

Directors Meeting

October 5th & 6th 2021

6:00 pm



The Resort

at Eagle Mountain Lake

Homeowners Association

Agenda

- Welcome and Introductions - Bonnie
 - Bonnie Aleksandrowicz (President)
 - Donnie Davis (Vice-President)
 - David Miller (Secretary)
 - David Stockton (Treasurer)
 - Larry Lawson (Review Committee)
 - David Jordan (Review Committee)
 - William Warren – (Attorney for HOA)
 - Frank Jacobini – (Attorney for HOA)
- Agenda Review and Statement of Purpose for this Meeting – Donnie Davis
- History & Timeline Review – David Miller
- Financial Performance Review of The HOA – Dave Jordan
- Lender Financing & Due Diligence Review – David Stockton
- The Golf Course Complex (GCC) Financial Review & Post Purchase Management – Larry Lawson
- Scenarios for Golf Course Complex / Land Purchase – David Miller
- Closing and Next Steps - Bonnie

Questions and Answers from attendees. One question per lot owner initially please. (additional questions may be written on paper provided at the front tables. Response to all questions will be provided either during the meeting as time permits or within a few days within the Bulletins we are frequently publishing. (Please be sure that you have listed your preferred email address on the Essex website to receive the Board bulletins).

THE GOLF CLUB at the Resort HISTORY

- Originally a nine-hole Golf Course
- Additional Property South of The Resort Boulevard was purchased
 - Expanded to Eighteen-Holes – 157 acres
 - Portwood Way, Fairway Meadows, Bend Green Way, Eagle Narrows, and Indian Creek Drive was extended beyond The Resort Boulevard
- Troubled Times
 - Special meeting called by Mehrdad Moayedi in March of 2015
 - Golf Course was bleeding cash and without resident support he would have to shut down the Golf Course
 - Residents by more than 67% voted to support the Golf Club
 - Increasing our assessments by \$33.00 per lot per month payable to Golf Course
 - April 2016 assessment was increased an additional \$30.00 per lot per month
 - **\$39.30 per lot assessment increase became effective on October 2017**
- Today – **FOR SALE** - \$1,500,000.00 - First Right of Refusal
- **ANOTHER BUYER HAS ALREADY SUBMITTED A LETTER-OF-INTENT**

TIMELINE

AUGUST 13

- Offer extended to Purchase the Golf Course
 - \$1,500,000.00
 - Membership Nondisclosure of Board & Committee.

AUGUST 20

- A non-Binding Letter-of-Intent (LOI) signed by both parties.

SEPTEMBER 7

- Nondisclosure Agreement Signed by Both Parties.
 - Regarding Sensitive Club Information

SEPTEMBER 20

- CA made change to LOI
 - \$50,000.00 Escrow payment
 - Membership Vote no later than October 15th

SEPTEMBER 22

- CA lifted Membership nondisclosure requirement.

SEPTEMBER 23

- General Membership notified of Sale.

OCTOBER 5 & 6

- Open Special Board Meeting
 - Discussion on Golf Course Purchase
 - 6th repeat of 5th meeting (limited capacity)

OCTOBER 10

- Electronic Voting Opens

OCTOBER 13

- Electronic Voting ends at 5:00PM

OCTOBER 14

- Special Homeowners Meeting
 - Paper Ballot Only Voting
 - Agreed upon Purchase Agreement

OCTOBER 15

- Paper Ballot Only Voting ends at 5:00PM
- Results will be Posted on HOA by 9:00PM

THE RESORT FINANCIALS

	10/31/2018	10/31/2019	10/31/2020	07/31/2021 *
ASSETS	\$522,466	\$575,296	\$550,253	\$645,442
NET INCOME	\$132,651	\$128,677	\$131,986	\$189,024
YEAR TO DATE INCOME	\$775,575	\$812,864	\$843,209	\$562,606

* YTD (7 mo.)

Area of Concern

HOA Dues Delinquencies

10/31/2018	94 Accounts	\$56,400
10/31/2019	91 Accounts	\$58,587
10/31/2020	99 Accounts	\$76,425
8/31/2021	72 Accounts	\$54,756

- Developer owns the **Golf Course Complex (GCC) consisting of 157 acres within the confines of The Resort Community**
- With few lots left to be sold, **the developer's control period will soon end**
- When the control period ends **he will still own the GCC and the land it represents**
- He will almost certainly sell the GCC and the land **either now or at some future point**. Our community needs to confront that probability and either decide to purchase now or do nothing and take the chance that it will be sold to another buyer.

David Stockton

- The Board is concerned that **the GCC land deeds may not have restrictions for use, i.e. the deeds to not contain Land Use Covenants** that might restrict the usage of the land.

- Without deed or land use covenant restrictions any buyer **can use the GCC for purposes other than a Golf Course.** We are using a title company to verify deeds / land use covenants.

We hope to have their results communicated to the community before the voting period ends October 14.

- Total annual Social Membership Dues were \$327,960 in 2020 and are anticipated to be \$443,400 in 2021. According to current HOA By-Laws **These dues would continue to flow to the new owner regardless of who that might be.**

Due Diligence Items

We have received enough additional GCC financial and operations data from Centurion American management to confirm the profitability as Larry Lawson has indicated.

Existing GCC debts. Discussions are being conducted with CA concerning the resolution of these debts prior to any offer to purchase - These are not sizable amounts and mostly cover equipment.

Review of Lenders for GCC Purchase Loan – we have spoken to a number of lenders and we are now furnishing data to one of those banks. The lack of adequate past GCC financial records from CA had hampered this process but progress is being made

David Stockton

- Lenders have generally indicated a loan to value rate of about 65% - that is 65% of the purchase price or the appraised value whichever is less, with interest rates of between 5.5% to 7%.

- **Potential Commercial Loan Scenario***

Purchase Price \$1,500,000

Loan value 65%

\$975,000

Remaining amount to be funded

\$525,000

- assumes appraised value = Purchase Price

- Small Business Loans are being reviewed also.

- Such loans will require an appraisal and we have identified and interviewed a local appraisal company that specializes in golf courses. We are in the ;process of hiring the appraiser as soon as possible.



Golf Course Gives Way to Development, Spurs Debate Near Fort Worth

<https://www.nbcdfw.com/news/local/golf-course-gives-way-to-development-spurs-debate-near-fort-worth/64044/>

By Allie Spillyards • Published March 27, 2018 • Updated on March 27, 2018 at 5:38 pm

There is a fight brewing north of Fort Worth near Haslet where neighbors are opposing a development proposed to replace the golf course that's been a landmark of their community for nearly 60 years.

The owner of the Willow

“Right now this plat has 3 homes backing up to one home around the golf course. Now I know the people that bought around the golf course at that time did not expect that to happen,” said Kraig Eggspuehler who bought his Willow Springs West home 20 years ago.

Springs Golf Course says his business is no longer profitable. As he works to finalize a deal with a developer hoping to buy the property, everyone's watching to see whether the Fort Worth's planning commission will approve a plat that plans for 400 homes on 5,000 square foot lots.

The Palm Beach Post

New 450-unit housing development will replace Forest Oaks golf course at Lucerne Lakes

<https://www.palmbeachpost.com/story/news/local/lakeworth/2021/09/13/forest-oaks-golf-course-lucerne-lakes-converted-housing/5703203001/>

Mike Diamond

Special to The Post Published September 23, 2021

The Palm Beach County Zoning Commission voted Thursday to support another golf course conversion — this one west of [Lake Worth Beach](#) that would result in a 450-unit residential development replacing the 50-year-old Forest Oaks golf course at Lucerne Lakes.

Zoning commissioners heard more than two hours of testimony in support and in opposition to the plans of Canadian homebuilder Mattamy Homes, which is under contract to buy the 79-acre course for \$15 million from Grillo Golf Management.

County planners received petitions with more than 700 signatures opposed to the project and another 200 unique emails in opposition as well. They received more than 100 letters in support of the plans.

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Is The Golf Course Profitable? YES IT IS!!!

Percent Increase In Rounds Year to Year

	2018	2019	2020	2021*
Members	baseline	-13.7%	37.9%	**
Non-Members	baseline	12.8%	36.1%	**

* 2021 YTD
to Aug 31

** 2021 Total Rounds Through August are 75% of Total Rounds in 2020

With Three Months of 2021 Left.

Is The Golf Course Profitable? YES IT IS!!!

Percent Increase In Fees - Members, Guests, Cart Rental, Driving Range
Year to Year

	2018	2019	2020	2021*
Members	baseline	-4.1%	12.9%	**
Guest Green Fees	baseline	24.9%	47.8%	**
Cart Rental	baseline	36.9%	48.1%	**
Driving Range	baseline	-20.3%	93.0%	**

* 2021 YTD to
Aug 31

**2021 -- The 2021 Total Members/Guests, Green Fees, Cart Rental, &
Driving Range Fees is 12.1% above the 2018, 2019, and 2020 Average of
Such Fees.

\$ PROPOSED FINANCING \$

1. Commercial Business Loan Plus Personal Financing
2. Interim Personal Loan
 1. Interest Bearing
 2. Non-interest Bearing

FUNDING

- **\$2,000,000.00**
 - \$1,500,000.00 to acquire Golf Club
 - \$500,000.00 for Operating Capital
 - Entering slow months
 - Prorated Operating Capital Transferred – Doubtful ?

Quarterly
Assessment
(per Lot)
\$432.30

- Golf Club Social Membership \$180.00
- Association Assessments \$252.30

- 616 Class A Lots
- 30 Class B Lots (Not Permitted to Vote)
- Total 646 Lots
- Additional Income due to Growth
 - \$96,100 per year.
 - \$768,800 over next 8 years

GOLF CLUB SOCIAL MEMBERSHIP

GOLF CLUB SOCIAL MEMBERSHIP AMOUNT PAID LAST EIGHT YEARS

2014	\$126,245.00
2015	\$185,570.00
2016	\$251,793.32
2017	\$263,700.00
2018	\$270,520.00
2019	\$319,500.00
2020	\$327,960.00
2021	est. \$443,400.00
TOTAL	\$2,188,688.32

GOLF CLUB SOCIAL MEMBERSHIP ESTIMATED NEXT EIGHT YEARS

2022	\$443,520.00
2023	\$443,520.00
2024	\$465,120.00
2025	\$465,120.00
2026	\$465,120.00
2027	\$465,120.00
2028	\$465,120.00
2029	\$465,120.00
TOTAL	\$3,714,720.00

BUSINESS LOAN + PRIVATE LOAN

COMMERCIAL BUSINESS LOAN

- 65% to 75% Maximum on \$1,500,000.00
 - 65% - \$975,000.00
 - 75% - 1,125,000.00
- 15 years Term

PRIVATE LOAN

- Amount – Difference Commercial Business Loan and \$2,000,000.00
- Term – 7.5 to 15 years
- Resident have First Option
- Payback with Interest
- **Please, Contact a Board Member or Committee Member if you would like to Invest in your Community.**

Private Investors

- Association needs Short Term Money
- Association has the ability to Purchase over Long Term
- Resident's willing to Invest in their Community
- Paid back with Interest
- **Please, Contact a Board Member or Committee Member if you would like to Invest in your Community.**

PURCHASE AGREEMENT

- Require a rewriting of DCC&R's and Bylaws
 - To allow Association to Own and Operate the Golf Club
 - Make Changes to Limitations
 - Relinquish Control of Association's Monetary Assets
- Declarant, Owners and/or his Associates to relinquish all control over the Golf Course and its Properties

Our lawyers are presently writing our requirements for the Purchase Agreement, these are just a couple of items that will be addressed. Purchase Agreement will be posted once agreement is reached by both parties.

Thank You!



The Resort

at Eagle Mountain Lake

Homeowners Association