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President's Comments, continued

The stormwater outfall extension project will begin as soon as the lumber is delivered, which is expected by the end of next week.

We will have reports on the insurance renewal and homeowner survey results during the meeting.

New software for the Village entrance gates was installed last week.

Over the past few months, Atlantic City Electric has changed out the individual residential electric meters to a device which can be read remotely. During this transition period, AC Electric has been estimating usage, at a significantly higher rate compared to historical usage. As a result, quite a few owners have advised that they receive estimated bills for roughly ten times normal.

The Owners Handbook has been updated for 2023.

The Management Agreement with Elite Management/Jim Yost has been extended for 2023 and 2024.

He noted increasing unit valuations in the past few years, contrasted to homeowner concerns expressed during the ocean front spa and pool renovation project in 2019 that values might decrease because of the project.

He reminded owners to replace original appliances, minimize chance of water damage by changing water heaters, plastic ice maker water lines, washer hoses, and turn off water shut off valves when leaving your unit for extended periods of time. He recommended owners to clean dryer duct.

He thanked Master Council, all village Council members, homeowners and staff for their support and wished everyone a healthy holiday season and new year.

Manager's Report

The insurance renewal was finalized this past week. Overall premiums have increased by 13.3% for the Association commercial insurance package.

Recent named hurricanes Ian and Nicole will extend the firm market for property insurance for the coastal condominium market. Four of the five costliest hurricanes have occurred within the last 5 years. Frequency and severity is on the rise, severity is the result of increased development and cost of goods & services, and changing weather patterns.

The general liability market is also getting more difficult in response to increasing claims across the condominium market, especially for associations with greater than 25% rental participation. A review of the insurance renewal is included in the meeting handouts.

The federal flood insurance program was restructured last year. We have been fortunate in that most of the flood insurance policies renewed with minimal increases this year, and some of the Townhome policies actually decreased.

Insurance and the dramatically increasing labor costs will make it challenging as we budget for next year. The 2023 budget process will start after the new year for the upcoming fiscal year, which begins April 1, 2023.

In-house staff is refurbishing 25 of the beach storage boxes for 2023. The total number of boxes will remain at 90. Lottery will again take place in Spring.

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Manager's Report, continued

Centre Court pool pump room rehabilitation in progress. The electrical panels and all wiring to pumps, filters and motors will be replaced, and the piping in the pump room will also be replaced.

We will repair as needed and paint the plaza deck gazebo & trellis in Spring 2023.

This off-season, the Ibis pool facility is open 10am – 10pm. Pool water temperature is kept at 84-85 degrees and the hot tub at 103 degrees. We are maintaining inside air temperature slightly above the pool water temperature, which is keeping humidity levels within normal 50-60 percent range. The usual off-season practices; installing the pool gate and the outdoor pool cover, and the cover above the gate under the glass doors was done by mid-November.

Effective February 1, 2023, Lower Township is imposing a 3% occupancy tax on rentals. If owners rent out their condominiums through a real estate broker, the 3% municipal occupancy tax will not apply because rentals through licensed real estate brokers are exempt from the 3% tax. A transient accommodation, including condominiums, where no maid service, room service, linen-changing service, or other common hotel services are made available by the lessor, will be excluded from the tax if: (1) the rental transaction is executed by a real estate broker and (2) where the keys to the property are provided to the lessee at the offsite location of the licensed real estate broker.

However, if owners rent out their condominiums through a transient space marketplace, then the 3% municipal occupancy tax will likely apply. "Obtained through a transient space marketplace" means that payment for the accommodation is made through a means provided by the marketplace or travel agency, either directly or indirectly, regardless of which person or entity receives the payment, and where the contracting for the accommodation is made through the marketplace or travel agency.

According to this definition, rentals executed through Airbnb and VRBO likely constitute rentals obtained through a transient space marketplace. Such rentals are not exempted from the 3% occupancy tax.

There have been 19 sales to date this calendar year, and 1 additional unit is under contract as of Nov 30. (27 ytd last year; 34 in 2020; 19 ytd in 2019). At this time there is one unit for sale (NB206) that is not under contract.

2022 to 2021 Selling Price Comparison shows that prices increased over last year for all residence type.

Type	Average Selling price		Yr to year Increase	Percent Increase
	2022	2021		
1 bedroom	\$489,625	\$337,500	\$152,125	45.1%
1 bedroom den	\$567,600	\$454,500	\$113,100	24.9%
2 bedroom	\$639,500	\$580,408	\$59,092	10.2%
2 bedroom den	n/a	\$661,143	n/a	n/a
Townhouse	\$950,100	\$745,000	\$205,100	27.6%
Ibis	\$1,054,500	\$902,500	\$152,000	16.9%

Even with significant increases in condo fees and increasing mortgage rates, the available inventory of condo units for sale in the Wildwoods is very low and sales prices continue to hold (even increase in some cases).

SPV Realty reports demand for 2023 rentals is strong, booking availability opened November 1st, earlier than ever before.

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Treasurer's Report

Financial Review - Preliminary financial statements for fiscal year April through November 2022 operating performance compared to budget indicate:
 Income is over budget by \$25,265. Expenses are over budget by \$190,092.

ITEM	AMOUNT	OVER/UNDER BUDGET	COMMENT
TOTAL INCOME	\$2,085,561	+\$25,265	
Administrative fees	\$22,534	+\$8,634	Resale activity
Reimbursable payroll	\$176,233	+\$13,733	
Miscellaneous income	\$98,698	+\$2,898	Beach tags/storage lockers
TOTAL EXPENDITURES	\$2,256,095	+\$190,092	9.2%
Professional fees	\$39,404	-\$2,596	
Office operations	\$31,351	+\$901	
Misc A&G expenses	\$15,728	+\$4,825	
Insurance	101,706	-\$14,994	Prop/Liab & W/C
Custodial expenses	\$22,953	-\$4,047	
Maintenance expenses	\$42,194	-\$2,556	
Landscaping	\$135,456	-\$1,644	
Beach related expenses	\$45,206	+\$206	
Pool Operations	\$93,937	+\$26,937	Pool chemicals/ lighting
Security supplies	\$11,060	+\$660	
Payroll & related	\$1,249,965	+\$184,765	Starting rate/ OT
Trash	\$14,603	-\$6,397	
Electric	\$74,282	-\$5,718	
Gas	\$45,260	+\$5,760	
Water	\$126,748	+\$948	
NET INCOME	(\$269,112)	-\$164,827	7.3% negative variance

Comparative fiscal year to date.

Operating expenses April – November 2022 \$2,256,095, an increase of \$234,243 (11.6%) compared to \$2,021,852 for same period last year. Most notable:
 Payroll and related \$1,249,965, an increase of \$160,538 (14.8%) over same period in 2021, and \$184,765 over budget ytd.
 Pool Operations/Maintenance \$93,937, an increase of \$15,567 (19.9%) over same period in 2021 and \$26,937 over budget ytd.
 Landscaping \$135,456, an increase of \$47,274 (53.6%) over same period in 2021, but actually \$1,644 under budget ytd

2018-2022 Payroll statistical comparison

	<u>2018</u>	<u>2022</u>	<u>Difference</u>	<u>% change</u>
Minimum hourly wage	\$9.25	\$13.00	+\$3.75	+40.6%
Average hourly rate	\$13.65	\$18.46	+\$4.81	+35.3%
Total hours worked	67,465	65,000	-2,465	-3.7%
Payroll \$\$	\$920,897	\$1,199,900	+\$279,003	+30.3%

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Account balances & related fiscal issues

As of December 1, 2022, Master Association cash is \$627,295.

<u>Account Balances</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating/Payroll	\$51,698	\$52,941	\$27,758	\$81,653	\$153,067
Capital Reserve	\$527,164	\$1,024,625	\$1,073,402	\$358,163	\$300,846
Deferred Maintenance	<u>\$58,433</u>	<u>\$84,902</u>	<u>\$28,178</u>	<u>\$136,093</u>	<u>\$116,240</u>
TOTAL	\$627,295*	\$1,162,468	\$1,129,338	\$575,909	\$570,153
Rehab Assessment				<u>\$722,939</u>	
TOTAL		\$1,162,468	\$1,129,338	\$1,298,848	

*\$171,706 paid for stormwater outfall pipe and \$72,104 paid for 2022-2023 insurance package

Reserve Replacement / Deferred Maintenance expenses fiscal year to date - \$377,969

Reserve Replacement / Deferred Maintenance expenses during 2022-2023 fiscal year to date are \$377,969, \$348,575 of which is classified as Reserve Replacement and \$29,394 is classed as Deferred Maintenance. Detail shown below.

<u>Reserve for Replacement</u>	<u>\$348,575</u>	<u>Deferred Maintenance</u>	<u>\$29,394</u>
Stormwater outfall project	\$171,706	Recharge basin cleaning	\$18,392
Stormwater outfall prof fees	\$34,324	Plaza deck sealant	\$11,002
Centre Court pump room	\$55,990		
Storm system generator	\$16,504		
Sitework	\$13,535		
Plaza deck/pool furniture	\$12,378		
Access system software	\$11,850		
Ibis pool cover	\$6,504		
Gatehouse/entry engineering	\$6,282		
Tiki hut thatch	\$5,958		
CCTV wifi network	\$5,300		
Lagoon pump	\$4,486		
Exterior light fixtures	\$2,207		
Memorial bench	\$1,750		

Expected Reserve Expenses in 2022-2023 off-season

Stormwater Outfall Extension expected to begin by mid-December

Remaining: \$23,563 lumber; \$113,004 construction; \$8,500 prof fees

Outfall project cost is \$1,010/lf total cost approximately \$351,000

Centre Court pump room - \$28,000 remaining plumbing / electrical work

Main Entry/Gatehouse – Professional fees for site plan approval estimate \$15,000

Lagoon lighting – Spring 2023 – estimate \$15,000

Trellis coating – Spring 2023 - estimate \$30,000

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Audited Financials

RKL performed the fiscal year end 3/31/2022 financial statement and tax return preparation for Master and villages. All villages have reviewed draft financial statements. Awaiting issuance of final statements.

ACH Participation

At present, 199 SV homeowners use the ACH for condo fee payment and 170 use bill-pay services (an increase of 17 since September) combined over 74% of all owners. The current village-wide condo fee delinquency rate (over 60 days) is less than 1%, prior to the pandemic (and prior to implementing ACH) the delinquency rate was just over 2%.

Committee Reports

Landscaping: Jim Yost

In-house landscaping cleanup, irrigation system winterization and sycamore trimming was completed in November. We conducted the post-season walkthrough in mid-September and identified areas for shrub replacement.

Haberman will take over annual flower supply and design plan for the 2023 season. Their proposal was \$27,414 plus \$3,500 labor, significantly less than Lyn Taylor, who had been providing services for almost 20 years.

Beach: Jim Yost

The beach was cleared of all seasonal amenities and structures by mid-October. The beach is raked several times per week through the off-season as needed to prevent dune accretion eastward and to control the level of the back-beach sand, to prevent the North Beach and South Beach landings from being enveloped by sand.

We replaced several hundred feet of snow fencing along the east side of the dunes as we work to bring the width of the dune crests closer to compliance with the USACE dune design.

The fencing also serves to define the beach raking limits and makes DEP pre-season flag placement consistent from year to year.

SV Maintenance is rehabbing 25 of the beach storage boxes with new siding and hardware.

Personnel & Security: Elly Bernstein

Supervisors are evaluating equipment and tools, supplies and personnel as part of preparation for 2032 budget planning. Off-season staff continues to perform preventive maintenance and off-season projects.

Off-season staffing includes 5 in Custodial, 5 in Maintenance, 1 in Aquatics and Security staffing at 240 hours per week (1 round the clock plus second guard daily 8am – 4pm and Friday/Saturday evenings)

2022 was a challenging labor market, with the shore businesses trying to attract qualified employees from the same transient seasonal labor market.

Tony Kiska is the Security Supervisor, priorities are re-establishing ongoing training, emergency procedures.

Mike Siner, SV Maintenance Supervisor did an outstanding job in 2022, as did Custodial Supervisor Mel Casanova, as well as dealing with understaffing.

Aquatics Supervisor Mike Damico is still learning the nuances of the position.

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Unfinished Business

Shore Protection Project

The State of New Jersey Department of Environmental Protection advises the USACE-NJDEP dune project is tentatively scheduled for the winter of 2024-2025, beginning after the tourism season in the fall/early winter.

Lower Township position remains steady that they are not signing the State Aid Agreement in the form as presented by DEP. The State has still not provided any update to the 65% plan.

North Wildwood is giving DEP aggravation over recent storm damage to their dunes. Several Cape May County municipal officials are publicly criticizing the DEP over lack of reasonableness, lack of cooperation and slow response to emergency permit requests to restore storm damaged dunes.

Reserve for Master Plan / Anticipated Projects

This topic has been a regular mention during open meetings.

<u>Project</u>	<u>Timeframe</u>	<u>Budget</u>
Outfall extension	2022-2023 off-season	\$350,000
Gatehouse / front entry	2023-2024 off-season?	\$200,000
Dunes / walkovers	2024-2025 off-season?	\$450,000
Street repaving	in the coming 5 years	\$200,000 Twp participation?
Garden pool & lagoon	2024-2025?	Unknown
Centre Court pool	after Garden pool	Unknown

New Business

Insurance Renewal 12/1/2022 -12/1/2023

Insurance premiums for the new policy year increased 13.3%, or \$71,849 to \$611,895 for the 2022-2023 property and liability package.

Recent named hurricanes Ian and Nicole will extend the firm market for property insurance for the coastal condominium market. Four of the five costliest hurricanes have occurred within the last 5 years. Frequency and severity is on the rise, severity is the result of increased development and cost of goods & services, and changing weather patterns.

The general liability market is also getting more difficult in response to increasing claims across the condominium market, especially for associations with greater than 25% rental participation.

	New 2022-2023	Expiring 2021-2022	Change	%
Property (\$123.9 Million valuation)	\$453,787	\$399,277	\$54,510	13.7%
General Liability (\$2million)	\$85,605	\$72,682	\$12,923	17.8%
Wind Deductible Buyback to \$25,000	\$44,917	\$43,253	\$1,664	3.9%
Fidelity Bond/ Crime	\$1,399	\$1,399	-\$0-	0.0%
Umbrella	\$26,187	\$23,435	\$2,752	11.8%
Boiler & Machinery	Included	Included		
Earthquake	Included	Included		
	\$611,895	\$540,046	\$71,849	13.3%

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Homeowner Survey

287 owners representing 268 residences (51.5%) responded to the survey.

Alcoholic beverage sales - 176 of the 284 owners that responded support the idea and majority of those support a seasonal beach bar operation, but a majority of respondents don't want the Association to spend money to build/buy a beach bar. (Perhaps leasing the business opportunity to an outside operator may be a viable option for many owners).

Homeowners are generally not in favor of investing funds for additional beach amenities such as palm trees, cabanas, expanded seating, an entertainment pavilion, trellises at the landings nor expanding services for a beach attendant.

There is support for expanding food offerings at the beach grill.

There is strong support for controlling pool access and tag checking (189 of 284 respondents) Homeowners generally like the Garden Pool and Centre Court pool areas as they are and are satisfied with the summer hours of operation.

There is strong support (208 of 284 respondents) for enhancing the main entrance and gatehouse.

The Report and Homeowner Comments will be posted to the Association website.

Homeowner Comment

1-307 Comment about insurance for the liquor liability and game room

3-503 Supports upgrades to the gatehouse and entry

Several owners (1-707,3-700,2-704,7-316) commented about the liquor license.

3-203 Supports pool monitoring

5-317 Supports more pool gates being open

3-503 Supports roving tag checking

5-101 Supports tag checking

There were no further questions, and the meeting was adjourned at 11:15 am.