

# Bluebeard's Castle Villas I Condominium Association

Dear Villas I Owner,

Enclosed is the 2010 Operating Budget as approved by the Board of Directors. The Board is pleased to inform you that there will be no increase in maintenance fees in 2010. Fees for the Studio units will remain at \$843.00 and at \$1,053.00 for the One-Bedroom units and the Cottage.

We have worked with our management company, SPM Resorts Inc., to stabilize the Operating Budget. We appreciate your support as we continue to take steps toward maintaining a financially sound Association and protect our vacation property for everyone's future enjoyment.

Increases in departments or categories that represent significant variance to the 2009 operations:

**Other Revenue:** This revenue will decrease in 2010 as the Association received litigation settlement proceeds in 2009.

**Utility Expenses:** We have seen a significant decrease in the cost of electricity, water and sewer in 2009. Recently released information from the Water and Power Authority has indicated these rates will increase going forward. Therefore, we are budgeting for a 6.1% increase in rates for the remainder of 2009 and into 2010. Increases in natural gas and telephone expenses will be more modest.

**Maintenance Expenses:** We have budgeted for a moderate increase in maintenance expenses based on actual expenses incurred in 2009.

**Administration & General Expenses:** A large portion of the decreased expenses budgeted for Administration and General in 2010 is due primarily to the maintenance of the common areas. This expense is now incurred by Great Vistas, LLC, whereby, Villas I contributes its share of the expenses.

**Salaries, Wages & Related Expenses:** The 2010 Budget anticipates full staffing of all positions with the opportunity for increased wages based on performance.

**Leases, Contracts and Fixed Expenses:** We are assuming a 6% increase in Property Insurance and a 4% increase on General Liability and Directors' insurance.

Here's to a successful 2010!

Sincerely,

Villas I Board of Directors