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**President's Comments**, continued

He noted the following homeowner passings

Jim Petrucci	North Beach 503	June 1
Bud Keelen	Pinnacle 409	June 8
Anthony Papetti	South Beach 512	June 16
Bill D'Elia	formerly NB 717	August 1

**Manager's Report:** Jim Yost

Generally it was a very positive summer experience for those who were at SPV for the season. Hot and dry throughout the summer.

It was a consistent season, demonstrating that the experience of the staff and the procedures and systems are in place to ensure stable operations. We are beginning the post-season evaluation of equipment and facilities as part of off-season planning.

Reaction to the new Weber BBQ grills this year was very positive, and there is demand for more. (There are 16 grills total). We will replace 5 before next season – average cost \$1,500 each.

The playground equipment needs rehabilitation during the off-season. Material cost is \$12,055. Labor is expected to be another \$6,000.

The tennis court and basketball surfaces need to be recoated before next year. Proposals obtained several years ago range between \$7,500 for repainting to \$15,650 for resurfacing.

The walkways over the dunes to the beach are aging and screw heads are losing their bite. Beach walkways will be extended 80' – estimate \$7,500 for 240 ft (30 pieces) of walkway.

Lighting in all of the lagoons needs refurbishment. If this were done at one time, cost would be in excess of \$50,000.

The basketball backboards will be replaced before next season.

The beach wheelchairs were used regularly this summer. It appears one has disappeared.

Beach yoga, and surf lessons were very well received. Yoga had consistent participation and surf lessons were done almost every day the surf was cooperative. Demand for swimming lessons was strong again this season

There was steady activity at the bocce court this summer.

Again this summer, the sheer volume of packages delivered for owners and guests overwhelmed the Management Office at times.

The air hockey pucks disappeared quite a few times. The game room did not seem very busy.

There have been 16 sales to date this calendar year, and 1 more under contract as of Sept 5. (12 ytd in 2018). There are 23 units, or about 4.4% of Seapointe Village/Ibis condos are for sale. SPV Realty reports 2019 rental activity is 90 reservations ahead of last year.

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### **Manager's Report, continued**

There were very few complaints about Hotel Icona beach activities this summer. I met with Township Manager Jim Ridgeway & Construction Code Official Gary Playford in July regarding the second tent on Hotel Icona's beach. Ridgeway said that the permit indicated that the municipal fire official issued a permit to Icona allowing them to keep the tent in place all summer. Icona expansion hearing in LT Sept 19<sup>th</sup> – 6<sup>th</sup> floor, 20 hotel rooms, additional parking and amenities.

There were few emergency response incidents this summer. Lower Township Police and Emergency Response were present and visible around Diamond Beach during July and August. Wildwood Crest fire response was excellent.

Homeowner reaction to the spa project web camera was very positive and there were requests for others to be installed after the project camera was removed. We are in process of having several cameras installed that will again provide plaza deck and limited beach coverage. These will be available for viewing on the spvma website. They should be available within a few weeks.

A number of notable off-season projects throughout the Village

Garden Residences elevator modernization will take place this off-season.

Centre Court will be removing the drop ceiling throughout their parking area and replacing lighting throughout their parking areas this off-season (similar to the Pinnacle project last off-season).

North Beach is working on a multi-phase interior refurbishment plan.

Pinnacle is refurbishing their rooftop gutters.

We didn't experience any significant garage storm drain backups during rain events this summer. The drainage field under the dunes will be inspected this coming off-season.

SV Maintenance is looking into the feasibility of running the pipe for the South Beach backup gas pump underground across the driveway and outside parking area.

Sand accretion is to the point where the stormwater outfall pipe is partially covered in sand at low tide. The 300' outfall extension took place in spring 2008.

He reminded owners about the off-season preparation checklists, most important to shut off water and maintain inside temperatures above 55 degrees.

He reminded owners about contractor guidelines for off-season work in units.

He acknowledged the office staff, especially Kathy Murphy and Gail Miller for their efforts this summer, and noted the off-season office hours (Saturday mornings and closed Sunday) would begin next week.

He noted a beach lifeguard picked up a hook and line, cut her foot, and cautioned fishermen not to cut lines on the beach.

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

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**Reports of officers and committees:**

**Treasurer's Report:** Mike Szelak

2019 Fiscal year to date recap

Preliminary financial statements for fiscal year April 2019 through August 2019 operating performance compared to budget

ITEM	AMOUNT	OVER/UNDER BUDGET	COMMENT
TOTAL INCOME	\$1,158,967	+\$11,252	.98%
Administrative fees	\$14,529	+\$9,029	Resale activity
Reimbursable payroll	\$91,081	+\$1,581	Custodial
Miscellaneous income	\$49,942	+\$642	
TOTAL EXPENDITURES	\$1,174,129	-\$61,921	5.0%
Professional fees	\$5,666	-\$5,834	
Office operations	\$18,995	+\$1,420	Help wanted ads
Misc A&G expenses	\$2,616	-\$1,734	
Insurance	\$71,225	+\$11,125	W/C audit
Custodial expenses	\$21,828	+\$7,328	Tried contract supplies
Maintenance expenses	\$22,145	-\$16,355	Cost controls?
Beach related expenses	\$19,875	-\$6,125	Expense timing
Pool Operations	\$55,851	+\$8,351	Some 2018 expenses
Security supplies	\$8,825	+\$2,325	Bought 2 defibrillators
Payroll & related	\$623,877	-\$1,873	Net payroll variance +\$3,454
Trash	\$9,374	-\$3,126	Expense timing
Electric	\$39,765	-\$21,235	
Gas	\$18,820	-\$5,680	
Water	\$41,770	-\$230	
NET INCOME	(\$15,162)	\$73,173	5.9% positive variance

Account balances & related fiscal issues

As of September 1, 2019, Master Association cash is \$882,873.

<u>Account Balances</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating/Payroll	\$206,959	\$191,333	\$61,290	\$189,948
Capital Reserve	\$181,286	\$383,737	\$433,203	\$404,372
Deferred Maintenance	\$136,744	\$115,986	\$105,729	\$102,450
TOTAL	\$524,989	\$691,056	\$600,222	\$696,770
Rehab Assessment	\$357,884			
TOTAL	\$882,873			
Balance on line of credit	\$784,463			

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Reserve Replacement / Deferred Maintenance expenses during 2019-2020 fiscal year to date are \$1,969,036 of which \$1,924,945 is project-related; \$37,804 is identified as Reserve Replacement and \$6,287 is classed as Deferred Maintenance. Detail shown below.

<u>Reserve for Replacement</u>	<u>\$37,804</u>	<u>Deferred Maintenance</u>	<u>\$6,287</u>
Beach trash cans	\$5,052	Plaza deck sealants	\$5,497
CCTV system	\$7,122	Signage	\$790
Golf cart	\$4,425		
Tiki huts	\$8,292		
BBQ grills	\$3,995		
Benches	\$3,752		
Plaza deck furniture	\$5,		

Oceanfront hot tub project related expenses during 2019-2020 fiscal year - \$1,924,945

<u>Professional fees</u>	<u>\$82,284</u>	<u>Project costs</u>	<u>\$1,842,661</u>
Mellilo & Bauer	\$0	Merrell & Garaguso	\$1,706,563
Feld Kaminetzky	\$8,603	Interest Expense	\$14,475
Atlantic Aquatics	\$0	Heater venting	\$63,740
SOSH	\$0	Misc mechanical	\$26,328
Industrial Thermal	\$73,443	Polycarbonate panels	\$8,659
Lowenstein Sandler	\$238	Furniture	\$13,818
		Painting	\$6,100

3/31/2019 Financial Statements

Awaiting issuance of final 3/31/2019 audited financial statements but drafts have clean opinion, and are consistent with previous years.

Treasurers report was accepted by unanimous consent.

**Landscaping:** Jim Yost

2019 was a good year for landscaping. Lyn Taylor's design effort, flower selection, placement and color scheme were good this summer. The roses bloomed early this summer. The hydrangeas (particularly on the plaza deck) did not bloom as well this year compared to previous years. Color change next season and re-introduce impatiens.

Typical off-season replacement of evergreen shrubs and bushes will be necessary. Some of the evergreens around the plaza deck hot tub area rehab area will need to be replaced and/or relocated. The evergreen shrubs lining the inside of the main pool fence will be removed and replaced with daylilies. This should further open sight lines and enhance views from the plaza deck. Some of the shrubs on the plaza deck show signs of wind burn. The landscaping around the Centre Court Building was replaced after completion of the exterior rehab project.

Haberman did their usual efficiently professional job maintaining the landscaping throughout the property. They pruned and trimmed in June, which was abbreviated due to the plaza deck project. They did not perform an August pruning/trimming. I will do a post-season walk-thru with Haberman in the coming weeks.

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**Beach:** Jim Yost

The 2019 beach layout followed the same general configuration as past several years. The 20 x 40 tent for table seating; the deli-trailer & service pavilion, three storage sheds.

This year we had 62 beach storage boxes on platforms. The beach storage box lottery should continue next summer. Demand exceeded supply again this season.

Master Council is aware of placement of these amenities adversely affecting beach and ocean views for a few ground level units in North Beach and South Beach and will attempt to find the placement that affects least number of views.

John Myers handled the majority of beach raking this season. He worked 3 hours per morning this summer raking the beach and found a very efficient raking system, attested by the clean, groomed beach and well controlled diesel fuel use/expense.

The tractors generally functioned without major breakdown (until the last week of August) and only minor issues for unplanned service. Both tractors and beach gators will be sent out for routine service after the beach amenities are cleared.

The beach lifeguard crew served effectively this summer. Linda Kelly continued the position of "Beach Ambassador" in late July, and she roamed the beach making sure beach users were aware of rules and regulations, enforcing tags and generally monitoring behavior.

There was an issue with a tent with side walls this summer. A "no side walls" rule was implemented in August after the incident.

At the Townhomes Annual Meeting last weekend, they again brought up the request to have a plan and funding for ongoing beach improvements. They cite that the beach is not comparable to our neighbors and is not at the level of the rest of the village. They would like to see palm trees, cabanas and extended walkways.

The walkways will be extended for next season another 80ft.

Brian Balestreire reported that food sales were strong this summer. He lost minimal days to bad weather. He attempted evening dinners three or four times per week, which were generally successful, especially taco and seafood nights, assuming the weather cooperated. He booked live entertainment a few times this summer, several were cancelled because of weather conditions.

46 seasonal beach tags were sold this year generating \$3,450 (60 last year).  
298 daily tags were sold (270 last year).

**Pools:** Jim Yost

Aquatics Department had another good operating season. Steve McBride and his staff incorporated the new facilities into their daily operating plan with no problems or issues. For the most part, new and original pools and spas functioned well, equipment generally performed well, water quality was maintained very well throughout the season, and routine maintenance/custodial work was done according to schedule.

Weekly testing of water quality for our pools and hot tubs was consistently satisfactory and the unannounced Cape May County pool inspection on August 1<sup>st</sup> was 100% satisfactory for all facilities again this season for the 10th year in a row. This is a testament to Steve McBride, his head guards and his pool maintenance team.

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### **Pools, continued**

Overall lifeguard staff turnover was low, but staff departures through the month of August led to a lot of overtime from mid-August through Labor Day weekend. There has been suggestion to increase the hourly wage to attract a more mature lifeguard staff. Mandated minimum hourly wage is \$10, increasing to \$11 per hour for the next 4 years.

We will try to determine if an increase in the hourly pay rate for pool lifeguards going to attract a more mature individual to be a pool lifeguard, and if so, what is the appropriate hourly wage and what is the impact on other positions and overall payroll expense.

There were 2 reported rescues in the pools this summer - both at Ibis pool.

We continue to monitor water consumption at Centre Court pool. This year, including initial pre-season fill, a total of 247,474 gallons were used (260,066 last year). Centre Court pool capacity is 90,000 gallons.

Off-season aquatics work includes: replastering front pool, improving drainage at the steps by Centre Court slide, replacing sealant around the Garden pool coping, refurbishing the Centre Court spa equipment shed, replacing sand in filters at Garden, Centre Court and Ibis pools, repainting Ibis pool surface and replacing some tables/chairs at Centre Court /Garden pools.

### **Personnel & Security: Elly Bernstein**

She noted there were several major challenges this season, revolving around the staffing shortage; the plaza deck project, extreme heat during July and package delivery overwhelming the office.

Staffing was a major challenge again this year, especially for Security and Aquatics. Security ran 80-100 hours per week short of staffing standard throughout the summer; Custodial was understaffed. Aquatics ran into overtime throughout July and August. OT thru 8/31/2019 is **\$43,229**. (\$16,703 last year).

Maintenance did its usual efficient, effective job this summer. Wayne Craig and his staff generally stayed on top of maintenance needs throughout the village.

Custodial ran with a crew of 17-18 this summer. There were five new seasonal staff this year, including four ladies on the inside crew. They did a very good job overall. The year-round crew sets an excellent example for workmanship and we had a very dependable night crew.

Security The department ran below staffing standards most of the summer, typically averaging 400-440 hours per week of coverage (544 is standard). Typically security summer hours are about 7,500; actual hours worked this season is 5,993. Seasonal staff were a mix of returnees and new hires. Only one seasonal hire with law enforcement background stayed all summer. One custodial was promoted to Security. We continue to be challenged to find qualified staff.

Given the staffing shortcomings, it was a generally consistent season for the department as a whole. Security emphasized daily procedures for tag checking, parking checks throughout the summer and added late morning back gate monitoring in August. These procedures were followed consistently during the summer. We changed the parking violation to a \$50 fine and put my name and number as contact. This seemed to improve awareness for residents to use their parking passes and park in proper parking areas. There were no recurrent issues that rose to the level that required Covenants Committee involvement.

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## Unfinished Business

### Plaza Deck Hot Tub Area Rehab Project

At the beginning of this project, there were several design goals and objectives.

- Address the structural planks to ensure their future integrity and install a proper waterproofing system.
- Maintain the 3 spa areas, a waterfall element and viewing platform.
- Introduce new amenity elements, such as the new sunbathing deck and new water features.
- Increase the usability of the space by eliminating the lagoon area in favor of more lounge space.
- Improve the kiddie pool area
- Design the new space with maintenance in mind, eliminating the crawl spaces under the original hot tub deck, replacing existing aquatics equipment and improving safe working conditions.
- Maintain the landscape areas consistent with the existing landscaping

These design goals have been achieved.

The spas were open July 4<sup>th</sup>. The three new spas are able accommodate about twice as many people as the original spas.

Two weeks later the elevated deck with almost 180 degree ocean views was open for use. The elevated deck created several thousand square feet of space for sunbathing and relaxing. It established a more private area away from but near the main plaza deck for sunbathing.

The new space and reconfiguration of furniture allowed for nine new tables with seating for 36. The additional supply of new tables and chairs satisfied demand and essentially eliminated the need for early morning reserving of plaza deck tables.

Some site amenities (such as the children's pool area and rain curtain) have been relocated to areas that better suit the overall experience of the space

There are some original goals and objectives that were not accomplished.

- The existing trellises in front of Pinnacle and over the BBQ grills were not renovated
- The project started later than initially planned, and hence substantial completion was not achieved by Memorial Day.

There are some items remaining to be completed at the end of the season, including finishing the rain curtain gazebo, installing laminated glass at the elevated deck; addressing the corner barrier at the Garden spa (children's pool area), the fountain feature has several shortcomings that need correction, the spa coping, some lighting, and other punchlist items.

Total Project Cost to date \$3,967,839 includes all project costs to date, all professional fees to date, all legal and admin expense, hard costs. The Association will be negotiating some items with the design professionals and the contractor. Worst case, expect an additional \$90,000.

With this allowance, the adjusted project cost for determining the amount of the assessment is \$4,057,839.

The total project cost:	
Merrell & Garaguso	\$3,216,531 (owe \$80,414)
Current (2018) plan professional fees	\$387,016
2016 plan professional fees	\$210,648
Legal fees	\$47,009
Loan related/ interest	\$17,027
Permits/ Twp inspection fees	\$73,432
Project related hard costs	\$112,674
	\$4,064,337



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Assessment Considerations

*Loan related expenses:* The total project cost of \$4,064,337 includes \$17,027 in loan related expenses that will be allocated to the unit owners that did not make pre-payments.

*Reserve Items:* Some of the items replaced during the project - in particular aquatics equipment such as filters, heaters and pumps - are included in the Capital Reserve Study Component Schedule. The value of these items as determined from the CRS Component Schedule is \$79,471 and this amount is funded from the Reserve Fund.

*Open items:* There are additional expenses and credits for unfinished/ open items mentioned previously (painting of the main pool gazebo; laminated glass; Garden spa wall and fountain feature) warrant consideration in determining the final assessment amount.

Loan related expenses and reserve items are known amounts which can be deducted from the total project cost to arrive at an adjusted total project cost, which can be used as the basis for determining the final assessment amount. A \$90,000 allowance is included in the adjusted total project cost for assessment calculation purposes.

Total project cost	\$4,064,337
Loan related/interest	-\$17,027
Reserve items	-\$79,471
Open items	+ <u>\$90,000 allowance</u>
Adjusted total project cost	\$4,057,839 – for assessment purposes

Assessment Calculation

At the December 2018 Open Meeting, we presented a prepayment schedule based on the \$3.5 million assessment. One bedroom: \$5,000; One bedroom den: \$6,000; Two bedroom: \$7,000; Two bedroom den/TH/SFH: \$8,000.

Through September 4th, owner prepayments received total \$2,872,031.

The assessment allocation of the adjusted project cost of \$4,057,839 is as follows: The project cost allocated by tag is \$1,468, 527; project cost allocated by unit is \$2,589,312 the per unit assessments are as follows:

Unit type	#tags	#units	\$1,468,527 By Usage	\$2,589,312 By unit	Asmt per unit
One bedroom	4	95	\$1,950	\$5,189	<b>\$7,139</b>
One bedroom den	5	100	\$2,438	\$5,189	<b>\$7,627</b>
Two bedroom	6	150	\$2,925	\$5,189	<b>\$8,114</b>
Two br/den TH/SFH	8	154	\$3,900	\$5,189	<b>\$9,089</b>

The assessment amount is higher than original projection but the ratio is consistent. Initially estimated range from \$6,200 to \$7,800.

The assessment is implemented October 15, due November 15.

Motion to approve the assessment as presented passed 7-0.

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Shore Protection Plan Update:

In early April, legal counsel for Seapointe Village and for The Grand each sent separate correspondence to the USACE Project Manager requesting a meeting. In June our environmental consultant sent an email to NJDEP and USACE following up on the letter. To date there has been no response from either nor projected schedule to hold a meeting.

The most current 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.

Seapointe Village Master Council objective is to maintain control, and not to turn over control of the dunes and beach to the State or federal government agencies.

**New Business**

Records Retention & Access Policy

Master Council is reviewing current records retention guidelines and recommendation and with guidance from management our accountants and legal counsel is developing a records retention schedule and policy this off-season.

Master Planning – Looking ahead

A common inquiry during the summer from Seapointe owners regards future projects and potential assessments.

Project	Tent. timeframe	Estimated cost
Gatehouse / front entry	2020-2021 off-season	\$200,000
Dunes / walkovers	2020-2021 off-season	\$350,000
Street repaving	in the coming 5 years	\$200,000, looking for Twp participation
Garden pool & lagoon	2021-2022?	Unknown
Centre Court pool	after Garden pool	Unknown
Outfall extension	5-10 years	Unknown

**Public Comment**

- 2-404 Do Ibis condominium owners pay anything toward the special assessment? Response that Ibis owners pay an on-going amenity usage fee (approximately \$90,000 per year), but do not pay toward the special assessment.
- 2-704 Asked about the pre-payments. Response that owners that prepaid their assessments in the Spring will have those respective amounts credited toward the assessment.
- 2-417 Asked if the assessment allocation followed unit size. Response that the individual village Master Deeds state that condo fees and assessments are allocated on basis of master deed percentage. The SV Master Association assessment allocation method follows the budget allocation formula.
- 5-215 Asked why the prepayment amounts varied. Response that they were estimates only.

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Unit unknown – Asked about the additional \$90,000 allowance. Response that the allowance is an estimate to cover the remaining open items. If the actual cost for these items is less than \$90,000, the leftover funds will be added to the reserve funds. If the actual cost for these items exceeds \$90,000, funds will be taken from the reserve account to complete the work. The estimated balance in the SV Master reserve fund is expected to be about \$1,000,000 at end of this current fiscal year (assuming all work is complete).

4-411 Asked about utility expenses.

2-203 Asked about repaving of the roadways. Response that this work is anticipated, but timeframe is undetermined.

1-517 Comments about the fieldstone wall behind the garden spa (kiddie pool) Response that the aquatic designer was conservative and attentive to safety. It is ok to let kids play in the trough by the wall.

5-503 Very satisfied with the hot tub project, public access achieved.

7-116 Requests Master Council focus on long range commitment ton-going beach improvements, suggests survey of homeowners. Suggests a short range and long range plan, re-establish the committee, needs fair evaluation for improvements. The beach as it exists is not on par with the rest of Seapointe Village.

1-318 Improve acoustics. Raincurtain waterfall should be painted. Response that the waterfall trellis will be painted in the off-season.

2-404 Asks about the remaining project items. Response that open items includes spa coping, rain curtain, steps, lighting, fountain feature.

3-503 Confirms beach firepit is still smores-free. Comments that several paver stones on the new deck area are loose. Response – yes to firepit, pavers will be reset...part of punchlist.

2-312 Suggests shade over the new waterfall gazebo.

1-517 Suggests freestanding umbrellas instead.

2-405 Requests lounge chairs by the new spas.

2-507 Comments that his son provided shark bite tourniquets to the beach lifeguards.

There was no further public comment and the meeting was adjourned at 11:45 am.