

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

January 20, 2018

Present

Bill McGowan, President
Allen Rudolph, Treasurer
George Maciag, Director
Tom Bugary, Secretary and General Manager

Absent

Todd Davis, Vice President
Biff Jelavich, Director

WELCOME

Bill McGowan called the meeting to order at 10:00 a.m. on January 20, 2018 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the draft minutes of the 11-18-17 Board meeting. It was M/S/C to approve the minutes as presented.

TREASURER REPORT

Allen Rudolph gave a verbal report for November and December 2017. Allen noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, Allen 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

Allen Rudolph, the chair of the finance committee, gave a verbal report regarding the finance committee meeting the previous day. Allen reported that the majority of our master insurance policies for the colony are due in February (i.e. earthquake, property, etc), presented the renewal premiums (11% increase overall), and stated that the committee was recommending that the Board approve the renewal premiums. After discussion, the Board M/S/C the insurance renewal premiums.

Another topic of discussion for the committee was the recreational area putting green. The green is in need of resurfacing and the committee discussed if it would be wiser to spend the money on doing something else with the area where the green is at since the green gets very little use. The committee suggested using the putting green area for a picnic barbeque area. The Board M/S/C not repairing the putting green area; however, they would like to have member input on what to do with the area before they give approval. The board asked Tom to send an email out to homeowners asking them if they had an opinion on taking out the

putting green rather than spending the money on resurfacing it. This will be an action item at the next board meeting.

We have a \$27K budget line to upgrade the clubhouse. The board discussed forming a committee to make recommendations on how best to upgrade the clubhouse. Two homeowners present at the meeting volunteered to be on the committee. Management will solicit additional members and then set up a teleconference with the Board so that the committee can be appointed.

ENVIRONMENTAL CONTROL COMMITTEE (ECC)

Fran Gentry, Acting Chair of the ECC, gave a verbal report. She stated that the committee met via teleconference on January 8, 2018, to review two requests as outlined below:

- Unit 226 homeowners requested to install an Electric Vehicle Charging (EVC) station next to their assigned parking space. At the teleconference this request was tabled pending an onsite meeting to review the project.
- Unit 212 homeowners requested to replace their fireplace system. This request was approved with stipulations.

Additionally, Fran made the following two recommendations:

1. The committee is recommending a change to the wording in the EVC policy to identify the garage (vs. assigned parking space) as the primary placement for 50 amp charging outlet. The committee will present a draft policy to the Board in the near future.
2. The committee recommended that the Board appoint George Maciag to the ECC and name Jeff Schwartz as an alternate member since one member of the committee needs to be a Board director. The Board M/S/C this recommendation. Additionally, Allen Rudolph volunteered to be an alternate member on the committee.

GENERAL MANAGER'S REPORT

MONTEREY DUNES COLONY ASSOCIATION

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2017-2018, (July 1, 2017 through June 30, 2018). It also includes management topics associated with the January 20, 2018 director's meeting.

Windows, Doors, Fences, Roofs, Decks and Skylights

Partial replacements/repairs were made to courtyard fences at units 204 and 216.

A light pole near the main gate was replaced due to severe termite damage.

The reroofing of residential units (114, 116 and 118), (138, 140 and 142), and (224, 226 and 228) are complete, inspected, permits signed off on and 5-star warranties issued, as well as garage units (112, 114, 116 and 118), (138, 140 and 142), (224, 226 and 228).

Three skylights were replaced on the sloped roof section of unit 142.

Units 182 and 184 Oceanside decks were replaced. A damaged deck was repaired at unit 212. Association carpenters are currently replacing the decking in the swimming pool area and should be completed the week of the 22-26 January 2018.

An ADA ramp was installed at unit 228 as additional work and billed to the unit owner.

Boardwalk Replacement

Association staff replaced the boardwalk in the common area between units 204 and 218 using Trex material.

Painting and Weatherproofing

Association staff has completed sealing and re-painting the exterior trim on units; 130,160, 162, 170, 174, 176,212, 214, 216, 230, 232, 234, 252, 254, 256, 270, 272, 274, 276, 278, 280, 282, 284, 286, 288, 290, 292, 294, 304, 306, 308, 310, 330 and garages from 102 through 130.

Side Wall Shingles

The wind wall at unit 282 was re-shingled.

Chip Seal and Asphalt Repair

I have delayed the bidding for the chip seal and asphalt repair scheduled for this spring due to complaints from our neighbor, Mike Scattini that rain runoff from the cul-de-sac at units 102-130 combined with runoff from the guardhouse area is flooding the farm fields adjacent to the colony property. He has asked that the colony participate in installing catch basins and drainage systems he has installed on his property. After inspection, consideration and collaboration with the members of the board, I am researching the possibility of installing a new curb system and drainage field near the guardhouse. I have asked a local engineer and a couple of contractors to evaluate the drainage field possibility and determine the feasibility of this type of drainage fix. After that, I plan on tying this repair into the chip seal and asphalt repair work scheduled for this spring which will bring that project in over budget but with some cost savings over contracting these projects separately. Additionally, we are tasked to maintain the road accessing the property from the entrance of the Salinas State Beach parking area to the entrance of the colony. Although this road belongs to the State Parks, historically the colony has been charged with making any repairs to the road which we use exclusively as an easement over state park property. This will add an additional 10-15% onto the contract price for the chip seal and road repair over that easement.

Coastal Projects

From last report:

I am still working with Mike Scattini on installing a gate on the southern end of the property in order to allow the trucks from the Water Resources Agency to bring sand to the colony from the Old Salinas River slide gate. The most recent estimate for this installation is late January, 2018. The gate is a double opening 20 foot wide and eight foot high cut into the existing predator fence already installed along the perimeter of Scattini's farm lands.

On November 11, 2017 John Kasunich and Mark Fox, coastal engineers from Haro-Kasunich & Associates made a site visit to evaluate the erosion and damage to our foredunes. John Kasunich subsequently wrote a report and followed that with a presentation at the annual meeting explaining last winter's effect on the colony and how to prepare for additional damages that might occur with future events similar to that of the winter of 2016-17. Homeowners can attain a copy of that report from the association office.

After the presentation, the Board acknowledged that the colony needed a historical map showing the progression of erosion in order to prepare for future winter erosion and asked Tom to work with the surveyor and geologist to get this map completed.

On November 2, 2017 David Shonman met with Ross Clark at the Central Coast Wetlands Group (CCWG) facility in Moss Landing. For most of its existence, the CCWG has focused on restoration and protection of coastal wetlands (sloughs, marshes, rivers and estuaries). A few years ago, the group expanded its area of interest to include coastal dunes and their vulnerability to climate change and associated sea level rise.

The CCWG is currently working on a project to remove ice plant from dunes in the Salinas River State Beach area and to revegetate with appropriate native dune plants. The overall project is funded by the California Coastal Conservancy.

As a matter of record, the Monterey Dunes Colony sent a letter to the Coastal Conservancy in November 2014 supporting the CCWG's grant application to fund this ice-plant removal project and was seen as a "win-win" by the board of directors at that time. This project was subsequently approved by the California State Parks and is now funded through February 2018, using a contractor, "Ecological Concerns" from Santa Cruz to remove the ice plant from state-owned land immediately north and south of the colony. The ECI team includes technicians trained and certified by the State to use herbicides in biologically sensitive areas. The ECI team was granted access through the Monterey Dunes property to work the southernmost government land to remove this ice plant.

Next February, CCWG staff and volunteers will be conducting the second part of the Project; planting native dune plants into areas previously occupied by the recently sprayed ice plant. The CCWG group has stated that they would welcome anyone from the colony who would like to volunteer to help plant native plants within the State Park property and that those who volunteer would be working alongside a CCWG botanist, (Joey Dorrell-Canepa). Joey has successfully worked with "citizen volunteers" on dune replanting projects in Seaside, Sand City and has assisted the colony with past projects concerning dune revegetation.

Representatives from the CCWG have offered to send more detailed information to the colony in the near future and has ask that management disseminate this information to all homeowners.

During a conversation in October with Ross Clark, CCWG coordinator, he mentioned that CCWG's geologist used a drone to map the Salinas River State Beach shoreline as part of their recent document that assessed how climate change and sea level rise might affect the area between Moss Landing Harbor and the Salinas River. Clark offered to share the section of this new digital map that includes the shoreline adjacent to the colony. When the CCWG first approached the colony asking for support for their projects in 2014, we were somewhat skeptical because of their lack of experience dealing with beaches and coastal dunes. David Shonman was instrumental in vetting the organization in which we ultimately helped secure grant money for their current dune restoration projects up and down the coast. David reported in 2014 that the CCWG had expanded its team to include a botanist familiar with dune plants and their communities, a snowy plover specialist, and a coastal geologist. Since 2014, the CCWG has formed links with Amy Palkovic, senior environmentalist at State Parks, Kriss Neuman and Carlton Eyster with Point Blue Conservation Science and Mike Watson, California Coastal Commission, all of whom reviewed and commented on their dune restoration plan. While we can't predict what direct benefits the colony will gain from cooperation with CCWG, other than having the property north and south of the colony cleaned up and native plants reintroduced to the foredune areas, we may benefit with the mapping efforts using data from CCWG's recent drone activity along the shoreline. CCWG's primary source of funding is grant money for "public projects" rather than activities on private property, however access to their drone's aerial mapping is a good benefit to the colony. In the future, CCWG may be able to use its affiliation with the Moss Landing Marine Labs and California State University Monterey Bay to support actions that protect and enhance the flow of river-generated sediment to the colony's portion of the shoreline.

I recently received (hardcopy) of the completed topo map with timeline study overlays from Central Coast Surveyors. A copy of the map was sent to Haro-Kasunich and associates for analysis and comment. I asked for a timeline from which I could expect them to update management with their analysis. Mark Fox one of the engineers working on the project gave me the following answer:

"It will be a significant effort to do the tasks identified in our letter to Monterey Dunes Colony dated 17 October 2017. That work involves:

Comparison of the 10-27-1970 topographic map, used as a base map by Rogers Johnson and Associates (REJA) in 1983 (by me) and later revised in 1995 and 2008 by REJA, with the current map Central Coast Surveyors has prepared; which we received today but have not reviewed yet. The same scale and contour interval as used in 1970, with a rectified color aerial photo overlay. Comparison of ground surface profiles (cross sections) through the new topographic map in the same locations as the 1983 REJA

sections, and the 2009-2011 Coastal Conservancy LiDAR topographic map and the and 2016 West Coast LiDAR topographic map will allow mathematical comparison of the recent site conditions and quantification of the threat to the septic leach fields and homes from additional coastal erosion that is expected to eventually occur at MDC.

Through the additional scientific study and engineering analysis, we are hoping to be able to assess the level of risk based on quantitative evidence of past conditions and the trends and rates of change that are discovered, quantified and projected into the future.

We will evaluate the best way to accomplish this and get back to you.”

Given the above response, management anticipates it may be several weeks before we receive a finished product from Haro-Kasunich.

Cypress Coast Fence installed a 20 foot gate to the predator fence at the south end of the property on Thursday January 18, 2018. This fence now allows us access to the river mouth through the Scattini farm road and will allow the Monterey County Water Resources Agency (MCWRA) to transport sand from the river mouth to the colony's stockpiles. The MCWRA was notified and they are moving forward with relocating the excess sand out of the Old Salinas River slide gate to the colony's holding area.

During a meeting with Brent Buche, Deputy General Manager, MCWRA we learned that the WRA dumped over 192,000 acre feet of fresh water into the ocean last winter via the Salinas River. To put this into perspective, the Monterey Peninsula uses approximately 12,000 acre feet a year of fresh water for commercial and residential applications. The tunnel project between Lake Nacimiento and Lake San Antonio that was supposed to ensure additional water was retained in the two reservoirs during the winter rains has been stalled for the past two years because of a species of fish, (white bass), introduced to Lake Nacimiento in the late 1960's by the California Department of Fish and Game. State environmentalists are now concerned that this fish population will spread to Lake San Antonio through the tunnel and then go over the spill way during releases into the Salinas River if this project is completed as designed. These environmental groups want solutions incorporated into the tunnel design to mitigate this threat. At this point, the cost of these fish screens and other blocking devices proposed has been cost prohibitive thus the project is now at a standstill.

Terminix Maintenance Program Update

Local Treatments:

Unit 222 deck area, 246 garage, Units 106, 118, 148, 196 and 248 living areas,

Pending Fumigation

156-158-160 garages and 324-326-328 garages. (By company who gets awarded the garage termite maintenance contract).

We are in the process of securing a new dry-wood termite maintenance contract through one of the pest control companies to treat the garages within the colony. The current contract with Terminix for servicing the garages has expired so any garage treatments are accomplished on an individual basis until a new bulk service contract can be purchased.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation Billing

During the November 2017 billing period, there were 9 units that exceeded the Tier 1 water conservation limit. One unit was under the \$5.00 billing limit. There were 3 units in Tier 2 and 5 units in Tier 3.

During the December 2017 billing period, there were 7 units that exceeded the Tier 1 water conservation limit. Six were under the \$5.00 billing limit. There were no units in Tier 2 and 1 unit 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.

The repairs to the main water tank are complete.

OLD BUSINESS

Resolution of the homeowner ECC request for entrance cameras

Moved to executive session and interested parties were invited to be in attendance.

Update on Larabee vs. MDCA in wrongful death lawsuit

Mr. Larabee was a renter who fell in the courtyard of the unit he was renting and died approximately a year later. Relatives claim he slipped on the deck stairs and that the incident contributed to his death. This case is now in discovery. Even if Monterey Dunes does not lose the lawsuit; our property insurance has, and will be further impacted (it will increase) as litigation is expensive.

Update on high speed internet options available to the colony

Stuart Wentworth, unit #170, had previously volunteered to research alternatives to Redshift Internet. He said that he has been trialing Viasat on one side of his unit. He said that he is not happy with Viasat at this time because it did not live up to its “hype”. They advertised 5 times the bandwidth of what we get with Redshift; however, the satellite is not yet hooked up and the advertised service will not be available for a few months. Stuart will report back when the service is available.

There was a lot of conversation centered around the fact that even if Viasat lived up to its promises, do we really want another dish on the roofs? Viasat will be fast enough that you can get streaming television services and not use Dish or DirecTV, but would homeowners want to give up their satellite t.v.? Since the conversation was purely hypothetical, the board decided to wait for a final report on the service.

NEW BUSINESS

Resolution to record a lien on APN 229-081-023 for nonpayment of Association dues

It was M/S/C to approve the resolution to record a lien on APN 229-081-023 for nonpayment of Association dues.

Recommendation to contribute to the Elkhorn Slough Foundation

It was M/S/C to approve a \$100 contribution to the Elkhorn Slough Foundation.

OWNER'S STATEMENTS

There was some conversation about horses coming up to the dunes even though they are supposed to stay on the wet sand by the water. Management states they have called state parks and lodged complaints about this however, the regulatory agencies do not strictly enforce the horses as they do predatory animals.

There were no further owner's statements.

WATER COMPANY BUSINESS

Water Conservation reports for November and December 2017

Addressed in Managers Report.

ADJOURNMENT

The meeting was adjourned at 11:30 a.m. The next regular board meeting is scheduled for March 17, 2018 at 10:00 a.m.

Respectfully Submitted

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Thomas J. Bugary CMCA, CCAM
General Manager and Secretary

EXECUTIVE SESSION

The Board had four hearings (detailed below).

- Resolution of 278 ECC request for entrance cameras. After discussion, this ECC request was approved with stipulations.
- A citation for failure to notify the association of rental activity. The homeowner was fined \$425.00, (this was a repeat violation).

Treasurer's Report November and December 2017

This report covers our fiscal year budget status through December 31, 2017.

Account Balances as of November 30, 2017 and December 31, 2017 are:

	<u>Nov</u>	<u>Dec</u>
Total MDCA Reserve Funds	\$3,286,739.44	\$ 3,295,734.25
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ ---	\$ ---
+ <i>ICS Reserve (Bank Acct)</i>	\$1,447,515.79	\$1,455,238.93
+ <i>CDARS (CD Due 3/28/19)</i>	\$ 304,818.79	\$ 304,948.28
+ <i>CDARS (CD Due 3/29/18)</i>	\$ 308,442.12	\$ 308,714.68
+ <i>CDARS (CD Due 1/31/19)</i>	\$ 608,995.83	\$ 609,383.89
+ <i>CDARS (CD Due 3/26/20)</i>	\$ 314,761.12	\$ 315,242.68
+ <i>Wealth Mgmt Trust Acct</i>	\$ 2205.79	\$ 2,205.79
+ <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	\$ 14,504.20	\$ 67,611.39
RABOBANK Petty Cash	\$ 1,427.39	\$ 1,020.91
CAB Water Operating	\$ 33,740.92	\$ 28,489.24
Total Water Reserve Funds	\$ 153,119.70	\$ 154,459.32
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 153,119.70	\$ 154,459.32

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,

Allen Rudolph

Allen Rudolph