

**MINUTES OF THE ANNUAL MEETING OF MEMBERS
OF
THE MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION**

October 19, 2019

PRESENT

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

ABSENT

Allen Rudolph, Director

WELCOME

The combined Annual Meeting of the Monterey Dunes Colony Association and the Monterey Dunes Colony Mutual Water Association was called to order by Bill McGowan, President, at 10:00 A.M., Saturday, October 19, 2019 at the Monterey Dunes Colony Clubhouse, 195 Monterey Dunes Way, Moss Landing, CA 95039. Bill stated that there will be an organizational meeting of the 2019-20 board members immediately following the current meeting and there will be an executive session after the organizational meeting.

HOMEOWNER INTRODUCTIONS

Homeowners present at the meeting introduced themselves.

PRESIDENT'S REPORT

Bill began his report by saying that the board works for and represents all the MDCA Homeowners and we exercise our fiduciary responsibility by enforcing the Bylaws and CC&Rs of Monterey Dunes Colony Homeowners Association. During the last year we have focused our efforts and energies on maintaining and developing this beautiful area with the establishment of the DURT (Dunes Restoration Team) Committee under the leadership of Angela MacFarlane with consultants Joey Canepa and Roger MacFarlane. They are working on making the dunes even more beautiful than they are now and trying to make sure that they stay that way for many years to come.

Some of our other accomplishments during the year include:

- ❖ Resurfacing of all our roads and parking areas. We have laid 3,714 reflective markers on the entrance road - precisely in the middle of the road.

- ❖ We continue re-roofing our structures (four unit buildings and three garage buildings) which are part of our long-term roofing project. We will continue inspecting all roofs on an annual basis to prioritize the roofs that need to be replaced during that fiscal year.
- ❖ We brought our water system monitoring equipment up to current standards.
- ❖ We constantly are working at the never-ending project surrounding the need to keep our buildings and structures maintained. This project includes trees, vegetation and damage caused by storms.
- ❖ For the last several years we have had Coastal Engineers looking at our dunes erosion history and developing a timeline and plan of action regarding our dune erosion. The Dunes erosion study was completed this year and was shared with all homeowners via e-mail. This study shows that some areas along our Dunes have receded while some areas have built-up. This means that our shore is very dynamic and constantly shifting according to the sand bar that is offshore (the sand bar also moves). If there is a break in the sand bar, the current will rush in and create erosion to that specific area of the Dunes. We have vulnerability for erosion damage and that's why we are constantly monitoring our weather forecasts. In the event that we are expecting wave run-up, we have barriers that we put out to try and minimize the damage.

If you would like to request a hard copy of the report or another electronic copy, please contact the office or stop by.

- ❖ We have established a Conflict Resolution Committee (CRC) under the leadership of Tom Nolan to work with our Homeowners in sorting out issues and conflicts that don't reach the board level, but a resolution to the issue would make the experience here at the Dunes more enjoyable for all of us. Therefore, we are trying to offer an avenue to deal with issues that come up. If you have any issues related to the Dunes that you are hesitant to take directly to the Board, please feel free to contact the CRC via Tom Nolan.
- ❖ Our Clubhouse Remodel Committee, under the leadership of Karen Matteis, along with members Amy Sung, Sumerle Davis, and Monica Gentry, have completed a two-year project developing a remodeling plan to modernize the clubhouse, bathroom and kitchen while staying within our budget. Construction on the project will begin following the November board meeting and is scheduled to be completed by the end of January.
- ❖ Our Internet Committee, under the leadership of Stuart Wentworth along with members Jim Forster and Amy Sung, have once again affected some changes to our service from Redshift. Redshift has installed a new transmitter at our maintenance yard and the units at the north end of the Colony are receiving improved internet service compared to what they had before. The middle and south sections of the Colony can call Redshift to update their receiver and adjust their antenna to acquire the new signal.

Bill pointed out that the long-term objective of the Internet Committee is to bring fiber optics to the Colony.

- ❖ We have hired a website designer to build a new website. At this date, the website is mostly complete and will be put in service within a week or so, pending domain-name transfer and training. Since we will have the same domain name, the website address will remain the same (montereydunescolony.com); additionally, the login and passwords for all homeowners will remain the same – this means that there will be no change to how homeowners access the new website. This new website will be more user-friendly and informative. Homeowners will be notified when the new website is in service.
- ❖ We have restriped and repaired all tennis courts and have created two pickle ball courts. For trivia fans, pickle ball courts should be facing north-south; unfortunately our courts are facing east-west and are not eligible for APA sponsored competitive play.

Bill wanted to address the elephant in the room – short term rentals and the efforts underway by the County to develop regulations directed toward short term rental activity.

Bill: I want to make it perfectly clear that the Board has been, and remains, neutral as to the short-term rental issue. The Board represents all Homeowners – those that rent their homes and those who do not and those who don't currently do but might want to do so in the future.

It's clear that our CC&Rs permit both short-term and long-term rentals – no question – and the provision has been there since the CC&Rs were developed in the mid 1970's. As a reminder, in the fall of 2017 an initiative came to the Homeowners to limit the number of homes that could be rented at the Dunes. That initiative was defeated by a majority vote of our Homeowners.

I want to clarify that the board does not enforce any Federal, State, or Local regulations regarding short-term rentals (STR's) - there has never been a question about that. STR's are an activity engaged in by individual owners, their homes and their renters. Each Homeowner is responsible to comply with all regulations relating to rental activity such as transient occupancy tax permits, related insurance coverages, or other regulations, as well as Monterey Dunes Colony Association rules and regulations such as occupancy limits. The Board's responsibility is to insure that both Homeowners and renters have an enjoyable experience while at the Dunes.

We have attempted to share with you, in the past, current information that we receive about the short-term rental topic, and that's been the subject of a number of discussions here at the last several Board Meetings. When we encounter new information, we attempt to pass it on to you. I encourage you to periodically refer to the short-term rental webpage that is part of the Monterey County Planning Agency's website for the most current information. I have a copy here that anybody can take and make copies of if they are interested. It is the draft ordinance that is proposed for Monterey County short-term rentals. As far as I know, it is the most current draft by the Planning Commission and is dated April 19, 2019. It is my understanding that this draft went before the Board of Supervisors on July 24, 2019 and was returned to the Planning Commission for changes and edits. It is quite comprehensive and I encourage you, if you are interested, to take a look. I also have a glossary, just for shock factor, of the number of publications that the County Planning Commission has on short-term rentals. As you can see, this is a huge issue here in Monterey County, not only at the Dunes but inland as well. If you interested, the document gives

you a lot of detail and you are welcome to make copies. It is also on the website of the Monterey County Planning Commission.

Finally, Bill said he wanted to take this opportunity to welcome the following homeowners that have purchased their homes since October 2018: Francis and Nancy Cavagnaro (Unit #174), Peter Bakas (Unit #160), Paul Jackson and Kari Nadeau (Unit #142), Wendy Mines and Eleanor Sue (Unit #266), Rinat and Arnon Rosenthal (Unit #288), and Paul and Cynthia Rago (Unit #302). Bill noted that unit #124 was recently purchased by the homeowner of unit #192, so although Daniel Boudrault is not a new homeowner, his acquisition of #124 is new. All together, we have seven new homeowners this year and ten new homeowners the previous year – in the last 24 months we have 17 new homeowners.

Some homeowners have been pleased to see that property values are on the rise and that is part of the Board's commitment to the homeowners to try to do things that will improve property values at the Colony.

INTRODUCTION OF DIRECTORS, 2019-2020 TERM

Bill McGowan announced that the 2019-2020 Board of Directors were voted in by acclamation and they are:

- | | |
|---------------------------------------|---------------------------------------|
| 1) Bill McGowan – Incumbent Director | 4) Allen Rudolph – Incumbent Director |
| 2) Todd Davis – Incumbent Director | 5) Rick Crowley – Incumbent Director |
| 3) Biff Jelavich – Incumbent Director | 6) Tom Bugary – Officer (non-voting) |

All directors are present, with the exception of Allen Rudolph who is ill.

COMMITTEES

Bill mentioned the current ad hoc (temporary/as long as needed) committees, such as the Conflict Resolution Committee, Clubhouse Remodel Committee, and the Internet Committee. He strongly urges homeowners who are interested in serving on a committee to contact the Committee Chair in care of the HOA Office.

We also have permanent committees such as the Finance Committee which is chaired by Rick Crowley with members Jason Nolet, Jill Hardy, Ted Black, and an outgoing member, George Maciag, who will be replaced by Jeff Lorek.

George was applauded for serving on the Finance Committee as well as being a past Board President. The Finance Committee was applauded for their diligent work overseeing the finances of the Colony and making sure the homeowner dues are spent as judiciously as possible.

Another permanent committee is the Environmental Control Committee (ECC) chaired by Fran Gentry with members Allen Rudolph (also a board member), and outgoing member Rich Cohen. The alternate for the ECC, Jeff Schwartz, will replace Rich as a regular member and Tom Nolan

will be the new alternate. The ECC Committee was also applauded for their oversight of remodeling/exterior work done to the units in order to maintain a sense of continuity.

MEMBER BUSINESS

IRS Revenue Ruling 70-604

Bill read aloud a mandatory IRS Revenue Ruling (70-604) pertaining to the current fiscal year. It was M/S/C unanimously to approve the resolution, which states that any excess revenue generated by the Association in both the current and following fiscal year will be applied to the next fiscal year's expenses.

HOMEOWNER COMMENTS

One of our homeowners suggested that all homeowners use Trader Joe's toilet paper because it is a good type of toilet paper for our septic systems and is 100% recyclable.

One homeowner in the audience asked if there is a Code of Conduct for the board meetings. The homeowner asked this question due to a terse exchange at a board meeting a few months ago. Bill answered that he normally uses the gavel to stop terse exchanges, but that he let this particular exchange go on longer than normal because of the topic – short term rentals – and he felt that homeowners needed to be informed of what was being said and the magnitude of the situation.

Another homeowner commented about the light on Molera Road. She commented that although there is a light post there, the light bulb is missing so there is no light and the turn is really hard to see. Tom said that the Monterey County Public Works Department is responsible for the lights and that he would notify them.

The same homeowner asked what the occupancy policy was. Bill responded that the rule is 2 people per bedroom plus one extra person, i.e. a four bedroom occupancy limit would be 9, a three bedroom occupancy limit would be 7, and a two bedroom occupancy limit would be 5. Further, Bill stated that the complete set of rules and schedule of fines is available in the office.

Another homeowner wanted to know if, after the clubhouse is remodeled, we can add a pool table or ping pong table. Bill responded that since we use the clubhouse for our meeting room and for homeowner's exclusive use twice a year, we have made a concerted effort to keep the space flexible and open for tables, etc., but that we would look into some type of activity for the clubhouse. It was noted that we have several activities directly adjacent to the clubhouse and equipment is available to all homeowners upon request.

It was suggested by one homeowner that we use the clubhouse to host homeowner dinners, i.e. potlucks, barbecue's, etc., in order for neighbors to meet and socialize.

A homeowner wanted to put together a committee to go after the County regarding short term rentals.

Bill: I am aware that this issue had been discussed, but I am unaware of the current status. Dick Matthews, one of our Homeowners (who rents his property) is on the board of the Monterey County Vacation Rental Alliance and attends all the Planning Commission meeting regarding rentals. Whether he is a vehicle for putting together the committee in question I don't know. I haven't talked to him in the last couple of months because he has been traveling. I did talk to him once and he was riding his bicycle in France – that was in early July and I haven't talked to him since. I was hoping that he would be here today and share some information with all of us, but I don't know what the situation is. I do know that about 20 of our homeowners have received correspondence from the Planning Agency on the topic of short term rentals.

Stuart: And I think they put liens on them so they can't get building permits or sell.

Bill: That is my understanding. It's not right. I believe that there was some information that came out that we shared a couple of meetings ago that the people who got the liens need to contact the Planning Agency and do whatever they need to do – but only if they want to remove the lien. Some of our homeowners don't care that they received a lien because they don't plan on getting a permit and they aren't selling. But, in answer specifically to your question, I know of no organized group at this particular point.

Stuart: Maybe we should organize one.

Bill: That would be up to individual homeowners. Bill handed Stuart a copy of the County Short-Term Rental Ordinance that is pending and said "I encourage you to read this if you have an interest in this because it is incredibly restrictive in that if this passes, the County will regulate and restrict short term rentals for several years – probably decades – but it hasn't happened yet. Whether this happens or not I don't know, but it is a topic and all of the information is here and it's 19 pages and it gives you all of the information. To give you an example, the people in here that rent fall into a category that would allow them to rent their homes up to 4 times a year. That's it."

Homeowner: The best thing you could do is talk to Dick Matthews. He is on the Board of Monterey County Vacation Rental Alliance. If you are a renter, you should probably be involved because it will really answer a lot of questions for you and they have lawyers available for you.

George: Many of you know that Dick Matthews was chair of the Adhoc Rental Committee when we went through the issue of limited rentals vs. unlimited rentals. I spoke to Dick before he went to do his bicycling in France and he is enthused about, once again, helping on that issue. We also discussed the notion of the board not getting involved because as management we can't and we're not. When Dick returns, I urge you, Bill, to get ahold of him and say "Do you want to resurrect your committee now, do you want to pick new members, etc" and end this little diatribe by saying help is on the way.

Jeff: Bill, can you comment on the concierge service and how that is working out?

Bill: I'll be glad to. I think that the concierge service has done practically miracles with facilitating people coming in and out of the Colony and assisting homeowners and renters. A lot of the activity that they do is directed toward people who are either visitors or renters. The number of fines for

violations of our rules and regulations has diminished to almost \$0. I can't remember the numbers exactly, Tom had them here a few months ago, but the number of fines have reduced from approximately 40 to approximately two. Many of the fines that we are encountering today are not surrounding renter activity. The fines result from Homeowners failing to notify management that renters are arriving and that is a safety concern. The focus has shifted from renter behavior to owner behavior.

I haven't heard a negative about it, but I have heard a lot of good, positive comments about the person we have as our main concierge – Heather.

ADJOURNMENT

With no further business, Bill adjourned the meeting at 11:20 A.M. and announced that this meeting will be followed by an organizational meeting to be followed by an executive session. The annual homeowner's barbeque will be at 12:00 P.M. The next Board of Directors meeting will be on November 16, 2019. Angela MacFarlane made a quick announcement that her committee, DURT, has an informational table set up outside and will be there for a few hours.

DRAFT