

President's Comments, continued

An interview with Dr. Stewart Farrell of the Stockton University Coastal Research Center has been posted on the spvma.com website. In the interview, which runs about 25 minutes, Dr. Farrell discusses climate change and the expected effect(s) on the New Jersey Coastline. In 2015 Seapointe Village retained Dr. Farrell as our consultant for this project.

We are proceeding with the installation of two underground pumps for the southern side of the stormwater system along with a permanent underground pipe across the driveway and outside parking area outside South Beach Residences to the overflow pipe that runs to the dunes. The project includes a backup gas generator for these pumps. Installing these pumps and generator will address both the primary and secondary stormwater removal for low points under South Beach and Garden garages, the single largest vulnerable area for flooding in the Village. The expected completion date for this project is before the end of April 2022.

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 Village off-season population is returning to pre-pandemic levels. Staffing levels are also at off-season levels.

The insurance renewal was finalized this past week. Overall premiums have increased by 17.9% for the Association commercial insurance package.

For the past 14 years Lexington Insurance/ AIG was the primary property insurer for coastal condominiums under what has been known as the CHAMP Program, which covers coastal condominiums and lodging properties along the eastern US coast, the Florida coast and the Gulf coast. Lexington is no longer offering coverage through this program and with Lexington pulling out of this program it has been challenging to find insurance carriers willing to step in at the same type of coverage for larger properties at near-similar premium structures.

And with 21 distinctly different physical structures, has been very challenging for insurers to provide Seapointe Village with \$125 million in blanket coverage, which provides better coverage and more cost-effective premiums than if each village had its own property insurance coverage. As a result, we have to pay substantially more in order to secure coverage that has the backing of well rated reinsurers.

This year for the first time ever, our insurance agent and the manager of the CHAMP program conducted site visits to Seapointe Village to see first-hand the condition of the facilities and learn about our operation and maintenance program. The insurance companies are more closely scrutinizing the properties they insure, and Seapointe Village is the largest and most complex the CHAMP program. A review of the insurance renewal is included in the meeting handouts.

We have been fortunate in that the flood insurance policies all renewed with minimal increases this year. The federal flood insurance program has been restructured as of 10/1. The new rating structure will affect our premiums next year.

Manager's Report, continued

Insurance and the dramatically increasing labor costs will make it challenging as we budget for next year. The 2022 budget process will start after the new year for the upcoming fiscal year, which begins April 1, 2022.

The Club License application will be submitted in the coming weeks. Once submitted, the application usually takes about 4 to 6 weeks including processing by the police department and the State. Obtaining the permit (at a cost of \$350) will allow Seapointe Village to potentially permit alcohol sales on our beach. All activities related to the Club Licenses fall under regulation of the State and local Alcoholic Beverage Commission.

We are looking into a refreshed design for the main entrance and gatehouse. The architect is developing a 3D computer model for the new design. We will share this with homeowners when received.

Inspira health Systems plans to locate an ambulance in Diamond Beach daily 8am – 10pm from mid-May through mid-September for the 2022 season. I will be meeting with the regional emergency services manager and transport services coordinator before the end of the year to review potential locations.

Wildwood Crest Fire response time continues to be very good.

We built 12 more beach storage boxes for 2022 (increasing the total to 90). Lottery will again take place in Spring. Some will be placed some at the northern end of the beach.

We will replace more of the underwater lagoon lighting this off-season.

We will paint the Pinnacle Master common areas this off-season.

The second tennis court was lined for pickleball.

The new tractor was delivered in early November.

100 teal lounge chairs, 23 white lounge chairs and 12 white sand chairs will be restrapped.

North Beach, South Beach and Pinnacle having exterior repair work done based on the RJ Kenney façade report. Contractor is about halfway complete on North Beach.

South Beach interior refurbishment is in progress.

Pinnacle is planning for residential hallway refurbishment.

North Beach and South Beach will replace trash compactors.

There have been 27 sales to date this calendar year (7 over asking price/8 at asking price) 6 units under contract as of December 1.

There are zero units listed for sale that are not under contract.

SPV Realty reports demand for 2022 rentals is strong, even before booking availability opens.

Hotel Icona closed for the off-season in early November to construct the rooftop banquet center.

Eustace Mita purchased the Royal Plaza Motel immediately north of The Grand. The facility is undergoing a complete interior and exterior renovation and refurbishment of the property this off-season. It will be renamed and rebranded as the Mahalo Motel and have a Hawaiian theme.

Manager's Report, continued

Mita also submitted a CAFRA application to construct 29 residential units and associated improvements on the lot immediately north of Diamond View Condominiums where the existing Sales Center is located. This development will be marketed as part of the Icona Resorts family and affiliated with the Hotel Icona.

The ParkMobile ap for the 25 spaces on Memphis Avenue generated \$15,350 through the end of October 2021. Parking meter income is more than double that of previous years. As stated in September, for 2022, the angled spaces on SeaView Avenue will become pay-spaces, using the ParkMobile ap. Homeowners with a parking tag will not be required to pay.

Owners are reminded to replace original appliances, to minimize chance of water damage by changing water heaters, ice maker lines, washer hoses, and to turn off water when not in residence.

Off-season long term vehicle parking in east drive parking bays by O/F pool – register in Office.

If you are planning off-season unit projects, please follow the contractor guidelines.

He thanked the Master Council and staff for their efforts and support this season.

Treasurer's Report

Financial Review - Preliminary financial statements for fiscal year April 2021 through November 2021 operating performance compared to budget indicate:
 Income is over budget by \$27,434. Expenses are over budget by \$91,099.

ITEM	AMOUNT	OVER/UNDER BUDGET	COMMENT
TOTAL INCOME	\$1,964,214	+\$27,434	1.4%
Administrative fees	\$25,064	+\$14,414	Resale activity
Reimbursable payroll	\$146,614	-\$12,886	
Miscellaneous income	\$97,056	+\$25,906	Beach tags/storage lockers
TOTAL EXPENDITURES	\$2,021,852	+\$91,066	4.7%
Professional fees	\$41,559	+\$3,559	Accounting exp +\$5,000
Office operations	\$26,910	-\$3,140	Office expenses well under
Misc A&G expenses	\$17,213	+\$3,549	Boiler inspection fees
Insurance	101,974	-\$4,126	D&O & W/C timing
Custodial expenses	\$28,317	-\$683	
Maintenance expenses	\$47,140	+\$2,390	Dumpster repairs
Landscaping	\$82,291	-\$61,618	Carrying thru
Beach related expenses	\$42,144	-\$5,856	Favorable summer
Pool Operations	\$78,370	+\$20,370	Equip repairs / LG training
Security supplies	\$10,301	-\$1,449	
Payroll & related	\$1,089,427	+\$133,038	Starting rate/ OT / Bonuses
Trash	\$15,761	-\$10,239	
Electric	\$74,410	-\$9,590	
Gas	\$41,178	+\$9,178	
Water	\$125,374	+\$17,374	Summer quarter usage/rate
NET INCOME	(\$153,492)	-\$63,665	3.3% negative variance

Comparative fiscal year to date.

Operating expenses April – November 2021 \$2,021,852, an increase of \$154,497 (8.3%) compared to \$1,867,355 for same period last year. Most notable:
 Payroll and related \$1,089,427, an increase of \$124,748 (13%) over same period in 2020.
 Gas \$41,178, an increase of \$16,984 over same period in 2020.
 Water \$125,374, an increase of \$17,260 (16%) over same period in 2020

Account balances & related fiscal issues

As of December 1, 2021, Master Association cash is \$1,162,468.

<u>Account Balances</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating/Payroll	\$52,941	\$27,758	\$81,653	\$153,067
Capital Reserve	\$1,024,625	\$1,073,402	\$358,163	\$300,846
Deferred Maintenance	<u>\$84,902</u>	<u>\$28,178</u>	<u>\$136,093</u>	<u>\$116,240</u>
TOTAL	\$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	

Audited Financials

The accountants provided draft 3/31/2021 financial statements for the villages in the past week and the village councils will arrange conference calls with the accountants to review the drafts prior to issuance of final 3/31/2021 financial statements.

Reserve Replacement / Deferred Maintenance expenses fiscal year to date - \$162,882

Reserve Replacement / Deferred Maintenance expenses during 2021-2022 fiscal year to date are \$162,882, \$151,528 of which is classified as Reserve Replacement and \$11,354 is classed as Deferred Maintenance. Detail shown below.

<u>Reserve for Replacement</u>	<u>\$151,528</u>	<u>Deferred Maintenance</u>	<u>\$11,354</u>
Beach walkways	\$56,704	Plaza deck caulking	\$11,354
Tractor	\$43,978		
Access gates (3)	\$9,000		
Stormwater outfall engineering	\$8,374		
Golf cart for Security	\$5,651		
Security system wiring	\$4,272		
Pool sitework	\$3,395		
Memorial benches	\$3,416		
BBQ grills (3)	\$2,716		
Beach mats for tent	\$2,576		
Beach Tiki hut canopies	\$2,163		

ACH Participation – 145 owners, or 29% currently participate in auto-payment.

Committee Reports

Landscaping

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. The driveway circle between South Beach and the 100 Townhomes Building was relandscaped. The four trees aligning Seaview Avenue at the west gate and Dune Drive were also replaced.

Lyn Taylor typically submitted the flower plan for the upcoming season in early December. She indicates she will continue the flowers next year including begonia salvia, verbena and geraniums. The white impatiens at the main entrance did well in 2021.

Beach

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.

The snow fencing continues to increase sand accumulation along the east side of the dunes bringing the Seapointe dunes closer into compliance with the USACE dune design, specifically the crest width. The fencing also serves to define the beach raking limits and should make DEP pre-season flag placement more consistent from year to year.

2021 was the fourth year of a five year lease with Brian Balestreire to operate the deli-hut. Brian Balestreire reported a very strong summer. Brian's father Pete passed away in September from liver cancer. He was diagnosed in June.

Our beach consultant and engineer are working on the CAFRA permit application and engineering design to extend the stormwater outfall pipe on the Seapointe beach. This project is expected to be performed during Spring 2022.

Aquatics

Mike Damico has stepped into the role of the leader of the Aquatics operations effort this offseason, taking care of off-season maintenance and daily operation of the Ibis facility.

The Aquatics off-season maintenance list includes replacing non-working underwater lights; repairing leaks in the ibis pump room, replacing underwater drain covers, painting the vents in Ibis pool building. The largest off-season project is a rehab of the Centre Court pump room. 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.

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. 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 end of October.

Personnel & Security

Comment about the inter-department cooperation regarding the beach. John Myers performs daily raking, Linda Kelly is an effective beach ambassador. Maintenance staff monitors and takes care of the amenities, Custodial performs daily cleaning. All departments work together effectively.

Supervisors are evaluating equipment and tools, supplies and personnel as part of preparation for 2022 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)

As many of you may know, our maintenance supervisor, Wayne Craig, is retiring after about twenty years at Seapointe. So this is a bittersweet occasion for us. There is sadness because we will miss him and the excellent job he did. And there is happiness because now Wayne will be able to go surfing any place and at any time he wishes.

Wayne became manager at a time when our Maintenance Department really needed a strong and organized leader and Wayne is absolutely both. Over the years Wayne has taken care of our facilities and cared for our homes as if they were his own. He helped keep Seapointe in fantastic shape, always doing things on a professional basis and never cutting corners. He ensured that his staff was fully trained and had the same intensity, workmanship and professionalism that he, himself, always exhibited. So we are fortunate that he is leaving the maintenance department in very good hands with Mike Siner in charge of experienced and hardworking employees.

We wish Wayne the best of good fortune in his retirement. I'm not sure how you wish that in surfing terms. In the theatre you wish luck by saying break a leg but I don't think that works well in surfing. So Wayne we hope you catch all the big waves and really enjoy yourself.

Unfinished Business

Shore Protection Plan

The State of New Jersey Department of Environmental Protection advises the USACE-NJDEP dune project is tentatively scheduled for the winter of 2022-2023, beginning after the tourism season in the fall/early winter of 2022. The DEP is working on the 90% design plans.

Plans show no sand harvesting south of Jefferson Avenue.

Under an expected agreement between Lower Township and the DEP, the DEP will cover the municipality's costs for the project.

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	2021-2022 off-season	\$400,000
Gatehouse / front entry	2021-2022 off-season?	\$200,000
Dunes / walkovers	2022-2023 off-season?	\$450,000
Street repaving	in the coming 5 years	\$200,000 Twp participation?
Garden pool & lagoon	2023-2024?	Unknown
Centre Court pool	after Garden pool	Unknown
Storm water system	TBD	Unknown

New Business

Insurance Renewal

Insurance premiums for the new policy year increased 17.9%, or \$82,148 to \$540,046 for the 2021-2022 property and liability package. This will affect the 2022-2023 village budgets.

The premium for property insurance increased 17%, or \$55,737 to \$399,277. Primary reason for the increase was the upheaval in the marketplace after Lexington withdrew from covering the coastal properties. CHAMP is the NSM insurance program for coastal condominiums and lodging properties along the east coast, Florida coast and Gulf Coast. Lexington had been the dominant carrier in the market for over 15 years. Arch Specialty has replaced Lexington in the CHAMP program offering \$125 million property coverage for Seapointe Village. Seapointe is the largest property in the CHAMP program in terms of property valuation. No other carriers were willing to offer single policy property coverage at competitive rates.

The deductible for claims from water damage remains at \$25,000. The deductible for all other property claims increases to \$15,000.

The premium for the wind buy back policy increased \$12,918 to \$43,253.
 General Liability insurance premiums increased \$13,484 to \$72,682.

Premiums were \$457,898 for the expiring package; \$400,408 in 2019-2020; \$369,824 in 2018-2019; \$369,766 in 2017-2018; \$363,341 in 2016-2017; \$391,617 in 2014-2015; \$408,112 in 2013-2014, \$384,729 in 2012-2013; \$326,889 in 2011-2012.

	New 2021-2022	Expiring 2020-2021
Property (\$123.9 Million valuation)	\$399,277	\$343,540
General Liability (\$2million)	\$72,682	\$59,198
Wind Deductible Buyback	\$43,253	\$30,335
Fidelity Bond/ Crime	\$1,399	\$1,434
Umbrella	\$23,435	\$23,391
Boiler & Machinery	Included	Included
Earthquake	Included	Included
	\$540,046	\$457,898
Aggregate premium increase of	\$82,148 – 17.9%	
Directors & Officers	\$3,485 - September renewal No change in premium from expiring policy	
Workers Compensation	\$63,266 – November renewal (subject to audit) \$5,422 decrease from 2020-2021 policy	

Sales & Rental Activity

There have been 27 resales to date this calendar year (34 last year to date), and 6 units are under contract as of 12/1, all of which are scheduled to close before the end of the calendar year. Total of 27 posted sales transactions year to date is \$16,432,900 for an average of \$608,592. Sales prices range from \$322,000 for a one-bedroom unit in Garden Residences to \$999,000 for a two-bedroom den oceanfront unit in North Beach Residences.

<u>Year</u>	<u>Sales</u>	<u>Total</u>	<u>Ave sale price</u>
2021ytd	27	\$16,432,900	\$608,592
2020	36	\$15,803,900	\$438,997
2019	23	\$9,737,000	\$423,348
2018	27	\$12,407,850	\$459,550
2017	18	\$7,316,352	\$406,464
2016	23	\$10,047,000	\$436,828
2015	18	\$7,053,400	\$391,855

There are no units at Seapointe Village/Ibis condos available for sale that are not under contract.

Owner Handbook

The Owner’s Handbook has been updated for 2022 and is posted on the Association website. Updates to the 2022 Handbook include a section about flooring – tile, laminates, hardwood needs an underlayment for sound deadening as well as noise and vibration isolation; water consumption is paid by Master, but homeowners are encouraged to install low flow toilets when they change plumbing fixtures; and updates to the off-season checklist.

Homeowner Comment

3-704 Commented that some of the pinball machines in the game room are not working.

1-318 Commented that the sections of sidewalk repairs do not closely match the original color.

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