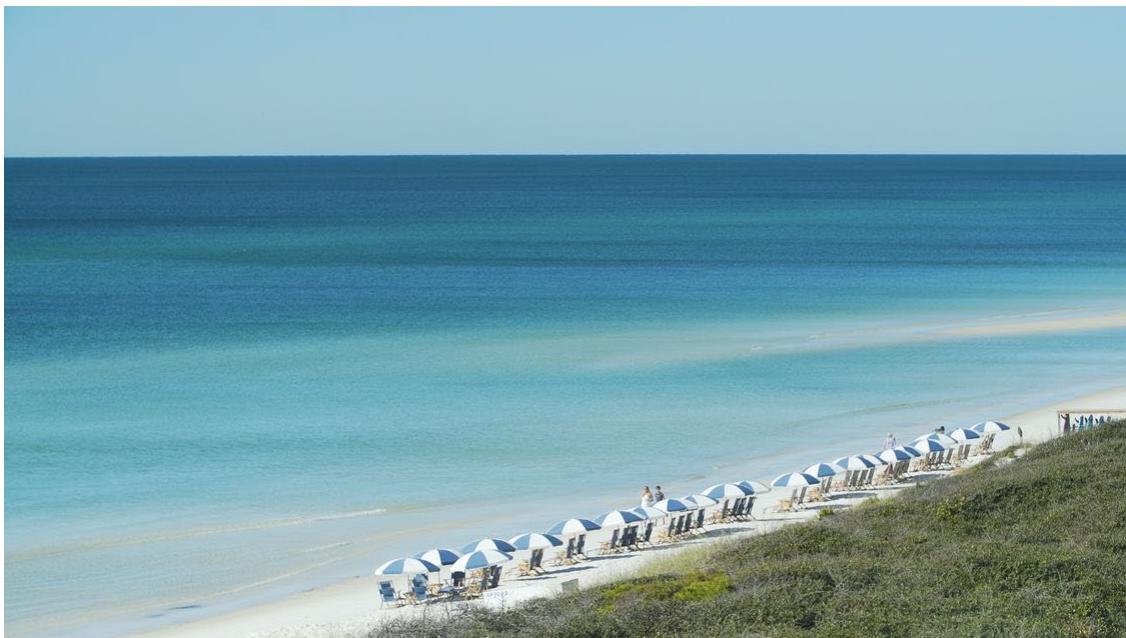


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Dear Alys Beach Homeowner,

As you are aware, on Monday January 23rd at 3pm CST, the Alys Beach Neighborhood Association (ABNA) will host a special meeting to discuss the 2023 budget previously approved by the ABNA board. The discussion will continue conversations on the budget details, and the ABNA board's desire to maintain the high level of Alys Beach services currently provided

As in years past, the ABNA budget process for 2023 has been an open one. The ABNA board held 7 meetings with the Alys Beach Homeowner Advisory Committee (HOAC) and its sub-committee before approving the budget. A community budget presentation was held on December 14th and the ABNA subsequently provided detailed answers to over 125 questions and submitted the answers to all homeowners.

**The 2023 budget is intended to protect the quality and character of Alys Beach, grow property values, and provide our homeowners with superb ownership experiences. If the budget is rejected, these intentions are at risk.**

The 2023 budget sets the general owner assessment at \$3,000/quarter. The Founder's voluntary contribution to the budget would be \$2M. The Founder would also pay 2023 general assessments on its owned lots in the approximate amount of \$507K.

**In response to questions raised in the community budget presentation, the Founder has agreed to increase the rental activity fee for 2023 effective immediately, which reimburses the ABNA for rental guest credentialing and amenity usage from \$25/night to \$75/night on all new rental bookings going forward.**

Unrelated to the 2023 ABNA budget, the Founder is considering the future of Alys Beach amenities the way it always has; the Founder currently anticipates that it will continue to own the amenities it developed, such as Caliza, Zuma and the Beach Club, until sometime around or after turnover. Discussions regarding the conveyance of amenities from Founder to the ABNA will occur as part of the turnover process. At this point, there is no plan or expectation in place regarding exactly when these discussions will occur, what specific issues the discussions will involve, or the terms and conditions associated with the conveyance of amenities to the ABNA. The Founder can definitively state that it currently has no intention to sell the amenities to a 3rd party. The Founder can also definitively state that it currently has no intention to convey amenity property to the ABNA that is encumbered by some existing debt. The word "turnover" in the context of this paragraph refers to the time when the homeowners have the right to elect a majority of the ABNA Board members. In general, and as further described in the Declaration, such turnover will occur after the Founder conveys 90% of all Alys Beach parcels to homeowners.

We believe most owners want Alys Beach to continue the path of the last 5-7 years, providing the finest amenities with consistent improvement in service levels, and resulting in extraordinary owner experiences and enhanced property values.

***The budget is at risk of rejection if a majority of owners attending the special meeting either in person or by proxy (virtual attendance does not count) vote to reject the budget.***

**We are asking for your support in order to continue to operate Alys Beach in a world class manner by either attending the meeting on January 23rd or by**

assigning your meeting proxy to homeowner Jim Rode or David Everett, President of Alys Beach. If you are in favor of supporting the budget, it's important to talk to your friends and neighbors about sending a proxy.

Your proxy for Jim or David may be obtained by emailing Jody Gaskins at [jgaskins@alysbeach.com](mailto:jgaskins@alysbeach.com).

Jody will respond with a DocuSign email for your electronic signature which will then be sent directly to our community association manager.

Thank you for your support,

David Everett  
President, Alys Beach

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*<please do not reply back to this email address - this inbox is not monitored regularly>*

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