



**Salt Pond Homeowners Association
400 Bethany Loop
Bethany Beach, Delaware 19930**

November 28, 2008

Dear Salt Pond Property Owners,

The Board of Directors (BOD) of the Salt Pond Homeowners' Association (SPHA) wishes you and your family Happy Holidays and a joyous, healthy, and prosperous New Year. With this letter, the BOD is providing the 2009 Salt Pond budget and other information of interest to Salt Pond property owners. This 2009 Budget was prepared in joint sessions of the Salt Pond Committee Heads, the SPHA Finance Committee, and the SPHA BOD and was approved by the BOD at the November 21, 2008 monthly board meeting.

Salt Pond 2009 Budget

Enclosed is the Salt Pond Budget for the 2009 calendar year. The main goal during the 2009 budget preparation was to accelerate the process of significantly increasing our capital reserves to meet future improvement requirements. This budget will enable SPHA to build reserves by approximately \$120,000 in 2009. The operating expense portion of the budget was adjusted by the cost of living to minimize the increase in expenses, while maintaining the high quality of services and the Salt Pond community life style. The chart below summarizes the fees for 2008 and the new SPHA annual fees for 2009:

□ Owner Fees	<u>2008</u>	<u>2009</u>	
■ <u>Homes & Top Sail</u>	\$889	\$1068	
■ <u>Villages</u>	\$889	\$1068	
■ <u>Lots</u>	\$445	\$534	
□ Trash Fees			
■ <u>Homes & Top Sail</u>	\$149	\$158	
■ <u>Villages</u>	\$ 4	\$ 4	(See Note Below)
□ Total Fees for 2008			
■ <u>Homes & Top Sail</u>	\$1038	\$1226	
■ <u>Villages</u>	\$893	\$1072	
■ <u>Lots</u>	\$445	\$534	

NOTE: Be advised that there is a separate trash charge for the trash collected and disposed of at the Community Center and common recreational area. In the past, this amount was not equally recovered from Village homeowners and was absorbed within other fees. This change distributes the costs accordingly and equally. Top Sail Village has elected to be part of the Home's trash collection service.

The 2009 assessment notices for ½ of the annual fee will be mailed in early December. The other ½ will be due July 1, 2009.

Mowing Fees

The cost to mow lots has increased in 2009 to \$275. This is equal to the actual landscaping bid to perform this service to owners of undeveloped lots.

Highlights

The major change in 2009 is that the SPHA is going to self management. The SPHA BOD approved this change for two reasons: 1) this will provide more personal and timely on-site management service to the community, and 2) there will be cost savings of approximately \$20,000 and the SPHA will have a local accounting system. We are pleased to announce that Mary Davis will be our new Community Manager and Wendy Parker will be our Finance Manager. We will have a Salt Pond Management Office in the Community Center as of December 1, 2008. Phone lines are now installed and the office is being set up. We invite the Community to come meet Mary and Wendy.

The key points in the 2009 budget are listed below. The detailed budget and reserve study are available at in the SPHA Management Office in the SPHA Club House for your review.

- Through self-management, our 2009 management fees will be reduced by approximately \$20,000.
- Reserve contributions for present and future repairs are budgeted in 2009 at \$120,000 compared to \$36,000 in each of the previous two years. This amount is a substantial increase from prior years planning, but is very necessary in light of the growing capital needs for which we have insufficient reserves.
- Legal expenses are reduced by two-thirds from \$30,000 in 2007 to \$10,000 for 2009.
- Costs for producing the newsletter and maintaining the web-site have been reduced from almost \$4,000 annually to \$1300 for 2009.
- A new Community lawn care and landscape contract resulted in a reduction of approximately \$20,000 for 2009 versus 2007 and 2008 budgets.
- Funds for Ponds & Wetlands were maintained at \$46,000 for 2009 even after the increased responsibilities assumed since the transfer of Common Areas.
- Funds for utilities were budgeted to increase by \$6,000 due to utility rate increases.
- Funds for landscaping in and around the area of the SP Plaza were added to provide an attractive entrance into our community.

Aside from expenses in the near future, there are a number of repair and maintenance projects that will be undertaken in 2009. In 2008, replacement of the expansion joints in the swimming pool, a new Salt Pond canopy and commercial freezer for the Community Center, exterior painting of the Community Center, replacement of the concrete slab deck by the mail room and back of the Community Center and a major \$40,000 improvement in the roads were completed. Additional repairs to the Community Center, including repainting the inside, new exercise equipment, and new replacement furnishings, installing a new indoor pool pump and another \$3,000 in road repairs are scheduled for 2009. The BOD has worked hard to limit and reduce expenses where possible in order to focus spending on areas necessary to maintaining our community property and our community values. The total operating expenses are projected to increase from \$487,071 budgeted for 2008 to \$491,965 in 2008, only a 1.0% increase.

The increase in assessments in the 2009 budget is for reserves for future replacement of capital items and improvement to the Community. There is an extreme need to insure that the SPHA collect additional funds to buildup of the reserve fund. After a thorough internal reserve study, the single biggest budgeting challenge for SPHA is to build reserves to meet future improvement costs – mainly in years 2011 and 2012. The BOD has determined that we were under funded in the reserve budget - especially as it relates to the cost of road improvements.

Salt Pond Financial Statements

For additional financial information, owners may contact our SPHA Finance Manager, Wendy Parker. The 2008 year end financials will be available in mid-January 2009. Please call Wendy at the SPHA Management Office at (302-537-1283) in advance to arrange a convenient time to view these documents.

Salt Pond Board Meetings

Owners are welcome to attend the monthly Salt Pond Board meetings, which are usually held on the third Friday of the month at 2pm at the Salt Pond Community Center. If Board meetings are rescheduled, a notice will be posted in the Community Center mail room. If you wish to be on the agenda at a Board meeting, please contact the SPHA Management Office at the Community Center in advance, provide the topic you wish to discuss, and any supporting written information you have.

Acknowledgments

The BOD would like to point out the outstanding contributions of many members of our community in developing this year's proposed budget. Special thanks to the members of the Finance Committee who did a tremendous amount of research on homeowners association budgeting methodologies to guide this process: Noel Tuck and Wendy Parker. The committee heads and the respective Board Member responsible for each committee also did an excellent job at constructing their 2009 budgets so as to reduce expenses, while maintaining or increasing services. Their diligence and efforts have resulted in a budget for 2009 that we believe is realistic and manageable and begins to develop reserve funds for future capital needs.

Sincerely,

Chuck Gularson, Treasurer

Enclosure: 2009 Salt Pond Budget Summary