

SEA PINES HOMEOWNERS ASSOCIATION

Brewster, MA 02631

December 8, 2000

Dear Neighbor:

Enclosed you will find the 2001 operating budget with footnotes.

This coming year we are faced with three concerns, two of which are included in the proposed budget.

- (1) Operating Expenses are projected to increase 4% over the current year's budget. Our Grounds Committee and your Board has looked closely at maintaining costs without sacrificing quality. During this robust economy we need to pay many of our vendors more, as they in turn are forced to pay higher labor and gas costs. In addition, the operating income has been reduced by 1% from 2000, since we do not anticipate a surplus as we had from 1999.
- (2) We anticipate spending over \$200,000 before the end of December, 2000 out of our reserve account. Although our reserves are still over \$280,000, we need to continue to plan ahead. Our 2001 budget increases reserve savings by \$20,000. This added savings will still require an additional 5% to the cost of our current fee.
- (3) We have hired an engineering firm to evaluate the conditions of all the chimneys. They have completed their report and have made recommendations. We will be reviewing this report over the winter and hope to put a plan in place to repair these over the next few years. Until we obtain estimates and implement a plan, we cannot tell you exactly how much it will cost or how we will pay for this work. We believe that the cost range is \$100,000 to \$300,000. We will let you know the plan by the Annual Meeting.

Please review the fee increase for your unit on the attached page. This increase becomes effective with your January 1, 2001 payment.

Thank you for your understanding in this matter.

Sincerely,

Facilities Management Board
Carol Bernhardt, FMB Chairperson