

Dear Neighbors:

As you know, one of the biggest issues that the Admiral Heights Improvement Association (“AHIA”) will face over the coming year is what to do about the community dock on Williams Drive. Throughout the process of developing a solution, I have committed to keeping the process transparent. It is in that spirit that I am writing this letter to you today.

Since our May 1, 2018 Special Membership Meeting, the AHIA Board has researched options, developed a budget, and exchanged proposals with the Admiral Heights Boat Club (“AHBC”).

Here is what AHIA has determined:

- We should plan for a \$40,000 budget inclusive of permitting fees.
- That AHIA can afford to contribute roughly \$7,500 to the project. (After much discussion, the AHIA board was only comfortable with its savings dropping to \$4,500 for fear that we would need funds to cover other potential emergency expenses like removal of trees or repair from storm damage, etc..)
- That the solution will require a contribution from AHIA Savings, Slip Holders (current or future), and the community at large.

On September 6, 2018, the AHIA Board made the following proposal to the AHBC:

Responsibility of funding the \$40,000 budget would be divided as follows:

AHBC Contribution	\$ 27,700.00
AHIA Contribution from Savings	\$ 7,500.00
Community Fundraising	\$ 4,800.00
Total	\$ 40,000.00

AHIA proposed proceeding with AHBC as the project manager. Under this arrangement, AHIA would give AHBC \$7,500 plus any amount raised up to \$5,000. (If AHIA raises more than \$5k, it would be placed in an escrow account for future repairs/replacement. That escrow account is discussed later.)

AHBC would be responsible for any shortfalls that occur during the construction due to scope creep or actual prices above estimate. Shortfalls that are due to insufficient initial funds may be renegotiated as scope reduction. Any unused funds should go into the escrow account, which I will describe later.

We would establish a convenience lease for 20 years with lease payments being deposited into a jointly held escrow account. (Money in the escrow account would be used for mutually beneficial expenses such as dock replacement or structural repair (e.g., stringers, pilings), tree work on the property in excess of \$1,000, and safety related expenses.)

These payments would be made on the following fee schedule. The initial figure of \$0 assumes that all 2019 dollars are going directly to replacement. The 2020 figure of \$1,600 is based on the current estimate of AHBC’s annual net income. The remaining figures are arrived at by escalating the fee by 3%

every other year to account for inflation. (The rounding of figures in the third column is just a way to simplify it, and does not make a material change to the cost.)

Year	Escrow Deposit	Round Figures
2019	\$ -	\$ -
2020	\$ 1,600.00	\$ 1,600.00
2021	\$ 1,600.00	\$ 1,600.00
2022	\$ 1,648.00	\$ 1,650.00
2023	\$ 1,648.00	\$ 1,650.00
2024	\$ 1,697.44	\$ 1,700.00
2025	\$ 1,697.44	\$ 1,700.00
2026	\$ 1,748.36	\$ 1,750.00
2027	\$ 1,748.36	\$ 1,750.00
2028	\$ 1,800.81	\$ 1,800.00
2029	\$ 1,800.81	\$ 1,800.00
2030	\$ 1,854.84	\$ 1,850.00
2031	\$ 1,854.84	\$ 1,850.00
2032	\$ 1,910.49	\$ 1,900.00
2033	\$ 1,910.49	\$ 1,900.00
2034	\$ 1,967.80	\$ 1,950.00
2035	\$ 1,967.80	\$ 1,950.00
2036	\$ 2,026.83	\$ 2,050.00
2037	\$ 2,026.83	\$ 2,050.00
2038	\$ 2,087.63	\$ 2,100.00
Total	\$ 34,596.79	\$ 34,600.00

AHBC would be responsible for setting slip rates to cover their operating expenses and to ensure that this escrow deposit is made, and would remain responsible for regular upkeep of the dock, including decking, landscaping, etc.. The proposal required the Grounds Committee and AHBC to jointly present a property report to the general membership at the spring meeting.

While I hope to ask the membership to fully approve this proposal at our October meeting, I have not had a response from the AHBC as of the drafting of this letter. (To be fair, both organizations are volunteer organizations and we are doing much of this work in our free time outside our professional commitments.)

If the AHBC does not accept this offer, there are two viable paths forward for this project that the membership should consider.

First, we could move forward if any seven members of the community were to come forward and make up the \$27,700 needed for this project to proceed. (I do not believe that fundraising is a viable option for closing that large of a gap.) Quite simply, this could be raised by selling slip bonds for \$4,000, which the holder could later resell to another AHIA member under certain terms and conditions. AHIA would then have to set slip fees and take on maintenance. While this path needs more exploration, it would be helpful to know if there are members of the community who would be willing to pay \$4,000 for a slip bond. You can express interest by e-mailing me at President@AdmiralHeights.org. (Again, at this point we are just gauging interest. Neither AHIA nor you would be making a firm commitment at this point.)

The second option is to consider replacing the current structure with a stub pier that is good for launching kayaks, fishing, and other quiet uses. This option could be paid for through a combination of AHIA's savings and community fundraising.

I must reiterate that I remain optimistic that the AHBC will accept AHIA's offer prior to our October meeting. I have shared all of this information with you today so that you have as much time as possible to consider the options that the AHIA board presently faces prior to our membership meeting. I will continue to communicate with you as things change and as our path forward becomes clearer.

If you have questions about the state of the dock or these potential paths forward, please feel free to contact me at President@AdmiralHeights.org. I will also do my best to keep up with questions posed through the community's Facebook forum.

Respectfully,

Scott Gibson