

October 1, 2021

Potential Golf Course Clubhouse Purchase - Bulletin # 2

## **Current Status of Prospective Resort HOA Community Purchase of Golf Course Complex (GCC)**

In addition to being notified by the Developer's management company, Centurion American (CA), that at least one buyer has made an offer to purchase the GCC, the HOA Resident Board has received information from another source that a buyer has conducted an on-site review of the GCC.

### **Updates on the status of the Board's due diligence review of the GCC purchase**

1. Annual financials reflecting GCC business operations for the last three years have been received from Centurion American and preliminarily reviewed. The Board and our Subcommittee have determined that, while the financial reports appear to reflect that the GCC has maintained profitability over the past three years, the format of the reports render the documents unusable for purposes of a lender's loan review or securing an appraisal. Thus we have responded to CA through our attorney and urgently requested financials that accurately reflect annual GCC direct operating costs.
2. We have received a report detailing existing GCC debts and the entities who are owed. These are not sizable amounts and mostly cover equipment. Discussions are being conducted with CA concerning the resolution of these debts prior to any offer to purchase.
3. We have received confirmation from CA that, in the event of HOA's purchase of the GCC, the \$65 monthly social membership dues portion of each homeowner's quarterly assessment currently being assigned through Centurion American to support the golf course/clubhouse complex, will be changed to provide for the HOA's direct receipt of the social membership assessments. The purchase agreement and the Association Bi-Laws are being reviewed for possible changes to reflect this. (In 2020 the annual amount of social membership dues collected by Centurion American from quarterly assessments to support the Golf Course/Clubhouse totaled \$327,960).
4. A loan will be an essential part of any purchase. The Board has conducted discussions with a number of local banks, and is now furnishing information for one of those banks to consider. Most of the banks we spoke with addressed potential loan amounts around 65% of the appraised price or the sales price, whichever is less. The loan process will require an appraisal and the Board has selected a local company that specializes in golf courses.
5. Environmental reports for the GCC that have been requested from CA weeks ago but nothing has been received as yet. We are continuing to request these important reports from the Developer's company.
6. A recent property survey of the GCC assets has been reviewed. This survey was not valid as it pertained to new lot revisions, not the Golf Course. We have ordered an official updated survey which should be available soon.

The Board does not have all of the data we need yet to make meaningful recommendations on this subject to homeowners. But more is coming in each day.

The Board and Subcommittee will continue to provide information with these updates.

Additional information for the HOA Director's information meetings scheduled on Tuesday, October 5<sup>th</sup> and on Wednesday, October 6<sup>th</sup> at 6pm at the Clubhouse for homeowners to weigh the pros and cons of the purchase.

The same information will be presented at both meetings. We scheduled two meetings to be sure those who want to attend could have an opportunity to do so.

We will continue to give homeowners updates on new information prior to the voting meeting at 6pm on Thursday, October 14<sup>th</sup> at the Clubhouse.

Your Resident HOA Board of Directors And Our Subcommittee; Larry Lawson and Dave Jordan

### **Post Script**

The three news articles below cover stories about golf course closures within HOA communities – one of them hits close to home. There are more examples throughout the country.



## **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.

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 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.

“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.

Eggspuehler’s been playing golf at Willow Springs long before he moved in. He’d love to see the golf course remain a golf course. But if it doesn’t, he hopes to see it replaced with a development that’s comprised of larger lots more consistent with what already exists.

“There’s an awful lot of people who’ve invested everything they have, hard money, time, everything else to come out here that that whole way of life seems to be slowly taken away from them,” said Eggspuehler.

He like several neighbors have written letters to the city, signed a petition and plan to be at a public comment meeting Wednesday.

“At the end of the day he does have a right to sell the property. We are just strongly against the plat that was submitted by the current developer, said Kristin Schultz.

Schultz’s home backs up to the golf course. She and her husband purchased the home two years ago because of its proximity to the 18th hole. Now as they imagine a reality without it, they’re asking the city to consider the infrastructure hundreds of new homes would require before allowing them to be built.

“We have one lane roads in either direction. During rush hour we have an incredible backload of traffic,” said Schultz.

Dacus Lindsey who owns the golf course says it remains open until any deal is finalized. As the current plan continues to receive pushback, he expects that could take some time.

## 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.

**Homes on the golf course?:**A developer wants to build homes on the old Sherbrooke golf course. But residents don't want them

**Dusty living:**Residents at this country club say dust is still a problem in golf course conversion

**Plan for townhomes:**Developer wants to buy Forest Oaks golf course, but could master plan fine print block it?

Land-use attorney Lisa Reves of West Palm Beach, representing disgruntled homeowners at Lucerne Lakes, spoke in opposition. She argued that a restriction included in the documents when the planned-unit development was built in the 1970s prevents the golf course from being converted into a development. The documents, she said, require that the golf course be maintained as recreation in perpetuity.



She said Mattamy's own title insurance company has refused to insure the title to the property if objections are raised citing the restriction that allegedly bars development of the golf course.

"People purchased these homes based on the reliance that the recreation area would always be there," she noted.

County land-use attorney Robert Banks advised that the issue of the covenant was not within the purview of the Zoning Commission to address. He explained that the issue is something for homeowners at Lucerne Lakes and Mattamy to resolve.

Residents said they were upset over the loss of their golf-course views. They were also concerned over the amount of dust that would be generated as result of the conversion.

Staff concluded that the project is consistent with county zoning and recommended approval.

Vincent Grillo and his business partner, Nick Pisano, said they cannot compete with county-owned facilities. "We cannot make a go of it anymore," Grillo said, noting that very few Lucerne Lakes residents golf at the course. In the 1990s, Grillo said, as many as 100 residents would golf on a daily basis. Today, that number is fewer than 10.

"The residents do not support the course," Grillo said.

The golf course, in an unincorporated area under county jurisdiction, is on the south side of Lake Worth Road at Lucerne Lakes Boulevard. Access will be through a traffic light on Lake Worth Road with a future connection to Charleston Street. Nearly half of the 79 acre-tract would be left as open space.



If approved, it would be the latest in a series of golf-course conversions in South Florida. Palm Beach County, by itself, has seen more than 10 conversions in the past five years.

Vacant land is difficult to find. Homebuilders gobble up failing golf courses as soon as an owner puts it up for sale. Grillo has agreed to keep the course open until permits are obtained so that it will not go fallow and become “a nuisance to existing surrounding communities.”

The agent for Mattamy Homes said the builder has gone out of its way to address concerns raised by residents of Lucerne Lakes. A number of adjustments have been made, he said, noting that buffers have been extended and setbacks increased to accommodate the residents. Mattamy had planned at one time to build 600 homes.

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# The Bulletin

By DYLAN JEFFERIES The Bulletin

Bend, Oregon

August 18, 2021

## River's Edge homeowners sue Pahlisch Homes over plans to remove golf course for residential housing

[https://www.bendbulletin.com/localstate/rivers-edge-homeowners-sue-pahlisch-homes-over-plans-to-remove-golf-course-for-residential-housing/article\\_3ae5f110-fed1-11eb-a9ae-1f0583e51464.html](https://www.bendbulletin.com/localstate/rivers-edge-homeowners-sue-pahlisch-homes-over-plans-to-remove-golf-course-for-residential-housing/article_3ae5f110-fed1-11eb-a9ae-1f0583e51464.html)



Jeffrey Kramer walks down his street in River's Edge in Bend on Monday. Neighborhood residents have peppered the area with signs opposing the proposed housing development.

- Dean Guernsey/The Bulletin



Jeffrey Kramer lives along the golf course at River's Edge in Bend that could be turned into residential housing.

- Dean Guernsey/The Bulletin

“Save the golf course!” “Save River's Edge!” read lawn signs that have proliferated across west Bend.

The signs are a component of community organizing being done by residents of the River's Edge in an effort to halt the conversion of the public 18-hole River's Edge Golf Course into housing.

Pahlisch Homes [announced plans to purchase](#) the golf course from CMW Development owner Wayne Purcell earlier this year. If the sale goes through, Pahlisch Homes intends to convert half of the golf course into nearly 400 homes, many of which would be middle-income housing.

Now, several homeowners who recently moved to River's Edge are suing Pahlisch Homes and CMW Development.

The homeowners complaint?

When they purchased their homes near the golf course over the past 16 months, the homes were advertised as having golf course views and as being near a golf course.



That advertising was akin to a legally binding promise — or, “equitable servitude” — according to lead plaintiff Jeffrey Kramer, 70, a retired lawyer of nearly 40 years and former Malibu, California, mayor who retired to River’s Edge in April, 2020.

According to Kramer, equitable servitude is a “fairness doctrine” in the context of real property. What it means, in short, is that if promises are made and people are made to rely on those promises, then the people who were given those promises have a right to enforce them, Kramer said.

“We moved into our homes on the promise of Pahlisch that we would be given golf course views and surrounded by a golf course,” Kramer said. “Then Pahlisch announced that they would plow up the golf course. That’s not what we were promised.”

The plaintiff’s complaint is strengthened, Kramer said, by another local case. In Mountain High Homeowners Association v. Ward, the Oregon Court of Appeals ruled in favor of a Deschutes County homeowners association suing the owner of Old Back Nine Golf Course over similar issues.

Kramer said the argument in the River’s Edge case is even more compelling than it was in Mountain High due to thorough advertising.

“There were flyers advertising our homes would have golf course views,” he said. “It was described as a secluded community. The website had a picture of a golf course. The streets themselves are named after golf themes.

“Everything about it screamed golf.”

The plaintiffs are being represented by Martin Hansen, a Bend attorney who was involved in the Mountain High case.

If the plaintiffs win, Kramer said that the golf course would legally need to be maintained in perpetuity, no matter who owns it in the future.

“If we five plaintiffs win, everybody benefits because the golf course remains for everyone,” he said.

The case is in arbitration, and Kramer expects an arbitration hearing by year’s end and a decision soon after.

“I feel very confident about the case,” he said. “Our facts are compelling. We’re not asking for anything we weren’t sold on when buying our houses. I have yet to hear from Pahlisch or



Purcell any dissents. We still don't know what their arguments are, and frankly, I don't think they could make a compelling one."

Jessica Seidel, senior director of marketing for Pahlisch Homes, declined to comment on litigation, citing company policy.

In addition to benefiting River's Edge homeowners, saving the golf course benefits all Bend residents because less housing equals less traffic in the area, more wildlife and more scenic views, plaintiffs argue.

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Supporters of the River's Edge development plan point to Bend's housing crisis as a viable reason for converting the golf course into housing. The median price of a single-family home in Bend in July was \$650,000, up \$10,000 from June's median price, and housing has become nearly impossible for some to find.

The River's Edge plan calls for at least 50% of the proposed 372 homes to be middle-income, which includes a range of housing at different price points in an effort to accommodate a variety of housing needs.

"(Pahlisch) remains very committed to developing River's Edge," said Seidel. "We're going to do it thoughtfully with input from the community. We feel this development is an important part of helping Bend address its housing crisis. And we know that every unit of housing we can add in the community helps create more attainable housing for everyone.

"We're taking seriously our responsibility to be the next generation of stewards of this unique part of Bend," Seidel continued. "We know that's why Wayne Purcell personally came to us to ensure any future development was done right and by a builder with deep roots in the Bend community."

Seidel said Pahlisch hosted a productive meeting with River's Edge community members in June, and that another one is planned for the fall.

"One of the things we heard clearly is the community's understanding of the importance of more missing middle housing in Bend, which is a key part of our vision for this project," Seidel said.

Additionally, the meetings are meant to show the community that they're part of the planning process, Seidel said.

Plaintiff and River's Edge resident Chris Walton, however, doesn't feel included.

Walton, 51, who leads an accounting group for a large lumber company, moved to River's Edge with his wife in April 2020.

The Waltons used to live in Portland and vacationed in Bend for some 20 years for its outdoor recreation.

After seeing an ad for a River's Edge home that emphasized its proximity to the golf course, the Waltons decided to move.

Shortly after settling in, however, they learned about the sale between Pahlisch and Purcell.

"The day that they announced the sale, it was tragic," Walton said. "There were lots of tears. It was traumatic for the community. We lost a lot of trust for Pahlisch and Purcell."

Walton said he wrote a heartfelt letter to Pahlisch Homes but never received a response.

River's Edge residents turned to litigation and community organizing, Walton said, with Kramer spearheading litigation and Walton community organizing.

"We've been canvassing door to door, sending emails, educating people about what's going to happen," Walton said. "It's a public golf course. It's been around for many years. It's an establishment in Bend. People care deeply about it."

Walton said that organizing has become his second job.

"This isn't what I wanted," he said. "I wanted to get here and sit on the back patio, drink a beer, hit a few balls and just enjoy life. The house was advertised for its patio and golf course view. I bought the house so I could do just that: sit on the patio and watch the golf course."