for - Allen Rudolph, Treasurer

**Prospective Renter Vetting & Rule Enforcement**  
Monterey Dunes Colony Rental Advisory Committee  
February 11, 2018

The Monterey Dunes Rental Advisory Committee was created by the MDCA board of directors to provide advice and support to both the MDCA board and MDC homeowners who provide vacation rentals (short-term rentals or STRs) with the intent to minimize rule violations, disturbances, and nuisances by renters. Some MDC owners have rented their home for many years, while others are new to this. This document is the committee's advice to every STR owner.

**Prospective Renter Vetting & Reservation Booking**

1. We discourage the use of instant bookings offered by online vacation rental websites (OVRWs). In our fast paced society, travelers want quick action. Instant bookings may generate more income, but may bring guests who are not compatible with the MDC community.
2. Unfortunately, most OVRWs are now promoting or even requiring instant bookings. Not offering instant bookings will place your listing below others. If you choose to offer instant bookings, we strongly suggest you send a reservation confirmation message that clearly restates the rules and offers cost-free cancellation to the guest if they cannot conform. Most OVRWs allow cost-free cancellation during the 24-48 hours after the reservation was made.
3. Know your prospective guest. Review the information provided with the reservation request. Unless the guest has already disclosed information about the group and the purpose of the trip, we suggest you ask some questions. Get information about the guest and the group. If the request comes through one of the OVRWs, read past reviews of the guest. Post a summary of MDCA rules in all of your marketing materials.
  - a. Confirm the group's headcount including children meets the occupancy limit for your home. Often, travelers do not include children in their disclosed headcount but MDCA rules apply to occupants of all ages. If the prospective guest is uncertain about headcount, that is a red flag. There are often cases where they do not know if a family member or friend will be able to join the group. This is understandable but if they are uncertain about multiple people, it looks too much like it might be a party group with outstanding invitations.
  - b. Allow a group to cancel a reservation if they learn that still more people want to join the group thereby exceeding the occupancy limit or if they failed to understand initially that children are included in the headcount.
  - c. Confirm that the group will not have too many vehicles. If your garage will accommodate two vehicles, we recommend no more than four guest vehicles. Communicate that RVs, campers, trailers, and boats are not permitted.
  - d. Will the prospective guest be celebrating a graduation, a birthday, an anniversary, or enjoying a family or friend reunion?
  - e. If you use social media, consider doing a quick search on the prospective guest. We do NOT encourage discrimination on the basis of ethnic or cultural background, socioeconomic status, or any other form of illegal and unethical discrimination.
  - f. Make sure they do not intend to bring a pet.
4. Deny requests by wedding parties unless they confirm the rehearsal dinner, the wedding, and the reception is somewhere else. Deny a guest asking permission for a wedding on the beach.

Weddings, gatherings, and events by renters are prohibited in MDC unless an MDC owner is present and has gotten MDCA management approval.

5. We discourage reservations from people seeking multiple homes unless a MDCA owner will be present during the stay. The whole group will undoubtedly all gather at one home possibly causing noise and parking problems.
6. Be particularly wary during school spring break periods. Be cautious of anyone asking if they can have a fire on the beach and on prospective guests making last minute requests.

### **Contracts & Procedures**

1. Your online and/or hard copy contract should include a summary of all the MDCA rules that apply to renters. Rules such as headcount, vehicle count, and events should be cause for denial of the reservation request. Other rules such as walking on the dunes, use of the athletic facilities, parking specifics, garbage bins, etc. are rules that need to be emphasized after the rental confirmation.
2. Before sending keys or providing access information to the guest, request the name of one person in each vehicle. For an example, see Vehicle & Parking Information file attached. If there are too many names, you will know there will be a parking problem and maybe a headcount problem. You may have to cancel the reservation.
3. When sending keys or providing access information, include the rules again. The renter should have seen the rules as part of your online or hardcopy contract but it needs to be sent again. For an example, see the handbook attached.
4. Also, post the rules in the home in a visible location.
5. Review your security deposit. We suggest it should be at least \$500.00. This serves two purposes: (a) to make guests pay more attention to rules and (b) to cover fines if there should be a violation.

#### Attachments:

Vehicle & Parking Information  
Handbook 2 - Separate Pages