

Good afternoon!

I hope this finds you well and having enjoyed a wonderful Thanksgiving.

On December 5, the Board of the Alys Beach Neighborhood Association (ABNA) will meet to approve the proposed CY2023 budget, which includes an increase in the ABNA assessments for the coming year. The Board Meeting will be held at 10:00 am on December 5 and is open to all Owners. To keep all Alys Beach Owners informed, I am reaching out in advance of the Board meeting to present the information which has prompted the Board to evaluate increasing assessments for the coming year.

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The ABNA general assessments are currently set at \$1,822.50/qtr. These assessments go to the ABNA and are one of four sources of income which contribute to the funding of operations and maintenance of both the general common areas within Alys Beach as well as the amenities- Caliza, ZUMA and the Beach Club. The other three sources of income for the ABNA are capital contributions, miscellaneous income and, in past years and through 2022, developer subsidy payments as part of the Guarantee Period. Capital contributions are paid at closing by the purchaser on developer sales and resales. For calendar year 2022, the capital contribution amount is \$12,500 and will be increased to \$25,000 in calendar year 2023. Following turnover, the owner-controlled Board will set the capital contribution amount annually. Long term, this is an excellent source of revenue to the ABNA. Miscellaneous Income consists of residential design review fees, quarterly parking assessments and other sources. In accordance with the Guarantee Period, which is further described below, Developer subsidy payments have been made this year and during past years in amounts required for a balanced budget.

Several things have transpired in recent years which have created positive growth and value for Alys Beach and its Owners.

- Sales Activity in recent years: Over 200 new owners at Alys Beach since 1/1/20. This growth is a result of positive market conditions, increased brand awareness and an optimal value proposition at Alys Beach.
- Delivery of Amenities since 2019: Zuma was delivered in 2019 and the owner-only Beach Club was delivered in 2020.

This positive growth and delivery of ZUMA and the owner-only Beach Club have created significant additional value for the Developer and Owners within Alys Beach. It has also brought us closer to build-out and sell-out and has escalated the annual ABNA budget, which includes the cost of operations and maintenance of both the general common areas within Alys Beach and the key amenities. In order to ensure the financial health of the ABNA and the continued quality of the amenities and their operations for the benefit of all stakeholders in this community, the Board will increase general assessments for CY2023 from \$1,822.50/quarter to \$3,000/quarter or \$12,000/annum. This will mean an increase in the Owners' aggregate contribution to the ABNA and a reduction, as compared to recent past years, in the amount of any voluntary subsidy payments by the Developer during 2023.

The Developer subsidy payments in the past have consisted of amounts contributed by the Founder during the Guarantee Period. The Guarantee Period refers, in general, to the Founder funding deficits in the general assessments as compared to actual costs. Although the original Guarantee Period ended years ago, the Founder treated the period as continuing. The Guarantee Period will formally terminate as of January 1, 2023. During 2023 and in future years, the Founder will pay general assessments on its platted lots that have been made a part of the neighborhood through the recording of a supplemental declaration. Also, during 2023 and in future years in its sole discretion, the Founder may voluntarily contribute amounts to the ABNA to assist with operational deficits. The Founder currently anticipates making such voluntary contributions during the years 2023 and 2024 in amounts to be determined in its sole discretion. Whether any voluntary contributions will be made in 2025 or any other future years will be determined by the Founder in its sole discretion during those future years. The Founder has no obligation to make any such voluntary contributions.

While there are many variables which affect future costs and income sources, we currently anticipate future assessment increases beyond CY2023 will be less than 15% per annum. The change in CY2023 is a one-time reallocation of funding obligations for the overall health and sustainability of the ABNA.

The Founder believes this approach will have a positive impact on the entire community and will allow Alys Beach to continue to provide the experience our owners deserve and expect.

As we look to the future, we are excited about the tennis and pickleball expansion in 2023, the opening of the Phase 4 amenity in 2025, and the build-out of Town Center, which will provide additional retail and restaurant venues.

If you have any questions regarding the 2023 budget or assessment increase, please submit your questions to [claire@alysbeach.com](mailto:claire@alysbeach.com).

[If you would like additional information and/or supporting data, please click here.](#)

Kindest regards,

A handwritten signature in blue ink, appearing to read 'D. Everett', with a stylized flourish at the end.

David Everett  
President, Alys Beach