Lantana Financial Update 1/05/18

As we enter 2018 I think about what went well over the past year and what I can do better this year. I thought I'd share my thoughts with you in this short note.

1) First and foremost, thank you to those who voted for me to remain on the board.

2) I realize the financial communication throughout 2017 was inadequate. If you attended the board meetings you should have a thorough understand of Lantana's finances, however many of you do not / cannot attend. Therefore I intend to issue a quarterly financial letter to explain how we are doing, regardless if it is good news or bad. I will communicate more often if needed.

3) Any owner that has a question on Lantana finances can email me at **lantanaboard@gmail.com**.

4) A couple of comments about our 2018 budget:

   Operating Expenses

   I feel good about our operating expense budget. Operating expenses generally include day to day items required to keep Lantana up and running. Examples include insurance, lawn cutting, utilities, maintenance, legal, property management, etc.

   As a community we need to accept that our buildings are nearing 20 years old, located in a harsh salty environment and as a result maintenance and replacement costs will likely continue to rise. Of course we can't predict hurricanes or other unusual events that may affect our expenses, but I believe we have a realistic budget for the year.

   Reserves

   Reserves are generally the more expensive, complicated and longer-term projects that fall outside the definition of operating expenses. Examples are building painting, elevator replacement, asphalt covering, etc.

   I believe reserve funding will continue to be our primary challenge. Much like owning a home, the wish list of projects exceeds our budget. The 2018 budget includes a special assessment to fund reserves. In addition, we increased the monthly amount we set aside for reserve items. We need to strengthen our reserve position to pay for three large upcoming expenditures:

   - Update the B1 & B2 elevators in 2018 at a total cost of $150,000.
   - Build reserves in anticipation of major 2019 B1 & B2 roof work. Estimated total cost is $120,000.
   - Build reserves in anticipation of updating the clubhouse elevator in 2019. Estimated cost is $60,000.

Thank you for your time in reading this. Feel free to email me if you have any questions or suggestions on what financial topics should be discussed.

Kevin Shaw