

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

September 21, 2019

PRESENT

Bill McGowan, President
Todd Davis, Vice President,
Rick Crowley, Treasurer
Biff Jelavich, Director
Tom Bugar, GM and Secretary

ABSENT

Allen Rudolph, Director

WELCOME

Bill McGowan called the meeting to order at 10:00 a.m. on September 21, 2019 at the Monterey Dunes Colony Clubhouse and established that we have a quorum of the board present.

MINUTES

The Board reviewed the draft minutes of the 7-20-19 Board meeting. It was M/S/C to approve the minutes as presented.

TREASURER REPORT

Rick Crowley gave a verbal report for July and August 2019. Rick noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, Rick stated that all our CD and bank account balances and interest rates could be seen in a written report, which has been attached to and made part of these minutes.

FINANCE COMMITTEE REPORT

There was no finance committee meeting the day prior to the board meeting due to a lack of quorum. However, it was noted that two committee members, Jason Nolet and Ted Black, reviewed the colony finances and found no issues. It was also reported that we are still in our audit process for the 2018-19 fiscal year.

ENVIRONMENTAL CONTROL COMMITTEE (ECC)

Fran Gentry, committee chair, reported that the committee has held two teleconferences since the last board meeting – one on July 26 and one on August 14 – and the following actions were taken:

- Unit #206 requested to install an electric vehicle charging station in their garage. The committee

approved the request with stipulations.

- Unit #328 requested to install an electric vehicle charging station in her garage. The committee approved the request with stipulations.

AD HOC HIGH SPEED INTERNET COMMITTEE

Stuart Wentworth, committee chair, gave a verbal report regarding the status of high-speed internet at the Colony. Stuart reported that the tower at the maintenance yard is complete and the signal that they are receiving from Castroville is working. The tower is also back feeding the antenna at unit #210. In order for individual units to receive the signal from the tower at the maintenance yard, they need to have the right equipment from Redshift. There are already 4-5 units receiving the signal and are very happy with the service.

GENERAL MANAGER'S REPORT

MONTEREY DUNES COLONY ASSOCIATION

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2019-2020, (July 1, 2019 through June 30, 2020). It also includes management topics associated with fiscal year 2019-2020 and the September 21, 2019 director's meeting.

2018-2019 Audit update

In progress.

Windows, Doors, Fences, Roofs, Decks, Garage Doors, Skylights and Meter Enclosures.

Buildings on the schedule for reroofing in the 2019-2020 budget year are residential units; (336, 338, 340), (318, 320, 322), (168 and 170) and associated garage buildings. Units 132-134 and 136 are also being scheduled as an out of cycle replacement this fiscal year. This is an additional cost of \$55K out of this year's reserve budget. Management is working with the affected unit owners to schedule these repairs.

During last year's building inspections, units 202 and 204 were identified as having failing trellises in their courtyards. The main trellis beams are cantilevered into the flat roof system. The roof is sound and is not scheduled for replacement until fiscal year 2030, however, it will have to be "peeled" back to expose the cantilevered beams for replacement and then "mopped" back into place. This roof repair will be an out-of-cycle expense to be completed as contractor availability and weather permits.

Meter enclosures were replaced at units 108, 182, 206, 208, 216, 240, 266 and 280.

Annual window and deck inspections were completed in July, necessary repairs made, and master deck and window replacement plans updated.

Parking Lot Lights

A new model of parking lot light has been put up near the clubhouse. Aesthetically it is compatible, but we are still trying to find a way to dim out the light to match the lumens of our existing lights.

Swimming Pool Maintenance

In August, the swimming pool had to be drained, the pool surface power washed and refilled due to a loss in alkalinity in which the chlorine could no longer balance the chemicals.

Painting

Association staff has caulked and painted the trim on units 108, 112, 126, 128, 130, 132, 134 and 136.

Solar Farm Repairs/Maintenance

In July, contractors replaced an electronic board in one of the solar array inverters and 3 optimizers located out on the solar panels. The materials are under warranty but requires an electrician to perform the work. Our warranty does not cover contractor labor.

In September, arrays 5 and 6 were completely rewired due to water intrusion and corrosion in the splice boxes. The system is back to producing at 100% efficiency with little down time.

Drainage Field, Chip Seal and Asphalt Repair

The Don Chapin Company completed the final sweep of association roads on September 3, 2019.

In July, association staff completed setting the center reflective road markers on the association main road.

Tennis Court Fence Repairs

The tennis court fencing is scheduled to be repaired later this year with new base wiring installed to strengthen the fence panels. I will need to sandblast and repaint this fencing, out-of-cycle, sometime next year, as the fence is deteriorating faster than anticipated.

Increased Septic Maintenance

Last year, at the recommendation of our septic maintenance company, I increased the septic maintenance, (pumping and inspection) from once a year to twice a year for systems #1 and #2, (June and February). Based on current issues this year with some of the remaining systems, I plan on pumping all systems twice a year starting at this year's inspection cycle. Some of our holding tanks are being filled with non-biodegradable waste that has clogged the holding tanks and blocked the feed lines from the units. These blockages have caused significant plumbing repairs. The state regional wastewater board has questioned recent inspection reports and I have confirmed to the board my intent to increase the inspection/pumping/maintenance schedule from 1 to 2 times per year.

The holding tanks in systems 1 and 2 were repaired due to hydrogen sulfide gas corrosion that caused deterioration of the upper areas, (non-submerged areas) of the tanks.

Coastal Projects

On July 18, 2019, the Monterey County Water Resources Agency donated approximately 4000 cubic feet of sand to the colony from its dredging operation at the slide gate of the Old Salinas River and the current Salinas River lagoon area. The colony stores this sand in the southern area of the colony for future coastal projects.

Drywood Termite Maintenance Program Update

Residential Fumigations: (Wheeler Termite Company)

09-(16-18)-2019 Units 288-290-292

10-(07-09)-2019 Units 264-266-268_

Scheduled Residential Inspections: (Wheeler Termite Company)

9-20-2019 Units: 222 Entry Stairs
 288 Garage
 282 Entry Deck
 284 Living Room Window
 130 Entry Deck

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation Billing

During the July 2019 billing period, there were 25 units that exceeded the Tier 1 water conservation limit. Eleven units were under the \$5.00 billing limit. There were 6 units in Tier 2 and 8 units in Tier 3.

During the August 2019 billing period, there were 32 units that exceeded the Tier 1 water conservation limit. Five units were under the \$5.00 billing limit. There were 8 units in Tier 2 and 12 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.

Water System

Both of our water distribution booster pumps have been completely rebuilt by Salinas Armature and Pump. I have purchased a third booster motor/pump combination to put on the “shelf” in the event it is needed during the year as well as the chlorine pump and several sizes of repair couplings for the distribution system.

In August, association staff completed the sandblasting, repairs and painting of the main water storage tank and the pressure regulating water tank. We have taken on this project, in-house, as contractor costs have escalated over the past few cycles.

Since installing new flow meters at the well heads and determining the meters at the units to be accurate, I am replacing the main flow meter at the head of the distribution line to ensure accuracy in the water use data. If this shows there is still significant water loss in the distribution system, I plan on contacting companies who specialize in finding leaks in water systems such as ours to determine the source of our loss of water.

When the emergency fire pump was refurbished this year, tests showed the pressure sensing valve that controls the amount of pressure the pump can put on the distribution system in an emergency needed replacement. A Fire Pump System Testing company procured and installed a new CLA valve and tested the system for reliability. The only part of the test we didn't complete is where the colony would have to dump approximately 20,000 gallons of water to stress the pumps ability to keep up with the rapid water use in the event of a fire. We are talking with the local fire Marshal on other methods to test the pump without

dumping this much water from the system. The full system test is scheduled to take place either the first or second week in October.

OLD BUSINESS

UPDATE ON NEW ASSOCIATION WEBSITE

Vincent Norris, our website designer, sent an email on the status of the website. Vincent stated that all is done on the website except for the messaging system (our emergency alert system). He said he has a few different developers working on a solution now. He continued, saying that it is all functioning except that it is working intermittently. Once the website is up and running, we will post the dune erosion report as well as reports, updates, and pertinent info from DURT (Dunes Restoration Team).

NEW BUSINESS

DUNES RESTORATION TEAM (DURT) REPORT

Angela MacFarlane, unit #242, gave a verbal report regarding DURT activities. Angela stated that the committee is providing education to those interested in courtyard planting, weeding, and general landscaping at the Colony. The committee is also a volunteer force to support the ECC and employees regarding the dunes in order to make sure we stay consistent with both our policies and the scenic easement we were granted. The committee works with our dune's biologist, Joey Canepa, to accomplish all these tasks. The past few months they've been working with Joey to get three approved plant lists (different lists for different areas) updated, working on developing a picture and information database for our new website, developing weeding guidelines, and collecting seeds in order to grow young plants that can be planted in the dunes. The final thing Angela reported is that DURT will be setting up a table at the annual meeting on October 19 to disseminate information about the committee.

Bill McGowan voiced his appreciation for DURT and emphasized how important it was to take care of our dunes. He stated that we are the only ones (from coast to coast) that have the type of dunes we have, and that people come from far away just to study our dunes. He feels that taking care of our dunes is tantamount to increasing the property values.

HOMEOWNER REQUEST FOR WAIVER TO MDCA POLICY ON INSPECTION, REPAIR AND REPLACEMENT OF INDIVIDUAL UNIT FIREPLACES

Tom spoke for the homeowner since the homeowner was not present at the meeting, but had emailed with Tom previously asking if he could obtain his own annual fireplace inspection from a fireplace vendor of his choosing instead of the vendor that the colony contracts with to perform all annual chimney inspections/cleanings. The reason this homeowner wanted to contract with a company of his choosing is because he does not feel that our contractor does an adequate job.

After looking at pictures related to this homeowner's case and after hearing both sides, the board chose not to modify their policy or set precedent by allowing this homeowner to have his own private contractor conduct an annual fireplace inspection at his residence in lieu of HOA managed inspections.

OWNER'S STATEMENTS

HOMEOWNER REQUEST TO LANDSCAPE THE GATEHOUSE AREA

Bill McGowan read aloud an email from a homeowner requesting the board to consider landscaping the front entrance to the Colony. The homeowner went on to say that she had spoken with Joey Canepa (our dunes biologist) and that Joey was willing to select suitable plants for the area and that the current staff could manage the planting and maintenance of the area. She continued that beautifying the entrance would be an asset to all homeowners. During discussion, Angela volunteered the DURT committee to look into the matter and make a recommendation to Fran (ECC chair).

CLUBHOUSE RENOVATION STATUS

A homeowner from the audience asked if there were any updates available regarding the clubhouse renovation. Karen Matteis, the clubhouse committee chair, answered that nothing has happened yet, but that they had a meeting set up between the contractor, painter, herself, and Tom so that everyone can get on the same page, cost details can be finalized, and the project will be passed on to Tom to manage.

SHORT TERM RENTAL UPDATE

A homeowner from the audience asked if there were any updates on the Short-Term Rental Policy from the County.

Bill: I don't know. I know some of our homeowners have had contact with the County. I know that there are some homeowners who have attempted to take out a building permit to do various projects or things in their individual home so some people that received letters from the County have been notified that they will not be issued a building permit to do anything on their property until that letter or, ostensibly, the violation of short-term rentals is cured. My understanding is that you have to write a letter to the County and demand that the lien that is on your property, if you received a letter, be lifted. Other than that, I don't know that there is any immediate update. What we have seen in the past is still in effect as far as I know and to the best of my knowledge to rent in here on a short term basis is not illegal, nothing has changed in the last half a millennium – it's been an issue, it's been an argument, it's been a discussion. The Coastal Commission is involved, the County is involved, we do short term rentals here. Same ol' Same ol' I think.

Fran: So there is nothing new as far as the County's policy?

Bill: Not to my knowledge. The County, (I wish Dick Matthews were here because he probably has the greatest contact and information as he is head of the Monterey County Short Term Rental Alliance and is in contact with the County) Planning Commission was supposed to come up with some revised guidelines at the July 24th meeting (I think that was the date) and I saw the guidelines at that particular point and they are very restrictive and very expensive for violations, but that was not forwarded to the Board of Supervisors, it was kicked back for additional work on those guidelines. As far as I know that's where we are, but if anybody else has any information please share.

Ted: We received a letter from an attorney that represented the Colony and he pretty clearly outlined that there are no laws, just as you mentioned, from renting in this area. So, I don't understand why the County is putting liens on individuals in the community with that being said.

Bill: We don't understand that either.

Ted: Can we take that attorney and have him approach the County with his information? Is that possible?

Bill: Well, the attorney that wrote the letter is not a specialist in this kind of work. He is our homeowners association attorney and he is not the kind of attorney that we would want to sick...he is not a junk yard dog

that we would want to sick on the County for doing what they are doing or for taking the position that they are taking. It gets really complicated because as far as the Coastal Commission is concerned short-term rentals in the coastal zone are illegal. But the Coastal Commission will not enforce whatever authority that they have because they look to the County to do the policing of this. The County has no ordinance restricting short-term rentals other than some ordinances surrounding bed and breakfasts, and we don't do bed and breakfasts here. That's where it is - it's clear as mud.

Ted: It just blows my mind that people are having liens put on their homes. That is significant and there is no justification, it seems, from a legal perspective, to accomplish that.

Bill: That is correct. It is most perplexing. But at this particular point I think that the County has always taken some position on short-term rentals that is not supported by statute. The Board of Supervisors have a different view than the Monterey County Planning Agency. It's a mess.

Ted: It just kinda blows my mind because we pay...we're renting our place out and we pay taxes [transitional occupancy tax]. Why would they bite the hand that feeds them? It doesn't make sense to me, but anyway...

Bill: It doesn't to me either. I share that feeling.

Ted: Is there any next step from a legal perspective that we are going to pursue?

Bill: The homeowner's association is not in a position to pursue legal action because we don't do rentals. I would suggest that any action toward the County has to be done by the individual homeowner who has received this "letter of inquiry", which is not really a "letter of inquiry", it is a letter of notification that a lien has been placed against your property. It has to be done by a homeowner or a group of homeowners, but the Association does not really have a dog in the fight, at least at this particular point. So, the HOA does not have a violation at this particular point. Now, who knows what the future will bring and how this will play out but the point of it is, it has been playing for 30 years and it is kinda the same tune it has just been focused a little bit here recently because of some complaints that were filed, specifically against homeowners within this Colony. That is what precipitated this, but I don't think anything is any different than it has been. It's very interesting. But the issue still exists that if a homeowner that has received a letter and has a lien, wants to, for example, sell their house, the lien has to be cleared. If you want to do a building permit to do any remodeling, fix your chimney, have somebody sweep your chimney you can't get a permit. They are denying permits and that has happened. So, it's really clear as mud at this particular point.

Patricia: I just wanted to add that I spoke to the gentleman you referenced, his name is Ramon Montano, and he said...because I am the one that has the lien against my property, I don't know if you all knew, because I was having an electrician do some work and I found out that I have a violation on my property because of unit 304 making this complaint to the County. I asked him what I could do about it and he said you can write us a letter saying that you will never do short-term rentals and I will see about closing the violation on your property and I said what if I don't and he said that we are now watching all the Air B&B, VRBO, and other internet personal ads, so if you do rent we will see it and you will get a huge fine – up to \$2500 per day and a misdemeanor.

WATER COMPANY BUSINESS

Water Conservation reports for July and August 2019

Addressed in Managers Report.

ADJOURNMENT

The meeting was adjourned at 11:00 a.m. The next meeting is scheduled for November 16, 2019 at 10:00 a.m. The annual homeowners meeting will be on October 19 at 10:00 a.m. followed by a BBQ at noon.

Respectfully Submitted

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Thomas J. Bugary, CCAM
General Manager and Secretary

EXECUTIVE SESSION

The board met in executive session to hold four hearings – two for one-night rentals and 2 for no prior notification of a rental. One “no notification” was fined \$350 and the other “no notification” was fined \$250 (first fine). Both “one-night rentals” were from the same unit – the first fine was \$350, and the second fine was \$500 (repeat violation).

Treasurer's Report July and August 2019

This report covers our fiscal year budget status through July 31, 2019. Account Balances as of August 31, 2019 and June 30, 2019 are:

	<u>July</u>	<u>Aug</u>	
Total MDCA Reserve Funds	\$3,602,340.86	\$3,609,974.27	+
<i>Comm Assoc Banc (CAB) Reserve</i> \$	---	---	
+ ICS Reserve (Bank Acct)-.4%	\$ 743,800.54	\$ 750,738.26	
+ CDARS-1.8% (Due 3/26/20)	\$ 324,341.43	\$ 324,837.64	
+CDARS-.75% (Due 3/25/21)	\$ 312,612.60	\$ 312,811.78	
+ Wealth Mgmt Trust Acct-1.5%	\$ 11,586.59	\$ 11,586.59	
+ WM CD-1.45% (Due 7/7/21)	\$ 150,000.00	\$ 150,000.00	
+WM CD-1.45% (Due 7/8/21)	\$ 150,000.00	\$ 150,000.00	
+WM CD-2.2% (Due 10/7/19)	\$ 235,000.00	\$ 235,000.00	
+WM CD-2.6% (Due 4/3/20)	\$ 235,000.00	\$ 235,000.00	
+WM CD-2.8% (Due 2/28/22)	\$ 240,000.00	\$ 240,000.00	
+WM CD-2.6% (Due 3/1/21)	\$ 240,000.00	\$ 240,000.00	
+WM CD-2.5% (Due 3/30/20)	\$ 240,000.00	\$ 240,000.00	
+WM CD-2.3% (Due 10/15/19)	\$ 240,000.00	\$ 240,000.00	
+WM CD-2.4% (Due 11/2/20)	\$ 240,000.00	\$ 240,000.00	
+WM CD-2% (Due 7/31/20)	\$ 240,000.00	\$ 240,000.00	
CAB Operating	\$ 4,387.05	\$ 44,462.47	
RABOBANK Petty Cash	\$ 562.17	\$ 115.63	
CAB Water Operating	\$ 43,089.62	\$ 22,102.00	Total Water
Reserve Funds	\$ 159,293.90	\$ 160,668.04	
+ CAB Water Reserve	\$ ---	\$ ---	
+ ICS Water Reserve (Bank Acct)	\$ 159,293.90	\$ 160,668.04	

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,

Rick Crowley

Rick Crowley