

**HACIENDA CARMEL COMMUNITY ASSOCIATION
MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS
Thursday, July 22, 2021
Casa Fiesta**

PRESENT:

Mr. Art Sutton, President & Director
Ms. Fran Baca, Vice President & Director
Ms. Jackie Graham, Treasurer & Director
Mr. David Delwiche, Corporate Secretary & Director
Ms. Mary Pat Adams, Director
Ms. Donna Bessant, Director
Ms. Elizabeth Husby, Director
Mr. Bill Quinn, Director
Mr. Sam Womer, Director
Mr. Robert Hedberg, General Manager
Ms. Jeanne Mileti, Recording Secretary

28 members attended the open meeting in Casa Fiesta.

1. **CALL TO ORDER:** The open meeting was called to order at 10:00 a.m. by Art Sutton, President. There were no comments on agenda items made by members.
2. **APPROVAL OF MINUTES:** The Board considered the minutes of the June 24th, 2021, meeting. Mr. Delwiche had corrections to item 7. Under Buildings and Grounds, second sentence, there is a misplaced comma. Under Garden Club, he would like to see a close quote on the first paragraph. Ms. Graham corrected page 6, paragraph 4. Judi Lehman's first name should have an "i", instead of a "y". And Mr. Sutton modified Page 5, Investment Committee: It quotes him as speaking about the importance of investing in CDs. He intended to say we should look at our investments, and if there is some other mechanism that we could use that would give us a better return on investment than the CDs, we need to look at those. Right now, we are rather limited, but we can explore other methods of investing. Ms. Bessant made a motion to approve the minutes of June 24, 2021, with the changes as stated. Mr. Womer seconded the motion which carried unanimously.
3. **PRESIDENT'S REPORT** The Board met in Executive Session at 8:30 a.m. Mr. Sutton reported that the Board discussed maintenance of units, occupancy, and the arrival of the governing documents, which will be discussed under the General Manager's Report. We should have an election notice on August 1st, ballots distributed on August 31st – to be due on September 30th.

The Association is expecting a visit by Cal Fire on August 4th to review our defensible space, and there will be a follow up by HUB International Insurance to do the same. Board members will also be meeting on August 10th with Clint Biddle, from Solar Technologies, to discuss the changes in the solar tax credit to take place later this year.

PRESIDENT’S REPORT, continued

The first piece of correspondence received is a letter from Jane Bowles, who would like more information on the solar projects, to include savings and access to the solar panel reports. She also asked for a report on the Reserve Fund. That’s reported on each month in the Treasurer’s Report. The deposits into the Reserve Fund every month total \$41,600 and that does not change for the entire fiscal year.

The next item of correspondence was from the General Manager to residents of units 90 – 94 regarding parking. That letter will be displayed on the Bulletin Board.

There was a letter from David and Linda Mullally on the importance of upgrades: Lobby, Casa Fiesta, pool furniture, etc., and they suggested we look carefully at the care requirements for materials used.

There was one additional item, which was a recent article submitted by Lauren Upson on the responsibilities of condominium associations in maintaining Reserves. It is a timely article and will be added to this month’s minutes as an attachment. [See Attachment I]

4. OCCUPANCY APPLICATIONS: The General Manager presented the following applicants for occupancy:

Robert & Theresa Ogle	Authorized Occupants, Leasing #166
Shirley Keel	Authorized Occupant, Leasing #168
Helen Carlin	Authorized Occupant, Leasing #278

The General Manager has spoken with all applicants and verified their qualifications for occupancy. Ms. Graham made a motion to approve the applicants for occupancy. Ms. Adams seconded the motion which carried unanimously.

5. GENERAL MANAGER’S REPORT:

- **Sales & Rentals:** Mr. Hedberg announced that there is currently only one unit on the market at Hacienda Carmel, and it is in contract pending sale. There have been two additional sales since June, for a total of six sales year-to-date, for the fiscal year beginning May 1, 2021.
- **Miscellaneous Projects:** The General Manager reported that Captain Jones, of Cal Fire, will be meeting with us on August 4th to do an audit of our defensible space. There will be a report given at the September Board meeting.

The Governing Documents final draft has been received from Berding & Weil Attorneys. The documents require a vote of the membership and election rules apply – we will need to appoint an inspector of elections. Notice of the election will be given on August 1st; the ballots will go out to the members on August 31st and will need to be returned by September 30th. If approved, they will be filed with the county of Monterey and become official upon recording.

GENERAL MANAGER’S REPORT, Misc. Projects, continued

With exception of unit 287, the white windows have all been painted a conforming color. Mr. Hedberg asked the Board to re-affirm that there is no grandfathering of window colors, other than the approved colors. Ms. Adams made a motion to re-affirm no grandfathering of non-conforming window colors, and to repaint all windows the appropriate color. Ms. Husby seconded the motion which carried unanimously.

The General Manager reported that there were no fines billed to us by Waste Management again this month. Several members, in addition to Ed Lange, have been diligently checking the recycle bins weekly. Tomorrow we will be placing garbage cans next to the recycle bins to hold the plastic bags that are emptied of recyclable garbage. Please use these trash cans for this purpose only, not to dispose of your regular trash.

The two owl boxes have been installed by the maintenance department. They have mounted them so that they can be cleaned out every October. There is one just beyond the ranch gate on the east end, and one on the left as you enter the west end of the property. Mr. Hedberg stated that we are now accepting rental applications from owl families.

Mr. Hedberg addressed the solar savings issue, because it is not a black and white, concrete amount every month. Taking Phase I as an example, the solar panels on top of carport 1 help offset about 90% of the electricity used by Casa Central, Casa Fiesta, and the Guest House. On a day-to-day basis the amount of electricity produced is credited to our account by PG&E. This time of year, we produce a lot of electricity because of the longer days and sunshine. On Phase I we pay a lease amount of \$1,705 per month. Prior to the solar, just the electricity portion of that bill averaged about \$2,000 per month. Early in 2023, when we have the system buyout, that \$1,705 per month goes away and we recoup all the savings.

With Phase II it is even more difficult to pinpoint how much per month we are saving. All the 78 residential buildings are on a separate PG&E account, and Phase II was designed and built to offset approximately 85% of the electricity used by one half of the residential buildings. Our big PG&E bill (residential buildings) varies between \$28,000 to \$47,000 per month in the colder months. This is inclusive of gas. The utility is further impacted because we are part of the Monterey Bay Community Energy group. It is hard to pinpoint exactly how much we are saving, but we have seen a big dent in that bill since the solar went online. If anyone is interested, he can supply the website that you can log on to and see in real time how much energy our panels are producing. Please contact the General Manager for the website address.

The General Manager expressed a very special thank you to an organization known as Studio A of Monterey Bay Foundation. They are a local entity that previously sponsored dinner events for fundraising opportunities, but have curtailed that part of their foundation, and graciously offered to donate a great deal of table and dinnerware to Hacienda Carmel. Hacienda member Artise Matthews is the CEO of Studio A, and we have sent correspondence to the foundation thanking them, on behalf of the community, for the generous donation. Chef Bill and his staff are looking at what they can use right away, and then Events and Entertainment will do the same. If there is anything left over that can’t be used by us, we will donate them to a worthy home.

6. **FINANCIAL REPORT: Jackie Graham, Treasurer**

- **Financial Statements:** Ms. Graham reported the Finance Committee met on July 15th. The committee reviewed and recommended approval of the annual financial statements produced by our audit firm of Levy, Erlanger CPAs. Ms. Baca asked for one change in the draft: In footnote 8, third line down, the first payment was made in February of 2017, not in January. Ms. Baca made a motion to approve the draft audit with the change. Mr. Quinn seconded the motion which carried unanimously.

The committee recommended approval of the re-issued May financials, which include the audit journal entries. Ms. Baca made a motion to approve the May 2021 financials subject to audit. Mr. Quinn seconded the motion which carried unanimously

The committee recommended approval of the June financials as well. Ms. Baca made a motion to approve the June 2021 financials subject to audit. Mr. Quinn seconded the motion which carried unanimously.

- **Reserve Fund Expenditures:** Ms. Graham reviewed the June 2021 Reserve expenses which included \$895.77 to Kelly Moore for paint for the common area; \$1,708.44 to pay for one half of the replacement of a standard original sliding glass door in a unit, which was replaced with an upgrade. Total Reserve Fund expenditures for the month of June were \$2,604.21. Ms. Bessant made a motion to approve the June 2021 Reserve Fund expenditures in the amount of \$2,604.21. Ms. Husby seconded the motion which carried unanimously.
- **Document Review:** The Treasurer reported that, as required by the Civil Code, she and the President reviewed the general ledger; payable and receivable ledgers; bank reconciliations for all seven accounts; and unopened bank statements for the month of June 2021. They found everything in good order. Ms. Husby made a motion to ratify the inspection. Ms. Bessant seconded the motion which carried unanimously.
- **Insurance Renewals:** Four of our business insurance policies are renewing August 1st and September 1st. They are the liquor liability policy through Golden Bear with a premium of \$1,125 (\$200 lower than last year); Cyber liability through Philadelphia Indemnity with a premium of \$4,099 (\$953 more than last year); The directors and officers/employee practices liability policy through United States Liability Insurance Co. for \$3,969 (no change from last year); and the crime/fidelity policy through Travelers for \$2,808 (no change from last year). The Finance Committee recommended all four renewals. Ms. Bessant made a motion to approve renewal of the four renewing business policies as stated. Ms. Baca seconded the motion which carried unanimously
- **Benefits Renewals:** The Treasurer reported that Ashley McDonnell of HUB International attended the Finance Committee meeting to present the employee benefit renewals. The medical insurance has been with United Healthcare for the past several years and is renewing with a 6.65% increase. We budgeted for a 9% increase. The committee recommends that we stay with United Healthcare. They further recommend the ancillary policies all renew with the same carriers, with the exception of dental, which should be moved to Humana. The net savings to the Association this year would be \$1,721.52 for

TREASURER’S REPORT, Benefits Renewals, continued

the ancillary policies. Ms. Adams made a motion to approve the recommendation of the Finance Committee on the employee benefit policies renewals. Mr. Womer seconded the motion which carried unanimously.

- **Investment Committee Recommendations:** The Investment Committee met following the Finance Committee meeting on July 15th. They recommended rolling over the \$100,000 CD in the Solar Savings account for a 12-month period, to be brokered through Schwab. They also recommended purchase of a \$150,000 CD for a 12-month period in the Reserve Fund in order to invest the growing cash, so that it does not exceed the FDIC insured amount. (This was done timely through Safra National Bank, for a return of .10%). Ms. Husby made a motion to approve the CD purchases recommended by the Investment Committee. Ms. Bessant seconded the motion which carried unanimously.
- **Investment Policy:** The Finance Committee reviewed the Hacienda Carmel Investment Policy, and the recommendation about investments on the Davis Stirling website. They recommend 1) safety, 2) liquidity, and 3) risk. The committee had no recommendations for changes to investments at this time.

The Finance Committee also reviewed the upcoming Reserve Fund projects for this fiscal year.

7. COMMITTEE REPORTS: The following committees had reports:

- **Buildings and Grounds:** Donna Bessant, Ex Officio, reported that the committee met on June 14th. There was one request from unit 60 to replace the sliding glass doors at the owner’s expense. The request was approved. There were no variances to bring before the Board.

We had conversations and notes from some members about the juniper bushes and the potential fire danger. The fire department will do an audit of our fire safety, as will our insurance broker, and we will report in August on that. The recycling problem was discussed: Do not put plastic bags into the recycle bins, clean out your cans and bottles and flatten your cardboard.

The hedgerow that was forwarded by the Board was discussed. The committee does not want to decide on it until the Garden Club states they wish to pursue it. They request the Garden Club poll their members about it. Ms. Husby made a motion to request the Garden Club do a poll of their members to see if they wish to pursue a hedgerow around the garden area. Ms. Graham seconded the motion. Ms. Adams explained that the Garden Club Bylaws have no mechanism to poll the members of the club. She suggested the motion be tabled until after the conclusion of the fire suppression study. Mr. Sutton asked the Board members to vote on the subsidiary motion to table the issue for now. The motion to table carried with seven members voting in favor.

COMMITTEE REPORTS, continued

- **Library/Book Shoppe:** Donna Bessant, Board Liaison, reported that being a career librarian in her own right, she appreciates and gives thanks to all those who do the little details that allow us to have a library here. And thanks to Judi Lehman for taking up the reins. We can do our part by bringing our books back on time.

- **Garden Club:** Pat Ostrom reported for the Garden Club:

Members are tending their boxes with the garden full in bloom and produce. Berries are being harvested in the orchard by members. A successful Garden Walkabout was held Sunday, July 11, 2021, with participating members sharing their garden experiences. A Seed Gathering, in which dried seeds are gathered, collected from permission given member boxes, is planned for this Sunday, July 25, 2021, at 4 p.m. on Jan's Patio. All are welcome to attend. The regular HCGC Sunday Gathering will follow.

Our HCGC member, Peigi Duvall, shared with us that there are two signs in the east and native plant area outside #11 - #15 that give a few bits of information regarding what's happening in the eastern native garden this month. Take a walk on the east side of the berm and discover more about native plants.

- **Events & Entertainment:** David Mullally, Chair, reported: The committee held their regular meeting on July 6th and a special meeting on July 20th to do detailed planning of Hacienda's Birthday Party in August. The E&E is allocated \$6,000 per year in the annual budget. So far E&E has expended \$3,282, and we have a balance left of \$2,717. As you all know, E&E has a lot more events planned than that will finance, so we are accepting donations and sponsorship of events, which will allow us to do more events throughout the year.

The E&E held a successful July 4th on the Village Green with sports, dancing, pie, and ice cream. People contributed towards purchase of a dart board, which will be installed in the ping-pong room. Indoor Tai Chi Chih will be held in Casa Fiesta starting on August 4th. And we moved the Movie Night from Friday to Sunday in the West Room, so there would not be conflicts with the use of the room. We now also have a movie coordinator.

The Hacienda Carmel Birthday Party (59th) will be held on August 21st. Cocktails will be at 5 p.m. and dinner at 6 p.m. The band Andrea's Fault will play. There is a Wine Club being formed at Hacienda Carmel – further details are coming.

Bingo continues the third Thursday of each month. The Zodiac Sun Sign Birthday Luncheon group meets on the first Wednesday of the month. And the Monday Mingle meets the last Monday of the month on the pool deck.

Other groups: Meditation, fun art class, conscious aging group, rummikub, line dancing, ceramic mosaics, plein air art class, mah jongg, sit and be fit, table tennis, and lawn bowling continue on a schedule to be posted in the glass case, in the information rack, and it is provided to new residents.

COMMITTEE REPORTS, Events & Entertainment, continued

Two musical events to watch for are a pianist on August 29th who will play “Name that Movie from That Tune.” Also, Gustavo Romero, world class pianist, will be here on Sunday, September 5th.

8. **NEW BUSINESS:**

- **Schedule of Reserve Expenditures:** The General Manager reported that he created a schedule showing the Reserve Fund expenditures scheduled for the current fiscal year that began on May 1st. The Board received a copy of the schedule in their packets. The items scheduled for potential replacement this year start with the annual items. Items such as fence replacements, building repairs, sewer/drain lines, laundry machine replacements, well repairs, etc., etc. are scheduled on an annual basis, with an amount assigned to each component each and every year. The replacement schedule also contains the items that have aged out and are funded to be replaced such as the remainder of the roofing project, the shuttle van, flooring in Casa Fiesta, Casa Central Lobby furniture, Pool Deck furniture, two utility carts, replacement of the diesel tank for the emergency generator, and replacement/upgrade of the existing security camera system.

Deferred last year was the completion of the roofing project (carports 5, 6, &7 and the Doctor’s Office and Art Studio), and the shuttle van. Mr. Hedberg noted he recommends the Board start with the final roofing, as delaying it further will throw the roofing project schedule (which begins again in 2035) out of sequence. The months in which the roofs can be done are in the Summer and Fall. Premo Roofing has been our designated roofing company for the last 9 years of the roofing project. Ms. Graham made a motion to authorize the General Manager to obtain a quote for the remaining roofing from Premo Roofing. Mr. Womer seconded the motion which carried unanimously.

- **Fire Hazard Mitigation:** Mr. Quinn made a motion regarding fire mitigation, which was seconded by Ms. Adams. The motion is as follows:

Mr. President, I move that this Board authorize the Hacienda Carmel General Manager to undertake a thorough assessment of the present risk and hazard of wildfire threatening our community, with the objective of developing a plan for its mitigation. In particular, such assessment shall include obtaining the services of a fire suppression expert who, after any necessary site surveys of our property, shall provide a written assessment of Hacienda Carmel’s risk of catastrophic fire damage which shall include specific recommendations regarding the mitigation, reduction, and/or elimination of all aggregate risks in light of both California statute §4291, and any other applicable laws, ordinances, or regulations pertaining to combustible substances. Together with, and as an integral part of, this effort I further move to refer the matter to a Special Committee of five, which will work in coordination with and support of the General Manager, and whose members and Chairperson shall be appointed by the President to whom the Special Committee shall report at the regular September 2021 meeting of this Board.

OLD BUSINESS, Fire Hazard Mitigation, continued

Mr. Sutton asked for discussion on the motion. Mr. Quinn presented his points in support of the motion:

Overwhelming consensus of the scientific community that global warming and climate change are facts, points to an ever-increasing risk of fire and massive destruction at HC.

Due to climate change, records show that wildland fires are becoming ever (i) larger, (ii) more destructive, (iii) and ever more frequent (Sobranes 2016, Carmel & River 2020).

According to professional and fire experts who track and study these fires, forest fires burn at 1,475°F (at 6') to 2,200°F (at over 100'), and wood ignites, regardless of flame, at between 300° - 580°F (after 5 minutes). So, these are the FACTS that confront us.

We are in danger, and if HC *fails* to confront these facts and mitigate these risks, we as a community and as individual homeowners will effectively be in greater *mortal* danger.

Not only do we face a substantial fire risk at HC, but we will also face a legal risk if we are found to be in non-compliance with §4291 that sets forth 5', 30', and 100' vegetation distancing standards for fire mitigation.

The motion calls for acquiring the services of a fire expert, so we should include in that arrangement a deliverable, being written report provided to HC, with these goals:

- (1) How best to prevent a wildland fire burning outside the berm, from jumping the berm onto vegetation or buildings inside the berm;
- (2) Identification of all combustible materials *inside* the berm, especially those in between and above the buildings, that can spread fire from one building to another;
- (3) Identification of all telephone/utility poles at HC that are found within or close to the branches of trees or other vegetation because, if these poles catch fire, this would bring to the ground *live* electric transmission lines;
- (4) Identification of all fuel tanks or other similar combustibles on the HC property and reducing any ignition risks for them.

The indisputable benefits to HC from such an assessment, assuming its recommendations are followed, will be (1) significant reduction in fire risk/damage in the event of a wildfire, and (ii) possible reduction in casualty insurance premiums, or avoidance of insurance non-renewal, or both.

Without risk mitigation, current course is fiscally unsustainable; continued

borrowing from Reserves; HOA fees.

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OLD BUSINESS, Fire Hazard Mitigation, continued

The Board further discussed the issue. It was pointed out that a damaging fire is no longer such a remote possibility to this Association. During the River and Carmel Fires, Cal Fire was issuing evacuation warnings all the way to Baja Cantina. There was some concern as to the scope of “aggregate risk,” however, Mr. Quinn noted we can rely on the reasonableness of the fire inspectors to identify such. There was also concern about the fuel levels outside of the berm. It was pointed out that we do already reduce fuel levels outside of the berm by mowing. Also, we may be able to work with Palo Corona to identify possible issues on the west end.

The Board agreed that the scheduled appointment with the fire inspector and follow up with mitigation experts through HUB are important first steps. Mr. Hedberg explained that there is no cost to the Association for either of these services. Mr. Sutton called for the question and the motion carried unanimously. Ms. Baca made an additional motion to adopt a moratorium of all planting for this fiscal year, until the study regarding assessment of the present risk and hazard of wildfire threats to our community is completed, and the Board adopts a comprehensive plan for the mitigation of the threat of wildfires. Ms. Adams seconded the motion. The Board discussed the motion. Ms. Baca feels that the Board’s priority this year should be the threat of wildfires and working to do everything we can so that we are not served with a notice of non-renewal on our insurance policy.

We currently have a policy of planting a tree for every tree removed. Ms. Baca proposes the Board does not abandon that policy, but for the time being keep track of the trees that are to be planted and do that in the future if fire mitigation allows. There was discussion about the crab apple tree that the Board approved to be planted in memory of Mrs. White. Ms. Adams felt the tree planting was delayed due to our error – it was not on the agenda when it should have been – and we should allow it to be planted now. Ms. Baca retracted the previously approved crabapple tree from her motion, which carried unanimously.

- **Ad Hoc Policies & Procedures Committee:** Ms. Baca suggested discussion only about a Policies and Procedures Committee. She noted that two years ago there was such a committee that had four members: Elizabeth Husby, Linda Mullally, Rex Young, and Robert Hedberg as advisor. She suggests the committee be reconvened as it is important to look at issues such as the harassment policy, materiality on bids, etc. The committee could consist of two to three Board members and two to three Association members. Anyone interested should let Mr. Sutton know. Ms. Baca made a motion to approve formation of an Ad Hoc Policies and Procedures Committee. Ms. Adams seconded the motion which carried unanimously.

9. COMMENT PERIOD FOR MEMBERS:

- David Mullally, #13, is very impressed with the businesslike manner and efficiency of the current Board and is happy the community in which he lives is being run by them.

COMMENT PERIOD FOR MEMBERS, continued

- Linda Mullally, unit 13, stated that anonymous mail dropped at her door will not be read, but will be thrown away. The new Governing Documents addresses items such as sliding glass doors, which will save us a lot of money. She would like to see a policy on outdoor lighting. She appreciates the staff for working any job that needs doing. And she looks forward to direct access into the neighboring Regional Park.
- Cecile Starr, unit #81, would like the easement to the east [the ranch road owned by Quail] to be accessible for fire safety.
- Jane Bowles, unit #260, asked that the berm be refinished as there are gopher holes. She is disappointed infrastructure is not prioritized in the Reserve fund.

Items such as gopher holes should be reported to the front desk so they can be addressed by the grounds staff.

- Mary Lou Donegan, unit 291, reported an RV at the west end parking lot that she believes is being occupied. She requested the balance of the Reserve Fund be announced at every Board meeting.

10. **ADJOURNMENT**: The meeting was adjourned at 11:44 a.m., with a motion by Mr. Quinn. The next regular meeting of the Board will be held on Thursday, August 26, at 10:00 a.m. in Casa Fiesta. The Board will meet at 8:30 a.m. in the Durr Room, prior to the open meeting.