

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

September 19, 2015

PRESENT

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

ABSENT

None

WELCOME

Frank Williams called the meeting to order at 10:00 AM, September 19, 2015 at the Monterey Dunes Colony Clubhouse. He announced that the homeowner's annual meeting would be on October 17, 2015; followed by a BBQ at 12:00 p.m.

MINUTES

The Board reviewed the draft minutes of the 7-18-15 Directors meeting. It was M/S/C to approve all three sets of minutes as presented.

TREASURER'S REPORT

John Steinhart, Treasurer, gave a verbal report for June and July 2015. John noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, John 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 reported that normally the committee would be presenting the FY 2014-15 audit results; however, there are a few questions concerning the draft audit that need to be answered and, due to travel by Ted Adams, chair, and John Bellitto, CPA and auditor, the finance committee meeting has been postponed until they can both be in attendance. The next scheduled

date for the finance committee will be the day before the annual homeowner's meeting and BBQ, October 16, 2015, at 3:00 p.m. The Board will have a meeting at 9:00 a.m. the following day to accept the finance committee report and the audit, if recommended by the committee.

STRATEGIC PLANNING COMMITTEE REPORT

John Steinhart stated that they have a first draft of a report and they plan on finalizing it by the Board meeting on October 17. Key areas of the report will include: 1) Environmental threats to MDCA; 2) Infrastructure; 3) Resort vs. Retreat; and 4) What will MDCA look like in 10 years.

ENVIRONMENTAL CONTROL COMMITTEE (ECC)

Unit #146 has submitted two ECC requests – 1) a hot tub through the Oceanside deck and 2) to install electronic entrance door hardware to replace the existing. Both requests were approved with stipulations.

RENTAL COMMITTEE REPORT

George Maciag reported that the rental committee has met and discussed how rentals have impacted parking, trash and disturbances. It has also looked at the current rules and how they are enforced. George feels that the committee will be prepared to submit a final report to the Board within the next four weeks. George wanted to emphasize that every one of the committee's recommendations will apply to owners and renters equally with one exception - parking. Parking is a controversial issue within the committee and needs further discussion. Once the report has been revised, recommendations made and approved by the Board, the committee will begin discussions on revising the Association rules and schedule of fines and adjust the rules to fit updated operating procedures.

George stated that once completed, the initial rental committee report is only phase I of the rental committee's charter. Phase II will be much more difficult because it will be a study of the various Monterey County and Coastal Commission ordinances and laws that have to do with rentals in the coastal zone. George concluded by saying that "at this point, it is unclear what our obligations are regarding enforcement of the various laws; thus, phase II needs to be researched in great detail."

GENERAL MANAGER'S REPORT

MONTEREY DUNES COLONY ASSOCIATION

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2015-2016, (July 1, 2015 through June 30, 2016).

Windows, Doors, Fences, and Skylights

Windows are on order for unit 290 which is pending replacement of block-framed vinyl windows and sliding glass doors. Other units pending replacements are units 232 and 294.

Three skylights were replaced on unit 210.

Solar Project

From Last Report:

I selected Searle Electric in early June to install the electrical portion of the project. His bid was the lowest of the 4 that I received for \$14,931. The other bids were \$21,600, \$35,250 and \$33,400. All bids were to the same specifications. Searle Electric completed the electrical hookups in June and since that time, we have been waiting for the proper marking stickers to be made that will pass PG&E inspection. Once PG&E inspects and approves the system, the Building Department will final the project and PG&E will authorize us to use of the system.

Searle Electric completed the electrical configuration in late August and North County Fire completed its inspection of the system on 8-20-15. The Monterey County Planning Department signed off on the permit completing the project on 8-27-15. On 9-4-15 PG&E inspected the system prior to putting the system on line and found one of the arrays to be malfunctioning and returned the project for repair. Searle Electric corrected the wiring and the system is now up and producing power. We are again scheduled to meet with PG&E on Monday 9-21-15 at 10 AM. Hopefully the system can be put on line shortly thereafter.

Association staff has installed motion sensor flood lights on the perimeter of the solar field to enhance the security of the system and set up a washing station where the staff can keep the panels clean and operating at optimum efficiency.

Annual Chimney Inspections/Cleaning

Annual fireplace systems are complete except for one unit. The unit owner denied the association access to conduct the inspections and will be noticed to provide the association with an inspection document from a certified chimney inspector of his choice, as well as a smoke alarm inspection and battery replacement, stating both systems are functional.

117 fireplaces were
inspected in calendar year 2015.
2 fireplaces need replacement, (red-tagged in 2015).
4 fireplaces need repair, (2 were red-tagged in 2015).
1 unit fireplace red-tagged and needs replacement, pending since 2013.
5 systems are red-tagged as of this date.

Painting

Association staff has completed painting the exterior trim on units 206 to 210, 212 to 214, 258 to 262 and garage trim at units 150 to 194 and 242 to 340.

Landside Boardwalk Replacement

Landside boardwalks have been replaced between units 130 to 132 and 258 to 254.

Terminix Maintenance Program Update

Local Treatments for drywood termites:

August 3, 2015 Unit 222
Unit 222 garage.
Unit 312 garage
Unit 314 garage
Unit 316 garage
Unit 326 garage

Terminix is scheduled to conduct an annual roof inspection of all the building in the colony in October.

Coastal Projects

From last board meeting on July 18, 2015:

On July 15, 2015 David Shonman received a response from Amy Palkovic (State Parks) concerning her opinion on the submitted draft MOU. Most of her comments were recommendations for minor adjustments and she gave us another new point of contact in the event she is not available during the MOU staffing process. Her discussions with David were concerning boardwalks, Snowy Plovers and a commitment that the colony would only use native dune plants in our revegetation program.

David will be discussing the MOU with Steve Bachman, Amy Palkovic's supervisor in the near future. Steve Bachman has a moderating effect on the younger, more rigid staff members. Unfortunately, Steve is tied up with a review of the State Parks' Ft Ord Dunes project, so he's letting Amy Palkovic take the lead on representing the State Parks in discussions over this agreement. The strategy is to connect back with Steve Bachman hoping that over the course of a couple of meetings we will be able to iron out any "rough spots" in the MOU. After that, we should be able to move forward with it to the more detailed discussions with the Coastal Commission in Santa Cruz.

We will be updating our alert roster this summer and I will have discussions with David over the upcoming El Niño. After monitoring NOAA's El Niño websites for the past few months, David reports NOAA weather specialists are confident that a strong El Niño is building. At this point, there's not enough information to predict if this will be as strong as the 1982/83 or 1997/98 events, but they are confident that, later this year, we'll almost certainly experience stronger rains & winds than occurred during the last few winters (which have been moderate).

David is currently working with the City of Carmel, helping their staff, Commissions and Council plan for this upcoming winter. I plan to piggyback on that planning by meeting with David and seeing what we can take away from their plans and preparations. Given NOAA's predictions, this summer/fall will be a good time to consider how the colony will respond if it encounters severe conditions.

The Board directed Tom to find out prices for both 100 and 150 additional water barriers. After reporting both prices, the Board will decide how many they wish to purchase.

Current Report:

During the months of July through September, David Shonman and I have collaborated over the upcoming El Niño year. Monitoring the NOAA Website, David continues to suggest the probability of a difficult year. I recommended that we sit down with the Coastal Commission and discuss our options for protecting the association from projected storms. David suggested working with local coastal engineers to modify our emergency plans, possibly strengthening our current run-up barrier system. He highly advised that this subject be discussed at board meetings.

On September 17, 2015 David discussed options available to the colony during inclement weather with Mike Watson from the Coastal Commission. Mike did not have time to meet with us face to face but did speak with him on the phone. Given the sensitivity of our location, as well as the regulatory agencies position on hard fixes, both felt that even though it might be difficult to impose a hard fix if necessary, we might be able to do so if conditions were so severe that danger to people and/or property was eminent. Mike Watson told David that the association had a good system with the run-up barriers on the south end of the property and he gave the association permission to deploy them when the situation warranted. He asked for a follow up email from us explaining the situation, letting him know how long we planned to leave the barriers deployed. In addition to the barrier placement, management is updating the emergency notification roster and obtaining additional sandbags for use closer to the houses if necessary.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the July 2015 billing period, there were 42 units that exceeded the Tier 1 water conservation zone. Eleven units were under the \$5.00 billing limit. Four units were in Tier 2 and 27 units were in Tier 3.

During the August 2015 billing period, there were 20 units that exceeded the Tier 1 conservation zone. Eight units were under the \$5.00 billing limit. There were 4 units in Tier 2 and 8 units 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.

Well 3 has been repaired. Salinas Pump fabricated and cut in a backflow prevention valve along with some new piping. Well 3 pumps alternately with well 4 and are the sole sources of water to the colony.

END OF REPORT

NEW BUSINESS

None

OLD BUSINESS

Solar Farm Project Update

Addressed in the Managers Report.

Security Camera System Update

Addressed in the Managers Report.

OWNER'S STATEMENTS

Request that annual reserve assessments be paid via ACH

A homeowner, via email, requested that the Board allow annual reserve assessments to be paid via ACH (automatic payments initiated by Monterey Dunes Colony) similar to monthly assessments. After discussion, the Board approved this method of payment beginning in 2016. The next time invoices are sent for the annual reserve assessments (6-1-2016), there will also be a form for homeowners who choose to pay via ACH.

Possibility of attendance at Board meetings via telephone

There was a suggestion that, in order to encourage more homeowner involvement, attendance at Board meetings should be available via telephone. The Board directed Tom to investigate a telephonic means of attendance where the Board could control which participants could speak when and for how long.

Email Board meeting agendas to homeowners

A homeowner in the audience suggested that Board agendas not only be posted on the website, but also emailed to homeowners. The Board requested management to email the agendas to homeowners who have signed up to receive electronic correspondence.

WATER COMPANY BUSINESS

Water Conservation reports for July and August 2015

Addressed in the Managers Report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:35 a.m. The next Board meeting will be on October 17, 2015 at 9:00 a.m. to be followed by the annual homeowners meeting at 10:00 a.m. and a BBQ at 12:00 noon.

FOR THE BOARD OF DIRECTORS:

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

EXECUTIVE SESSION

The Board met in executive session to discuss:

- Update and make decision to continue foreclosure proceedings on APN 229-08-023.
- Approve letter to APN 229-081-023 requiring certification of fireplace and smoke alarm inspection.
- Three requests for waiver of late fees for annual reserve assessments.
- Homeowner request to reclassify unit from a 3 bedroom to a 4 bedroom unit.

Treasurer's Report
July and August 2015

This report covers our fiscal year budget status through August 31, 2015.
 Account Balances as of July 31 and August 31, 2015 are:

| | <u>July</u> | <u>August</u> |
|--|----------------|----------------|
| Total MDCA Reserve Funds | \$2,599,765.95 | \$2,637,212.37 |
| + <i>Comm Assoc Banc (CAB) Reserve</i> | \$ --- | \$ --- |
| + <i>ICS Reserve (Bank Acct)</i> | \$ 795,604.71 | \$ 832,016.94 |
| + <i>CDARS (CD Due 8/6/15)</i> | \$ 300,354.31 | \$ --- |
| + <i>CDARS (CD Due 2/4/16)</i> | \$ --- | \$ 600,410.58 |
| + <i>CDARS (CD Due 3/31/16)</i> | \$ 300,348.27 | \$ 300,437.57 |
| + <i>CDARS (CD Due 3/30/17)</i> | \$ 300,627.16 | \$ 300,788.07 |
| + <i>CDARS (CD Due 3/29/18)</i> | \$ 301,036.06 | \$ 301,302.07 |
| + <i>CDARS (CD Due 3/26/20)</i> | \$ 301,795.44 | \$ 302,257.14 |
| + <i>Cash Transferred to Water Co.</i> | \$ 300,000.00 | \$ --- |
| CAB Operating | \$ 110,123.28 | \$ 100,981.93 |
| RABOBANK Petty Cash | \$ 816.99 | \$ 615.48 |
| CAB Water Operating | \$ 18,478.56 | \$ 19,182.16 |
| Total Water Reserve Funds | \$ 77,403.51 | \$ 78,752.27 |
| + <i>CAB Water Reserve</i> | \$ --- | \$ --- |
| + <i>ICS Water Reserve (Bank Acct)</i> | \$ 77,403.51 | \$ 78,752.27 |

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

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