

High Bar Harbor Yacht Club Condominium Association
Board of Trustees Meeting Minutes
Sunday – April 3, 2016

Board Members Present

Alex Millerand
Jay Kikkawa
Kevin Mimm
Tryg Dahl (via phone)
Gavin Lentz (via phone)

Employees Present

Mark Hazley

Members Present:

Bill and Joanne Guertler, Ed Meline, Jim Avery, and Jim Frank

Meeting Called to Order: 10:01 AM

Marina Manager's Report by Mark Hazley:

- Two outside restrooms remodeled, inside bathrooms painted on first floor
- Electrical sheds remodeled as needed
- Ice eaters removed for the summer season
- D & E docks resurfaced and hardware replaced as needed
- K dock and finger piers resurfaced
- Shed for the pool heater remodeled
- Slip I-12 (35') sold on 2/16/16 for \$36,000.
- As of this date, only 9 slips available to lease
- Week of 4/11 – pump out system turn on
- Mark applied for a NJ Sea Grant worth \$3,700 towards our pump out system
- A non-profit group again asked for use of the Marina to hold August Weekend Fishing Tournament; Board members discussed pros & cons (wear & tear on property and members losing use of pool to non-members during past event. Tryg, Alex, and Kevin voted NO for 2016, and will reconsider any request on a year to year basis.
- 2016 Pool Badges? – All 5 Board members voted no for 2016 because they are never worn and not enforced. Mark added his staff and other members know who belongs in the pool area.
- Power Pedestals for each slip approaching useful life expectancy; estimated \$1300 cost for each slip location for complete replacement in the very near future.
- E Dock was battered by last Nor'easter. Repaired, but in need or replacement in very near future because of the many past repairs and its location to the effects of storms.

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Alex Millerand directed Mark to contact suppliers/contractors and acquire current estimates for potential Capital Expense Projects as listed:

1. Contact Technomarine for current repair estimate to completely replace E- Dock.
2. Obtain estimated to replace the deteriorated wooden bulkhead along-side the pool with a new vinyl bulkhead material
3. Find suppliers for new Power Pedestals that will be needed first on E-Dock and their cost.

Mark's mission is only a fact-finding project at this time. The Board needs current prices in order to evaluate what needs to be repaired or replaced before we have a major problem.

Treasurer's Report: by Jay Kikkawa

See attachments

New Business:

Kevin Mimm advised that Juan & Raul have been working in the small boat on very cold water without PFD's. Mark advised that their current life jackets are old and very bulky. The crew has a hard time working in them. The Board unanimously approved purchasing 2 work style inflatable life jackets for Juan & Raul to use when working on the water.

Meeting Adjourned: 12:58 PM



HBHYC Treasurer's Report
Jay Kikkawa (I-19)
4/3/2016

This Report has been updated in response to feedback obtained during the Board Meeting of April 3, 2016. On 3/15/2016 the following documents were distributed to all owners:

- I. "Comment from Treasurer for 20 March 2016 Board Meeting.pdf"
- II. "Summary of Budget Changes 032016.pdf"
- III. "10 Year Operating Summary and Proposed Budget 032016.pdf"
- IV. "Summary of Cash and Capital 032016.pdf"
- V. "Capital Charge Detail 032016.pdf"

In response to comments about the budget format, I am here including a new document:

IV. "10 Year Operating Summary 040316.pdf"

which replaces (III) and more closely conforms to our historical methods for these summaries.

A) Operating Budget

In (I), I proposed an increase in our operating budget to reflect our actual operating expenses. One way to accomplish this would be to keep our condo fees unchanged and adjust our operating/capital ratio from 60/40 to 70/30. Another way would be to increase our fees to keep our annual capital contribution the same. The changes were summarized in (II) and detailed in (III), showing the primary reasons for an increase in our operating costs to be insurance and reinstatement of payroll tax as an operating expense.

Our marina insurance cost has more than doubled since 2011. Mark has reported that part of this rate increase is due to increased coverages to meet the requirements of our association, but it is plausible that part of the increase can also be attributed to insurance company cost recovery in the wake of Hurricane Sandy (see below).

| | |
|------|--|
| 2016 | \$62,332 + 2015 invoices paid in 2016 |
| 2015 | \$56,564 |
| 2014 | \$66,448 |
| 2013 | \$60,109 |
| 2012 | \$35,095 ←(Hurricane Sandy October 2012) |
| 2011 | \$29,451 |
| 2010 | \$25,385 |
| 2009 | \$24,572 |
| 2008 | \$27,125 |
| 2007 | \$21,678 |
| 2006 | \$25,361 |

B) Capital Expenses and Reserves

In (IV) and (V) I showed our capital expenses over the period from Jan 1, 2015 until 2/29/16. The expenditure of \$73k is dominated by resurfacing our pool (\$22k), updating our bathrooms (\$25k), and those expenditures are in good agreement with the estimates given on 8/30/15 by Dave Hall (\$20k and \$23.5k, respectively).

The following capital expenses are forthcoming and need to be considered in the context of capital reserve discussions: Bulkhead (\$500k estimate), E-dock (\$210k revised estimate), Replacement of All Power Pedestals (\$85k, guesstimate).

Our year end bookkeeping has revealed that our interest rate at Synchrony Bank dropped from 1.0% to 0.02% sometime in Spring, 2015. The Treasurer will follow up with the bank to understand the reason for this rate drop.

As of 2/29/16 our Capital Reserves stand at \$938k. This compares to reported capital reserves of \$512k at the start of 2012. The following table is provided to guide our discussions, which assumes a flat fee structure, and 2% inflation of routine capital expenses:

| Year | Capital Reserve | Capital Fees | Routine Capital Expenses | Special Capital Expenses | Description |
|------|-----------------|--------------|--------------------------|--------------------------|-----------------|
| 2016 | \$938,204 | \$182,416 | \$20,000 | \$210,000 | E-dock |
| 2017 | \$890,620 | \$182,416 | \$20,400 | \$85,000 | power pedestals |
| 2018 | \$967,636 | \$182,416 | \$20,808 | | |
| 2019 | \$1,129,244 | \$182,416 | \$21,224 | | |
| 2020 | \$1,290,436 | \$182,416 | \$21,649 | \$500,000 | bulkhead |
| 2021 | \$951,204 | \$182,416 | \$22,082 | | |
| 2022 | \$1,111,538 | \$182,416 | \$22,523 | | |
| 2023 | \$1,271,431 | \$182,416 | \$22,974 | | |
| 2024 | \$1,430,873 | \$182,416 | \$23,433 | | |
| 2025 | \$1,589,856 | \$182,416 | \$23,902 | | |

C) Recommendations

- 1) The original budget of \$75k for E-dock needs to be significantly expanded to reflect recent estimates. We received a quote of \$155k from Technomarine for the dock itself. Additionally, Mark has suggested an additional \$55k for Barge / piling service, electric service, pedestals and plumbing. Those numbers are simply his best initial estimate.
- 2) The power pedestals are reported to have internal corrosion on the electrical connectors that will mandate their replacement soon. It is suggested that capital expenditures for their replacement be approved.
- 3) We need to increase the operating budget to reflect annual operating increases, and assess our insurance policy to ensure that it is competitive.

