

From: Big Canoe POA Board <enews@bigcanoePOA.org>

To: David Hopkins <themtnsvoice@aol.com>

Subject: A Letter to the Big Canoe Community from the POA President

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Big Canoe.POA

Board of Directors

A Letter to the Big Canoe Community from the POA President

You will soon receive a ballot package for a vote to approve an amendment of the Big Canoe POA Covenants to implement a capital contribution fee. I am writing to you today to ask you to take some time to review this proposal and give it serious consideration. This fee will be an important component of the plan to pay for the renovations to maintain our facilities and amenities and will raise \$10 million over ten years, assuming a conservative 200 home sales per year. The Master Plan was discussed in great detail at the well-attended Information Session held at the Big Canoe Chapel on November 2, 2019. This plan is important in ensuring that our community appears vibrant and fresh to potential property buyers and doesn't convey the unfortunate impression that the residents of Big Canoe have trouble maintaining our community. A primary principle underlying the financing plan to renovate facilities and amenities is to minimize cash outlays by current Big Canoe property owners.

Master Plan

Before discussing the funding plan, let me quickly summarize the Master Plan for Facilities and Amenities. Work on this plan was started almost a year and one half ago. To help with the plan's development, we engaged Bergin Golf Design to develop a conceptual plan for our three golf courses. Chambers USA was hired to evaluate our other facilities and amenities. Besides oversight and

input from the board and management, our Long Range Planning Committee devoted several months to vetting the elements of the Chambers' work. A survey of the community to determine community preferences was also done by Chambers.

The results of this work was presented to the community on November 2 and a video of this session is available on the POA website at [Facilities and Amenities Master Plan](#). Much work was done by the golf staff and various golf committees to understand the extent of the issues with the golf courses. but the initial focus was the Creek nine. Approximately 85% of the suggested work in Bergin's plan related to maintaining the mechanical aspects of the course, which is primarily the irrigation and drainage systems underneath the playing surface. This infrastructure was installed in 1971 and only has had superficial maintenance done in the past 48 years, much longer than its estimated useful life. Pictures of the disrepair of the drainage pipes and irrigation failures are included in the video I referred to above. The remainder of the golf renovation would improve the playability of the course for both skilled and less skilled golfers. Creating a better golf course would be paid for by the golfers over a reasonable period of time and should minimally affect their monthly assessments or greens fees.

While we did not attempt to cost out all of the over forty potential projects in the plan, we estimated at the beginning of the project that if all projects were completed, the total cost would be over \$30 million. We don't expect that all projects will be completed and we envision executing this plan will require 8-10 years. If the \$5,000 fee were collected each year for ten years, at the 200 home sale level, and the \$25 per month assessment (\$300 per year) were collected, only approximately \$20 million dollars would be raised. The provisions of the capital contribution fee, which are included in the amendment draft and the FAQ included in your packet, are flexible and allow for the Board to suspend or reinstate the fee as needed to execute the Master Plan in a financially sound manner. For example, when our currently outstanding debt of \$6 million is repaid in April, 2026, the Board at that time will need to determine if the \$25 included in the current monthly assessment should be continued, used to further fund the Master Plan or be discontinued. Recognize that an important funding objective is to create a systematic way to accumulate funds to keep our community vibrant. Assets that appear "fresh" today may look worn and tired ten years in the future.

Funding Plan

The funding of this plan was researched by the Finance Committee. As part of their work, from a sample of almost 50 communities, the Finance Committee studied in detail 12 communities they believed were similar to Big Canoe. Besides examining how these communities were financed, they also worked to ensure the physical characteristics of these communities were similar to Big Canoe. An important difference was found in these communities' funding. All charged the equivalent of a capital contribution fee, ranging from \$8,000-\$45,000. Also, these communities allocated a portion of annual assessments toward a capital accumulation fund to pay for future renovations. This currently does not exist in Big Canoe.

The proposal calls for a fee payable by a buyer at closing, which can be financed. Monies collected will be maintained in separate bank accounts and these funds will not be used for operations or to replace capital items used in operations, such as mowers or vehicles. The fee will be \$5,000 for a home and \$2,500 for a lot. An additional \$2,500 will be due from a lot buyer when a home is built on the lot. There are several exemptions from this fee, the major ones being that if a current property owner sells a home and then purchases another home in Big Canoe, no fee would be due for the purchase. Likewise, if a family sells or bequeaths a home to defined family members, the fee will not be payable. Some have said to me and other Board members that this fee is not fair to people owning lower priced homes. The Finance Committee and the Board have chosen this fixed fee approach since all property owners, regardless of the price of their home, have equal access to facilities and amenities. Likewise, all lot and home owners pay the same monthly assessment for their home or lot which pays for the operation of the POA facilities or amenities.

This funding approach should be an effective way to ensure that property values can increase and the character of Big Canoe be maintained. In the long term, increasing property values from a well maintained community will be good for all.

Please take the time to learn more about the Master Plan and the FAQ, which will be included in the ballot package. I urge you to vote. The Board supports this funding method which includes this capital contribution fee. We need to have a quorum to consider the proposal. That means that 35 % of eligible

property owners must vote, and 50% plus 1 of those voting must support this proposal for it to pass.

Please vote!

Jay Goldman
President, POA Board of Directors.



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