

**Invitation to Discuss Possible Merger of
The Biltmore Park Swim Club into
The Biltmore Park Association
September 6, 2011
6:00 p.m.
At Biltmore Park Swim Club**

By letter to the Biltmore Park Association (HOA) dated August 1, 2011, the Biltmore Park Swim Club (Swim Club) expressed interest in exploring a merger of the two organizations, including a transfer of the ownership of Swim Club property into the HOA. Swim Club Members and HOA members are invited to participate in a public discussion of this merger proposal at the time and date set forth above.

The Swim Club contains a clubhouse, swimming pool, and restroom facilities. It was formerly owned by the subdivision developer, Biltmore Farms (BF) and was conveyed into the Swim Club in 1999. The entire facility is currently assessed for tax purposes at \$526,600, and it would cost in excess of \$1,000,000 to build today.

The Swim Club is proposing to convey this community asset to the HOA at no cost. The impetus for this proposal is borne out of a community commitment to sustain the long term viability of the facility for our neighborhood and our children. The Swim Club currently relies upon yearly memberships to sustain, and has performed very well under this model for the past several years. In fact, as part of a proposed merger, the Swim Club would transfer to the HOA approximately \$45,000 in accrued reserve funds.

The concern is that if the year to year membership unexpectedly decreases, individual dues would have to increase, thereby creating a spiral of decreasing membership and increasing dues. The Swim Club is not in this position currently, and is financially sound. This proactive proposal is meant to avoid this scenario in the future; because if the Swim Club suffers such an unforeseen decrease in membership for one year and cannot operate for that year, it reverts automatically into the ownership of Biltmore Farms (BF) and there are no restrictions on how BF can make use of this property. A valuable community asset would be forever lost.

The community has expressed an interest in taking responsible action to ensure that this situation does not occur, and a Swim Club merger with the HOA, and a simultaneous release of the reversion clause by Biltmore Farms would successfully accomplish this goal.

The Swim Club is a priceless community asset, whose value is enjoyed by all, but whose burden is borne by few. The proposal outlined on the other side of this page would open access to the facility to all while also securing the long term viability of an important community gathering place. Your review of this proposal, and attendance and participation at the public meeting, is encouraged. If you are unable to attend this meeting, your comments are welcome at bod@bphomeowners.org

Swim Club Merger Proposal

- Conveyance of Swim Club assets to HOA at no cost
 - These assets include:
 - Real Property with an assessed value of \$526,600 and a replacement value in excess of \$1,000,000
 - Cash reserves of \$45,000
 - Waiver of the reversion clause by Biltmore Farms
- Access to the Swim Club
 - All HOA members would have immediate access to all Swim Club facilities without the payment of any initiation fees or use fees
 - Braeside residents would continue to have access to the Swim Club upon payment of membership fees to be established by the HOA Board of Directors (BOD), but which fees would be no less than the 2011 fees. These membership fees would increase by 4% per year thereafter.
- Operation of the Swim Club
 - The Swim Club would be operated by a five (5) member Committee established by the HOA BOD consisting of one (1) member of the HOA BOD and four at large members of the HOA
 - The HOA BOD would provide the Swim Club Committee with a budget each year and it could only expend funds in accordance with its specific grant of authority by the HOA BOD.
- HOA dues
 - The HOA and the Swim Club have formulated their budgets for the upcoming year and if the Swim Club were merged with the HOA annual dues would increase by \$120 per year (\$10 per month).