

Summary of Q&A and additional Clarifications:

October 7, 2017 Town Hall Meeting

Subsequent Clarifications:

Since the meeting, additional questions have come up as well as additional clarifications. Some may be repetitive with other documents from the meeting or from the Q&A below.

- Golf Course management since the meeting has formally committed to an initial, immediate payment of \$5,000 upon passage of the amendment to the Master Declaration.
- Since the meeting, Golf Course management clarified that they will develop with the Board a payment plan to pay the arrears in assessments over a three to five-year period.
- To protect the property owners' association interests, a lien on Golf Course property will remain in place until golf course assessments are current.
- Golf course main impact on POA costs is on entrance and Arnold Palmer Drive to the Clubhouse constructed by the golf course - an average of 36 cars in and out daily (32,400 outside play, 2.5 golfers per car, 360 playing days/year). Residential impact on same entrance gate and Arnold Palmer Drive, at least to Laurel Valley, is substantially more (approximately 190 occupied residences, most with 2 cars, generates well over 200 trips per day).
- The reduction in the Golf Course assessment, from 15 to 1, equivalent to the assessment on 14 unimproved lots, would reduce revenue to the Association by approximately \$14,500 (the amount varies by year based on the assessment rate).
- The \$14,500 reduction is an average of about \$30 per property.
- The Board does not expect that reduction to cause an increase in the assessment rate for property owners.

Questions & Answers at the Town Hall meeting October 7th, 2017. (note the following is in the order of the questions received):

Q: Will the cart path and the intersection of the cart path between hole #12 and #13 be fixed to be easier on our bodies and the equipment?

GCA (golf course answer): Yes, that is one of the projects. A fix may require cooperation with the Declarant, and discussions are ongoing.

Q: What if any are the past due assessments, and will the golf course guarantee the Association will be paid those amounts? Could the Association take partial ownership in lieu of these amounts being paid?

GCA: No, the Golf Course would not be willing to exchange some ownership in exchange.

BA (board answer): The Association's policy is not to identify the names of nor the amounts of any assessments overdue the Association. In this particular circumstance, it is unavoidable (and approved by Charlie Smith representing the Golf Course) to acknowledge that the Golf Course is past due for the two years prior to 2017 and late on 2017. The amounts, we cannot discuss, but one can come up with an educated guess yourself.

Q: Will the savings for the golf course from the amendment go back into course improvements?

GCA: Yes, that is our intention.

Q: Would the golf course be coming back each year for similar changes as the proposed amendment?

BA: There would not be much else in the Master Declaration that could be changed if the assessment is reduced from 15 to 1. In addition, note that the Master Declaration specifically states that the presence of a golf course in the community is not guaranteed; no warranty of a golf course presence is stated or implied.

Q: What is the value (cost) of all the planned improvements?

GCA: Not all of the investments (those out into 2019) have been estimated. As stated earlier, approximately \$35K for the bulkheads on #9. Planned course improvements will be considerably greater than the dues reduction.

Q: What will be the impact on property owners?

BA: Approximately \$30 per lot annually for reducing the number of lots assessed from 15 to one. Yes, the reduction to 1 lot will be every year going forward.

Q: No mention in the investment plan for exterior painting and other exterior improvements to the Club House.

GCA: That is needed and is planned. The major projects listed do not include things that are more maintenance than investment. Other maintenance includes removal of the debris pile on the side of the driving range that is in view of some of the Gallery and Bluffs townhomes.

Q: What financial reporting will the course do to show how the investment from the property owners is spent? How can we ensure accountability?

GCA: Will not release financial statements or details of course finances. Such information could be very valuable to our competitors, including one of our closest

course competitors down the road that is owned by the Developer (Declarant) of Rivers Edge. We do not view this as an investment by property owners in the course. We view it as reduction in expenses that we should not be paying since we built the front entrance and Arnold Palmer Drive up to the Club House and that is now common property. We basically do not use any other common property other than what we built. This reduction in expenses going forward will assist the Golf Course in making investments needed to compete in the regional golf industry.

Q: Is there a specific project plan for what will be done on each hole on the course?

GCA: For the projects to be done soonest, such as the bulkhead repair on #9, yes there is a specific plan. For projects coming later, project plans will be developed, and discussed with members. For example, we will discuss with members bunkers to be renovated or possibly eliminated on some holes.

Q: Is there a 10 year plan to replace the clubhouse?

GCA: There is not a detailed plan in place, but we recognize the clubhouse will need significant investment.

Q: Are there plans to hire a club pro?

GCA: The club does have a registered PGA presence. The plan for Rivers Edge has been and continues to hire young, apprentice professionals and develop them, just as we did with Jeff Pianelli. Jason has been very successful in his management role in generating business to fill in the tee sheets. Sebastian and Garrett are being brought along as young professionals. The demand for a full time and more experienced pro just does not justify the salary for a full-time manager and pro instructor. Jason is fully qualified and available to give golf lessons.

Q: Are all the bulkheads on #9 being repaired this winter, not just those along the fairway, and do you have plans for changing the hole or closing it during repairs?

GCA: All the bulkheads around the green and on the section leaning away from the fairway are planned for this winter. We hope it will be about 10 days to 2 weeks and will have a plan for what we hope will be a brief interruption in playing the hole.

Q: Why reduce from 15 to 1; why not eliminate the dues?

BA: The Master Declaration defines commercial entities, such as the Golf Course, as a class B member of the Association. To be a member of the Association is to be subject to the relevant parts of the Master Declaration, including annual assessments.

GCA: The Golf Course thinks it is in our best interest and in the Association's best interest to be a member of the Association. We want to retain that relationship.

Q: Repeat of question on cost per property owner. Are there actual lots owned by the golf course?

BA: Approximate average cost of \$30 per property. The golf course owns no actual lots in the development, just the golf course land and improvements. The references are "the equivalent to unimproved lots." The Board does not intend to raise dues to cover this reduction in golf course assessment.

Individual Board Member response: The \$30 per property is well worth it, especially if you look at the weeds growing in the course down the road now closed.

Q: Why was the original assessment 50, then 15, now 1?

BA: Clarification, the Master Declaration was written when the entire development and course was owned by the original owner/developer (R.D. White III and others). We have no information on why 50 was chosen at that time the Master Declaration was written and filed.

Q: Is there any relationship to or impact on the Beach House payoff?

BA: No impact.

Q: What is the Declarant's role in this?

BA: There is some difference of opinion between the Declarant's lawyer and the Association lawyer as to whether the Declarant must approve the amendment. However, the Board and our attorney agree that it is prudent and useful to have the Declarant's agreement and support.

Q: When the arrears in past assessments are caught up, this is real money to the course. Isn't it really about saving the Golf Course money?

GCA: If we do not have to pay the annual \$14k (approximate) from 14 of the lots, we will be able to keep investing in improving the course, and improving the golf experience. The Golf market is not growing. The only way to grow is to steal market share with a better product. We want to invest the funds to improve our product and grow our market share.

Q: Has any thought been given to outside memberships (non-property owners)?

GCA: The Master Declaration limits the golf course memberships as open only to property owners. The current balance in revenues between members, package play and direct sales outside is about right we feel.

Q: Is there any assurance of back dues being paid and a specific timeline?

GCA: We cannot guarantee a specific time line, but our intention is three to five years.

Q: Are we going to get the Arnold Palmer course name recognition back? It is no longer advertised on bill boards and it could be a factor sometimes in choosing where people want to play.

GCA: We are permitted to use the “designed by Arnold Palmer” distinction, and we are promoting that. It is costly to pay for the rights to use the umbrella logo and other features, and it includes consulting fees to come and look at the course and make recommendations on changes and maintenance.

Q: Will the golf course come up with a payment plan (for dues in arrears)?

GCA: We will negotiate a payment plan with the Board if the amendment passes.

Q: Have the number of rounds played increased? The parking lots look really full a lot of the time and there are a lot of days where people have to wait until morning play is finished to get a cart for afternoon rounds?

GCA: The rounds played in recent years have been down from early years, and flat recently. But there are positive signs of an increase in rounds, especially due to the efforts that have been made by pro shop management to use technology to sell unsold tee times quickly. Right now, we are happy with the balance of rounds played by members, package play, and direct sales outside RE.

Q: Why should non-golfers buy in to the proposal?

GCA: Primarily to preserve property values in the development, but there are some enhancements in the form of social events for all owners and inducements for people to take up golf.

Q: I expected to see a change in the relationship of the golf course to the community. But I see more of a break in the relationship with nothing for non-golfers.

GCA: As I said previously, the main benefit to non-golfers is in the protection of their property values. However, there will be free events for non-golfers as well as golfers and continued emphasis on fun events that get non, or occasional golfers involved.

Q: Does getting rid of some bunkers affect our usage of the Arnold Palmer designed course designation?

GCA: No.

Q: Has the golf course considered or is it considering another level of membership, such as 50 rounds per year?

GCA: Yes, we are considering something like that.

Q: Why not just forgive the past due assessments?

BA: The terms of our Master Declaration require the same treatment for all property owners. We cannot forgive one without everyone else.

Q (comment): It is important to get the owners who are not near Rivers Edge involved and get their buy-in.

BA: We agree, and we are using all means of communications to give them the information and answer all questions they may have.