

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

November 18, 2017

Present

Bill McGowan, President
Todd Davis, Vice President
Allen Rudolph, Treasurer
George Maciag, Director
Biff Jelavich, Director (via telephone)
Tom Bugary, Secretary and General Manager

Absent

None

WELCOME

Bill McGowan called the meeting to order at 10:00 a.m. on November 18, 2017 at the Monterey Dunes Colony Clubhouse. Bill talked about the direction of the Board – he stated that he had looked up the charter of the Board in the CC&Rs of the Colony and that it said the Board needed to make financially sound decisions in the best interest of the Colony, so that will be the principals adhered to moving forward. As a Board, we have heard that a major concern of homeowners are the property values at the Colony so we plan on focusing on that topic and do what we can to maximize the property values. We also want to focus on what makes an individual's stay at the Colony, for all of us, including our guests and renters, comfortable and enjoyable. Bill went on to say that he welcomes input regarding these issues at any time throughout the year and that working together we can maintain the peaceful beauty of the Colony. Next, Bill thanked his predecessor, George Maciag. As Board president the previous year, George provided excellent guidance and kept the Board focused on the issues at hand. Additionally, Bill thanked John Steinhart (in absentia) for all of his hard work in the previous year. In conclusion, Bill introduced the newest member of the Board – Allen Rudolph who will serve as the Board treasurer.

MINUTES

The Board reviewed the draft minutes of the 9-16-17 Board meeting. It was M/S/C to approve the minutes as presented.

TREASURER REPORT

Allen Rudolph gave a verbal report for September and October 2017. Allen noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, Allen 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

Allen Rudolph, the chair of the finance committee, gave a verbal report regarding the finance committee meeting the previous day. They reviewed both the Colony and Water Co. FY 2016-17 audit reports and are recommending that the Board approve the audits as submitted. After discussion, the Board M/S/C approval of both audit reports. Allen further recommended to the Board that they appoint Mathias Daniels, unit #106 homeowner, as the newest finance committee member to replace a member who was forced to resign – as Board president, Bill McGowan couldn't serve on the finance committee. After discussion, The Board M/S/C approval of Mathias Daniels as a finance committee member. The committee reviewed the current finances of both the Colony and the Water Co. and determined that the only major ongoing project was the sanding/repairing/painting of the water tank. The expenses for this project will exceed budgeted amounts; however, we have enough funds in our account to pay for them.

ENVIRONMENTAL CONTROL COMMITTEE (ECC)

Due to family health issues, the chair of the committee, Jeff Schwartz, will be taking a leave of absence. His temporary replacement will be Fran Gentry, ECC member. Fran has been the previous ECC Chair and is the most experienced member of the committee. In the absence of a third committee member, George Maciag volunteered to serve on the committee for as long as necessary. Fran reported that there has been one ECC teleconference, on November 15, since the last Board meeting. The committee discussed the following requests:

- 1) Unit #244 had three requests:
 - a. Replacing their entrance door with a non-conforming door;
 - b. Replacing their three Ocean-side picture windows with one large picture window; and,
 - c. Installing roof jacks on their flat roof for venting.

Requests b) and c) were approved with stipulations. Request a) was denied.

- 2) Unit #278 requested that he replace his red-tagged fireplace with a wood burning stove. This request was approved with stipulations..

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 November 18, 2017 director's meeting.

Windows, Doors, Fences, Roofs, Decks and Skylights

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

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) are complete, inspected, permits signed off on and 5-star warranties issued, as well as garage units (112, 114, 116 and 118), (138, 140 and 142), (224, 226 and 228).

Four skylights were replaced on the sloped roof section of unit 138 and charged to unit owner as they were originally installed in a remodel.

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.

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

Painting and Weatherproofing

Association staff has completed painting the exterior trim on units; 160, 162, 170, 174, 176, 216, 230, 232, 234, 252, 254, 256, 270, 272, 274, 284, 306, 308, 310, 330 and garages from 102 through 130.

Side Wall Shingles

The wind wall at unit 282 was re-shingled.

Chip Seal and Asphalt Repair

I am finishing up the specifications and contract documents for the asphalt repair and chip seal project. There will be several marked areas throughout the colony indicating where the repairs need to take place. The project is scheduled for early spring 2018. Bid packets will go out early spring to three selected contractors who specialize in Asphalt Chip Sealing. 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 and will most probably put the contract over budget from the onset.

Coastal Projects

From last report:

As of the date of this report, the colony and Water Resources Agency have not been able to coordinate solid dates for the transport of approximately 450 yards of sand from the Old Salinas River water release gate to the sand piles in the southern area of the colony. While still a project for this year, the closer we come to the end of this month the easier it gets to get the cooperation of the regulatory agencies with oversight for protecting the snowy plover.

I am scheduled, (the week of the September 18th), to meet with John Kasunich, (coastal engineer), for a site visit to discuss options to combat beach erosion. With winter coming soon, any plans to repair or strengthen the foredunes must be accomplished between October 1, 2017 and the beginning of the winter storms historically starting November.

I am still working with Mike Scattini on installing a gate on the southern end of the property in order to allow the trucks from the Water Resources Agency to bring sand to the colony from the Old Salinas River slide gate. The most recent estimate for this installation is early December. I am staying in touch with Mike and Doug Scattini in the event the contractor can move up the date for installing this gate. The gate is a double opening 20 foot wide and eight foot high cut into the existing predator fence already installed along the perimeter of Scattini's farm lands.

On November 11, 2017 John Kasunich and Mark Fox, coastal engineers from Haro-Kasunich & Associates made a site visit to evaluate the erosion and damage to our foredunes. John Kasunich subsequently wrote a

report and followed that with a presentation at the annual meeting explaining last winter's effect on the colony and how to prepare for additional damages that might occur with future events similar to that of the winter of 2016-17. A copy of that report attached below:

HARO, KASUNICH AND ASSOCIATES, INC. CONSULTING GEOTECHNICAL & COASTAL ENGINEERS

**Site Visit,
17 October 2017
Memorandum**

Monterey Dunes Colony, where 120 homes are located on 125 acres along a narrow strip of oceanfront sand dunes with more than a mile of shoreline, is a precious place.

One of the authors of this Memorandum (Mark Foxx) prepared the 1983 geologic map for Rogers Johnson and Associates that currently provides the baseline for dune erosion and dune recession at Monterey Dunes Colony.

Beach width and dune growth at Monterey Dunes Colony is influenced by the Salinas River and the atmospheric and oceanographic climate. Historical change during the last 50 to 80 years along the Salinas River, including construction of dams and agricultural and other land use practices that have reduced erosion in the watershed and along the river banks has reduced the supply of sand being provided to the beach at Monterey Dunes Colony.

The CEMEX sand quarry in Marina will be closed in 2020, which should reduce the rate of coastal erosion and shoreline and coastal bluff recession in the area south of and in proximity to the quarry. We believe this will have little positive influence on the conditions at Monterey Dunes Colony because the quarry is south of a node in the littoral cell segment that controls sand supply from Monterey Dunes Colony. Sand from the Salinas River flows in both directions from the Salinas River mouth that nourishes the beaches.

We assessed erosion hazards at Monterey Dunes Colony (MDC) in 2009 and 2010. Our 2009 letter report indicated:

"It is beyond our current scope of service to conduct a thorough evaluation of future wave run-up, coastal erosion and dune recession for all of the Monterey Dunes Colony. We do recommend that such a study be conducted. Based on the limited analysis and technical work we have done at the southern end of Monterey Dunes Colony, it is clear to us that at some point, severe wave run-up (coastal flooding) and coastal erosion will occur and cause severe damage at Monterey Dunes Colony. One useful technique that could be used to evaluate the level of risk would be to compare the 1970 topography with a current topographic map. At the southern end of MDC, significant erosion and loss of sand dune mass has occurred in that time period. If you would like, it is possible for us (Haro Kasunich and Associates Inc.) to do the surveying, geological work and coastal engineering analysis needed to be able to make calculations of how the volume of the sand dune complex has changed in the past 37 years, and depict the erosion and recession that has occurred in that time period. Evaluation of the sand dune volume that remains between the beach and the improvements, in comparison with the historical loss of sand, will allow better prediction of future risk. In combination with evaluation of future sea level rise and wave run-up calculations, this type of analysis would be the first step necessary to quantitatively address the degree of coastal erosion risk and exposure to damage that exists for the septic leach fields and homes throughout all of Monterey Dunes Colony."

In 2010 we developed plans for an ocean wave barrier protection structure, and evaluated wave runup hazards in areas at the southern end of MDC. Water ballasted plastic barriers were selected for use by the

Association. Sensitive biological conditions and associated restrictions by a group of local, state and federal agencies severely restricted the ability to modify the dunes with the goal of wave runup protection and retarding coastal erosion.

Several quiescent years followed 2010 and only minimal coastal erosion and dune recession occurred at MDC.

A recent study conducted by scientists at the University of California Santa Barbara (UCSB) and colleagues at several other institutions found that during the 2015-2016 El Niño, winter beach erosion on the Pacific coast was 76 percent above normal. Most beaches in California were eroded beyond historical extremes, the study found. "Wave conditions and coastal response were unprecedented for many locations during the winter of 2015-16," said Patrick Barnard, lead author of the paper and a geologist with the U.S. Geological Survey. "The winter wave energy equaled or exceeded measured historical maximums along the West Coast, corresponding to extreme beach erosion across the region."

In January 2017 record setting ocean wave heights occurred in the Monterey Bay. The National Weather Service said a new wave record was set as the Monterey Bay buoy recorded 34-foot waves, greater than the previous wave size record, set in 2008 by 32.8-foot waves.

The previously mentioned ocean wave barrier protection structure was deployed to reduce wave runup and provide protection for some homes. Kudos to Tom Bugary and other Association staff for taking action proactively and deploying the barrier in advance of any significant wave runup damage to homes. This wave protection barrier does not prevent erosion; it only partially blocks wave runup.

On October 11, 2017, we visited Monterey Dunes Colony and examined the beach conditions and severe dune erosion that occurred last winter. A large volume of dune sand loss was visible to us, along with significant landward recession of the scarp at the back beach/dune boundary.

Many individual homes at MDC appear to have significantly less coastal dune protection than in years past, as a result of the narrowed strip of dunes that remains in front of the homes; and the significantly lower elevation dune crests on the dunes that do remain.

No homes were observed to be in imminent danger. Many of the septic leach fields that serve the homes are close to eroding away; which is in our opinion, the most significant risk this coming 2017- 18 winter. We were provided a copy of the Rogers Johnson and Associates map that shows dune scarp positions from 1983, 1995 and 2008; which was marked up by Dave Edson of Central Coast Surveyors to show May 2017 dune scarps and a June 2017 Mean High Tide Line. We also reviewed a Central Coast Surveyors map showing the seaward MDC property line and various survey monuments located near the dune scarp. Then we reviewed the survey information in our files from 2009.

To scientifically understand and document the erosion process in a manner necessary to apply for permits to structurally protect the homes at MDC, we recommend that a topographic map that could be compared to 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, be prepared using 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 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.

California Coastal Act Section 30235 and CEQA require approval of shoreline protective structures only when a shoreline protective structure is:

- 1) Required to serve coastal-dependent uses or to protect existing structures or public beaches in danger from erosion
- 2) Designed to eliminate or mitigate adverse impacts on local shoreline sand supply
- 3) The least environmentally damaging alternative available

The recommended study will provide a current baseline for being able to discuss the degree of danger to the existing structures (homes, access roads, septic tanks and leachfields). As mentioned previously, no homes were observed to be in imminent danger as of October 11, 2017. Preparing documentation of historical conditions is a prudent measure to implement, so that if and when imminent danger does occur, MDC can be prepared to quickly apply for permits to protect homeowner's assets from loss.

Sincerely,
Haro Kasunich and Associates Inc.
John E. Kasunich
GE 455
Mark Foxx
CEG 1493

After the presentation, the Board acknowledged that the colony needed a historical map showing the progression of erosion in order to prepare for future winter erosion and asked Tom to work with the surveyor and geologist to get this map completed.

On November 2, 2017 David Shonman met with Ross Clark at the Central Coast Wetlands Group (CCWG) facility in Moss Landing. For most of its existence, the CCWG has focused on restoration and protection of coastal wetlands (sloughs, marshes, rivers and estuaries). A few years ago, the group expanded its area of interest to include coastal dunes and their vulnerability to climate change and associated sea level rise.

The CCWG is currently working on a project to remove ice plant from dunes in the Salinas River State Beach area and to re-vegetate with appropriate native dune plants. The overall project is funded by the California Coastal Conservancy.

As a matter of record, the Monterey Dunes Colony sent a letter to the Coastal Conservancy in November 2014 supporting the CCWG's grant application to fund this ice-plant removal project and was seen as a "win-win" by the board of directors at that time. This project was subsequently approved by the California State Parks and is now funded through February 2018, using a contractor, "Ecological Concerns" from Santa Cruz to remove the ice plant from state-owned land immediately north and south of the colony. The ECI team includes technicians trained and certified by the State to use herbicides in biologically sensitive areas. The ECI team was granted access through the Monterey Dunes property to work the southernmost government land to remove this ice plant.

Next February, CCWG staff and volunteers will be conducting the second part of the Project; planting native dune plants into areas previously occupied by the recently sprayed ice plant. The CCWG group has stated that they would welcome anyone from the colony who would like to volunteer to help plant native plants within the State Park property and that those who volunteer would be working alongside a CCWG botanist,

(Joey Dorrell-Canepa). Joey has successfully worked with “citizen volunteers” on dune replanting projects in Seaside, Sand City and has assisted the colony with past projects concerning dune revegetation.

Representatives from the CCWG have offered to send more detailed information to the colony in the near future and has ask that management disseminate this information to all homeowners.

During a conversation in October with Ross Clark, CCWG coordinator, he mentioned that CCWG’s geologist used a drone to map the Salinas River State Beach shoreline as part of their recent document that assessed how climate change and sea level rise might affect the area between Moss Landing Harbor and the Salinas River. Clark offered to share the section of this new digital map that includes the shoreline adjacent to the colony. When the CCWG first approached the colony asking for support for their projects in 2014, we were somewhat skeptical because of their lack of experience dealing with beaches and coastal dunes. David Shonman was instrumental in vetting the organization in which we ultimately helped secure grant money for their current dune restoration projects up and down the coast. David reported in 2014 that the CCWG had expanded its team to include a botanist familiar with dune plants and their communities, a snowy plover specialist, and a coastal geologist. Since 2014, the CCWG has formed links with Amy Palkovic, senior environmentalist at State Parks, Kriss Neuman and Carlton Eyster with Point Blue Conservation Science and Mike Watson, California Coastal Commission, all of whom reviewed and commented on their dune restoration plan. While we can’t predict what direct benefits the colony will gain from cooperation with CCWG, other than having the property north and south of the colony cleaned up and native plants reintroduced to the foredune areas, we may benefit with the mapping efforts using data from CCWG’s recent drone activity along the shoreline. CCWG’s primary source of funding is grant money for “public projects” rather than activities on private property, however access to their drone’s aerial mapping is a good benefit to the colony. In the future, CCWG may be able to use its affiliation with the Moss Landing Marine Labs and California State University Monterey Bay to support actions that protect and enhance the flow of river-generated sediment to the colony’s portion of the shoreline.

Terminix Maintenance Program Update

Local Treatments:

Unit 222 deck area, 246 garage, Units 106, 118, 148 and 248 living areas,

Pending Fumigation

No Date Set:

156-158-160 garages and 324-326-328 garages.

We are in the process of securing a new dry-wood termite maintenance contract through one of the pest control companies to treat the garages within the colony. The current contract with Terminix for servicing the garages has expired so any garage treatments are accomplished on an individual basis until a new bulk service contract can be purchased.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation Billing

During the September 2017 billing period, there were 26 units that exceeded the Tier 1 water conservation limit. Fourteen units were under the \$5.00 billing limit. There was 3 unit in Tier 2 and 9 units in Tier 3.

During the October 2017 billing period, there were 14 units that exceeded the Tier 1 water conservation limit. Four units were under the \$5.00 billing limit. There were 3 units in Tier 2 and 7 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.

The main water tank is in the process of an extensive repair consisting of sandblasting rust that has accumulating under the seams of the steel plates on the roof of the tank. Rust has also accumulated under the primer material on the steel plates and slowly worked its way to the surface causing extensive damage in many places under the painted surface. Sandblasting these areas clean can lead to small holes in the tank surface which need to be repaired with special stainless steel patches and glue designed to be used in repairs on tanks holding potable water. To date, management has spent over \$8K in reserve funds on this project and I anticipate another \$5K to \$7K will be needed to complete these necessary repairs.

OLD BUSINESS

Update on ECC request for entrance/exit cameras on unit 278

Todd Davis had previously volunteered to facilitate an Internal Dispute Resolution (IDR) process with both units #276 and #278. The IDR suggestion had been made because unit #276 was the most vocal non-supporter of unit #278s request to put cameras up at their entry and only focused only on their property. Todd had called unit #276 and was told by the homeowner that she did not want to participate in the IDR process. After discussion, the Board decided that Todd should make another attempt to facilitate the IDR process between the two neighbors (the unit #276 homeowner agreed), and that if the IDR process did not happen, the matter would be decided at the next Board meeting in executive session.

NEW BUSINESS

Appoint Adhoc Rental Advisory Committee

George Maciag stated that he was following up on an idea that was presented at the 2017 annual homeowners meeting. The idea is to appoint an adhoc Rental Advisory Committee. The purpose of the committee is to define a suggested rental vetting process in order to reduce the number of rule violations among renters at the Colony. The committee has been formed and will be made of people who do a very good job at vetting their own renters – they are 1) Dick Matthews, 2) Patricia Puterbaugh, and 3) Collen Floyd Carroll.

OWNER'S STATEMENTS

George Maciag suggested that Stuart Wentworth, #170, who is very knowledgeable about computers, network companies, etc., put together a presentation of what is available for homeowners' high speed internet usage and who the company is. Tom stated that he would talk to Stuart and arrange for a verbal presentation to homeowners.

WATER COMPANY BUSINESS

Water Conservation reports for September and October 2017

Addressed in Managers Report.

ADJOURNMENT

The meeting was adjourned at 10:30 a.m. The next regular board meeting is scheduled for January 20, 2018 at 10:00 a.m.

Respectfully Submitted

//s//

Thomas J. Bugary CMCA, CCAM
General Manager and Secretary

EXECUTIVE SESSION

The Board had four hearings (detailed below).

- A citation for failure to notify the association of rental activity. The homeowner was fined \$500.00, (this was a repeat violation).
- A citation for over occupancy of a rental unit. The homeowner was fined \$400.00, (this was a repeat violation).
- A citation for over occupancy of a rental unit. The homeowner was fined \$200.00.
- A citation for a causing a disturbance by a rental unit. The homeowner was fined \$150,

There was also one request to waive a water bill. The water bill was waived.

Treasurer's Report September and October 2017

This report covers our fiscal year budget status through October 31, 2017.

Account Balances as of September 30, 2017 and October 31, 2017 are:

	<u>Sept</u>	<u>Oct</u>
Total MDCA Reserve Funds	\$3,333,940.35	\$ 3,282,609.29
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ ---	\$ ---
+ <i>ICS Reserve (Bank Acct)</i>	\$1,497,215.20	\$1,444,615.03
+ <i>CDARS (CD Due 3/28/19)</i>	\$ 304,564.18	\$ 304,693.55
+ <i>CDARS (CD Due 3/29/18)</i>	\$ 307,906.49	\$ 308,178.57
+ <i>CDARS (CD Due 1/31/19)</i>	\$ 608,232.99	\$ 608,620.54
+ <i>CDARS (CD Due 3/26/20)</i>	\$ 313,815.70	\$ 314,295.81
+ <i>Wealth Mgmt Trust Acct</i>	\$ 2,205.79	\$ 2,205.79
+ <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	\$ 107,827.80	\$ 40,683.46
RABOBANK Petty Cash	\$ 1,043.11	\$ 2,325.73
CAB Water Operating	\$ 32,167.66	\$ 33,813.89
Total Water Reserve Funds	\$ 159,013.48	\$ 160,353.02
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 159,013.48	\$ 160,353.02

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,

Allen Rudolph

Allen Rudolph