



January 6, 2022

Dear Owner(s) of Blue Heron Beach Resort,

Attached is the proposed budget for 2022 for the Association. While decreased occupancy, resulting from the pandemic, allowed us to reduce expenses in some areas during 2020 and early 2021, the current economic environment will have a significant impact on Association expenses in 2022 (as explained below). It should be noted that despite the necessary increases in some operating categories, the increases in assessments are primarily due to the required increases in reserves based upon the 2021 Reserve Study. The proposed budget will be the starting point for our budget meeting discussion and expected adoption on January 20th, 2022.

Insurance Renewal

AmCap had been the insurance provider for our Property Insurance for several years and had been the go-to provider for high-rise buildings in Florida. In April 2021, we were notified that American Capital Assurance Corporation (AmCap) was ordered into Receivership, and the Association was given until May 14th to bind a new Property Insurance policy. Property Insurance represents about 67% of our total insurance package for the Association, and the premium increase in May 2021 for the Property Insurance re-write was about an 11% (\$15,000) increase.

Subsequently, Champlain Towers South in Surfside, Florida collapsed. That collapse had a major impact on the overall insurance market in Florida. Several carriers serving the high-rise market in Florida have stopped writing policies for those types of buildings. Several Umbrella Carriers and General Liability Carriers also withdrew from Florida. This left fewer companies competing for our business and increases ranging from 17%-35% throughout the Florida market.

Our General Liability, Umbrella, and D&O Policies, representing about 1/3 of our total insurance package, renewed on January 1, 2022, with a 17.9% increase. Our Property Insurance will renew in May 2022. We have been advised to anticipate an increase and have comprehended a 20% increase for the Property Insurance in the proposed budget based on the currently reported average increase in that market.

Supply Chain/Inflation

The proposed budget also comprehends the impact of supply chain issues and inflation, which became more evident in the last quarter of 2021. Along with the supply chain issues, vendors are beginning to pass on the increased costs of fuel and materials. We are also anticipating increased utility costs in 2022 based on current usage and rates.

Reserve Study

In 2021, a Reserve Study was conducted for the first time since 2012 (conducted by Dreux Isaac). This study is required to be done periodically in Florida to determine if sufficient funds are being set aside for future replacement or refurbishment of capital items (e.g., exterior painting, roof replacement, etc.). The current reserve study also included such items for the Administration Building (which we now own), because we are responsible for those items and must begin to reserve for them. The Reserve Study also covered all items with a collective replacement cost of \$10,000 or more. While the Board will review the Reserve Study further, the proposed budget comprehends increases, based on the current Reserve Study, in the annual reserve amounts for all items which have been traditionally reserved and for such items related to the Administration building. The required increase in reserves accounts for most of the proposed increase in assessments.

New HOA fees in 2022 and how to pay:

ACH Debit: If you are already set up for Automatic (ACH) Debit through the Association, we will adjust your assessment after approval of the budget. If you are not set up for an ACH Debit but would like to be, please email accounting@mosaicsvc.com and request an ACH Debit form. For all others, you will need to make payments (by check or online as indicated below) based on the budget that is expected to be approved on January 20th.

To pay Online: You may pay your assessment online at <https://mosaicpropertymgmt.appfolio.com>. If you are not already registered for the site, you will be prompted to register. You may make your payments via credit card (2.99% processing fee), via debit card (\$9.99 processing fee), or via eCheck. There is no fee for using eCheck. You may set up your payments on a one-time basis or recurring basis.

By Mail: You may also mail payments to the address on the coupons for delivery directly to the bank's lockbox system. Coupons will be mailed upon approval of the budget.

Please contact Jennifer Cain at 407-778-1978 or via email at jcain@mosaicsvc.com should you have any questions or concerns regarding the budget.

Sincerely,



Jennifer Cain, LCAM, CMCA®, PCAM
On behalf of the Board of Directors



Notice to Association Members of

**BLUE HERON BEACH RESORT COMMUNITY ASSOCIATION, INC.
MEETING OF THE BOARD OF DIRECTORS**

Notice is hereby given that a meeting of the Board of Directors of the Blue Heron Beach Resort Community Association, Inc., will be held at the following date and time:

Date: January 20, 2022
Time: 7:00 pm Local Eastern US Time
Place: 13427 Blue Heron Beach Drive, Orlando, FL 32821

Board Pledge of Public Conduct:

We may disagree but we will be respectful and listen to one another. We will direct all comments to the issues and not personalities. We will extend same courtesy to staff, vendors, and owners. The board asks for similar professional courtesy when addressed by owners. The efforts of board and staff will be prioritized to maximize effectiveness for the betterment of the Blue Heron.

The Agenda

- I. Call to Order
- II. Reading and Disposal of Prior Meeting Minutes
- III. Construction Update
- IV. Old Business
- V. New Business
 - a. Review and Adoption of the 2022 Budget
- VI. Adjournment

Notice and Agenda submitted by Jennifer Cain, LCAM, CMCA®, AMS

Each item on the agenda is open for discussion and decision. Owners are invited to attend and participate in an orderly manner. Roberts Rules of Order will be followed. Owners may also join the call via Zoom Teleconference. Call-In information will be upon registration.

Register in advance for this meeting:
<https://us02web.zoom.us/join/zoom/register/tZlscOirqzsiGdO84Ka5jB-NjpujaD3dvr6A>

After registering, you will receive a confirmation email containing information about joining the meeting.

Blue Heron Beach Resort Community Association, Inc.
Proposed 2022 Budget
January 1, 2022 - December 31, 2022

Account Name	2021 Approved Budgets			2022 Proposed Budgets		
	Commons Budget	Tower 1 Budget	Tower 2 Budget	Commons Budget	Tower 1 Budget	Tower 2 Budget
REVENUE						
Owner Revenue						
Maintenance Fee Income	\$ 1,177,213	\$ 844,659	\$ 882,608	\$ 1,147,922	\$ 792,472	\$ 891,453
Maintenance Fees - Reserves	\$ 60,200	\$ 120,276	\$ 135,125	\$ 79,829	\$ 294,687	\$ 318,661
Common Exp/Reserve Allocated to Tower 1	\$ (605,883)	\$ -	\$ -	\$ (601,153)	\$ -	\$ -
Common Exp/Reserve Allocated to Tower 2	\$ (631,530)	\$ -	\$ -	\$ (626,598)	\$ -	\$ -
TOTAL OWNER REVENUE	\$ -	\$ 964,935	\$ 1,017,733	\$ -	\$ 1,087,160	\$ 1,210,114
PRIOR YEAR SURPLUS						
TOTAL PRIOR YEAR DEFICIT/(SURPLUS)	\$ 129,300	\$ -	\$ -	\$ 73,798	\$ -	\$ -
Non-Owner Revenue						
Misc In-Room Supplies & Labor*	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -
Other Income	\$ 6,000	\$ -	\$ -	\$ 7,080	\$ -	\$ -
Lease Income - Admin Building	\$ 178,080	\$ -	\$ -	\$ 178,080	\$ -	\$ -
Pass-Thru Income	\$ 31,584	\$ -	\$ -	\$ 31,584	\$ -	\$ -
TOTAL NON-OWNER REVENUE	\$ 215,664	\$ -	\$ -	\$ 416,744	\$ -	\$ -
EXPENSES						
ADMINISTRATIVE EXPENSES						
Depreciation Expense	\$ 97,800	\$ -	\$ -	\$ 73,798.00	\$ -	\$ -
Management Fees	\$ -	\$ 18,876	\$ 18,576	\$ -	\$ 18,876	\$ 18,480
Licenses & Permits	\$ 1,895	\$ 225	\$ 225	\$ 1,895	\$ 225	\$ 225
Legal Fees	\$ 30,000	\$ 1,000	\$ 500	\$ 15,000	\$ 1,000	\$ 1,000
Audit/Tax Prep Fees	\$ 12,000	\$ -	\$ -	\$ 12,600	\$ -	\$ -
Property Taxes	\$ 9,097	\$ 5,000	\$ -	\$ 8,087	\$ 5,800	\$ -
Fees to the Division	\$ -	\$ 572	\$ 560	\$ -	\$ 572	\$ 560
Admin Building Mortgage & Interest	\$ 350,000	\$ -	\$ -	\$ 300,000	\$ -	\$ -
Sales Tax on Admin Bldg	\$ 10,080	\$ -	\$ -	\$ 10,080	\$ -	\$ -
EIDL Loan Repayment	\$ 2,196	\$ -	\$ -	\$ 2,196	\$ -	\$ -
Maint Fees Pd by Entities	\$ 18,387	\$ 35,902	\$ 30,877	\$ 20,292	\$ 38,964	\$ 34,380
Misc Administrative Expenses	\$ 20,000	\$ 100	\$ 5,100	\$ 12,200	\$ -	\$ 50
TOTAL ADMINISTRATIVE EXPENSES	\$ 551,455	\$ 61,675	\$ 55,838	\$ 456,148	\$ 65,437	\$ 54,695
SALARIES AND WAGES						
TOTAL SALARIES & WAGES EXPENSE	\$ 507,480	\$ -	\$ -	\$ 545,708	\$ -	\$ -
INSURANCE						
TOTAL INSURANCE EXPENSE	\$ 31,905	\$ 81,807	\$ 100,997	\$ 35,973	\$ 102,032	\$ 125,966
CONTRACTS						
Landscaping & Grounds	\$ 18,000	\$ -	\$ -	\$ 18,000	\$ -	\$ -
Elevator Maintenance	\$ -	\$ 19,732	\$ 19,520	\$ -	\$ 19,520	\$ 19,520
Fire and Safety	\$ 854	\$ 8,674	\$ 9,545	\$ 854	\$ 8,674	\$ 9,545
Pest Control	\$ 21,376	\$ -	\$ -	\$ 10,000	\$ -	\$ -
Communication Agreement	\$ 6,263	\$ 79,794	\$ 78,120	\$ 6,120	\$ 79,794	\$ 78,120
Security Services	\$ 51,592	\$ -	\$ -	\$ 45,925	\$ -	\$ -
Pool Maintenance	\$ 24,852	\$ -	\$ -	\$ 24,672	\$ -	\$ -
Pond Maintenance	\$ 2,020	\$ -	\$ -	\$ 2,116	\$ -	\$ -
Music Contract	\$ 400	\$ -	\$ -	\$ 400	\$ -	\$ -
Lift Station	\$ 3,400	\$ -	\$ -	\$ 3,800	\$ -	\$ -
Generator	\$ -	\$ 2,570	\$ 2,570	\$ -	\$ 2,570	\$ 2,570
Website	\$ 1,000	\$ -	\$ -	\$ 3,000	\$ -	\$ -
TOTAL CONTRACT EXPENSE	\$ 129,757	\$ 110,770	\$ 109,967	\$ 121,394	\$ 113,238	\$ 112,435

Blue Heron Beach Resort Community Association, Inc.
2017 Approved Combined Budgets
January 1, 2021 - December 31, 2021

<u>Account Name</u>	<u>2021 Approved Budgets</u>			<u>2022 Proposed Budgets</u>		
	<u>Commons Budget</u>	<u>Tower 1 Budget</u>	<u>Tower 2 Budget</u>	<u>Commons Budget</u>	<u>Tower 1 Budget</u>	<u>Tower 2 Budget</u>
UTILITIES						
Electricity	\$ 60,000	\$ -	\$ -	\$ 68,000	\$ -	\$ -
Propane, Oil, Natural Gas	\$ 32,000	\$ -	\$ -	\$ 40,000	\$ -	\$ -
Telephone	\$ 6,240	\$ -	\$ -	\$ 7,440	\$ -	\$ -
Refuse Collection	\$ 39,340	\$ -	\$ -	\$ 45,600	\$ -	\$ -
Water and Sewer	\$ 85,000	\$ -	\$ -	\$ 95,000	\$ -	\$ -
TOTAL UTILITY EXPENSE	\$ 222,580	\$ -	\$ -	\$ 256,040	\$ -	\$ -
REPAIRS & MAINTENANCE						
Equipment Expense	\$ 1,000	\$ -	\$ -	\$ 750	\$ -	\$ -
R&M Supplies - Preventative Maintenance	\$ 30,000	\$ 500	\$ 1,000	\$ 30,000	\$ 500	\$ 500
Repair & Maintenance Supplies - Janitorial	\$ 13,000	\$ -	\$ -	\$ 11,000	\$ -	\$ -
Light Bulbs	\$ 6,000	\$ -	\$ -	\$ 4,000	\$ -	\$ -
Elevator Repairs	\$ -	\$ 5,000	\$ 10,000	\$ -	\$ 5,000	\$ 8,000
Landscaping Repairs	\$ 3,500	\$ -	\$ -	\$ 3,500	\$ -	\$ -
In-Room R&M Supplies and Labor*	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -
Hurricane Supplies and Labor	\$ 2,500	\$ -	\$ -	\$ 2,500	\$ -	\$ -
Irrigation Repairs	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ -	\$ -
Plumbing Repairs	\$ 1,000	\$ 500	\$ 500	\$ 750	\$ 500	\$ 500
Electrical Repairs	\$ 1,000	\$ 2,000	\$ 500	\$ 1,200	\$ 2,000	\$ 500
Pool Upgrades	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ -	\$ -
Pool Repairs and Maintenance	\$ 10,000	\$ -	\$ -	\$ 10,000	\$ -	\$ -
Keys & Locks	\$ 3,000	\$ -	\$ -	\$ 1,500	\$ -	\$ -
Repairs & Maintenance Fire & Safety	\$ -	\$ 5,500	\$ 2,500	\$ -	\$ 5,000	\$ 2,500
Recreation Area Supplies and Maintenance	\$ 2,500	\$ -	\$ -	\$ 2,500	\$ -	\$ -
Communications R&M	\$ 1,000	\$ 500	\$ 500	\$ 1,000	\$ 500	\$ 500
Security/Liability Exposure	\$ 2,500	\$ -	\$ -	\$ 2,500	\$ -	\$ -
TOTAL REPAIRS & MAINTENANCE	\$ 79,000	\$ 14,000	\$ 15,000	\$ 223,200	\$ 13,500	\$ 12,500
COMMONS						
Common Expense Allocated to Towers	\$ (1,177,213)	\$ 576,407	\$ 600,806	\$ (1,147,922)	\$ 562,065	\$ 585,857
TOTAL COMMON ALLOCATION	\$ (1,177,213)	\$ 576,407	\$ 600,806	\$ (1,147,922)	\$ 562,065	\$ 585,857
TOTAL OPERATING EXPENSES	\$ -	\$ 844,659	\$ 882,608	\$ -	\$ 824,872	\$ 891,453
RESERVES						
TOTAL RESERVE EXPENSE	\$ -	\$ 120,276	\$ 135,125	\$ -	\$ 294,687	\$ 318,661

*In-Room Income is Offset by In-Room Expense

<u>Tower 1 Unit Type</u>	<u>2021 Monthly</u>	<u>2022 Monthly</u>
A	\$ 487	\$ 549
B	\$ 658	\$ 742
C	\$ 860	\$ 969
D	\$ 1,008	\$ 1,136
E	\$ 860	\$ 969

<u>Tower 2 Unit Type</u>	<u>2021 Monthly</u>	<u>2022 Monthly</u>
A	\$ 447	\$ 532
B	\$ 604	\$ 719
C	\$ 653	\$ 777
D	\$ 655	\$ 779