



Notice to Association Members of

**BLUE HERON BEACH RESORT COMMUNITY ASSOCIATION, INC.
BUDGET 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 8, 2020

Time: 6:00 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
 - a. October 6, 2020
- III. New Business
 - a. Presentation and Adoption of 2021 Insurance Package
 - b. Review and Adoption of 2021 Budget
- IV. 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 sent via E-mail prior to the meeting.

13427 Blue Heron Beach Drive
Orlando, FL 32821
Phone: 407-778-1923 Fax: 407-778-1947
www.bhorlandohoa.org



November 6, 2020

Fellow BHBR Owner(s),

Enclosed in this mailing is a copy of the proposed 2021 Budget to be considered by the Board at the Budget meeting to be held on December 8, 2020. The notice of the meeting for adoption of the 2021 Budget is also included in this mailing. The enclosed budget is a Draft budget which will be the starting point for discussion at the December 8, 2020 meeting.

After several years of decreasing or maintaining assessments, the proposed budget would result in an increase to assessments despite efforts to cut expenses. There are several factors contributing to the necessary increase:

1. Construction Repairs – Construction repairs are primarily being paid from the funds received from the settlement; however, it appears the shortfall will be approximately \$480,000 to be paid from the previously funded Reserves for those repaired components covered in Reserves (such as re-roofing and painting). It should be noted the construction defect lawsuit and its favorable outcome eliminated the need for a significant special assessment for repair and painting of the Towers, which would have needed to be done even if settlement funds had not been received; however, the Reserves will need to be reset and replenished for future repairs.
2. Due to Reserve Funds - In 2018, Reserve funds were used to resurface pools and refurbish the fitness rooms and common areas as provided for in the Reserve schedules and funding. Subsequently, it was determined that the Resort Fee income received in 2018 had created a significant tax liability which could be offset by considering those expenses as operating expense to receive favorable tax treatment. The reclassification of Reserve expense as Operating expense resulted in funds being due back to the Reserve fund. At the end of 2020, \$100,000 will still be due to the reserve funds for this prior year expense. We have contemplated repaying Reserves \$50,000 in 2021 and the balance in 2022 thus resulting in the need for increased funding.
3. Mortgage Principal Payment - In 2016, the BHBR entered into the agreement with the developer to acquire the Administration Building. In addition to \$25,000 principal and interest being paid monthly, the agreement includes \$50,000 payment due every five years beginning in 2021. To date, \$32,000 has been set aside from Resort fees collected from Vacation Week to be used toward the \$50,000 due in 2021. The remaining \$18,000 required is included in the proposed budget.
4. Lease on Administration Building - In 2020, Vacation Weeks asked to renegotiate the Administration Building lease because of the loss of income due to Covid-19. As part of the renegotiated lease agreement, it was determined that Vacation Weeks would lease only the first floor of the Administration Building, and the rent would be reduced to \$14,000 from the previous amount of \$25,000 monthly. The Association will need to pay the \$11,000 monthly difference owed to the developer for the monthly mortgage until a new tenant for the second

floor can be found who is willing to pay some or all of the shortfall. Additionally, Vacation Weeks will not longer contribute Resort Fees to the Association.

5. Insurance – Currently, the proposed budget reflects a 5% increase for the insurance package. As the budget adoption date nears, we will have final insurance rates which may affect the final budget figures.

To offset for the loss of revenue and increased expense we need to cover, cost saving measures have been implemented in 2020 including the elimination of a Groundskeeping position. Additionally, Jennifer Cain, our CAM and owner of Mosaic Services, realigned her employees to offer additional cost savings and refunded the Association \$60,000 in Payroll Protection Funds to help offset these additional expenses and provide relief to the Association during this economic downturn resulting from the effects of Covid-19. All vendor contracts were reviewed and savings have been realized by having worked with our landscaping company, Brightview, and pest control provider, Truly Nolen, as well as other service providers to reduce services and preserve available funds during a time when the Resort had reduced occupancy. Some of these cost savings will carry over into 2021 and are reflected in the budget.

Going forward we are in the final stage of negotiating with AT&T for a cell phone tower to be placed on Tower 1 which, once signed, will bring a steady stream of income for 30 years.

We had high hopes for 2020 to be our year with a grand reopening of our “new” buildings and the draw of new attractions such as Star Wars at Disney World and construction at Universal of their Fourth Gate, another theme park. Sadly, no one foresaw the Coronavirus or could believe that it could have such a devastating effect on the entire travel industry, not just Orlando. Despite this, I believe our best days lie ahead!

The following is our proposed fee schedule for 2021 which I feel is fair and required for us to maintain the level of experience expected at our resort. Please see the back of the proposed budget for instructions on how to pay your assessment.

Tower 1:			Tower 2:		
Unit Type	2020 Monthly	2021 Monthly	Unit Type	2020 Monthly	2021 Monthly
A	\$469	\$506	A	\$426	\$465
B	\$633	\$683	B	\$575	\$628
C	\$827	\$892	C	\$621	\$679
D	\$969	\$1,045	D	\$623	\$681
E	\$827	\$892			

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

Thank you,

Steve Garstka, Treasurer

Blue Heron Beach Resort Community Association, Inc.
2021 Budget
January 1, 2021 - December 31, 2021

Account Name	2020 Approved Budgets			2021 Proposed Budgets		
	Commons Budget	Tower 1 Budget	Tower 2 Budget	Commons Budget	Tower 1 Budget	Tower 2 Budget
REVENUE						
Owner Revenue						
Maintenance Fee Income	\$ 1,196,275	\$ 848,215	\$ 883,982	\$ 1,208,483	\$ 860,867	\$ 902,166
Maintenance Fees - Reserves	\$ 46,555	\$ 80,084	\$ 84,192	\$ 100,200	\$ 139,862	\$ 155,539
Common Exp/Reserve Allocated to Tower 1	\$ (608,536)	\$ -	\$ -	\$ (640,780)	\$ -	\$ -
Common Exp/Reserve Allocated to Tower 2	\$ (634,294)	\$ -	\$ -	\$ (667,903)	\$ -	\$ -
TOTAL OWNER REVENUE	\$ -	\$ 928,299	\$ 968,174	\$ -	\$ 1,000,729	\$ 1,057,705
PRIOR YEAR SURPLUS						
Prior Year Deficit/Surplus	\$ 97,800	\$ -	\$ -	\$ 129,300	\$ -	\$ -
TOTAL PRIOR YEAR DEFICIT/(SURPLUS)	\$ 97,800	\$ -	\$ -	\$ 129,300	\$ -	\$ -
Non-Owner Revenue						
Legal Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
R&M Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc In-Room Supplies & Labor	\$ 325,000	\$ -	\$ -	\$ -	\$ -	\$ -
In-Room Labor Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Lease Income	\$ 7,080	\$ -	\$ -	\$ 6,000	\$ -	\$ -
Lease Income - Admin Building	\$ 318,540	\$ -	\$ -	\$ 178,080	\$ -	\$ -
Vending Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Admin Building Pass-Thru Income	\$ 74,384	\$ -	\$ -	\$ 24,384	\$ -	\$ -
Interest Income - Non Member Common	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc Non Member Inc - Common	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Resort Fee Income	\$ 78,000	\$ -	\$ -	\$ -	\$ -	\$ -
Outparcel Pass-Thru Expense Income	\$ 7,200	\$ -	\$ -	\$ 7,200	\$ -	\$ -
Reserve Interest - Common	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Interest Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUE	\$ 810,204	\$ -	\$ -	\$ 215,664	\$ -	\$ -
EXPENSES						
ADMINISTRATIVE EXPENSES						
Depreciation Expense	\$ 97,800	\$ -	\$ -	\$ 97,800.00	\$ -	\$ -
Management Fees	\$ -	\$ 18,876	\$ 18,576	\$ -	\$ 18,876	\$ 18,576
Licenses & Permits	\$ 1,895	\$ 225	\$ 225	\$ 1,895	\$ 225	\$ 225
Legal Fees	\$ 30,000	\$ 1,000	\$ 500	\$ 30,000	\$ 1,000	\$ 500
Audit/Tax Prep Fees	\$ 11,000	\$ -	\$ -	\$ 12,000	\$ -	\$ -
Property Taxes	\$ 49,097	\$ 5,000	\$ -	\$ 9,097	\$ 5,000	\$ -
Fees to the Division	\$ -	\$ 572	\$ 560	\$ -	\$ 572	\$ 560
Admin Building Mortgage & Interest	\$ 300,000	\$ -	\$ -	\$ 350,000	\$ -	\$ -
Sales Tax on Admin Bldg	\$ 18,540	\$ -	\$ -	\$ 10,080	\$ -	\$ -
EIDL Loan Repayment	\$ -	\$ -	\$ -	\$ 2,196	\$ -	\$ -
Maint Fees Ptd by Entities	\$ 17,353	\$ 34,071	\$ 29,167	\$ 18,387	\$ 35,902	\$ 30,877
Misc Administrative Expenses	\$ 18,920	\$ 100	\$ 5,100	\$ 20,000	\$ 100	\$ 5,100
TOTAL ADMINISTRATIVE EXPENSES	\$ 544,605	\$ 59,844	\$ 54,128	\$ 551,455	\$ 61,675	\$ 55,838
SALARIES AND WAGES						
TOTAL SALARIES & WAGES EXPENSE	\$ 578,572	\$ -	\$ -	\$ 503,340	\$ -	\$ -
INSURANCE						
TOTAL INSURANCE EXPENSE	\$ 20,993	\$ 76,861	\$ 94,853	\$ 22,043	\$ 80,704	\$ 99,596
CONTRACTS						
Landscaping & Grounds	\$ 29,628	\$ -	\$ -	\$ 29,628	\$ -	\$ -
Elevator Maintenance	\$ -	\$ 19,732	\$ 19,732	\$ -	\$ 19,732	\$ 19,732
Fire and Safety	\$ 854	\$ 8,674	\$ 9,545	\$ 854	\$ 8,674	\$ 9,545
Pest Control	\$ 21,376	\$ -	\$ -	\$ 21,376	\$ -	\$ -
Communication Agreement	\$ 6,263	\$ 79,794	\$ 78,120	\$ 6,263	\$ 79,794	\$ 78,120
Security Services	\$ 51,592	\$ -	\$ -	\$ 51,592	\$ -	\$ -
Pool Maintenance	\$ 24,852	\$ -	\$ -	\$ 24,852	\$ -	\$ -
Pond Maintenance	\$ 2,020	\$ -	\$ -	\$ 2,020	\$ -	\$ -
Music Contract	\$ 500	\$ -	\$ -	\$ 400	\$ -	\$ -
Lift Station	\$ 3,400	\$ -	\$ -	\$ 3,400	\$ -	\$ -
Generator	\$ -	\$ 2,570	\$ 2,570	\$ -	\$ 2,570	\$ 2,570
Website	\$ 500	\$ -	\$ -	\$ 1,000	\$ -	\$ -
TOTAL CONTRACT EXPENSE	\$ 140,985	\$ 110,770	\$ 109,967	\$ 141,385	\$ 110,769	\$ 109,967
UTILITIES						
Water and Sewer	\$ 62,169	\$ -	\$ -	\$ 62,169	\$ -	\$ -
Refuse Collection	\$ 42,123	\$ -	\$ -	\$ 42,123	\$ -	\$ -
Electricity	\$ 6,240	\$ -	\$ -	\$ 6,240	\$ -	\$ -
Propane, Oil, Natural Gas	\$ 42,840	\$ -	\$ -	\$ 42,840	\$ -	\$ -
Telephone	\$ 95,352	\$ -	\$ -	\$ 95,352	\$ -	\$ -
TOTAL UTILITY EXPENSE	\$ 248,724	\$ -	\$ -	\$ 248,724	\$ -	\$ -
REPAIRS & MAINTENANCE						
Equipment Expense	\$ 5,000	\$ -	\$ -	\$ 1,000	\$ -	\$ -
R&M Supplies - Preventative Maintenance	\$ 49,000	\$ 1,500	\$ 2,000	\$ 30,000	\$ 500	\$ 1,000
Repair & Maintenance Supplies - Janitorial	\$ 12,000	\$ -	\$ -	\$ 13,000	\$ -	\$ -
Light Bulbs	\$ 6,000	\$ -	\$ -	\$ 6,000	\$ -	\$ -
Elevator Repairs	\$ -	\$ 3,000	\$ 4,500	\$ -	\$ 7,000	\$ 15,000
Landscaping Repairs	\$ 40,000	\$ -	\$ -	\$ 10,000	\$ -	\$ -
In-Room R&M Supplies and Labor	\$ 325,000	\$ -	\$ -	\$ -	\$ -	\$ -
Hurricane Supplies and Labor	\$ 2,500	\$ -	\$ -	\$ 2,500	\$ -	\$ -
Irrigation Repairs	\$ 4,000	\$ -	\$ -	\$ 2,000	\$ -	\$ -
Plumbing Repairs	\$ 1,000	\$ 1,500	\$ 1,000	\$ 1,000	\$ 500	\$ 500
Electrical Repairs	\$ 1,000	\$ 3,000	\$ 1,000	\$ 1,000	\$ 2,000	\$ 500
Pool Upgrades	\$ 15,700	\$ -	\$ -	\$ 1,000	\$ -	\$ -
Pool Repairs and Maintenance	\$ 16,000	\$ -	\$ -	\$ 10,000	\$ -	\$ -
Keys & Locks	\$ 3,000	\$ -	\$ -	\$ 3,000	\$ -	\$ -
Repairs & Maintenance Fire & Safety	\$ -	\$ 5,000	\$ 2,500	\$ -	\$ 5,500	\$ 2,500
Recreation Area Supplies and Maintenance	\$ 5,000	\$ -	\$ -	\$ 2,500	\$ -	\$ -
Communications R&M	\$ 5,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 500	\$ 500
Security/Liability Exposure	\$ 6,200	\$ -	\$ -	\$ 2,500	\$ -	\$ -
TOTAL REPAIRS & MAINTENANCE	\$ 570,400	\$ 15,000	\$ 14,500	\$ 86,500	\$ 16,000	\$ 20,000
COMMONS						
Common Expense Allocated to Towers	\$ (1,196,275)	\$ 585,741	\$ 610,534	\$ (1,208,483)	\$ 591,718	\$ 616,765
TOTAL COMMON ALLOCATION	\$ (1,196,275)	\$ 585,741	\$ 610,534	\$ (1,208,483)	\$ 591,718	\$ 616,765
TOTAL OPERATING EXPENSES	\$ 0	\$ 848,216	\$ 883,982	\$ 0	\$ 860,867	\$ 902,166
RESERVES						
Reserves Transfer	\$ 46,555	\$ 55,586	\$ 60,432	\$ 100,200	\$ 90,800	\$ 104,401
Common Reserve Expense Allocated to Towers	\$ (46,555)	\$ 22,795	\$ 23,760	\$ (100,200)	\$ 49,062	\$ 51,138
TOTAL RESERVE EXPENSE	\$ -	\$ 78,381	\$ 84,192	\$ -	\$ 139,862	\$ 155,539
TOTAL OPERATING & RESERVE EXPENSE	\$ 0	\$ 926,597	\$ 968,174	\$ 0	\$ 1,000,729	\$ 1,057,705



November 6, 2020

Dear Owner(s):

Enclosed in this mailing is a copy of the proposed 2021 Budget for adoption at a meeting to be held on December 8, 2020. The notice of meeting for adoption of the 2021 budget is included in this mailing as well.

This proposed budget represents all anticipated income and expenses for 2021. This DRAFT budget, which will be the starting point for discussion at the December 8th meeting, represents an increase in assessments for 2021. As we near the adoption date of the budget and assess expenses/savings we incur over the next few weeks, we anticipate that this budget will be fine-tuned at the meeting.

Once the new budget is adopted, coupons will be sent to owners. If you are on Automatic Debit for your assessments, you will not receive coupons; however, your fees will be automatically adjusted for the January assessment if a change in assessment occurs.

If you are currently mailing payments to the Lockbox, you may continue to do so with the coupons that will be mailed. If you would like to establish an automatic debit of your monthly fees, please fill out the ACH Debit form found on the Association website at www.bhorlandohoa.org.

Sincerely,

Jennifer Cain, LCAM, CMCA®, AMS
on behalf of the Board of Directors

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