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Manager's Report

January and February are dedicated to preparing the budget for the Master Association and constituent villages for the upcoming fiscal year. The Master Association budget challenges focused on increases in insurance premiums for property and liability policies and cost/availability of labor. For a second consecutive year, the village-wide budget challenges this year revolved around insurance premiums and increases in recommended reserve contributions. Budget and condo fee information will be distributed in the coming weeks.

More detailed information during Insurance Update Report under Unfinished Business.

New State legislation – Structural Integrity Act mandates periodic structural inspections, requires reserve study updated and mandates appropriate funding of both reserve for replacement and deferred maintenance schedules. The recommended reserve contributions included in reserve studies are also increasing. Engineering firms that prepare reserve studies are factoring the increasing costs of materials and labor to replacement costs of association assets.

Two units sold in 2024 year to date. Nothing listed for sale. Demand remains high but listings are few. Local and national trends reflect strong demand for sales and rental properties.

The inventory for rental properties at Seapointe Village is down but this is consistent in the Wildwoods. SV Realty reports demand for vacation rental properties is high for the 2024 season.

The rec tag/elastic wristband is red with white print and are sequentially numbered. There are also smaller sizes for children. They will be available in early May.

We refurbished 25 of the original beach storage lockers and built 10 additional for a total of 100 beach storage lockers for 2024. Seasonal rental fee for 2024 is \$400, same as 2023. Same as for past 2 seasons, some will be placed some at the northern end of the beach. The lottery for beach storage lockers will again take place in May. We will send notice along with the 2024 budget/condo fee information. Based on recent past years, the number of owners wanting a locker will likely exceed the number of available lockers.

Miscellaneous fees in 2024

Access gate cards - \$50 (increase from \$25)

Replacement of rec tags - \$75 (increase from \$50)

Replacement of permanent parking passes - \$200 (increase from \$100)

Parkmobile – Hourly rate on Memphis Avenue increases to \$4.00 (increase from \$3.00)

No change to hourly rates for Seaview Avenue

Also – lease fees are increasing across all villages.

Cleaned garage drains / Plaza deck sealant replaced as needed / Centre Court pool slide tile replaced. / Garden pool filter valve has been replaced.

Ibis Pool HVAC/dehumidification system on order (\$197,000). Roof under HVAC system will be replaced during system replacement (\$15,000).

North Beach balcony waterproofing project stopped for 2 months due to cold weather. Only north and west elevations expected to be completed before Spring. South and east sides to be done starting Fall 2024. This project involves removal of balcony railings, prepare and waterproof balcony surfaces, powder-coat balcony railings and reinstall. Project includes new railing brackets and replacement of about 50% of bolts securing the brackets to the balconies.

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Manager’s Report - continued

Garden Residences fire suppression system replacement is complete. Sheetrock replacement should be complete by mid-March. Project finished 2 months ahead of schedule and slightly under budget. Project involves removal of original copper pipes and replacement with CPVC pipes.

Centre Court interior refurbishment including painting, lighting and carpeting complete.

South Beach replacing the metal seam roof – work scheduled for Spring.

Recent homeowner passings

George Gannon	North Beach 203	October 14, 2023
George Tahan	North Beach 506	January 19, 2024
Noel Janosi	Pinnacle 406	October 10, 2023

Treasurer’s Report

Financial Review – Preliminary financial statements for fiscal year April 2023 through February 2024 operating performance compared to budget indicate:

Income is over budget by \$34,848. Expenses are over budget by \$46,205.

ITEM	AMOUNT	OVER/UNDER BUDGET	COMMENT
TOTAL INCOME	\$3,098,702	+\$34,848	+1.2%
Administrative fees	\$21,814	-\$86	
Miscellaneous income	\$118,667	+\$8,667	Parking fees / beach lockers
Reimb. Payroll	\$254,267	+\$26,267	Garden project
TOTAL EXPENDITURES	\$2,892,600	+\$46,205	+1.7%
Professional fees	\$74,576	+\$9,076	Legal over budget \$6,031
Office operations	\$53,997	+\$9,076	Phone/Help wanted ads
Misc A&G Expenses	\$19,171	+\$3,401	
Insurance	\$151,388	-\$21,362	
Custodial expenses	\$26,754	-\$746	
Maintenance expenses	\$49,207	-\$9,042	
Landscaping	\$136,210	-\$23,890	
Beach related expenses	\$49,176	+\$1,176	
Pool Operations	\$99,486	+\$12,486	Chemicals/Testing service
Security supplies	\$20,035	+\$5,285	Camera/gate maintenance
Payroll & related	\$1,580,805	+\$76,055	Higher hourly pay rates OT
Trash	\$18,872	+\$1,372	
Electric	\$90,055	-\$7,945	
Gas	\$57,398	+\$3,398	
Water	\$157,818	-\$382	
NET INCOME	(\$47,363)	(\$36,006)	0.4% negative variance

Expect to end the fiscal year with a slight deficit, less than 1%, attributed to payroll expenses.

Total expenditures April 2023 – Feb 2024 \$2,892,600 compared to \$2,813,312 last year. Increase of \$79,288 or 2.9%.

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Account balances

As of February 29, 2024, Master Association cash is \$526,437.

<u>Account Balances</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating/Payroll	\$193,921	\$152,880	\$157,568	\$170,934
Capital Reserve	\$296,453	\$407,824	\$964,404	\$988,443
Deferred Maintenance	\$36,063	\$12,277	\$73,608	\$74,006
TOTAL	\$526,437	\$572,981	\$1,195,580	\$1,233,383

NOTE: Of the \$274,946 special assessment, only \$60,400 paid to date, \$214,546 outstanding. ACH payments will be taken March 26th. (243 owners pay by ACH).

Reserve Replacement / Deferred Maintenance expenses fiscal year to date - \$337,255

Reserve Replacement / Deferred Maintenance expenses during 2023-2024 fiscal year to date are \$337,255, \$311,489 of which is classified as Reserve Replacement and \$25,766 is classed as Deferred Maintenance. Detail shown below.

<u>Reserve for Replacement</u>	<u>\$311,489</u>	<u>Deferred Maintenance</u>	<u>\$25,766</u>
Stormwater outfall prof fees	\$22,376	Sewer line cleanout	\$7,586
Sitework	\$18,211	Plaza deck sealant	\$18,180
Golf carts (2)	\$13,828		
Centre Court pool slide tile	\$11,050		
Pool heaters (2)	\$6,608		
Pool motors (3)	\$4,508		
Ibis pool restroom doors	\$3,972		
Ibis pool building HVAC System	\$197,000 (50% deposit paid in 2023-2024)		
Beach trailer door	\$3,550		
Additional items			
Ibis pool building roof	\$15,000 – most likely in 2024-2025 fiscal year		

2024 Master Association Budget - \$3,551,374 (6.9%) Increase

At the budget work session on Saturday January 27th, the 2023 Master Association budget was finalized with a 6.8% increase in condo fees. The budget will have to be introduced and voted on at the March 2,2024 open meeting.

The 2024 operating budget increases by \$227,601. (6.9%)

What increased and why:

- \$126,825 (8.0%) increase for payroll and wage taxes
- \$26,500 (13.7%) increase in insurance premiums
- \$20,000 (28.6%) increase in professional fees
- \$20,000 (21.1%) increase in allowance for pool/spa operating/ maintenance expenses
- \$8,701 (2.9%) increase in reserve contributions
- \$6,500 (11.2%) increase in allowance for gas

Master fees for the 2024-2025 fiscal year (compared to prior year) are as shown below.

	<u>2024-2025</u>	<u>2023-2024</u>	<u>Change</u>	<u>%</u>
One bedroom	\$405	\$378	\$27	7.04%
One bedroom / den	\$455	\$425	\$30	6.97%
Tow bedroom	\$505	\$472	\$33	6.90%
Two bedroom / den & larger	\$605	\$567	\$38	6.62%

Motion to accept budget by Panepinto, second by Bernstein vote 7-0.

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Cumulative budgets for SV Master and villages is \$6,194,165 for fiscal 2024-2025. For fiscal 2023-2024, budgets were \$5,283,793. This is an increase of \$910,372, or 17.3%. Almost 70% of this increase is attributed to increases in property insurance premiums.

Committee Reports

Landscaping:

The pre-season landscaping cleanup has begun. The Spring work will be mostly routine cleanup and mulching. The arborist is scheduled to perform annual pre-season inspection the third week in March. Flower delivery is scheduled for late April.

Beach:

Beach grading and raking has been on-going 1-2 times per week for most of the off-season. It has been more difficult to maintain a line along the toe of the dune this year compared to previous years.

The beach amenity plan may change from previous years, but primary structures will be consistent with last year, including the tented seating area. Beach set up will begin last week April.

There are 100 beach storage lockers. Most will be located at the southern end, some placed at the northern end of the beach. The lottery for beach storage lockers will again take place in May. We will send notice along with the 2024 budget/condo fee information. Based on recent past years, the number of owners wanting a locker will likely exceed the number of available lockers. Seasonal rental fee remains \$400 for this season.

Significant change – for the first time in 18 years, there will be a new operator for the beach grill. Sil Basile and his partners (operate The Club just south of SV) will be operating the beach grill in 2024. The foodservice operators also own and operate The Fish Factory in Wildwood Crest.

Aquatics

The Aquatics off-season maintenance list includes complete retiling of the Centre Court slide; replace filter control valve at Garden pool; paint fences and gates as needed; replace expansion joints around ocean front and Garden pools; stain arch in Ibis pool.

The largest off-season project is a replacement of HVAC/dehumidification system for Ibis pool.

Pre-season work will begin week of March 11. Pre-season opening will begin at oceanfront pool, then move to Garden pool, then finally to Centre Court.

Regular schedule calls for the Ibis pool to be closed for the week after Mother's Day for pre-season maintenance, however this is flexible based on timing of dehumidification system

2024 pool schedule is attached.

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Personnel

Custodial has 6 full time year-round staff. Custodial will add staff in early April for pre-season power washing, facility preparation and flower planting. Peak season staff will be 18-20 full time, or 720 hours per week late June thru Labor Day.

Maintenance staff consists of Mike Siner, Juan Irizarry, Israel Acevedo and Dave Cox. John Myers operates the tractor for beach raking 3 times per week. Peak season staffing is 230 hours per week. No change to annual staffing standards.

Security Security operates at 256 hours per week, one per shift plus a second guard daily 8 AM – 4 PM. Seasonal staff increases begin in early May. Peak season staffing will be approximately 524-544 hours per week – 3 per shift, plus tag checking. Tony Kiska is Dept Supervisor. He has already added several additional part time employees to the force.

Unfinished Business

Shore Protection Project

The State of New Jersey Department of Environmental Protection advises the USACE-NJDEP dune project is scheduled to begin in 2025.

Stockton Coastal Research Center was engaged to update their 2015 analysis of our beach. 2023 update indicates much of the beach and dune are sufficient to meet the dune design template except for around each access path opening along the dune toe and in a few isolated areas. The design plans based on the original feasibility study have not changed.

In December 2023 representatives from DEP and USACE toured the private beaches. Purpose of the tour was to examine the current access and understand what the beach owners had for permanent and temporary seasonal structures and amenities.

Project is targeted for 2025. DEP representatives state they want to work with private beach owners. They have confirmed that the vehicle access and ADA walkway to Memphis Avenue between the Icona and Seapointe. It is likely the eastern edge of the dunes will vary from existing in several areas. The DEP seems to want to make this process run smoothly and representative have a cooperative attitude.

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Property Insurance Review

Property insurance increased \$605,784, or 121.5% for the 2023-2024 renewal. This was the single largest factor influencing the 2024-2025 operating budgets.

<u>Village</u>	<u>2023-24 premium</u>	<u>2022-23 premium</u>	<u>Change</u>	<u>Percentage</u>
Master	\$44,695	\$30,072	\$14,613	48.6%
SV I	\$164,733	\$108,019	\$56,714	52.5%
SV II	\$165,123	\$108,468	\$56,655	52.2%
SV III	\$113,959	\$74,756	\$39,203	52.4%
SV IV	\$206,646	\$44,534	\$162,112	364.0%
SV V	\$95,836	\$65,181	\$30,655	47.0%
SV VII	<u>\$313,484</u>	<u>\$67,674</u>	<u>\$245,810</u>	<u>363.2%</u>
Total	\$1,104,498	\$498,704	\$605,794	121.5%

Reasons for the increase

First - Insurance reconstruction valuation appraisal updated in 2023 increased the property valuation across all of Seapointe Village by approximately 33%. The total amount of property insurance coverage increased, and premiums also increased. Increased construction costs are a large contributing factor to increased premiums. Cost of construction increased over 11% annually from 2020 through 2022, lowering to 4.3% increase in reconstruction costs over the past year. Construction cost increases means that properties have to increase their property policy limits or risk being underinsured.

Second – Insurance companies pulling out of coastal areas, decreasing capacity and excluding types of construction. For as far back as we can recall, Seapointe had property insurance coverage under one policy – and for the past decade that coverage was with one company NSM offering a program for coastal condominiums known as the CHAMP program. For many years, the insurance was provided by Lexington. Several years ago, Lexington declined to continue in the program but two other insurance companies, Arch Specialties and Old Republic stepped in to provide coverage. The CHAMP program has experienced significant losses in recent years and subsequently restructured their portfolio and reduced their capacity for any single location. As a result of capacity reductions, the CHAMP program no longer insures all of the fire resistive buildings (North Beach, South Beach, Pinnacle and Centre Court).

Because the CHAMP program no longer insures frame construction so the Townhomes and Garden Residences had to find new insurance carriers.

Third – Natural disasters affecting re-insurance markets. The past 3 years have produced some of the most difficult property insurance markets in recent years, specifically coastal & catastrophe exposed property. This has been highly driven by the excessive amount of natural disasters, amount of disasters in excess of \$1billion in property damage, and reduced capacity in the reinsurance market. Across all coastal markets in the US, 2022 and 2023 insurance renewals increased significantly. Insurance carriers, especially those insuring properties in coastal areas, rely heavily on reinsurance to retain financial stability in a catastrophic disaster event. Insurance carriers experiencing these increases in reinsurance costs largely tend to pass such rate increases onto the policyholders.

To control insurance costs, Seapointe works with an insurance agent that has access to condominium insurers across the nation and even into other countries, looking for new or exclusive programs. We also aggregate and/or combine buildings under one policy if and where possible to reduce per-building premiums.

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New Business

Parking Policy

Below is the proposed parking policy for 2024.

- 1). The underground ocean front parking garages are designated parking areas restricted to the homeowners of the three ocean front buildings, I, II, III.
- 2). The (16) parking spaces located outside adjacent to Bldg. I and the (10) parking spaces located outside Bldg. 2 shall be designated only for the three ocean front bldgs. I, II, & III.
- 3). The (21) parking spaces located outside and adjacent to Bldg. II and designated shall be for guest parking on a first come first served daily basis.
- 4). Guest parking shall be limited and controlled by security during the summer season with no guests passes issued during holidays or peak weekends.
- 5). The summer season is defined from Memorial Day weekend through Labor Day weekend.
- 6). The enforcement of the 2024 Parking Policy shall be strict enforcement with violators issued \$250 parking ticket on the first offense and \$250. 00 daily afterwards for their illegally parked vehicle.
- 7). The renting Seapointe Village homeowner shall be responsible for any of their renter(s) that is, are given a parking ticket for their illegally parked vehicle and does not pay the outstanding parking violation(s).
- 8). Written notices of the 2024 Parking Policy shall be issued to each Seapointe Village homeowner informing them of the 2024 Parking Policy effective for the upcoming 2024 summer season.
- 9). All renting entities shall be issued a copy of and informing them of the Seapointe Village 2024 Parking Policy, underscoring the Seapointe Village Parking Policy will be implemented commencing in the 2024 summer season and strictly enforced.
- 10). Appropriate signage shall be posted of the Restricted Parking for Homeowners of the Bldgs., I, II, III, Guest Parking areas, the No Parking Areas.
- 11). Additional Guests parking is located: (30) parking spaces on Memphis Ave.; (27) parking spaces on Seaview Ave.; (12) parking spaces in the parking lot located on the eastern end of Dune Drive.

This parking Policy will be monitored during the summer season and revisions may be made, upon approval of the Seapointe Village Master Council, depending upon the effectiveness of the policy.

Additional information:

A consistent larger parking pass will be issued for all villages

There will be a specific parking pass for staff.

The guest parking pass will be redesigned, double-sided and color-coordinated to match permanent passes for respective buildings.

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Parking Policy, continued

The proposed parking policy was presented during the December 2023 open meeting and Master Council requested homeowner feedback. Feedback received included:

Policy must be complete, clear and detailed. Should be signed off on by every SV owner and included in rental contracts. Include comprehensive detail where guest parking is permitted.

Don't hold owners responsible for parking violations committed by rental guests, especially if rented thru 3rd party realtors.

Owners want to be made aware of their rental guests receive parking tickets

Can owners call Security to obtain a guest parking pass for rental guests.

Upcoming Meetings

SV Master Association Annual Meeting is scheduled for Saturday June 15th.

Open houses scheduled for July 13 and August 17.

Homeowner Comment

Budget comments

2-308 Why not equal condo fee increases across all units? Mike Szelak explained that some expenses are allocated on a per-unit basis and some expenses are allocated on a per-population basis.

2-707 Why does YTD budget amount for landscaping differ from 2024 budget comparison? Mike Szelak identified that the fiscal year to date report is only for eleven months. 2024 budget comparison is for 12 months.

7-126 Why not align beach storage locker rental fees with Wildwood Crest (\$480) or The Club at Diamond Beach (\$600)?

1-318 Asked about eliminating lifeguards. Lifeguards are mandated at oceanfront and Centre Court pools. No lifeguards at Ibis and Garden pools, use monitors, and don't schedule monitors during slow periods.

4-404 How would no monitors or lifeguards affect insurance premiums? Jim Yost stated could not exactly quantify, but expect premiums to increase.

2-704 Will oceanfront spas have monitor? Joe Panepinto stated yes, during busy periods.

3-605 Asked about interest income. Mike Szelak stated that assn has CD and notes, current rates of return approximately 5%. Interest income is allocated to reserve accounts.

2-404 Asked why budget for professional fees is increased. Jim Yost stated due to expected activity regarding Shore Protection Project.

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General owner comments

2-308 Asked if open houses can be scheduled in June or September.

2-308 Asked about vehicle violation enforcement. Jim Yost stated that SV has two vehicle immobilization devices.

2-704 Stated he is a permanent resident with 2 vehicles. Will he have to park his car off-site during busy periods?

2-712 Commented about limited parking availability for oversize vehicles. Bill Porcek stated surface spaces are for owners.

2-404 Suggested a map of available guest/open parking.

7-320 Agrees with 90% of parking policy, objects to losing open spaces.

5-114 Asks about passes for rental guests

3-605 Comments about vehicles parking in such a way that obstructs drive lanes.

2-517 Concerns about leaving pools unattended, thinks all pools should have either lifeguard or monitor during busy periods.

2-704 Is someone renting entitled to parking for guests? NO

3-305 Handicap spaces – vehicle must have parking pass and H/C designation

7-124 How many surface spaces assigned to O/F buildings 10

3-503 Asks about club license. Joe Panepinto stated that Assn attorney opinion that only owners are members. Rental Guests do not have membership rights.

There were no further questions, and the meeting was adjourned at 10:45 a.m.