

CLUBHOUSE SPECIAL ASSESSMENT PROPOSAL

Mr. President,

At our last Board meeting we approved the Clyde Johnson contract in concept. I was charged with the responsibility of the financial analysis. Following is a summary of the budget for the Clubhouse project:

Clyde Johnson Contract	\$279,662
Unpaid related soft costs:	
AIA Architects	\$14,500
Velocity Eng. (soil tests)	\$4,545
Omni Survey	<u>\$8,400</u>
Total	27,445
Screens, windows and doors	36,742
Pavers	10,000
Light Fixtures	5,000
Construction Manager	5,000
Pool furniture	22,071
Contingency (construction costs) 10%	<u>32,700</u>
Total	\$418,620
Less: Clubhouse Insurance	<u>(\$91,262)</u>
Adjusted Balance	\$327,358

$$\$327,358 / 81 \text{ units} = \$4,042 \approx \$4,000$$

Proposed Funding

As of May 31, 2025 we have the following reserve fund balances:

Structural Integrity	\$45,167
General (Pooled)	\$700,848

We are not allowed to utilize any of the Structural Integrity fund except for those repairs/replacements in that designated category. However, we have some flexibility with the pooled reserves. Based on Reserve Advisors Schedule of Components in the "Pooled" category

- 10.2% is designated for lobby renovations
- 22.5% is designated for pavers, masonry
- 8.0 % is designated for pool structure and docks

Based on recent repairs, renovations and re-construction, I would suggest we take \$81,000 from the pooled reserves and therefore requiring a \$3,000 per owner special assessment.

I also recommend that we provide a 2-installment payment option for our owners, with payments of \$1,500 each, due on August 31, 2025 and October 31, 2025.

Additionally, I have Compass Rose doing an audit of our insurance proceeds account. If you review the May 31, 2025 Balance Sheet you will note that we have insurance proceeds in our Cash Account of \$42,406 vs. the Clubhouse insurance dollars of \$91,262 which appears to be due to non-insurance expenditures like the pool transformer of over \$30,000 probably being charged to our insurance proceeds account.

Be assured we are not talking about any nefarious actions, but rather internal accounting posting to accounts.

With that being said, I move approval of this plan with a special Board meeting for Thursday, July 15, 2025 at 10 AM Eastern for official adoption by the Board. This will give owners adequate notice to arrange their finances and adhere to the "14 day" notice provision.