

2010 Community Center Project Questions & Answers

Q. Does the \$3.2M cost include upgrading the existing clubhouse and new tennis courts?

A. No. Money to upgrade the old clubhouse and tennis courts is budgeted and will come out of the reserve fund. We are waiting for the new community center to be built so we can match its architectural detail.

Q. What arrangements have been made for restaurant service during construction, and who pays for it?

A. A temporary snack bar will be set up using a mobile home or similar structure. The POA and LFCC will share the costs 50-50.

Q. Will the solar panels heat the pool?

A. No. Actually, the solar panels will not directly power the community center, either. It will be powered by conventional BEMC service. The panels will be attached to a meter that records KW hours. The meter will be read by BEMC, but in this case the POA gets *credited* with the hours produced by the panels. The credits offset metered usage. This arrangement is more cost effective than installing equipment to convert solar power output to 110 AC current.

Q. Who votes the developer lots that were foreclosed on?

A. BB&T now owns the developer lots and will receive ballots for them.

Q. Are we voting to approve the loan or the community center?

A. The vote is to approve financing. Constructing a community center is a board decision that does not require approval if no financing is required. The POA board may choose to use the money to throw a huge party and buy each board member a new Porche Carrera (just kidding to see if you're awake).

Q. Is the LFCC going to have a meeting to discuss this proposal with its members?

A. That is a decision that the LFCC board must make.

Q. What does the POA do if LFCC goes bankrupt in the middle of the project?

A. The golf course must have a pro shop and restaurant to operate. The POA would make arrangements with prospective buyers to provide those facilities to a new owner.

Q. Where did the estimated costs come from?

A. Two sources, a professional cost estimator and Taylor construction.

Q. After the 5 year assessment period, how much of our dues will go toward making the loan payments?

A. The cost of the loan is \$165K per year, divided by 618 properties equals \$267 per year per member, on average. Since lot owners pay dues at 75% of homeowners, the allocation from dues for homeowners is \$300 and lot owners \$225.

Q. Will proxy votes be accepted?

A. Yes, properly assigned proxies will be accepted.

Q. How will we get into the new community center?

A. After construction, all Lockwood amenities will be operated on a key card system--the community center, the old clubhouse and the pool. Every property owner will be issued a card.

Q. Will we hire a manager for the new building?

A. The plan is to manage the new community center with volunteers, just like the existing pool and clubhouse. For large rental events, we would engage an event planner and/or caterer, paying them out of the rental proceeds.

Q. Who is the architect for the community center?

A. Dick Pearce, a resident.

Q. Why is the library so big?

A. The library will be a multi-purpose area. It will have lounging furniture in addition to tables & chairs and likely a large screen hi-def TV. It can be used for card or board games.

Q. What does the loan cover?

A. This is in the presentation—it covers the building and everything needed to furnish it—new septic and parking lot, construction loan interest and a USDA required contingency of 5%.

Q. Are the costs to operate the new community center, including insurance and taxes included in the cost?

A. Yes, all costs associated with the building and its operation are included in the assessment and proposed dues.

Q. Clarify USDA loan & stimulus funds

A. The USDA loan, if granted, will be funded out of stimulus monies granted USDA by the federal govt. Apparently, USDA is funding all approved projects out of their stimulus funds, and all have been approved. The USDA gets annual state funding as well, but much less than the federal stimulus grant.

Q. Do the stimulus funds have any affect on loan approval?

A. Only that we need to be approved before September 30, 2010 when the stimulus funds expire. We are unlikely to get the loan if stimulus funds are not available.

Q. Will there be any additional membership requirements for people to use the community center?

A. No, all POA members in good standing can use the facility like any other amenity

Q. Shouldn't we be fixing the roads first?

- A. It makes sense to delay roads until construction traffic has stopped. Roads are scheduled to start in 2 years.
- Q. Will the old clubhouse and the new community center be connected?
- A. No, they will be separate with their own card readers.
- Q. Has the POA taken into account the Davis-Bacon Act which requires contractors to pay prevailing wage for any govt. funded project?
- A. Two estimates were obtained, one from a professional commercial building estimator and one from Taylor construction to verify the first estimate. The first estimate used union labor rates. We did not discuss Davis-Bacon with Taylor and do not know what labor costs were assumed. The Taylor estimate was lower in both material and labor costs.
- Q. Will there be a kickback from the government for installing solar panels?
- A. The government gives tax credits, and as a non-profit the POA doesn't pay taxes, so it is unlikely that we will receive any kind of government rebate.
- Q. Was a fire suppression system included in the cost estimate?
- A. Yes.
- Q. How much funding has been set aside for new fitness equipment?
- A. \$50,000
- Q. Is there a plan for the fitness room layout, and has the proposed equipment been priced out?
- A. No, we have not identified the specific equipment, cost or layout yet. Based on purchasing items for the old fitness center, we believe that \$50K will buy 10 – 15 items, depending on what they are. We will retain the existing equipment that is in good condition, for example, we have a new commercial TRUE treadmill on order.
- Q. What is the present land value of the building lot?
- A. The appraisal done last year shows different values because the appraiser used 3 different appraisal methods in his report. They ranged from \$500K to \$700K
- Q. Is there a set length of time that the LFCC be using the space rent free? \$2,000 Month x 30 years = \$720,000.00
- A. LFCCI will have rent free occupancy as long as it remains owned by the equity members.
- Q. Is there anything wrong with the tennis courts that would require immediate replacement or are they to be relocated?
- A. The tennis court surfaces are shot and were scheduled to be replaced a year or 2 ago. Due to the possibility of getting a new CC, we debated rebuilding the courts in the adjoining lot and expanding the parking lot, so the project was delayed. Early this

year we decided to move them and enlarge the parking lot regardless of what happens with the CC.