

October 30, 1986

Dear Sea Pines Neighbor:

This is a brief report on the Facilities Management Board meeting held at the clubhouse on Saturday, October 25, 1986.

1. The FMB, acting upon the recommendation of the Finance Committee (which met prior to the FMB meeting), voted to cancel the second half of the 1986 special assessment. The recommendation and decision was made after review of our financial position at the end of the 3rd quarter and an estimate of the year-end position. While this will reduce our 1986 income by \$34,000, if things go as anticipated for the remainder of 1986, we should end up with a surplus of about \$3,000. This is the result of a little good luck (e.g., light snow, few leaks) and a lot of sound management and hard work.
2. The FMB reviewed an initial 1987 budget of operating, maintenance and administrative expense and major "special item" requests totaling almost \$385,000. In a lengthy (the FMB meeting lasted 6½ hours), often painful session of budget-slashing, the FMB cut the tentative budget for 1987 to about \$316,000. While this figure is not final, we anticipate only some "fine tuning" at the final budget session of the FMB in December, with no major revision in the amount.
3. At the September 27th meeting, the FMB voted to establish a Management Survey Committee. At the October 25th meeting, Burnie Stehman was appointed Chairman of that committee, and George Malone was appointed as a member. Other appointments will be made later.

While the three paragraphs above summarize important actions at the meeting, I'd like to make a few personal comments.

The FMB will probably adopt a budget for 1987 of around \$316,000. Our income in 1986 from maintenance fees and only one special assessment (and a relatively minor amount of interest) will be about \$271,000. Obviously, to meet our 1987 requirements for funds we will have to raise an additional \$45,000 over 1986 income; this must come from increased maintenance fees or our reserve funds, or some combination of those. Inasmuch as the expenses we are dealing with for 1987 are, for the most part, not of a nature which would call for expenditure of dedicated reserve funds, the FMB will probably vote to raise the maintenance fees to meet the increased budget.

In the past, the FMB has been reluctant to raise the actual maintenance fee, choosing frequently to provide for a "special assessment" to cover all or part of requirements for more funds in a particular year. These special assessments were often for regular, recurring expenses which properly should be met with increases in the regular maintenance fee. The FMB is at a point again where it must decide whether to continue with the practice (carried on by many Cape condominiums), somewhat fictional and certainly misleading, of having a special assessment for recurring expenses, or simply putting it all into the regular maintenance fee. Those knowledgeable in real estate matters advise that keeping

the apparent maintenance fee low is an important factor in making sales and financing easier, even though the addition of regular special assessments make the maintenance fee misleading. The FMB must grapple with this question in December, and we are of mixed emotions; please let us know if you have strong feelings in either direction.

The only other news I have to report is that the light in the front entrance guard building is being left on all night, as an added security measure. The cost is just a few cents a day, and it may well discourage casual trespassers.

I hope we all have a nice Thanksgiving.

Best regards,

A handwritten signature in black ink, appearing to read "Frank". The signature is stylized with a large, sweeping initial "F" and a cursive "rank".

Frank W. Pease, Chairman
Facilities Management Board
Sea Pines Condominium