

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

July 15, 2017

Present

George Maciag, President
Bill McGowan, Vice President
John Steinhart, Treasurer
Biff Jelavich, Director
Todd Davis, Director
Tom Bugary, Secretary and General Manager

Absent

None

WELCOME

George Maciag called the meeting to order at 10:00 a.m. on July 15, 2017 at the Monterey Dunes Colony Clubhouse. George stated that the Inspector of Elections, Don Tenenbaum, was opening and counting ballots for the CC&R amendment vote during the meeting and that the results would be announced when available. He reminded the audience that 2/3 of the Colony would have to approve the CC&R amendment for it to pass.

MINUTES

The Board reviewed the draft minutes of the 5-20-17 Board meeting, the 6-23-17 Board teleconference to appoint an inspector of elections and the 6-28-17 Board teleconference to approve an extension for turning in the ballots for voting on the CC&R Amendment . It was M/S/C to approve the minutes as presented.

TREASURER REPORT

John Steinhart gave a verbal report for May and June 2017. John noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, John 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

There was no finance committee report.

ENVIRONMENTAL CONTROL COMMITTEE (ECC)

Since Jeff Schwartz, ECC Chair, was absent, George Maciag, Board President, gave a verbal report for the ECC. There has been one ECC teleconference, on April 10, since the last Board meeting. Only one request

was discussed - #134 requested to replace her entry door with a similar door. The request was approved with stipulations.

NONIMATIONS COMMITTEE REPORT

Bill Michaels, committee chair, gave a verbal report. He stated that the committee recommended 5 homeowners as nominees for the five positions on the board of directors for the 2017-2018 term; four of the nominees are incumbents - Bill McGowan, (unit 242), George Maciag, (unit 310), Biff Jelavich, (unit 246) and Todd Davis, (unit 340). The incoming director is Allen Rudolph, (unit 232).

GENERAL MANAGER'S REPORT

MONTEREY DUNES COLONY ASSOCIATION

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2016-2017, (July 1, 2016 through June 30, 2017). It also includes management topics associated with the July 15, 2017 director's meeting as well as projects during fiscal year 2017-2018, (July 1, 2017 through June 30, 2018).

Windows, Doors, Fences, Roofs, Decks and Skylights

Association staff replaced 19 windows/SGDs at unit 114, 14 windows/SGDs at unit 242, a SGD at unit 278 and scheduled to replace a SGD at unit 226. Unit 294 is pending window replacement.

Courtyard fences were replaced at units 166, 294 and 300. The courtyard fence at unit 258 was repaired after a portion of it was destroyed by a fallen tree and the gate and partial courtyard fence at unit 132 was replaced also due to storm damage. Unit 326 received a partial courtyard fence replacement due to age and wear. There are no scheduled fence replacements in the 2017-2018 maintenance cycle.

One parking lot light pole was blown down by winter storms and replaced. An additional pole was installed near the entry concierge station for an added security camera.

Large skylights were replaced at unit 106 and also at the clubhouse meeting room.

The sloped reroofing of units 156-158-160 is complete. The work was signed off by our consultant and his final report submitted. The county permits were finalized on 1-13-17 by the building department. The association received the 25 year written warranty for the completed building on 1-20-17 from CertainTeed, the manufacturer of the roofing materials. The cost for reroofing the building was \$46,544.00. Contracts have been completed and signed for units 114-116-118, 138-140-142 and 222-224-226, (and associated garages), to be reroofed starting in August 2017.

Berkleo Roofing is in the process of completing the remaining 5 hot mopped small flat roofs on the property scheduled for completion this fiscal year. This list includes flat roofs at units 102, 112, 118, 126, 166, 200, 218, 228, 236, and 264. Carl Black Construction is contracted to tear off and replace the trellis and the horizontal cantilevered support beams on unit 200 during the reroofing process of that unit. Unit 200's roof will be completed last and will go into fiscal year 2017-18 as it will require structure repairs and a different type of permit.

Skylights were replaced at unit 264, (1) and unit 118, (4).

Trellises have been replaced and painted at units 108, 124 and 168.

Units 184 and 188 Oceanside decks were replaced.

Garage Doors

Replaced at units 262 and 276.

Meter Enclosures

Meter Enclosures were replaced at units 174, 184, 190, 230, 254, 262, 284, and 332.

Painting and Weatherproofing

Association staff has completed painting the exterior trim on units 110, 112, 114, 116, 118, 138, 140, 152, 154, 160, 168, 182, 186, 236, 238, 240, 242, 244, 246, 254, 262 and 294. Unit windows and doors were sealed and caulked at units 160, 174, 176, 188, 212, 214, 216, 296 and 298.

Chip Seal and Asphalt Repair

I am finishing up the specifications and contract documents for the asphalt repair and chip seal project. There will be several marked areas throughout the colony indicating where the repairs need to take place. The project is scheduled for late fall this year, prior to the winter season.

Coastal Projects

From Last Report:

The colony has engaged the services of David Edson, (Central Coast Surveyors) to map out the property line between the colony and the State Parks. With the loss of much of the colony's foredunes due to last year's storms, we will have to repair some of the most severely damaged areas, hopefully during the coming fall or winter season. One of the sticky points in the repair process is the lack of a clear property line from which to show State Parks and the Department of Fish and Wildlife Service, (DFWS), that we are operating on colony property. After the initial visit of the surveyors, and setting up the profiles, there are indicators that State Parks has very little beach left, especially on the north end of the property. The surveyors will be setting posts offset from the actual property line because the actual property line is, for the most part down in the beach area where the birds are nesting. I am scheduled to have a meeting on site at the colony on June 1, 2017 with State Parks, DFWS and members of the Point Blue Conservation Science group to discuss foredune repair and property lines. I am hopeful to have a map showing the current property line with overlays from Rogers Johnson (Engineering Geologists) showing the limits of beach erosion in 1983, 1985, 1995 and 2002 and how this erosion has affected the property lines, (not so much our property line as it is based on "hard" geographic coordinates but the State Parks property line which moves with the mean high tide). It will also show that any repairs we propose to make to the damaged foredunes will be conducted on MDCA property and (outside of snowy plover nesting season), should have restriction only to the California Coastal Commission for permits or permit waivers.

Brent Buche, Assistant GM for the Monterey County Water Resources Agency, (MCWRA), and I have been discussing his requirement to clear the built-up sand from around the Old Salinas River, (OSR), slide-gate. I have offered to take the sand for future projects here at the colony as it is a direct match with sand out on our beach. I am coordinating with Mike and Doug Scatini to have the predator fence taken down to allow the trucks to dump the sand near the south well site before the project takes place. An actual project date to remove the sand is being worked out with the Point Blue, (snowy plover) representatives; State Parks and the Water Resources Agency.

As of the date of this report, the Water Resources Agency has not received approval to take equipment out on the beach and clear the sand from around the OSR. This project has been postponed because it may cause harm to the snowy plover or its environment during the nesting season.

On June 19, 2017, I met with representatives of the Department of Parks and Recreation, (CDPR) Amy Palkovic, Department of Fish and Wildlife Services, (DFWS) Jacob Martin, Point Blue Conservation Science, Kriss Neuman and our contract coastal biologist, (David Shonman) to discuss storm damage and loss of foredunes. The meeting was somewhat productive, DFWS asking how much land mass had been removed by the storms and David Shonman showing them a recent survey showing the colony property extending out on the beach the length of the property. We discussed projects that would be acceptable to DFWS which would restore sand to the foredune area and not cause any harm to the snowy plover environment. They even brought up the possibility to use driftwood to pre-position after the storm season to help rebuild the dune areas with windborne sand. We agreed to send them detailed proposals, in writing, prior to the winter season so they can be reviewed and evaluated.

Terminix Maintenance Program Update

Local Treatments Completed

Jul 20, 2016: 318 garage, 236 garage, 124 garage, 296 garage, 328 garage, 160 deck, 334 deck, 118 fences, 296 fences, 118 unit and 296 unit.

November 14, 2016: 196 unit, 246 unit, 216 unit, 140 roof, 106 unit, 148 garage, 222 unit, 282 unit, MDCA clubhouse, 146 garage, 148 garage.

December 9, 2016: 312-314-316 garages, 296 unit and garage, 310 garage, 196 unit, 188 garage and 298 unit.

Fumigation

Sept 13-15 2016: 156-158-160 and 300-302-304

Pending Fumigation

No Date Set: 156-158-160 garages and 324-326-328 garages

Terminix and the colony are in a major dispute concerning substandard service and their non-performance of our contract. They have used several manipulative ways of taking advantage of the colony and we have requested ADR as is written in the contract to get them to live up to their responsibilities. In the interim, we have asked Wheeler Termite Company to give us a bid on the outstanding termite work so that we can treat the houses until this dispute can be resolved.

MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION

Water Conservation – Oriented Billing

During the May 2017 billing period, there were 7 units that exceeded the Tier 1 water conservation limit. Three units were under the \$5.00 billing limit. There were no units in Tier 2 and 4 units in Tier 3.

During the June 2017 billing period, there were 17 units that exceeded the Tier 1 water conservation limit. Six units were under the \$5.00 billing limit. There was 1 unit in Tier 2 and 10 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.

A homeowner from the audience requested Tom to give a status report on the solar fields. Tom stated that the solar fields are producing as expected and the way the current funding is set up (we borrowed \$100K to purchase the system from the reserve account and we are making payments by using the money that would normally fund the PG&E budget accounts-frozen at the FY 2015-16 rates-less the administrative fees that PG&E charges us), we have transferred approximately \$14K to the reserve account for our first payment.

NEW BUSINESS

Election Results

Before the election results were announced, a homeowner from the audience stated he felt that the voting process has been open and informative and he is very appreciative. George responded that he had wanted to make a few comments after the election results were announced, but in the interest of time, he made his comments prior to the results being announced. George stated that if you look at the history of the election, early on there were two very differing sides with the board trying to represent both sides in a fair and impartial manner. George further stated that he believes the board has been objective in making any recommendations in a fair and open process and as a result, trust developed over time between those wanting to continue to rent their units without restrictions and those choosing more controls over the rental environment.

George stated that a positive outcome of the vote was that there were 111 votes received out of a possible 120 on this proposed resolution. In summary, George made the statement that whatever the result of the election is we came in as friends and we'll leave as friends.

At this point, the inspector of elections, Don Tenenbaum, announced the results of the elections. Don stated that after counting all 111 ballots, 67 votes were in favor of the CC&R amendment and 44 ballots were against. Because the 67 votes in favor did not meet the 2/3 threshold to pass the amendment, the CC&R's remain the same.

Another homeowner wanted to thank John Steinhart for all the time and effort spent on this amendment process. Although several people participated in the process, John gave a lot of his time and attention to this very divisive topic. In turn, John stated that he wanted to make sure that this vote did not divide the colony and that we continue to work together.

OWNER'S STATEMENTS

A homeowner stated that she did not like having people call in to the meetings because it caused a disturbance. This prompted another homeowner to state that he felt the right thing to do was to allow homeowners to call in; however, we needed to have a better phone system that did not allow homeowners to speak, only to listen, and/or to cause disturbances. Management will research a better system (suggestions are welcome) and will report at the next meeting.

A homeowner asked Tom how the concierge position is working. Tom responded that he has received very good feedback from homeowners on the two people we have filling the concierge positions, the number of citations have decreased and he felt the position added a level of control in the form of information-sharing at the start of a visit to the colony as well as promotes a positive stay while here at the dunes.

WATER COMPANY BUSINESS

Water Conservation reports for May and June 2017

Addressed in Managers Report.

ADJOURNMENT

The meeting was adjourned at 12:20 p.m. The next meeting is scheduled for September 16, 2017 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 five hearings (detailed below), one request for a waiver of an annual assessment late fee, they discussed on-going litigation and the formulation on contracts. The hearings were as follows (each bullet point represents one violation):

- 1 violation under “Renters & Guests of Owners” paragraph 2. The board imposed a \$350 fine.
- 1 violation under “Renters & Guests of Owners” paragraph 2, repeat violation. The board imposed a \$500 fine.
- 1 violation under “Renters & Guests of Owners” paragraph 2. The board imposed a \$350.00 fine.
- 1 violation under “The Sand Dunes and Beach” paragraph 1. The board imposed a \$100.00 fine.
- 1 violation under “Pets” paragraph 1. The board imposed a \$125.00 fine.

Treasurer's Report May and June 2017

This report covers our fiscal year budget status through June 30, 2017.

Account Balances as of May 31, 2017 and June 30, 2017 are:

	<u>May</u>	<u>June</u>
Total MDCA Reserve Funds	\$2,879,548.16	\$ 3,034,531.07
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ ---	\$ ---
+ <i>ICS Reserve (Bank Acct)</i>	\$1,047,805.20	\$1,201,564.79
+ <i>CDARS (CD Due 3/28/19)</i>	\$ 304,055.60	\$ 304,180.59
+ <i>CDARS (CD Due 3/29/18)</i>	\$ 306,838.04	\$ 307,100.42
+ <i>CDARS (CD Due 1/31/19)</i>	\$ 606,710.16	\$ 607,084.29
+ <i>CDARS (CD Due 3/26/20)</i>	\$ 311,933.37	\$ 312,395.19
+ <i>Wealth Mgmt Trust Acct</i>	\$ 2,205.79	\$ 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	\$ 79,962.06	\$ 190,631.22
RABOBANK Petty Cash	\$ 3,301.37	\$ 3,301.37
CAB Water Operating	\$ 17,019.29	\$ 31,603.47
Total Water Reserve Funds	\$ 148,079.32	\$ 149,417.50
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 148,079.32	\$ 149,417.50

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

MONTEREY DUNES COLONY ASSOCIATION

Inspector of Elections Affidavit Certifying Results of Vote (to be filed with minutes of board meeting)

I, Donald A. Tenenbaum, am the inspector of election in the membership vote of the members of Monterey Dunes Colony Association, the ballots for which were tabulated by me at an open meeting of the Board on July 15, 2017.

The tabulated results of the vote are as follows:

Total Number of Ballots received 111

Number of Ballots disqualified 0

<u>Ballot Item</u>	<u>Votes in Favor</u>	<u>Votes Against</u>
Rental Amendment to CC&Rs	67	44

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this 15 day of July, 2017 at 195 Monterey Dunes Way, Moss Landing, California.

Signature

Print Name