

Jupiter Bay Condominium Association Newsletter

July 2017

Paul St.Clair - President
Marie Rapp - Vice-President
Frank Kania - Secretary
Ray Larson - Treasurer
Alma Bjorklund - Director

President's Message:

- Since the April 1st Owners Meeting, the Jupiter Bay Board has been busy addressing the Jupiter Bay Racquet Club (JBRC) litigation, negotiating with Comcast for a possible replacement contract and working with the town of Jupiter to get final approval for our bocce ball court. Additional information on these and other items is provided below.
- Jupiter Bay is relatively quiet during this time of the year, so it could be a great time for our part-time residents to return for a few weeks (or months) to experience all the many benefits of summertime in Jupiter. It's been unseasonably cold and rainy in many parts of the North, which could cause you to look forward to the 90° high-humidity Jupiter days. Some of you who read the e-version of the daily Palm Beach Post or receive emails from the local restaurants and entertainment establishments are aware of many off-season deals. Summertime here is more laid back with less traffic, less noise, warm oceans, uncrowded beaches and golf courses and shorter restaurant waiting lines. And, no hurricanes are currently forecasted.

Annual Meeting:

- The Annual Owners Meeting was held at 10:00 AM on April 1, 2017 at the Jupiter Community Center. Sixty owners attended the meeting, and six sent in proxies.
- The following presentations were made:
 - Captain Steve Drake, of the Jupiter Police Department, discussed crime and

fraud issues within Jupiter as well as the nation.

- Don Brady, of RV Johnson Insurance, provided information on condominium owner insurance (HO6) policies and insurance mitigation forms that can be used to reduce premiums.
 - Reggie Sheppard, of S & S Lawn, Landscaping & Tree Service, summarized recent palm and shrub plantings and marble chip and mulch installations.
 - Paul St. Clair, JBCA President, discussed condominium living opportunities and challenges, summarized Jupiter Bay's past, present and future, and provided an update on the Jupiter Bay Racquet Club (JBRC) litigation.
 - Ray Larson, JBCA Treasurer, updated the audience on the Association's finances and major expense areas.
 - Doug Strong, JBCA Property Manager discussed his role and maintenance & office staff responsibilities.
- Additional detail regarding these presentations is available on the Board Meeting's page of the Association's website.

Financial Update:

- At June month end the Association's account balances were \$190,495 in checking and \$1,653,199 in reserves. Reserves were made up of \$425,836 in Money Market Funds and \$1,227,363 in CD's. Building reserves account for 90% of total reserves.
- Preliminary Financial information for June shows monthly Operating Expense of \$119,886, with \$1,068,931 (5.2% over budget) year to date.
- The major over-budget items include insurance, building repair & maintenance, payroll and legal fees. Most of the insurance variance is due to front-end loading of payments. Building repair & maintenance expense is mostly due to the replacement of unit front doors and patio screens and frames. Payroll is higher due to the hiring of more experienced maintenance staff. Legal expense is primarily driven by the JBRC litigation.
- We have no owner delinquencies at the end of June.
- As a reminder, the 2016 annual Audited financial statements can be picked up at the office or downloaded from on the Association's website.

East Elevators:

- **East A Building Elevator Refurbishment:** The East A Building elevator was taken out of service on May 22nd for major modernization by Otis Elevator Company. The project includes replacement of machine room equipment, door equipment, hoist-way equipment, car operating panel and fixtures. Once operational, a remote monitoring and diagnostic service will inform Otis of any elevator performance issues, providing for faster response by the service technician and reduced outages. Total cost for the upgrade, originally estimated at \$69,638, is expected to cost approximately \$94,000, counting additional electrical and alarm work. The elevator is awaiting final state inspection, and should be back in service by mid-July.
- **Elevator Service Issues:** We are continuing to have service issues with several of our elevators, particularly East B and West F. A recent example is an outage of the East B building elevator, which was originally diagnosed as a starter problem and later a bad motor and finally a faulty electrical switch. It took a full week to ultimately resolve the problem, leaving residents on higher floors of the building having to climb up and down stairs. The problem was escalated from our local service rep, to the regional service manager, responsible for Fort Lauderdale and Palm Beach County, to Otis' international service vice president. Through text messages, emails and face-to-face meetings, I believe we now have the attention of Otis senior management and expect improved service in the future.

Litigation Update:

- The Association's legal action against its Tenant, Jupiter Bay Racquet Club, Inc (JBRC), who is responsible for the restaurant and tennis club, continues. Although the Board and most Jupiter Bay owners prefer not to be involved in lawsuits, it's important to understand that the Association has fiduciary responsibility to protect its assets. We cannot allow our assets (buildings and property) to be used by its tenants as loan collateral or to be partially unusable or improperly maintained.
- Our complaint (lawsuit) is that JBRC breached the Master Lease by:
 - Assigning, mortgaging, or hypothecating the Lease or Leased Premises with \$200,000 of promissory notes without our knowledge or prior written consent.
 - Failing to have the restaurant operate continuously during normal business hours, serving lunch and dinner five days a week throughout the term of the Lease, and to not be closed longer than three consecutive months during any

calendar year.

- Failing to purchase and/or maintain the appropriate insurance coverages pursuant to the Lease and/or failing to timely provide the Association with proof of insurance.
 - Failing to complete the necessary repairs and renovations to the restaurant as required by the Lease.
 - Not providing the Association use of the "Plantation Room" (aka banquet room) which comprises the second floor of the restaurant building.
- We have received and complied with JBRC's April 6th discovery request, providing numerous documents to our attorney, including agreements, letters, emails, et cetera related to communications among the various involved parties.
- JBRC is currently seeking to sell the Master Lease and has had purchase offers from the current tenants (restaurant & tennis club managers) and an outside investor. So far, these negotiations have not met with success. However, without the Association's prior written consent, JBRC may not assign, sublet or sublease the premises or any part thereof. Additionally, we have the right to consider the financial condition of any potential assignee of tenant as well as any other concerns that we may have about the proposed assignee.
- Our attorney sent a letter on July 6 to JBRC's trial attorney regarding continued breaches of the Lease Agreement and continued restaurant maintenance issues/concerns. We are awaiting his response.
- JBRC has requested a hearing on July 24 and a deposition from the Association President on August 2. Settling the lawsuit is important in facilitating JBRC's sale of the Master Lease.

Restaurant Update:

- The Restaurant Management Agreement between JBRC and John and Kimberly Krizka was terminated on June 30, 2017. This is the result of a dispute between the restaurant managers and JBRC regarding costly repair and maintenance requirements combined with perceived high monthly lease payments.
- In our attorney's July 6 letter, JBRC was reminded that the restaurant must reopen on or before October 1, 2017 by a suitable tenant that has the experience and financial security necessary to bring stability and exceptional service to the restaurant.

- Also, JBRC was told that all components of rent, as listed in the Amendment to the Lease Agreement, must be paid regardless of whether a tenant is occupying the building including: real and property taxes, insurance, water, sewer, gas, telephone, cable television, electricity, building repairs, maintenance, waste disposal, grounds and landscaping maintenance, and remote fire and burglar alarm monitoring.
- Our concern is that we do not want the empty restaurant to suffer damages from a lack of attention to needed repairs and maintenance, including, but not limited to rodent infestation. We are also concerned regarding the lack of continuity of tenants - four different restaurant managers over a 3.5-year period is excessive.

Comcast Contract:

- The Association spends a significant amount (11.2%) of its operating budget on cable TV services. Under our current Comcast seven-year contract for TV services, annual cost increases can be as high as 5%, and other services including internet, DVR's, voice remote and Comcast's premier X1 service are not included. Many of our owners are paying from \$29.95 to over \$110 a month extra for additional equipment and services.
- For these reasons, and since our current contract allows for its replacement with a new contract after the fifth year, the Board has been researching the various bulk service (multiunit) cable providers in our area with the goals of reducing total cost to owners, improving quality and enhancing services.
- As a part of the Association's quarterly maintenance assessment, all owners are paying \$133.45 for cable TV services. We have learned that many owners pay for additional services (such as internet, DVR, modem, wireless router, etc.) that total, on average, an additional \$200.73 a quarter. The total combined cost is \$334.18 a quarter.
- Only Comcast and Hotwire (not AT&T) were willing to offer bids for our complex. Both will only consider a 10-year contract. Hotwire was more expensive than Comcast for the same term and similar services. We have received conflicting cost information from Comcast and are awaiting final numbers to make a determination as to whether they provide a better option than the current contract and the best solution for JBCA. When we have that information, the Board will communicate our direction and explain our rationale.

Association Office Remodeling:

- The Association office has been in less than ideal condition for some time with stained carpeting and marked walls. Doug Strong and members of the maintenance staff have taken upon themselves the project of remodeling the office. They have been repainting the walls and replacing the carpet with tile.
- Please stop by the office to see how attractive it now looks. Thanks to Doug and his staff for doing this work which saved the Association the expense of hiring outside contractors.

Bocce Ball Court Update:

- On June 1st, we sent a letter to Peter Mayer, Senior Planner, at the town of Jupiter describing the process leading up to owner approval of the bocce ball court. In addition, we described the steps taken to alleviate Town and Sea Palms resident concerns regarding placement and noise including adjustments to our site plans.
- Finally, on June 26 we received approval for our bocce ball court from the Town of Jupiter's Department of Planning and Zoning.
- Approval was contingent upon our relocating the court to be 15 feet from the east property line (adjacent to Palm Avenue), limiting usage to daytime hours, which limits the noise at night, and adding landscaping (palm trees and shrubs) with appropriate irrigation.
- Prior to issuance of an engineering permit, we need to revise the site plan to relocate the bocce ball court showing the additional Palms and shrubs, submit an electronic version of all finalized plans, provide a response letter addressing each condition of approval, and submit an engineering permit for the proposed sidewalk around the court. We are currently completing this work.

**We hope that you are having an enjoyable summer.
Please call the Association Office at (561) 746-5857
with any comments or questions**