

President's Comments - continued

Master Council also provides information and documentation on the Association website, spvma.com. He encouraged owners to contact Jim Yost in the Management Office

Mission Statement – to preserve, protect and enhance quality of life at Seapointe Village. Correlate owner feedback guiding Master Council actions to enhance amenities. (non-smoking areas, covered seating at the beach, the exercise room, beach firepit, beach storage lockers)

Other major business items to be reported on during the meeting:
Plaza Deck rehab project update - a full report will be provided during the meeting

Shore Protection Plan –update on schedule, working with our consultants and special legal counsel to monitor activity.

He noted continued master planning for refurbishment of recreational amenities. Additional future projects and costs anticipated include:

Dunes and walkovers during the 2020-2021 off-season with a preliminary budget of \$300,000 based on cost estimated obtained several years ago;

Gatehouse / front entry rehab with a preliminary budget of \$200,000 financed from existing reserves; exact year undetermined at this time

Street repaving sometime in the coming 5 years, with a preliminary budget of \$200,000 based on cost estimates obtained several years ago, but Master Council is also looking for Township participation to reduce this cost.

Also, Garden pool & lagoon rehab perhaps in 2021-2022 off-season, and Centre Court pool rehab after Garden pool. No budgets have been established for these pool rehab projects.

He commented about the unusually high trash removal cost in 2018; with a lot of the cost attributed to bulk trash and furniture disposal, and residents should make sure when purchasing new furniture that they make arrangements for the removal and disposal of the old furniture through the furniture store or other private contractor, as this is not a community expense.

He reminded owners to register their bikes annually, and that village bike rooms are periodically inspected and unregistered, abandoned bikes are removed.

Reminders & recommendations to owners – replace original appliances, minimize chance of water damage by changing water heaters, ice maker lines, washer hoses, turn off water when leaving. Suggest homeowners have insurance and make sure contractors they use have insurance certificates. He noted there are contractor guidelines available on the website, in the Management Office and at the Security Gatehouse.

Thanks for attending and for participation in making Seapointe Village the premier location on the Jersey Shore.

Manager's report: Jim Yost

The Master Association budget challenges focused on the impact of the minimum wage increase, utility cost increases, and controlling operating expenses. The village-wide budget challenges this year revolved around insurance premiums; (For the September 2018 renewal, the D&O carrier is no longer covering all village council members, only the SV Master Council. Individual D&O policies were obtained for each individual village council.); labor cost increases, reserve contribution increases and energy cost increases.

The NJ DEP decided not to approve the CAFRA application for beach improvements at Hotel Icona. The DEP cited that Icona did not demonstrate the construction of the proposed project would be in compliance with Coastal Zone Management Rules, specifically but not limited to Stormwater Management Rules, Flood Hazard Area Rules, Uniform Construction Code standards, and that the proposed beach and dunes are inconsistent with the USACE Shore Protection Plan dune design. The DEP received 53 public comments in opposition to the project.

Rec tags this year have a blue tag and black band (opposite of last year).

The NJ DCA Bureau of Housing is conducting followup inspections to verify violations have been corrected. Any outstanding violations involve unit access. About 15-18 unit owners (primarily in North Beach and South Beach have not provided access. They were sent email notices this past week.

There have also been quite a few off-season projects throughout the Village

The Centre Court exterior rehab project is in progress. This project involves replacing all siding, windows and sliding doors, replacing stucco with stone. Expected completion date for this \$2.75 million project is April 2019.

Domestic water pump systems were replaced in North Beach, South Beach and Pinnacle by same contractor that did Centre Court pump replacement project last off-season. Total of these 3 projects exceeded \$100,000.

South Beach installed tile in the elevator lobbies in December and is replacing hallway carpeting starting Monday March 4th. Total of both projects approx. \$200,000.

South Beach replaced the common area rooftop HVAC systems in December. (\$33,000)

The drop ceiling throughout the Pinnacle parking area was removed in October. Pipe insulation and wiring/ lighting/ electrical work continues into March. (approx \$50,000)

Pipe hangar installation in Garden Residences (\$15,500) began in February.

Garden Residences are in bid evaluation for elevator modernization, which may take place as early as the 2019-2020 off-season. (expected to exceed \$250,000)

A total of 29 Seapointe Village condos (SPV & Ibis) are in the multi-listing (30 in 2018). There has been 1 resale to date this calendar year & 2 under contract. There were 27 units sold in 2018. SV Realty forecasts 15 sales in 2019.

Uneven weather all off-season has made it a challenge to perform off-season maintenance projects. Nothing routine about this off-season.

Master Association off-season projects (besides the plaza deck rehab) include quite a bit of concrete sitework, on-going conversion to LED lighting.

Treasurer's Report: Mike Szelak

Fiscal year to date Review the handout for fiscal year to date April 2018 through February 2019. Total income is over budget \$54,660 (2.3%) – reimbursable payroll is over budget \$37,501; capital contribution from resales is over budget \$13,053 and miscellaneous income is over budget \$4,106. Expenses are over budget \$31,203 (1.4%) – professional fees are over budget \$12,699 (Stormwater system report); office related expenses are over budget \$6,378 (mostly postage for required notices); maintenance supplies/service expenses are over budget \$12,336; beach related expenses over budget \$9,452; trash removal over budget \$6,361; electric, gas and water over budget a combined \$16,957.

He projects an overall end of fiscal year nominal surplus budget.

Cash balances are \$653,108, of which \$490,116 is in reserves. Cash position is somewhat shewed by the rehab project.

Reserve expenses (Reserve replacement and deferred maintenance expenses not related to the plaza deck project) fiscal year to date total \$62,536 are identified below:

<u>Reserve for Replacement</u>	<u>\$33,324</u>	<u>Deferred Maintenance</u>	<u>\$29,212</u>
Concrete site work	\$16,335	Roadway repairs	\$3,294
HVAC (Gym)	\$6,800	Plaza deck expansion joints	\$9,379
Beach recycling cans	\$2,284	Firepit/trellis painting	\$5,200
Pool bonding repairs	\$4,000	Signage	\$1,960
Ejector pit pump	2,364	Pool coping sealant	\$9,379
Memorial bench	\$1,541		

He mentioned the Master Association bookkeeping is reviewed and audited by outside accountants annually, and they issue financial statements for all villages and prepare the annual tax returns. All villages including Master received a clean unqualified opinion for fiscal year end 3/31/2018. The Finance Committee renewed the engagement with St. Clair/ CPA Solutions for the upcoming 3 years.

FYI – Total expenditures April 2018 – Feb 2019 \$2,195,473. April thru February Operating results over the past nine years show that total expenditures including reserve contributions increased \$355,343 or 17.2% in the ten years since 2009-2010 (1.72% per year average).

2019-2020 Budget: Mike Szelak

He presented the 2019 fiscal year budget. The \$2,670,946 budget includes a 4% increase in condo fees, which is \$13, \$14, \$15 or \$17 depending on unit size.

He reviewed the line item detail in the 2019 and explained the changes in the budget. The 2019 operating budget increases by \$103,900.

What increased and why:

\$41,580 increase for payroll (mostly custodial & aquatics), wage taxes and employee medical insurance, of which a substantial portion was driven by the minimum wage increase

\$20,500 increase in utilities (\$9,000 for water; \$7,000 for gas; \$4,500 electric)

\$11,500 increase in professional fees
Accounting \$2,500; legal \$6,000; engineering \$3,000 (shore protection plan)

\$5,000 increase in beach operating expenses

\$4,200 increase in insurance premiums (workers compensation)

\$8,960 for bad debt reimbursement & depreciation

\$6,990 increase in annual reserve contribution

Included with the budget handout is a 3-page handout explaining components of each of the budget line items, as well as a forecast impact of the minimum wage increase.

Floor was open for comments from owners.

4-316 inquired about Ibis Condominium Association joining the Master Association.

1-406/410 suggested perhaps the Master Association consider implementing a lease fee

3-610 asked about the condo fee allocation formula. Mike Szelak commented that the Finance Committee established the allocation formula, which would be posted on the spvma website along with the 2019 operating budget.

1-406/410 commented about the formula not following the NJ Condo Act. Mike Szelak commented that the Association Finance Committee is guided by the advice of its accountant and legal counsel in performing its duty. The accountants and lawyer have reviewed the fee allocation process and supported the Finance Committee procedures as being permitted under the Association governing documents.

Upon a motion by Ferrara, second by Willis, the 2019 Seapointe Village Master Association operating budget passed as proposed by a 6-0 vote.

Reminder to owners about the collection policy and late payment fees, and that the policy would be distributed to all owners with the 2019 condo fee mailing.

Committee reports:

Landscaping: Jim Yost

The pre-season landscaping cleanup is scheduled to begin in early March. The Spring work will be much more challenging and time consuming this year, as in addition to routine cleanup and mulching, Haberman also has to install and rehabilitate the landscaping around Centre Court at conclusion of the exterior rehab project, as well as perform new landscaping installation (materials and irrigation) around the plaza deck spa project. The arborist is scheduled to perform annual pre-season inspection in mid-March.

Beach: Jim Yost

Beach grading and raking has been on-going 3 times per week for most of the off-season. The additional fencing installed along the east side of the dunes continues to aid in additional sand accretion on the dunes to enhance the crest width. The tractor raking has defined a line along the toe of the dune which has led to a relatively consistent back line of the dunes. DEP marked dunes 2/28.

The beach amenity plan is consistent with last year, including the tented seating area. The tent is scheduled to be put up the week before Memorial Day and removed the week after Labor Day. Amenity placement will begin in early May.

We built 12 additional beach storage lockers. Inventory is now at 62. We will distribute lottery forms with the condo fee mailing in the coming weeks. Rental fee was increased to \$275 for the season.

At the September open meeting, the following suggestions for improving the overall appearance of our beach compared to the adjoining beaches were presented.

- Hide the beach storage lockers with bamboo fencing (not practical)
- Move the volleyball courts further apart, high quality net, stabilize the posts better and have a hose to water down the courts (too hot) – will be done
- Repair/repaint the framework for the beach tiki huts -will be done
- Add cabanas on the beach (approx. 18-24) – cost approx. \$50,000 to purchase (will not be done at this time)
- Palm trees for ambiance around deli-trailer (rejected by attendees)
- Larger tent for covered seating - additional \$5,000/season for 30x40 tent (will not be done at this time)
- Put umbrellas at tables not under the tent – will be done
- Additional walkway advertising for deli-hut operator – will be done
- Extend walkways – find a viable alternative product – will be done

Some of these items can be done at little to no cost. Some (such as adding cabanas) require significant investment and homeowner comment.

Pools: Jim Yost

Pre-season work will begin week of March 25. Pre-season opening will begin at Garden pool, then move to Centre Court. Both Garden and Centre Court pools will be cleaned, painted and prepared for opening by end of April.

Oceanfront pool preparation will take place after Garden and Centre Court pools are prepared for opening. If this were a normal year, the Ibis pool would be closed for the week of May 12-16 for pre-season maintenance. Given the uncertainty of the oceanfront project, we will need available staff to perform opening work at oceanfront pool in May.

Steve McBride & Steve Sorenson will be supervising the department. Steven McBride will concentrate on getting the pools open for the season, then the daily operations while Steve Sorenson (along with Dave Lindsay) will handle the beach for the summer. Most of the beach lifeguard staff is returning. So far, about ten from last years pool guard staff will be returning. Jeff Dudley will return to conduct Red Cross certifications.

A copy of the 2019 hours of operation for recreational facilities is attached. The hours for the firepit on the man-made beach remain until 11pm, consistent with the Ibis firepit.

Personnel & Security: Jim Yost

All four department supervisors are returning. Department supervisors are focusing on pre-season work and facility opening.

Security staff emphasis on ongoing training and consistency of procedures. This winter, Fred Garrison completed his SORA re-certification. This training is sponsored and conducted by the NJ State Police for private security officers.

Roger Eckhart attended a seminar on active shooter response. A copy of the handout has been shared with all department supervisors. Roger is working on an Emergency Action Plan and will conduct training exercises with the staff.

Components of Active Shooter Response:

- Recognize the sound of gunfire
- React quickly (lock yourself in your condo)
- Run, hide, fight (as a last resort)
- Call 911
- React when law enforcement arrives
- Adopt the survival mind set
- Preparedness - know evacuation routes

Pre-season preparation and training for 2019 for the Security Department reinforces the tasks and procedures required during each shift each day, with focus on particular hot button items such as: parking tag enforcement, especially during weekends and periods of high occupancy; tag checking (on the beach during late morning/early afternoon and at the pools/hot tubs in later afternoons); and documentation of regular property and building tours thru use of the wand.

Unfinished Business:

Ocean Front Hot Tub Area Rehab Project

Construction trades will be working concurrently next week on the plaza deck, also waterproofing will commence next week pending the weather. The mason, electrician, pool contractor, roofer and M&G personnel will be working. Block for foundation walls is on site.

To date, approximately 8 weeks has been lost to the original schedule – primarily for demolition, unforeseen conditions with the underground aquatic piping and weather. The extra demolition time can be attributed primarily due to the heavier and more than expected rebar used in original construction. The demolition contractor did not expect demolition would be so difficult. The contractor brought in heavy duty equipment and worked six days per week throughout the demolition process and still took about twice as long as expected.

The underground aquatic piping was another unknown condition. The pool contractor, general contractor, our project oversight manager and aquatic engineer were in regular communication regarding pipe sizes and runs, but the discovery, testing, identification, information requests and installation of new piping also took longer than expected.

Our project manager and general contractor have a contingency plan to make up for the time lost. At this point in time, we expect the oceanfront pool and garden pool will be open by Memorial Day weekend. We are uncertain whether the spas, landscaping and glass railing at the elevated sun deck will be installed by Memorial Day Weekend.

The contract with M&G is \$3,179,632. The payment requisitions received from the contractor for services performed through the end of February total \$1,039,511. The February payment requisition includes two change order additions – approximately \$32,367 for aquatic piping and related aquatic design changes. We accepted a change order credit of \$17,000 related to lighting fixtures.

Total spent to date:

M&G contract	\$1,039,511
Professional fees	<u>\$ 440,391</u>
	\$1,479,902

We have financed the M&G payment requisitions from the Popular Bank line of credit. Including the depository requirement, the balance on the line of credit as of today is \$784,462.91.

Special Assessment

At the December 2018 Open Meeting, we presented a schedule for prepayment of the estimated assessment amounts based on the \$3.5 million assessment. At that time, we identified \$2,787,040 for demolition and construction, \$392,592 for general conditions/permit fees and taxes; and \$320,368 for professional fees.

Master Council has continued deliberations on the details of the demolition and construction components of the project, and spent time re-evaluating their allocation on either per-unit or per-population basis.

Until this issue is fully researched and resolved, we simplified the process for owners that wanted to pre-pay their estimated assessments.

One bedroom: \$5,000; One bedroom den: \$6,000;

Two bedroom: \$7,000; Two bedroom den/TH/SFH: \$8,000

Owners can pay in four equal installments, due end of February, March, April and May.

Through March 1st, owner prepayments received from owners total over \$725,000.
47 owners have paid in full; 214 owners have made a partial payment.

Shore Protection Plan

Our environmental consultant Joe Lomax reports that on February 11th an interagency meeting was held in Wildwood regarding the impact of the USACE project. Joe reported that State and federal agencies were flexible regarding design of beach accessways but inflexible regarding the 16ft dune elevation, expressing that it was set by Congressional mandate.

He indicated an interagency meeting with Lower Township will occur in the near future. The design plans show no changes to Seapointe since earlier versions, other than confirmation that there will be no sand borrowing from the Seapointe beach. There would be three pedestrian walk-overs, and a vehicle cross over at Memphis Avenue. An ADA accessible walk-over is proposed in front of The Grand. The board of The Grand is opposing this walk-over, suggesting it be relocated to the end of Memphis Avenue next to the vehicle cross-over.

Most recent timetable puts this project at taking place in late 2020 into 2021 depending on real estate agreements. We have repeatedly expressed concern that work not take place on our beach between May and September.

Shore Protection Plan, continued

There appears to be an apparent shift in these cases over the past year.

In late 2017 a state judge ruled that the NJ DEP can move forward with land seizure by use of eminent domain (in the Midway Beach case). At Midway Beach, their dunes are 25 ft tall on average, compared with the 22 ft height in the Army Corp project design. That decision marked the 7th time a judge has ruled in favor of the state, which has not lost a dune condemnation case in nearly 5 years since the 2012 Superstorm Sandy.

The judge found no evidence of bad faith, fraud or other malfeasance in deciding to seize the land. She ruled in favor of the state in other cases, upholding its right to use eminent domain to seize land for publicly beneficial projects after paying fair compensation for it. In the Midway Beach case, a state appraiser determined the land is worth \$6.6 million, the state offered \$500.

Two recent jury awards of over \$590,000 to homeowners in Point Pleasant Beach has environmentalists up in arms. One of the lawyers representing one of the successful plaintiffs is from McKirdy & Riskin.

Emotional Support Animal Policy

Litigation has been filed against Seapointe Village Master Association related to reasonable accommodations for an emotional support animal. SV Master Association is being defended by its insurance carrier and guided by its special legal counsel.

No action at this time regarding establishing an ESA policy.

New Business:

None was presented.

Homeowner Comment

3-610 suggests powerpoint presentation for the budget. SV Master will consider how to address this suggestion for future meetings.

Asks about policy regarding tents on the beach. Size/height close to the waterline can be a nuisance.

1-406/410 commented that ibis pool has been crowded at times, specifically with 4-5 year old kids in the hot tubs. Suggests cameras for Ibis pool (there are 2 cameras); signage and frequent periodic security tours through the pool area.

4-316 suggested a sign by the Ibis hot tub

1-406/410 offered suggestions to raise money in the operating budget: memorial pavers; have the Association implement a beach bar and take over deli-hut operation; asks if Seapointe Village is receiving services from Lower Township as it is entitled to under the Municipal Services Act.

1-602 commented that delihut food orders take a long time. Suggests separate recreation ID tags for owners and rental guests.

With no further questions, the meeting was adjourned at 11:45am.



**SEAPOINTE VILLAGE MASTER ASSOCIATION
INCOME & EXPENSE SUMMARY
April 2018 through February 2019 - UNAUDITED**

	Actual	Budget	Variance
TOTAL INCOME	\$2,416,598	\$2,361,938	\$54,660
TOTAL EXPENDITURES	\$2,195,473	\$2,164,270	\$31,203
RESERVE CONTRIBUTIONS	\$220,820	\$220,820	\$0
NET INCOME (LOSS)	\$305	(\$23,152)	\$23,457

SEAPOINTE VILLAGE MASTER ASSOCIATION

ACCOUNT BALANCES as of February 25, 2019

Operating & Payroll Accounts \$162,992

RESERVE ACCOUNTS

Capital Replacement \$373,604

Deferred Maintenance \$116,512

TOTAL **\$653,108**

ACTUAL to BUDGETED INCOME (unaudited)

April 2018 through February 2019

	YTD	Budget	Variance
Master Fees	\$2,039,763	\$2,039,763	\$0
Administrative Service Fees	\$31,053	\$18,000	\$13,053
Ibis - Amenity Usage Fees	\$84,425	\$84,425	\$0
Miscellaneous Fees & Income	\$64,856	\$60,750	\$4,106
Reimbursable Payroll Expenses	\$196,501	\$159,000	\$37,501
TOTAL INCOME	\$2,416,598	\$2,361,938	\$54,660

ACTUAL to BUDGETED EXPENSES (unaudited)

April 2018 through February 2019

	YTD	Budget	Variance
Administrative & General Expenses	\$499,921	\$485,520	\$14,401
Professional Services (Legal, Engineering, Audit)	\$58,699	\$46,000	\$12,699
Management & Support Services	\$235,400	\$235,400	\$0
Office, Telephone & Related Expenses	\$45,303	\$38,925	\$6,378
Insurance	\$129,665	\$134,370	(\$4,705)
Rent	\$17,875	\$17,875	\$0
Miscellaneous Admin Expenses	\$12,979	\$12,950	\$29
Operating Expenses	\$1,403,345	\$1,403,500	(\$155)
Custodial & Maintenance Supplies	\$80,174	\$66,750	\$13,424
Pool & Spa Operations	\$57,611	\$64,000	(\$6,389)
Security Services & Supplies	\$10,273	\$9,750	\$523
Beach Related Expenses	\$36,452	\$27,000	\$9,452
Landscaping & Extermination	\$146,900	\$175,100	(\$28,200)
Employee Compensation	\$1,033,087	\$1,030,400	\$2,687
Trash	\$25,861	\$19,500	\$6,361
Uniforms & Miscellaneous Operating Exp.	\$12,987	\$11,000	\$1,987
Utilities	\$292,207	\$275,250	\$16,957
Cable/ Wireless internet	\$12,515	\$13,750	(\$1,235)
Electric	\$109,151	\$104,500	\$4,651
Gas	\$44,413	\$40,000	\$4,413
Water	\$126,128	\$117,000	\$9,128
TOTAL EXPENDITURES	\$2,195,473	\$2,164,270	\$31,203