

Spanish Wells Community Association Asset Oversight Committee (AOC)

Whereas: The members of the Spanish Wells Community Association (“The Residents”) voted to acquire the Spanish Wells Golf and Country Club (**SWGCC**) in August, 2017 with 82% voting in favor.

Whereas: The Spanish Wells Community Association (SWCA) has purchased and now owns the Spanish Wells Golf and Country Club (SWGCC) as Community Association Common Property.

Whereas: SWCA is empowered to lease SWGCC to a golf course and Country Club management and operating company.

Whereas: SWCA has leased SWGCC through and executed license agreement (“The Agreement”) to Indigo Sports LLC. Under the terms of the agreement, Indigo Sports LLC will operate SWGCC as a standalone business, separate and apart from the operations of SWCA, its Board of Directors and its community members.

Whereas: Patrons of SWGCC, including club members of all categories, (whether residents of Spanish wells or not) and outside play golfers are customers of Indigo Sports LLC and have no formal status or relationship with SWCA as a result of this patronage.

Whereas: Under the terms of the agreement, SWCA is required to maintain an arms-length business relationship with Indigo Sports LLC.

Whereas: As owner and leaser of SWGCC, SWCA has a fiduciary duty to maintain and preserve the value of the capital assets of SWGCC, including its grounds, buildings, and golf course.

Whereas: SWCA has entered into a loan agreement to secure funding for the purchase of SWGCC. The loan agreement binds SWCA and its Board of Directors to certain fiduciary duties in regards to the financial management of SWCA and the care and maintenance of the assets of SWCA.

Whereas: The Board of Directors of SWCA is bound by a fiduciary duty to the residents under the organizing documents of SWCA and according to Florida Law.

Whereas: The Board of Directors of SWCA is responsible for establishing annual assessment amounts to the residents.

Whereas: The aforementioned duties of SWCA and this Board of Directors cannot be assigned, abrogated, or provided by contract with third parties. Therefore, SWCA is establishing the Asset Oversight Committee (AOC) as a committee of the Board of Directors of SWCA for the purpose of monitoring and managing the relationship between Indigo Sports LLC and SWCA as required by the terms of the Agreement, to ensure that SWCA does not violate the terms of the agreement or any agreements that exists between SWCA and its lender, and to meet its fiduciary duties to the Residents.

Purpose:

1. Represent the financial interests of the residents with the objective to maintain and preserve the value of the common property of SWCA.
2. Be responsible to the Board of Directors of SWCA to help maintain and preserve the value of the SWGCC on an ongoing basis.
3. Be responsible to the Board of Directors of SWCA to help the Board of Directors meet its fiduciary duties to the residents and to help ensure that SWCA does not violate the terms of the agreement or any other agreements to which SWCA is a party and related to the SWGCC.
4. Provide support to Indigo Sports LLC as required by the agreement.
5. Operate in a manner that allows Indigo Sports LLC to have complete control of the day-to-day operations of the SWGCC as per the terms of the agreement.
6. Consult with Indigo Sports LLC in all matters as required by the agreement between Indigo Sports LLC. and SWCA. This includes long term planning, operational budgeting, capital expenditure budgeting, and reporting to the Board of Directors. Of SWCA.
7. Monitor the operations of Indigo Sports LLC and SWGCC and consult with Indigo Sports LLC. to ensure the effective operation of SWGCC on an ongoing basis, both as provided for in the agreement.
8. Ensure that all reports required to be provided by Indigo Sports LLC to the Board of directors of SWCA as per the agreement are in fact provided to the Board of Directors of SWCA.
9. Present all proposals to the Board of Directors of SWCA that require the approval of SWCA as required by the agreement. These include, but are not limited to annual business plan and operating budget, 5-year capital plan, agronomic plan, marketing plan and interim capital requests.
10. Consult with Indigo Sports LLC regarding SWGCC personnel.

Structure:

AOC will be a permanent committee of the SWCA Board of Directors and will meet and operate so long as SWGCC is a part of the common property of SWCA. The committee will be comprised of 3 individuals as follows.

1. SWCA Treasurer, a permanent position to be held by this individual so long as they hold the position on the SWCA Board of Directors:
2. Two additional members of the SWCA Board of Directors designated by this SWCA Board of Directors. The two additional members shall be selected with the objective of monitoring the committee's attention to the fiduciary duties of the SWCA Board of Directors. Therefore, it is recommended that these individuals possess solid background

in finance, operations and community history and status. The designation of these two members shall be reviewed annually with the objective of changing members over time while also maintaining strong historical experience on the committee. One scheme to accomplish this would be to appoint these two members to two-year, staggered terms, although this scheme is not required. If available and willing to serve on this committee, the SWCA Board of Directors shall strive to appoint one member who is not a member of the SWGCC.

3. The Chairman will be appointed by the Board of Directors of SWCA.
4. The President of SWCA shall be an ex.-officio member of the AOC.

Relationship and Communications with Indigo Sports LLC:

The AOC is the direct and only official line of communication between Indigo Sports LLC and the SWCA Board of Directors. The chairman of the AOC will be the primary, designated contact point in all communications with Indigo Sports LLC. The objective is to keep communications focused and efficient and to comply with the spirit of the Agreement, in particular the terms that afford complete control of day-to-day operations to be Indigo Sports LLC.

Method of operation:

The AOC or designated members of the AOC, shall meet monthly with Indigo Sports LLC as outlined in the agreement and as agreed upon with Indigo Sports LLC. The AOC may schedule additional meetings as deemed necessary with or without Indigo Sports LLC representatives. Should the AOC deem it necessary to meet its objectives, it may expand the committee (with additional non-voting members) or create subcommittees. Any committee additions or subcommittee creations shall be reported to the Board of Directors of SWCA.