

SEA PINES HOMEOWNERS ASSOCIATION

Brewster, MA 02631

December 16, 1996

Dear Neighbors:

The Facilities Management Board's meetings of November and early December have been almost entirely devoted to deliberations on the operating budget for 1997. Last Saturday your Board unanimously approved a total budget for 1997 of \$380,155. Although no increase is particularly welcome, this represents a modest increase of 3% over the 1996 budget of \$369,082. The primary factors driving the increased cost of operating Sea Pines are in the area of contracted landscaping services (anticipated to increase by \$10,000 over 1996 levels) and insurance premiums (which are projected to increase in the amount of \$5,000 next year). In both these areas, the Board is indebted to the hard work of the volunteers on the Grounds Committee and the Insurance Committee who have all labored successfully to keep these increases to a minimum.

The increase in non-discretionary budget items was partially offset through a reduction in the annual deposit from operating funds to the capital replacement reserve fund. This reduction was agreed to following extensive review of long-term capital replacement plans, begun last year with the commissioning of a study by an independent consultant, and is in line with current projections of reserve fund requirements over the next twenty years. Going forward, your Board will need to refine and finalize this plan so that it can serve as an important management tool, providing guidance in determining operating budgets, making investment decisions and planning capital replacements and repairs. A subcommittee has been appointed to take on this work and to report back to the Board in early spring.

The human capital of Sea Pines suffered a significant loss this fall in the passing of John Lobingier. Few people have made such a contribution to our community, to Brewster and to the Cape as did John, and few will be as missed.

Provided with this letter, by Mercantile Property Management, is a copy of the 1997 budget, your new amount and return envelopes.

Sincerely,

Joe Herlihy
Chairman, FMB