

# 2011 Community Center Plan

# Review

We have made two community center proposals to the POA membership

- Both proposals would place the building on land donated by LFCC
- Both proposals included a pro shop and restaurant
- Both the proposals assumed using the donated land as collateral and down payment

# Review

- In 2009, we engaged Taylor Construction to design and estimate the cost of a 16,100 square foot building
- In 2010, we engaged a local architect to revise and downsize the 2009 community center design to 14,635 square feet

# Review

- In 2009 we proposed financing the project with a conventional balloon loan from BB&T and an assessment of \$440 to \$480 per property for 15 years
- We voted on this proposal and the results were 60% in favor, 40% opposed
- The financing proposal did not meet the required 2/3 majority and was rejected

# Review

- In 2010 we proposed financing the project with a fixed interest USDA loan and an assessment of \$200 for homes and \$150 for lots for a period of 5 years
- We voted on this proposal and the results were 82% in favor, 18% opposed
- The financing proposal was accepted by our membership, but the USDA did not approve the loan

# Review

- So, we have one proposal which involved a minimum assessment of \$6600 (\$440 for 15 years) per member and was supported by 60% of members
- We have a second proposal which involved a \$1000 (\$200 for 5 years) assessment for home owners and \$750 for lot owners which was supported by 82%
- Both proposals yielded a substantial majority of member support
- We believe a majority of POA members continue to strongly support a community center project, assuming the assessment costs are reasonable and acceptable to members

# 2011 Plan

- There are several possible options for financing the community center
- For example, we could offer promissory notes to POA members who might wish to invest several thousand dollars at higher returns than market rates or CDs
- But we have to acknowledge that some, if not all, the necessary capital must come from commercial financing

# 2011 Plan

- In 2009 we proposed BB&T as the lender
- That was because they hold the LFCC note, and they agreed to use the donated LFCC land as our down payment
- That agreement will not be possible with any other commercial lender
- In today's tighter lending environment, BB&T will likely require a cash down payment, as well
- In order to ensure we qualify for a loan, we will need at least a 15% to 20% loan down payment
- That means between \$450,000 - \$600,000

# 2011 Plan

- Based on your clear support for a community center, we are committed to developing a financing proposal satisfactory to yield a 2/3 majority vote
- To accomplish this we need to accumulate funds for a down payment
- The only way to do that is to begin assessments well in advance of seeking a lender

# Saving For a Down Payment

- By accumulating a large down payment before we select a lender, we can be confident that we will be able to get financing
- We will not be tied to BB&T
- We have plenty of time to search out the best loan terms available

# 2011 Plan

- So, our current plan is to start community center assessments 3 years prior to start of construction
- After we start assessments, we can begin investigating lenders as well as alternatives to commercial financing and make a financing proposal to the membership in about a year
- We will also work on building designs, particularly cost reductions, and get a firm cost estimate
- Within 1 year we will be able to make a comprehensive cost and financing proposal that members can vote on
- With this plan, assessments will begin in January 2012

# 2011 Plan

- Your early assessment dollars will be held in an escrow account separate from POA operating funds and reserve account funds
- They cannot be used for any purpose other than funding a community center
- We will track each member's payments
- When we have a building design, cost and financing proposal, we will present it for approval
- If we do not achieve the required 2/3 member approval, we will find out why it was rejected, correct the problems, and bring up another vote
- As long as we have a clear majority of members supporting a community center project, we will continue to work for you until we achieve an acceptable financing proposal

# Advantages

- Banks will be very favorable knowing we have member support for assessments
- It will convince them that our community supports the project, lowering their perceived risk
- We will have saved the down payment, therefore have to borrow less than we would if we used the land as collateral

# Advantages

- We will have time to develop the most favorable financing options
- We will have time to review building plans and investigate options for cost reductions
- We will have time to develop accurate project cost estimates
- In short, the lead time allows us to develop a plan the community will endorse

# Costs

- For planning purposes, we are assuming a total cost of \$3M, \$500K down and financing the \$2.5M balance
- For our financing cost estimate we are assuming a \$2.5M commercial bank loan with 5 year fixed interest periods, starting at around 5%, and continuing for 30 years
  - If we find private financing options, financing costs will be lower
- Using these estimates yields an assessment of \$350 per year for homes, \$263 for lots
- The assessment period would be for six years

# Member Costs

318 homes @ \$350 = \$111,300

296 lots @ \$263 = \$77,848

Total 1 year assessment = \$189,148

3 years assessments = \$567,444

Resident cost in 6 years = \$2,100

Lot owner cost in 6 years = \$1,578

# Costs

- We think the 6 year assessment period is a good estimate; if costs can be reduced it may go to 5 years
- These are details we will be able to pin down when the financing proposal is ready for presentation
- You will vote on the final financing proposal, so these details are not important today

# Timing

Step 1: Begin assessments January 2012

Step 2: Finalize designs & costs & prepare a financing proposal in one year

Step 3: Present the full financing proposal to members first quarter 2013 for review and voting (2/3 member approval required)

Step 4: Apply for permits if approved, 12 -18 months

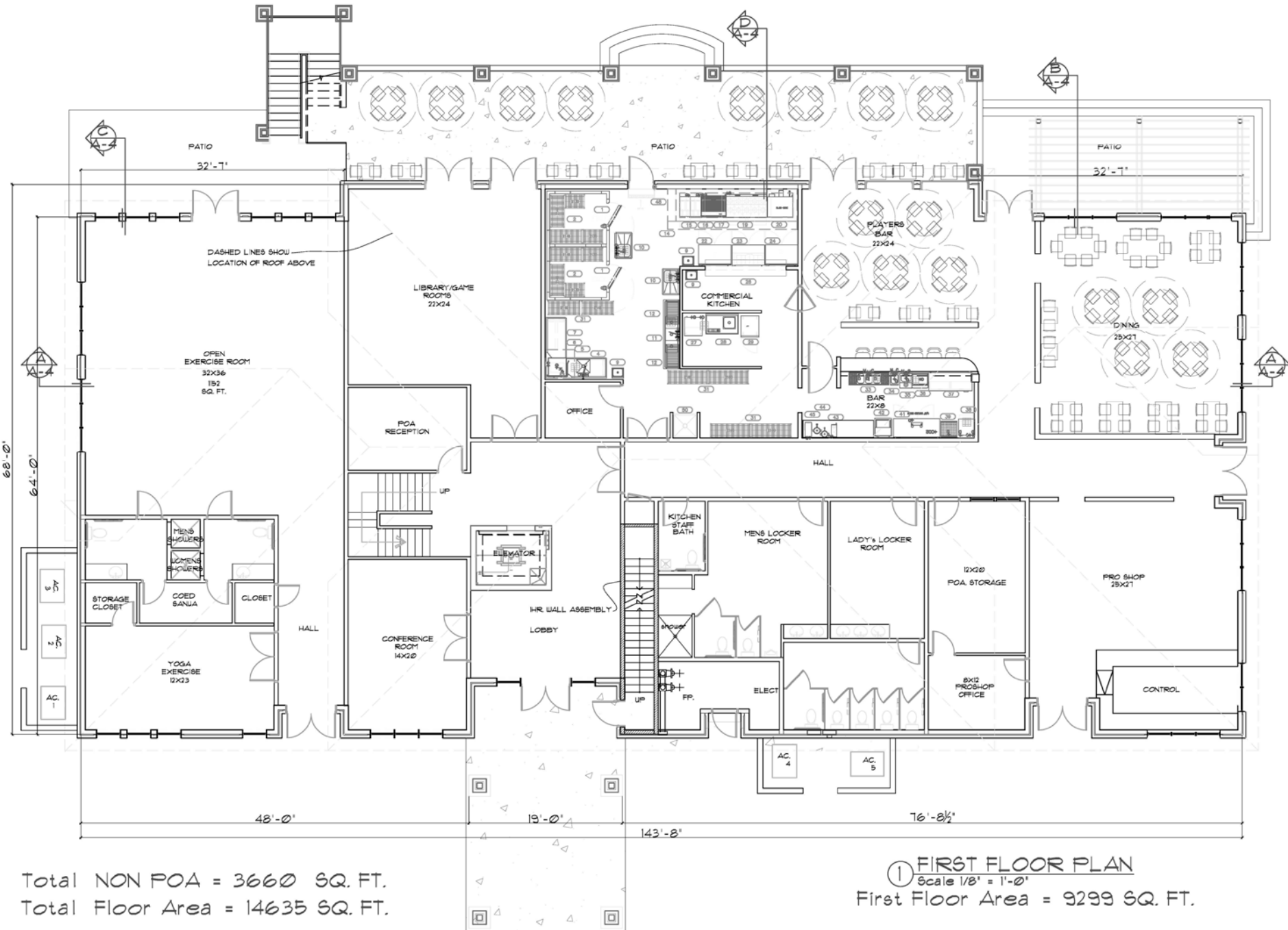
Step 5: Start construction mid 2014--at that time our assessments will total \$567K and can be used for a construction loan/down payment

# Preparation

- During 2012 we will form committees to review building design, review cost estimates and investigate financing options & lenders
- During this period we will conduct numerous reviews with members to get all the best ideas possible
- This way the community will have significant input into the final product

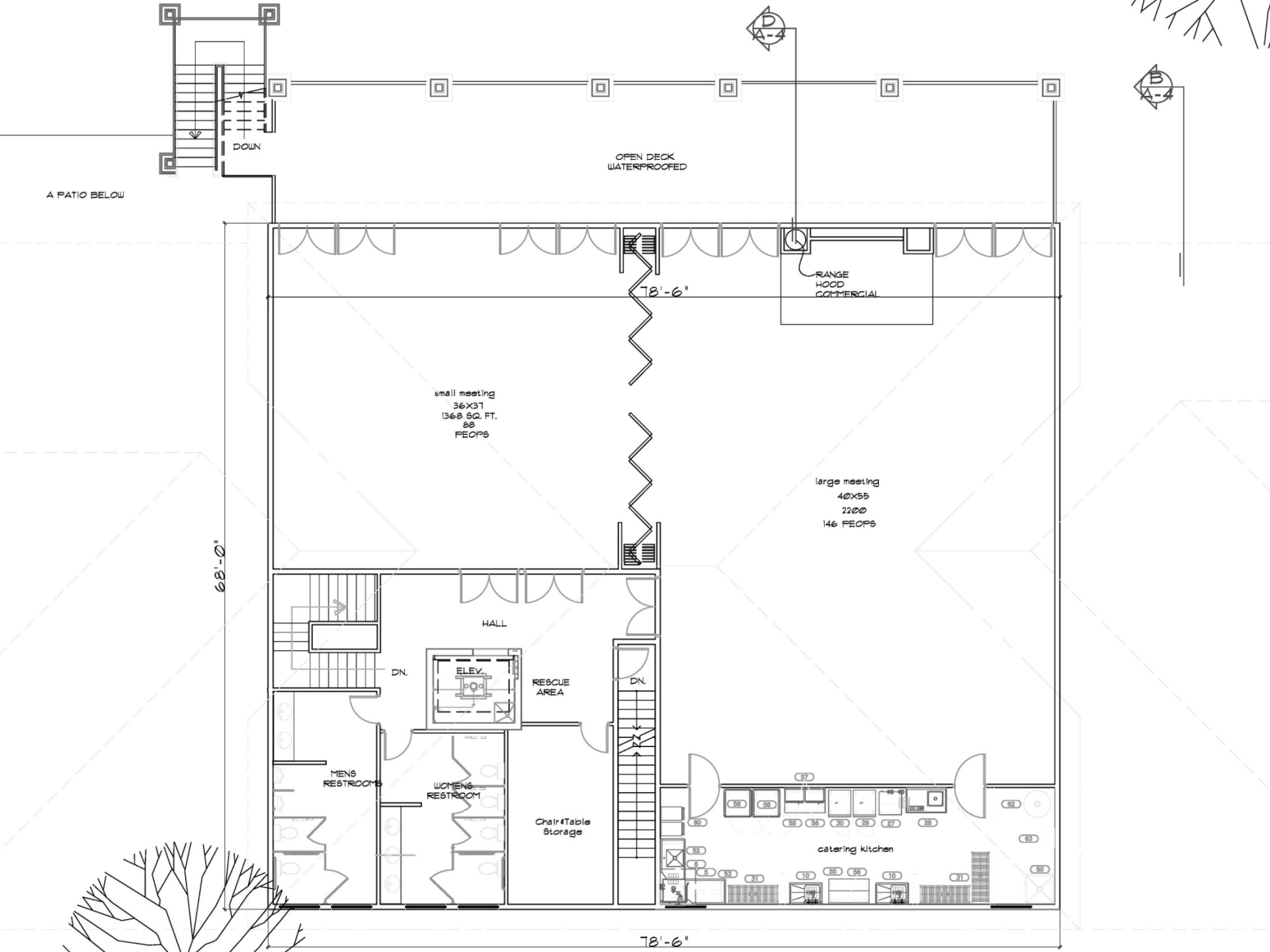
# Community Center Design

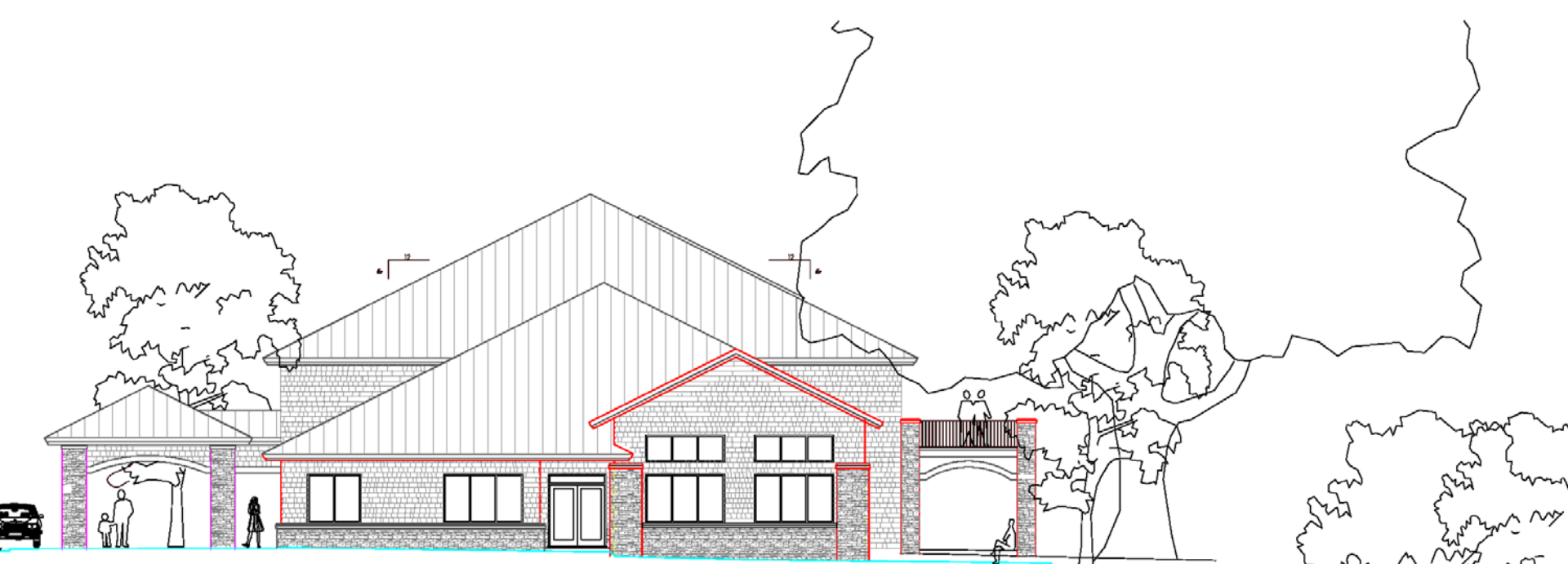
- We will start with the latest CC design
- Recall its POA facilities included a large meeting room, workout center, library, meeting rooms and offices
- It also contains a restaurant and pro shop
- It continues the POA/LFCC agreement which provides the building site facing the IC waterway



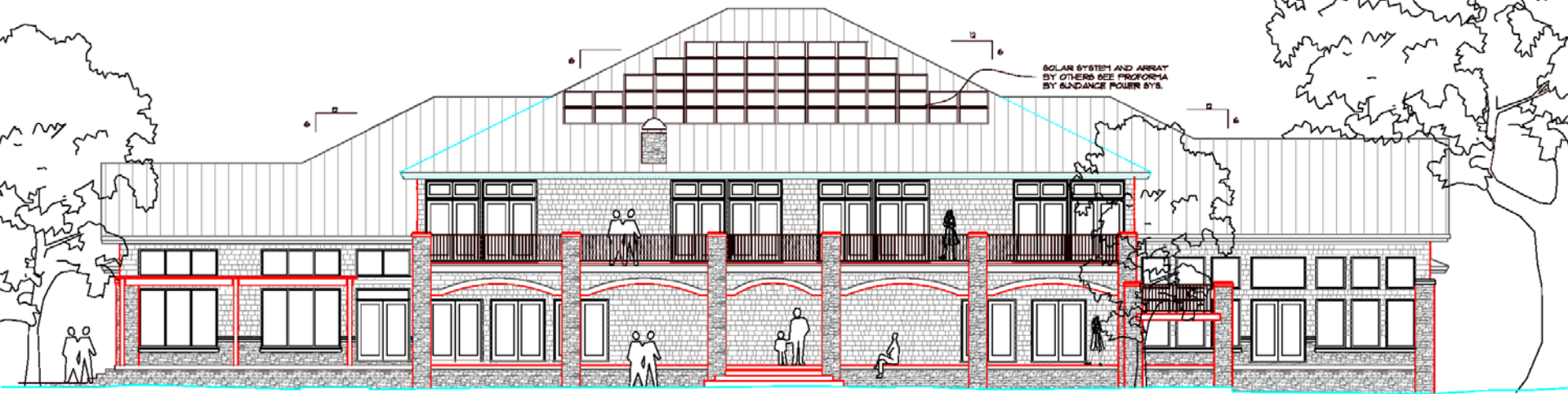
Total NON POA = 3660 SQ. FT.  
 Total Floor Area = 14635 SQ. FT.

① FIRST FLOOR PLAN  
 Scale 1/8" = 1'-0"  
 First Floor Area = 9299 SQ. FT.

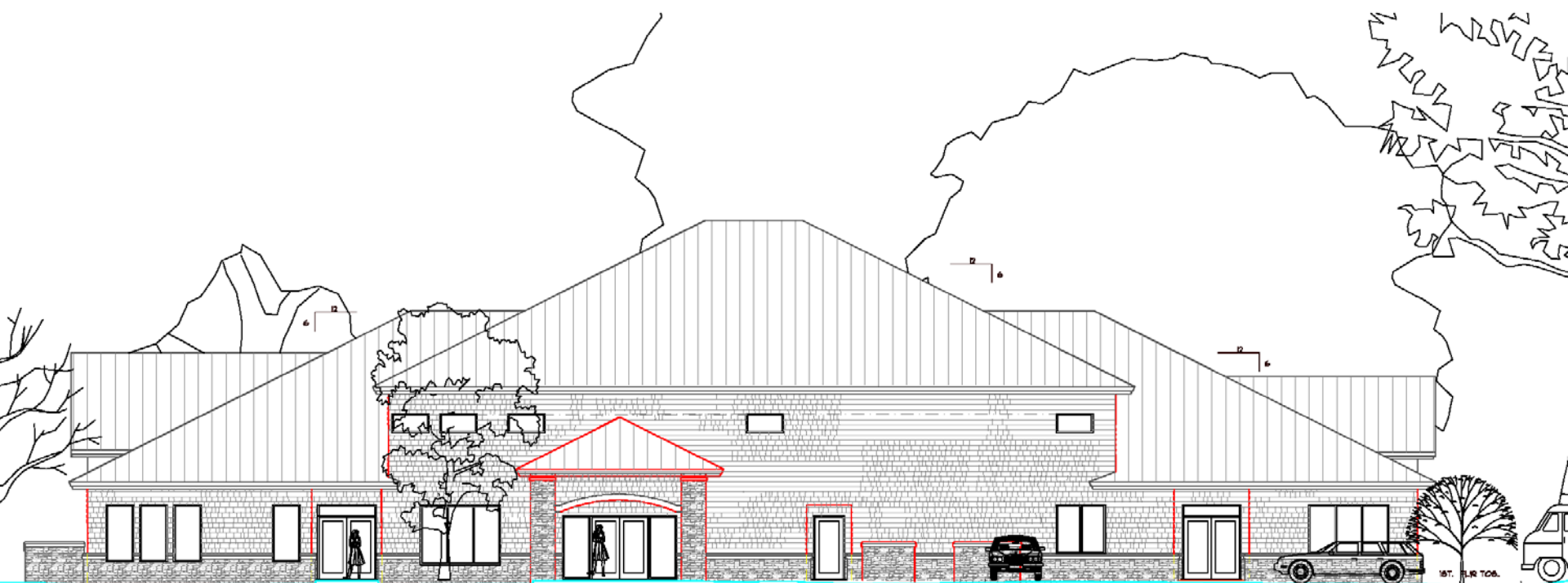




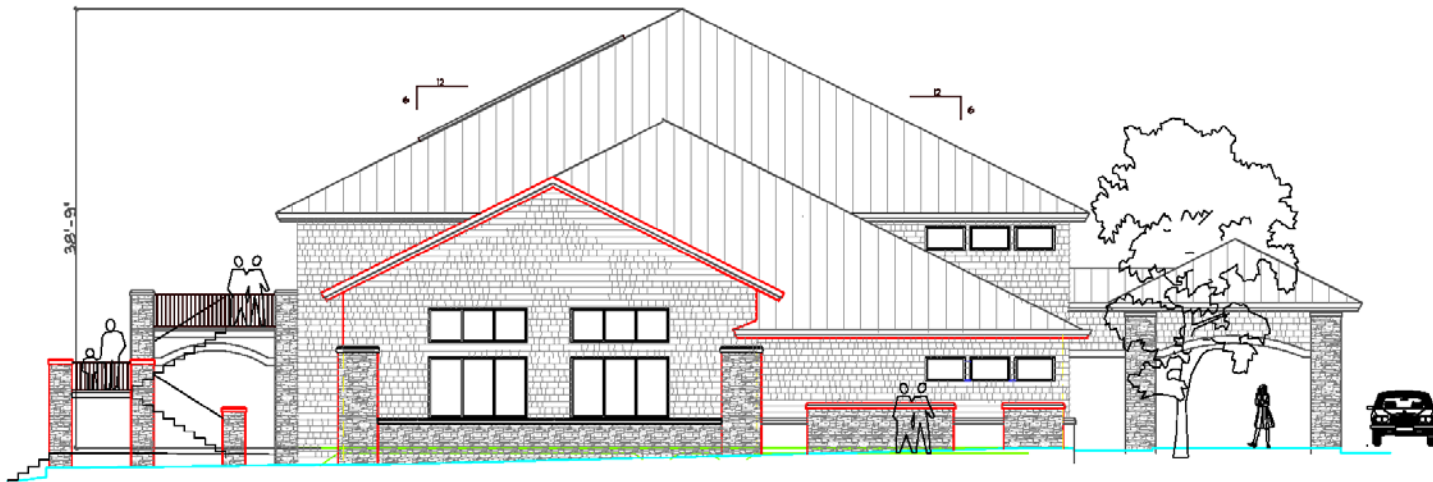
① PUTTING GREEN END ELEVATION  
Scale 1/8" = 1'-0"



② REAR (WATERWAY) ELEVATION  
Scale 3/16" = 1'-0"



③ FRONT (PARKING LOT) ELEVATION  
Scale 3/16" = 1'-0"



④ POOL SIDE EXTERIOR ELEVATION  
Scale 3/16" = 1'-0"

# Summary of This Proposal

1. We will start assessments January 2012
  - Homes \$350, total assessment if 6 years \$2,100
  - Lots \$263, total assessment if 6 years \$1,578
2. We will develop the final financing proposal for members to vote on within one year
3. At that time we will give you a definite assessment period, which will likely be 5 or 6 years
4. Members vote, 2/3 majority required to approve financing
  - If approved, we apply for permits
  - If not approved, we find out what member objections are, modify the plan, re-present and re-vote
5. After permits are granted we apply for our construction loan

# Questions