

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

September 10, 2016

Present

George Maciag, President
Jeff Schwartz, Vice President
John Steinhart, Treasurer
Art Testani, Director
Todd Davis, Director
Tom Bugary, Secretary and General Manager

Absent

None

WELCOME

George Maciag, President, called the meeting to order at 10:00 A.M. on September 10, 2016 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the draft minutes of the July 16, 2016 Board meeting. It was M/S/C to approve the minutes as presented.

TREASURER REPORT

John Steinhart, treasurer, gave a verbal report for July and August 2016. 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

Ted Adams, committee chair, gave a verbal report on the finance committee meeting held the day prior. He stated that the one of the most significant items discussed by the committee was regarding our solar usage and P.G.&E. At the end of a year after starting to use solar energy, P.G.&E. does a “true up” in which they determine whether we owe any money (we don’t pay throughout the year); if not, we reset the account to zero.

Regarding finances, Ted stated that the fiscal year had just begun in July and we seem to be on track with the budget.

Lastly, the FY 2015-016 audit was reviewed. The committee did not have any issues with the report and recommend that the Board accept the audit as is. The CPA who performed the audit, John Bellitto, was in the audience to answer any questions that the Board might have. Mr. Bellitto reported that both the Colony audit, as well as the Water Co. audit, went smoothly and that they were clean reports.

ECC (ENVIRONMENTAL CONTROL COMMITTEE) REPORT

The ECC has been discussing the roof shingles. Although they have decided on a product (Certainteed), they have not finalized a decision on the color. Tom laid out demonstration squares of the three different color shingles on the 202-204-206 garage building so that the committee could make a final recommendation to the Board. Immediately following the meeting members of the committee and Board will look at the 202-204-206 garage building and reach a consensus on the shingle color.

RULES COMMITTEE REPORT

George gave a short synopsis of why we were meeting today. Although the minutes of the last meeting state that the Board will be making a decision today regarding the rules and schedule of fines, it has been determined that the comments received, as well as today's comments (and there were several), need to have further consideration before a decision is made. Therefore, another open Board meeting will be held (properly noticed), at which time a vote will be taken as to whether or not to approve the proposed changes in the rules and schedule of fines.

Security was asked by Tom to give a verbal report of 74 violations to association rules that had occurred over the last 60 days. All of the responsible parties were initially given warnings and only about half of the owners actually received citations due to repeated violations or for owner's guests not correcting violations when given a warning.

GENERAL MANAGER'S REPORT

MONTEREY DUNES COLONY ASSOCIATION

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2016-2017, (July 1, 2016 through June 30, 2017).

Windows, Doors, Fences, Roofs, Decks and Skylights

Association staff is currently installing replacement windows at unit 114.

The courtyard fence was replaced at unit 166.

Large skylights were replaced at unit 106 and also at the clubhouse meeting room.

Bid packets are being completed for reroofing units 156, 158 and 160. Attachment A, or the specification sheet was completed by Dominic Askew a coastal architect and member of the Justin Pauly Architect Group. Bid packets should go out the week of September 12th and be back by October 10, 2016.

Berkleo Roofing is in the process of replacing 9 hot mopped small flat roofs on the property. Carl Black Construction is tearing off and replacing the trellis and the horizontal cantilevered support beams on unit 200. Trellises have been replaced and painted at units 108, 124 and 168.

Unit 188 Oceanside deck is pending replacement and will be scheduled in the near future.

MDCA Staff completed inspections of all roofs for termite damage including garages. Roofs were cleaned of debris which had accumulated from the Monterey Cypress Trees.

Meter Enclosures

Meter Enclosures were replaced at units 234, 236 (garage), 276, 304, 310 (garage), 312, 324, 326, 330 and the guardhouse.

Guard and other staff

Starting September 14th, we will be interviewing candidates for the position of gate guard/concierge. I have already received over 20 resumes and will select from them the best qualified to fit the needs of the colony. A guard/concierge will be physically located at the gate from 2:00PM to 10:30PM 7-days a week to assist homeowners and their guests who enter the property. I am in the process of writing standard operating procedures for the guard to follow and he/she will report to the second, more senior guard who will be mobile on the property overlapping the shifts. I also intend to hire a replacement landscaper along with an office/project assistant in the near future.

Painting

Association staff has completed painting the exterior trim on units 138, 140, 152, 154, 182, 236, 238, 240 and 242. During last fiscal year reserve maintenance staff exceeded the budget and painted 25% more surface trim as needed on many of the units. The trim is cedar, which is used because of its resistance to termites, however, the cedar is not holding up as well as some of the harder more rigid wood types. The 2 x 6 trim is being replaced as necessary.

Association staff measured out and striped the parking areas throughout the colony. I only made the spaces 4' in length because I felt it looked better than 10-12 foot stripes. I will be numbering the spaces over the next few weeks.

Gate System Upgrade

The new upgraded gate system has been installed and programmed. The new system is more secure as it is minus gate codes and requires a card or clicker for normal access to the colony. Homeowners are reminded that the gate is monitored 24/7 by the office, guards, or the answering service. Renters and other guests can gain initial access to the colony by dialing 195. The office, guard and the off-site answering service maintains a guest roster from which to control gate access. Please let the office know when you have guests so we can add them to the access roster. Homeowners should keep track of the serial numbers of their entry cards and clickers as they can be deactivated and replaced if they are lost by visiting guests.

Well #3 Repairs

Salinas Pump replaced the submersible pump and motor at well #3. The motor and pump were scheduled for replacement a couple of cycles ago but were left in place until they failed. Well #4 was on line during the repair process. Well #3 has been disinfected, is being tested and will be brought back on line the week of 12 September 2016.

Terminix Maintenance Program Update

Local Treatments Completed

Jul 20, 2016: 318 garage, 236 garage, 124 garage, 296 garage, 328 garage, 160 deck, 334 deck, 118 fences, 296 fences, 118 unit and 296 unit.

Local Treatments Pending

No date set 106, 148, 216 and 222. Guardhouse Changing Room

Fumigation Pending

Sept 13-15 2016 156-158-160 and 300-302-304

No Date Set 156-158-160 garages and 324-326-328 garages

Coastal Projects

(From Last meeting)

I met with Amy Palkovic (State Parks), Chris Newman (Point Blue) and David Shonman on May 24, 2016 for a site visit concerning beach erosion here at the dunes. After looking at the damage caused by the winter storms I asked them to consider a small section of snow fencing at two of the beach accessways in order to see if we can build up the washed out areas with wind-blown sand. After discussion, both State Parks and Point Blue agreed to the proposal as an experiment. Chris Newman also asked if we knew anything about a process called biomimicry, (copying mother-nature), where rather than snow fence to catch the wind-blown sand and deposit it at the base of the fence to help rebuild the dunes, shims are stuck in the sand in an irregular pattern also to capture wind-blown sand. We agreed to research the process and maybe set up an experimental site on two accessways. In discussions over the next few days, I agreed to hold off setting up the experimental sites until the birds, nesting in the area, were old enough to fly. On Monday, June 27, 2016 all parties met on the beach and set up snow fencing in one area and shims in the other. State Parks asked that we keep the accessways closed to see if the experiment works. We have rerouted foot traffic through the 176-178 boardwalk from the parking area. Out of the meeting came a suggestion from State Parks that we consider building boardwalks horizontal to the beach and combine several boardwalk systems similar to what we were allowed to do in the southern section of the colony. We will be looking at this in future planning as we repair existing boardwalks, washed out by the winter storms.

On June 1, 2016 there was a Salinas River lagoon stakeholders meeting at the Monterey County Water Resources Agency (MCWRA) boardroom in Salinas. I was invited to attend and to give a presentation on how and when breaking the river affects the Monterey Dunes Colony. David Shonman attended the meeting with me and he talked about sediment transport down the river to the ocean, the effects of barriers/dams in the river and the needed sand deposits from the river which migrate north and stabilizes the sand bar that protects the colony during winter storms. Elizabeth Krafft, senior hydrologist for the MCWRA chaired the meeting. Participants were private land owners, regulatory agencies, and interest groups, in person or via video teleconferencing, (VTC). Ms. Krafft stated that coastal erosion in the southern monterey bay is reported as the highest in the state. The discussion shifted to the 2008 approach of slowing the river down by cutting it to the north, hoping to give the steelhead trout in the lagoon a chance to slowly migrate from fresh-water to the ocean. Those of us that witnessed that disaster strongly opposed any repeat of that type of manipulation of the breaching process. The new approach that most seemed to agree upon was if we had to manipulate the breach, it should migrate south into the conservatory rather than north towards the colony. Brent Buche, assistant general manager for the MCWRA talked about additional work scheduled for the Old Salinas River, (OSR) and the slide gate which allows some emptying of the lagoon without the need to breach the river. This did not make the NOAA Marine Fisheries Service, (NMFS) group happy as they want to breach to allow the exodus of the steelhead but did make the Fish and Wildlife Services, (FWS) happy as the Plovers nesting along the lagoon would remain undisturbed. The landowners were concerned about potential for flooding in their fields if the OSR slide gate malfunctioned and the MCWRA did not have a permit in place from the California Coastal Commission, (CCC). Ms. Krafft stated that the current stumbling block in the permitting process is with the Army Corps of Engineers, (ACOE) in that they need to determine if they have jurisdiction for issuing the permit or is it the CCC who has jurisdiction. She also stated that the Zone 2C Fund did not have any money budgeted for the permit process and she estimated approximately \$300K needed to obtain the necessary permits to breach the river. Dale Huss, Sea Mist Farms had a very strong opinion directed at the resources agency and FWS concerning his

fields getting flooded because the county was not doing its job. He reminded them that he had been flooded out many times in past years. After an intense discussion with the ACOE concerning the actual "Mean High Water Line" and what measurement constituted ACOE jurisdiction versus CCC jurisdiction, the agencies agreed to relook the mean high water line and see if they can eliminate the ACOE from the permitting process and if so, renegotiate the permit with the FWS, NMFS, the Regional Water Board and the CCC. A big issue here is both the steelhead and the plovers are listed and one of the agencies will have to give in to the other as both are claiming that unless their plans are accepted, their protected species will be subject to "take" or the loss of some of a protected species by the actions of the other. An alternative to breaching voiced by the MCWRA was to build a levy east, out on the public lands. Another was to run the river south and flood the wildlife refuge. The environmentalists were okay with this idea but stated that in all probability, this would create a mosquito issue that would have to be abated shortly thereafter. The last topic brought up was how to get funding for the permit to breach the river when necessary. There was discussion to outsource ownership or partnerships. Comments from the MCWRA staff were that they felt that the stakeholders most affected by not breaching should pay for the permit. (That would mean that Scattini Farms, Sea Mist Farms, Monterey Dunes Colony and the Balones, (the older couple that own Mulligan Hill at the river mouth would bear the cost of the permit). MCWRA countered that those upstream of the river are not as responsible as those most affected by potential flooding. We four all disagreed suggesting there may be legal ramifications if we were disproportionately saddled with this expense. The discussion ended there without resolution. The discussion went back to dealing with the technicality of the mean water line and whose plan would cause less "take". The meeting closed with statements from Ms. Krafft that there was no funding yet identified for the Salinas River Lagoon Management Plan, (SRLM Plan) for fiscal year 16-17. She advised that there was some potential "grant" money available and she told everyone in the conference room that the MCWRA needed assistance to move forward with the plan.

There has been no coastal project activity during this period.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the July 2016 billing period, there were 36 units that exceeded the Tier 1 water conservation limit. Seven units were under the \$5.00 billing limit. There were 5 units in Tier 2 and 24 units in Tier 3.

During the August 2016 billing period, there were 28 units that exceeded the Tier 1 water conservation limit. Thirteen units were under the \$5.00 billing limit. There were 4 units in Tier 2 and 11 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.

END OF REPORT

NEW BUSINESS

There was no new business.

OLD BUSINESS

There was no old business.

OWNER'S STATEMENTS

There were no owner's statements.

WATER COMPANY BUSINESS

Addressed in Managers Report.

ADJOURNMENT

The meeting was adjourned at 11:50 a.m. The annual homeowner’s meeting and BBQ will be on 10/15/16 beginning at 10:00 and 12:00, respectively. The next Board meeting is scheduled for November 19, 2016 at 10:00 a.m.

Respectfully Submitted

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Thomas J. Bugary, CCAM
General Manager and Secretary

EXECUTIVE SESSION

Three hearings were scheduled for requests to waive late fees and eighteen hearings were scheduled for violations to association ground rules.

DRAFT

Treasurer's Report July and August 2016

This report covers our fiscal year budget status through June 30, 2016.

Account Balances as of June 30, 2016 and May 31, 2016 are:

	<u>July</u>	<u>Aug</u>
Total MDCA Reserve Funds	\$3,048,199.44	\$2,972,792.14
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ ---	\$ 5,000.00
+ <i>ICS Reserve (Bank Acct)</i>	\$1,231,246.48	\$1,149,554.14
+ <i>CDARS (CD Due 3/30/17)</i>	\$ 302,532.26	\$ 302,694.18
+ <i>CDARS (CD Due 3/29/18)</i>	\$ 304,191.76	\$ 304,460.57
+ <i>CDARS (CD Due 1/31/19)</i>	\$ 602,932.15	\$ 603,316.33
+ <i>CDARS (CD Due 3/26/20)</i>	\$ 307,291.94	\$ 307,762.07
+ <i>Wealth Mgmt Trust Acct</i>	\$ 4.85	\$ 4.85
+ <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	\$ 79,311.28	\$ 155,514.48
RABOBANK Petty Cash	\$ 2,034.43	\$ 2,024.43
CAB Water Operating	\$ 25,308.09	\$ 15,651.11
Total Water Reserve Funds	\$ 116,056.05	\$ 118,708.05
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 116,056.05	\$ 118,708.05

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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