

The Board has approved a contract for seawall reconstruction with Dock Solutions in substantial form. The question becomes how to finance the project. The agreed upon price is \$245 per lineal foot. There will also be soft costs for engineering oversight, legal reviews and other unforeseen contingencies. Including the soft costs the estimated total cost per foot is \$310.

There are 33,144 feet needing reconstruction, therefore the total loaded cost is \$10.27M. We currently have \$2M in the bank to apply towards these repairs. At the Board meeting on 4/19/18, the Board discussed fiscal 2019 assessments. If we assess an amount equal to the sum of fiscal 2018 assessments which includes the bill you received in November 2018 as well as the two off cycle special assessments, we would raise another \$1.4M - \$2.1M. The \$700K difference is the amount needed to budget for legal fees should the Seawall Alliance lawsuit not be dismissed. This will bring our total available spend to \$3.4M - \$4.1M.

Next we need to consider the speed of the repairs. We are optimistic that work can begin on or around June 4, 2018. At 30 feet per workday, \$3.4M will fix 10,968 feet by September 30, 2019. \$4.1M will fix 13,226 feet by January 14, 2020. If the contractor can repair 50 feet per day, the \$3.4M will be spent by March 10, 2019 and the \$4.1M will last to May 12, 2019.

If we do not want to spread the repairs out over an extended time frame, we will need to take out a bond (providing the lawsuit is dismissed.) Listed below is a "What if" analysis of the potential impact to residents. This is to be used as a guideline for what you can expect going forward.

Unit	2016/17 baseline including debt payment	2017/18 assessment including debt	Off cycle special assessment cost	2018/19 same as 2017/18 when off cycle special assessments are included	Principle amount for a \$6M loan	Principle amount for each additional \$1M in loan value	What if analysis							
							\$6M 5 year bond at 5.0%	\$6M 7 year bond at 5.5%	\$6M 10 year bond at 6.0%	\$6M 30 year bond at 7.0%	\$9M 5 year bond at 5.0%	\$9M 7 year bond at 5.5%	\$9M 10 year bond at 6.0%	\$9M 30 year bond at 7.0%
Townhouse	\$1,274.87	\$1,390.16	\$496.64	\$1,886.80	\$1,493.21	\$248.87	\$341.22	\$259.89	\$200.73	\$119.72	\$511.84	\$389.84	\$301.10	\$179.58
Villas	\$2,039.40	\$2,223.86	\$794.63	\$3,018.49	\$2,389.13	\$398.19	\$545.96	\$415.83	\$321.17	\$191.55	\$818.94	\$623.74	\$481.76	\$287.33
50 foot	\$2,548.76	\$2,779.33	\$993.29	\$3,772.62	\$2,986.41	\$497.74	\$682.45	\$519.78	\$401.47	\$239.44	\$1,023.67	\$779.67	\$602.20	\$359.16
60 foot	\$3,020.93	\$3,297.62	\$1,191.94	\$4,489.56	\$3,583.69	\$597.28	\$818.94	\$623.74	\$481.76	\$287.33	\$1,228.41	\$935.61	\$722.64	\$431.00
60 foot	\$3,059.10	\$3,335.79	\$1,191.94	\$4,527.73	\$3,583.69	\$597.28	\$818.94	\$623.74	\$481.76	\$287.33	\$1,228.41	\$935.61	\$722.64	\$431.00
70 foot	\$3,524.41	\$3,847.21	\$1,390.60	\$5,237.81	\$4,180.98	\$696.83	\$955.43	\$727.70	\$562.05	\$335.22	\$1,433.14	\$1,091.54	\$843.08	\$502.83
80 foot	\$4,027.90	\$4,396.82	\$1,589.26	\$5,986.08	\$4,778.26	\$796.38	\$1,091.92	\$831.65	\$642.35	\$383.11	\$1,637.87	\$1,247.48	\$963.52	\$574.66
80 foot	\$4,078.80	\$4,447.72	\$1,589.26	\$6,036.98	\$4,778.26	\$796.38	\$1,091.92	\$831.65	\$642.35	\$383.11	\$1,637.87	\$1,247.48	\$963.52	\$574.66
100 foot	\$5,034.88	\$5,496.02	\$1,986.57	\$7,482.59	\$5,972.82	\$995.47	\$1,364.89	\$1,039.56	\$802.94	\$478.88	\$2,047.34	\$1,559.35	\$1,204.40	\$718.33
100 foot	\$5,098.49	\$5,559.63	\$1,986.57	\$7,546.20	\$5,972.82	\$995.47	\$1,364.89	\$1,039.56	\$802.94	\$478.88	\$2,047.34	\$1,559.35	\$1,204.40	\$718.33

The 2016/17 baseline is your CDD bill that you received in November 2016 with your regular tax bill. The 2017/18 is your assessed amount from the CDD that you received last November. The off cycle special assessment cost is the total of the two off cycle special assessments that were due in February and April 2018. The 2018/19 column is the anticipated assessment that you will be receiving on your November 2018 tax bill, if the Board assesses the same total amount as it did during 2017/18. This amount equals the sum of the preceding two columns. If the lawsuit should be dismissed and we took out a \$6M bond, the principal amount column would be your share of the \$6M loan. Arrangements will be made should you want to pay off this amount in full and not be a part of the bond where interest and financing costs would be assessed and collected. The columns for each additional \$1M in bonds allows you to see the additional costs if more than \$6M is needed. The “what if analysis” section shows the annual costs for a \$6M bond or a \$9M bond taken out for different durations. The longer the duration of the bond, the higher the interest rate will be. The longer the duration of the bond the lower the annual payment will be. If you multiply the annual payment by the number of years you will get the total of your payments for each potential bond (exclusive of collection costs and early payment discounts). You will also see that the longer the bond duration, the higher your total payments will be.

Please understand that this is a guideline for you to understand potential future costs and the implications of different types of financing. It is not a representation or commitment of the Board to undertake any particular financing structure. The Board has yet to determine the amount of construction funds necessary and how they will be raised. Over the next few months the Board will be undertaking the process of finalizing the 2018/19 fiscal year budget. There will be a public hearing and you will be given time to have your opinions heard. If you have any questions regarding this spreadsheet, please send your contact information to Steve Lockom at [slockomcdd@gmail.com](mailto:slockomcdd@gmail.com) and Steve will get back to you.