

December 5, 1977

Dear Friends:

The Boards of Managers of Sea Pines 1 and 2 met on Saturday, November 26th and adopted a budget for 1978. A copy of this budget is attached and, as you can see, we anticipate that expenses for the year will be met by income.

The budget was prepared carefully and with much thought by our Managing Agent, Scott Jordan of CMA Corporation and the Chairman of our Grounds and Maintenance Committee, John Lobingier. Prior to passage, the budget was reviewed item by item by the Boards of Managers and we are convinced that it is both realistic and lean. It's interesting to note that while we expect a 64% increase in the number of units to be added over what we have now, our projected expenses are up only 38% over 1977.

Unfortunately, the budget allows for no expenditures of a capital nature whatsoever. Your Managers have had a number of capital-type items under consideration for some time and have assigned a high priority to certain of these.

1. Re-staining of all Phase 1 and 2 exteriors

All the buildings and appurtenant structures need a coat of stain. We cannot delay this more than another year and any delay will most certainly result in higher costs and potential damage to the exteriors as they dry out and weather. While it might be possible to delay re-staining Phase 2 until 1979, the Board feels it would be prudent to do this in 1978 because a) the Phase 2 buildings need re-staining and, b) we may be faced with re-staining of Phase 3 in 1979 or 1980. Preliminary estimates indicate this will cost between \$12,000 and \$14,000, depending on how much of the work (e.g., garages and fences) we elect to do with our maintenance organization.

2. Underground sprinkling system

It has been obvious for some time now that the lawn-sprinkling project is the most labor intensive operation we have. In addition to being extremely time-consuming, it is an inefficient way to water the grass, wasteful, unsightly and (at least to pedestrians) somewhat unsafe. The constant moving of sprinklers and dragging of long lengths of hose amounts to a full time job during almost half the year. The Managers for over two years now have felt it would be worthwhile to install an underground sprinkling system for the grassed areas from the entrance to Sea Pines on Route 6A, north on Sea Pines Drive to and including the lawns adjacent to the clubhouse. In addition to eliminating the long and unsightly hose runs and the need for frequent sprinkler relocation, this will make existing equipment available for use in Phase 3,

where there are numerous small grassed areas. Inasmuch as the installation of such a system would certainly add to the attractiveness and first impression of Sea Pines, and quite possibly stimulate sales, we are actively seeking the participation of Corcoran, Mullins, Jennison, Inc. in bearing part of the cost. We estimate the cost of the underground sprinkling system to be about \$4,700.

3. Professional shrub and tree care

Certain shrub and tree care services are beyond the ability of our maintenance force and it is not efficient to use them for this work. We estimate that for about \$800 we can have this work done by professionals and we feel it is sensible to proceed in this manner.

4. Radio equipment for the maintenance force

A modest expenditure (perhaps \$250) will allow us to equip our maintenance personnel with handy-talky type citizen's band radios, so their supervisor may stay in communication with all employees. It is also an added security factor, as the local police monitor the emergency band. This type of equipment becomes essential as our area grows to include all the land between Route 6A and the beach.

The Managers felt strongly it was in the best interest of Sea Pines to proceed with these capital improvements and expenditures during 1978, and so voted.

While we have funds set aside in reserve for capital expenditures, our reserve is not large enough to pay for the items detailed above, nor would it be prudent to deplete that reserve entirely. Accordingly, the Boards of Managers voted to pay for these improvements partly from our reserve and to raise the balance by an assessment to each unit of two month's maintenance fee. This special assessment may be paid in two parts, with one month's assessment being due by January 31, 1978 and the remaining month's assessment due by July 31, 1978. Please understand this payment of two month's additional maintenance fee is over and above the normal 12 monthly maintenance payments, and is to be sent to our Managing Agent as usual.

Unless there are unusual and unforeseen circumstances, it should not be necessary to increase our maintenance fee during 1978.

The Boards of Managers acted on a number of routine matters during its meeting on the 26th, but there is one more item of particular interest. It was voted to grant a discount of 5% of the annual maintenance fee to any owner who chooses to pay the entire annual maintenance fee in a lump sum in advance, no later than January 10th of each year.

Please contact Mr. Jordan should you have any questions concerning the special assessment or the discount for advance payment.

Results of our third quarter 1977 (including additional Phase III units) is also attached. In comparing with 1977 budget, please remember that was

only for Phases I and II.

People who are interested in serving on our Grounds and Maintenance, Beach and Pool or Tennis Committees are invited to let Scott Jordan or one of us know about it. We certainly need your assistance.

Please accept our wishes for a fine holiday season and a good Winter.

Best regards,



Frank W. Pease  
President, Sea Pines  
Condominium 1



Lester R. Grohe  
President, Sea Pines  
Condominium 2