

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

July 18, 2015

PRESENT

Frank Williams, President
John Steinhart, Treasurer
Bob Dickinson, Vice President
Todd Davis, Director (via speaker phone)
Ted Adams, Assistant Treasurer
Tom Bugary, Secretary and General Manager

ABSENT

Jeff Schwartz, Director

WELCOME

Frank Williams called the meeting to order at 10:00 AM, July 18, 2015 at the Monterey Dunes Colony Clubhouse.

MINUTES

The Board reviewed the draft minutes of the 5-16-15 Directors meeting, and both the 5-29-15 and 6-29-15 Director's meetings via teleconference. It was M/S/C to approve all three sets of minutes as presented.

TREASURER'S REPORT

Ted Adams, Assistant Treasurer, gave the Treasurer's Report for May and June 2015. 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. Ted stated that the committee had met the previous day to review the 2014-15 fiscal year. Ted reported that the Colony had ended FY 2014-15 with approximately \$2.5M in our cash accounts.

The committee requested that the Board approve two short-term loans - one from the MDCA

reserve account to the MDCA operating account to finance a FEMA flood insurance policy from 8/1/15 to 8/1/16 for all the homes at the Colony and the second loan is from the water reserve account to the MDCA operating account to finance the camera system. Both loans would be repaid in 10 months beginning in September. This request was M/S/C unanimously approved.

The Colony has a new auditor, John Bellitto, CPA. He is scheduled to begin the audit on July 28, 2015.

The committee recommended to the Board that they appoint a new committee member – Bill McGowan, the new homeowner of unit #242. After discussion, the Board M/S/C the committee's recommendation.

STRATEGIC PLANNING COMMITTEE REPORT

Bob Dickinson, current committee chair, nominated John Steinhart, current committee member, to become the new committee chair. The reason for this nomination is that Bob's home at the Colony is for sale and he does not feel he should remain the chair; however, he intends to remain a committee member until his home actually sells. The Board M/S/C this nomination.

John reported that there have been no committee meetings since the last Board meeting.

ENVIRONMENTAL CONTROL COMMITTEE (ECC)

In the absence of Jeff Schwartz, ECC chair, Frank gave a report. He stated that there have been no ECC meetings since the last Board meeting. He also stated that a homeowner – Dr. Rich Cohen of unit #322, has volunteered to be on the committee. The Board M/S/C that Dr. Cohen be appointed to the ECC effective immediately.

RENTAL COMMITTEE REPORT

George Maciag, committee chair, stated that the objective of the committee was to find a balance between homeowners who choose to rent (R) and those that don't (NR) and seek out recommendations and solutions that create conflicts between the two parties. He named each of the committee members - Jeff Schwartz (NR), Donna Briskin (NR), Harley McAdams (NR), Todd Davis (R), Don Tenenbaum (NR) and Biff Jelavich (R) – and announced that they have only had one meeting to date. The meeting was a productive meeting and the committee will be making some recommendations in the near future to the Board. Some of the preliminary recommendations include:

1. The elimination of "one night" rentals;
2. Strict enforcement of existing regulations;
3. No weddings to take place at the Colony;
4. No homeowner survey regarding rental issues; and,
5. Weekend staff not be responsible for stewardship duties (such as responding to requests from homeowners to take towels to their rental unit) and that they be restricted to maintenance requests only.

George stated that he is aware that there are more controversial issues to be tackled and that the committee will review and revise the issues and rules relating to rentals.

GENERAL MANAGER'S REPORT

MONTEREY DUNES COLONY ASSOCIATION

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2014-2015, (July 1, 2014 through June 30, 2015). One time projects are not included in this cumulative report but are reported when completed during the year.

Windows, Doors, Fences, and Skylights

Association carpenters replaced a sliding glass door at unit 178 and a rake window at unit 270. Carl Black Construction replaced 8 windows in unit 286, 2 sliding glass doors in unit 308 and 14 windows and 2 sliding glass doors in unit 298. Unit 290 is the next unit for window replacement along with 232 and 294 as these units have block frame vinyl window systems in place.

The main entrance door to the Association Office was replaced as well as Unit 206 entry door.

The courtyard fence and gate were replaced at unit 262 and several posts at 290, 256 and 126.

Two Oceanside fixed skylights were replaced at unit 176.

The courtyard trellis was replaced at unit 228 and partially replaced at unit 298.

Garage and Entry Door Replacement/Repairs

The garage doors on unit 114 and 274 garages were replaced and the doors at units 138, 160 and 246 were repaired. Barrier strips were installed on the garage floors at units 152, 154 and 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:

We completed the assembly of the panels, repainted the framing and set the panels by early April and were ready for the electrical phase of the project. Dan Hopkins from Solar Builder found an experienced solar electrician who bid the project for \$21K without much detail. I solicited additional bids from both Searle Electric and Consumer Electric, both experienced in solar farms. Those bids are pending.

We are currently working with PG&E for the final hookup of the system. The plans and submitted forms were sent to PG&E's Solar Division for processing and the Engineer review passed after a couple of pieces of equipment were changed out from the original plans.

After I select an Electrician, I will coordinate with Dan Hopkins to have PG&E on site, final hook-up and final inspection. No time frame can be set up for completion as we are at the mercy of PG&E and move at their speed.

I selected Searle Electric in early June to install the electrical portion of the project. His bid was the lowest of the 4 that I received for \$14,931. The other bids were \$21,600, \$35,250 and \$33,400. All bids

were to the same specifications. Searle Electric completed the electrical hookups in June and since that time we have been waiting for the proper marking stickers to be made that will pass PG&E inspection. Once PG&E inspects and approves the system, the Building Department will final the project and PG&E will authorize us to use of the system.

Roof Shakes

Several of the roofs on the property have cedar shakes that have cupped to some degree. While some curling on a shake roof is normal, (because cedar shakes are a natural material), excessive cupping and curling is usually due to improperly placed nails, too high or too far from the edge or, ventilation issues or extreme hot/cold/moisture issues. I do not believe that the integrity of any of the roof systems is in danger of failing at this point, but as this condition worsens, it will become an issue we will need to be ready to address. I will continue to talk with general and roofing contractors and monitor the condition of affected roofs.

Tree Issues

We have lost several trees on the property due to the drought. The lack of rain has dried out the trees to the point that they are brittle and break easily with the afternoon winds. I have exceeded a normal landscape budget this year trying to keep many of the potentially dangerous trees trimmed back.

Annual Chimney Inspections/Cleaning

We have started the annual chimney inspections and are again using the services of Cypress Sweeps Chimney Services. The cost for the inspections and cleanings did not change from last year's prices.

Painting

Association staff has completed painting the exterior trim on units 128 through 148, 170, 218 through 228, 270, 272, 294 through 304, 330 through 340, the clubhouse trim, guardhouse, 5 garage building and all external chimney pipes and caps.

Landside Boardwalk Replacement

Landside boardwalks have been replaced near units 156, 158, 208, 210, 212, 216, the Clubhouse to Parking area (via the Pool) and from the Clubhouse out to the main road. This project has slowed due to recent seasonal projects such as building artificial dunes at the southern end of the property, the solar field behind the clubhouse and the recently replaced retaining wall near 216, but the boardwalk replacement project has picked up as the staff gets redirected from these un-programmed one-time ventures back to normal reserve projects.

On July 7, 2015 the association purchased a direct-ship load of TREX from the Fernley, Nevada Plant, This material will be used for the boardwalk replacement project. The cost of the TREX material was \$2.95 a lf. or \$41,016.80.

Fumigation Update

Fumigations for drywood termites:

April 21-23, 2015 Units 224, 226, 228

April 14-16, 2015 Units 230, 232, 234

Local Treatments for drywood termites:

July 28, 2014	Unit 228
	Unit 298
July 29, 2014	Unit 222
August 14, 2014	Unit 160
	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)
February 25, 2015	Unit 218 – (garage)
	Unit 222
June 16, 2015	Unit 228 – (garage)
	Unit 108 – (garage)
	Unit 196
	Unit 198
	Unit 242
June 22, 2015	Unit 188 – (garage)

Terminix has inspected all the roofs in the colony and spot treated possible areas where drywood termites might have gotten under some of the wood shakes. As reported earlier, drywood termites work their way under the top layer of wood shakes and eat the treated wood from within. If they damage the felt paper, we then have leaks as recently experienced at units 224 and 230. I am still trying to come up with a method by which we can identify potential problems before the roof leaks and treat the infestation, however, in the meantime, Terminix has committed to annual roof inspections in October as October seems to be when the Termites are most active in this area.

Coastal Projects

The Salinas River Lagoon Working Group met as planned with representation from most of the regulatory agencies. The Coastal Commission was not in attendance as most had hoped and the consensus of the group was to schedule the next meeting up in Santa Cruz and request representation from the CCC office there. Each group presented their interests and priorities for discussion with the rest of the groups. Groups represented were the 1. Corps of Engineers: permits and functionality of the Salinas River, 2. Regulatory Agencies: Steelhead migration, Snowy Plover and other endangered groups, 3. Farmers: crops and water, flood prevention, 4. Private Owners: dune preservation, flooding and 5. Water Resources Agency: Permits and Adaptive Management for the Salinas River. The Water Resources Agency went through the permit process in order for him to break the Salinas River each year and admitted it was easier to wait for an emergency and break the river at that time. Most agreed that the problem with permits and working through the special interests of all concerned is centered on the inability to work with the Coastal Commission.

The group plans to meet again in the near future with the Water Resources Agency taking the lead and scheduling the meeting around the Coastal Commission's schedule.

We have requested a meeting with State Parks to work on the Memorandum of Understanding that we plan on presenting to the Coastal Commission later this year. I don't anticipate much opposition from the Coastal Commission but I do expect objection to any beach activities year-round from the Department of Fish and Wildlife.

On July 15, 2015 David Shonman received a response from Amy Palkovic (State Parks) concerning her

opinion on the submitted draft MOU. Most of her comments were recommendations for minor adjustments and she gave us another new point of contact in the event she is not available during the MOU staffing process. Her discussions with David were concerning boardwalks, Snowy Plovers and a commitment that the colony would only use native dune plants in our revegetation program.

David will be discussing the MOU with Steve Bachman, Amy Palkovic's supervisor in the near future. Steve Bachman has a moderating effect on the younger, more rigid staff members. Unfortunately, Steve is tied up with a review of the State Parks' Ft Ord Dunes project, so he's letting Amy Palkovic take the lead on representing the State Parks in discussions over this agreement. The strategy is to connect back with Steve Bachman hoping that over the course of a couple of meetings we will be able to iron out any "rough spots" in the MOU. After that, we should be able to move forward with it to the more detailed discussions with the Coastal Commission in Santa Cruz.

We will be updating our alert roster this summer and I will have discussions with David over the upcoming El Niño. After monitoring NOAA's El Niño websites for the past few months, David reports NOAA weather specialists are confident that a strong El Niño is building. At this point, there's not enough information to predict if this will be as strong as the 1982/83 or 1997/98 events, but they are confident that, later this year, we'll almost certainly experience stronger rains & winds than occurred during the last few winters (which have been moderate).

David is currently working with the City of Carmel, helping their staff, Commissions and Council plan for this upcoming winter. I plan to piggyback on that planning by meeting with David and seeing what we can take away from their plans and preparations. Given NOAA's predictions, this summer/fall will be a good time to consider how the colony will respond if it encounters severe conditions

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the May 2015 billing period, there were 15 units that exceeded the Tier 1 water conservation zone. Three units were under the \$5.00 billing limit. Eight units were in Tier 2 and 4 units were in Tier 3.

During the June 2015 billing period, there were 8 units that exceeded the Tier 1 conservation zone. Five units were under the \$5.00 billing limit. There were 3 units in Tier 2 and no 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

Increased State imposed water restrictions

A letter was sent to homeowners on 5/29/15 informing them of the new water tier billing at the Colony (a 25% reduction in water usage was mandated by the State.)

2015-2016 Directors, (Elected by Acclamation)

The nominating committee developed a slate of five candidates for the five Board director positions in FY 2015-16. Since there were no self-nominations, the slate of candidates has been elected by acclamation to serve as directors on the FY 2015-16 Board. These directors are: John

Steinhart (Incumbent), George Maciag (Previous Director), Jeff Schwartz (Incumbent), Todd Davis (Incumbent), and Art Testani (Previous Director at a different Association). Both Bob Dickinson and Frank Williams are resigning from the Board effective October 17, 2015.

Resolution to borrow money from the reserves to pay the 2015-16 FEMA flood insurance

Addressed in the Finance Report

Annual Elkhorn Slough Contribution

Frank stated that the Colony has been a member of the Elkhorn Slough and has been paying \$100 annually for that membership. After discussion with the homeowners in the audience, the Board M/S/C to continue our membership in the Elkhorn Slough for another year at a cost of \$100. In addition, the Board would like to encourage individual homeowners to contribute to the Slough.

OLD BUSINESS

Solar Farm Project Update

Addressed in the Manager's Report

Security Camera System Update

Addressed in the Manager's Report

OWNER'S STATEMENTS

Styrofoam Container

It was noted that a new bin has been placed in our recycle area labeled "Styrofoam". When this container is full of Styrofoam, staff will bag it and take it to be recycled at the Castroville Station.

Rabbits! Rabbits! Rabbits!

A homeowner from the audience commented that her personal plantings have been destroyed by rabbits and asked for recommendations on how to control the rabbits. A few of the other homeowners suggested a spray or liquid fence to keep the rabbits away; however, it was noted that you had to be consistent and it would take time. There were no other comments.

WATER COMPANY BUSINESS

Addressed in the Managers Report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:55 a.m. The next Board meeting will be on September 19, 2015 at 10:00 a.m. The annual homeowners meeting will be on October 17, 2015 at 10:00 a.m. and followed by a BBQ at 12:00 noon.

FOR THE BOARD OF DIRECTORS:

//s//

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

EXECUTIVE SESSION

The Board met in executive session to discuss:

- Foreclosure options, APN 229-081-023;
- Two homeowners requesting waivers for excess water usage; and,
- Two scheduled hearings for four infractions of MDCA rules.

Treasurer's Report May and June 2015

This report covers our fiscal year budget status through April 30, 2015.

Account Balances as of March 31 and April 30, 2015 are:

	<u>May</u>	<u>June</u>
Total MDCA Reserve Funds	\$2,212,229.40	\$2,537,505.85
+ Comm Assoc Banc (CAB) Reserve	\$ ---	\$ 60,000.00
+ ICS Reserve (Bank Acct)	\$ 202,801.97	\$ 974,352.10
+ CDARS (CD Due 6/11/15)	\$ 507,247.65	\$ ---
+ CDARS (CD Due 8/6/15)	\$ 300,294.08	\$ 300,323.69
+ CDARS (CD Due 3/31/16)	\$ 300,172.64	\$ 300,259.00
+ CDARS (CD Due 3/30/17)	\$ 300,310.82	\$ 300,466.37
+ CDARS (CD Due 3/29/18)	\$ 300,513.29	\$ 300,770.27
+ CDARS (CD Due 3/26/20)	\$ 300,888.95	\$ 301,334.42
CAB Operating	\$ 62,051.68	\$ 76,732.38
RABOBANK Petty Cash	\$ 1,340.73	\$ 603.00
CAB Water Operating	\$ 13,130.03	\$ 11,225.50
Total Water Reserve Funds	\$ 59,970.26	\$ 65,051.18
+ CAB Water Reserve	\$ ---	\$ ---
+ ICS Water Reserve (Bank Acct)	\$ 59,970.26	\$ 65,051.18

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