

Dear CSM Board,

Read with interest the road report. Sorry we can't attend such meetings until our return in April. Perhaps the Q&A covered a few concerns we have, but, for the record, here they are.

First, the report seems to view the impact of paving to be positive on home values, which is good if you're selling. The downside of a 10-15% increase in property values is a comparable increase in property taxes which must be paid every year. We have a small house, but, for us, the 30 year cost of that could be \$30-40,000.

Second, The cash flow projections for paving are back-end loaded, assuming no annual costs until year 15 or 30. But normal accounting rules suggest the need to set up a reserve to handle these expenses which would have to be paid every year and not deferred.

Third, no inflation factor is included in the forecasts which may be understandable (and all three options face inflation), but, again, back loading the replacement costs tends to favor the paving option versus the maintenance option for shell roads.

Finally, it's unclear what the paving option means for the landscaping costs and on-site drainage provisions each homeowner might have to undertake, especially if the impact of the drainage solutions reaches well across current property lines. Our lot already tends to flood in heavy rains, and it's unclear what 6-12 inches of new road height might mean for those of us closer to the road and/or with lower lying lots. Also, would the CSM Board reimburse homeowners for landscaping costs?

Sincerely, Bob & Fran Schmidt

We do think there are many unanswered questions and so have sent off a proxy with "no" votes on both road questions until these questions can be addressed. In addition to the above questions, our lot sits at the bend in Rue Belle Mer which, per some of the e-mails we have seen, is subject to the most flooding. Obviously that is of great concern to us.

Please share these thoughts with the Board and other residents.

Thank You, Bob & Fran Schmidt

3-18-17 response

Bob and Fran,

We regret that your email arrived only last evening (March 17), not on February 6. We plan to post it and the reply below to the CSM website, as has been our custom.

Home Values. It is indeed unfortunate that you were unable to attend either of the two public town hall sessions, as we believe that would have provided a very different take on this issue. At those sessions, it was made clear that the Road Study Group felt that both the statistical data and realtor opinions were decidedly mixed as to the impact of paving on home values.

Cash Flow Projections. For better or worse, the CSM Association has always maintained its accounts on a cash (versus accrual) basis. Capital improvements (such as the waterway aeration system and the runway paving) have not been subject to depreciation or the accrual of reserves. Florida HOA law does permit the creation of dedicated reserves for capital improvements, with the concurrence of a majority of the association membership. The CSM Board remains quite open to that approach, if that is the will of the majority.

Inflation. We would readily acknowledge that there are many ways to evaluate the costs of alternative approaches to our roadways. Again, consistent with CSM's accounting, we stuck to a cash basis.

Drainage/Landscaping. The paving proposal includes filtration/drainage features on Association property and has been designed not to adversely impact homeowners. Percolation testing suggests that our current pit/shell roadways and the adjoining silted areas provide very little water absorption. While the object of the project is to "do no harm", neither the paving or pit/shell upgrade alternatives are designed to solve the combined challenges of low elevations areas and a high water table. Grass landscaping immediately adjoining the proposed paving is included in the project budget.

Best regards,
CSM Board