

**THE AMENITY RESERVE FUND**  
**White Paper #2**

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The Amenity Reserve Fund (ARF) was established in 1987. Its purpose is to ensure that the Developer is paid for the amenities that are turned over to the Big Canoe POA. The ARF is funded by one-half of the monthly assessment on unimproved and improved properties, depending on the date that the property was first eligible for POA assessments. The reserve fund monies are held in a separate account in Wachovia Bank.

The ARF agreement has been amended in 1990 and 1999. The 1999 amendment is the most important because it placed a \$1.5 million limit on the amount of money the Developer could draw from the fund. The POA has no further obligation to accept any new amenities from the Developer. This amendment also specified the uses of the ARF. Examples are construction of new amenities, debt service payments on new and existing amenities, debt retirement on new and existing amenities, and three year coverage of operational deficits generated from newly constructed amenities.

So, how have we been spending this money? The year 2007 was a typical example:

Beginning Balance Amenity Reserve	\$ 142,150
Assessments Added to ARF:	\$1,090,852
Routine Debt Service (e.g., Fitness Center, Golf Course Construction/Renovation)	\$ 512,620
Payments to Developer (Wildcat Pool, Land for new Clubhouse)	<u>(\$ 450,963)</u>
Ending Balance Amenity Reserve	<u>\$ 269,419</u>

We were able to increase the ARF by about \$127,000 in 2007, but this varies from year to year. Overall, the money coming into the ARF each year is going out to pay the Developer or pay down amenity loans and interest on those loans.

After the final payment to the Developer is made for the Wildcat pool and the Clubhouse land in 2010, most of the assessment income will continue to be used to pay down amenity loans, including the new debt incurred for the current Amenity Upgrade Program. It is estimated that between 2009 and 2016, roughly \$1.3 million should be available to be put aside for a Capital Reserve Fund or to service and/or retire existing debt. There will not be sufficient funds to address anticipated additional needs.

The ARF and its amendments are very complicated (the documents are available on the POA website). I hope this paper gives you an idea of what the ARF is all about, and how this part of your monthly assessment is being spent.