



Big Canoe Acquisition – Executive Summary

The Big Canoe Property Owners Association is under contract to purchase 51 individual parcels of land within the Big Canoe community. Rochester & Associates, Inc. was contracted to provide limited due diligence as outlined in our January 8, 2016 proposal. The scope of work included the following tasks; Phase 1 Environmental Site Assessment, Building Inspections, limited Document Review and an Executive Summary. Additional tasks authorized after the initial scope was determined include; Phase 1 Environmental Site Assessment of the amenity parcels, Phase 2 Environmental Site Assessment of the General Store gasoline storage tanks and a limited development assessment of the acquisition parcels. RAI understands that the findings of these tasks will be used by the Big Canoe Property Owner's Association in conjunction with their determination of the feasibility of acquiring approximately 51 parcels within the Big Canoe Community on behalf of the Association.

Phase 1 Environmental Site Assessment – 51 Parcels

Environmental Technology Resources, Inc. conducted a Phase 1 ESA on 51 parcels identified by the POA as included in the acquisition. The report, dated February 17, 2016, found no Recognized Environmental Conditions (REC's) but did recommend further investigation (Phase 2) of the fuel storage tanks located at the General Store location.

Phase 1 Environmental Site Assessment – Amenity Parcels

Environmental Technology Resources, Inc. conducted a Phase 1 ESA on the amenity parcels identified by the POA as collateral for the POA's acquisition funding. The report, dated March 8, 2016, found no Recognized Environmental Conditions (REC's).

Phase 2 Environmental Site Assessment – General Store Storage Tanks

Environmental Technology Resources, Inc. conducted a Phase 2 ESA on 3 storage tanks identified by the Phase 1 report. The report, dated March 11, 2016, found that low concentrations of Benzene, Toluene, Ethylbenzene and Xylenes were detected in two of the soil samples. The other two samples were clean and the groundwater sample was clean. The release will need to be reported to the Georgia EPD and the POA will need to get the current owner to approve the notification. Given that the groundwater sample was clean, it is anticipated the Georgia EPD will issue a no further action letter. Once submitted to the EPD, they will likely require 2-3 weeks to review and issue their determination.

Building Inspections

Oikonomia, Inc. conducted a detailed building inspection of three buildings located in the Wolfscratch Village area. The buildings included: restaurant/bar/store, administration building and the Chimneys building. Inspections were performed for general maintenance deficiencies, systems deficiencies and code compliance. The report, dated January 24, 2016, found a number of items that should be addressed prior to making any of the buildings operational. Items of significance include; electrical code deficiencies, roof & attic maintenance and potential for mold.

Records Research

Rochester & Associates, Inc (RAI) provided review of Client provided documents relative to the 51 individual parcels. The review included legal descriptions provided by Jim Crew of McGee & Oxford, LLP to determine their consistency with individual compiled plats provided by Cranston Engineering. RAI, researched Pickens and Dawson Counties' Tax Assessor information to determine parcel numbers, ownership information and provide an estimate of future property tax requirements. At the request of John Thompson (POA) and John Drew (Norton), RAI also assembled parcel and topographic information for a base map of the property for use in conducting a limited evaluation of future development potential of the acquisition.

The plat and legal description review revealed only limited typographical errors that were reported to the POA. In addition, two parcels (L & M) were determined to not be part of the sale, one parcel (W) was determined to have been previously conveyed to the POA and the Z-1 parcel was determined to be road right-of-way previously conveyed to the POA. Twenty-one parcels that appear on the Tax Assessor's website as being owned by the POA are actually owned by the Big Canoe Company per an email from Jim Crew (McGee & Oxford, LLP) dated March 7, 2016. The remaining parcels appear to be held by four different entities. No actual deeds were provided nor examined by RAI. The estimated tax burden of these parcels totals approximately \$24,000 per year. Since most of the parcels are a part of larger tax parcels, our estimate is based on a straight proration of acreages being acquired. The limited development evaluation included looking at a number of criteria including access, topography, parcel size and parcel shape. A total of 17 parcels appear to have some level of residential development potential and another 5 parcels have commercial potential. Based on individual attributes (derived from the limited data available) of the developable parcels and other previously developed densities within Big Canoe, the residential parcels have a development potential of 422 units. The final number of units may vary significantly as a more detailed analysis of each parcel is fully evaluated.

Thank you for the opportunity to assist you in this effort and please do not hesitate to contact us with any questions or comments.