

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

May 21, 2016

Present

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

Absent

Todd Davis, Director

WELCOME

George Maciag, President, called the meeting to order at 10:00 A.M. on May 21 19, 2016 at the Monterey Dunes Colony Clubhouse. George explained that Todd could not attend several Board meetings because of persona reasons, however, he will be available for teleconference if necessary.

MINUTES

The Board reviewed the draft minutes of both the March 19, 2016 Board meeting and the April 20, 2016 Board teleconference. It was M/S/C to approve both sets of minutes as presented.

TREASURER REPORT

Ted Adams gave a verbal report for March and April 2016. 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

Ted Adams, committee chair, gave a verbal report on the finance committee meeting held the day prior. The committee had developed a laddering scheme where we would eventually end up with five 5-year CDAR's (CD's). The committee initiated the plan with our primary bank, Mutual of Omaha; however, they appear to have gone out of the 5-year CDARs business. The committee will explore options for obtaining 5 year FDIC-insured CD's. Finally, Ted stated that the committee recommends to the Board that they appoint Allen Rudolph, unit #250 homeowner, as a finance committee member. The Board M/S/C this recommendation.

ECC (ENVIRONMENTAL CONTROL COMMITTEE) REPORT

The committee held a teleconference on May 10 to discuss two ECC requests:

- 1) A courtyard landscaping and paving request by unit 234. The committee approved the pavers in the courtyard; however, the list of plants in the request was sent to Patti Kreiberg, owner, Sunset Coast Nursery. Patti was the expert used in the development of our ECC landscaping plan. The committee asked Patti if the plants that were requested by the homeowner of unit 234 were non-invasive and how big the plantings would grow.
- 2) The homeowner of unit 278 requested a digital lock for their front door, The request was approved with stipulations.

RULES COMMITTEE REPORT

John Steinhart reported that the committee made the following recommendation in a letter to homeowners dated March 21, 2016:

- 1) Effective July 1, 2016, no residence may be rented or leased for less than two consecutive nights (“Two Night Minimum Lease”) except upon presentation to the Board of evidence showing a lease or reservation for less than two nights entered into or made prior to April 1, 2016. There will be a \$500 fine per violation.

After discussion, this recommendation was M/S/C by the Board.

John Steinhart continued by saying that he was speaking on behalf of the rules committee, whose other members are Frank Williams, chair; Todd Davis, Biff Jelavich, and Harley McAdams. After evaluating several pieces of rental-related occupancy data, the committee concluded that parking availability was the top concern among a majority of homeowners. The committee’s recommended solution is to mark the parking spaces throughout the colony. Each homeowner would have one parking space in the vicinity of their unit marked with their unit number. Any extra spaces would be marked as “guest” or “visitor”. It would be the responsibility of homeowners to utilize their garages for parking if they require parking beyond that which is designated. A letter, similar to the letter asking for comment on one-night rentals, will be sent to homeowners before a final determination is made on this recommendation.

John stated that the committee will be taking the following actions in the near future:

1. Researching ways in which they could design a renter’s fee schedule for the utilization of the facilities and/or employees by rental units.
2. Researching a gate system that will remove the gate entry codes. The committee feels that our current system is archaic and that entry codes have been given out multiple times. With so many people having the gate code, the safety and security of the Colony is diminished.
3. Researching whether or not homeowners with multiple units within the Colony are violating the business rule in the CC&R’s and, if yes, an effective remedy for those homeowners.

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, Roofs, Decks and Skylights

Windows and sliding glass doors were replaced in unit 290. Unit 114 windows ordered and are being processed.

Units 232 and 294 are measured/pending replacements.

Units 102 and 226 both had sliding glass doors replaced.

Three skylights were replaced on unit 210 as well as an oceanside sliding glass door.

One sliding glass door was replaced at unit 254.

Due to significant termite damage and deteriorated chimney flashing, large sections of oceanside sloped roofs were replaced at units 106 and 316. Unit 158 is pending board decision to either replace the entire roof on building, (156-158-160) with composite shingles or to repair with wood shakes, (like-in-kind).

Unit garages for 312 - 314 and 316 were re-built and re-shingled due to termite damage and dry rot.

Association Carpenters replaced an owner-responsible, ground-level deck at unit 288 as a Charge to Owner.

Unit 188 oceanside deck is pending replacement and will be completed at the same time as the owner has his owner-installed sliding glass doors replaced/reset by a local contractor.

Painting

Association staff has completed painting the exterior trim on units 106, 190 through 194, 206 through 216, 258 through 268, 282 through 286 and garages at units 132 through 148, 150 through 194, 196 through 208 and 242 through 340. Units 150 through 154, 184 through 188 and 246 through 248 are sealed and prepped for painting.

Clubhouse Upgrades

On 3-19-2016 the ECC approved a vinyl plank commercial-grade floor to replace the existing carpet in the clubhouse and office area. The project was scheduled to start on Monday 5-16-16 but was delayed a week as all the materials had not come in. The floor is now scheduled to be installed the week of 5-23-16.

We will be upgrading the television in the clubhouse as well as the DVR before the end of the fiscal year.

Roofs, Sloped and Flat

The oceanside roof system at unit 158 is unserviceable. Termites have riddled the shakes and have broken through the underlayment. The flashing in many areas has been eaten through by the chemical runoff that the shakes had infused in them when cut and processed. The roof, or at least a major section of it needs replacing. After consulting with local engineers, roofers and general contractors, I am recommending that the board consider replacing the roofing system on the entire building (Units 156-158-160). One of the products I have

been discussing with roofers, general contractors and an engineer is Certainteed, Landmark TL triple laminate shingles (or a triple laminate shingle of a like kind as recommended by industry professionals). Certainteed Landmark TL shingles are made from asphalt or bitumen base, limestone crushed and mixed in with the asphalt creating a fill coating, the “base” of the shingle material. Fiberglass sheets are manufactured in long continuous sheets or “glass mats”. These “mats” are coated, top and bottom with the “base” using extreme heat. Colored rock granules are pressed into the heated product for coloring and texture of the roofing shingle material. The product is then cooled and a sealer is applied to ensure wind resistance rigidity and stability. The shingles are then cut and packed. The Landmark TL shingles have a lifetime “limited” warranty and a 130 MPH wind warranty. These shingles or like-in-kind should have a 25-30 year life span (in this environment), especially when an extra underlayment is applied. The cost to repair unit 158 roof is approximately 20K, the same cost that is estimated to replace the entire roof on 158 with composite shingles. Since the buildings are joined, it will be about \$60K to complete the building, (estimate). On Tuesday, 5-24 I will be meeting with the owner of unit 170 who owns a roofing company and has agreed to assist me in the search for an alternate roof covering that is suited for this environment. He has agreed that the Certainteed produces one of the best composite products on the market; however he is looking at the General Aniline & Film, (GAF) brand shingles as well as other composites which can prove to be just as good of a roof shingle. Both of these composite products come with several solar options from custom solar fitted shingles to panels that fit over the shingled roofing.

I will be putting out invitations to bid 10 Built-up Roofs. These are hot mopped small flat roofs and the spec sheets are the same as the last group. The roofer that did the last group in 2015 is out of business but there are several roofers in the area that will bid the project.

Landside Boardwalk Replacement

Landside boardwalks have been replaced between units 106 oceanside (partial), 130 to 132, 160 to 162, 174 to 176, 194 to clubhouse, 204 entry, 254 through 258, 284 and 286 entry, 286 to 288 and 306 oceanside, (partial), and 324 to 328 with a reinforced, wider boardwalk.

Gate System Upgrade

We are upgrading the existing gate system this year as the old system is degraded and requires constant maintenance to keep it running. The new system will be more secure as it will be minus gate codes and will require card or clicker program access.

Terminix Maintenance Program Update

Building Fumigations for drywood termites:

January 27, 28, and 29, 2016

Units 312-314-316

Building 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
October 9, 2015	Unit 208 garage

	Unit 250
October 20, 2015	Unit 328 garage Unit 206 oceanside deck area Unit 214 deck area
November 6, 2015	Unit 216 entry, stairs and courtyard fence Unit 294
January 6, 2016	Unit 148 garage Unit 196 Unit 294
January 22, 2016	Unit 132 garage Unit 146 garage Unit 282 master bedroom Unit 196 fireplace area, (2nd treatment)
February 2, 2016	Unit 254 garage
February 4, 2016	Unit 184 oceanside deck and windwall Unit 188 oceanside deck
February 8, 2016	Unit 106 roof
April 22, 2016	Unit 316 garage Unit 334 garage Unit 268 oceanside deck Unit 296 garage and in unit bedrooms Unit 124 garage Unit 184 garage Unit 118 skylight/ceiling Colony Guardhouse and Marquis Unit 108 garage Unit 196 living room Unit 278 attic Unit 300 garage

Terminix still has over 25 unit roofs to re-inspect.

Coastal Projects

From last report:

As of March 18, 2016, the MCWRA is not scheduled to break the Salinas River as flows have not accumulated from the Arroyo Seco down to the Salinas River. Point Blue has completed inspections of the lagoon area and reported no Plover nests at this time, (probably due to the severe weather we have had this month), in the event the MCWRA needs to break the river under emergency conditions.

Over the next few weeks I will be inviting a representative from the Army Corp of Engineers, (ACOE) for a site visit. I plan on including our coastal biologist and coastal engineer to this site visit. The purpose of this visit is to establish ties with the ACOE and to understand the options open to the colony during emergency conditions.

On Friday (Mar. 18), State Assembly member Mark Stone will be holding a special oversight hearing at the Moss Landing Marine Labs "to discuss beach erosion and declining sand supplies along the Central Coast and throughout California." Judging from a recent article in Coast Weekly, much of his focus will be on the Cemex sand plant; some recent research concluded that the amount of sand eroded from the southern Monterey Bay shoreline is similar to the amount of sand mined by Cemex. I plan to attend and will have more on this meeting at the board meeting the next day.

Due to significant beach erosion, I was forced to close several beach access-ways from the property this past winter. I am scheduled to meet with State Park officials on Tuesday, May 24th to discuss the possibility of

erecting 10 foot slatted fencing on the beach side of the access-way in order to build up the access-ways with windblown sand. I don't know if there is a way to get this permission, however I do not want to keep these accesses closed much longer.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the March 2016 billing period, there were 11 units that exceeded the Tier 1 water conservation limit. Six units were under the \$5.00 billing limit. There were no units in Tier 2 and 5 units in Tier 3.

During the April 2016 billing period, there were 10 units that exceeded the Tier 1 water conservation limit. Four units were under the \$5.00 billing limit. There were 2 units in Tier 2 and 4 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.

NEW BUSINESS

Association Indemnification for Release of Information during Sale of Unit

When homeowners sell their homes, the Title Company issues a “demand” (a set of questions and a request for documents) when escrow begins. It is becoming more commonplace that there is also a set of questions from the borrower's lender. Escrow demands and lender's questions are becoming more and more complex, so much so that it is thought to be prudent to get an indemnification from the seller, in case any of the answers to the questions causes the sale to fall through. After discussion, the Board M/S/C to implement the indemnifications when an owner is selling their unit. Additionally, it was M/S/C that the transfer fee be increased from \$250 to \$500.

Re-affirm Annual Reserve Maintenance Assessment for 2016-2017

At the last Board meeting, the proposed FY2016-17 budget was approved. It was pointed out that monthly dues are increasing from \$865 to \$890. However, it was not pointed out that the annual reserve assessment, due July 1, 2016, will not increase and will stay \$5000, so the Board re-affirmed that the FY 2016-17 annual reserve assessment will be \$5000 and is due on July 1, 2016 and late after July 15, 2016.

OLD BUSINESS

There was no old business.

OWNER'S STATEMENTS

There were no owner's statement

WATER COMPANY BUSINESS

Addressed in Managers Report.

ADJOURNMENT

The meeting was adjourned at 11:30 a.m. David Shonman, Coastal Biologist, will be speaking to the homeowners at noon regarding our coastal erosion. The next Board meeting is scheduled for July 16, 2016 at 10:00 a.m.

Respectfully Submitted

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Thomas J. Bugary, CCAM
General Manager and Secretary

EXECUTIVE SESSION

Two hearings were scheduled for violations to Association ground rules.

Treasurer's Report March and April 2016

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

Account Balances as of March 31, 2016 and April 30, 2016 are:

	<u>March</u>	<u>April</u>
Total MDCA Reserve Funds	\$2,578,780.68	\$2,598,344.65
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ ---	\$ ---
+ <i>ICS Reserve (Bank Acct)</i>	\$ 765,820.08	\$1,061,277.12
+ <i>CDARS (CD Due 3/31/16)</i>	\$ 301,048.94	\$ ---
+ <i>CDARS (CD Due 3/30/17)</i>	\$ 301,895.89	\$ 302,052.25
+ <i>CDARS (CD Due 3/30/17)</i>	\$ 8.24	\$ ---
+ <i>CDARS (CD Due 3/29/18)</i>	\$ 303,136.20	\$ 303,395.43
+ <i>CDARS (CD Due 1/31/19)</i>	\$ 601,422.59	\$ 601,793.44
+ <i>CDARS (CD Due 3/26/20)</i>	\$ 305,448.74	\$ 305,900.95
CAB Operating	\$ 15,284.36	\$ 21,281.99
RABOBANK Petty Cash	\$ 2,122.99	\$ 1,723.30
CAB Water Operating	\$ 19,355.65	\$ 19,441.32
Total Water Reserve Funds	\$ 107,121.81	\$ 111,175.68
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 107,121.81	\$ 111,175.68

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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