

SUMMARY MINUTES OF THE JUNE 19, 2002
BIG CANOE POA BOARD OF DIRECTORS MEETING

Following an Executive Session, the meeting was brought to order in Regular Session at the Canoe Lodge by Jim Deach, President at 9:45 a.m. In attendance were Linda Greer, Bill Byrne, Mickey Gallagher, Nancy Zak, Secretary, Troy Ledbetter, General Manager, Anita Michele, Assistant General Manager and Debbie Pickett, Recording Secretary. Bob Tippet was absent from the meeting. There was one property owner attending the meeting.

FINANCIAL REVIEW

Ms. Michele stated that overall, the POA was \$73,600 better for May and \$333,000 better year to date. Of the \$333,000 better than budget YTD, approximately \$140,000 will be spent during the year as planned. As is normal, the expense side is uncertain. On the flip side, our revenue picture is basically locked in for the year, as most of the annual card or lease revenues are already booked for the year.

Property transfers jumped dramatically from 35 in April to 55 in May; yet they are still short last May's 62 transfers. Lot sales were down 45% from last YTD; however, with two new neighborhoods, Blackwell Creek and Wildcat, opening for lot sales it is premature to lower the projection of lot sales for 2002.

Golf Operations was \$25,700 worse for the month, but still \$28,000 better YTD. Total rounds played in May were 3,846; this was an increase of 233 over budget and 146 more than May 2001. However, as rounds shift from guest & non-cardholder (-222) to cardholder (+354) we lose the greens fees paid by guests & non-cardholders. Cart fees, paid by all, are up. Annual card sales were \$4,800 worse than budget for the month though on budget year to date; we have collected \$520,000 of the \$530,000 budgeted for annual card sales.

The monthly negative for golf was due to the shortage in greens fees of \$6,900 plus payment of \$11,200 in handicap expenses which had been budgeted to be paid in April. Also, the remaining difference was in depreciation, which required a one-time adjustment related to the final acceptance of the new golf carts.

Golf Maintenance was \$12,000 worse for the month and \$1,600 better YTD. This is the reverse of last month, when timing issues resulted in better than budget numbers. Purchases made in this department (sod, chemicals, sand, etc.) and the timing of projects undertaken swing the budget under and over budget throughout the year. In general, the department will be on budget at year-end unless there are large, unforeseen problems.

Fitness Center was \$6,000 better for the month and \$19,000 worse YTD.

Additional May annual card sales were \$2,000 better than budget. We have collected \$209,000 of the \$230,000 budgeted for annual cards. A total of 497 cards have been sold; this is a capture rate of 54% of the estimated 925 full-time residences. On the expense side savings from a downward swing in oil prices helped utilities. Also, the leaving of the assistant manager cut expenses during part of the month.

Tennis was \$4,100 worse for the month and \$4,200 better YTD. The scheduled clay court maintenance budgeted for April but completed in May caused the negative monthly number. The \$4,200 better YTD will most likely be spent as planned to repaint the exterior of the building. On the capital side, \$10,000 was spent to resurface the outdoor hard courts and \$3,000 was spent for the well and pump which will eliminate monthly water bills.

Swim was \$9,400 better for the month and \$9,400 better YTD. Annual card sales and daily sales are both running ahead of budget for this period, which was essentially just Memorial weekend. Excellent weather resulted in attendance of 500/700/500 for Sat/Sun/Mon respectively and generated revenues \$7,500 better than budget.

Lakes and Marina was \$3,000 better for the month and \$26,850 better YTD. The big story in May was the continued success of the boat rental program. Revenues were almost double last year's for May (\$2,200 vs. \$1,300). Fishing annual cards have also seen a boost as a result of increased package sales (platinum, gold and silver cards).

Food and Beverage was \$2,000 worse for the month and \$6,150 worse YTD. Revenues at \$101,000 were about \$4,000 better than budget. COGS were on budget at 40%. Labor and operating expenses were \$5,000 worse than budget.

AECD was \$7,250 better for the month and \$43,000 better YTD. Architectural & Environmental Control Department submittals were again significantly better than budget by \$7,300. There are currently 94 houses under construction, not including those in the Developer's condo home neighborhoods.

Grounds Maintenance was \$22,000 better for the month and \$115,700 better YTD. The department was short employees and hours. Road fees were \$5,700 better in tandem with increased AECD submittals. There were some savings in road maintenance, probably due to timing issues.

Facilities Maintenance was on budget for the month and \$10,900 better YTD.

Security was \$5,400 better for the month and \$24,400 better YTD. General and Administrative was \$37,300 better for the month and \$59,300 better YTD. On the revenue side interest income and transfer fees were up. On the expense side, building painting & repairs of \$20,000 scheduled for May were still in progress in June.

GENERAL MANAGER'S REPORT

At the last meeting, AEMC Easements were discussed and George Nowack, legal counsel, was asked to provide an opinion as to whether a property owner could assign their proxy for AEMC to Big Canoe Property Owners Association. Mr. Nowack has informed Mr. Ledbetter that AEMC is structured in such a way that proxies cannot be assigned. Members of AEMC have to be present to vote at their annual meeting. Mr. Nowack continues to investigate AEMC's easements as they relate to the POA. Mr. Deach suggested that a second legal opinion be obtained regarding AEMC's obligation to restore roads they damage.

Mr. Ledbetter reported on the following projects, which are in process or have been completed: new carpet has been installed in the Sconti Clubhouse; the patio at the Sconti Clubhouse is being enlarged and rocked with a guard rail around it; the kitchen at the Canoe Lodge has now been re-wallpapered and ceramic tile has been installed; painting of the building is scheduled for this month; new sod is in place on the back lawn; some of the cart paths have been resurfaced or patched.

Mr. Ledbetter reported that the golf course is in excellent condition. He stated that he feels Robbie Womac and his staff have done an outstanding job and further reported that the golf course seems to improve each week.

At this time, the following roads have been resurfaced: Pinto Place; Hickory Trail; Huckleberry Trail; Jewell Weed; Shetland Trace; Strawberry Circle; Village Loop; 500 Section Lakewatch.

The Board next discussed proposed improvements being made to the open top dumpster. Mr. Ledbetter stated that he has obtained a bid to install an eight-foot chain link fence with several opening gates at a cost of \$2,200. A fence will be installed in front of the open top dumpster. Anyone wishing to use the open top would pick the key up from Security. Security would determine if the load should go in the open top or the compactor.

The Board was also informed that Pickens County is constructing a waste collection site on Cove Road near Steve Tate Highway. The Board requested Mr. Ledbetter to discuss options with the Commissioner on how this site could benefit Big Canoe. It was pointed out that as Big Canoe continues to grow this will be an issue that will have to be addressed. It was agreed to delay putting up the chain link fence in front of the open top dumpster until Mr. Ledbetter has discussed these options with Commissioner Newton.

The Board next discussed signage for the entrance of Golf Club Drive. A picture of the entrance to Golf Club Drive with the new rockwork has been e-mailed to the signage designer. Mr. Ledbetter stated that he has requested them to make sure their design will fit this area. The Board agreed that the signage colors would be green with red at the top.

Mr. Ledbetter reported that twenty-nine letters have recently been mailed out to boat owners requesting that boats be cleaned and put in seaworthy condition. He also reported that the parking lot at the marina has been striped.

Effective June 15, new regulations for Contractor and Sub-Contractors became effective. All contractors must now be registered with the AECD.

Mr. Ledbetter reported that the POA is now using the well, which belongs to Big Canoe Utilities to water the clay tennis courts. He stated that a new pump was purchased, but this would result in great annual savings for the POA. Mr. Gallagher inquired as to whether a withdrawal permit had been obtained from the state, as is required. Mr. Ledbetter said he would pursue the issue of a withdrawal permit for this well.

The status of Lake Petit Dam was discussed. Mr. Ledbetter stated that at this time, we have had no response from the State of Georgia regarding Lake Petit Dam.

Mr. Ledbetter informed the Board that he met with the trails committee to discuss the access to the jeep trail. Access at the present entrance has been hampered due to the construction in the area and the silt fencing in the area of the pool. Mr. Ledbetter recommended changing the entrance to Wilderness Parkway. The trails committee also recommended that trails be a component of the Blackwell Creek area. Mr. Byrne stated that he would like to meet with the committee to discuss their proposals. The Board agreed with the proposal to move the Jeep Trail entrance to Wilderness Parkway with additional parking for hikers and walkers added at this entrance.

OUTSTANDING ITEMS

The topic of lot consolidation was again discussed. Mr. Deach provided copies of a series of articles on lot consolidation at Bent Tree. It was noted that if anything regarding lot consolidation is recommended by the Board, it would go to the property owners for a vote.

The Board again discussed the signage program. Ms. Zak reported that the graphics committee has met and is very close to making their recommendations for the first series of signs and their content. The Board reviewed proposals and costs for the Lake Sconti Restaurant and Golf Club sign and also an Entry Welcome Sign. Mr. Byrne stated that an Entry Welcome Sign was recommended by the graphics committee and would give a more structured and controlled method of communicating upcoming events. There were reservations expressed as to whether these signs are needed, especially at a cost of approximately \$1,700 per sign. It was agreed that the graphics committee should further discuss the entry sign. It was agreed that the Board would discuss recommendations from the signage committee at the next board meeting.

Ms. Zak updated the Board on the Wildcat Recreation Area and reported that the ballfield component will be ready sometime in September. She stated that they would be sprigging the field in August. It was suggested that the Developer have a column in an upcoming Smoke Signals discussing the trail system that will be in the Wildcat area.

Ms. Zak also reported that the Developer would be promoting another model home in conjunction with Southern Living. She stated that the home would be open as a model in the spring of 2003 and would be featured in Southern Living's sister magazine, Cooking Light. The home will be built in Wildcat and will be open for six months. The home is designed by Caldwell-Clein and will be built by Nick Schiltz. The Developer is working on the architectural standards for this new neighborhood, and they will be compatible with the Rustic Mountain

Standards. It was noted that the Developer would take the responsibility of presenting these new standards to the community.

Mr. Deach stated that the Long-Range Planning Committee has been asked to continue keep abreast of new developments in the area of Telecommunications, Waste and Water and report to the Board semi-annually. Since the cellular companies have been so far unable to come up with recommendations for the size and location of a tower acceptable to Big Canoe, the telecommunications subcommittee was asked to continue to explore current and new telecommunications technologies.

Mr. Deach proposed that Claude Marsh replace Jerry Hunter as an alternate on the Community Council and the Board concurred.

Mr. Deach distributed an article titled "Fit to fight fires - Health is a priority in Clayton". Mr. Deach stated that he felt that the well-being of our fire-fighters should be encouraged. Since we already have fitness facilities, we would not have to spend the \$82,000 Clayton spent for equipment; Mr. Deach proposed that security guards that are active firefighters should be allowed the use the fitness center at no cost. The Board agreed with this recommendation.

The Board again discussed Rule A.14 Rules of Conduct for the Common Properties. Mr. Deach stated that he had received a letter from Jim Owens expressing concerns regarding the legality of some of the language. It was agreed that Ms. Greer, Mr. Owen and Mr. Baugus would further review the language of this rule. A motion was made, seconded and passed that the implementation of the rule be delayed until their recommendations are reviewed at the next meeting.

Mr. Byrne stated that he had recently received a complaint regarding the amenity rates being charged to singles. He relayed that he had been informed that up to 20 people are boycotting the fitness center because they disagree with the single fitness fee classification. It was agreed that the entire Board would look at the fee structure during the budgeting process for 2003. Mr. Byrne also distributed and discussed an article from U.S. News & World Report regarding the major benefits of fitness for seniors.

Ms. Zak provided an article on the drought conditions in Georgia. This article stated that as Georgia enters early summer, the drought is expected to intensify. However, there is hope that the drought will end in early 2003. The end of the drought will depend on the timing and strength of the developing El Nino event in the Pacific Ocean.

Mr. Gallagher requested an update regarding the tax assessment of the Meadows at \$2,600 per acre. Ms. Michele stated that this has been appealed, but that significant change may have to wait for further action from the state.

The Board again discussed automatic renewal of amenity cards and the possibility of allowing annual memberships to revolve from the month of inception rather than January. Ms. Michele discussed the numerous reasons why a change in the current timing of renewals would be problematic for administration. Ms. Zak asked Ms. Michele to prepare a draft of an automatic

renewal policy and suggested that an article be prepared for Smoke Signals and new owner packages describing the January renewal policy. Mr. Deach asked that Mr. Ledbetter and Ms. Michele provide a white paper to the Board regarding the positives and negatives of changing the timing of renewals.

The next meeting of the Board will be held July 17, 2002.

This report is an incomplete and unofficial summary of information provided to the Board and the Board's activities at this meeting, which is produced prior to approval of the official minutes for purposes of timely property owner communication.