

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

January 18, 2014

**PRESENT**

Frank Williams, President  
Bob Dickinson, Vice President  
Ted Swanson, Treasurer  
Jeff Schwartz, Director  
Bill Michaels, Director (via telephone)  
Tom Bugary, Secretary and General Manager

**ABSENT**

None

**WELCOME**

Frank Williams called the meeting to order at 10:00 AM, January 18, 2014 at the Monterey Dunes Colony Clubhouse.


**MINUTES**

The Board reviewed the draft minutes of the 11-16-13 directors meeting. It was M/S/C to approve the minutes as presented.

**TREASURER'S REPORT**

Ted Swanson, Treasurer, gave the Treasurer's Report for November and December 2013. Ted noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, Ted 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, Finance Committee chair, prepared a written report regarding the committee meeting the previous day where it reviewed the first 6 months (July - Dec) of the fiscal year. To read a complete copy of his report, please click here  .

There were two recommendations made by the committee that were M/S/C by the Board. The first recommendation that the committee made was to renew the proposed February insurance policies as proposed. The second recommendation was to send a "budget basics" white paper to

all homeowners explaining why the monthly and annual assessment are what they are and the general financial structure of the Association. Although the information in the paper has been finalized, there are still charts that need to be inserted. When this paper is complete, it will be sent to all homeowners - either by email or U.S. mail.

### **ENVIRONMENTAL COMMITTEE REPORT**

Jeff Schwartz, ECC chair, reported that there was an ECC teleconference on 12/13/13 to discuss two ECC applications:

- Unit #148 requested to overlap their existing patio concrete with tiles, and
- Unit #322 requested to put in a charging station for an electric vehicle.

The request from unit #148 was approved and the request from #322 was approved pending a policy approved by the Board regarding electric vehicle charging station location, installation, and maintenance.

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

Ted Swanson, committee chair, gave a verbal report. He started his report by stating that the committee, along with David Shonman, Coastal Biologist, had met on December 13, 2013 in order to discuss two issues.

The first issues was to talk about how the successful wave barrier test could be leveraged to speed up the Coastal Commission responses regarding dune nourishment, with the top priority being the repair of our dune breaches.

The second issue we discussed was a backup for our septic tanks. The committee feels that we will probably use the embedded filter technique if the need for a backup system ever arises.

A few days after the meeting, Ted drove to the Coastal Commission office in Santa Cruz and made a brief presentation to Mike Watson in the hallway. First, Ted thanked Mr. Watson for processing all the prerequisites needed in order for us to run our barrier tests and showed him the successful results of the test. Additionally, Ted showed Mr. Watson a picture of our dunes breach and told him that as a result of the breach, we had a huge amount of wave run-up. Finally, they reviewed the document, prepared by the Coastal Commission that states coastal inhabitants have the right and should be providing sand/dune nourishment. In the end, Mr. Watson simply stated that he needed to review the history on this.

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

## **MONTEREY DUNES COLONY ASSOCIATION**

### **Windows, Doors, Fences, and Skylights**

Association Carpenters completed 17 window replacements at unit 156 and a Sliding Glass Doors at units 176 and 278. In addition, carpenters reset 3 windows at 176 after completing extensive repairs to the building due to drywood termite damage. Window replacement at unit 328 is in progress with 3 of the 7 windows installed. Units waiting for windows and sliding glass doors due replacement this year are units 232, 238, 262, 278, 290 and 298.

Carpenters also replaced wood fencing near the recycle area along the tennis courts and courtyard fencing at units 158, 160 and 302.

Association Maintenance replaced a large double-pane skylight at unit 156 and 2 small skylights at units 250 and 318.

### **Decks**

Homeowners at unit 148 replaced their hot tub installed through the oceanside deck. Association Carpenters rebuilt the deck around the new hot tub as a CTO.

### **Garage Door Replacement/Repairs**

Contractors replaced 2 garage doors at unit 124 and 302 and replaced the door jams at unit 120.

### **Painting**

Maintenance has completed painting the exterior trim on units 102, 104, 106, 108, 234, 290 and 308.

Association maintenance has sand-blasted, repaired and repainted the equipment, (hazmat) shed located in the corporation yard.

### **Archiving Project Update**

We are making good progress with the new employee. We are approximately 30% complete with archiving existing documents.

### **Landside Boardwalk Replacement**

Landside boardwalks have been replaced near units 132, 136, 166, 168, 234, 238, 242, 244, 246, 310, 314, 316 and 318.

We are over-budget in the boardwalk replacement reserve line because I have accelerated the replacement of some of the landside 20-year-old Douglas fir boardwalk, much of which is termite ridden and failing.

In December, last year I purchased a truckload of Trex from the Nevada plant at a cost of \$41K, at \$2.96 per linear foot, an increase of 14 cents a foot over last year's bulk pricing.

### **New Association Vehicle**

The Association has recently purchased a replacement vehicle as a reserve item. The old 2001 Ford Ranger was rusted through and the body could not be salvaged. It also had too many major repair issues for it to be economically advantageous to repair. It was due to be "smogged" in December and rather than pay for high-dollar repairs, only to have the vehicle fall apart shortly thereafter, I sold it for salvage. I moved the replacement up a half year in the reserve schedule and replaced the vehicle in December with a 2011 used Ford Ranger.

### **Fumigation Update**

One garage (units), 112-114-116-118, and an Association-storage-area fumigated on 7-24-13. One building, units 178-180 and 182 was tented on 7-24-13 as well as one additional unit, (250) receiving a local treatment on 8-23-13. Unit 218 had a local treatment for drywood termites on 10-10-13. Unit 250 was retreated with a local application on 10-10-13 for an infestation in a different location than was found on 8-23-13. Unit 176 and unit 284 received local treatments on 12-27-13.

### **Coastal Projects**

***On 10-11-13, the colony received a "Notice of Permit Waiver Effectiveness" (CDP Waiver 3-13-020-W), signed by the Central Coast District Manager for the Coastal Commission. This waiver allowed the colony to conduct a one-day test of the "efficacy" of the K-Rail devices as an alternative to sand bags. The colony conducted the test on 11-8-13 where the K-Rails effectively abated the wave run-up and would have stopped most debris as it washed up with the waves during a storm.***

***The work towards obtaining CCC approval for our MOU with the State Parks system is still ongoing.***

On Friday, December 13, 2013 the ad hoc Wave Run up Committee met and discussed the barrier test. The committee also discussed septic system issues and ongoing technologies available in the event the colony were to need a different type of system in the future. David Shonman, our contract coastal biologist was in attendance for the first part of the meeting as the

committee discussed strategy with the ongoing memorandum of understanding, (MOU), being negotiated with State Parks.

On Monday December 16, 2013 Ted Swanson had an impromptu meeting with Mike Watson from the Coastal Commission in Santa Cruz. Ted discussed the results of the barrier testing with him, offered pictures of the barriers during the test and discussed the possibility of sand nourishment, (sand replacement), out in the voids in the foredunes on the south end of the property.

On Friday, December 20, 2013 David Shonman sent a complete report of the barrier test to Mike Watson, CCC. He concluded the report by explaining the advantages of using the barriers over sandbags and advised the Commission that MDCA would be using these barriers to abate storm run-up in the future.

David Shonman met with Steve Bachman, CA State Parks on Friday, December 27, 2013 to review the barrier run-up report that David had sent to the Coastal Commission. Steve Bachman was impressed with the results of the report and asked a lot of questions concerning placement, configuration and anchoring. After reviewing the K-rail report, David and Steve discussed moving forward with the MOU between the colony and State Parks which included a sand nourishment project. Steve cautioned that we would have to deal with Jacob Martin at US Fish & Wildlife and get his permission to work on the sand dunes regardless of what agreement the State Parks and the colony were to have. Steve said that he recently had a difficult experience with Martin. State Parks had developed a plan to restore some damaged and unstable dunes just north of the Moss Landing Harbor entrance. The plan had strong support from the Coastal Commission, but ran into opposition from Jacob Martin. Steve said that the proposed site had only minimal Snowy Plover nesting activity, but Martin still opposed the project and there was discord between the agencies. David mentioned that all sand nourishment work at the Dunes Colony would take place during the months when there were no nesting plovers, but Steve said Jacob Martin might still have concerns.

On Monday December 30, 2013 David Shonman sent an email to Mike Watson at the California Coastal Commission requesting information on what type of sand analysis the CCC needed in the event we were permitted to hand carry sand for placement into the voids on the southern end of the colony. Watson answered on January 8, 2014 with a one line response stating, "Needs to be same/similar grain size and color, and "clean" sand". Greg Easton, a geologist who took over for Rogers Johnson, who retired from a consulting Engineering Geologist firm we have used in past projects, has agreed to test the sand we have on site for compatibility with the sand in the foredunes.

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

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

During the November billing period, there were 5 units that exceeded the Tier 1 water conservation zone. 3 were under the \$5.00 billing limit and therefore not billed. 1 unit was in Tier 2 and there was 1 unit in Tier 3.

During the December billing period, there were 3 units that exceeded the Tier 1 conservation zone. 2 units were under the \$5.00 billing limit and therefore not billed. There were no units in Tier 2 and 1 unit 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.

### **Water System Update**


The water tank project was completed in September but showed a small leak in the liner as we were filling the tank. The contractor returned to repair the liner on 3 separate occasions; however, the tank continues to leak when refilled. The contractor will again be on site next week to try and isolate the leak.

The Cla Valve, (hydraulic control pressure reducing valve) assigned to well 3 was replaced, adjusted and functioning but the well has developed air in the main column possibly from the backflow prevention valve. Until this is resolved, the water system is operating on one well.

The emergency backup fire pump continues to have issues with the high pressure governor, (Cla Valve). Once the water system is back on line, technicians from HyDEC Corporation will repair and adjust the pressure valve on the fire pump.

### **OLD BUSINESS**

#### **Electric Charging Stations**

The proposed policy regarding electric vehicles was reviewed and adopted by the Board. To see a copy of the approved policy, click here .

### **NEW BUSINESS**

#### **Solar Installation on Private Residences**


Bob began the discussion on solar installation on private residences. He stated that the Finance Committee had discussed this issue the previous day, as well as two key facts:

- 1) Current law states that you cannot prevent homeowners from installing solar.
- 2) The revised CC&R's state that any incremental costs that arise because of a solar installation be borne by the homeowner.

Since the Association suffers no financial impact from residential solar installation, the issue is

with the implementation. Therefore, the Finance Committee recommends that the issue of residential solar installation be forwarded to the Environmental Control Committee (ECC) in order for a policy to be developed regarding the implementation of residential solar. The Board M/S/C this recommendation.

### **New Proposal for High Speed Internet**

The Colony has received a proposal from Surfnet regarding a possible installation of high speed internet using fiber optic. If the PUC allows Surfnet to build the system and the Colony accepts the proposal, the Colony would have to help pay for the installation at the rate of \$300 per unit. This expense would be borne by the Association and not directly from individual homeowners. The proposal by Surfnet is a decreased price per MB/s, but could possibly be an increase in monthly price to homeowners not receiving a lot of MB/s. It was noted that there is a potential to save money through the use of “triple play” (internet + phone + TV). To see a complete copy of the Surfnet proposal, please click here . The Board M/S/C a motion to send out a Surfnet introductory letter to the homeowners, along with a form where homeowners can express their interest if and when the system is completed.

### **OWNER’S STATEMENTS**

There were no owner’s statements.

### **WATER COMPANY BUSINESS**

Addressed in the Managers Report.

### **ADJOURNMENT**

There being no further business, the meeting was adjourned at 12:00 p.m. The next Board meeting will be on March 15, 2014 at 10:00 a.m.

### **EXECUTIVE SESSION**

There was a request to waive late fees for a delinquent monthly assessment.

FOR THE BOARD OF DIRECTORS:

//s//

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

**Treasurer's Report  
November and December 2013**

This report covers our fiscal year budget status through December 31, 2013.

Account Balances as of November 30 and December 31, 2013 are:

	<u>November</u>	<u>December</u>
Total MDCA Reserve Funds	\$1,950,160.52	\$1,919,286.89
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ ---	---
+ <i>ICS Reserve (Bank Acct)</i>	\$ 843,818.50	\$ 822,674.49
+ <i>CDARS (CD Placement)</i>	\$ 600,991.16	\$ 600,991.16
+ <i>CDARS (CD Placement)</i>	\$ 505,350.86	\$ 505,350.86
CAB Operating	\$ 141,043.51	\$ 156,058.39
RABOBANK Petty Cash	\$ 259.25	\$ 1,143.04
CAB Water Operating	\$ 24,413.02	\$ 12,424.27
Total Water Reserve Funds	\$ 71,667.29	\$ 74,144.43
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 71,667.29	\$ 74,144.43

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,

*Ted Swanson*

Ted Swanson