Blue Heron Beach Resort
Orlando, Florida

November 18, 2022

Dear Owner(s) of Blue Heron Beach Resort:

Enclosed in this mailing is the proposed budget for 2023 for the Association. Necessary increases in some categories (especially property insurance) have been partially offset by reductions in other categories as well as the recognition that the Tower 1 and Tower 2 Allowances for Bad Debt accrued in prior years could be reduced. The proposed budget will be the starting point for our budget meeting discussion and expected adoption on December 2, 2022.

Insurance Renewal

Property Insurance represents about 70% of our total insurance package for the Association. In 2021, the Association was required to change our property insurance carrier and our property insurance now renews in May instead of January. For 2022, the actual increase for property insurance was higher than had been comprehended in the 2022 Budget. Consequently, the actual cost of property insurance in 2022 for each tower exceeds the amount budgeted. Unfortunately, based on what is currently happening in the Florida insurance market, similar increases are expected in 2023 for property insurance. The proposed 2023 budget comprehends a 15% increase for May-December 2023 over what we are currently paying monthly for property insurance. As shown, these increases result in budget to budget increases for property insurance of 29% for the towers. It should be noted that the cost of property insurance per tower is based on the appraised value of each Tower.

Reserve Accruals

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 2022 approved budget comprehended significant increases in assessments related to reserves because of the Reserve Study and these levels will continue into 2023 and future years. There is a $16,000 increase for reserves in the proposed 2023 Commons budget as the Association must begin to provide for replacement/refurbishment of Administration Building assets.

Reduction of Allowance for Bad Debt

In prior years, both Towers needed to budget for some bad debt expense because of owners who were not paying their assessments. Fortunately, circumstances have changed and the Allowances for Bad Debt can be reduced. Tower 1's previously accrued Allowance for Bad Debt is much higher than Tower 2's, hence the reversal for Tower 1 is greater than that for Tower 2. This difference and the greater dollar increase for Tower 2's property insurance account for the 4% increase in Tower 2's assessments, while Tower 1 assessment are shown as carryover.

New HOA fees in 2023 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 December 2, 2022.

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,

Harold Marinus

Treasurer, BHBR HOA

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: December 2, 2022
Time: 5:00 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 2023 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.

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

Account Name	2022 Approved Budgets			2023 Proposed Budgets		
	Commons Budget	Tower 1 Budget	Tower 2 Budget	Commons Budget	Tower 1 Budget	Tower 2 Budget
REVENUE						
Owner Revenue						
Maintenance Fee Income	$ 1,151,474	$ 824,064	$ 889,808	$ 1,181,855	$ 819,336	$ 933,520
Maintenance Fees - Reserves	$ 79,829	$ 216,087	$ 230,596	$ 96,000	$ 220,453	$ 232,302
Common Exp/Reserve Allocated to Tower 1	$ (602,892)	$ -	$ -	$ (625,685)	$ -	$ -
Common Exp/Reserve Allocated to Tower 2	$ (628,411)	$ -	$ -	$ (652,170)	$ -	$ -
TOTAL OWNER REVENUE	$ -	$ 1,040,151	$ 1,120,404	$ -	$ 1,039,789	$ 1,165,822
PRIOR YEAR SURPLUS						
Prior Year Deficit/Surplus	$ 73,798	$ -	$ -	$ 73,263	$ 56,000	$ 16,103
TOTAL PRIOR YEAR (DEFICIT)/SURPLUS	$ 73,798	$ -	$ -	$ 73,263	$ 56,000	$ 16,103
Non-Owner Revenue						
Misc In-Room Supplies & Labor*	$ 200,000	$ -	$ -	$ 150,000	$ -	$ -
Other Income	$ 7,080	$ -	$ -	$ 7,080	$ -	$ -
Lease Income - Admin Building	$ 178,080	$ -	$ -	$ 179,004	$ -	$ -
Pass-Thru Income	$ 31,584	$ -	$ -	$ 38,064	$ -	$ -
AT&T Antenna Lease	$ -	$ 32,400	$ -	$ -	$ 32,902	$ -
TOTAL NON-OWNER REVENUE	$ 416,744	$ 32,400	$ -	$ 374,148	$ 32,902	$ -
EXPENSES						
ADMINISTRATIVE EXPENSES						
Depreciation Expense	$ 73,798	$ -	$ -	$ 73,263	$ -	$ -
Management Fees	$ -	$ 18,876	$ 18,480	$ -	$ 18,876	$ 18,480
Licenses & Permits	$ 1,895	$ 225	$ 225	$ 1,945	$ 225	$ 225
Legal Fees	$ 15,000	$ 2,000	$ 500	$ 15,000	$ 2,000	$ 500
Audit/Tax Prep Fees	$ 12,600	$ -	$ -	$ 14,000	$ -	$ -
Property Taxes	$ 8,087	$ 5,800	$ -	$ 8,087	$ 5,919	$ -
Admin Building Mortgage & Interest	$ 300,000	$ -	$ -	$ 300,000	$ -	$ -
Sales Tax on Admin Bldg	$ 10,080	$ -	$ -	$ 11,004	$ -	$ -
EIDL Loan Repayment	$ 2,196	$ -	$ -	$ 2,196	$ -	$ -
Maint Fees Pd by Entities	$ 20,292	$ 38,964	$ 34,380	$ 19,488	$ 37,444	$ 33,120
Misc Administrative Expenses	$ 12,200	$ -	$ -	$ 8,700	$ -	$ 100
TOTAL ADMINISTRATIVE EXPENSES	$ 456,148	$ 65,865	$ 53,585	$ 453,683	$ 64,464	$ 52,425
SALARIES AND WAGES						
TOTAL SALARIES & WAGES EXPENSE	$ 527,468	$ -	$ -	$ 537,574	$ -	$ -
INSURANCE						
Insurance Expense	$ 35,973	$ 102,032	$ 125,966	$ 41,369	$ 132,000	$ 163,000
TOTAL INSURANCE EXPENSE	$ 35,973	$ 102,032	$ 125,966	$ 41,369	$ 132,000	$ 163,000
CONTRACTS						
Landscaping & Grounds	$ 18,000	$ -	$ -	$ 18,000	$ -	$ -
Elevator Maintenance	$ 1,800	$ 17,544	$ 20,172	$ 2,537	$ 20,475	$ 23,208
Fire and Safety	$ 854	$ 8,674	$ 9,545	$ 1,171	$ 8,674	$ 9,545
Pest Control	$ 10,000	$ -	$ -	$ 12,220	$ -	$ -
Communication Agreement	$ 6,120	$ 79,794	$ 78,120	$ 6,120	$ 79,794	$ 78,120
Security Services	$ 45,925	$ -	$ -	$ 45,925	$ -	$ -
Pool Maintenance	$ 24,672	$ -	$ -	$ 37,200	$ -	$ -
Pond Maintenance	$ 2,116	$ -	$ -	$ 2,116	$ -	$ -
Music Contract	$ 400	$ -	$ -	$ 411	$ -	$ -
Lift Station	$ 3,800	$ -	$ -	$ 3,800	$ -	$ -

Blue Heron Beach Resort Community Association, Inc.
Combined Budgets
January 1, 2022 - December 31, 2022

Account Name	2022 Approved Budgets — Commons Budget	2022 Approved Budgets — Tower 1 Budget	2022 Approved Budgets — Tower 2 Budget	2023 Proposed Budgets — Commons Budget	2023 Proposed Budgets — Tower 1 Budget	2023 Proposed Budgets — Tower 2 Budget
Generator	$ -	$ 2,570	$ 2,570	$ -	$ 2,570	$ 2,570
Electronic Door Contract	$ -	$ 2,680	$ 2,680	$ -	$ 2,680	$ 2,680
Booster Pump Contract				$ -	$ 900	$ 900
Website	$ 3,000	$ -	$ -	$ 3,000	$ -	$ -
TOTAL CONTRACT EXPENSE	$ 116,687	$ 111,262	$ 113,087	$ 132,500	$ 115,093	$ 117,023
UTILITIES						
TOTAL UTILITY EXPENSE	$ 256,040	$ -	$ -	$ 260,440	$ -	$ -
REPAIRS & MAINTENANCE						
Equipment Expense	$ 750	$ -	$ -	$ 750	$ -	$ -
R&M Supplies - Prevenative Maintenance	$ 30,000	$ 500	$ 500	$ 37,000	$ 5,500	$ 5,500
Repair & Maintenance Supplies - Janitorial	$ 11,000	$ -	$ -	$ 12,500	$ -	$ -
Light Bulbs	$ 4,000	$ -	$ -	$ 6,000	$ -	$ -
Elevator Repairs	$ -	$ 5,000	$ 5,000	$ -	$ 5,000	$ 5,000
Landscaping Repairs	$ 20,000	$ -	$ -	$ 20,000	$ -	$ -
In-Room R&M Supplies*	$ 150,000	$ -	$ -	$ 100,000	$ -	$ -
Hurricane Supplies and Labor	$ 2,500	$ -	$ -	$ 2,500	$ -	$ -
Irrigation Repairs	$ 1,000	$ -	$ -	$ 1,500	$ -	$ -
Plumbing Repairs	$ 750	$ 500	$ 500	$ 750	$ 2,000	$ 500
Electrical Repairs	$ 1,200	$ 2,000	$ 500	$ 1,200	$ 500	$ 500
Pool Upgrades	$ 1,000	$ -	$ -	$ 1,000	$ -	$ -
Pool Repairs & Maintenance	$ 10,000	$ -	$ -	$ 10,000		
Pool Furniture	$ -	$ -	$ -	$ 2,000		
Keys & Locks	$ 1,500	$ -	$ -	$ 2,500	$ -	$ -
Repairs &: Maintenance Fire & Safety	$ -	$ 5,000	$ 2,500	$ -	$ 5,000	$ 2,500
Recreation Area Supplies & Maintenance	$ 12,500	$ -	$ -			
Communications R&M	$ 1,000	$ 500	$ 500	$ 1,000	$ -	$ -
Security/Liability Exposure	$ 2,500	$ -	$ -	$ 5,000	$ -	$ -
TOTAL REPAIRS & MAINTENANCE	$ 249,700	$ 13,500	$ 9,500	$ 203,700	$ 18,000	$ 14,000
CONTINGENCY						
Misc Expense	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL CONTINGENCY EXPENSE	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Expense	$ 1,642,016	$ 292,659	$ 302,138	$ 1,629,266	$ 329,558	$ 346,448
Less Total Non-Owner Rev & Prior Year Surplus	$ (490,542)	$ (32,400)	$ -	$ (447,411)	$ (88,902)	$ (16,103)
Common Expense Allocated to Towers	$ (1,151,474)	$ 563,805	$ 587,670	$ (1,181,855)	$ 578,680	$ 603,175
TOTAL OPS - LESS NON-OWNER/PRIOR YEAR INC	$ -	$ 824,064	$ 889,808	$ -	$ 819,336	$ 933,520
RESERVES						
Reserve Expense	$ 79,829	$ 177,000	$ 189,854	$ 96,000	$ 173,448	$ 183,307
Commons Reserves Alloc to Towers	$ (79,829)	$ 39,087	$ 40,742	$ (96,000)	$ 47,005	$ 48,995
TOTAL RESERVE EXPENSE	$ -	$ 216,087	$ 230,596	$ -	$ 220,453	$ 232,302
TOTAL RESERVE EXPENSE	**$ -**	**$ 216,087**	**$ 230,596**	**$ -**	**$ 220,453**	**$ 232,302**

BLUE HERON BEACH RESORT COMMUNITY ASSOCIATION, INC.
Blue Heron Tower 1 Combined Fee Schedule
January 1, 2023 - December 31, 2023

Type	2022 Minthly	2023 Monthly
A	$ 525	$ 525
B	$ 710	$ 710
C	$ 927	$ 927
D	$ 1,086	$ 1,086
E	$ 927	$ 927
C1	$ 45	$ 45
C2	$ 66	$ 66
C3	$ 97	$ 97
C4	$ 133	$ 133
C5	$ 369	$ 369
C6	$ 519	$ 519
C7	$ 600	$ 600

BLUE HERON BEACH RESORT COMMUNITY ASSOCIATION, INC.
Blue Heron Tower 2 Combined Fee Schedule
January 1, 2023 - December 31, 2023

Type	2022 Monthly	2023 Monthly
A	$ 492	$ 512
B	$ 665	$ 692
C	$ 719	$ 748
D	$ 721	$ 751
C1	$ 32	$ 33
C2	$ 46	$ 48
C3	$ 58	$ 60
C4	$ 74	$ 77
C5	$ 77	$ 80
C6	$ 107	$ 112
C7	$ 125	$ 130
C8	$ 139	$ 144
C9	$ 227	$ 236