

**VANDERBILT TOWERS UNIT
#3 OF NAPLES, INC.
5 BLUEBILL AVENUE
NAPLES, FL. 34108**

To: Unit Owners

From: Board of Directors

CC: Jay Progin, File

Date: August 21, 2013

Re: Proposed Budget for 2013-2014

Attached is a copy of the proposed Budget for Vanderbilt Towers Unit #3 of Naples, Inc. for the 2013-2014 fiscal year. Also enclosed is the proposed Reserves breakdown for 2013-2014. This budget was approved by the Board of Directors at a Board Meeting this date. As required by Florida Law, this budget which has been approved by the Board is being sent to you for review and questions. The law requires a fourteen (14) day notice from time of mailing until the Board meets to adopt the budget.

The 2013-2014 budget has a quarterly assessment of \$1305.00, which is a \$495.00 reduction from last year's quarterly assessment. This reduction is due to many factors which will be pointed out in this memo, but basically the reduction in the roof reserve amount, contributed greatly to the ability to lower the assessment.

Please note the following as you review the attached budget:

Revenue

- We have increased the boat dock lease income due to the increase in rental fees the Board approved earlier in the year. All surplus funds from the lease income are moved to the Reserve item Boat Docks at the end of the fiscal year.
- Interest income has been decreased to coincide with the market.
- Owners cable has been increased (as it is every year) to cover the costs with our new provider. Note the increase is less than it would have been if we had continued with Comcast as our bulk agreement with them expired and the other Baker Carroll Point buildings were not interested in paying the additional monies to stay with them.
- The reserve line item decreased greatly. See info on reserves for details on this.
- We included a new line item "prior year surplus" to credit the surplus monies we collected in the 2012-2013 fiscal year for "bad debt" which fortunately we did not have to utilize. Rather than have this money as general surplus, we have credited the budget, showing it as income and therefore reducing the amount of money we need to collect to meet expenses.
- You can see that the main difference in the income amounts from last year to this coming fiscal year is directly a result of the reserves decrease.

Expenses

- Due to our successful collection of all monies owed during the past year, we have carried no money for the next fiscal year for "bad debt".
- We have increased the background check line item due to the requirement and expenses associated with rental criminal and sexual offender background checks.

- Insurance: Our premiums continue to increase every year. This year the largest increase is with the flood insurance. It increased 21%! Basically as FEMA is broke, all policy holders get hit with a 5% reserve (FEMA's reserve) fund increase. We also, based on the age of our building and our flood zone A, have another 16% increase for a total of 21%. Some of our other policies remained steady and some actually went down, but with the flood increase and an automatic wind increase of 10% each year, the bottom line just continues to go up.
- Employee salaries remained the same.
- Bathroom Renovations & Washer/Dryers: We did not carry any monies in these line items for the 2013-2014 fiscal year. We did not spend any of the monies for these items we deferred from last year (our washers and dryers continue to operate well), and with the monies we can defer for this year, we will have enough in deferred maintenance to cover one or the other or some of each.
- We did increase water/sewer this year. We are finding that the increased occupancy of our building has greatly affected the costs. We have spent much more for the last two years than we have in years before and the rates have not increased. We had testing done for leaks (none), the meters checked (OK) and have concluded along with the Collier County Utility Company and our plumber that the increases are tied strictly to increased usage.
- Some line items in the expenses column have either increased or decreased slightly. All items have been reviewed by notifications of price increases, review or current charges and discussions with our Manager on costs.
- Our reserve line items decreased greatly. See info on reserves for info on this.

Reserves

- The replacement cost of the roof has been reduced to the 2013 replacement cost without any dollars for air conditioning work. This was what we planned on last year. The reserve balance reverts back to \$0.00 with a 20 year life expectancy.
- We updated the 2013 replacement costs of building repainting; parking resurfacing, pool (resurfacing), carpet/furniture/interior painting as required and some items remained the same.
- We separated the line item Compactor/Generator to show accurate costs for the generator as we no longer utilize the compactor. Both are fully funded.
- We increased the 2013 replacement dollar amount for the elevator upgrade to coincide with the latest pricing, but revised the date for replacement to 3 years from 1. This as we previously advised you in a Newsletter was able to be done due to the revision in the law for elevator upgrades for the fireman's recall system.
- We decreased the date of replacement for the seawall from 40 to 20 years as it is more in line with actual requirements.
- We added a line item "lanai concrete repair" to cover any possible expenses required of the Association as a result of an owner removing tile on their lanai.

If you have questions, comments, or concerns about this budget, please call Jay at 239-597-2921; write to 5 Bluebill Avenue, Naples, FL 34108 or email (vtower3@embarqmail.com). Jay will distribute those comments to the Board before the meeting to adopt the budget. We look forward to hearing from you.