

Is there an update to the Christovich report for the items stated “need” on the due diligence report that can be provided?

Per Mr. Christovich, all due diligence items have been completed.

2. Has a Phase 1 been completed?

Not to date; however, if the Board receives a favorable response from the survey a Phase 1 will be ordered.

3. Are there assumed contracts that are being assigned in the purchase and sale of the country club?

Yes, though the number of contracts and corresponding liabilities are minimal.

4. How does the Board come to financial projections?

The Board has used the preliminary findings of the Christovich report, actual financials provided by Club Corp., the advice and counsel of its consultant McMahon Group and pro-formas created by professional management companies. The Board has taken a conservative and accurate estimate of all of these sources.

5. What was the Board’s process to assess Association Member interests?

The Board ran an informal professional survey with the Nagcampaign Group to ascertain general interests of its Members. Based on that survey the Board along with the McMahon Group generated a plan with five most important items to Members. That Plan has been circulated as survey with the Members which will dictate the ballot initiative.

6. Has the Board considered hiring a management company for the country club? How much do those generally cost?

The Board is considering hiring a management company. Management companies being considered cost between \$120,000 and \$140,000 before incentive payments or bonuses.

7. Will the memberships under INVEST SVL mirror the current memberships being offered at Spring Valley Lake Country Club?

Yes.

8. Why did the Board use cost estimates for each of the construction projects rather than firm bid proposals?

The Board thought it wasteful to spend substantial money on blueprints for the bidding process before getting an approval from the Members for the loan. The Board did use multiple experts to deliver the estimates provided. The estimates will remain “ballpark figures,” conservatively derived, until the community votes in favor of the required loan.

9. Is there a reason the Christovich Report is not posted on the SVLA website?

There are two really good reasons. One, to protect our work product from being seen by Club Corp. who we are currently under contract with. The Christovich Report is favorable to our position and the Association be harmed by other suitors getting this information for free and trying to interfere with the Association completing the purchase.

10. Is the Board instituting accounting safeguards and procedures to ensure the Association actually spends the INVEST SVL funds as projected in the Plan?

The answer is emphatically yes. The Board is contracting with an accountant for ongoing financial accounting of INVEST SVL and all financial matters moving forward. The Board has committed to the accrual of funds on the balance sheet for capital improvements rather than the previous practice of simply budgeting those improvements as expenses. The Board is resolved to placing safeguards on the funding of the loan with the escrow of funds payable only upon construction benchmarks being met.

11. Do we have the funds to pay the existing water loan in cash?

We do not have the cash to pay off the existing water loan without the depletion of reserves and a special assessment being levied on homeowners. That special assessment will be substantial.

12. If the community building becomes a fitness center, where will we hold community meetings, Association meetings and club meetings?

In the newly renovated country club clubhouse since all homeowners will now have access.