

GOLDEN LAKES

Community Development District

313 Campus Street, Celebration, FL 34747, 407-566-1935
210 North University Drive, Suite 702, Coral Springs, FL 33071, 954-753-5841

October 4, 2016

Residents and Property Owners

RE: Acquisition of the Club at Eaglebrooke

Dear Residents and Owners:

The Board of Supervisors of the Golden Lakes Community Development District (“District” or “CDD”) would like to thank those of you who have taken the time to correspond with the District regarding the potential purchase of the Club at Eaglebrooke (Club). All your input is appreciated: the pro, the con, and the undecided. Within that correspondence, we saw some very good insight on both sides of the issue as well as some confusion on where we are in the process and what is happening and could happen in the future.

First and foremost, **THIS IS NOT A DONE DEAL**. Yes, the District has signed an agreement to purchase the club and operations; however as with **ALL** real estate contracts, there is a due diligence and inspection period. In order for the District to gain access to all the records needed to ascertain if a purchase is in the best interest of the District, we needed to agree on several items with the current owner. The purchase agreement sets down in writing what the buyer and seller will do and are able to do during the due diligence period. IF at any time during the due diligence period the District determines the purchase is not in the best interest of the District, then the District may withdraw from the purchase without penalty.

But why purchase the club? When the Board of Supervisors learned of the McDonald family’s desire to sell the club, we felt it only made good sense for us to evaluate a purchase. Some of the possible advantages to the members of the CDD are the following:

- As a purely defensive move to protect the value of the residential units within the development. Although difficult, it might be possible for a third party to buy the Club and develop the land into condos or apartments. Even worse, a third party could buy the Club/course and let the Club and grounds deteriorate.
- Since the Club and the CDD would be under the same entity, one possible benefit would be closer scrutiny of who comes in the front gates to the Club.
- Residents have expressed for years a desire to see more services added to the Club
 - Additional tennis courts for tournament play
 - Better maintenance of the pool area
 - A halfway house and or health club on the vacant property on the corner by the chipping green

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October 4, 2016
Residents of Golden Lakes
Page 2

Where are we in the process? We are approximately one-third of the way through the ninety- (90) day due diligence period. The District has hired the National Golf Foundation (NGF) to evaluate the Club, including the financial, operations, and facilities sides of the Club. The end report should be back to the District in early October. It should include a recommendation on the purchase price, an evaluation of the current operations, and recommendations on capital improvements that the District needs to consider along with the purchase price.

We have also requested proposals on environmental studies of the Club properties as well as a proposal to survey the properties. However, until we receive the NGF report, the District will hold off on spending any further funds on other studies.

The roof leaks, and the pool and bathrooms are in poor condition. Will these get addressed? YES! All of these things are part of the due diligence. Assuming the NGF report comes back and the numbers appear to work, the CDD would envision including these repairs and a refresh of the Club as a whole in the purchase.

What gives the Golden Lakes CDD the authority to purchase the club? The CDD was created as a special district under the authority of Chapter 190, Florida Statutes. At the creation of the CDD, the District was granted the authority to include recreation facilities within its area of operations.

But hasn't the club been losing money? On paper, yes, the Club has been reporting a loss. One of the things we are looking to receive from the NGF study is where the Club stands in terms of rounds of golf played (public and member) as well as merchandise, food, banquet, and liquor sales. The NGF study will determine if there is enough revenue to sustain the Club without compromising maintenance or services and constantly raising the assessments. The study will also determine if changes can be made to get to break even or better in order to make some of the improvements the members desire.

Why are certain employees being retained as a part of the purchase? To be blunt, this was a condition of the contract presented by the sellers. From a practical standpoint, these key employees know the day-to-day operations of the Club, and it makes sense for them to be retained to keep things on an even keel while the new management takes over. That does not mean they will be retained regardless of their work productivity. Each would be evaluated by the new management and offered employment with specific duties and goals. Should any not measure up to those duties and or goals, they may be terminated for cause without penalty.

Who gets saddled with any club revenue shortfall? The short answer is, the members of the District. However, in our planning, we are taking into account the potential for

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October 4, 2016
Residents of Golden Lakes
Page 3

revenue shortfall during the first two years of operation. The CDD has been operating with a static budget for quite a number of years, and while this potential purchase would increase the CDD portion of your tax bill, we are looking to minimize that impact to every property owner AND build in a safety net of operating funds to avoid coming back to the members of the District for additional assessments.

Who will manage the Club? We basically have two options: hire a PGA professional manager or hire a management company. In either case, the Club **WILL NOT** be managed by the five- (5) member CDD Board. The CDD Board will solicit management ideas from the NGF and other sources.

We do anticipate creating some type of Club advisory board made up of golf members, social members, and the public at large to advise the CDD of the wants and desires of the membership as well as the general public. Again, this is all preliminary, and no final decisions have been made.

Do we know what the assessment for the Club purchase would be? Not exactly as we do not have all of the numbers in yet. Preliminarily, we expect the assessment to be in the \$400 to \$600 per property range per year.

If the purchase happens, when would the assessment appear on my tax bill? The additional assessment for the purchase would not make it on your tax bill until the fall of 2017.

How will the purchase be financed? Through the sale of tax-free municipal bonds. As a special district, we can offer these bonds for sale similar to the way a city or county government does. This is a very similar process that was used to finance the original infrastructure (e.g., roads, street lights, and other common areas of the development) when the development was built.

I was told that once the infrastructure bonds were paid off, there would be no more CDD assessment. Why do I continue to pay a CDD assessment each year? We are unsure where that information came from but perhaps it was referring to the original construction bonds. Those were paid off a few years early by the District. Your current assessment pays for the maintenance of the common area which includes the front entrance, walls and fences within the development, gate operations, the roving patrol that helps enforce street parking, repair and maintenance of the roads, street lights, and reserve funds for repaving of the roads and other items.

What would I get as a property owner for the Club assessment if the purchase were to happen? This has not been finalized, but at the very minimum, our intent would be to

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October 4, 2016
Residents of Golden Lakes
Page 4

structure the assessment so that each member of the District gets access to the Club, charging privileges and member rates on food, drinks, merchandise, golf, etc. One idea that has been floated around is to make each member of the District a social member and with that, in addition to the items mentioned above, include access to the pool and tennis courts.

If this happens, will I get a credit at the Club equal to my assessment? No. The base assessment would pay for the capital cost of acquiring the club. If the District were to decide to include a social membership with the annual assessment, that portion of the assessment would go into the general operating fund of the Club to cover the cost of making the amenities available to the social members.

If the purchase is made by the CDD, will the Club become private? The short answer is no. A preliminary review of the Club financials clearly shows we would need both public (non-CDD resident) and CDD member play of the golf course as well as continued booking of the banquet facilities by non-members to sustain the Club.

Will I be an “equity” member? No, not in the sense of a private club. This acquisition would be more like the acquisition of a golf course by a city or county in its relationship to those who reside in the District.

What will the various membership levels be and how much will they cost? We are too early in the process to give a definitive answer other than to say we would expect them to look very much like they do now with some adjustments based on current member feedback and input from our professional manager.

Since there will still be public play of the course and access to the Club, will members get a discount? Again, we are too early in the process for a definitive answer, but it would seem only fair that the CDD members who are footing the bill for the capital acquisition of the club pay a discounted rate for services.

I am already a member of the Club. Will I have to pay another initiation fee? Absolutely NO! Our goal would be to make the purchase, if it goes forward, as seamless as possible to the current members. That includes keeping the membership rates the same through at least the middle of 2017 while the new management looks over the operation and can then make an educated decision on what, if any, changes need to be made to the membership types and rates.

I am a non-property owning member of the Club. What does this mean to me? YOU are a very important part of any acquisition of the Club to either the CDD or another party if the CDD passes on the purchase. From the CDD’s standpoint, our goal would be

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October 4, 2016
Residents of Golden Lakes
Page 5

to make the purchase, if it goes forward, as seamless as possible to ALL the members. That includes keeping the membership rates the same through at least the middle of 2017 while the new management looks over the operation and can then make an educated decision on what, if any, changes need to be made to the membership types and rates.

When would the sale close? Our best estimate based on what we know today would be sometime in February 2017.

What happens if I prepay my membership, have a sweeps balance, pay my annual cart trail fee, or prepay for some other service or function before the sale is completed? Those funds would be accrued by the seller and passed on to the buyer (CDD) as a credit to the sales price to be held on account toward those prepaid items.

If the CDD buys the Club, will the Club and grounds become common area? NO. The Club management will adopt rules and guidelines for the use of the Club and course premises. Most likely these rules will be very similar to the ones currently in place.

What will the membership structure look like if the CDD purchases the Club? We are just in the due diligence stage of the purchase, and it is too early to make that call. Again, we would want to make a purchase as seamless as possible to the current members, but we would anticipate some changes will need to be made.

Do any of the Board of members have a financial interest in the sale of the Club? Absolutely NONE, beyond owning property in the District (homes) and our desire to do what we believe is in the best interest of the majority of the members of the District.

Would the Club operations be lumped into the financials of the CDD? No. Although the complete financials of the CDD would include the Club operations, the books on the Club would be separate from the infrastructure side (common areas) of the CDD.

If the CDD should decide to sell the Club in the future, what would happen to any excess funds? After paying off any outstanding bond financing and assuming there is a 'profit' realized from the sale, those funds would be added to the CDD's general fund to cover future common area maintenance. Also any assessment for the Club acquisition still on the county tax rolls would cease.

How do I stay informed? Please visit the CDD's website for updates at www.goldenlakescdd.org. As we move through the process, any special meeting dates will be posted there along with all minutes of past meetings.

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October 4, 2016
Residents of Golden Lakes
Page 6

What happens next? Once we know when the District will receive the final NGF report, we will schedule a special meeting a few days out from the expected receipt of the report for the Board of Supervisors to review the report. At that time, we may have a yay or nay vote to either proceed with the purchase process OR we may vote to continue further study of the issue assuming there is still time available in the due diligence process.

If the CDD Board elects to proceed with the purchase process, a FULL disclosure of all the financials will be made to the members of the District, and a special meeting will be set to have a public hearing prior to a final vote by the Board. We anticipate this happening in late 2016.

Thank you for your comments and continued interest in the District and for participating in the process.

Sincerely,



Rich Weaver
Chairman