

## **SBCA/PLA Capital Contribution Agreement Pro's and Con's**

### **Pros**

- 1. Financial resources for Bay Club operations and needed renovations:**
  - a. 202 additional monthly dues paying units = \$145,440 per year; at the current annual dues**
  - b. 282 capital contribution payments:**
    - i. Regular amount of \$2,000 each = \$564,000**
    - ii. Potential for Trendwest = \$141,000**
    - iii. Maximum total amount of = \$605,000**
  - c. Assuming a 15 year period for the completion of all units, the total amount (average annual dues times 15 plus the one time capital contributions) would range from \$1,654,800 to \$1,795,800.**
- 2. Capital contribution amount is indexed to CPI changes, with 5-year resets so the real value of the dollars is preserved through a long “build-out.”**
- 3. If SBCA members were to vote in favor of a capital assessment, each unit remaining to be sold would be required to match that assessment.**
- 4. Provides SBCA with the option to place a cap of no more than 800 member units.**
- 5. Brings all currently planned South Bay development into a unified community rather than creating a series separate villages.**
- 6. Ensures that existing SBCA Master CC&Rs are the minimum standard for the remaining planned development in South Bay.**
- 7. Terms of the Agreement can only be changed or modified with the express agreement of SBCA; and are binding on PLA's successors or assigns.**
- 8. Provides for recovery of any legal costs incurred in enforcement of terms of the agreement.**
- 9. Helps to ensure SBCA receives payment for use of the Bay Club by those who may tend to use the facility anyway.**

### **Cons**

- 1. An increase in membership will lead to higher operating costs, greater demands on the space available, and an overall lower quality of experience.**
- 2. Additional Villages annexed into SBCA will increase the burden on the ARC members and ARC process.**
- 3. SBCA will be required to act to enforce terms of agreement for any lot sold in advance of construction and occupancy by an individual owner, without limit on time between events.**
- 4. Members, who do not use the Bay Club today, will have to pay for a portion of the increased costs for more members, up to and including possible future assessments for more facilities to meet the demands of new members.**
- 5. Advance annexation means uncertainty about types of homes to be constructed in those new villages.**
- 6. Future Boards of Directors will be bound by the terms of this agreement, which may have a life of 15 years or more.**