

~~Highlands Business Improvement~~  
**District Management Corporation**  
**Highlands Business Improvement District**  
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**HBP Board Special Meeting – Water Taxi**  
**May 3, 2006 4:30 PM**  
**Clam Hut - Atlantic Street**

A Special Meeting was held at the Clam Hut, May 3 to review proceeding with the HBP water taxi project for the 2006 season. HBP Board members received a summary of the water taxi plan and water taxi boat options by e-mail or hand delivery on April 26, 2006. After requests from HBP Board members, a special meeting was called for May 3. There were nine (9) HBP Board members in attendance and the meeting was tape-recorded.

A special e-mail vote was taken after the May 3, 2006 HBP Special Meeting to determine water-taxi boat lease vs. purchase from all Board members.

**Meeting attendance: P = present A = absent**

<b><i>Vote after May 3 HBP Special Meeting</i></b>		
J. Cosgrove	A	Abstain
L. Bodnar-Nolan	P	Lease
J. Bollerman (Drew H.)	P	Lease
C. Cefalo-Braswell	P	Lease
M. Shaya	A	Abstain
R. O'Neil	A	Lease
J. Koenig	A	Abstain
M. Kovic	P	Lease
K. Lustig	A	Lease
E. Sousa	A	Lease with option to purchase using lease payments towards purchase
F. Rosiak	P	Abstain
D. Shields	P	Lease
A.J. Solomon	P	Lease
N. Thomas	P	Lease
J. Urbanski	P	Lease
W. Weber	P	Purchase
K. James	A	Absent

Carla Braswell, President called the special HBP board meeting to order at 4:40pm. The purpose of the meeting was to review and finalize HBP Water Taxi initiatives for the 2006 season. Carla Braswell introduced, Fred Rosiak, Economic Development Committee Chair.

Fred Rosiak presented to the board the importance of this special board water taxi meeting, which is required in order to take action on the water taxi project. With the outcome of the April HBP Special Board Meeting regarding the HBP 2006 budget issues resolved and behind us the water taxi project needs to be authorized by the HBP Board. The council has approved the HBP 2006 budget, which includes the plans to go forward with the water taxi project.

As time is of the essence, Fred Rosiak and John Koenig provided a deposit for the boat, which is contingent upon a satisfactory condition of the boat after inspection, and resolution of the HBP 2006 budget approval by council. The timing of the HBP 2006 budget process for approval and the deposit for the water taxi were in conflict and HBP was in jeopardy of losing the deposit unless immediate action was taken. Fred Rosiak and John Koenig have agreed to purchase the boat and not have HBP loose deposit money paid to purchase the boat in the early spring 2006.

The cost to purchase the water taxi boat is \$39,500. The water taxi boat could be leased to HBP/Business Improvement District, for one year. After much discussion by HBP board members and business leaders about the capital purchase of a boat vs. leasing of a boat there was consensus that leasing was overwhelmingly preferred. Critic of the water taxi, Ray Cosgrove, provided his opinion to Fred Rosiak that it was 100% better for HBP to lease rather than purchase a boat for water taxi operations. AJ Solomon stated that leasing of the water taxi reduces the 12 month capital expenditure to a three-month seasonal expense, and there will be costs associated with the water taxi either way, such as insurance, crew, maintenance, daily operation costs. An estimate for daily water taxi leasing is \$400/day bareboat charge. Supply of a Captain and crew member will be an additional cost associated with the operation of the water taxi for HBP. The estimated calculation of water taxi operations for three (3) months – four (4) days per week is approximately \$19,000 with an option for HBP/BID to run the water taxi the fourth month. Based on the 2005 Water Taxi Plan, submitted by the HBP Economic Development Committee in March 2005, and the board the water taxi project was a \$40,000 capital expenditure to purchase the boat vs. \$19,000 to lease for a period of one season. After the season the project can be evaluated.

In summary by Fred Rosiak, the boat has been found after a lot of talk” – it is now time to do it! Memorial Day is fast approaching. Projections for operating expenses are based upon weekly Thursday-Sunday (4 day) charges including:

Bareboat lease	\$ 400/day
Captain and crew	\$1,000/weekend
Maintenance & Repair	\$ 200/weekend
Fuel Costs	\$TBD (reduced cost provided by Schupp's Landing)
Signs & Posters	\$3,800 (campaign investment)
Insurance	\$TBD (Sandy Hook requires \$5million liability insurance)

Jim Bollerman asked a key question – “can it be done in time...” The board is ready to implement the project for this season.

Additions water taxi operation logistics tasks were identified:

- Berthing agreements will be creating for all landings (Schupp's, Inlet/Windansea, Clam Hut, Seastreak, Neil's Original Oyster, Sandy Hook)
- Christening ceremony
- Marketing - land and boat signs, posters & slim jim design and printing

- Printing of tickets
- Marking out locations for safe landing and retrofit of landings/welding operations (Drew)
- Insurance (AJ)

Board members discussed using the boat beyond the three month season and the costs associated with that extension. It was made clear that an extra month is realistic if the Board decides to extend the season to September and/or October. The lease and associated operational costs could be extended. Water taxi boat operations will continue to brand & market the taxi concept. Having the water taxi operating on the water is important. If the water taxi is not visible, it is like taking an ad out once a year and expecting results. It would also add additional daily boat lease costs, including boat staff, fuel and maintenance; but add additional revenue. The storage costs would not be an HBP expense whether HBP purchased the boat or leased the boat. The storage commitment was made by board member John Koenig whether HBP leased or purchased the boat. Fred Rosiak and John Koenig have done extensive work to find the best boat for the water taxi operation, and work on the overall project. Their work on the water taxi project has always been with the best interests of the BID in mind. If the boat was owned by HBP, charters could be scheduled to offset costs, which would incur additional operations costs including maintenance and staff.

Fred Rosiak asked Board members for their help, as it was not fair to ask Carla to be everything. Drew (representative for Jim Bollerman) will investigate and work to order repairs on the Sandy Hook landing on the barge that Seastreak uses to land at Sandy Hook. The barge is owned by John Koenig, which allows retrofit of the water taxi landing to be authorized to be completed quickly. Fred Rosiak, as HBP Economic Development Committee Chair, commented that leasing the boat is a better option for HBP. If HBP needed to walk away from the project there would be a smaller investment made for the project. It provides HBP with greater options for economic development without such a large and complicated commitment to provide water taxi services for Highlands. Mayor O'Neill had recommended that the committee should consider leasing instead of the purchase for the start-up. Bill Weber commented that every year HBP will be taking \$28,000 out of the bank account for the water taxi. Fred Rosiak commented that the committee anticipated that it would take three years to break even. Lori Ann Bodnar-Nolan commented that the water taxi project was sold to the businesses that HBP would buy the boat and if it was not successful, the boat could be sold. Mike Kovic, board member, asked if we lease the boat this year may HBP have the option to purchase the boat next year. Fred Rosiak responded that that was not part of the purchase to date, but he was sure that they would if that was the desire of the board. Jim Bollerman commented that if the water taxi is so successful HBP will probably need a larger boat. It will probably take two years to get the water taxi image out there to the public. Leasing the water taxi would permit a number of options that would benefit HBP, who wants to use the water taxi as an economic development tool. Concerns about the support of HBP budget and water taxi project by the council was expressed by Bill Weber. Fred Rosiak commented that the April HBP Board Special Meeting clarified many points regarding the HBP annual budget and process. How HBP allocates the budget funding is the responsibility of the HBP Board and that was defined and made clear. Comments from several board members responded that whether the boat is leased or purchased outright by HBP, there will be operating expenses that will be on-going. The overall financial exposure of HBP is what is being looked at for a start-up capital project. Minimizing the financial exposure and getting the most value from the investment is what is being considered by HBP.

The one-year lease for HBP is a bareboat charge of \$400/day for three months at four days a week, with option for second year. Fred Rosiak and John Koenig will screen and hire the captain and crew. HBP will be responsible for cost of maintenance during our lease days. HBP will have the option of limiting its downside (buying out-right) and the upside for securing the same boat in the future for next year. The boat has to be brought to Highlands and be certified by the Coast Guard. Board members discussed schedule, ticket money collection and bookkeeping that will be needed to support the operation. Additional discussion will need to take place to put these functions in place.

A motion was offered by Michael Kovic to prepare the terms of a four-day lease agreement with the HBP attorney. The motion was second by Nancy Thomas with those board members in attendance, except for Fred Rosiak and John Koenig who abstained, supporting the motion made by Board member Michael Kovic. All board members will be contacted regarding their vote after the meeting by Lori Ann Bodnar-Nolan.

Submitted August 16, 2006