

## SUMMARY

### PIER 3 OPEN BUDGET MEETING

TUESDAY, DECEMBER 12, 2017

Location: Mezzanine

Meeting Called to Order by President, Ed Collins, 7 PM

Ed announced the resignation of Al Borden and the appointment of Maria DeMarco to fill Al's unexpired term. Al's many contributions and service to the Board and community were recognized.

#### **Third Floor Artwork:**

Board Secretary, John Gagliano, reported that historical photo samples were on order and would be made available for owners to view and provide feedback prior to final production of prints. John fielded questions regarding size and number of photos needed for the hallways.

**Question:** Will hallway light fixtures be replaced?

**Answer:** Bulbs had been changed to LED; however, due to cost consideration, there was no plan at this time to replace the light fixtures.

**Question:** Will marble tiles in 3<sup>rd</sup> floor north hallway be replaced?

**Answer:** There are no plans at this time to replace the marble floor areas in the 3<sup>rd</sup> floor hallway.

#### **State of the Pier:**

Board President, Ed Collins, reported on the State of the Pier. The scope and cost of past, ongoing and future projects were discussed, including, but not limited to, seawall repairs, EFIS sealing, pool HVAC system replacement, vibration analysis, steel walls and buttress repair, atrium stair replacement, pool door replacement, and roof replacement (reference meeting presentation slide.) The costs presented for future major projects (roof and atrium) were taken from the 2015 Capital Reserve Study. It was noted this Study is available for review on pier3.net.

Ed noted that it is less expensive to save than to borrow; however, it may become necessary for the Association to consider taking out a loan to fund major projects. The increase in fees for 2018 has been allocated to the Capital Reserve Funding in order to build up the fund and reduce the amount of any loan that may be necessary. Ed further noted that the Board had met with a representative of FirstService Financial to discuss the possibility of a loan. While general information was learned, further loan discussions cannot take place until engineering specifications are developed and actual bids for roof and atrium concrete and waterproofing membrane replacement are obtained.

**Question:** Would individual units be encumbered by the loan?

**Answer:** No, loan repayment would be based solely on the pledge of future assessments.

The current amount of delinquent assessments and aggressive collection efforts, including Sheriff Sale, was discussed. The total delinquency at 11/30/17 was reported to be \$441,709.00. It was noted that one owner accounts for approximately 67% of the total delinquency and related on-going litigation.

### **2018 Operating Budget:**

Community Manager, Cathy Proctor, highlighted some of the items in the 2018 budget, noting the favorable (less than 2%) insurance renewal premium increase, in spite of the unfavorable five-year loss history. It was noted the number of leak incidents over the past couple of years has greatly reduced due to maintenance projects. The renewal premium for the flood policy is not yet known as this policy does not renew until March 2, 2018. A 5% increase was budgeted for insurance in 2018.

The 5% increase in the bulk Comcast service contract was discussed. It was noted that the current contract has a five-year term, November 2015 – November 2020. Multiple owners suggested that the Board re-negotiate the current contract, or possibly eliminate the contract. Not all owners want the TV service and could contract individually. An owner noted while the cable cost is not major, elimination of the cost would help offset the increase in monthly fees. John Gagliano will review the current contract, and the Board will discuss at a future meeting.

**Question:** What is the “Capital Contribution” income budget line item, and why was it increased?

**Answer:** This fee is collected at time of unit resale and is equal to (3) months of the current assessment amount. It was reported that as of 10/31/17, \$28,242 in revenue had been generated by the Capital Contribution Fee in 2017. The budgeted income for 2018 was based on projected resales.

**Question:** Why is electricity expense budgeted higher in 2018?

**Answer:** The electricity line item was under budgeted in 2017 anticipating a greater savings than actually realized.

**Question:** What means are available to generate income i.e., pool membership to Pier 5 residents as had been discussed in the past.

**Answer:** This suggestion had been previously investigated and found not to be feasible due to liability concerns.

**Suggestion:** Installation of solar panels as a means to generate income.

**Answer:** Board and Headhouse owners researched possibility of installing solar cell panels. It was determined that it was not feasible as a revenue source.

**Question:** What is cause of slow progression of atrium stair replacement project?

**Answer:** Very poor coordination and communication within the vendor’s organization, lack of continuity of labor, field changes.

### **Long Range Capital Planning:**

Board Treasurer, Jo Ann Benner, presented the Long Range plan. The cost and timing of the projects were reviewed. Jo Ann fielded questions on the amounts listed in the plan and noted that the figures were presented per year from 2017 through 2020. It was reiterated that costs for roof and atrium deck/waterproofing membrane replacement were based on the 2015 Capital Reserve Study.

It was noted that a slight overrun in the \$600,000.00 special assessment projects is projected; however, final costs for atrium stairs project and 3<sup>rd</sup> floor artwork are not yet known. Any overrun will be advised and recouped through an additional special assessment which will likely be very minimal.

An owner requested that the owners be notified by email when a capital project was approved, as opposed to waiting for minutes to be approved and published.

There being no further questions, the meeting was duly adjourned at 8:25 PM.

NOTE: Due to projector malfunction, the slide presentation was distributed hard copy to those in attendance. The slide presentation will be emailed to all owners for information, along with the meeting summary.