

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

January 17, 2015

**PRESENT**

Frank Williams, President  
Bob Dickinson, Vice President  
John Steinhart, Treasurer  
Jeff Schwartz, Director  
Todd Davis, Director  
Ted Adams, Assistant Treasurer  
Tom Bugary, Secretary and General Manager

**ABSENT**

None

**WELCOME**

Frank Williams called the meeting to order at 10:00 AM, January 17, 2015 at the Monterey Dunes Colony Clubhouse.

**GOVERNING DOCUMENTS UPDATE VOTE TABULATION**

Don Tenenbaum, Inspector of Elections, verified, opened and counted the ballots during the meeting. Frank announced that the polls closed at 10:40 a.m. and no new votes would be accepted. At 10:55 a.m., Don announced the results of the vote: 104 total votes - 99 votes for and 5 votes against.

**MINUTES**

The Board reviewed the draft minutes of the 11-15-14 directors meeting. It was M/S/C to approve the minutes as presented.

**FOREDUNE RESTORATION PROJECT OVERVIEW**

David Shonman, a Coastal Biologist who has worked coastal projects for the Colony as a contract Biologist since its inception, gave a presentation on our Foredune Restoration Project. His presentation in part:

Over the last two weeks, with the help of the Monterey Dunes maintenance staff, we have

completed the first part of the Foredune Restoration Project (AKA Sand Nourishment Demonstration Project). This is a project which involves bringing new sand to the shoreline to help repair some foredunes at the south end of the Colony that have been eroded over the last few decades. Although there is a lot of sand on the beach already, we need the right sand in the right place at the right time. Tom obtained 450 cubic yards of sand from a Monterey County agency when the agency cleared accumulated sand from around the gates at the Old Salinas River spillway a few years ago. The agency dumped the sand at the Colony where we have been storing it ever since in anticipation of this project's approval. This year, we finally received approval to start the project, and on January 6, 2015 we began building our own sand dunes using 2 All Terrain Vehicles, (ATV's) and a small Front-end Loader. The equipment was kept on boardwalks that we had previously built and no damage was sustained to the surrounding area. Once the sand dune was built, we needed to re-vegetate it, so we obtained the services of a Dunescape Botanist, Joey Dorrell-Canepa. Ms. Dorrell-Canepa came out to the Colony during the summer and collected seeds from various native dune plants. She planted many of these seeds and used the resulting seedlings, as well as the remaining seeds to re-vegetate the man-made foredunes. The roots of the plants help to stabilize the dunes by deflecting wind, otherwise the wind would destroy the sand dunes. Due to the fact that the seedlings will not become mature enough to stabilize the dune for another 5-6 months, Mrs. Dorrell-Canepa used straw plugs to protect the plants and provide temporary stabilization. The straw will deteriorate naturally and eventually disappear.

We continue to work with the State and Federal agencies to develop:

- (1) an ongoing maintenance plan, and
- (2) a snow fencing program to use sections of the drift fencing to capture sand and naturally build the sand dunes. Additionally, a portion of the colony shoreline to include the western end of the sand dunes and the beach belong to the State Parks. We are hoping that, similar to the City of Monterey, we can manage this area, thereby reducing the load on State Parks and increasing the protection of our area.

After the presentation David entertained questions from homeowners.

### **TREASURER'S REPORT**

John Steinhart, Treasurer, gave the Treasurer's Report for November and December 2014. 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**

Bob Dickinson, committee member, gave the committee report due to the absence of Ted

Adams, chair. Bob stated that the committee had met the previous day to review the first six months of the FY (fiscal year) 2014-15 (July-June). He elaborated that this fiscal year will show a very large deficit due to the solar project, which was approved in July, but not budgeted for because the budget had already been approved a few months prior. The rest of the operating budget, less a few timing issues, is about \$15K positive. The MDCA reserve budget is approximately \$30K positive. The primary reason for the positive variances is that other unbudgeted tasks, such as the solar project, are utilizing man-hours that are not being used for the budgeted.

Both the operating and the reserve budgets for the Water Company are at break-even.

There are 3 CDARs that will mature during the year, with the first maturing in February. Since we don't have specific plans on how to ladder our investments, we plan to let the February CDAR roll over for another 6 months. By the time the other two CDARS are ready to mature, Ted Adams and Art Testani will have developed a specific plan for our laddering strategy and, after Board approval, we will act according to that plan. The Board M/S/C the rollover of the CDAR in February.

The committee discussed the selection of auditors for the FY 2014-15 audit. We have started looking at a couple of options and will report back to the Board when we are close to a decision (by June).

Regarding the insurance, we do not have quotes on everything - principally, the umbrella liability policy. The other insurances are earthquake, boiler and machinery, and worker's comp. The committee recommended the proposal to increase our earthquake insurance coverage (from \$10M to \$25M), for an annual premium that is approximately \$3K less than it was last year using an A admitted carrier. We will also realize approximately \$3000 in savings on our new worker's comp policy this year due to our staff safety record and break even on our boiler and machinery policy. The committee recommends that the Board approve renewing all insurance policies due on February 1, 2015 unless, when we get quotes on the policies we don't currently have, Tom feels that the policies have increased unreasonably. After discussion, the Board M/S/C this recommendation with the understanding Tom will contact the Committee with information as he receives it from our broker.

## **GENERAL MANAGER'S REPORT**

### **MONTEREY DUNES COLONY ASSOCIATION**

This is a cumulative report covering projects and work as completed in fiscal year 2014-2015, (July 1, 2014 through June 30, 2015).

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

I have ordered/received 17 window/sliding glass door replacements for units 298, 8 replacements for 286 and 2 replacements for 178. Unit 290 is also scheduled for window replacement in fiscal year 2015. I will be ordering these windows this month for installation in April-May of 2015.

The main entrance door to the Association Office was replaced.

The courtyard fence and gate were replaced at unit 262.

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

The garage doors on unit 114 and 274 garages were replaced and the door at unit 138 was repaired. Barrier strips were installed on the garage floors at units 152 and 154 and one more pending at 186. Barrier strips prevent water from settling on the garage floor due to building settling or asphalt needing to be regraded.

### **Solar Project**

From Last Report:

*I met with Dan Hopkins from Builder's Solar and Engineers from the Monterey Energy Group on September 24, 2014 and went over the project. Monterey Energy Group Engineers surveyed the site for sun exposure and panel placement.*

*I met again with Dan Hopkins on Monday, October 27, 2014 to go over the plans as developed by the Monterey Energy Group. I also went over the fee schedule for the permits and was somewhat disturbed at the cost the county charges just for the colony to go green. The permit charges were:*

<i>Environmental Health -</i>	<i>\$ 135.00</i>
<i>Planning -</i>	<i>\$ 161.40</i>
<i>Technology Fees -</i>	<i>\$ 116.46</i>
<i>General Plan Implementation -</i>	<i>\$ 8.89</i>
<i>Routing Plan Review -</i>	<i>\$ 500.00</i>
<i>Plan Review, Standard -</i>	<i>\$ 1,170.00</i>
<i>Inspection, Not Otherwise Classified-</i>	<i>\$ 1,080.00</i>
<i>CA Building Standards Commission -</i>	<i>\$ 12.00</i>
<i>Strong Motion – Commercial -</i>	<i>\$ 84.00</i>

*In addition, the county is requiring a complete soils report even though the field is located on an existing surface and a subsurface of sand.*

*Association staff has taken down the center divide between the two courts and cleared the surfaces in preparation for the building stage.*

The Building Permit was approved on 12-4-14 and the Racking Payment (helical piers adapters and mounts) was paid along with payment for the trusses, rails, clips and hardware on 12-15-14, (\$58,925).

The helical piers arrived on Friday 1-10-15 along with associated hardware. The trusses, rails and other hardware should arrive the week of 1-19-15.

I met with contractors on 1-13-15 to go over plans to bury the helical piers in preparation to assemble the solar array. Installing the piers can be tricky as the spacing has to be close to perfect to be able to attach the panels. I am a little reluctant to try this on my own when the installers have the templates, equipment and expertise to easily complete this part of the install.

### **Painting**

Association staff has completed painting the exterior trim on units 128, 130, 132, 134, 136, 138, 140, 142, 170, the clubhouse trim and all external chimney pipes and caps.

### **Archiving Project Update**

We are approximately 80% complete with archiving existing documents into the efilecabinet system. Association documents are saved on a personal storage drive in the association office as well as off-site storage, (cloud).

### **Landside Boardwalk Replacement**

Landside boardwalks have been replaced near units 156, 158, 208, 210 and 212.

On 8-26-14 I purchased a truckload of Trex from the Nevada plant at a cost of approximately \$41K, or \$2.96 per linear foot.

### **Wave Run-up Barriers**

The colony experienced a severe storm on 12-11-14. We expected heavy rain, wind, high surf and high tides, all the makings of a storm with considerable wave run-up. We deployed 100 barriers on 12-10-14 and filled them from our own water supply. Deploying the barriers took about 7 hours. Each barrier took 127 gallons of water for a total of 12,700 gallons used. While the storm was quite intense, the run-up did not reach the barriers as the swells did not reach the predicted height. After the storm had passed, the staff removed the barriers in about 5 hours. Normally, I would have left the barriers out a little longer; however, we needed the boardwalk free to transport sand out to the beach for the foredune restoration project.

### **Security Cameras on the Property**

I have researched several options and talked with the design and installation technicians of several security companies. I am not ready to offer options to the board on security systems because I don't understand all the differences in the materials specified. Art Testani, unit 174 has been assisting me in reviewing the systems as he has had some experience in security systems. Art is on the Board of Directors in a homeowners association near San Juan Bautista and has recently researched and installed security systems for that association.

## Fumigation Update

Fumigations July for drywood termites: None this fiscal year

Local Treatments for drywood termites:

July 28, 2014	Unit 228
July 28, 2014	Unit 298
July 29, 2014	Unit 222
August 14, 2014	Unit 160
August 14, 2014	Unit 318
August 25, 2014	Unit 240 - (garage)
October 7, 2014	Unit 148 - (garage)
October 22, 2014	Unit 214
October 24, 2014	Unit 294 – (garage)

## Coastal Projects

*From previous report:*

*David Shonman, in collaboration with Joey Dorrell-Canepa, (also a coastal biologist who will be re-vegetating the project areas) and I discussed the best time to conduct the project given all the variables. The consensus was that we transport the sand out on the beach early in January. The schedule has now been set for the first week of January 2015 when the tides look favorable.*

*After an extensive search for the best hand-operated cart to take the sand from the stockpile near Well #3 out to the proposed project sites. I had David Shonman ask Mike Watson from the Coastal Commission if we could move the sand via a utility vehicle with soft wheels which would not damage the boardwalk under heavy loads. This decision would also speed up the project and would substantially save our labor force. Mike Watson agreed with the following conditions:*

- 1. Avoid disturbing any existing snowy plovers, (David Shonman will check the area prior to starting to transport sand).*
- 2. Avoid operating (equipment or people) on State Park property.*
- 3. Limit utility vehicle operation to the boardwalks and plywood positioned for turn-arounds.*
- 4. Re-vegetate any areas damaged by sand delivery.*

*I reserved two Kubota RTV900 Utility Vehicles with hydraulic dumps as well as a B2320 Front-End Loader for the week of January 5 through January 9, 2015. Hopefully, the weather will cooperate.*

*I plan on having a meeting out at the proposed project sites sometime next month to ensure all parties are ready to go on January 5, 2015.*

I met with David Shonman and Joey Dorrell-Canepa on 12-8-14 at the south end of the property and went over the project. By the end of the meeting all present understood the overall operation as well as their personal roles and responsibilities.

The project started on Monday 1-5-15 and was completed on Friday 1-9-15. Two workers were assigned to ATV's, one on a track loader, (filling the ATV's with sand), two out on the foredunes receiving the sand, placing it and raking while another member of the staff was assigned to the on-site biologist to help with the seeding, planting and the straw plugging as each section was complete. We moved about 400 yards of sand over the 5 day period.

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

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

During the November 2014 billing period, there were 6 units that exceeded the Tier 1 water conservation zone. Three were under the \$5.00 billing limit and therefore not billed. There were 2 units in Tier 2 and 1 unit in Tier 3.

During the December 2014 billing period, there were 5 units that exceeded the Tier 1 conservation zone. One unit was under the \$5.00 billing limit and therefore not billed. There were 2 units in Tier 2 and 2 units 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.

## **NEW BUSINESS**

### **Discuss Need for Strategic Planning Committee**

A few months ago, we had a well thought out suggestion from one of our board members and long-time homeowners that we should plan ahead for things we don't normally address, things like: What happens when we get our reserve funds up to 40% funded? Do we keep building our reserve funds or not? What are some of the longer-term issues that we need to think about? We need to get some people that are experienced at looking ahead from a business or organizational perspective. There were also some additional recommendations, some of which involved personnel issues. Since personnel issues are not supposed to be discussed at an open Board meeting, we will be discussing this issue in executive session after the meeting.

### **Appoint Additional IDR Facilitator**

The IDR (Informal Dispute Resolution) process is similar to a "meet and confer" process. One of the IDR facilitators, Todd Davis, has been elected a Board director and is no longer eligible to serve as a facilitator. After Board discussion with audience participation, Mr. Davis was replaced as a facilitator by George Maciag.

### **Renter Issues**

Approximately 1/3 of the homeowners at the Colony rent their units; since there are numerous conflicts between owners and renters, such as noise levels, parking issues, abuse of facilities, security, and reporting procedures, the Board decided to establish an ad hoc committee to gather data and develop solutions to these owner-renter conflicts and present said solutions to the Board. The board tabled establishing this ad hoc owner-renter committee until a future board meeting.

## **OLD BUSINESS**

### **Update on Redshift Issues**

The link to Monterey (the way in which the homeowners at the Colony receive their internet) went down in November due to the rains. Since then, there have been reports of inconsistent performance. This is indicative of our two main issues with the Redshift service – reliability and consistency. Another issue is a communication issue; not all issues directed to customer support are communicated to the proper person. Bob is meeting with Tony Cricelli, Redshift President, on Monday (1/19) afternoon to try and get some clear answers regarding our service. At this point, Bob is our de facto Redshift negotiator and homeowners with concerns about Redshift should be emailed to Bob at [RVD1973@gmail.com](mailto:RVD1973@gmail.com) and emails sent directly to Redshift from homeowners should also be sent to Bob.

### **Unit 242 update, Foreclosure Sale, Status**

The bank foreclosed and took possession of unit #242 on 11/20/14. Since then we have not received any homeowner dues – monthly or the balance of the annual reserve dues that was being paid in monthly payments when the unit was being rented. We have sent them invoices for all amounts owed as well as charging them two late payments.

Our renter is still in the unit; however, the bank has asked her to leave by next month. Upon her move-out, Tom will do a move-out inspection and deduct any damage to the exterior from her security deposit. Interior damage is now the responsibility of the bank.

### **Solar Farm Project Update**

Addressed in the Managers Report.

## **OWNER'S STATEMENTS**

Mary Ann Hoisington, unit #200, stated that Monterey County has a recycling program for polystyrene (styrofoam) and wanted to know if management could collect and take the Colony's polystyrene (maybe once a month) to a place in Castroville.

## **WATER COMPANY BUSINESS**



Addressed in the Managers Report.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 11:52 a.m. The next Board meeting will be on March 21, 2015 at 10:00 a.m.

**EXECUTIVE SESSION**

A homeowner request for a water bill waiver was discussed and approved.

FOR THE BOARD OF DIRECTORS:

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

**Treasurer's Report  
November and December 2014**

This report covers our fiscal year budget status through December 31, 2014.

Account Balances as of November 30 and December 31, 2014 are:

	<u>Nov</u>	<u>Dec</u>
Total MDCA Reserve Funds	\$2,339,563.68	\$2,345,502.14
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ ---	\$ ---
+ <i>ICS Reserve (Bank Acct)</i>	\$ 930,338.05	\$ 836,010.60
+ <i>CDARS (CD Placement)</i>	\$ 602,495.43	\$ 602,623.17
+ <i>CDARS (CD Placement)</i>	\$ 506,615.77	\$ 506,723.35
+ <i>CDARS (CD Placement)</i>	\$ 300,114.43	\$ 300,145.02
+ <i>Loan to Operating (Solar)</i>	\$ ---	\$ 100,000.00
CAB Operating	\$ 151,588.28	\$ 130,063.51
RABOBANK Petty Cash	\$ 182.14	\$ 104.16
CAB Water Operating	\$ 10,331.96	\$ 10,174.81
Total Water Reserve Funds	\$ 79,161.20	\$ 80,493.94
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 75,161.20	\$ 80,493.94

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*

John Steinhart