

**2022 Strand Master Property Owner's Association Budget**  
**Revenue, Major Expense Category and Reserve Executive Summary**  
**October 27, 2021**

**Revenue**

Total Income of \$1,708,788 will be sourced \$1,562,288 Owner Maintenance Contributions, \$104,600 2021 Profit Carryover and \$41,900 Mango Cay Settlement Revenue Carryover. Owner Maintenance Contribution is \$364 per quarter for a total of \$1,456 full year, same as 2021. Profit Carryover is largely the result of Covid19 delays to the Front Entrance Design and Security Improvement Project, and, the Front Entrance Strand Blvd. Fence and Landscape Improvement Project.

**Maintenance and Operations Expense**

Maintenance and Operations Expense is \$135,100 higher than the 2021 budget. The increase is attributed to the new Comcast Agreement \$98,200, Strand I-75 Interior Wall Power Wash \$20,000 and an increase in Landscape Plant replacement costs of \$10,000.

The Comcast Agreement provides a stable Television and Internet platform over the next 5 years with a 2 year renewal clause available at the conclusion of the 5 year period. Cable and internet costs increased 4% over the previous contract and include free in-home box benefits plus a \$107,000 rebate.

We have included power washing maintenance on the I-75 interior wall to maintain the community's visual appearance standards as the wall is beginning to develop some mold and dirt accumulation.

The Landscape and Irrigation Committee continues to implement the Blvd. Island and Berm landscape improvement projects. With the completion of the Feather Sound Berm and Blvd. Islands last year focus was on the East and West side of the Blvd. North of the Clubhouse. We anticipate the need to refresh plantings in some island areas. Irrigation System repairs continue as the system is now 22 years old. You will note that the Reserve Study completed in late August includes reserve funding for the future replacement of the system.

**Environmental Management**

Environmental Management Expense increased \$47,300 wholly attributed to a \$46,400 increase in the Lake and Water Quality Improvement Project. With the change to Solitude Lake Management The Lakes Committee initiated a Lake Restoration Study and Erosion Abatement and Repair Analysis to develop a Five Year Project Plan for our lakes. The fact-based Lake Restoration Study was completed by the Solitude Marine Biologists in late August and The Lakes Committee is evaluating the options and plans for the 2022 Budget with input from Solitude. Lake Erosion plans will be evaluated later this year and early next year.

Woods and Wetlands continues routine preserve maintenance for exotic plant eradication. Preserve signage is anticipated to be completed in the 4<sup>th</sup> quarter 2021.

Final chain link fence repairs and clearing from Hurricane Irma have been contracted with completion by year end expected.

Included in the 2022 budget is I-75 wall exterior berm clearing 3 times at a cost of \$15,000 and \$5,300 for Herbicide Treatments to reduce invasive ground cover growth.

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### Revenue, Major Expense Category and Reserve Commentary Continued

October 27, 2021

#### Security

Security costs are projected to decrease \$141,900 from the 2021 Budget predominantly Front Entrance Design and Security Improvement \$100,000, and, the Front Entrance Landscape Re-Design & Fence Installation Project \$55,000. Gilyard Security Contract Costs have increased 3% over 2021 and all other Security costs are relatively flat compared to 2021.

Earlier this year the Master Board engaged Outside Productions, Strand Commercial based Landscape Architect, to develop the plans for The Front Entrance Design and Security Improvement, and, Front Entrance Landscape Re-design & Fence Installation from the Gatehouse west to the Commercial Office Buildings. Plans and schematics are anticipated by year end.

#### Administration

Administrative costs are slated to decrease \$74,300 reflecting the elimination of the Cable Consultant fees \$22,100, Reserve Study completion \$7,500 and the 2020 Financial Audit (currently in progress) \$5,000. Legal costs will decline \$30,000 with the Mango Cay Settlement negotiation completed. Other costs including Insurance, Postage and Miscellaneous office Expense decreased \$9,700.

#### Reserves and Equity

As previously noted, The Master Board contracted with Reserve Advisors in June of this year to develop a comprehensive reserve study for the Strand Community. Essentially Reserve Advisors evaluated the assets of the The Strand Community for current condition, useful life, remaining life expectancy of the asset and replacement cost. Then using a 0.3% average annual investment rate of return on our reserves and a 2% annual inflation rate for replacement expenditures developed a 30 year cash flow projection of annual reserve contributions and replacement costs.

The 2021 year end reserve balance is projected to be \$444,338. The reserve contribution for 2022 will \$73,000. Reserve expenditures for the next five years are estimated at \$95,200 with contributions over the same period at \$370,100.

Capital Contributions has a balance of \$177,600 slated for use on the Front Gate Projects.

The August 2021 Equity is \$108,000 and 2021 income is projected at \$108,000 with \$104,600 carried forward to the 2022 budget.