

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

November 17, 2018

Present

Todd Davis, Vice President
Rick Crowley, Treasurer
Biff Jelavich, Director
Tom Bugary, Secretary and General Manager
Bill McGowan, President, via telephone

Absent

Allen Rudolph, Director

WELCOME

The meeting was called to order at 10:00 a.m. on November 17, 2018 at the Monterey Dunes Colony Clubhouse. Since Bill McGowan was not physically present at the meeting, Todd Davis presided as chair.

MINUTES

The board reviewed the draft minutes of the September 15, 2018 board meeting. It was M/S/C to approve the minutes as presented.

TREASURER REPORT

Rick Crowley gave the Treasurer's Report for Sept and Oct 2018. Rick noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, Rick 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

Rick Crowley, finance committee chair, reported that the committee had met the previous day to review the first 4 months of the fiscal year (July-Oct).

Rick reported that new state laws, effective January 1, 2019, will impose tighter controls on association finances. Although we currently comply with 99% of what the new laws require, the one thing we will have to change is that we will have to review bank reconciliations with at least two board members on a monthly basis instead of a bi-monthly basis.

The bank that the Colony uses, Mutual of Omaha, has a wealth management department. The wealth management department offers a money market fund that is 102% collateralized, that means we have \$102 of treasury bonds or government issued securities for every \$100 we invest. The investment funds would be

fairly liquid, meaning we could get the funds within a day and it would generate a better income than our current bank accounts. For example, our current ICS account earns .35% interest and the collateralized money market fund offers 1.25% interest.

The Colony's current investment policy focuses on principal security, safety, and liquidity of Colony funds. It also states that all investments are to be in treasury bills, note, or bonds. The committee discussed changing the investment policy to include funds that hold the above investments (such as the collateralized money market account mentioned above). The revised policy should be ready for presentation and discussion at the next meeting.

ENVIRONMENTAL CONTROL COMMITTEE (ECC)

Fran Gentry, Committee Chair, reported that the committee a teleconference on November 5, 2018 in which the committee discussed the following:

- Unit 244 requested to close an opening between her courtyard fence and Oceanside deck. The committee approved this request with stipulations.
- Unit 244 requested to replace her fireplace. The committee approved this request with stipulations.
- Unit 244 requested to replace and extend Plexiglas over the trellis in her courtyard. This request was tabled pending a site visit.
- Unit 170 requested to remove a concrete slab in the patio and replace it with flagstone. Additionally, he wanted to install a fire pit, trim back a tree by the courtyard entry deck, remove the fence on one side of his master bedroom deck and add stairs to the deck, and, finally, install a rack in the courtyard for the storage of firewood. This request was tabled pending a site visit.

AD HOC HIGH-SPEED INTERNET COMMITTEE REPORT

The board has established an ad hoc high-speed internet committee consisting of three members – Stuart Wentworth, Amy Sung, and Jim Forster. Stuart reported that we have two different companies looking at bringing fiber to the Colony in two very different ways. The first company, Cruzio, would like to trench the fiber to the Colony from its current location on Molera Road – obviously this would be a long process (around 2 years). The second company is Redshift, the current ISP for 99% of the Colony. They would like to use a new technology, LTE, to shoot fiber to an antenna on our water storage tower and then to the antenna at unit 210 (currently set up as our main tower because that location is a high spot within the colony). This option would require new equipment at each unit and we currently don't know the cost. The Redshift proposal will be tested within the next few months. A previous problem that Redshift had – the bandwidth they were shooting from Fort Ord wasn't plugged into a GFI outlet and the standard outlet they were using was faulty – has been repaired.

GENERAL MANAGER'S REPORT

MONTEREY DUNES COLONY ASSOCIATION

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2018-2019, (July 1, 2018 through June 30, 2019). It also includes management topics associated with the November 17, 2018 director's meeting.

Windows, Doors, Fences, Roofs, Decks, Garage Doors and Skylights

The reroofing of residential units (330, 332, 334) were completed, permits finalized and warranties issued. Garage units (330, 332, 334), (276, 278, 280) and (282, 284 and 286) were also completed. Residential units 282, 284 and 286 were completed on 11/2/18 and are pending warranty documents. Residential units 276, 278, 280 should be completed no later than 11-20-18 after a short delay due to scheduled rental activity.

Association staff has replaced 17 windows/sliding glass doors at unit 122 and 15 windows/sliding glass doors at unit 294.

Light polls were replaced, (out-of-cycle) near units 270 and 294.

Burned ocean side deck stairs and boardwalk were replaced at unit 204.

The lower oceanside deck at unit 206 was resurfaced with TREX and the upper deck surface is pending. Contractors installed access stairs to the upper deck at unit 206 and relocated the stairs for the lower deck.

During the course of recent building inspections, units 202 and 204 were identified as having failed trellises in their courtyards. The main trellis beams are cantilevered into the flat roof system. The roof is sound and is not scheduled for replacement until fiscal year 2030, however, it will have to be “peeled” back to expose the cantilevered beams for replacement and then “mopped” back into place. This roof repair will be an out-of-cycle expense, roofing and trellis quotes are pending.

Garage doors were replaced at units 104 and 222.

Drainage Field, Chip Seal and Asphalt Repair

We have completed the installation of a drainage field and new curb system near the guardhouse. The asphalt repair is complete, and the chip seal is complete and swept 4 times. There is still some sweeping that needs to be done by hand. I have received the center-line buttons and am in the process of laying out the project. Once finished we will hot-epoxy the buttons to the pavement. The stripers are in and we will start striping the parking spaces and refreshing the numbers the week of the 19th through the 23rd.

Increased Septic Maintenance

At the recommendation of our septic maintenance company, I will be increasing the septic maintenance, (pumping and inspection) from once a year to twice a year for systems #1 and #2, (June and February). These two systems have increased matting to the point that crews are having difficulty breaking the mat and removing the solids. This will be an added cost to the septic budget line, but the alternative is a blocked septic system.

Annual Audit

The annual audit was completed on August 30, 2018, approved by the board on October 20th and subsequently sent out to the homeowners on October 29, 2018 either by first class mail or email by consent.

Coastal Projects

There was a meeting of the “Salinas River Long-Term Management Plan – Planning Group on Friday, September 14, 2018. The meeting was facilitated by members of the Consensus Building Institute and members discussed opportunities and constraints of the proposed (Salinas River) Long Term Management

Plan, (LTMP). Also on the agenda was the LTMP's objectives and actions. The meeting was held at the Monterey County Water Resources Agency in Salinas. In attendance were principals from:

- Monterey County Water Resources Agency, (MCWRA)
- California Department of Fish and Wildlife, (CDFW)
- California State Water Resources Control Board, (SWRCB)
- United States Army Corps of Engineers, (USACE)
- National Oceanic and Atmospheric Administration, National Marine Fisheries Service, (NOAA, NMFS)
- United States Fish and Wildlife Service, (USFWS)
- The Otter Project
- Several coastal biologists representing agencies or private organizations

The meeting, while somewhat productive became “bogged down” with “territorial” issues. The facilitators did an excellent job of trying to move the permit process forward but ran into several obstacles concerning the breaking of the river when flooding is imminent. The USFWS was concerned with “take” in the event the river mouth is breached and stated they would require a permit to take protected species such as the Western Snowy Plover. This permit (process) is very complicated and almost impossible to secure. NMFS was concerned with the speed of the release of water as this could hinder the natural migration of the steelhead from the river to the ocean. The maintenance of the lagoon was also a topic of discussion as this body of “brackish” water serves in the transition from a fresh to a salt water environment for the steelhead. The release of water through the Old Salinas River, (OSR), through the slide gate was a contested topic as it also serves as a release point for steelhead migration and controls the volume of water in the lagoon throughout most of the year. One of the most controversial issues was the discussion concerning pesticides used by the farmers on the strawberries, (plastic covering over plants promotes runoff during heavy rains versus natural percolation into the soil), which washes into the rivers and oceans. The one thing that was agreed upon was to meet again and try to find middle ground as the MCWRA cannot continue to break the river only when flooding is eminent, disrupting endangered species and then dealing with subsequent lawsuits from the regulatory agencies. The association's position was that when the river is mechanically breached, there is no attempt to promote the break in a northwestern direction where the southern portion of the colony could be threatened. Usually when a natural break occurs, the river flows on a southwestern direction out to the ocean.

I had a meeting with Coastal Dune Biologist Joey Dorrell-Canepa on August 24th to review our authorized plant list for the common area as well as the proposed list of plants authorized to be planted within the individual courtyards. After going over the list, Joey felt that when approved, the colony has to strongly emphasize the distinction between the two lists and be careful not to extend the plants, listed as authorized for planting in the courtyard, out onto the common area. She is currently verifying that we can even have a second list since the colony is on a parcel designated a “Scenic Easement”. Since the colony predates the Coastal Commission, the colony parcel of land was not designated as a “Conservation Easement”, however, the California Protected Areas Database shows the houses within the colony are surrounded by “protected” easement. Once we clarify the definitions of “scenic”, “conservation” and “protected”, we can then proceed with rewriting the MDCA policy consistent with the Coastal Commission's guidelines for Environmentally Sensitive Habitat Area(s), (ESHA). For clarification, there are three important elements to the definition of ESHA. (1) A geographic area can be designated ESHA either because of the presence of individual species of plants or animals or because of the presence of a particular habitat. (2) In order for an area to be designated as ESHA, the species or habitat must be either rare or it must be especially valuable, and (3) the area must be easily disturbed or degraded by human activities. With the sensitive plants, birds and insects

living here at the colony, our parcel is more than likely designated an ESHA for more than one endangered species along with specific restrictions on how the easement is managed.

I also met with Joey again on Friday, November 16, 2018 for an update on the plant listing for the courtyard as well as plantings in the near house areas. Joey's inspections of near house plantings showed several projects throughout the colony which were in violation of the coastal act. We talked about the protective easement which surrounds the units. Joey advised that we further clarify restrictions to plantings in the existing ECC Near House Policy as she is concerned that any plants allowed within the courtyard could easily spread outside into the restricted area.

I received an update from Mark Foxx, lead engineer working on our overlay mapping project and upon request, he has provided the different sources being used. Listed below are 6 Maps, 10 sets of Cross Sections, 2 sets of Recent Site Specific Vertical Aerial Photography, (Moss Landing Marine Lab and Central Coast Surveyors), 5 sets of Regional Vertical Aerial Photography, 13 sets of Coastal Records Project Vertical Aerial Photography and 3 Recent Google Earth Satellite Images.

MONTEREY DUNES COLONY COASTAL EROSION DATA SOURCES AS OF 11-15-2018

TOPOGRAPHIC MAPPING

PRIOR COASTAL EROSION MAPPING

1983, 1995 and 2008 Rogers Johnson & Associates
May and June 2017 Central Coast Surveyors

CROSS SECTIONS

Cross Sections from prior Rogers Johnson & Associates work

1970, May 1983, Nov 1983, 1992 and April 1995

Cross Sections derived from LiDAR

April 17 and 18, 1998
2010 CA COAST Sept 2009 – Oct 2011
2013 June 11, 2010 – Mar 4, 2011
2014 Sept 8, 2014 – Oct 5, 2014
2016 Apr 28, 2016 – May 28, 2016

RECENT SITE SPECIFIC VERTICAL AERIAL PHOTOGRAPHY

Oct 12, 2015 Moss Landing Marine Labs Drone Photography
Nov 11, 2017 Central Coast Surveyors/Aerial Photomapping Services
Rectified Orthophotography

HISTORIC REGIONAL VERTICAL AERIAL PHOTOGRAPHY FROM UC SPECIAL COLLECTION

April 2, 1970 – Oct 5, 1976 – May 6, 1978 – Apr 2, 1986 and Jun 14, 2001.

COASTAL RECORDS PROJECT PHOTOGRAPHY

Vertical

1986, 1993

Oblique

1972, 1979, 1987, 2002, 2004, 2005, 2008, 2009, 2010, 2013 and 2015

RECENT GOOGLE EARTH SATELLITE IMAGES

Feb 4, 2018 – Jun 17, 2017 – and Oct 19, 2016

6/17/2017

10/19/2016

Mark states that Haro-Kasunich will ultimately be presenting overlays of the ground surface profiles from 9 or 10 Cross Sections specific dates from 1970 through 2017.

Drywood Termite Maintenance Program Update

Residential Unit Local Treatments: (Wheeler Termite Company)

8-7-18	Units 148, 184, 318
10-16-18	Units 222, 162, 118, 334
10-24-18	Unit 118

Garage Local Treatments: (Wheeler Termite Company)

8-7-18	Units 126, 148, 308
--------	---------------------

Garage Fumigations: 9-13-18 through 9-15-18, (Wheeler Termite Company)

9-13-18	Units 126, 128, 130
9-13-18	Units 132, 134, 136
9-13-18	Units 138, 140, 142
9-15-18	Units 184, 186, 188
9-15-18	Units 190, 192, 194
9-15-18	Units 318, 320, 322
11-7-18	Units 114, 116, 118

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation Billing

During the September 2018 billing period, there were 15 units that exceeded the Tier 1 water conservation limit. Ten units were under the \$5.00 billing limit. There were 2 units in Tier 2 and 3 units in Tier 3.

During the October 2018 billing period, there were 16 units that exceeded the Tier 1 water conservation limit. Five units were under the \$5.00 billing limit. There were 5 units in Tier 2 and 6 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.

OLD BUSINESS

There was no old business.

NEW BUSINESS

Homeowner and Guest Parking

Last month, a homeowner sent the board a letter. In the letter, she complained about the lack of available guest parking. Since “parking” was not on the agenda last month and because this is a topic of interest to many homeowners, the board decided to put it on the agenda and address the issue at this meeting. Our Schedule of Rules and Fines (Paragraph 10 of “Vehicle and Parking Rules”) say that “Owner, renter and guest vehicles shall be parked in the unit owner’s garage, its numbered parking space, and then, if needed, in a space marked for visitors (indicated as “guest” on the curbs).” The CC&Rs agree with the fact that garages are exclusive-use common areas to be used for parking motor vehicles. After discussion, Bill McGowan volunteered to draft a letter (email by consent) to all homeowners outlining these parking rules, the associated fines, and that these rules will be enforced. He stated he would get the concurrence of the other 4 directors prior to releasing the letter to the members.

A homeowner in the audience had a few issues that she wanted the board to address:

- 1) The number of vehicles that vacation renters are allowed to bring;
- 2) Vacation renters should be “owners by proxy” as far as parking is concerned; and,
- 3) Guest parking should only be for guests (albeit guests of owners or of renters).

The board acknowledged the homeowner’s concerns but felt that her concerns should be addressed through the enforcement of our current rules.

OWNER'S STATEMENTS

There were no owner’s statements.

WATER COMPANY BUSINESS

Addressed in Managers Report.

ADJOURNMENT

The meeting was adjourned at 11:00 A.M. The next regular board meeting is scheduled for January 19, 2018 at 10:00 A.M.

Respectfully Submitted

//s//

Thomas J. Bugary CMCA, CCAM
General Manager and Secretary

EXECUTIVE SESSION

The Board discussed the following two violations from the same rental at the same unit in an executive session after the regular board meeting:

- Homeowner was cited for having guests in violation of the Noise and Nuisance rules, additionally they were also cited for having guests that were walking out on the sand dunes. The homeowner was cited \$750.

Treasurer's Report Sept and Oct 2018

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

	<u>Sept</u>	<u>Oct</u>
Total MDCA Reserve Funds	\$3,350,372.66	\$ 3,237,404.88
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ 50,040.23	\$ 50,040.23
+ <i>ICS Reserve (Bank Acct)</i>	\$ 744,042.64	\$ 383,456.08
+ <i>CDARS (CD Due 3/28/19)</i>	\$ 306,090.85	\$ 306,220.85
+ <i>CDARS (CD Due 1/31/19)</i>	\$ 612,811.84	\$ 613,202.31
+ <i>CDARS (CD Due 3/26/20)</i>	\$ 319,515.37	\$ 320,004.20
+ <i>CDARS (CD Due 3/25/21)</i>	\$ 310,665.94	\$ 310,863.88
+ <i>Wealth Mgmt Trust Acct</i>	\$ 2205.79	\$ 248,617.33
+ <i>WM CD (Due 10/4/18)</i>	\$ 235,000.00	\$ ---
+ <i>WM CD (Due 4/3/20)</i>	----	\$ 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	\$ 54,275.54	\$ 36,628.45
RABOBANK Petty Cash	\$ 1,168.09	\$ 1,157.09
CAB Water Operating	\$ 39,753.76	\$ 41,362.09
Total Water Reserve Funds	\$ 161,774.76	\$ 163,142.91
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 161,774.76	\$ 163,142.91

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,

Rick Crowley

Rick Crowley, Treasurer