

The Strand Master Property Owners Association

To The Strand Master Property Owners Association Members:

The purpose of this letter is to: notify you of our upcoming budget workshop meeting to review the 2017 Strand Master Property Owners Association Proposed Budget; and update you on some of the factors that affect the 2017 Proposed Budget, Reserve Fund and Capital Account.

The Strand Master Property Owners Association Board of Directors, at our September 14, 2016 Board meeting, agreed to a 2017 Proposed Budget. This budget is posted on our Community web site in the Budget Information section, which you can access by clicking on the following link- <http://thestrandmaster.com/index.php>. It will be presented to all members at our Annual Budget Workshop meeting scheduled for **Thursday, October 27, 2016 at 2 PM at the Strand Clubhouse.**

At the budget workshop meeting we will review the Proposed 2017 Budget and address all questions or comments regarding it, including the landscaping median improvements, internet agreement, etc., and any questions regarding the Reserve Schedule items.

Below are some highlights of the Proposed 2017 Budget and Reserve Schedule that will be presented at our Budget Workshop meeting.

2017 Proposed Budget:

Based on the most current August 2016 financial reports, our estimated end of the year (EOY) account funds are forecasted to be: Operating Account EOY fund balance approximately \$31 K; the Reserve Account EOY fund balance approximately \$515 K; the Capital Contribution Account EOY fund balance \$ 17 K.

It has been assumed that the 2016 Operating Account will have sufficient net funds at the end of the year to allow \$25 K to be carried forward to supplement the 2017 Proposed Budget.

Last year, 2016, our regular quarterly assessment increased to \$325 per unit. The main reason for this increase was the Bulk Internet Agreement. This year the 2017 Proposed Budget indicates a quarterly assessment to remain the same as last year, **\$325 per unit.**

Some of the highlights of the 2017 Proposed Budget are presented below. Proposed future projects are presented at the end of this letter.

Landscape Changes 2016-2017:

Over the 2016 summer months, we had the remaining original existing medians along Strand Blvd, south of the Club, renovated similar to what was previously done to a number of other medians. Capital Account and budgeted Operational Account monies were used for this renovation.

For 2017, we don't have any significant plans for renovation of any other medians within Strand Blvd. We have allocated approximately \$15 K for plant replacements, etc. with the Strand Blvd. primary areas. We've included \$ 3K for landscaping improvements in the Commercial area of Strand Blvd.

Other Changes:

This year we saw the first net contracted increase of 3% in the Comcast Bulk Video pricing. The Internet portion will increase by 3% next year. These increases are all inclusive in that they include all other fees some of which have nearly doubled for the local residential customer.

There have been other changes, e.g. minor increases in the Environment Management; Security; and Reserve Funding. Please see the 2017 Proposed Budget provided on our web site for further details.

Budget Summary:

2017 Proposed Budget has a gross total expense of \$1,419,900. This compares to the 2016 Budget gross total expense of \$1,439,250. and the 2015 Budget gross total expense of \$1,043,149.

Reserve Funding:

The Reserve funding from the operating account will increase from the \$90,000 per year in 2016 to \$96,000 per year in 2017. If you recall, in 2015 we added to the Reserve Funding requirement: perimeter wall / fencing maintenance; maintenance of Ashford Lane.

The total estimated Reserve **Funding Requirement** for the EOY 2017 is projected to be \$739 K with an estimated actual EOY 2016 of \$ 517 K. When we add the \$96 K funding for 2017, this provides an estimated **2017 EOY actual fund cash of \$614 K.**

This \$125 K shortfall is reduced each year by an additional \$39 K contribution over the required amount. With this additional funding, the reserve fund will be fully funded within approximately 4.2 years, which is ahead of the anticipated major road repaving project.

Other Changes:

Please see the 2017 Reserve Schedule provided on our web site for further details and notes.

Capital Account - This account is funded from the sale of units within the Strand. Special projects are funded from this account, which included the 2016 renovation of the Strand Blvd. medians south of the Club.

Special Proposed Projects:

There are a number of proposed projects for the Strand Master Association that have been considered over the years for implementation at some time in the future. Some of these proposed projects include:

1. **Sliding Fence for Back Gate:** This proposal includes the installation of a 6 foot high automatic electric sliding gate/fence for the back gate (to match the existing perimeter fence). This automatic fence would be open during normal hours, 7 AM to 11 PM and only the gate arms would operate to control access to the Strand. During the remaining 8 hours, the sliding fence/gate would be operational. It would be fully closed during these hours and only open when a member is accessing entrance via the bar code system (or emergency vehicle activation).

The estimated cost for this work is **approximately \$ 25 K.**

2. **Renovated Front Gate House Landscaping:** As you may recall, we have been reviewing architectural plans/sketches to: improve the appearance of the front gate area; addition of an east side sidewalk and pedestrian access from the Mango Cay area; pedestrian controlled gate access via a coded system (similar to what Carlton lakes uses for access to the Commercial area); additional perimeter fencing between the front gate and the west side Preserve area; accent lighting; new Strand signage at the median in front of the gate house. The Gate House and medians are owned by the Club. Since this work would entail modification of these items, a Committee was assigned to review this with the Club. Their response was that the Club would not participate in the cost or work and the Club would like to review the proposed plans before agreeing to allow us to move forward.

Based on this, the cost for this work would be solely bore by the members. The estimated cost for the complete **renovation is approximately \$150 K.**

Please note that various aspects of the renovation can be done separately. Thus we could agree to add the fencing and sidewalk and not the other items.

3. **Strand Blvd. Repaving:** It has been suggested by a number of Neighborhood Presidents that we should repave Strand Blvd. from the gate house to the Club Maintenance area. Currently Reserve Funding monies have been accumulating in the fund for the complete replacement of the Strand Blvd. blacktop from the Front Gate to the Club House in approximately 6 more years. The estimated cost for this work is approximately \$400 K, fully paid by the Reserve funding with the Club sharing in the cost.

The resurfacing suggested is the placement of new blacktop over the existing blacktop in 2017. This resurfacing is only cosmetic as the current roadway base appears to be structurally sound as reviewed by various engineers and contractors. If the roadway is resurfaced, any sub-roadway cracks, defects, etc. that are in this subsurface of the roadway may eventually propagate through the new blacktop before the roadway is completely removed and repaved in 6 years.

The estimated cost for this section of roadway resurfacing **is approximately \$150 K** based on recent quotes. This cost would be solely bore by the members as the Club is not legally bond for this cosmetic work.

The account values and proposed quarterly assessment in the proposed budget are not final and may be modified prior to and at the adoption meeting. The official adoption of the 2017 Strand Master Property Owners Association budget is scheduled for November 9, 2016 at the regular Board meeting at 3 PM at the Strand Clubhouse.

We hope you can attend the upcoming Budget Workshop meeting.

Thank you,
For The Board

Bob Polizzotto, President
The Strand Master P.O.A.
September 26, 2016