MEMORANDUM

TO:	Cobble Creek HOA Board, Club at Cobble Creek Board, Club/HOA Master Easement Task Force, Jamie Temple (Momentum Development), and Randy Griffin (Weststar Development)
FROM:	Flint Ogle
RE:	Proposed Framework to advance "Master Easement" Funding Mechanism
DATE:	September 8, 2023

This memorandum outlines a suggested framework to generate additional funding to support the future maintenance, repair and upkeep of the Cobble Creek golf course, open space and related facilities (for simplicity, collectively referred to in this memo as the "Common Open Space"). This is intended as an initial proposal to formulate a consensus framework before attempting to draft a detailed written agreement. The following briefly describes the context of this memo, and then lists the suggested components of a proposed "master easement" document to which The Club at Cobble Creek ("Club"), the Cobble Creek HOA ("CC HOA"), and the developers of Spruce Point North, Cobble Creek South ("CC South") and Cobble Creek West ("CC West") acreage (sometimes called the "developers" below) would all be parties. As noted below, the participation of the Spruce Point "South" (Filing 1) HOA requires further discussion.

Discussion of various measures to fund the long-term care of the Common Open Space have been ongoing since 2021, and I understand that some may feel strongly regarding the relative merits of one approach or another. I would ask that this memo be considered with an open mind and in the cooperative spirit in which it is intended. A bullet point summary of the "Suggested Easement Framework" discussed below is attached as **Exhibit A**, while the following describes the thought process underlying the proposed framework in greater detail.

<u>Context of this Memorandum</u>

On June 8, 2023, Flint Ogle (Spruce Point North developer), Randy Griffin (Weststar Development representative) and Jamie Temple (of Momentum Development, LLC) met with several representatives of the CC HOA board and the Club board to discuss how to implement additional funding measures to support the Common Open Space. I'll refer to that group as the "Task Force" below. The Task Force held additional meetings on July 12 and August 21, 2023 with many of the same participants, along with Chris Cox, CC HOA President, and Nick Parrot, Club Board member. Shelly Dackonish of Dufford Waldeck, LLP in Grand Junction has attended all meetings in a legal advisory role at the expense of entities managed by Ogle. This document is intended to summarize the results of these meetings and present a "consensus" framework – noting that 100% agreement does not exist on all points.

<u>Reasons Underlying the Effort</u>

There are several fundamental points on which there appears to be general agreement within the Task Force:

1. The Common Open Space is the premier attribute of the greater Cobble Creek community – what some have referred to as the "wow factor" – that enhances the value of all properties within the community (including Cobble Creek, Spruce Point, CC South and CC West). As such, it is in the interests of all property owners in the community to sustain its long-term beauty and appeal so that Cobble Creek maintains its position as the most desirable community in the region;
2. It is worth noting that the golf course is in fact the "open space" for Cobble Creek Phases I, II and III (CC South), as reflected in zoning and plats, even though it is not owned by the CC HOA. To that extent, the Club is the current steward of this community feature;
3. The Common Open Space, both currently and over the next several years, will require maintenance and capital improvements beyond what the Club will be able to fund through its current dues structure;
4. As such, additional funding sources must be generated;
5. Since the aesthetic condition of the Common Open Space benefits all property owners in the community, whether or not they are also golfers or members of the Club, there is a strong rationale to create a funding mechanism supported equitably by all current and future community members, much as would have been the case had the whole community been set up with a master association initially.
6. Generating additional revenue through assessments of all residents of Cobble Creek and surrounding neighborhoods (again, as would have been the case under a master association) offers the best and least problematic way to raise sufficient funds to adequately support the Common Open Space in the long term.

The Task Force believes some urgency exists to generate additional funding. If the effort is delayed too long, the financial demands of the Club's upkeep may overwhelm available funding sources. This memo represents a good-faith effort to identify and advance a workable solution with the best chance for long-term success. On that note, while many potential sources of additional revenue to support the Common Open Space have been considered, the Task Force believes that the fundamental goal is raising sufficient funds in the least complicated and most legally supportable manner.

While retro-actively creating a master association of the whole Cobble Creek community has previously been discussed, it has not been the recent focus. Based on the analysis of Shelly Dackonish, a Partner with the law firm of Dufford Waldeck (Grand Junction), who is participating in these discussions on behalf of the Spruce Point North developer, the focus has been amending and expanding existing easements through which existing neighborhood homeowner associations already provide some level of support for Common Open Space maintenance. A May 24, 2023 memorandum from Dackonish and a June 7, 2023 memorandum from Flint Ogle are available and provide some additional background on currently existing easements and the benefits of the revised easement structure. The Task Force refers to the suggested revised approach as a "Master Easement."

<u>Suggested Easement Framework</u>

Based on the foregoing and its discussions to date, the Task Force proposes the following initial framework of a "Master Easement" agreement for the CC HOA Board's and Club Board's consideration:

<u>Supersede the existing CC HOA Easement and Spruce Point North Filing 3 Easement with an "**Amended and Restated Easement and Common Area Support Agreement**"</u>:

Parties: The Club, the CC HOA, the Spruce Point North Master Association (if/when it is formed, or otherwise Flint Ogle's development entities that own the remaining undeveloped acreage at Spruce Point North), and Jamie Temple's development entities for CC South and CC West (once closing has occurred). The participation of the existing Spruce Point "South" HOA will be explored.

Framework: The starting point of this document would be the existing CC HOA easement since it is the original document upon which other easements have been based. However, all participating parties would be included under a single agreement, making future enforcement, etc. far cleaner;

Purpose: Like the existing CC HOA Easement Agreement, this amended agreement would mandate payments by the CC HOA, on behalf of its members, to the Club, in return for which the CC HOA members would be granted various easement/access rights on and over the Common Open Space and associated facilities. Importantly, though, by being parties to this agreement, the Spruce Point North, CC West and CC South developers would commit that members of future associations formed as those parcels are developed would also make per lot easement payments to support the Common Open Space maintenance and capital needs (as is currently the case with the Spruce Point Patio Homes Owners Association - or "SPPHOA" – governing Filing 3 of Spruce Point).

Term: The revised agreement would be structured to run in perpetuity, subject to default provisions.

Key additions / revision to the existing CC HOA easement framework would include:

a) Expand Easement Area Supported: While access rights under the existing easement agreement extend to the golf course, fishing ponds, etc., the easement payment provisions specifically reference (and were calculated at the time to only support) maintenance of the "mowed Common Area" and "Maintained Native Area" – essentially the fringe areas of the golf course. The Task Force strongly believes that, because the proper upkeep of numerous other components of the Common Open Space complex are critical to maintain the aesthetic appearance of the area that is so important to all of our property values, the areas supported by the easement payments should be expanded. We suggest those include:

   - The golf course mowed area (e.g., fairways), including all related irrigation facilities;
   - The driving range and putting greens (including the pitching area and the putting green near the Creekside building);
   - Greenspace adjacent to tennis courts (and possibly tennis windscreen/fencing visible from adjacent streets, but not to include resurfacing, etc. of courts themselves);
   - Access path to ditch rider road (which connects to the River Walk Trail system) located between holes 7 and 8;
   - Access locations from community streets to easement use areas;
   - Exterior, publicly visible, structural parts of the clubhouse complex. The idea here is that a failing roof on the clubhouse is a problem for the whole neighborhood, not just the Club. The agreement could specify that certain improvements, such as roof replacement or repainting the Clubhouse, could be supported in part by the capital reserve fund

established under the agreement (outlined below), with the Club covering the remainder of such an expense from its own funds.

The line between what is supported under the easement agreement and what is not needs further discussion, but the goal is to expand the current framework to include external, openly visible areas which, if allowed to degrade, would negatively impact the value of the community.

b) Update language to more broadly define common interest benefit and purpose of easements: As a complement to expanding the easement area supported, the Task Force proposes also expanding the narrative in the easement describing the nature of the common interest benefit of the rights granted under and areas supported by the revised agreement. This might include explicitly recognizing the community-wide economic, social, health and other associated values and benefits promoted by perpetually maintaining the aesthetics of the Common Open Space areas. Because the easement will be a common element of each participating association, it is useful to highlight the common benefits derived from its existence;

c) Expand HOA members' access and use rights: The Task Force believes that if the areas supported through the easement and the common interest benefit description are expanded, the access and use rights granted to the participating HOAs' members should also be expanded. While some areas of the clubhouse should remain Club member-only to preserve the value of those memberships, the Club is willing to discuss potential additional access rights. In addition, the Spruce Point North, CC South and CC West developers are willing to include reciprocal access rights by CC HOA members to trails and other amenities included in those communities as part of the revised agreement, enhancing the "master community" feel of the neighborhood. Suggested HOA member access areas and benefits and Club member-only access areas and benefits are set forth on **Exhibit B** attached.

d) Expand easement fund uses to include capital improvement items and define CAPEX funding process/mechanism: The Task Force proposes that a portion of the easement payments be allocated to ongoing course maintenance operating expenses (with a recognition that the payments also support upkeep of the fairways and similar areas not intended to be supported by the original easement) and a portion be allocated to future capital expenses. The operating expenses portion would be paid directly to the Club as with current easement payments. The Task Force recommends that the capital expense allocation be held in capital reserve funds established for this purpose by each member association (although the tax implications should be confirmed), with the funds being callable for future use pursuant to the easement agreement. Initially, the bulk of the easement payment increase would be directed towards operating expenses, with the capital reserve portion increasing over time.

The Task Force proposes that the agreement establish a steering committee including a Club representative and representatives appointed by the member associations to govern access to and use of the reserve funds under defined guidelines. We further suggest that the steering committee be guided by a reserve fund policy, to be attached to the agreement. That policy would classify proposed uses of capital reserve funds (or of debt serviced by the capital reserve portion of easement payments) as Tier 1 "Authorized" expenses, which the Steering

Committee would be expected to prioritize and fund as possible, Tier 2 "Permissive" expenses, which the Steering Committee could fund if it voted to do so, and "Disallowed" expenses, which the Steering Committee would not fund. **Exhibit C** attached provides a preliminary, proposed breakdown of the expense classifications.

e) Increased easement payments: This revised structure would require increased easement payments. We recommend that the master easement agreement specify the increased payments for the next 10 years. Those payments would track with increased HOA dues at both the CC HOA and the other member associations, as described below.

It is important to note that the Task Force is not attempting to create a structure that will generate sufficient funds to pay for all expected capital expense items out of cash; we do not believe that is possible or practical. However, we believe it is possible for the revised easement to generate a recurring revenue stream that will, together with the capital reserve funds, support one or more loans to cover future capital needs. As a rough guide, the amount loaned for 10 years at 7% interest could be approximately 7 times the amount available annually to service that loan. For example, at those terms, it would require roughly $200,000 per year to service a $1.4MM loan and roughly $300,000 per year to service a $2.1MM loan.

One possible financing vehicle the Task Force suggests should also be considered are "member bonds" serviced with easement revenue. For example, the Club could offer "bonds" (essentially short-term promissory notes) to members payable over 5-10 years and paying 6% or 7% interest.

f) Increased annual CC HOA dues, with increased dues in other member associations tied to CC HOA dues level: As noted above, the basic goal of all of the various proposals discussed within the community during the last year or more is raising additional funds to support necessary Common Open Space maintenance and capital expenditures. If we are trying to recreate the type of equitable cost-sharing mechanism that would exist in a master association, the Task Force believes that the base of support for any additional revenue measure should be as broad and uniform as possible.

Both the Community Impact Fee and mandatory Club membership measures being discussed are intended to raise additional funds. However, as discussed in more detail below, those concepts could be challenging to adopt and may be unworkable for the adjacent developments, and are therefore less likely to create a uniform, broad-based support mechanism. For example, if (as noted in item "g" below) Flint Ogle is unwilling to mandate Club memberships for all future Spruce Point North residents or to implement a CIF as large as what the CC HOA has considered, then neither of those measures present a uniform way to raise additional funds. Nonetheless, it is entirely fair to expect that all Spruce Point North residents will help maintain the Common Open Space aesthetics that support the value of the broader community. The same is true of those CC HOA members who are not currently Club members.

Therefore, the Task Force believes that HOA dues, the only mechanism certain to be uniformly in place in all participating communities, are the simplest and broadest funding mechanism with the fewest legal hurdles to implementation. We also believe that increased dues will have the least impact on property values of all the alternatives being discussed, particularly because the existing HOA dues structure within the community is so low compared to similar communities both statewide and nationally.

The CC HOA dues structure would necessarily be the driver of this approach since it would be the largest and most established of the proposed easement member associations. Maximum CC HOA dues may be increased up to 15% per year. However, since the easement payment to the Club (on a per lot basis) comprises only a portion of the total CC HOA annual dues (currently 52%), easement payments can increase by more than 15% per year for several years while keeping total dues increases at 15%.

To illustrate, the table attached as **Exhibit D** assumes annual CC HOA dues increases of 15% per year and indicates the amount available for annual easement payments if "non-easement" HOA expenses increase by 5% per year. The table shows a hypothetical split (for further discussion) of increased easement revenues between the operating expense portion of annual payments (made directly to the Club) and amounts held in capital reserve accounts, and also indicates estimated easement revenue generated by the projected buildout of Spruce Point North, CC South and CC West. Within a relatively few years, easement revenue would be able to support financing sufficient to pay for significant capital expenditures.

We suggest that the revised easement agreement specify annual easement payment amounts (tied to allowable annual HOA dues increases) for the first 10 years of the revised agreement in order to build a sufficient cash flow to assure the Common Open Space's maintenance and long-term viability. The Task Force has not discussed this issue in detail, but it may make sense for the Steering Committee to have some authority to recommend adjustments (upwards or downwards) thereafter subject to member association board approval. Finally, we also recommend changing the dues payment schedule from annual to monthly to lessen the perceived impact of increased dues and facilitate homeowner budgeting.

g) <u>Participation of future associations on Spruce Point North, CC West and CC South (with reciprocal access rights), with those lots paying a per lot annual easement fee calculated as a percentage of the Cobble Creek per lot fee</u>: The developers of Spruce Point North, CC South and CC West would participate in the revised agreement and agree that future associations formed as those parcels are developed (including the recently formed Spruce Point Patio Homes Owners Association) will be bound by the agreement and levy association dues sufficient to cover their mandated share of easement payments. This community-wide support mimics what would have been in place under a master association and assures that all residents are supporting the areas from which they all benefit. In addition, the revised easement would grant CC HOA members reciprocal access on existing and future open space areas in the outlying neighborhoods.

Although the revised agreement would mandate participation of all neighborhoods, we believe there are valid reasons that the Spruce Point North, CC West and CC South lots should pay a lower easement maintenance fee per lot than CC HOA lots. First, as with any value-enhancing feature (whether it's a golf course or a ski run), proximity matters. The neighborhoods further from the Common Open Space derive less intrinsic benefit from its existence and appearance than the CC lots.

Secondly, and perhaps more importantly, although we're trying to create a mechanism by which all community lots contribute to the Common Open Space maintenance along with the CC HOA lots, there is no suggestion that CC HOA owners contribute to maintenance of the surrounding neighborhoods' open spaces - as would be the case if the whole community were managed by a master association. This creates a situation under which, for example, SPPHOA owners (or all members of an eventual Spruce Point North Master Association) will ultimately carry all costs of maintaining their own open space in addition to carrying a percentage of the cost of maintaining the CC HOA open space (the Common Open Space). Requiring the outlying neighborhood lots to pay the same per lot easement fee as CC HOA lots would likely result in total dues in the outlying neighborhoods exceeding those within Cobble Creek.

Based on those factors, the developers propose that the Spruce Point North, CC South and CC West per lot easement payments be set at 60% of the CC HOA per lot easement payment (e.g., if the CC HOA per lot payment were $500 in a given year, a SPPHOA lot would pay $300 that year). As the total CC HOA per lot easement payment increases pursuant to the revised easement agreement, so would the per lot payment applicable to the outlying neighborhoods.

Developers' Issues with Community Improvement Fee and Mandatory Club Memberships

Neither the Spruce Point North nor CC South / CC West developers are in favor of implementing a CIF or mandatory Club membership requirements within their planned future developments, so we thought it worth including some explanation of that position in this memo.

Community Improvement Fee

The developers understand that the CC HOA is currently considering a CIF of 1.50% on all resale transactions, which would not include initial sales from a developer or builder to a third-party consumer. Generally, the developers understand that there are communities (such as Mountain Village) where a CIF has been implemented without appearing to affect the market. That said, they believe that a CIF is better suited to either a very high-end community (where absolute dollars are less of a concern) or to unique or very large, master-planned communities (such as Mountain Village) that effectively create their own market. As applied to Cobble Creek (and to their planned future development), the developers have three primary objections to the CIF framework.

First, ignoring the question of whether a CIF would be approved by CC HOA members, the developers believe that a CIF will negatively impact market values. On a $600,000 house, a 1.50% or $9,000 CIF makes the sale a $591,000 house if paid by the seller, and a buyer would likely negotiate a price reduction to $591,000 if he or she were to pay the fee at closing. In either case, it is the value of the seller's property that is impacted. Even if a CIF would only apply to resales, a third-party buyer (or realtor) will be aware of the provision and will factor that into whether to buy (or show properties) in Cobble Creek or another market competitor, such as The Bridges. It may also put Cobble Creek resales at a competitive disadvantage to new sales in, for example, CC South. Some might argue that the higher HOA dues suggested above could also impact market values. However, the developers strongly believe that increasing HOA dues to something closer to market norms in comparable developments elsewhere (especially starting from such a low level currently) will impact market value much less than a CIF could.

Secondly, the developers do not believe that the CIF is likely to generate as large or as reliable a revenue stream for the Common Open Space maintenance as the assessment/easement framework discussed above. The Table attached as **Exhibit E** shows potential CIF revenue at varying sales volumes (such as have been experienced in the last several years) with an average starting sales price (in 2024) of $625,000 increasing 4% each year thereafter. The revenue stream fluctuates based on volume and, even at higher volumes, is significantly less than what is projected in Exhibit D for the revised easement funded by HOA dues increases (and, notably, resales in future develop phases would not commence for several years). Perhaps more importantly, because CIF revenue would be less consistent and predictable than HOA dues, we believe a lender would view a CIF revenue stream as a much less favorable alternative to service debt incurred to address large capital expense projects.

Mandatory Club Memberships

The developers are also not willing to make Club memberships mandatory in all future filings of Spruce Point North, CC South and CC West. The reasons for this differ slightly for each developer and each specific neighborhood, but include the following:

- Because these developments are just beginning (with only 36 lots of Spruce Point North Filing 3 now coming online), mandating Club memberships for all future lots eliminates much of the flexibility the developers require to adjust as needed to market conditions and buyer feedback;

- In some cases, the planned neighborhoods will likely offer a slightly lower price-point than exists in Cobble Creek proper, meaning that a mandatory membership may not fit the demographics of some buyers as well as it does CC owners;

- At Spruce Point North, some of the planned product (e.g., duplexes and independent living units) will be directed at an aging buyer for whom Club membership may be less desirable.

At least in part, the goal of mandatory Club membership is uniform financial support of the Club to achieve the same ends as the proposed master easement framework – the long-term maintenance of the Common Open Space and related facilities. This raises the point noted above that it doesn't matter how dollars are raised; what matters is raising dollars. The developers agree that all neighborhood residents should support the Common Open Space but believe that the revised easement funded through increased HOA dues is the preferable method to do so.

Conclusion

Our hope is that this memorandum outlines a framework that the CC HOA and Club boards are willing to entertain and discuss further. We would suggest arranging a joint work session of the boards with the Task Force to discuss, answer questions and, hopefully, refine the concept. A community meeting to present a conceptual framework might then follow. If we reach agreement on a workable framework, drafting of a revised agreement could then begin.

One final note: The possible participation of the Spruce Point Homeowners Association (Filing 1) is largely omitted from the above. The Task Force is aware of the need to discuss that question, but thought it might best be done in person.

Exhibit A

To September 8, 2023 Memo

Summary of the Suggested Easement Framework

1) Supersede the existing CC HOA Easement and Spruce Point Filing 3 Easement with an "**Amended and Restated Easement and Common Area Support Agreement**":
   a) Parties: The Club, the CC HOA, the Spruce Point Master Association (if it is formed, or otherwise Flint Ogle's development entities that own the remaining undeveloped acreage at Spruce Point), Jamie Temple's development entities for CC South and CC West. Spruce Point Filing 1 participation to be explored.
   b) Framework: "Amended and Restated" expanded version of CC HOA easement (which would also supersede the existing Spruce Point Patio Homes Owners Association easement). All participating parties would be included under a single agreement;
   c) Purpose: Mandate easement payments by participating associations (existing and future), on behalf of their current or future its members, in return for being granted various easement/access rights on and over the Common Open Space and associated facilities. Spruce Point, CC West and CC South developers would commit that future associations formed as those parcels are developed would also participate (with necessary assessments being incorporated into those developments' CC&Rs from inception);
   d) Term: The revised agreement would be structured to run in perpetuity, subject to default provisions.
2) Expand description of common open space areas that may be supported by easement funds (either operating expense portion paid directly to Club or capital reserve held in segregated accounts) in order to maintain the aesthetic appearance of all areas/facilities that support community property values:
   a) Suggested additional areas:
      i) The golf course mowed area (e.g., fairways), including all related irrigation facilities;
      ii) The driving range and putting greens (including the pitching area and the putting green near the Creekside building);
      iii) Greenspace adjacent to tennis courts (and tennis windscreen/fencing visible from adjacent streets, but not to include resurfacing, etc. of courts themselves);
      iv) Access path to ditch rider road (connects to the River Walk Trail system) located between holes 7 and 8;
      v) Access locations from community streets to easement use areas;
      vi) Exterior, publicly visible, structural parts of the clubhouse complex.

Use of capital reserve funds by to be guided by reserve fund policy implemented by Steering Committee (see below).

3) Update language to more broadly define common interest benefit and purpose of easements:

   a) As a complement to expanding the easement area supported, also expand the narrative in the easement describing the nature of the common interest benefit of the rights granted under and areas supported by the revised agreement. This might include explicitly recognizing the community-wide economic, health and other benefits of supporting the aesthetics, viewscape, etc. inherent in the Common Open Space areas. Recite intent that easement be considered part of each member association's common elements;

4) Expand HOA members' access and use rights:

   a) Also to coincide with expanded easement area supported, explore expanding/highlighting access and use rights granted to the participating HOAs' members:

      i) Improve/facilitate use of easement areas through improved education and communication;

      ii) Install signage regarding use rights and access corridors;

      iii) Include driving range;

      iv) Upstairs area of main clubhouse building;

      v) Future community features (fitness path, gazebo, etc.) funded through easement capital reserve funds;

      vi) Reciprocal access rights to open space and paths in CC South, CC West and Spruce Point North.

5) Expand easement fund uses to include capital improvement items and define CAPEX funding process/mechanism:

   a) Recommend allocating a portion of the easement payments to ongoing course maintenance costs, like the existing payments (but with a recognition that the payments also support upkeep of the fairways and similar areas not intended to be supported by the original easement). Initially, most of the increase over current payment level would flow to Club to cover operating expenses, with a greater proportion being directed to capital reserves in future years (see Exhibit D to memo);

   b) Recommend defining an amount or percentage of all easement payments that are earmarked for a capital reserve accounts held at each member association. Capital reserves may be called for by Steering Committee per reserve fund policy (see below);

   c) Establish a steering committee including a Club representative and representatives appointed by the member associations to govern access to and use of the reserve funds under defined guidelines.

   d) Establish reserve fund policy that would specify Tier 1 "Authorized" expenses, Tier 2 "Permissive" expenses, and "Disallowed" expenses (with the list being as complete as possible), subject to prioritization of projects, timing, etc. as determined by the steering committee.

      i) Proposed uses of reserve funds outside of those recognized categories would be subject to a further approval process.

ii) Tier 2 Permissive uses of reserve funds could include additional community amenities (such as walking/fitness path or a community gazebo) once critical infrastructure items are addressed.

e) To guide the capital reserve steering committee, it would prepare a reserve study to define and prioritize expected capital expenditures.

6) <u>Increased annual easement payments specified in agreement for 10 year period, with some adjustment mechanism thereafter:</u>

a) Possibly grant steering committee limited authority to recommend increases or decreases thereafter;

7) <u>Increase annual CC HOA dues, with increased dues in other member associations tied to CC HOA dues level</u>:

a) Increased easement payments would trigger CC HOA dues increases at or near maximum 15% per year for 10 years;

b) Effect is generation of sufficient revenue to either directly address or service debt incurred to accomplish projected capital needs, while increasing CC HOA dues to coincide with comparable developments elsewhere;

8) <u>Participation of future associations on Spruce Point, CC West and CC South (with reciprocal access rights), with those lots paying a per lot annual easement fee calculated as a percentage of the Cobble Creek per lot fee</u>:

a) Developers of Spruce Point, CC South and CC West would participate in the revised agreement and agree that future associations formed as those parcels are developed (including the recently formed Spruce Point Patio Homes Owners Association) will be bound by the agreement and levy association dues sufficient to cover their mandated share of easement payments.

b) Recommended per lot annual easement payments for those developments be set at 60% of CC HOA per lot payment.

Exhibit B

Participating HOA Member and Club Member Access/Benefits

HOA Members Access	Club Member-Only Access
• Include driving range in areas subject to easement; • Improved/facilitated use of easement areas, coupled with improved easement rights information and communication (e.g., winter XC ski access); • Signage, where needed, highlighting access to easement areas; • Future community features (fitness path, gazebo, etc.) funded through easement capital reserve funds; • Reciprocal access rights to open space and paths in CC South, CC West and Spruce Point North.	• Clubhouse Upstairs/Banquet Room area (still available for HOA meetings and third-party rental); • Fitness center and locker rooms; • Existing tennis / pickleball courts; • Creekside building; • Club member-only clubs and events; • Club member golf rates / packages; • Club member food discounts and similar benefits.

Easement Fund Uses

Tier 1 ("Authorized") Uses	Tier 2 ("Permissive") Uses	Disallowed Uses
Operating Funds (portion of easement payments paid directly to Club for operating expenses):		
• Routine operating expenses of maintaining golf course, driving range and other grounds, including mowing and other grounds maintenance, related equipment leases, and costs of operating irrigation system and UVWUA water fees		• Restaurant or bar operating expenses and inventory • Pro Shop operating expenses and inventory • Gym/fitness center operating expenses and inventory • Gym/fitness equipment leases or equipment purchases • Golf carts and related maintenance expenses • Salaries and wages for Golf Pro, programming employees, employees of Pro Shop and gym/fitness center (if any) • Expenses for tournaments, promotion, marketing of golf course or events • Utilities to the Club House and Creekside (water, gas, sewer, trash collection, electricity, telecommunications, other)

Tier 1 ("Authorized") Uses	Tier 2 ("Permissive") Uses	Disallowed Uses
Capital Reserve Funds (portion of easement payments held in reserve account(s) at individual member associations and callable for Capital Expenditures)		
• Maintenance, repair and replacement of irrigation system facilities for golf course grounds and driving range; • Maintenance, repair and replacement of exterior, publicly visible areas of the clubhouse building, cart barn and tennis court wind screens; • Installation, maintenance and repair of access paths to easement area (including access to ditch rider road connecting to River Walk Trail); • Installation, maintenance and repair of signage highlighting access to easement areas.	• Repair, replacement or upgrade of cart/walking paths at end of useful life; • Future installation of community fitness/walking path (location TBD); • Future installation of other community recreational amenities (shade areas/gazebo, bar-b-que area, water stations, etc.); • Maintenance, repair, and replacement of exterior, publicly visible areas of Creekside Bldg.	• Expansion of Clubhouse; • Maintenance, repair, replacement of Club member-only fitness areas and associated gym equipment, including locker rooms/steam rooms; • Maintenance, repair, replacement of member-only tennis/pickle ball courts; • Maintenance, repair, replacement of Maintenance building; • Maintenance, improvements, remodels, and upgrades to building interiors (including without limitation upstairs and downstairs bathroom and kitchen facilities); • Expansion of facilities and buildings; • Maintenance, repair, and replacement of appliances.

Exhibit D

Projected Easement Fees and HOA Dues Worksheet

September 8, 2023

2023 CC HOA Assessment:	$592.12
Easement Maintenance Fee component:	$312.50
Remainder:	$279.62

Assumed annual increase in total CC HOA dues:	15%
Assumed annual increase in "internal" CC HOA Dues:	5%

= dynamic cell: Changes flow to numbers below.

Assumed SPPHOA Maintenance Fee Cap % (as percentage of CC HOA Maintenance Fee): 60%

Note: Loan scenarios assume 10-year term @ 7% interest, which roughly equates to 7X cash flow available to service loan.

COBBLE CREEK	Total Dues Increase in Total Over Prior Year	Total CC HOA Annual Dues per Lot	"Internal" CC HOA Dues per Lot	Total CC HOA Assessment Available for Internal Uses	CC HOA Easement Payment - Per Lot	Total Easement Payment	Increase Over 2023	Portion of **Increase** Allocated to OpEx	Total OpEx Payment (capped at $300,000)	CapEx Reserve Portion	Cumulative CapEx Reserve	Total Borrowing Power (7X "CapEx Reserve Portion")	Periodic Borrowing Power (Loans Every 4 years excluding cash flow used to service prior loans)
2023		$592.12	$279.62	$116,321.92	$312.50	$130,000.00							
2024	15.00%	$680.94	$293.60	$122,138.02	$387.34	$161,132.19	$31,132.19	85.0%	$156,462.36	$4,669.83	$4,669.83	$32,688.80	$32,688.80
2025	15.00%	$783.08	$308.28	$128,244.92	$474.80	$197,515.82	$67,515.82	70.0%	$177,261.08	$20,254.75	$24,924.58	$141,783.23	
2026	15.00%	$900.54	$323.70	$134,657.16	$576.85	$239,967.69	$109,967.69	60.0%	$195,980.61	$43,987.07	$68,911.65	$307,909.52	
2027	15.00%	$1,035.62	$339.88	$141,390.02	$695.74	$289,428.56	$159,428.56	50.0%	$209,714.28	$79,714.28	$148,625.93	$557,999.95	$525,311.15
2028	15.00%	$1,190.96	$356.87	$148,459.52	$834.09	$346,981.84	$216,981.84	40.0%	$216,792.74	$130,189.11	$278,815.03	$911,323.74	
2029	15.00%	$1,369.61	$374.72	$155,882.50	$994.89	$413,875.07	$283,875.07	35.0%	$229,356.27	$184,518.80	$463,333.83	$1,291,631.57	
2030	15.00%	$1,575.05	$393.45	$163,676.62	$1,181.60	$491,544.58	$361,544.58	30.0%	$238,463.37	$253,081.21	$716,415.04	$1,771,568.45	$1,213,568.50
2031	15.00%	$1,811.31	$413.13	$171,860.45	$1,398.18	$581,643.93	$451,643.93	25.0%	$242,910.98	$338,732.95	$1,055,147.99	$2,371,130.64	
2032	15.00%	$2,083.00	$433.78	$180,453.48	$1,649.22	$686,076.57	$556,076.57	25.0%	$269,019.14	$417,057.42	$1,472,205.41	$2,919,401.97	
2033	15.00%	$2,395.46	$455.47	$189,476.15	$1,939.98	$807,033.40	$677,033.40	25.0%	$299,258.35	$507,775.05	$1,979,980.46	$3,554,425.34	$1,782,856.89

Total Funding Including SPRUCE POINT	SPPHOA Maintenance Fee	Assumed SPPHOA Lots	SPPHOA Easement Payment	Total CC HOA + SPPHOA Payment	Increase Over 2023	Portion of Increase Allocated to OpEx	Total Combined OpEx Payment (capped at $300,000)	Combined CapEx Reserve Portion	Cumulative Combined CapEx Reserve	Total Borrowing Power (7X "CapEx Reserve Portion")	Periodic Borrowing Power (Loans Every 4 years excluding cash flow used to service prior loans)
2023	$225.00	36	$8,100.00	$138,100.00	$8,100.00						
2024	$234.00	36	$8,424.00	$169,556.19	$39,556.19	85.0%	$163,622.76	$5,933.43	$5,933.43	$41,534.00	$41,534.00
2025	$284.88	36	$10,255.63	$207,771.45	$77,771.45	70.0%	$184,440.02	$23,331.44	$29,264.86	$163,320.05	
2026	$346.11	72	$24,919.72	$264,887.41	$134,887.41	60.0%	$210,932.45	$53,954.96	$83,219.83	$377,684.74	
2027	$417.45	72	$30,056.04	$319,484.60	$189,484.60	50.0%	$224,742.30	$94,742.30	$177,962.13	$663,196.10	$621,662.10
2028	$500.45	72	$36,032.73	$383,014.57	$253,014.57	40.0%	$231,205.83	$151,808.74	$329,770.87	$1,062,661.20	
2029	$596.94	108	$64,469.00	$478,344.07	$348,344.07	35.0%	$251,920.43	$226,423.65	$556,194.52	$1,584,965.53	
2030	$708.96	108	$76,567.52	$568,112.10	$438,112.10	30.0%	$261,433.63	$306,678.47	$862,872.99	$2,146,749.30	$1,483,553.21
2031	$838.91	108	$90,602.23	$672,246.16	$542,246.16	25.0%	$265,561.54	$406,684.62	$1,269,557.61	$2,846,792.33	
2032	$989.53	108	$106,869.62	$792,946.18	$662,946.18	25.0%	$300,000.00	$492,946.18	$1,762,503.79	$3,450,623.29	
2033	$1,163.99	108	$125,710.97	$932,744.37	$802,744.37	25.0%	$300,000.00	$632,744.37	$2,395,248.16	$4,429,210.59	$2,282,461.29

Projected Easement Fees and HOA Dues Worksheet

September 8, 2023

Total Funding Including CC WEST / SOUTH	CCW / CCS Maintenance Fee - Matches SPPHOA Fee		Assumed CCW / CCS Lots	CCW/CCS HOA Easement Payment		Total CC HOA + SPPHOA + CCW/CCS Payment	Increase Over 2023	Portion of Increase Allocated to OpEx	Total Combined OpEx Payment (capped at $300,000)	Combined CapEx Reserve Portion	Cumulative Combined CapEx Reserve
2023	$225.00		0	$0.00		$138,100.00	$8,100.00				
2024	$234.00		0	$0.00		$169,556.19	$39,556.19	85.0%	$163,622.76	$5,933.43	$5,933.43
2025	$284.88		50	$14,243.93		$222,015.38	$92,015.38	70.0%	$194,410.77	$27,604.61	$43,508.79
2026	$346.11		50	$17,305.36		$282,192.77	$152,192.77	60.0%	$221,315.66	$60,877.11	$100,525.19
2027	$417.45		100	$41,744.50		$361,229.10	$231,229.10	50.0%	$245,614.55	$115,614.55	$219,706.63
2028	$500.45		100	$50,045.46		$433,060.03	$303,060.03	40.0%	$251,224.01	$181,836.02	$379,816.33
2029	$596.94		200	$119,387.04		$597,731.11	$467,731.11	35.0%	$300,000.00	$297,731.11	$675,581.56
2030	$708.96		200	$141,791.71		$709,903.81	$579,903.81	30.0%	$300,000.00	$409,903.81	$1,004,664.70
2031	$838.91		250	$209,727.38		$881,973.54	$751,973.54	25.0%	$300,000.00	$581,973.54	$1,479,284.99
2032	$989.53		300	$296,860.05		$1,089,806.24	$959,806.24	25.0%	$300,000.00	$789,806.24	$2,059,363.85
2033	$1,163.99		350	$407,396.67		$1,340,141.04	$1,210,141.04	25.0%	$300,000.00	$1,040,141.04	$2,802,644.83

Total Borrowing Power (7X "CapEx Reserve Portion")	Periodic Borrowing Power (Loans Every 4 years excluding cash flow used to service prior loans)
$41,534.00	$41,534.00
$193,232.30	
$426,139.76	
$809,301.86	$767,767.86
$1,272,852.13	
$2,084,117.78	
$2,869,326.66	$2,060,024.80
$4,073,814.76	
$5,528,643.66	
$7,280,987.26	$4,411,660.60

Exhibit E
to September 8, 2023 Memo

Potential CIF Revenue Stream

Assumed CIF Percentage:	1.50%

Assumed # Sales per Year: 30					
	Assumed Average Sales Price (4% annual increase)	CIF Fee Per Sale	Total CC Sales	Annual CIF Fees	Cumulative CIF Fees
2024	$625,000	$9,375.00	$18,750,000	$281,250	$281,250
2025	$650,000	$9,750.00	$19,500,000	$292,500	$573,750
2026	$676,000	$10,140.00	$20,280,000	$304,200	$877,950
2027	$703,040	$10,545.60	$21,091,200	$316,368	$1,194,318
2028	$731,162	$10,967.42	$21,934,848	$329,023	$1,523,341
2029	$760,408	$11,406.12	$22,812,242	$342,184	$1,865,524
2030	$790,824	$11,862.37	$23,724,732	$355,871	$2,221,395
2031	$822,457	$12,336.86	$24,673,721	$370,106	$2,591,501
2032	$855,356	$12,830.33	$25,660,670	$384,910	$2,976,411
2033	$889,570	$13,343.55	$26,687,096	$400,306	$3,376,718

Assumed # Sales per Year: 22					
	Assumed Average Sales Price (4% annual increase)	CIF Fee Per Sale	Total CC Sales	Annual CIF Fees	Cumulative CIF Fees
2024	$625,000	$9,375.00	$13,750,000	$206,250	$206,250
2025	$650,000	$9,750.00	$14,300,000	$214,500	$420,750
2026	$676,000	$10,140.00	$14,872,000	$223,080	$643,830
2027	$703,040	$10,545.60	$15,466,880	$232,003	$875,833
2028	$731,162	$10,967.42	$16,085,555	$241,283	$1,117,117
2029	$760,408	$11,406.12	$16,728,977	$250,935	$1,368,051
2030	$790,824	$11,862.37	$17,398,137	$260,972	$1,629,023
2031	$822,457	$12,336.86	$18,094,062	$271,411	$1,900,434
2032	$855,356	$12,830.33	$18,817,824	$282,267	$2,182,702
2033	$889,570	$13,343.55	$19,570,537	$293,558	$2,476,260

Assumed # Sales per Year: 15					
	Assumed Average Sales Price (4% annual increase)	CIF Fee Per Sale	Total CC Sales	Annual CIF Fees	Cumulative CIF Fees
2024	$625,000	$9,375.00	$9,375,000	$140,625	$140,625
2025	$650,000	$9,750.00	$9,750,000	$146,250	$286,875
2026	$676,000	$10,140.00	$10,140,000	$152,100	$438,975
2027	$703,040	$10,545.60	$10,545,600	$158,184	$597,159
2028	$731,162	$10,967.42	$10,967,424	$164,511	$761,670
2029	$760,408	$11,406.12	$11,406,121	$171,092	$932,762
2030	$790,824	$11,862.37	$11,862,366	$177,935	$1,110,698
2031	$822,457	$12,336.86	$12,336,860	$185,053	$1,295,751
2032	$855,356	$12,830.33	$12,830,335	$192,455	$1,488,206
2033	$889,570	$13,343.55	$13,343,548	$200,153	$1,688,359