

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

**January 19, 2019**

**Present**

Bill McGowan, President  
Todd Davis, Vice President  
Rick Crowley, Treasurer  
Allen Rudolph, Director  
Biff Jelavich, Director, via telephone  
Tom Bugary, Secretary and General Manager

**Absent**

None

**WELCOME**

Bill McGowan called the meeting to order at 10:00 a.m. on January 19, 2019 at the Monterey Dunes Colony Clubhouse and established that there was a quorum of board directors present.

**MINUTES**

The board reviewed the draft minutes of the November 17, 2019 board meeting. It was M/S/C to approve the minutes as presented.

**TREASURER REPORT**

Rick Crowley, Treasurer, gave the Treasurer's Report for Nov and Dec 2018. Rick noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, he 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**

Rick Crowley, Committee Chair, reported that the committee had met the previous day and reviewed the finances for the first half of the fiscal year (July - Dec). For the past few months, the committee has been reviewing the investment policy. As interest has gone up, the committee is trying to maximize the return on our investments while staying within our investment guidelines. When we have money to invest, we typically buy CD's through the brokerage (wealth management) side of our bank. Our bank (Mutual of Omaha), including the wealth management division, specializes in homeowner associations. In order to purchase a wealth management CD, the funds have to be transferred into a wealth management trust account; however, purchases may, or may not be made that same day. This account is also used to hold interest paid on our various CD's that have matured. Due to timing issues, funds may sit in this collateralized (with government securities) account for a few days. When funds are in this account overnight, they go into a cash

sweep account (overnight investment) and we earn \$1.02 for every \$1 in our account, in addition to 1 1/2% interest, a slightly higher rate than our normal bank account pays. In order to be compliant with our investment policy, the committee proposes that the policy be changed to reflect that funds kept in this trust account overnight do not need to be FDIC insured, but need to be collateralized by government securities. The Board M/S/C to approve the proposed policy.

Rick also stated that the colony has a \$600K CDARS maturing at the end of January and that the committee would like to redeploy these funds to purchase CD's. We currently have a laddering scheme using CDARS; however, since CD's are a more profitable investment, the committee will use the CDARS funds (as they mature) to set up a laddering scheme using CD's. As long as the CD's purchased are within the 250K FDIC insurance limit, they are FDIC insured and compatible with our investment policy.

The last item Rick reported on was that the committee reviewed the proposed annual insurance policies that would take effect February 1, 2019 – those are 1) Umbrella Policy; 2) Property Policy; 3) Auto Policy; 4) Boiler and Machinery Policy; and, 5) Earthquake Policy. Rick stated that the first four policies were close to or less than the previous year and that we would try to get a better price on the earthquake policy. Rick also stated that we have had to increase our limits on the Crime Policy that began in August in order to be in compliance with the updated Civil Code.

### **ENVIRONMENTAL CONTROL COMMITTEE (ECC)**

Fran Gentry, Committee Chair, reported that the committee had discussed four ECC applications during a teleconference on November 30, 2018. The following actions were taken:

- ◆ Unit 244 had requested to replace and extend plexi-glass over her trellis in her courtyard. This request was approved with stipulations.
- ◆ Unit 170 requested several exterior modifications: 1) Replace concrete in his patio with flagstone; 2) Install a fire pit; 3) Plant a tree by his entry deck; 4) Remove fence on one side of master bedroom deck and add stairs, 5) Install firewood storage rack in courtyard, and; 6) landscape courtyard. All requests were approved with stipulations except the installation of a wood burning fire pit.
- ◆ Unit 164 requested to landscape the common area near her unit. The request was approved with stipulations.
- ◆ Unit 322 requested to add a motion detector to his front entryway light. The request was approved with stipulations.

Next, Fran introduced Joey Dorrell-Canepa, a coastal dunes biologist specializing in coastal dunes re-vegetating. She has worked with us for over 20 years and is currently assisting the ECC to update the near-house landscaping policy and the plant list. Joey gave a short presentation regarding the importance of native plants to our dunes. At the present time, the main obstacles to her updating our policy regarding landscaping the near house areas is that “well-meaning people” have planted non-native species outside of their courtyards in the common area. This causes the spread of invasive species which hamper the promotion of indigenous plants. She also commented that Cypress Trees are not native to our dunes and their shade hampers any native plants nearby.

Joey talked a little about plantings in the courtyard areas, the soil and the need to ensure anything planted in the courtyards does not spread out into the common areas. As the Cypress Trees die out, she does not recommend trying to replace them.

Joey's last three points were: 1) The irrigation used by individuals should be drip systems and not spray systems; 2) The Holland Dune Grass is really becoming a problem and crowds out the native plants, so we

need to develop a management plan that confines the areas of Holland Dune Grass and replace it with American Dune Grass; and, 3) Joey concluded saying that in addition to developing a landscaping plan, she would also like to come up with an “educational outreach plan” for homeowners.

## **ADHOC HIGH SPEED INTERNET COMMITTEE REPORT**

Tom gave the report for Stuart Wentworth because he couldn’t be at the meeting. Stuart asked Tom to report that he is working with the owner of Redshift and they are in the process of getting a new link installed on a pole at the water tower. The link should be better able to serve the colony in terms of service with less dropage.

## **GENERAL MANAGER'S REPORT**

### ***MONTEREY DUNES COLONY ASSOCIATION***

This is a cumulative report covering reserve projects and other work as completed in fiscal year 2018-2019, (July 1, 2018 through June 30, 2019). It also includes management topics associated with the January 19, 2019 director’s meeting.

### **Windows, Doors, Fences, Roofs, Decks, Garage Doors and Skylights**

The reroofing of residential units (330, 332, 334) were completed, permits finalized and warranties issued. Garage units (330, 332, 334), (276, 278, 280) and (282, 284 and 286) were also completed. Residential units 282, 284 and 286 were completed on 11/2/18 and are pending warranty-documents. Residential units 276, 278, 280 were completed on 11/20/18.

Association staff has replaced 17 windows/sliding glass doors at unit 122 and 15 windows/sliding glass doors at unit 294.

Light poles were replaced, (out-of-cycle) near units 270 and 294.

Burned ocean side deck stairs and boardwalk were replaced at unit 204.

The lower oceanside deck at unit 206 was resurfaced with Trex and the upper deck surface is pending.

Association staff resurfaced the entry deck at unit 118 using Trex material.

During the course of recent building inspections, units 202 and 204 were identified as having failed 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 weather permits.

Garage doors were replaced at units 104 and 222.

### **Landscaping**

Central Coast Tree and Timber removed a Monterey Cypress near unit 182.

### **Trex Boardwalk Replacement**

Certain sections of the 1<sup>st</sup> and 3rd generation Trex boardwalk is starting to warp and separate from the runners. In these cases where the Trex is close to 20 years in service, we replace those sections with a new generation Trex material.

### **Drainage Field, Chip Seal and Asphalt Repair**

We have completed the installation of a drainage field and new curb system near the guardhouse. The asphalt repair is complete, and the chip seal is complete and swept 4 times. The centerline buttons have been installed and parking spaces remarked.

### **Increased Septic Maintenance**

At the recommendation of our septic maintenance company, I will be increasing the septic maintenance, (pumping and inspection) from once a year to twice a year for systems #1 and #2, (June and February). These two systems have increased matting to the point that crews are having difficulty breaking the mat and removing the solids. This will be an added cost to the septic budget line.

### **Review of Waste Water Operating Permit**

I received a notice from the California Central Coast Regional Water Quality Control Board that they were reviewing our current Waste Discharge Requirement Order (No. 87-175) for possible inclusion in the 2014 General Waste Water Discharge Requirements Order for small domestic water systems, (Order WQ2014-0153-DWQ). As best I can tell there is little upside for the association in this review. If included in this general order, the association will incur additional costs and fees with little change to inspection criteria and reporting. I am wary anytime the state wants to review existing policy, especially on a protective easement. I will report on the results of this review in the management summary in March.

### **Coastal Projects**

In December and January, the colony witnessed heavy surf and high tides. As each event materialized, management consulted with Haro-Kasunich and Associates who analyzed the weather conditions and advised us as to levels of urgency and possible actions for each event.

I received a phone call from Mark Foxx, coastal engineer on Wednesday January 16<sup>th</sup> stating that after reviewing all the data from the current storm, he didn't believe we needed to deploy the k-rails yet as this was not, in his opinion, a storm which will produce damaging run-up and debris to the homes. We discussed the possibility of an issue with both the high tide above 5' and 20' swells from the west and he conceded that there was always a possibility of rogue wave run-up. I discussed this with the board president, Bill McGowan, where after reviewing the criteria, he directed to deploy a limited amount of barriers where the colony was prone to heavy run-up in past storm seasons. MDCA staff deployed 68 barriers in low-lying common run-up areas between units 312 and 326. The 68 barriers weighed 1,200 pounds each and are interconnected with steel connector bars for added stability.

Engineers from Haro Kasunich were on site on Friday January 18<sup>th</sup> for the 7:00 AM High Tide and spent several hours on the property, analyzing the topography, sandbar, surf and swell data. Haro Kasunich written report will not be completed by Saturday, January 19<sup>th</sup> so I will give a verbal report as to their findings at the directors meeting on Saturday.

### **Drywood Termite Maintenance Program Update**

### **Residential Unit Local Treatments: (Wheeler Termite Company)**

8-7-18	Units 148, 184, 318
10-16-18	Units 222, 162, 118, 334
10-24-18	Unit 118
11-14-18	Unit 152, (Decks)
11-14-18	Unit 176
12-19-18	Unit 210
1-9-19	Unit 296

### **Garage Local Treatments: (Wheeler Termite Company)**

8-7-18	Units 126, 148, 308
12-6-18	Unit 212

### **Garage Fumigations: (Wheeler Termite Company)**

9-13-18	Units 126, 128, 130
9-13-18	Units 132, 134, 136
9-13-18	Units 138, 140, 142
9-15-18	Units 184, 186, 188
9-15-18	Units 190, 192, 194
9-15-18	Units 318, 320, 322
11-7-18	Units 114, 116, 118
2-12-19	Units 202, 204, 206, 208 (Scheduled for Feb 12-14, 2019)

### **Residential Fumigations: (Wheeler Termite Company)**

5-7-19	Units 144, 146, 148 (Scheduled May 7-9, 2019)
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## ***MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION***

### **Water Conservation Billing**

During the November 2018 billing period, there were 12 units that exceeded the Tier 1 water conservation limit. Six units were under the \$5.00 billing limit. There were 2 units in Tier 2 and 4 units in Tier 3.

During the December 2018 billing period, there were 9 units that exceeded the Tier 1 water conservation limit. Six units were under the \$5.00 billing limit. There were 2 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.

### **Water System Programable Logic Controller**

As reported at the last meeting, the water system main control panel has become obsolete and after 16 years in service, TESCO, (the manufacturer), no longer produces the main mother board for our system. We had expected 20 years out of this panel, and may very well have gotten that, but the consequences of a main

computer board failure, (with no replacement parts) would be very expensive. As with most control panels, these units are proprietary and there are no aftermarket remedies. I researched several competitor companies all over the country and found that the best and most cost-effective contractor for us was TESCO, located in Sacramento. TESCO proposes to replace the control panel with a state-of-the-art L3000 PLC, provide user manuals and personalized training for \$25,510. The reserve study has budgeted \$42,334 in the fiscal year 2024-2025. Some of the casings and conduits can be reused from the old system reducing the replacement cost of the controller. At the last meeting, the board authorized that we move this component up four years on the reserve schedule and replace the system as soon possible.

## **OLD BUSINESS**

There was none.

## **NEW BUSINESS**

### **Security Issues**

We have had some security concerns regarding people walking on the dunes or being in places that they shouldn't be. Homeowners who have concerns are urged to either call our security (633-3187) or 911 depending on the urgency of the situation. Please note that no employee is at the property from 12:30 a.m. to 8:00 a.m.

Some suggestions from the audience included stopping after driving through the entrance or exit gate and let the gate close so that another vehicle cannot drive through; joining nextdoor.com (social website for the area/neighborhood); if you need instructions, call Susie at the office. Nextdoor.com can provide alerts of suspicious people/vehicles that have been posted by neighbors.

## **OWNER'S STATEMENTS**

There were no other owner statements

## **WATER COMPANY BUSINESS**

Addressed in Managers Report.

## **ADJOURNMENT**

The meeting was adjourned at 11:45 A.M. The next regular board meeting is scheduled for March 16, 2019 at 10:00 A.M. In honor of St. Patrick's Day, Rueben (corned beef & sauerkraut on marbled rye) sandwiches and green beer will be served.

## **Respectfully Submitted**

//s//

Thomas J. Bugary CMCA, CCAM  
General Manager and Secretary

## **EXECUTIVE SESSION**

The Board discussed one request to waive a bill for excess water use. This was a first-time violation and the fine was waived.

## Treasurer's Report Nov and Dec 2018

This report covers our fiscal year budget status through December 31, 2018. Account Balances as of November 30, 2018 and December 31, 2018 are:

	<u>Nov</u>	<u>Dec</u>
Total MDCA Reserve Funds	\$3,209,877.42	\$ 3,135,460.60
+ <i>Comm Assoc Banc (CAB) Reserve</i>	\$ --	\$ --
+ <i>ICS Reserve (Bank Acct)</i>	\$ 416,210.93	\$ 340,584.48
+ <i>CDARS (CD Due 3/28/19)</i>	\$ 306,346.73	\$ 306,476.86
+ <i>CDARS (CD Due 1/31/19)</i>	\$ 613,580.43	\$ 613,971.41
+ <i>CDARS (CD Due 3/26/20)</i>	\$ 320,477.96	\$ 320,968.27
+ <i>CDARS (CD Due 3/25/21)</i>	\$ 311,055.58	\$ 311,253.79
+ <i>Wealth Mgmt Trust Acct</i>	\$ 2205.79	\$ 2205.79
+ <i>WM Acct</i> )	\$ 235,000.00	\$ 235,000.00
+ <i>WM CD (Due 4/3/20)</i>	\$ 235,000.00	\$ 235,000.00
+ <i>WM CD (Due 4/4/19)</i>	\$ 235,000.00	\$ 235,000.00
+ <i>WM CD (Due 10/7/19)</i>	\$ 235,000.00	\$ 235,000.00
+ <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	\$ 41,256.84	\$ 36,628.45
RABOBANK Petty Cash	\$ 642.94	\$ 1,157.09
CAB Water Operating	\$ 42,970.39	\$ 41,362.09
Reserve Funds	\$ 164,510.08	\$ 163,142.91
+ <i>CAB Water Reserve</i>	\$ ---	\$ ---
+ <i>ICS Water Reserve (Bank Acct)</i>	\$ 164,510.08	\$ 163,142.91

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