TOCCA Board Meeting Minutes
Saturday, November 9, 2024 at 10:00 A.M.
TOC Marina Clubhouse

The Board met at 10:00 a.m. Present were Board Members Ian Jones, Chad Holliday via phone, Jade Banks and Vickey Testa. Seven community members also joined the session. Meeting adjourned at 11:10 a.m. Next scheduled meeting is January 11, 2025.

Notice:
It has come to the attention of the Board that some members with dogs have not been diligent in cleaning up after their furry friends. We would like to remind all members with pets that it is your responsibility to clean up after them. Thank you for your cooperation with this matter.

Old Business:

Review TOCCA Covenants and By-Laws – Ian Jones. This project will soon be underway.

Clubhouse Renovation - Ian Jones. The only remaining unfinished project is the painting of the back stairs.

Tidal Wetlands Planning Grant Award – George Yurek. All project components including permits, funding, and TOCCA community vote approval necessary to start project construction are now in place. The latest update from Talbot County indicates that due to staffing shortages, procurement documents and processing are now delayed until 2025. Based on Maryland Department of the Environment permit requirements that work be completed between October 15 and April 15, the project will not commence construction until October, 2025.

Report from Operational Teams:

Clubhouse Operations – Pamela Price. No report at this time.

Event Committee – Nick Romano. The electrical is in good shape for the tree lighting scheduled for Friday December 6th at 6:30pm. A line up of 2025 events are being planned with the possibility of a pool opening party to be the first and since jazz night was so well received that will definitely be on the schedule. If anyone is interested in being on the Events Committee please email Nick at nick.romano60@comcast.net
Facilities Maintenance – Barry Andrews. No report at this time.

Grounds Committee – Ian Jones. No report at this time.

Marina & Causeway Operations – Tommy Gamble. The marina 2025 slip fees have been approved by the Board and will soon be posted on the website. B dock is expected to be delivered Tuesday, November 12th.

Pool Operations & Maintenance – Mark Churchill. Pool has been winterized, small amount of remaining pool furniture to be stored.

Treasurer's Report – Chad Holliday and Patrick McAuliffe

TOCCA Financial

TOCCA continues to be in good financial position. There are five outstanding 2024 assessments and those residents will be notified shortly. The largest expenses continue to be landscaping and lawn care with landscaping coming in at budget and lawn care projected to come in just under budget. Our legal expenses have been higher than prior years, but that was expected for articles/covenants review activities that were planned. There's currently $11,500 in accounts payable not reflected in the October Treasurer's report spread across the Landscaping and Legal categories; a portion of those legal expenses will be reconciled and reimbursed through TOC Facilities for the member loan contract work. The only remaining TOCCA expenses expected in 2024 include electric, one final lawn care for leaf cleanup and the Christmas tree lighting event.

TOC Facilities LLC Financial

TOC Facilities has received $375k in member loans to date; thank you to those residents that have elected to participate in the member loan process and enable us to fund the B dock replacement project.

There are 3 outstanding assessments for 2024, we are evaluating the options for remediation of these accounts as there is no expectation of collection without some additional recourse (collections/lien/etc.).

The 2025 budget was approved by the board during this meeting. The budget reflects a 10% annual assessment increase to $1645 with 84 member lots and estimated marina revenue of $106k for 39 slips. Each committee submitted their budget requests and while there were some adjustments, the vast majority of their requests have been accommodated within the budget. Overall the budget captures $235k in revenue through assessments and marina fees against $140k of operating expenses and $104k in debt service obligations. The budget does not include the remaining capital expenses for the completion of B dock as those will be funded through existing cash on hand from the member loans nor is a reserve contribution captured. The structure of the TOC Facilities budget has been updated to better facilitate the generation of financial statements used for loan applications and tax preparation. This structure may change slightly after meeting with our accountant, but the budget will not.

TOC Facilities has the funding to meet the current obligations including the mentioned member loans, but does not have funding or adequate cash flow to meet additional debt service accounts necessary to complete the marina wave attenuator project or any other capital projects without an increase in cash flow. The organization is projected to be operating at a loss after this year with the current allowable 10% rate of annual assessment increases and does not have the cash reserves to sustain annual shortfalls while executing additional capital projects. The community will need to make a decision to either (a) increase assessments at a higher rate annually for a set period of time, (b) have a one-time significant assessment increase, (c) issue a special assessment to build cash reserves to offset annual shortfall projections, or (d) a combination of these. Each of these options has pros and cons and we understand that each resident may be in a different position where they would be impacted differently depending on the option selected. As a former board member, I understand the view toward special assessments that place the financial burden of long term improvements on the current owner where an assessment increase spreads that burden over time so that the owner that enjoys the facilities is financially contributing to it in the event of ownership turnover. Avoiding special assessments has been and will continue to be the primary option evaluated and pursued and is the reason we have expended so much energy and time working with lending institutions for loans. The consensus from those lenders is that we cannot show adequate cash flow over time to meet the requested debt service obligations, and the lenders will not accept that we can increase assessments in the future to meet those obligations, if needed. They need us to have the cash flow approved and in place before the loans can be approved, which means we, as a community, need to approve either to self-fund future capital projects through special assessments, or approve assessment increases to the degree that will satisfy the lending institutions' cash flow requirements.

The purpose of this is to inform the community that a decision will need to be made that will require a community vote and that the community should begin thinking about the options while the finance committee prepares options for consideration and the board determines the appropriate timeline to have open discussions for the community. Specific details of potential options will be prepared for consideration, but an example of option (b) would be to vote to increase the 2026 assessment from the projected amount of $1800 to $2500 which would provide an additional $71,820 of assessment revenue over 2024. This would provide enough cash flow to cover the debt service associated with a 15 year $500k loan at 7.5% interest and meet the projected annual expense increases for several years.

Feel free to reach out to tocfacilitiesllc@gmail.com with any finance committee questions.

Architectural Review Committee – Jade Banks. One very small item to be approved over the past two months.

TOCCA Board Secretary, Vickey Testa tedpcut@aol.com
For continuing TOCCA community updates click www.mytocca.org email login member@mytocca.org password tilghman

Board President, Ian Jones ianvjones21@gmail.com Vice President, Jack Wuerker jackwuerker@gmail.com Treasurer, Chad Holliday chadholliday@hotmail.com Member at Large, Jade Banks jmbanks@verizon.net ARC Chair, Jade Banks jmbanks@verizon.net