

President's Comments - continued

The Master Council and Finance Committee members have significant amount of financial information readily available that helps during budget development.

Master Council and management continue to focus on pro-active planning and asset management – to identify and perform condition assessments of critical assets, have a reliable basis for determining full cost replacement pricing for reserve funding and work with professionals to develop capital plans and to address issues and concerns; to develop and continue with energy cost controls, and to extend the useful life of the infrastructure.

He commented about the Fiscal Initiatives, initially introduced in 1997, which focus on cost effective controls in operations, maintenance and energy. Internal controls, multiple bidding, define staff duties and set performance standards, institute annual work plans tied to the budget, regular financial reports, quarterly reviews and meetings, managers reports and a pro-active preventive maintenance program.

Mission Statement – to preserve, protect and enhance quality of life at Seapointe Village. Correlate owner feedback guiding Master Council actions to enhance amenities.

Alternatively, there has been some good news too.

Real estate sales have been robust with 27 sales last year. Owners have been receiving their asking price with little or no inventory available. This activity reinforces Seapointe Village's demand and good value in the real estate market.

Seapointe Village Realty indicated that the rentals for the coming year, July & August, are fully booked already. The demand for Seapointe Village's premier family resort continues to be a strong and popular family vacation destination.

On Friday, March 4, 2022, NJ Governor Murphy announced the statewide public health emergency and the statewide school and daycare mask mandate will be lifted effective Monday, March 7, 2022. Also, Governor Murphy stated NJ is moving from a pandemic disease phase to an endemic disease phase.

Other major business items to be reported on 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:

Storm water system outfall pipe extension in Fall 2022

Dunes and walkovers forecast during the 2023-2024 off-season;

Gatehouse / front entry rehab with a preliminary budget of \$200,000 financed from existing reserves; possibly as early as the 2022-2023 off-season

Street repaving sometime in the coming 5 years. Master Council is also looking for Township participation to reduce this cost.

Also, Garden pool & lagoon rehab and Centre Court pool rehab after Garden pool. No budgets or timetable have been established for these pool rehab projects.

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

President's Comments - continued

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.

He noted Master Council committee liaisons:

Landscaping – Joe Panepinto

Finance – Mike Szelak

Personnel & Security – Elly Bernstein

Pools & Beach – Ben Martorana and John Ferrara

He took a moment to personally acknowledge the death of Gene Rozzi. Gene was a long-time Seapointe Village I President, member of the Seapointe Village Master Council and made important positive contributions to Seapointe Village. He designed and assisted in bid solicitation and meeting with contractors for the plaza deck. He noted that Gene structurally designed the trellis with steel and pressure treated lumber to replace the original trellis that had to be removed in 1997 because it was rotted and structurally unsound. He was instrumental in the 2005 plaza deck rehabilitation project and was always looking for cost effective alternatives in improving Seapointe Village infrastructure and assets. He expressed his sympathies to Gene's family. Sylvia Rozzi indicated a memorial service for Gene would be held in the area sometime in early summer.

Thank you all for participating and support in making Seapointe Village the premier family resort destination on the Jersey Shore.

Manager's report: Jim Yost

The Master Association budget challenges focused on the labor market challenges, increases in insurance premiums and costs for water and gas. 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.

The traditional rec tag is being replaced with an elastic wristband. The bands are blue with white print and are sequentially numbered. There are also smaller sizes for children. They will be available in mid-May.

The new tractor arrived in November. It was ordered in February 2021.

Off-season Projects throughout the Village

We built 12 more beach storage boxes for 2022 (increasing the total to 90).

Some will be placed some at the northern end of the beach. The lottery will open in a few weeks, drawing will take place in early May.

The Pinnacle Master common areas were painted this off-season.

Three more memorial benches were ordered.

Both tennis courts have been lined for pickleball.

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

Manager's report -continued

Off-season Projects throughout the Village

North Beach, South Beach and Pinnacle having exterior repair work done based on the RJ Kenney façade report. Work will resume when weather improves.

South Beach interior refurbishment is in progress.

Pinnacle had fire annunciation blasters installed in corner units. Pinnacle is planning for residential hallway refurbishment in 2022-2023 off-season

North Beach trash compactor replaced, South Beach will replace its trash compactor.

One unit is in the multi-list. There are 3 units under contract. There have been 2 resales to date this calendar year. Demand is still strong, but listings are challenging due to the amount of turn over the past few years. Local and national trends reflect a shortage of both sales and rental properties.

The inventory for rental properties at Seapointe Village is down but this is consistent across the country. SV Realty reports demand for vacation rental properties is high for the 2022 season. SVR is sold out of weeks July 1st through August 26th. SVR is actively trying to solicit listings for additional rental properties

Over the past two years, many resale buyers are looking to use the properties as second homes.

There were a few owners that would use SVR as well as partially rent with AirBNB. Most of those owners now are renting exclusively with AirBNB. Newer owners are using online third-party services such as AirBnB and VRBO. Control of these outside rentals (and collection of lease fees from these owners is expected to be a challenge in 2022.

Hotel Iona expects work on the facility, including the rooftop banquet center to be complete and the hotel to re-open by end of April 2022

The former Royal Plaza Motel immediately north of The Grand is undergoing a complete interior and exterior renovation and refurbishment of the property. It will be renamed and rebranded as the Mahalo Motel and have a Hawaiian theme. Expected re-opening by Memorial Day weekend.

AC Electric has plans to replace the original transformers affecting North Beach, South Beach, Pinnacle and the 100-200-300 Townhome Buildings. There has been miscommunication between the engineering department and field crews, delaying the start of this work.

The transformers for North Beach, Pinnacle and the 100 TH building are tied together, and the South Beach, 200 & 300 TH buildings are tied together. This means that each of these buildings will lose power when work is done to any of them.

I am awaiting the ACE engineering department to advise me when the work is scheduled. I told them we need at least seven days advance notice for each.

Inspira health Systems plans to locate an ambulance in Diamond Beach daily 8am – 10pm from mid-May through mid-September for the 2022 season. Their initial discussions with Wildwood Crest to “rent” space for their vehicle have been unsuccessful to date. Inspira representatives cite an unrealistically high rental fee demand from Wildwood Crest. I met with Ben Church, Inspira Health network EMS SCTU Manager/Coordinator to offer space at Seapointe Village and any other assistance they might need.

Manager's report -continued

Recent homeowner passings

Rick Buckley	South Beach 507	October 16
Barbara DiCenso	SB 214 / Gar 215	November 27
Terri Petrucci	North Beach 503	January 15
Gene Rozzi	North Beach 712	January 25
Chuck Savite	Garden 311	February 1

Our approach for the 2022 season is to remain optimistic that as a country and State we are coming out of the pandemic and that all restrictions and requirements in place will be lifted, assuming infections and infection rates continue along their current trend. Seapointe Village will continue having hand sanitizer readily available and making sure Custodial staff is cleaning all touch points regularly.

The pool access control monitors will continue for 2022, but for the purpose of verifying users are residents, not for contact tracing.

Indoor community areas such as exercise rooms, game rooms, playrooms and lounges, outdoor amenities including BBQ grills, firepits, playground, basketball and tennis courts will be available for use with no restrictions.

Master Council and the respective village Councils will determine if their May homeowner meetings will be conducted in person or via video-conference. These meeting decisions will be made as we get closer to the meeting dates.

Treasurer's Report: Mike Szelak

Preliminary financial statements for fiscal year April 2021 through February 2022 operating performance compared to budget indicate:

Income is over budget by \$35,111. Expenses are over budget by \$235,038.

ITEM	AMOUNT	OVER/UNDER BUDGET	COMMENT
TOTAL INCOME	\$2,647,696	+\$35,111	+1.34%
Administrative fees	\$31,124	+\$14,974	Resale activity
Miscellaneous income	\$97,649	+\$26,499	Parking, beach tags
TOTAL EXPENDITURES	\$2,633,981	+\$235,038	+9.79%
Professional fees	\$60,756	+\$8,756	Engineering/Legal
Office operations	\$37,622	-\$3,553	
Misc A&G expenses	\$20,920	+\$2,457	State boiler inspection fees
Insurance	\$85,454	+\$2,404	Prop/Liab/WC premiums
Custodial expenses	\$31,240	+\$741	
Maintenance expenses	\$65,690	+\$16,440	Dumpster/ golf cart repairs
Beach related expenses	\$64,111	+\$16,111	Tent flooring /lockers
Pool Operations	\$100,370	+\$36,370	AED/paint/Testing service
Security supplies	\$11,925	-\$325	
Payroll & related	\$1,323,840	+\$157,360	Wages, OT, bonuses
Trash	\$16,221	-\$11,279	
Electric	\$90,332	-\$12,668	
Gas	\$49,132	+\$8,132	
Water	\$154,433	+\$19,433	Higher in-season population
RESERVE CONTRIB	\$239,635		
NET INCOME	(\$225,920)	(\$199,927)	7.6% negative variance

Account balances & related fiscal issues

As of February 28, 2022, Master Association cash is \$1,195,580.

<u>Account Balances</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating/Payroll	\$157,568	\$170,934	\$87,560	\$162,992
Capital Reserve	\$964,404	\$988,443	\$861,879	\$373,604
Deferred Maintenance	\$73,608	\$74,006	\$141,684	\$116,512
TOTAL	\$1,195,580	\$1,233,383	\$1,091,123	\$653,108

Treasurer's report, continued

Reserve Replacement / Deferred Maintenance expenses fiscal year to date - \$240,548

Reserve Replacement / Deferred Maintenance expenses during 2021-2022 fiscal year to date are \$240,548, \$229,194 of which is classified as Reserve Replacement and \$11,354 is classed as Deferred Maintenance. Detail shown below.

<u>Reserve for Replacement</u>	<u>\$229,194</u>	<u>Deferred Maintenance</u>	<u>\$11,354</u>
Beach walkways	\$56,704	Plaza deck caulking	\$11,354
Tractor	\$43,978		
Centre Court pumproom	\$22,500		
Stormwater upgrades	\$20,861		
Lounge chair restrapping	\$18,411		
Stormwater outfall engineering	\$12,969		
Gatehouse architecture	\$10,115		
Security system wiring	\$9,854		
Access gates (3)	\$9,000		
Golf cart for Security	\$5,651		
Sitework	\$4,885		
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		

Status of reserve projects for the 2021-2022 off-season

Stormwater Outfall – awaiting CAFRA permit, soliciting bids at present, undetermined at this time whether the project will be done Spring 2022 or Fall 2022

Ibis Lane stormwater upgrades – in progress, awaiting generator, expect completion by May 2022

Centre Court pool pump room rehab – delays in obtaining necessary electrical components make completion in time to allow for the Centre Court pool to open before Memorial Day 2022 uncertain, therefore pushing this project back to 2022-2023 off-season

Treasurer's report, continued

2022 Master Association Budget - \$3,008,244 (6.1%) Increase

The 2022 Master Association budget operating budget increases by \$171,624. (6.1%) including a 5.5% increase in condo fees.

What increased and why:

- \$125,960 (10.2%) increase for payroll and wage taxes, most of which is driven by the difficult local labor market and the minimum starting wage at \$15
- \$18,200 (13.5%) increase in water expense (high usage in summer quarter)
- \$15,000 (21.4%) increase in pool/spa operating and maintenance expenses
- \$9,000 (20.0%) increase in gas
- \$9,000 (16%) increase in engineering fees
- \$8,172 (2.8%) increase in reserve contributions
- \$7,000 (4.2%) increase in insurance premiums

Master fees for the 2022-2023 fiscal year (compared to prior year) are as shown below.

	<u>2022-2023</u>	<u>2021-2022</u>	<u>Change</u>	<u>%</u>
One bedroom	\$344	\$327	\$17	5.2%
One bedroom / den	\$387	\$367	\$20	5.4%
Tow bedroom	\$429	\$407	\$22	5.4%
Two bedroom / den & larger	\$513	\$486	\$27	5.5%

A handout explaining components of each of the budget line items is distributed along with the 2022 SV Master operating budget.

Motion by Szelak, second by Bernstein, budget passes 6-0.

Village budget comparisons

The initial budget drafts for all villages were challenging because of insurance premium increases and increases in reserve funding.

All villages except SV V -Centre Court and SV VI – Single Family Homes are increasing condo fees by at least 5.5%. Across the five multi-family buildings, the monthly condo fee for the one-bedroom units ranges from \$150 to \$207; and the monthly condo fee for the two-bedroom/den units ranges from \$272 to \$288.

Four of the multi-family buildings are including either insurance offset or reserve funding payments as part of their respective budgets.

Over the coming weeks, notices will be sent to all owners including correspondence explaining the SV Master 2022-2023 budget and their respective village budget and condo fees.

Treasurer's report, continued

He reminded owners about the collection policy and late payment fees, and that the policy would be distributed to all owners with the 2022 condo fee mailing.

ACH/bill-pay for condo fee payment

It's been one year since we initiated ACH payment. At present, 154 homeowners use the ACH for condo fee payment, and 159 use bill-pay services, almost 63% of all owners.

	<u>ACH</u>	<u>Bill-pay</u>	<u>Total %</u>
North Beach (108)	27	39	61.1%
South Beach (108)	28	43	65.7%
Pinnacle (78)	32	15	60.3%
Garden (51)	18	18	70.6%
Centre Court (72)	28	12	55.6%
Single Family (20)	5	5	50.0%
Townhomes (62)	<u>16</u>	<u>27</u>	<u>69.4%</u>
TOTAL	154	159	62.7%

The ACH authorizes the Association to withdraw the budgeted condo fee every month, as well as any additional reserve funding assessments, which eliminates the owner having to change the withdraw amount when condo fees change. Since initiating ACH the overall delinquency rate has dropped.

Committee reports:

Landscaping:

The pre-season landscaping cleanup began on Dune Drive this past week. The Spring work will be mostly routine cleanup and mulching. The arborist is scheduled to perform annual pre-season inspection in mid-March. Flower delivery is scheduled for Tuesday April 26th.

Beach:

Beach grading and raking has been on-going 2-3 times per week for most of the off-season. 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. There is not as much sand on the back beach area this year compared to previous.

The beach amenity plan is mostly consistent with last year, including the tented seating area. Amenity placement will begin in early May.

There are 90 beach storage lockers. Most will be located at the southern end, about 12 placed at the northern end of the beach. Given expected strong demand, we will distribute lottery forms with the condo fee mailing in the coming weeks. Rental fee remains at \$300 for this season.

There will be additional signage and fencing where necessary to keep people off the dunes. The northern property line boundary will be installed this season, the southern property line Boundary will not be installed this season.

Pools:

Pre-season work will begin week of March 28. Pre-season opening will begin at oceanfront pool, then move to Garden pool, then finally to Centre Court. The Ibis pool will be closed for the week after Mother's Day for pre-season maintenance.

Mike Damico, Linda Kelley and Jose Panesso will be supervising the department. Mike will concentrate on getting the pools open for the season, then the daily operations. Jen Rickert will supervise the beach guards again this summer. Most of the beach lifeguard staff is returning. A copy of the 2022 hours of operation for recreational facilities is attached.

The heater for the Ibis Pool Building went down in early February. Conover Swanson was able to repair the system but stated that the heater (original to the 2007 construction) is reaching the end of its service life. Estimate is \$148,000 to replace the system. Lead time is 25 weeks. We should be able to nurse the existing system through the summer season but are planning for replacement this coming fall. We are retaining a mechanical engineer to evaluate the existing system, identify any alternatives and guide us to the most cost-effective long-term solution.

A replacement cover for the Ibis pool outdoor area was ordered last Fall. The cover, which must be custom-made, has yet to arrive. We expect to have the cover for next off-season.

Personnel & Security:

There are two new department supervisors this year. Mike Siner has taken over as Maintenance Supervisor following Wayne Craigs retirement. Mike Damico, a longtime beach lifeguard has taken over as Aquatics Department Supervisor. Department supervisors are focusing on pre-season work and facility opening, and payroll cost controls. Security staff emphasis on ongoing training and consistency of procedures.

Unfinished Business:

Shore Protection Project

NJ Department of Environmental Protection (DEP) representatives attended the February 23, 2022 Lower Township Council meeting to provide an informational update regarding the Shore Protection Project. Seapointe Village legal counsel Karim Kaspar and Jim Yost attended representing Seapointe Village.

The Project is currently planned to start in the fall of 2023 and last through the 2023-2024 off-season. The Project involves constructing approximately 25,000 linear feet of dunes 16 ft high and 25 ft crest width. Sand for the Project will be taken from beach and underwater areas of Wildwood and Wildwood Crest and pumped to the dunes throughout the island. The Project will take 6-8 months to complete. The initial cost of the Project is \$21million, funded 65% by the federal government and 35% by the State. Future renourishment is funded 50/50 between the State and federal government.

Chris Constantino, DEP Project Manager offered no new details on the Project beyond what has been presented in the 65% Plan presented in 2018. He stated the DEP is working on the 90% plans which still show no sand harvesting south of Jefferson Avenue. His powerpoint presentation, along with the Farrell presentation and interview have been posted on the spvma website.

Seapointe Village is working through our legal counsel to arrange a meeting with the DEP to discuss our concerns about the Project.

Stormwater Outfall Extension

The stormwater outfall CAFRA application has been submitted to the DEP. Lower Township has granted our site plan application for the 306' extension. The outfall pipe is 36" diameter and the bottom of pipe would be about 1' above the seafloor.

Depending on receiving our CAFRA permit, if the outfall extension cannot be completed by May 13, the work will be pushed back until after the season, starting as early as October 3, 2022.

Our project engineer expects to receive bids by March 11th. The contractors are bidding to perform the work in either Spring 2022 or in Fall 2022.

Club License

The application has been submitted for a club license. Alcohol sales are not expected to be in place for the 2022 season.

Structural and façade inspections

SV consulting engineers performed structural and façade inspections of the plaza deck and exterior facades and their reports indicate the all structures at Seapointe Village are structurally sound and the exteriors are performing as intended.

New Business:

None was presented.

Homeowner Comment

2-404 asked about ambulance service. Jim Yost reported that Lower Township contracted with Inspira Health Systems to take over ambulance service after the township volunteer ambulance service went out of business. Inspira has been negotiating with Wildwood Crest to use part of their facility, but so far Wildwood Crest has been unwilling to reach any agreement.

2-517 asked about the odds of Seapointe retaining ownership of our beach after the the Shore Protection Project. Stan Cach said the State has been successful in majority of cases, but Seapointe is unique. It is unknown how it will play out legally but he hopes we have a fair shot. Ben Martorana stated that he doesn't feel the State has been responsive correcting factual inaccuracies and is over-reaching.

2-404 asked why we need to extend the outfall. Jim Yost explained that the Seapointe beach gains sand every year. First extension was 300 ft done in 2009. Sand accretion is such that the outfall must be extended again this year. Failing to extend the outfall leaves all of the parking garages vulnerable to flooding during severe rain events.

7-316 asked about the dunes. Jim Yost stated that the walkover at the Ibis Lane beach access is planned to be built consistent with the other walkways when the dune project is performed.

3-503 asked about timing. Project appears to be scheduled for late Fall 2023.

3-503 asked about the club license. Unlikely for any beach beverage sales in 2022.

3-503 commented that the roads appear in acceptable condition to him.

2-401 asked if the electrical transformer replacement will improve electric service in the buildings. She is interested in a tankless water heater.

With no further questions, the meeting was adjourned at 12:01pm.