

SUMMARY OF SKYBROOK GOLF CLUB CONTRIBUTION PLAN

As many of you are aware, for the past few years the status of the Skybrook Golf Club property has been uncertain. The Board of Directors, in conjunction with the current owner of the Golf Club, have discussed a plan that would allow for much-needed improvements to the property, as well as its preservation as a golf course for the near future. The purpose of this document is to explain the proposed plan and to request your support, as an amendment to the Master Declaration of Covenants, Conditions and Restrictions of Skybrook (“Master Declaration”) will be required for the proposal to succeed.

As background, the golf course has always been owned by a third party, and not by the Association. In 2015, the restrictive covenant that stated the property could only be used for the operation of a golf course facility and related amenities expired. That means that the property can currently be developed for any purpose permitted under local zoning ordinances or by local governments, though presumably the most likely development would be for residential purposes. In fact, prior to the recent purchase, it is our understanding that there had been interest by developers in acquiring the property for purposes of constructing residential dwellings.

From the Board’s standpoint, there is a significant concern that development of the golf course property will adversely impact property values in Skybrook. Even if development did not occur, if the golf course property is not well-maintained and operated, that, too, will have an adverse effect on our community. We simply cannot escape the fact that the golf course and its facilities are an intrinsic part of Skybrook.

The golf club property was recently purchased by Skybrook Golf, LLC, an affiliate of the original developer of Skybrook and Pinnacle Golf Properties, LLC, the current manager. The Board has had extensive discussions with the LLC’s representative, D.R. Bryan, regarding options for not only the continuation of the Skybrook Golf Club, but also investment in improvements to the Club. His company is committed to investing a minimum additional \$450,000 over and above the purchase before the end of the year, if the Association will share in on-going maintenance expenses and capital improvements at the rate of \$150,000 a year for the next ten years. The enclosed documents outline the terms of the arrangement, but for ease of explanation, we have included a Q&A sheet that we believe will answer the most common questions.

The bottom line is that for a fairly minimal investment once spread over all lot owners, we can see Skybrook Golf Club succeed, and avoid a situation where the property is sold for development purposes, or otherwise gradually declines.

PLEASE NOTE THAT INFORMATIONAL MEETINGS WILL BE HELD ON JUNE 3 AND 4 AT 7:00 PM AT COX MILL HIGH SCHOOL (1355 COX MILL RD, CONCORD) AND JUNE 8 AT 10:00 AM AT THE SKYBROOK APARTMENTS CLUBHOUSE TO DISCUSS THIS MATTER.

THE FORMAL HOA SPECIAL MEETING WILL BE HELD ON JUNE 25 AT 7:00PM AT THE CROSSWAY COMMUNITY CHURCH (6400 PROSPERITY CHURCH RD, CHARLOTTE).

What are the HOA's obligations?

The Association would be required to contribute \$150,000 per year, subject to base inflation rate, for the next ten (10) years to Skybrook Golf. That money can only be used for capital projects or maintenance of the grounds located on the golf course property. A "capital project" is a project that helps maintain or improve the golf course property in the form of expansion, renovation, or replacement of an existing facility. The phrase "maintenance of the grounds" means irrigation, mowing, edging, planting, fertilizing and other landscaping associated with any portion of the Golf Course Property, including the greens.

What happens at the end of the ten years?

At the end of the ten (10) year period, the Board and Skybrook Golf would re-evaluate the arrangement and determine whether continued contributions are warranted.

How do we know whether our money is being used for capital projects or maintenance?

Skybrook Golf is required to provide the Association a budget for each year that allocates the proposed use of the Association's contribution. In addition, the Association will be provided financial records showing the manner in which its funds were utilized so that it can monitor compliance.

What is Skybrook Golf required to do?

Skybrook Golf is obligated to invest \$450,000 before December 31, 2019, to improve the golf course property, over and above the \$1,050,000 that has already been paid for the purchase of the Club. Skybrook Golf is also obligated to give the HOA a right of first refusal to purchase the property during that 10 year period, and to record a restrictive covenant ensuring the property can only be used for golf course and associated purposes during that period of Association contributions. Finally, the Association will be protected from a situation where Skybrook Golf sells out for a profit based on improvements funded partially by Association contributions – specifically, during the first 5 years, Skybrook and the Association will share in the net proceeds of any sale on a pro rata basis according to the capital contributions each have made to that point.

Does the Right of First Refusal obligate the HOA to buy the golf course?

No, a right of first refusal simply gives the HOA the option to purchase the golf course on the same terms that are offered by another bona fide purchaser. That type of acquisition would require membership approval, so it is not an option that the Board could exercise without owner input. However, the right of first refusal does give the membership an opportunity to consider a purchase if the need arises in the future.

Why is the Board in favor of this plan?

There has been a nationwide trend where the interest in golf generally is waning given the multitude of other activities available to young people and the busy nature of our modern American culture which leaves less and less time for recreation. Combined with the 2008-2012 recession and flagging real estate sales, this trend has led to failure after failure of golf clubs that are physically intertwined with residential neighborhoods. The situation has forced many golf courses to focus on meeting the basic costs of operating, rather than focusing resources on needed maintenance and major capital repairs and replacements. The result for communities is either the golf course "going brown" or being sold for other development. The Board does not want to see either of those things occur, which would have a significant negative impact on property values.

What will this cost owners?

The \$150,000/year contribution would be funded by a capital assessment of \$170/year for lots adjacent to the golf course and \$120/year for all other lots.

What will property owners receive in exchange for this payment?

The financial stability of and improvements to the Golf Club will protect property values. In addition, on an individual basis, property owners will automatically be "Community Members" of the Club, entitled to (a) full access to Clubhouse and use of Clubhouse dining facilities; (b) Fifty percent (50%) reduction in rental rate for any Clubhouse facilities below the rate such rental is offered to the general public; (c) Five percent (5%) discount on daily fee golf usage below the public rate; (d) Five percent (5%) discount on monthly/annual Golf Course memberships below the public rate; (e) Five percent (5%) discount on golf shop merchandise; (f) Five percent (5%) discount for food purchases in the clubhouse *does not include alcohol; and (g) 14 day advance tee time privileges for daily fee golf play.

Why should a Skybrook resident pay increased HOA fees if Skybrook Golf, LLC is already committed to improving the course and club?

The HOA increase is primarily to help maintain property values. Property values will be maintained only if the golf course and club remain as a golf course and club. The HOA financial commitment helps ensure the course and club remain viable long-term. Secondly are the benefits of beautiful community aesthetics, a modern dining and activity venue, a premier golf club in the Charlotte area and a greater sense of community.

The provisions in Amendment to the CC&Rs and the Joint Use and Sharing Agreement benefit both Skybrook residents and the developer. By voting "Yes", the current owner is required to keep the property as a golf course, which the current CC&Rs do NOT require.

What happens if Skybrook Golf decides to sell the golf course?

Nothing in the proposed plan prohibits the golf course from being sold. However, the Association would have the first right to purchase the property by virtue of the Right of First Refusal. If the Association did not want to buy the property, it could be sold to a third party.

However, because of the proposed Restrictive Covenant, the property could only be used for golf purposes during the time that the Association makes contributions. If an offer to purchase was accepted on or before January 1, 2025, then out of any net sales profit Skybrook Golf, LLC and the Association would each be reimbursed in accordance with their pro rata contributions made towards the Club.

What do we have to do to approve the proposal?

The enclosed amendment to the Master Declaration must be approved by 75% of members of the Association. Please return the consent form indicating whether or not you are in favor of amending the Master Declaration to allow the Association to contribute funds to maintain the Skybrook Golf Club. The consent form can be hand-delivered to any Board member, or returned the following ways:

By email to: support@mycmg.com

By regular mail to: PO Box 481349 Charlotte, NC 2869

By fax to: 800-334-0526

THANK YOU FOR YOUR THOUGHTFUL REVIEW OF THIS MATTER