

BOBCAT TRAIL GOLF CLUB FAQ

(Facts and Questions)

FACT: As homeowners in Bobcat Trail, we all (golfers and non-golfers) benefit from living in a gated community - the beautiful wildlife and the peaceful serenity and the prestige. The first thing everyone sees coming into the community is the beauty of the golf course and ponds (when they have water).

The current owner of the golf course has deferred maintenance of the golf course AND the Clubhouse to the point where his holdings at Bobcat Trail are in dire need of repair. This is his motivation to sell.

Several residents have been concerned about the condition of the golf course and its impact on the reputation and property values of our community. Witnessing the rapid deterioration of the now-closed Sable Trace Golf Course and surrounding residential property has brought into clear focus the need for changes. A verbal agreement has been reached with Roger Delagrange for the purchase of the Bobcat Trail Golf Club. Once finalized the question of ownership and management of the Club will be made.

This document is presented to the Bobcat Trail residents to address questions that have been raised:

Q1: Is Bobcat Trail Golf Course being sold? There are a few residents who are currently engaged in discussions to purchase the golf course from Roger Delagrange. A price has been established, but a *Confidentiality Agreement* has been signed by the interested parties preventing discussion of the details.

Q2: Is it true the CDD is buying the golf course? No, that is not true. However, it may be one of the options available. Other options include reselling it to outside agencies, or retaining ownership and running the golf course as a separate entity from Bobcat Trail (as it is now).

Q3: Why would the CDD buying the golf course be an option? The purpose of the CDD is to support development of the community. The Bobcat Trail Golf Course is a major asset for our homeowners by increasing the overall value of our property.

In addition, the CDD (and the HOA) and the current owner of the golf course have had ongoing conflict resulting in legal fees. These conflicts were over such items as water usage in Fairway Commons; drilling wells; electric bill payment of said wells; maintenance of the wells; maintenance of the bridges on the golf course (CDD owns the land and structure under the bridges and the owner is responsible for maintaining the bridge surface structure); maintaining common areas (cutting grass etc.); lack of maintenance of the Clubhouse etc. (The HOA has oversight of Clubhouse maintenance as they have oversight of our homes). As residents we

end up paying for all of those legal fees. This would not be repeated if the CDD owns the golf course.

Q4: What are the benefits of the CDD owning the golf course versus a private organization?

1. The major goal of the CDD ownership would be our community having control over the golf course and protecting the real estate investments of the homeowners.
2. Several factors would decrease the current operating expenses of the golf club under CDD ownership. This would allow the monies earned to stay within the community rather than become profit for an individual or a company.
 - a. The CDD is a tax exempt organization and therefore there would no longer be real estate taxes on the golf course – a significant savings in the neighborhood of \$70,000 per annum that goes to the bottom line.
 - b. There would no longer be “salaries” being paid to the club ownership – this money would go right to the bottom line. The golf course would be run by our Golf Committee that has fiduciary responsibility for the profit/loss of the operation – reporting to the CDD.
 - c. There would no longer be travel, lodging and meal expenses for the ownership team – this money would go directly to the bottom line.
 - d. As mentioned, any legal expenses incurred over conflicts between the golf course owner and the CDD would become a moot point if the CDD owned everything within the gates of the Bobcat Trail community.
 - e. Commonly Accepted Accounting Principles would be employed and budgets approved in advance. In other words, fiscal transparency.
 - f. Golf course maintenance would revert to commonly accepted business standards thereby making the golf course a more valuable asset to the CDD (and the community).
 - g. All profits revert back to the golf course and ultimately the CDD.
3. The CDD would be able to expand the recreation facilities by utilizing the excess land currently sitting idle in the golf course maintenance facility. Imagine having new Pickle Ball courts next to the tennis court. Imagine their being lighted for evening play. Perhaps bocce ball courts could be added. This would be possible if the CDD owned all of the land inside the gates of Bobcat Trail.
4. Currently, there is land within the confines of Bobcat Trail that is neither owned by the CDD nor the golf course. Granted these are small undeveloped parcels (not platted home sites) that lie between the CDD land and what is assumed to be golf course land. If the CDD owned the golf course everything inside the boundaries would essentially become CDD land.

Q5: Does the golf course make money? This is the most critical question. Due Diligence will determine what the golf course balance sheet shows. We have done a Pro Forma Cash Flow analysis of the data provided by the owner which shows that Bobcat Trail Golf Club will pay for itself with proper management and proper course maintenance.

Q6: How can the CDD and the residents ensure a good decision is made regarding the purchase and the management of the golf Course?

- a. A complete business plan will be developed once the final financial documents are received from the current Golf Club owner.
- b. The Bobcat Trail CDD's Management Company (Severn Trent) currently manages two (2) other golf course communities in Tampa (Heritage Isles & Heritage Harbor). Severn Trent would be able to provide examples of usual and customary expenses associated with running a golf course. We would benefit from an experienced management company to help guide us with this venture if it were to come to fruition.

Q7: Doesn't the CDD own land that may prevent access to developers? Yes, the Bobcat Trail CDD owns land contiguous to Bobcat Trail Golf Course and this may make it difficult to gain access to all of the land. For example, the land under the golf course bridges and the concrete structures that support the bridges belong to the CDD. The bridge surface is maintained by the golf course owner. As we have seen with the Gulf Gate experience, developers and their large legal teams have been able to prevail over zoning boards and residents' objections to make changes.

Q8: What if the current owner continues to not maintain the Bobcat Trail Golf Course? It is unknown why the current owner of the Golf Course fails to maintain his asset. What is known is if he continues on the current path, the lack of maintenance of the golf course will affect the values of our homes.

Q9: Why don't we just wait until Mr. Delagrangé decides to sell to another buyer of the golf course? Mr. Delagrangé has quietly had the golf course for sale for some time. This could result in a private sale over which Bobcat residents have no influence.

Q10: I saw an article in the paper that Gulf Gate Golf Course was being sold to Carlos Beruff of Medallion Homes, what does this mean to us? Mr. Beruff developed many homes in Bobcat and many of us are familiar with him through personal experience. He also purchased Firefox Golf Club on Proctor Rd. in Sarasota in 2006 and developed that land. The Gulf Gate Golf Course was granted approval for rezoning by the Sarasota County Planning Commission over the objections of the residents of that area (*Sarasota Herald Tribune, May 7, 2016*). Sable Trace Golf Club is currently for sale to be developed into residential units. The issue for residents of Bobcat Trail is this is not an impossibility for our community. We should also recognize Mr. Roger Delagrangé is a residential developer in Indiana.

Q11: How would the CDD pay for the golf course? There are approximately 547 homes in Bobcat Trail, (110 villas and 437 single family homes). Additionally, the golf course has 10 *lot equivalents* and pays approximately \$26,000 annually to the CDD. If for example, every homeowner paid approximately \$25 per month (\$300 per annum) the note could be paid off in 20 to 25 years.

Q12: What if the golf course fails? This is a fair question best answered by the following statement, “any business is at risk of failing.” We are waiting for the 2015 financials to be submitted by Mr. Delagrange’s accountant. From what we have seen from the preliminary financials the golf course is profitable. With proper management and routine maintenance the course will continue to make money.

Q13: Would a Management Company run the golf course? Initially, the course would be managed by a Golf Course Committee made up of residents who have experience in running businesses. This Committee would have fiduciary responsibility for running the golf course with a strict budget (reviewed monthly) and reporting to the Bobcat Trail CDD Board of Supervisors. There would be complete transparency as to profit/loss. Currently, we have a Finance Committee that operates in a similar manner. The reasoning behind not having a Management Company run the golf course is the profits would be consumed by the Management Company fees. This would limit the opportunity to build up reserves for future needs (i.e. Clubhouse repair, replacing greens etc.). A Management Company could very well be an option in the future.

Q14: But I don’t play golf, why should I have to pay for the golf course? We can’t think of this as buying the golf course, rather we should think of this as protecting the value of our homes by retaining an asset. We also pay Sarasota County School Taxes and most of us probably don’t have children in school any longer, but Sarasota County Schools are highly regarded and it is a benefit for selling your home. Bobcat Trail Golf Club is a *Public golf course* that offers *optional* golf memberships to those individuals who choose to pay golf fees to play. The course gains the majority of its revenue through outside play.

Q15: We moved to Bobcat Trail because we could live in a golf community and take advantage of the amenities without having to have a Social or Golf Membership, will that change? No, that will not change. There are currently no social membership requirements, nor are any proposed. Golf memberships are voluntary and renewable annually. One does not have to live within Bobcat Trail to be a golf club member. Memberships are open to the public. Bobcat Trail has no golf or social membership requirements.

SUMMARY

Several residents with extensive business experience have been in negotiations with Roger Delagrange for several years. A verbal agreement has been made pending financial full disclosure from Mr. Delagrange’s accountant and financing being secured.

Disclosure:

If the Due Diligence being done by the principles does not support a business case for the CDD to purchase Bobcat Trail Golf Club, the principles **will not make a proposal to the CDD Board of Supervisors recommending the purchase of the golf course.**

Next Steps:

1. Review the Financials submitted by Roger Delagrange's accounting firm.
2. Finalize Business Plan
3. Secure Financing
4. Hold information forums with residents
5. Present Business Case to CDD Board of Supervisors for vote.

May 12, 2016