

**BAHAMA VILLAGE DOCKS, INC.
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August 1, 2022

Dear Class 'A' Members:

Thank you for your patience and input as we meet the critical need to rehabilitate our docks. This letter summarizes what the Board of Directors voted upon and decisions passed over the last month which were based upon membership contributions through our surveys, workshops, the 2022 annual meeting, and informal communications with members on the BVD Board of Directors.

Some may feel that the process has been less transparent than they wish. However, the sheer complexity of marrying contractor bids, financing, and membership desires into a workable plan would not have been possible without the significant member participation received. The Board of Directors urges you to trust that the hundreds of hours your unpaid volunteers have put into this plan achieves the best value with the least risk to benefit our Class A Members and our marina.

A summary of policy decisions voted upon and agree unanimously by the BVD Board of Directors is as follows.

Board Voted and Passed Policy decisions:

- 1. Contractor Selection: Bellingham Marine is selected to refurbish the dockage, electrical and water systems of our docks**
- 2. Refurbishment Financing: All Class A member/shareholders will share the costs of financing the dock refurbishment**
- 3. Loan Reduction: Any annual surpluses beyond meeting maintenance, loan commitments, recurring fees, and revitalizing the reserve fund shall be applied toward any loan principal**
- 4. Financing the future of BVD: All Class A member/shareholders will share the costs of future dock maintenance and alternative means will be provided for payment**
- 5. Slip Usage: Fees will be charged based upon the moorage length used and shall include the estimated water, electrical, and maintenance fees**
- 6. Private Gangways: Member/shareholders with private gangway access will pay a \$200 a year maintenance fee**
- 7. Billing and Due Dates (see below)**

Details and the effects of these policy decisions are discussed below and outlined in the two tables attached to this letter: “Table No. 1-BVD Forecasted Annual Assessments” and “Table No. 2-Easy Read BVD Fees and Assessments for Class A Members”.

1. Contractor Selection. Bellingham Marine is selected to refurbish the dockage, electrical and water systems of our docks

Bellingham Marine is selected as our contractor with work estimated to start in early Spring 2023 after all permits are cleared.

After the most recent survey, our membership indicated an overwhelming preference, 98% of respondents, for the lower cost, lower risk Bellingham contract. As a result, the Board of directors has unanimously voted to select Bellingham Marine at a fixed price contract of \$2,628,817. The contract includes demolition of older dock elements, all pilings and all electrical/water services. It includes engineering, manufacturing and installation of new dock elements, 42 ± new pilings and the entire electrical/water service system.

While this is nearly \$700,000 below the original bid for the same product, additional governmental fees, environmental compliance permits, environmental monitoring, building permits, and 12-18 months of financing will add upwards to \$400,000 to the project for a total of about \$3,100,000.

2. Refurbishment Financing: All Class A member/shareholders will share the costs of financing the dock refurbishment

To raise the projected \$3,100,000 required to complete the Bellingham contract, the board has found the best option at lowest cost to be a 12–18-month , \$2,300,000 construction loan, which is secured. Upon project completion, the debt will be refinanced through a multi-year loan.

The Projected Costs Look Like This:

Bellingham/Contractor	\$2,630,000
12 month ± Financing Cost	
Points + Admin	\$50,000
Interest	\$180,000
Environmental/Permits/Monitoring	\$120,000
Contingency/Reserve	\$120,000
	\$ 3,100,000

To start work at least \$800,000 in cash is required for the loan and to set up a reserve for contingencies. To raise the cash funds, BVD will assess each Class ‘A’ share a \$9,000 special assessment of which \$4,500 will be due on or before September 1, 2022 with the

balance due by December 15, 2022. The Board would prefer if members made one \$9,000 payment to keep bookkeeping effort down.

The Board of Directors recognized that there are some valued members of Bahama Village Docks who may have difficulty meeting the initial assessment costs and would need an extended payment plan to retain their shares.

To provide funds to assist these members, the board has solicited and is soliciting members to pay an additional \$22,000 for their Class 'A' shares part by September 1, 2022. As an incentive, these early, big payment members will be entitled to a \$125 per share monthly slip use fee deduction after January 1, 2023 (See slip fees below.) until the refinanced loan is paid off.

For every early, big payment received, the Board will consider two members in need for a stretched payment over a 6 payment, 15.5 month period. There will be a modest administrative payment. Interested members must contact the Board before September 1, 2022 and can demonstrate in writing with certainty they could not make the two-part (9/1/2022 and 12/15/2022) payment program without enduring substantial financial hardship. Their Class 'A' share will secure their payment promise to BVD.

3. Loan Reduction: Any annual surplus beyond meeting maintenance, loan commitments, recurring fees, and revitalizing the reserve fund shall be applied toward any loan principal

As a matter of policy, the board has voted to ensure that additional revenues will be applied toward the principal of any loan in effect. All assessments and project funds, including loan proceeds, if held, will be run through a separate BVD Union Bank account requiring two Board members signatures and the Board's monthly review

4. Financing the future of BVD: All Class A member/shareholders will share the costs of future dock maintenance and alternative means will be provided for payment

Realtors have estimated that the shareholders' exclusive access to low-priced, high-quality slips in Bahama Village add upwards of \$150,000 to shareholders' properties.

In recognition of this value added to properties, and after substantial input at all three workshops and the annual meeting, it is clear that the membership prefers a financing plan that asks all Class 'A' members to share **in** the basic annual operating costs of having and enjoying a marina-based neighborhood.

To clarify, a substantial portion of our membership believes we must all share the cost of protecting the value to our properties whether or not a shareholder moors a boat in a slip.

To ensure an equal burden on all shareholders, the estimated annual cash cost for maintenance, administration, insurance, interest and property taxes, etc. of the BVD marina will be covered by an annual assessment per Class 'A' share. Again, any annual surpluses generated each year shall be applied towards reducing the principal of our debt.

The projected annual fixed expense breakdown for 2023 and 2024 with projected annual assessments are depicted on the attached tables. Note that two assessments are listed. One assumes shares remain as they are today, with 105 issued to members. The other assumes that 20 members will give up shares rather than invest in our docks.

If we retain all our membership, the first annual payments of approximately \$1440.00 will be effective January 1, 2023, and due no later than March 1, 2023 yearly. If we lose 20 shareholders, the amount will be approximately \$1780.00.

5. Slip usage fees will be charged based upon the moorage length used and shall include the estimated water, electrical and maintenance fees

While the annual assessment is expected to cover basic administrative costs and loan service, the slip users will pay the costs of electricity, water, the user related maintenance. To meet these requirements, BVD is raising the existing slip fees of approximately \$4.87 per ft. average per slip length to \$6.50 per ft. of moorage.

“Moorage” is defined as: *“The measured length of boat plus additional elements (e.g. hydro lifts, width, swim steps etc.) that take up area in the docks.”*

New moorage slip usage fees will be effective January 1, 2023. Again, any excess revenues generated or received shall be applied toward the principal of our debt.

Kayak and Personal Watercraft rack fees will be increased 25-30 percent effective upon completion of the project.

6. Member/shareholders with private gangway access will pay a \$200 a year maintenance fee

Another issue of fairness has been the cost of maintaining the 46 dock ramps serving only the homes located directly on the water. To date, this cost has been borne by the membership at large. The board estimates the cost of maintaining a ramp will average \$800 over a 4-year period. To offset the burden placed on non-waterfront members, BVD will assess \$200 per year to each of the 46 Class ‘A’ member on-water residence owners starting January 1, 2023.

7. Billing and Due Dates:

Please look at the attachment titled: “Easy Read BVD Fees and Assessments for Class A Members” for a breakout of annual and monthly costs for different share circumstances.

Billing going out for the special assessment will follow on or about August 4th 2022.

Important Dates:

30 August 2022	Last day for requests seeking extended special assessment payment
1 September 2022:	First special assessment amount due: \$4500 per share Members may pay total \$9000 per share

15 September 2022	Members desiring early, big payment benefits inform BVD Members desiring early, big payment benefits payment due: \$31000 per share.
15 December 2022	Second special assessment amount due: \$4500 per share
1 January 2023	Annual assessment levied New moorage slip usage rates in effect
1 March 2023	Annual assessment payment due\
1 March (approx.)	Construction begins. This date may be earlier or later. Details will be posted as they become available

This plan seeks to share the costs and financial benefits of membership in Bahama Village Docks equitably among shareholders for the next fifty years. Costs will go down as the loan is paid off. Our slip fees will rise only marginally to ensure sufficient reserves are in place and our expenses paid.

Your volunteer Board of Directors thanks the entire membership for your patience and support.

**From The Board
Bahama Village Docks, Inc.**

Table No. 1
BVD Forecast Annual Assessments as of July 31, 2022

	<u>Current Budget</u>	<u>Forecast 12/31/23</u>	<u>Forecast 12/31/24</u>
Operating expenses			
Accounting services	12,500	16,000	18,000
Depreciation	17,800		
Maintenance			
Labor	26,500	18,000	12,000
Supplies	9,250	5,500	3,000
Utilities			
Electric	8,500	0	0
Water	2,600	0	0
Insurance			
Directors & officers	1,250	1,325	1,450
Property	4,200	7,400	9,800
Dock loan interest	0	85,000	146,000
Office expenses			
Rent	4,200	4,200	4,200
Supplies	1,400	1,600	1,800
Membership events	750	3,000	3,000
Taxes			
Property	8,200	8,800	45,000
State and local	50	50	50
	<u>97,200</u>	<u>150,875</u>	<u>244,300</u>
Total	97,200	150,875	244,300
Total Class A Shares	105	105	105
Assessment per share		1,440	2,330
	85	1,780	2,870

Note 1 - 2023 and 2024 forecasts assume that utility costs paid only by slip users

Note 2 - 2023 and 2024 forecasts assume that BVD is able to obtain a 6.5 percent loan to refinance construction loan

Table No. 2

Easy Read BVD Fees and Assessments for Class A Members

Shareholders' costs based on 85 shares. Currently, BVD members hold 105 shares. This assumes worst case with 20 shares returned to BVD Inc by shareholders who do not wish to invest in BVD'S future.			
All shareholders' special 2022 assessment for reconstruction of docks	\$9000 \$4500 due 1 Sept \$4500 due 15 Dec BVD prefers one \$9000 on 1 Sept	For shareholders needing support: 6 payments over a 15.5 month extension	For shareholders who wish to invest: \$9000 + \$22,000 for \$125 reduction in one slip fee per share until loan is paid off.
All shareholders' annual fee for each share.	Due 2023: estimated \$1780	Due 2024: estimated: \$2870	Note: increased revenue through additional members or slip fees will lower annual fee.
Dockage Fees	\$6.50 per foot per month-based moorage	Moorage means: the measured length of boat plus additional elements (e.g. hydro lifts, width, swim steps etc.) that take up area in the docks	
Annual Ramp Fee	\$200 for shareholders with private ramps		
Kayak and personal watercraft	Same until completion of project		

Examples of Costs for Various Class A Member Shareholders for 2023 and 2024

Examples of Costs for Various Class A Members		
	2023 approximation (see note)	2024 approximation (see note)
2023 Cost per share with 40 foot moorage with home on the water (annual fee, ramp fee, slip fee)	\$260 per month slip fee \$1780 annual fee \$200 private ramp fee <i>Total = \$425 per month to slip the boat at BVD</i> \$5100 Annual Cost	\$260 per month slip fee \$2870 annual fee \$200 private ramp fee <i>Total = \$470.83 per month to slip the boat at BVD</i> \$5650 Annual Cost
2023 Cost per share for homeowner on water without boat	\$1780 annual fee \$200 private ramp fee \$1980 Annual Cost:	\$2870 annual fee \$200 private ramp fee \$3070 Annual Cost
2023 Cost per share for homeowner off the water without a boat	\$1780 Annual Cost	\$2870 Annual Cost

Note: Costs are structured around the BVD Board commitment to lower the annual fee and loan costs by paying off principle with any excess revenue. This revenue may come from membership sales and transfers, additional slip rentals to non-Class A members (rates to be determined) and any other overages in revenue or underestimates of costs from the budget forecast