

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

September 21, 2013

**PRESENT**

Frank Williams, President  
Bill Michaels, Vice President  
Ted Swanson, Treasurer  
Jeff Schwartz, Director  
Bob Dickinson, Director  
Tom Bugary, Secretary and General Manager

**ABSENT**

None

**WELCOME**

Frank Williams, Board President, called the meeting to order at 10:00 AM, September 21, 2013 at the Monterey Dunes Colony Clubhouse. Frank announced that this was the last Board meeting of the 2012-2013 Board and then he introduced the rest of the Board members. Frank also announced that these were the same members of the 2013-14 Board.

**MINUTES**

The Board reviewed the draft minutes of the July 20, 2013 directors meeting. It was M/S/C to approve the minutes as presented.

**TREASURER'S REPORT**

Ted Swanson, Treasurer, gave the Treasurer's Report for July and August 2013. Ted noted that the payments to the Capital Reserve Replacement Fund and to the Mutual Water Association were current. Additionally, Ted stated that all our account balances could be seen in the written report, which has been attached to and made part of these minutes.

**2012-2013 AUDITOR'S REPORT TO THE BOARD**

The Association's long-time auditor, Joelyn Carr Fingerle, CPA, has merged with the company Young, Craig, & Co. LLP. Employees of Young, Craig, & Co. LLP gathered and did preliminary work on our 2012-2013 audits; however, Joelyn supervised and approved the audit results. Joelyn was present at the meeting to answer any questions regarding the

audit. A deficiency was noted in the management letter that stated that the journal entries were lacking supporting documentation or explanation. After a lengthy discussion, this notation was downgraded from a deficiency to a note with a recommendation that the general manager or a board director initial their approval on the journal entries. There were no other issues of concern. Further, Joelyn stated that she was pleased with our progress on increasing the percentage of our reserve funded and hopes to see that percentage continue to improve.

The Board unanimously M/S/C to accept the 2012-2013 auditor's report.

### **FINANCE COMMITTEE REPORT**

Bob Dickinson, Finance Committee chair, reported that the committee had met the previous day and had reviewed the first 2 months (July & August) of the fiscal year. Bob stated that, since the numbers were only for a couple of months, they didn't mean a whole lot due to timing issues.

The Board had previously approved a \$30K repayment to the reserve funds from the operating funds; at this meeting, the committee is recommending that this amount be changed to \$50K in order to repay the entire outstanding balance owed. The Board unanimously M/S/C this recommendation.

The committee is working on creating a brief overview of the expenses of the Association and why homeowner dues are as expensive as they are.

Bob continued by stating that we are in the preliminary stages of exploring the possibility of bringing solar power to the colony to power the common areas. The committee is looking at a proposal we recently received from a financial and installation perspective. The primary drawback is not being able to take advantage of substantial tax advantages in the form of depreciation and tax credits due to our status as a non-profit corporation. The committee has tasked Tom to look at some of the large solar companies and ask about lease arrangements or power purchase agreements (PPA's) so that they could take advantage of the depreciation and tax credits and pass some of those savings on to us through better pricing than we could get from purchasing the system outright. Another option that the committee discussed would be to form a partnership with a few homeowner investors with large tax liabilities who would purchase the system and use the tax credits and benefits to offset these tax liabilities.

In a related issue, a number of homeowners have expressed an interest in having a residential solar project. There are a number of issues associated with residential solar use, such as who would be responsible for the roof and how would the panels be attached? And what are the aesthetic and siting issues? These issues will have to be addressed once the common area solar project is formulated and installed.

To end his report, Bob announced that long-time committee member, Jim McFeeters, has resigned from the committee after yesterday's meeting. He thanked him for his many years of service to the colony as a board director and nominating committee chair and finance committee member.

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

Jeff Schwartz, ECC chair, reported that the homeowners of unit #294 submitted a request to landscape their courtyard with native plants to the ECC. The request was approved.

### **AD HOC WAVE RUN-UP COMMITTEE**

Ted Swanson, committee chair, gave a verbal report. There has not been a meeting of the committee since the last Board meeting; however, Ted stated that he had just completed a non-attention-getting septic (backup) system prototype and would be calling a meeting in the near future.

Ted also reported that he and Tom attended a State Parks hosted seminar on dune restoration and the focus of the meeting was on vegetation and how to maintain existing dunes. A discussion after the seminar revealed that the host, Cindy Dotson, supports the idea of sand fencing to develop sand dunes, as a matter-of-fact, the beach path there had staggered sand fencing along it. However, the snowy plover involvement elevates the issue to a level that Cindy did not want to address.

### **GENERAL MANAGER'S REPORT**

*This report covers work completed this fiscal year, July 1, 2013 to date.*

### **MONTEREY DUNES COLONY ASSOCIATION**

#### **Windows, Doors, Fences and Sidewall Shingle Replacement**

Association Carpenters completed 16 window replacements at unit 156. Carpenters also replaced over 60' of wood fencing near the recycle area along the tennis courts.

#### **Painting**

Maintenance is in the process of painting the wood trim of the buildings from units 326 through 340.

#### **Archiving Project Update**

We are currently in the process of hiring another data entry person for the archiving project.

#### **Landside Boardwalk Replacement**

Landside boardwalks have been replaced near units 234, 238, 310, 314, 316 and 318.

#### **Fumigation Update**

One garage, units 112-114-116-118, and an Association-storage-area was fumigated on 7-24-13. One building, units 178, 180 and 182 was tented on 7-24-13 and unit 250 received a local treatment on 8-23-13.

#### **Built-up Roofs**

Carl Black Construction was awarded a contract to replace 9 of the 48 built-up roofs within the colony that are scheduled for replacement last year. This contract was completed and the permit finalized on 9-12-13.

### **Coastal Projects**

There is no activity while pending a coastal development permit.

### **Chimney Inspection Update**

The 2013 chimney inspection is completed. Most of the repairs are associated with chimney caps, exterior flue pipe and storm collars. Two units needed repairs to the hearth.

### **Smoke Detector Inspection Update**

The 2013 smoke detector inspection is completed.

## **MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**

### **Water Conservation – Oriented Billing**

During the July billing period, there were 30 units that exceeded the Tier 1 water conservation zone, 3 were due to fumigation and not billed, 4 were under the \$5.00 billing limit and therefore not billed. 12 units were in Tier 2 and 11 units were in Tier 3.

During the August billing period, there were 29 units that exceeded the Tier 1 conservation zone, 9 units were under the \$5.00 billing limit and therefore not billed, 14 units were in Tier 2 and 6 were 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.

### **Water Tank Update**

The water tank project is progressing according to schedule and should be completed within the next 2 weeks.

## **OLD BUSINESS**

### **Homeowner use of MDCA employees**

At the last Board meeting, a draft of a letter was presented by Frank explaining the policy on homeowner use of Monterey Dunes Colony employees. The letter has since been modified to add that a homeowner can continue to make individual arrangements with staff. The Board M/S/C approval of this letter and it will be sent out to all homeowners.

## **Elkhorn Slough Membership**

The Elkhorn Slough has sent us a letter thanking the Association for its donation and acknowledging our membership.

## **NEW BUSINESS**

### **Redshift Update**

The prevalent high-speed internet provider for the Colony is Redshift Internet. Redshift has been very receptive to our concerns and they have made some changes, at a cost of \$30K, which are still in the process of being tweaked and tested. They have changed their frequency from 2.4 GHz (gigahertz) which does not require an FCC license to 6+ GHz which does require an FCC license. This improvement will provide increased bandwidth, higher capacity, greater speed, and will not bounce a signal off of Castroville, but will go directly to their headquarters in Monterey. They have had some alignment issues getting the antenna to go straight to Monterey and not bounce off of the water. There are a number of internet sites you can access to test your internet speed, however Frank thinks that [www.speedtest.net](http://www.speedtest.net) is one of the easier sites.

### **Board discussion/approval for lien on unit 116 for delinquent assessments**

The Board M/S/C to place a lien on this unit.

## **OWNER'S STATEMENTS**

A homeowner brought up a concern that we will need charging stations in the common areas in the near future and he believes Tom should look into what other Associations are doing. After discussion, the Board agreed that we should have a plan in place for the eventuality that we will need charging stations and tasked Tom to research and draft such plan for board discussion within the next few months.

## **WATER COMPANY BUSINESS**

Addressed in the Managers Report.

## **ADJOURNMENT**

There being no further business, the meeting was adjourned at 12:00 p.m. The next Board meeting will be on November 23, 2013 at 10:00 a.m. The annual homeowners meeting will be on October 26, 2013 at 10:00 a.m. followed by a barbecue at noon.

## **EXECUTIVE SESSION**

There were two requests to waive late fees for delinquent annual assessments, two requests

to waive late fees for delinquent monthly assessments and a request to waive excess water use charges.

FOR THE BOARD OF DIRECTORS:

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

## Treasurer's Report July and August 2013

This report covers our fiscal year budget status through August 31, 2013.

Account Balances as of July 31 and August 31, 2013 are:

	<u>July</u>	<u>August</u>
Total MDCA Reserve Funds	\$1,966,408.79	\$1,940,055.62
+ Comm Assoc Banc Reserve	\$ 5,000.00	---
+ ICS Reserve (Bank Acct)	\$ 855,990.80	\$ 834,402.92
+ CDARS (CD Placement)	\$ 600,489.20	\$ 600,616.69
+ CDARS (CD Placement)	\$ 504,928.79	\$ 505,036.01
CAB Operating	\$ 138,275.85	\$ 155,689.46
RABOBANK Petty Cash	\$ 11.80	\$ 717.78
CAB Water Operating	\$ 13,774.31	\$ 8,748.27 Total
Water Reserve Funds	\$ 138,200.04	\$ 139,543.56
+ CAB Water Reserve	\$ ---	\$ ---
+ ICS Water Reserve (Bank Acct)	\$ 138,200.04	\$ 139,543.56

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,

*Ted Swanson*

Ted Swanson