

**SUMMARY MINUTES OF THE JULY 17, 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 10:05 a.m. In attendance were Linda Greer, Bob Tippett, Bill Byrne, Mickey Gallagher, Nancy Zak, Secretary, Troy Ledbetter, General Manager, Anita Michele, Assistant General Manager and Debbie Pickett, Recording Secretary. There were four property owners in attendance.

**FINANCIAL REVIEW**

Ms. Michele stated that the POA operated \$26,800 better than budget for the month and is \$360,000 better year-to-date. With the exceptions of unbudgeted bunker sand expenditures (explained below) and the increased paid daily attendance at Swim, June operations went largely according to plan. Of the \$360,000 better than budget year-to-date, approximately \$160,000 is due to timing variations and will be spent during the year.

There were 200 property transfers for the first six months of 2002, which was a decline of 14% compared to 2001. There are now 101 homes under construction, not including the Developer's new homes in Class B neighborhoods. This is a two-year high. Year-to-date, lot sales were down 30%; however, the Developer reported that a substantial number of lots will be added to the available inventory during the second part of 2002.

Golf Operations were \$5,700 better for the month and \$34,000 better year-to-date. There were 4,349 total rounds played in June, 172 rounds more than budgeted. For the first six months, rounds played (16,200) were up 7% over last year. Range fees and cart fees overcame shortages from tournament rounds paying less per round than budgeted as well as decreased guest rounds. Annual card sales were on budget for the month and \$2,000 better year to date. The \$530,000 budgeted for annual golf card sales has been achieved.

Golf Maintenance was \$15,700 worse for the month and \$14,000 worse year-to-date. An unbudgeted expenditure of about \$15,000 was made in June to replenish all the bunkers with fresh sand. It is anticipated that this will result in the department finishing the year exceeding budget by about \$15,000.

The Fitness Center operated \$2,200 better for the month and \$16,800 worse than budget year-to-date. Additional June annual card sales were \$2,000 better than budget. We have collected \$213,000 of the \$230,000 budgeted for annual card sales.

Tennis was \$2,300 worse for the month and \$1,900 better than budget year-to-date. Expenses for water and repair & maintenance costs were higher than anticipated for the month. The new water source will eliminate monthly water bills for tennis court watering and only a small electric bill will remain starting in July. Year-to-date, the tennis department is on budget.

Swim was \$11,250 better than budget for the month and \$20,700 better year-to-date. Daily access fees are running well ahead of budget for this period (\$14,000 vs. \$9,000). Annual cards were on budget for the month and ahead of budget year-to-date. On the expense side, payroll and utilities are both under budget for the month.

Lakes and Marina performed \$1,000 better than budget for the month and is \$27,800 better year-to-date. The boat rental program generated \$1,000 more than budgeted. June boat rental revenue was \$3,000; year-to-date revenue is \$9,000. The half-day rentals in June were 49 pontoon boats, 7 canoes and 17 john boats, plus four full-day rentals of the pontoon boats. Mr. Ledbetter informed the Board that due to the popularity of half-day rentals, dual battery systems are being installed in the pontoon boats.

Food and Beverage operations were \$7,000 worse than budget for the month and \$13,400 behind budget year-to-date. Revenues were on-budget but flat at \$101,000 for the month. COGS was worse than budget due to the high cost for the lunch buffet combined with lower traffic. Total sales are ahead of last year and budget, however, lunch traffic has declined, most likely due to a combination of outside competition and parking issues. Hourly and salaried total labor costs were \$1,000 over budget. Various expense categories were also worse than budget by about \$5,000.

Architectural & Environmental Control Department submittals were better than budget by \$1,000. AECD was \$2,250 better for the month overall and \$45,000 better year-to-date, primarily due to the strong pace of submittals. Wire inspection fees were \$650 better than budget. There were some savings in expenses.

Grounds Maintenance was \$21,300 better than budget for the month and is \$137,000 better year-to-date. The department continues to operate with fewer than budgeted employees and hours. Road fees were \$1,400 better, reflecting the additional AECD submittals. There were some timing savings in road maintenance, uniform expense and landscaping; these dollars will be spent. Facilities Maintenance was \$1,850 better for the month and \$12,700 better year-to-date. Security was \$1,200 worse for the month and \$23,200 better year-to-date.

General and Administrative was \$1,400 better than budget for the month and \$ 60,700 better year-to-date. On the revenue side, interest income and recovery of bad debt were better than budget by \$10,000 and \$12,000, respectively. On the expense side, building painting & repairs scheduled for May were still in progress in June.

In capital expenditures, two security vehicles were replaced, canyalls were purchased for Golf Maintenance, carpet at the Sconti was replaced, and the patio at the Sconti was rocked.

## **GENERAL MANAGER'S REPORT**

Mr. Ledbetter informed the Board that Burt Prater has stepped down as Chair of the Communications Committee and requested the Board's consideration of Mike Kupchik to fill this position. A motion was made, seconded and passing approving Mr. Kupchik to Chair the Communications Committee.

Mr. Ledbetter informed the Board that George Nowack, legal counsel, has further considered Amacalola Electric's responsibilities regarding line replacements and road paving within Big Canoe. Mr. Nowack reported to Mr. Ledbetter that he and his firm's attorneys concluded that the POA cannot force AEMC to repave the roads when underground lines are replaced. Mr. Ledbetter recommended that the POA coordinate their paving schedule with AEMC's line replacement schedule. At the current time, the POA repaves 10 miles of roads annually. Mr. Deach stated that the Board should pursue further investigation into the AEMC easement issue. The Directors are in the process of selecting an attorney from three firms who specialize in public utility law to further research this matter.

Mr. Ledbetter reported that Pickens County has initiated construction of a recycling center on Cove Road. This center will be approximately 500 yards from Steve Tate Highway. Construction should be completed in approximately two months. Commissioner Newton said there would be no charge for recycling; dumping charges will be \$1.00 per bag for household garbage and \$20.00 per load for the open top dumpster. Following discussion, the Board asked Mr. Ledbetter to prepare a cost analysis on eliminating recycling from the POA facility and to determine what the cost would be to add an additional compactor.

The Board was informed that, effective June 30, the POA had switched its insurance provider from Zurich to the St. Paul Company. Mr. Ledbetter expressed appreciation for the good results achieved by the POA's agent, Walt Kutch, in obtaining coverage at the best possible price.

Mr. Ledbetter reported that a valve malfunction in the desert air system caused excessive heat buildup in the indoor pool and Natatorium. Mr. Ledbetter stated that repairs to the valve are underway and that the windows would also be tinted on the parking lot side of the building, which should help filter out heat from the sun.

Mr. Ledbetter informed the Board that the well owned by Big Canoe Utilities is now being used to water the clay tennis courts. He stated that the EPD had indicated that a permit is not required if less than 100,000 gallons of water is used daily. Mr. Ledbetter will request Jim Crew to prepare a deed for the well from the utility company to the POA.

An update was provided to the Board on the Marina. Mr. Ledbetter reported that, in accordance with the Marina rules and regulations, a pontoon boat has been removed for improper maintenance. The rules specify that, if a history of improper maintenance is established over a 12-month period, boats will be removed to the storage lot at the owner's expense.

It was announced that Marie Hammontree is to retire July 19 after thirty-one years with Big Canoe. She will be honored at the Wednesday Night Community Dinner and also at an employee cookout.

The Board discussed the issue of speeding tickets and fines. Mr. Ledbetter reported that, as of April 15, approximately 10 speeding tickets have been issued that included a \$50 fine. These fines have been added to the violator's POA statement. Following discussion, it was agreed that letters would be sent out informing violators of the fine until language can be added to the tickets

notifying violators that a \$50 fine would be imposed for traveling 40 mph or over, and that this fine will be added to their POA statement.

Mr. Ledbetter informed the Board that in order to comply with state regulations, a concrete retainer will be built around the gasoline storage tank at the golf cart barn. A "No Smoking" sign will also be posted at this location.

Mr. Ledbetter requested clarification regarding the membership policy where there is more than one individual on a Big Canoe deed. It was agreed that Mr. Ledbetter should further research this topic with legal counsel and make recommendations for discussion at the next meeting.

## **OLD BUSINESS**

The Directors next considered the formation of a Neighborhood Planning Board as proposed by Mr. Tippet. The purpose of the Board would be to encourage quality neighborhoods and facilitate the architectural review process in this regard. The Board acknowledged that square footage minimums or maximums could not be imposed upon owners who have purchased lots under the existing Covenants and Restrictions unless such a provision was included in their deed restrictions, as in the Developer's newer neighborhoods. The Board further discussed the possibility of all neighborhoods being subject to one set of guidelines such as the Rustic Mountain Guidelines. It was agreed that many of the elements of these additional guidelines could be included as preferences in the AECD Guidelines so that owners and builders would better understand the design elements that are generally sought in the submittal review process.

Ms. Michele informed the Board that the AECD currently looks at every site under submittal at least twice. The staff and consulting architect, Bob Charnley, carefully consider each house's location on the site and in relation to its neighbors, and work to provide design review and suggestions to help achieve a quality result. She noted that some conditions, such as natural water elements, can greatly restrict the options on a site. It was agreed that Ms. Michele, Mr. Byrne and Mr. Charnley would meet to discuss the specific additional guidelines which might be incorporated and make further recommendations.

The Board again discussed the amenity rates being charged and the ratios between various classes of membership. Mr. Deach distributed an analysis showing some lack of consistency in these ratios for various amenity card fees. It was confirmed that the entire Board would look at the fee structure, and in particular these ratios, during the budgeting process for 2003.

Ms. Zak inquired, given that we did not have the benefit of the full Board to vote on the issue of Bent Tree members being allowed to join the fitness center, if the Board would like to reconsider this issue.

Mr. Deach and Mr. Tippet stated that they had received no favorable feedback regarding this concept and there was no desire to reconsider the previously defeated motion.

The Board next discussed the signage program. Ms. Zak stated that there have been some delays in getting the final text recommendations from the Graphics Committees. Ms. Zak also reported

that the Lake Sconti Restaurant sign had been ordered from Donavon. She stated that he would build the first sign and then provide specifications so that bids can be obtained on other proposed signs. Ms. Zak confirmed that Bryant McDaniel would continue to follow-up on the signage program.

Mr. Deach again reminded the Developer that a response to Mr. Tippet's October 2001 letter regarding the dispute over amenity funding allocations had not been received. Ms. Zak stated that she is committed to doing this letter and it should be completed by the end of August.

The Board was provided with copies of articles from Bent Tree regarding their lot consolidation program. The program was discussed.

The Board reviewed proposed changes to A.14 Rules of Conduct for Common Properties. A motion was made, seconded and passed to adopt the amended rule as read.

The status of Lake Petit Dam was again discussed and Mr. Ledbetter reported that we have had no response from the State of Georgia regarding Lake Petit Dam.

## **NEW BUSINESS**

Mr. Tippet informed the Board that he had regained a financial interest in Tippet, Clepper & Associates and did not feel that it was now appropriate as a Board Member for his firm to charge fees to the POA for design services. Mr. Tippet stated that the firm would continue to work on the assignments underway and also develop a computer graphic simulation of the Sconti area at no charge to the POA. Mr. Deach accepted his offer on behalf of the POA and thanked Mr. Tippet for taking this position.

Ms. Michele distributed an article regarding the hemlock woolly adelgid entitled Tree Bug Invades Southeastern Clubs. She reported that there is a proposed initiative to earmark \$25,000,000 in the U.S. Forest Service budget to help efforts to stop the destruction of hemlock trees. She noted that, while the bug has not yet been reported in our area, it is spreading and could be a problem in the future. Ms. Michele provided a sample letter addressed to our Congressmen and State Senators. Mr. Deach agreed to send a similar letter representing the POA's interests. Ms. Michele was asked to work with the editor of Smoke Signals to also relay this information to the community at large.

It was announced that Ms. Zak had resigned her position as Chief Financial Officer of Big Canoe Company, effective August 15, 2002.

She will also be ending her tenure as a Director and Secretary of the POA. Ms. Zak thanked everyone on the Board and stated that it had been a pleasure participating on the Board. Members of the Board expressed that she would be missed.

The next meeting of the Board will be held August 21, 2002. The meeting adjourned at 12:00 noon.

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.