Potential LSPOA Marina Purchase

Confidential Information for POA Members

May 2022



How did we get here?

- In November 2021, a marina presentation was made to the community. There was strong feedback from that meeting in favor of the POA purchasing the marina.
- In December 2021, a Marina Committee was formed to study the financial and operational aspects of the marina.
  - This committee was made up of Board members and non-Board members.
  - The committee met several times to review potential income, expenses, service offerings, etc.
- In March 2022, the Marina Committee reported back to the Board with a recommendation to proceed with purchasing the marina.
- The Board approved the Marina Committee's recommendation and began negotiations with Greg and Cara Geis.
  - After several rounds of negotiations, the POA Board of Directors and the Geises agreed to a purchase price.
  - Once this agreement was reached a Letter of Intent (LOI) was signed by both parties.

What is a Letter of Intent?

- A LOI is document that expresses your intentions to do something and outlines the terms and stipulations that have also been agreed to as part of those intentions.
- As letter of intent is not the same as a purchase agreement.

What is the next step?

- The next step in this process is to proceed from a LOI to a purchase agreement.
  - A purchase agreement is very similar to the agreement you might sign when purchasing your home.
- Before the POA Board of Directors can enter into a purchase agreement, they first need the membership (you) to vote affirmatively on this purchase.

Why do we have to vote?

- The POA will be required to take out a loan to pay for the marina.
- To pay back this loan, a Marina Special Assessment will be required.
- This Marina Special Assessment will impact all members over the next 10 years.
- The Lake Santee Property Owners Association By-Laws require a majority of the members responding to vote affirmatively to approve any special assessment. Ballots have been mailed to members and the deadline to return your ballot is **Thursday, May 26, 2022, at 4:00 pm**, in the lake office. This will coincide with a special membership meeting that will be held on Thursday, May 26, 2022, at 7:00 pm in the Community Room to count the ballots.

Why does the POA want to own the marina?

- Here are advantages reported by the Marina Committee:
  - If the POA owns the property, then the POA retains control of the property. The marina is designated as commercial property so someone could purchase this land and re-purpose it for another type of business such as a strip mall, gas station, laundry mat, self-storage, landscaping business, etc. The POA already owns the other business properties within the subdivision.
  - The POA would benefit from the income that could come from services offered by the marina.
  - The POA could open the area for more room to launch boats at the ramp.
  - The POA could have the flexibility to pursue lease options with boat dealers and/or golf cart/UTV dealer for more sales and service opportunities.
- What is the downside of not purchasing the marina?
  - There will be a dramatic reduction in the turnaround area at the boat ramp.
  - The POA will lose of control of the property.
  - There is the potential loss of thirty boat slips.
  - There will be a loss of all marina services, including gas, winterization, in/out service, lifts, docks, etc.
  - There will be a potential loss of property values.

What are the details of the purchase?

Negotiated Price	$825,000
Cash Down Payment (from POA savings)	$210,000
Amount to be financed	$615,000

- There is various equipment included in the LOI, such as:
  - Gas pumps
  - Two boat trailers
  - Shrink wrap frame
  - Forklift
  - Point of sale system
  - Service pontoon with hoist

How much is the Marina Special Assessment?

Loan Amount	$615,000	
Loan Duration	10 Years	
Interest Rate	4.25%	
Total Principal + Interest + Closing Costs	$769,489	
Divided by POA Members	$999.34 per member	Assumes 770 members. Multiple Lot Assessments are not included in special assessments
Divided over 10 years	$100 per member, per year	If approved, the Marina Special Assessment would start in March 2023 and would be included on the March Dues/Assessments invoice

Note: The POA Board of Directors has agreed to lower the 2023 regular assessments by $50. The 2022 Dues & Assessments are $950 per membership. If passed, the 2023 Dues & Assessments would be $900 plus the Marina Special Assessment of $100 for a total of $1,000.

What services can I expect if the POA owns the marina?

- As with any new business, we expect that there will be some growing pains and will ask for your patience and feedback as we work out any kinks.
- Utilizing the marina property, we are expecting to offer the following service:
  - Gas sales
  - Marina store sales including bait, pop, snacks, ice, boating supplies
  - Boat/Trailer storage on land
  - Dock slip rental
  - Shrink wrapping boats
  - Winterizing outboard boats
  - Launch/Loads
  - Pontoon cleaning
  - House rental

Ultimately, we will only be successful with your vote and with your ongoing support of the business

Questions?

- Have questions, concerns or just want to hear more?
- Join us for one of the two open meetings in the Community Room:
  - Sunday, May 15, 2022, at 1:00 pm
  - Thursday, May 19, 2022, at 7:00 pm

