

BRIARBROOK

GOLF & COUNTRY CLUB

STUDY

Prepared for:

THE CITY OF CARL JUNCTION, MISSOURI

February 18, 2009

PREPARED BY

Flatt Golf Services, Inc.
1211 Mehmert Place
Jefferson City, MO 65101
573-690-1309
www.flattgolf.com
larryflatt72@gmail.com

EXECUTIVE SUMMARY & RECOMMENDATION

The City of Carl Junction is considering the purchase of 247 acres consisting of the Briarbrook Golf & Country Club (152 acres) and an adjacent vacant tract (95 acres) from a private developer for operation as a community park, public swimming pool, and municipal public golf course. The City held a public hearing on this matter in December of 2008 and voted at their January 6, 2009 meeting to place the matter of issuing \$2.7 million in General Obligation Bonds on the ballot for the April 7, 2009 municipal election. On February 3, the City Council authorized the hiring of a golf course consultant to perform an independent study, prepare a written report identifying the key findings of the study, indicate key issues that may require additional consideration, and make recommendations regarding the successful acquisition and operation of the golf course and adjacent property. Following are the recommendations of the consultant:

The Briarbrook Golf & Country Club has a great location, relative to a reasonably affluent and leisure oriented population, and the course has achieved a good following in the community. It is well designed, well routed on the topography of the property and possesses many quality golf holes.

In recent years, maintenance of the buildings and grounds has been severely deferred, resulting in a back log of needed improvements. Major expenses will be incurred in the clubhouse, swimming pool, upgrading of golf course maintenance equipment, and less expensive, but necessary expenses on the grounds of the golf course. This report indicates that the acquisition and operation of the golf course and clubhouse require an operating subsidy of \$178,000 in fiscal year 2009-10 and lesser amounts as play increases in response to improved facilities in the years to come.

It is clear that the operation of the golf course will require a subsidy in its initial years, but there are intrinsic values that many in the community would consider important. It is our judgment that there is value in the City operating and maintaining 247 acres of attractive open space in the heart of the community, but that value is not easily quantified when transferred to a tax bill or the bottom line of a city budget in the current economic conditions.

The redeeming merit for pursuing public ownership and operation of the golf course by the City is three-fold. First, the location makes a public golf course available to a large and growing, fairly affluent and leisure oriented, population – with only one competitor within a 20-minute drive. The prospect of any new private or public golf course development activity occurring in the area is remote for the near future. Second, the location offers an opportunity to preserve open space to benefit the community at large with the 95 acre vacant site. Third, if the golf course property is lost due to lack of maintenance or care and/or some other type of development, the property values of all the homes in Briarbrook, and especially those immediately adjacent to the golf course, will be harmed. It is our opinion that values could be damaged 10% to 20% depending on the final use of the property and the timing of the change in use. This would have a significant impact on the entire community of Carl Junction.

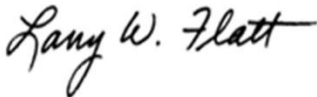
On April 7, 2009, the voters of Carl Junction will be voting on a visionary and bold quality of life plan for their community. This plan does not come without a cost. The annual costs and long term

benefits to the community must be considered regarding their impact on the City's ability to continue to provide the necessary services and maintain the infrastructure of the community. It is appropriate that citizens of Carl Junction have the opportunity to vote on this important issue.

More detailed background information on this project, our report concerning the appraisals and option to purchase, our analysis of the existing conditions on the property, golf demographics information for the Joplin/Carl Junction market area, golf participation factors and trends, characteristics of the public golf market in the Joplin/Carl Junction area, a general outline of the City's plan and proposal for the project, a comprehensive 5 year pro-forma predicting the revenues and expenses of a City operated Briarbrook and a summary of the consultant's qualifications and experience follow on the next page.

Respectfully submitted,

Flatt Golf Services, Inc.



Larry W. Flatt, President

BACKGROUND

The Briarbrook Golf & Country Club (BGCC) is a privately owned semi-private golf course and country club that was developed in 1967 by the original developers of the Briarbrook area. Briarbrook Golf & Country Club is located east of Highway 171 (Demott Drive) in the south central part of the city of Carl Junction, in west central Jasper County, Missouri. The 18-hole golf course sits on approximately 152 acres and the entire property includes an adjacent 95 acres that was originally a nine hole course.

In April of 2007, the property and improvements were sold to Steven A. Hayes, dba Equity Endeavors, LLC of Joplin, Missouri, with the intention of redeveloping the 95 acre tract into single family homes and continued operation of the Briarbrook Golf & Country Club. Initial efforts to plan the 108 residential lots met strong resistance from neighborhoods in the immediate area for obvious reasons.

During the summer of 2008, the City approached Mr. Hayes regarding acquisition of the 95 acre parcel for development as a community park. An appraisal by Owen Appraisal Service of Joplin was completed in June of 2008. During the preliminary negotiations for the 95 acre site, Mr. Hayes approached the City of Carl Junction and offered to sell the entire 247 acres to the City of Carl Junction for \$1.95 million. Several meetings and hearing were held in December of 2008. At the same time, the City of Carl Junction made initial inquiries regarding potential financing possibilities for golf course acquisition projects.

On January 7, the City paid Mr. Hayes \$1,000 for an option to buy the entire parcel, subject to voter authorization of a \$2.7 million General Obligation Bond issue. The option remains available until April 21, 2009. Mr. Hayes provided a copy of an appraisal performed in September of 2007 by Fee Simple Appraisal Company, LLC of Springfield, Missouri. The appraisal valued the property at \$2,590,000 in September of 2007. Mr. Hayes has not submitted any accounting or tax information regarding historical statements of revenue and expenses or projections of revenue and expenses of Briarbrook Golf & Country Club.

The City also determined to seek an independent analysis of the feasibility and long term viability of acquiring and operating Briarbrook Golf & Country Club. The City authorized a golf consulting company, Flatt Golf Services, Inc. (FGS) of Jefferson City, Missouri to perform an independent analysis of the proposal to sell, prepare an assessment of the property and improvements in regard to the opportunity for success or failure, assess the public golf market in the area, prepare pro-forma to illustrate and predict the financial performance of the golf course, and make recommendations regarding the financial viability of acquiring the Briarbrook Golf & Country Club and operating it as a self-sustaining municipal public golf course.

FGS initiated work on the project the week of February 2, visited Briarbrook Golf & Country Club on February 4 & 5, reviewed the two appraisals, toured the golf course property, and briefly interviewed Mr. Brent Lauber, PGA Golf Professional, and Steve McKenzie, Golf Course Superintendent. FGS also reviewed the irrigation plan and layout, a report prepared by a consultant regarding the golf course clubhouse, aerial photos and topographic maps of the golf course, various copies of news articles, correspondence and related written materials provided.

REPORT

APPRAISAL REPORTS, OPTION TO PURCHASE & SUPPORTING DOCUMENTATION

Seller's Appraisal Report – The current owner has submitted an appraisal of the approximately 247 acres that make up the current golf course (152 acres) and vacant (95 acres) property. The appraisal report was prepared by Fee Simple Appraisal Company, LLC of Springfield, MO in September of 2007. The appraisal indicates that, based on an income approach as a golf and country club, the market value of the fee simple interest is \$2,590,000 for the entire 247 acres (the vacant 95 acre tract and the 152 acre Briarbrook Golf & Country Club) of property and improvements.

The current owner, Equity Endeavors, LLC, apparently has no experience or expertise in operation of a golf and country club. This has evidenced itself in a substantial loss of membership and daily play. The restaurant and bar operation are not functional, maintenance and care of the golf course grounds and buildings is less than minimal, and there appears to be little preparation for a golf season that begins in about 4 to 6 weeks. Currently, the operation has only two employees on site.

It is our opinion that the financial projections presented to calculate the income approach were overstated in 2007 and would be unrealistic in 2009 in light of the current economic conditions. The current economic environment would not be conducive to the residential development of the 95 acre tract, the absorption rates predicted for the residential development probably would not come to pass now or in the near future. The golf industry has been declining for almost ten years and there are few knowledgeable persons in the industry that predict any recovery for several years into the future. See Public Golf Market Outlook on page 23 for more details regarding the current public golf market.

City's Appraisal Report – The City has authorized and received an appraisal of the 95 acre tract. The appraisal report prepared by Owen Appraisal Service of Joplin, MO indicates that the highest and best use is for approximately 108 single family lots and the appraised value of \$819,500 reflects that use. The appraiser raised the possibility that the highest and best use of the property might well be the original golf course development or a similar public use. The appraiser identified the obstacles to developing this property residentially would be: (1.) its size and shape, (2.) several ponds that would have to be drained and filled to make the size of the tract most useable, (3.) the layout of the land with an absence of roads (except one) leading into the property would require smaller lots (meaning probably not as marketable) and/or wasted ground that cannot be effectively used. The current economic conditions would not be conducive to residential development on this site. I would suggest that there would be many more desirable residential development properties at less cost to develop under the current market conditions in the Carl Junction/North Joplin area.

Comparable sales data from four other properties, varying in size from 20 acres to 87 acres were identified. The average per acre value of the property was appraised at \$8,500 per acre and the comparable sales parcels range in value from \$5,641 per acre to \$13,806 per acre.

Option to Purchase Real Estate – The Option to Purchase executed between the City of Carl Junction and Steven A Hayes, dba Equity Endeavors, LLC was entered into on January 7, 2009. The City paid \$1,000 for an option to purchase the 253 (there is a discrepancy of 247 to 253 acres between the various documents and appraisals) acres of golf course and vacant land, that can be

exercised with the successful bond issue vote on April 7, 2009. The City will have until 5 PM April 21st to exercise the option for an amount that would not exceed \$1,950,000 and a tax gift documented in the amount of \$640,000. The sale is scheduled to be closed on July 31, 2009. The sale only includes the real estate and improvements to the property and no equipment or furniture is specifically included in the option to purchase document. We have been advised by City officials that the Seller will include all equipment, tools, furniture and fixtures with the sale of the real estate at the agreed upon price of \$1,950,000. The \$750,000 difference between the purchase price and the bond issue would be used to pay the costs of the bond issue and make needed repairs to the clubhouse, swimming pool, park area and golf course grounds.

Accounting Reports and Tax Returns – No information regarding historical revenue and expenses and/or projections for revenues and expenses has been provided by the seller. The Fee Simple Appraisal Company, LLC appraisal did reference earnings of the previous owner to Mr. Hayes and the same appraisal did project potential income and expenses to arrive at the market value of the property in September of 2007.

ANALYSIS OF EXISTING CONDITIONS OF PROPERTY & IMPROVEMENTS

Location & Access – The golf course is located in close proximity to a significantly growing, reasonably affluent, and leisure oriented population. There are approximately 1,100 residences surrounding the Briarbrook Golf & Country Club. It is also located 5.7 miles from the next nearest public golf course, Schifferdecker GC in Joplin.

Access to the property is adequate. Currently, the property can most easily be accessed from Highway 171 on the east or JJ Highway on the west via Fir to northbound Briarbrook Drive at Par Lane. Briarbrook Lane bisects the front nine on the west from the back nine on the east. From Carl Junction to the north, access is available via Joplin Street to Briarbrook Drive at Par Lane.

Golf Course Design, Routing and Quality of Golf Holes – The Briarbrook golf course was originally designed in 1967 by Allgeier, Martin and Associates, Inc. of Joplin and opened in the Spring of 1968. It has an excellent routing and design with many quality golf holes.



The layout consists of two balanced nines, the Hillside (front nine) to the west of the clubhouse, and the Valleyside which is to the east of the clubhouse. The Hillside features gently rolling terrain and tree lined fairways that play more narrow than they appear. Water comes into play on the fourth

hole, a medium length par 3 hole playing to the northwest. Par on the front nine is 36 with two par 3's and two par 5's playing 3,335 yards from the championship tees, 3,161 yards for the regular tees and 2,774 for the forward tees. There is one fairway sand bunker on the right side of the first fairway and single greenside sand bunkers on holes 4, 6, and 9.

The Valleyside (back nine) lies east of the clubhouse and is also gently rolling terrain with wider fairways and water hazards in play on six of the nine holes. The back nine features two very difficult par 3 holes, #11 and #16 and two par 5 holes playing 3,395 yards from the championship tees, 3,165 yards from the regular tees and 2,819 yards from the forward tees. There are no fairway sand bunkers on the back nine, but a single greenside sand bunker on #11 and three greenside sand bunkers surround the 18th green.

Our analysis of the Briarbrook golf course is that the design and routing possess all the basic qualities required to be an excellent public golf course. It does not have any limiting design or routing flaws that would prevent it from being a highly successful and attractive public golf course.

Golf Course Turf and Conditioning – Turf grass conditions at Briarbrook Golf & Country Club are very good by current golf course standards, although there is evidence of poor maintenance practices in the recent past, resulting in loss of quality turf and weed and disease invasion on greens, fairways and rough areas. The original developer chose a Bermudagrass turf for fairways and this turf is an acceptable playing surface and requires less maintenance than other turf grasses that might have been chosen.



The fairways have good coverage, except in areas where weed infestation is exhibited. We were advised that no herbicides were applied to the fairways last year, leading to the poor areas on some fairways.

The greens appear to be Pennncross variety bent grass, a very popular variety when these greens were built that is still an excellent putting surface for a public golf course. The greens are modest size, averaging about 5,000 SF and most do not have significant contours, although some do have steep slopes that might limit where cups can be set, depending on the speed of the putting surfaces.

The greens construction initially was push-up with native soils and the greens were constructed without internal drainage. Good surface drainage was provided which assists in removing excess water from the greens to maintain healthy turf. Push-up greens were sub-standard in 1968, but were used by golf course developers because they were significantly less expensive to construct. Push-up greens will generally require more maintenance input in the form of labor and chemicals to maintain the highest quality surfaces desired by golfers, than a modern USGA, internally drained, sandy soil construction putting green. In 1996, four greens (#1, #4, #6, and the putting green) were rebuilt to a USGA sand based type construction with internal drainage.



Currently, most of the greens have a very heavy thatch layer, very shallow roots and evidence of considerable disease (dollar spot fungi) damage, algae damage and the presence of moss.

This is a result of poor maintenance practices. The greens appear to have not been properly aerified for at least the last two seasons. There also appears to have been very little top dressing over the last several years, fungicides apparently have not been applied or were not applied in a timely matter and the turf resembles turf that has not been fertilized with the proper nutrients at the proper times.

These shortcomings in maintenance practices are even more critical on push up greens. Around the middle of March or first of April, these greens need to be aggressively aerified with deep and large tines and heavily top dressed sufficient to fill all the aerifier holes. Soil tests should be conducted now so that appropriate fertilizers can be applied to the aerified and top dressed greens.

Failure to perform these normal maintenance practices could ultimately result in significant loss of turf and loss of greens early in the golf season of 2009. The greens are rough right now as a result of last season's dollar spot damage and golfers will not play very often at golf courses with rough or poor quality golf greens!



The tees are generally in very good condition. They are a combination of Bermuda grass and Zoysia, both excellent turf for tees. It appears that they did receive herbicide treatment last season and are relatively clean of weeds or damage from weeds. They are generally large enough to accommodate the number of rounds anticipated, are relatively level and flat and are a good asset to the course. At some time in the future consideration should be given to develop a 4th tee complex on each hole that would shorten the golf course to a 4,800 to 5,000 yard range for less accomplished women players and beginning junior players.

Golf Course Water Supply and Irrigation System – The water supply for Briarbrook Golf & Country Club appears to be adequate, and, by reports from local residents and golfers, has been adequate in the past. The water for irrigation is pumped from a wet well in a tributary adjacent to Center Creek into the main irrigation reservoir located behind the 6th green and 7th tee. We asked about water rights to this water and several persons responded that they were sure the course had water rights, but no one had seen any paper work in this regard. There may be some merit to determining that water rights are owned by the course.

In 2002, a new pump station was installed on the irrigation lake behind the #7 tee. The pump station is a Watertronics System with a small jockey pump to maintain pressure and low flows, and two 60HP variable frequency, vertical turbine pumps capable of supplying 1200 GPM to the irrigation system. The station appears to be in good condition, but was not serviced in 2008 and has not been serviced to date for the upcoming irrigation season.



In 2000, a new automatic Rainbird irrigation system was installed on the back nine. It features generally a double to triple (in some locations) row system of Rainbird Eagle 700 series sprinkler heads that are connected electronically to a battery of PAR satellite controllers located at several places on the back nine and front nine. From these controllers, watering can be programmed throughout the back nine and part of the front nine to automatically come on and go off at prescribed times. Currently, two fairways on the back nine are unresponsive to the satellite controllers.



In 2002, a new automatic irrigation system was installed on most of the front nine. It features a double to triple (in some cases) row system of Rainbird Eagle 700 sprinkler heads that are connected via decoders to a Rainbird Freedom Computer inside the clubhouse. Currently, a large number of sprinkler heads are not automatically operational as the probable result of lightning damage to the decoders. No repairs have been made in the last year.



It is estimated that about 20% of the irrigation system does not function properly (100 to 150 sprinklers) as designed and installed. These sprinklers can only be operated by an employee going to the specific sprinkler head and manually inserting a key to turn on the sprinkler and turn it off in the same way after an appropriate time. Repairing this system should be a high priority because of the cost in-effectiveness of the present system.

Lakes and Ponds – The lakes and ponds on the golf course appear to be in good condition with the following exceptions: (1.) the back side of the dam on hole #4 has a heavily eroded area and the drainage pipe needs to be repaired and/or replaced, and (2.) galvanized culverts on the dam on hole #14 are badly rusted out and will need to be replaced.

Golf Course Cart Paths, Bridges and Culverts – The existing asphalt cart paths are generally 8’ wide and well located. A few areas need to be repaired and/or replaced where excessive water and/or tree roots have disrupted the surface of the path. The paths are serviceable, but they are long overdue for maintenance. The surface course has weathered and is deteriorating. They require a thin overlay, chip and seal or seal coat to extend their life and reduce the need for future capital replacement costs.



There is an excellent concrete bridge on hole #5. The cart path that crosses the dam on hole #4 is in poor condition and needs to receive an overlay. Similar cart paths on dams at #11, #14, and #16 are in good condition.

Clubhouse, Cart Storage and Parking Lot – The Clubhouse was designed by Allgeier, Martin Associates, Inc. and constructed in 1967. In December, City officials requested an inspection of the clubhouse by the same firm to determine and advise the City regarding the structural, mechanical and electrical condition of the building. That report provided information regarding the need for a new roof estimated to cost \$120,000, relocation of the HVAC equipment from the existing roof to the ground. The report also indicated some plumbing code issues, electrical issues and estimated the cost of remodeling the clubhouse at \$750,000.



There is existing in the clubhouse various furniture and fixtures including, televisions, office equipment, computers, cash registers, refrigerators, tables and chairs, freezers, stoves, ovens, ice machine, cooking utensils, tableware and other miscellaneous equipment. According to City officials all the furniture and fixtures are included in the sale of the property. It would be appropriate to have a copy of the inventory of the furniture and fixtures from the seller.

The primary cart storage building is located south of the clubhouse and is a 2400 square foot structure that can store about 40 to 50 golf carts. A secondary cart storage building is located west of the pool and is an approximately 1800 square feet structure that can store approximately 30 golf carts. Both buildings are wired for electric golf carts. It is anticipated that the City shall assume the lease for the 50 existing, 2 year old, electric Club Car golf carts and 2 Club Car Carryalls.



The parking lot consists of two asphalt lots north and south of the clubhouse connected by a circular drive through the front main entrance to the clubhouse. Approximately 100 spaces are marked and there is considerable overflow space along the circular drive and entrance drives. Hosting large clubhouse events during the golfing season events might require arrangements for more off-site parking and/or a shuttle operation. The asphalt is in poor condition and will require an overlay or chip and seal in the very near future.



Practice Facilities – Practice facilities consist of a practice putting green just outside the golf shop, a practice chipping/putting green just west of the primary cart storage building and a 10 station practice driving range that plays to the west beside the first hole.

Maintenance Facility – The maintenance facility is located behind the 5th green and 6th tee to the right of #7 hole and to the right of #2 green. It consists of a fenced (although much of the fence is down and/or in poor condition) yard area of about one-third acre and a 3,000 square foot wood and metal building.



The fuel storage tanks are unbermed and unprotected overhead units which probably do not meet local fire and storm drainage codes. There is no provision for collecting and properly disposing of rinsate from spray equipment or petroleum products for vehicle washing per codes and regulations.

The maintenance building is in poor condition, the fencing around the yard area is poor and the yard area is cluttered with junk and obsolete equipment and materials creating an eyesore in the middle of the golf course.

According to City officials, the maintenance equipment and tools inventory would transfer to the new owner with the property. The capabilities and quantities of equipment is adequate for maintenance of the golf course with proper service and maintenance. The owned equipment and leased equipment will be necessary to maintain the golf course.

Owned Equipment

John Deere Z-Trak 997 Mower
Jacobsen 11' Fairway Mower
Ransomes 11' Fairway Mower
Toro 3100 Greensmaster Mower
2 – Toro 3050 Greensmasters Mowers
Toro Sand Pro Rake
Club Car Carryall (2 Club Car Carryall included in Golf Cart lease)
John Deere 460 Tractor
14' Flatbed Trailer

Leased Equipment

Toro 5700-D 300 gal. Spray Rig
Toro 3150 Greensmaster Mower
Toro 3500-D Groundsmaster Mower
Toro 4000-D Groundsmaster Mower

There is no list of tools and hand equipment available at this time, it would be appropriate to receive such a list from the owner/seller.

Swimming Pool – A cursory inspection has been made of the swimming pool by a representative of Larkin and Associates, an engineering firm with a swimming pool design and consulting department. They have recommended about \$200,000 in improvements to the pool.



GOLF DEMOGRAPHICS REVIEW

Location: Briarbrook Golf & Country Club is located north of the western side of the city limits of Joplin in Jasper County of southwest Missouri. Joplin is the fourth largest metropolitan area in Missouri and typically ranks as one of the best places in the US in which to live, work and raise a family. The community was founded in 1873 as a lead mining town, but Joplin has grown to be a diverse employment center for the four state area with a day time population approaching 250,000 people and a market area of \$500,000 population.

Population and demographic data for the Joplin and Joplin Metro areas was obtained from the Joplin Area Chamber of Commerce. This information was based on US Census data and developed by Decision Data Resources for the Chamber of Commerce. According to the projections developed by Decision Data Resources for the Joplin Area Chamber of Commerce, the total population of the Joplin Metro has shown an increase from 148,900 in 1997 to 169,031 in 2007, an increase of 13.5% over the last 11 years.

The City of Carl Junction has shown an increase from 4,125 in 1990 to 5,294 in 2000, 6,483 in 2005, and 7,376 in 2006, an increase of 78.8% over the last 17 years or an average annual increase of 4.64%. There are approximately 1,100 residences within the neighborhood where Briarbrook Golf & Country Club is located.

Golf Participation Factors: The National Golf Foundation annually conducts a survey to determine information about golfers and their participation in the game of golf. They mail out about 60,000 questionnaires to sample households across the USA, and typically receive about a 50% response to the surveys. From this information, they publish an annual report that projects the characteristics of golf and golfers in the US.

In 2007, golfer participation made up about 12.7% of the total population. About 38% of those participants in golf are estimated to be core golfers, defined as adults, age 18+ who play 8 or more times a year. About ½ of these core golfers are considered avid golfers, or those who play 25+ rounds of golf annually. The remaining ½ of core golfers play 8 to 24 rounds of golf annually. Almost an equal number of golf participants are considered occasional golfers, playing 1 to 7 rounds of golf annually. The remaining golf participants are made up of about 4.8 million junior golfers between the ages of 4 & 17 and about 5.0 million golf participants who do not play regulation golf, but play miniature golf, frequent driving ranges and consider themselves golfers.

About 75% of the golfers in the United States consider themselves public golfers and play the great majority of their golf at private, municipal and resort public golf courses. There are 16,000 regulation golf courses in the US, of which 11,600 are open to the general public. Municipal, County and State golf courses make up about 20% of all public golf courses.

Golfer Demographics: Age is one of the principal determinations of a person's inclination to play the game of golf. Typically, the highest participation rate (about 40% of golfers) in golf is among adults between the ages of 18 and 39. Adults between the ages of 40 and 59 make up the second highest participation rate (almost 35% of golfers). Adults age 60 and older rank third in participation rate (about 15% of golfers) and junior golfers represent about 10% of all golf participants.

Income is also a key determinate regarding a person's inclination to play golf. Typically, the highest participation rate (about 40% of golfers) is from persons with household incomes between \$50,000 and \$100,000. The second largest group (about 30% of golfers) is from persons with household income greater than \$20,000, but less than \$50,000. The third largest group (about 25% of golfers) is from persons with household income greater than \$100,000. Only about 5% of golfers have household income of less than \$20,000.

Only about 25% of golfers are female. There have been some negligible gains in female participation in recent years, but the game of golf remains predominately male.

In regards to occupation, the highest participation rate (about 40% of golfers) is in the professional, management or administrative fields. The second largest group (about 25% of golfers) is blue collar employees. About 15% are employed in clerical and sales positions. Retired persons represent about 15% of golfers and are the group that on average, play the most rounds of golf. About 5% of golfers are employed in all other occupations.

PUBLIC GOLF MARKET

Public Golf Markets: Typically, public golf markets are described as the primary market and the secondary market. The primary market is described as the area, from within which, golfers will travel regularly to play at a local golf course. Previous national studies have indicated that over 75% of all golfers live within 15 miles of the course they play most frequently and almost 80% live within a 25 minute drive. This distance has been considered to be most commonly associated with regular use patterns and continuing support of a golf facility. Studies of golfer travel habits indicate that many golfers are willing to travel greater distances for an occasional round of golf. Typically the secondary market is defined as those areas lying outside the primary market, but generally within a 30 to 35-mile radius that would require travel times of more than 25 minutes and up to 45 minutes to the golf facility.

Our previous studies and studies by the National Golf Foundation (NGF) have also proven that when golf courses become crowded, more and more players are willing to travel longer distances to play golf at a course that is not as crowded as closer courses. Golfers will also travel longer distances to play higher quality courses. Likewise, we know that the markets for 9-hole golf courses are much smaller because golfers will not typically travel more than about 15 miles to play at a 9-hole golf course.

Market Competition: We have identified 4 existing golf courses that impact the Briarbrook Golf & Country Club market. All of these courses impact the public market, some to a lesser extent, but all have something to say about where golf is played in the area. The public golf course market is not as clearly segmented as it was eight or ten years ago. The newer courses, the upgrading of older courses, the weakened golf economy in 2000 to 2003-04, the effects of 9/11, and other socio-economic factors have contributed to the blurring of the categories. Recent and continuing economic trauma since the summer of 2008 has continued to adversely affect both private and public golf markets.

Two municipal golf courses, Carthage and Neosho, will compete aggressively with BGCC for public players and have upgraded and improved their golf courses within the last six to nine years. Schifferdecker, only 5.7 miles away, recently completed a master plan and is aggressively pursuing improvements to their golf course. Loma Linda Country Club, a privately owned private golf course has also made significant improvements in recent years.

Following are Tables 1A, 1B, 1C, 1D, and 1E identifying the competition affecting the Briarbrook Golf & Country Club market.

TABLE 1A - AREA COMPETITION SURVEY							
Distance	Golf Course	Drive Time	Rounds	Access/Management	Holes	Rating	Par
0	Briarbrook CC	0	N/A	Semi-Private/Private	18	69.7/124	72
5.7	Schifferdecker GC	18 min.	22,500	Public/Municipal	18	68.3/109	71
13.4	Carthage Muni GC	26 min.	28,000	Public/Municipal	18	70.2/121	71
17.5	Loma Linda CC	40 min.	20,000	Semi-Private/Private	18	71.8/123	71
31.2	Neosho Muni GC	42 min.	32,000	Public/Municipal	27	69.1/116	70

FGS, Inc.

TABLE 1B - AREA WEEKDAY FEES SURVEY								
Golf Course	Greens & Cart Fees							
	WD 18 Walk	WD 18 Ride	WD SR/JR Walk	WD SR/JR Ride	WD TWI Walk	WD TWI Ride	WD 9 Walk	WD 9 Ride
Briarbrook CC	\$21.00	\$31.00					\$11.00	\$18.00
Schifferdecker GC	\$11.00	\$21.00	\$7.50/\$6	\$12.50	\$7.50		\$7.50	\$12.50
Carthage Muni GC	\$15.00	\$26.00		\$19.00		\$19.00	\$10.00	\$17.00
Loma Linda CC	\$26.00	\$38.00						
Neosho Muni GC	\$13.00	\$25.00		\$22.50			\$9.00	\$15.00
AVERAGE	\$16.25	\$27.50	#DIV/0!	\$18.00	\$7.50	\$19.00	\$8.83	\$14.83

FGS, Inc.

TABLE 1C - AREA WEEKEND-HOLIDAY FEES SURVEY								
Golf Course	Greens & Cart Fees							
	WEH 18 Walk	WEH 18 Ride	WEH 9 Walk	WEH 9 Ride	WEH TWI Walk	WEH TWI Ride	18 Hole Cart Fee	9 Hole Cart Fee
Briarbrook CC	\$25.00	\$35.00	\$13.00	\$18.00			\$10.00	\$5.00
Schifferdecker GC	\$14.00	\$24.00	\$9.50	\$14.50			\$10.00	\$5.00
Carthage Muni GC	\$17.00	\$28.00	\$12.00	\$19.00		\$21.00	\$11.00	\$7.00
Loma Linda CC	\$26.00	\$38.00					\$12.00	\$7.00
Neosho Muni GC	\$15.00	\$27.00	\$10.00	\$16.00			\$12.00	\$6.00
AVERAGE	\$18.00	\$29.25	\$10.50	\$16.50	#DIV/0!	\$21.00	\$11.25	\$6.25

FGS, Inc.

Key

- WD 18 Weekday 18 holes
- WD 9 Weekday 9 holes
- WEH 18 Weekend & Holidays 18 holes
- WEH 9 Weekend & Holidays 9 holes
- TWI Twilight
- SR/JR Senior and/or Junior Golfers

TABLE 1D - AREA FEES & PASSES SURVEY							
Golf Course	Individual Golf Only	Individual with Cart	Family Golf Only	Family with Cart	Senior Golf Only	Senior with Cart	Package Play
Briarbrook CC	\$1,560		\$1,800				
Schifferdecker GC	\$500	\$1,000	\$680		\$400		10 @\$100
Carthage Muni GC	\$525	\$1,200	\$800		\$425		10 @\$136
Loma Linda CC	\$1,800	\$3,900					
Neosho Muni GC	\$500				\$450		10 @\$126
AVERAGE FEES	\$831	\$2,033	\$740	#DIV/0!	\$425	#DIV/0!	

FGS, Inc.

TABLE 1E - AREA COMPETITION NOTES		
Golf Course	Quality	Notes:
Briarbrook CC		\$360 Annual Trail Fee for Briarbrook Residents with Private Cart
Schifferdecker GC		25 play @ \$225, Addl. Family members added to membership - \$180 each
Carthage Muni GC		Family (couple) membership can add children for \$35 each
Loma Linda CC		
Neosho Muni GC		50 round corporate package for \$560

FGS, Inc.

Public Golf Market Outlook: According to our observations and numerous articles in respected golf industry publications, public golf is undergoing significant changes. In many places, public golf courses have been overbuilt and are being sold the second and third times at great discounts. There have been some conversions of relatively new golf course properties to other land uses because of the poor performance of the golf project.

We believe there are sufficient indicators that the public golf market is experiencing significant trauma. The market is definitely a buyer's market or a golfer's market. The public golf market and particularly the upscale or moderate upscale courses are struggling to maintain cash flow. This has been the case since 2000, but was exacerbated by 9/11, poor economic conditions, and the continued opening of fine new public golf courses. Recent and continuing economic trauma since the summer of 2008 has continued to adversely affect the public and private golf markets.

Following are some of the issues that concern the public golf industry. The source of these national issues is articles developed or written about in reliable golf industry publications and personal observations. Local issues are those that we have observed over the last ten years and re-confirmed with owners and operators in the Midwest as we performed consulting services for various clients.

Nationally

- In 1988, the National Golf Foundation (NGF) and McKinsey & Co., Inc. published *the Strategic Plan for the Growth of Golf*. The report promoted the construction of golf courses to overcome a supply gap. However, the writers did warn that baby boomers might not behave like their parents in regard to golf participation. Their warnings have now been realized and we now know that baby boomers are: (a.) working more, not less, (b.) raising families and paying bigger mortgages later in life, and (c.) enjoying a broader range of leisure activities. In 1998, *A Strategic*

Perspective on the Future of Golf (1998) was published and it made the case that demand for golf had not continued to grow at historical rates and that golf course development was outpacing demand in many places.

- The number of core golfers peaked in the year 2000 and has not returned to that level.
- Golf course closures have increased from an average of 24 per year from 1993 to 2001 to 47 in 2002, 43 in 2003, 62.5 in 2004, and 98 in 2005, 146 in 2006, 122 in 2007 and 106 in 2008.
- In 2005, the net addition to the golf industry, nationwide, was only 26.5 18-hole golf courses. In 2006 there was a net loss to the golf industry of -26.5 courses. Again in 2007, the golf industry sustained a second year of net loss of golf courses with a net decline of -8.5 courses. In 2008, the net loss was -34 golf courses.
- Total golf rounds for 2008 finished at -1.8 percent, compared to 2007. Only two (2004 & 2006) of the last eight years have finished with increased number of rounds over the previous year.
- Total golf rounds played in the Lower Midwest region (containing KS, NE, IA and MO) were down by -1.7% in 2007 as compared to 2006. Through May of 2008, total golf rounds in the same region were down -10.9%, according to the NGF.
- According to Golf Datatech, in work done for the Professional Golfers Association, actual rounds played in Missouri in 2007 were down -1.6% and Kansas rounds were down -2.6% compared to 2006. In 2008, Missouri golf courses reported a -6.1% decline in golf rounds through November, compared to the same period in 2007. Kansas rounds were down -3.9% for the same period.
- Total public rounds played in the US were down overall by -0.3 percent in 2007 as compared to 2006. Through October of 2008, public rounds were down overall -1.3% as compared to the same period in 2007.
- Premium public courses were up 0.3%, standard public courses were up 0.2% and value courses were down by -0.5% in 2007. Through May of 2008, premium public courses were down -0.5%, standard public courses were down -1.8% and value courses were down -3.5% as compared to the same period in 2007.
- New golf course openings have consistently declined from 400 in 2000, 284 in 2001, 220 in 2002, 171 in 2003, 150.5 in 2004, 124.5 in 2005, 119.5 in 2006, 113 in 2007, and 72 in 2008.

Locally

- Discounted Fee Structures: Actual green fee rates have remained fairly static in the local market from 2001 to the present time. This is primarily a result of competition pressures. The actual effective rates are generally lower because of: (1.) lower actual published rack rates, (2.) the impact of coupons and special promotions, (3.) Expansion of twilight rates to earlier hours and several tiered rates (rates drop at noon, again at 3 PM, and perhaps again at 5:30 PM), and (4.) The proliferation of annual fees which are another discounting method.
- Levels of Play: In the 80's and 90's, it was not unusual for public golf courses in this part of the country to routinely have 40,000 rounds of golf or more. With the changes in the golf industry that began to be felt in 2000, few public golf courses in this part of the country can achieve 40,000 rounds in a single year. The majority are trying to get back to 30,000 or perhaps 35,000 rounds. Very few knowledgeable persons in the public golf industry expect a return to the levels of play enjoyed in the 80's and 90's in the foreseeable future.
- Blurring of the Market: Upscale courses are generally discounting their golf and offering bargains to play high quality golf courses in the area. With discount pricing, golfers are leaving their municipal courses and taking advantage of the deals at upscale courses. The net result is

declining play at municipal type operations as golfers leave to play at the ever increasing number of public upscale courses. In reality, our upscale market courses have become moderate priced upscale courses and the moderate priced courses are competing with the better municipal courses. Golfers are reaping the benefits of the oversupply and competitive nature of the market at the present.

- Corporate Golf: Corporations and businesses have cut back on golf outings. This hurt upscale courses again and has trickled down to all public golf courses. Prior to 2000 and 2001, courses charged a premium rate to open their course for a corporate outing type event. Now, they will discount for such an event and there are not as many companies choosing a golf outing to accomplish their recreational or marketing objectives.
- Annual Fees or Memberships: Several of the courses now offer annual green fees or memberships for unlimited play with or without a golf cart. Not providing annual memberships used to be Precept #1 for how to be successful with a public golf course. That has changed, as courses scramble to improve cash flow – even if it may be only a short term solution or aid. Generally, annual fees are bought by golfers who play a lot of golf and an annual fee is just another way to discount golf fees in a tight market.

THE CITY’S PLAN & PROPOSAL

The City’s plan and proposal, assuming success in the bond issue election and subsequent purchase and operation of the golf course and adjacent ground has been generally as follows:

- The golf course would be open to the general public. The City would operate the golf course and golf shop with city employees or contract with an individual or company to operate and manage the golf course on behalf of the City.
- The swimming pool would be renovated with funds from the bond issue and would be operated by the City’s Parks and Recreation Department.
- The clubhouse would be renovated with a new roof and HVAC system and some interior remodeling. The City would seek to lease the bar and restaurant operation to a qualified private operator.
- A nine (9) member golf course committee would be established to advise and recommend to the Board of Aldermen operating policies, fees, rules, development and maintenance activities of the facility.
- The City Parks and Recreation staff would maintain the 95 acres of what is called the vacant property or old Lakeside Nine. The plan for this property includes a trail system, utilization of the lakes, and unlighted athletic areas. No formal plan has been developed or approved to date.

The City’s fiscal plan for the project is generally the following:

- With voter approval, the City will sell General Obligation Bonds in the amount of \$2.7 million. The receipts from the sale are proposed to be expended as follows:

Acquisition of 247 acres	\$1,950,000
Bond sale and issuance expenses	\$ 125,000
Clubhouse roof and renovations	\$ 310,000
Swimming Pool renovations	\$ 200,000

Park development	\$ 64,000
Contingency & Engineering	\$ 51,000

- The General Obligation Bonds are guaranteed by the full faith and credit of the City of Carl Junction and are pledged to be repaid from general city-at-large tax receipts. No revenues from the golf course, clubhouse, park or pool operation are pledged for debt retirement.
- The revenues from the operation of the golf course would be expected to offset all operating costs, ongoing capital improvements, and equipment needs. The City's initial pro-forma for 2009 and 2010 indicated a net operating loss of \$26,350.
- No revenues have been forecast by the City for the bar and restaurant lease, but there should be opportunities for revenue from this source to offset the initially projected operating loss. A good restaurant and bar operation will be critical to selling golf memberships at rates higher than the competition. A good argument can be made that the golf course is superior to and more attractive to golfers than the competition, but members have been accustomed to these amenities and will probably expect them in the future.
- The City's initial operating costs projections did not fully anticipate the poor condition of some aspects of the golf course that will require special attention in the initial startup and first season or two. Much of the golf course operating equipment is older and has not received good maintenance in recent years. The irrigation system is not fully functioning and will require repairs and replacement of electronic equipment as soon as possible to restore the system's automation.

PRO-FORMA

We have developed a pro-forma to illustrate our best judgment on the financial performance of a City of Carl Junction owned and operated Briarbrook Golf & Country Club. Any forecast pro-forma is based on assumptions. Our assumptions and a brief explanation continue in the following paragraphs and pages.

The major determination that we have made, which affects all of our assumptions, is that the Briarbrook Golf & Country Club is an excellent public golf product that can aggressively compete in the public golf course market against Schifferdecker, Neosho and Carthage.

However, there are desperately needed improvements to the physical condition of the golf course, clubhouse and swimming pool and an upgrading of maintenance activities and operations to enhance the golf course's position in the public golf market. The course must be improved to continue to attract present and future players and attain and maintain a base of about 30-35,000 paying rounds of golf per year. The clubhouse and swimming pool improvements necessary are included in the funding plan identified in the previous section. The golf course requires some repairs to the irrigation system to make it fully automatic, cart paths require sealing/resurfacing, and turf areas need to receive intensive cultural maintenance to overcome recent neglect.

Our projections and the rationale for the pro-forma are shown in the following paragraphs. We did not have any reliable actual round counts, nor actual income and/or expenses reported from historical records. We have developed these projections based on our experience with other courses in the area, a good personal knowledge of the local golf market, personal experience operating our

own public golf course and input from knowledgeable golf industry personnel that we know in the area.

Projected Time Frame: The cash flow projection for the golf course anticipates that the property would be acquired in the spring of 2009 with City operation of the course commencing May 1 of 2009 via a short term lease with the current owner. The sale of the property would be closed on in July of 2009. The first bond payment would be in fiscal year 2009-10 and annually thereafter. The bonds would be issued for a 20-year term. Improvements would be initiated as soon as possible so as to complete most of them at the earliest opportunity.

Revenue Assumptions: Revenue projections are based upon a better maintained and managed public golf course attracting significant members from the Briarbrook area as in the more successful recent years. Beginning in 2010, a three percent (3%) annual factor for inflation and growth has been applied to the income sources. Following are the key income per round factors utilized in the pro-forma:

- Annual Memberships – Annual memberships/season passes shall be sold to individuals and couples at a rate of \$1,000 and \$1,500 respectively. We are projecting 115 single memberships and 35 couple memberships in the initial year. This represents 185 persons who average playing about 100 rounds of golf per year. Those 18,500 rounds generate membership income of 167,500 or \$9.05 per round.
- Green Fees – Green fees will average \$13.50 per round in the initial year. This would equate to a WEH 18-hole Green Fee of \$18 to walk or \$30 to ride, a WEH 9-hole Green Fee of \$15 to walk or \$22 to ride, a WD 18-hole Green Fee of \$16 to walk or \$28 to ride, a WD 9-hole Green Fee of \$12 to walk or \$19 to ride, a SR 18-hole WD Green Fee of \$22 to ride, and a SR/JR 9-hole WD Green Fee of \$10 to walk.
- Cart Fees – Cart fees are proposed to be \$12 per seat for 18 holes and \$7 per seat for 9 holes for all daily green fee players. Holders of Annual Memberships shall have three options: (1.) pay cart fees the same as green fee players, (2.) Briarbrook residents only may purchase a trail pass and use their personal golf cart for a \$360 annual fee, and (3.) individuals with an annual memberships may use golf carts from the golf course fleet for a \$500 annual fee. It is anticipated that about 50% of the membership will utilize personal carts and 25% will utilize the golf course fleet carts and about 25% will walk. About 60% of the green fee players will ride golf carts.
- Golf Shop – Golf shop sales, rentals of golf equipment and other miscellaneous income would generate \$1.00 per round.
- Food & Beverage – A lease to a restaurant operator for food and beverage sales would generate \$1.50 per round in the initial year of operation. A successful and well marketed restaurant and bar operation would have potential to generate higher lease revenues in the future, but this pro-forma is constructed on the \$1.50 per round plus the 3% inflation.

O & M Assumptions: The operational and maintenance costs reflect an upgraded approach from the present operation. The course will be professionally managed so that there is a high level of golf expertise exhibited by personal service in customer relations and golf promotion. Beginning in 2010, a three percent (3%) annual factor for inflation and growth has been applied to the maintenance and operational expenses. Following below are the key expense factors utilized in the pro-forma that follows:

- Administrative & General – These overhead type expenses includes office supplies, printing, telephone, dues and subscriptions, clothing and uniforms, burglar alarm, and miscellaneous expenses.
- Salaries & Wages – This expense covers all personnel wages, benefits, and payroll taxes and includes 2 full time golf shop staff members, 4 full time golf maintenance staff members and 5 part-time/seasonal staff members.
- Golf Course Maintenance Supplies – Golf course maintenance includes all commodities and supplies for management of the golf course turf and playing areas.
- Cost of Goods Sold Golf Shop Expense – This expense is estimated at approximately 80% of golf shop sales.
- Golf Cart Lease and Expenses – This expense covers assuming the current lease of 50 2007 Club Car electric golf carts and 2 Club car carryalls.
- Marketing & Promotion – Marketing and promotions expenses is estimated at approximately 1% of gross revenues.
- Utilities – Expenses for electricity, natural gas, potable water and trash removal.
- Fuel & Lubricants – Expenses for fuel and lubricants for golf course operating equipment.
- Repair and Maintenance – Routine repairs, small tools and maintenance for buildings and equipment.
- Insurance Expense – WC, Liability and General Property Insurance expense.
- Maintenance Equipment Leases – This expense covers assuming the two (2) current leases with Toro for a large rough mower, a greens mower, a rotary slope mower, and a 300 gallon spray rig.
- Equipment Replacement – This provides for a systematic replacement of aging maintenance equipment via a purchase and replacement schedule.
- Capital Improvements – This expense attempts to anticipate the ongoing need for improvements to the golf course grounds, clubhouse, maintenance facility and golf course infrastructure that occurs over time with play and normal wear and tear.

Debt Service: The financing of this project is forecast to be via General Obligation Bonds issued for a 20 year term at an interest rate of 5.85% per annum. No projection for debt service by the golf course operation is made in the pro-forma.

Pro forma: A five year cash flow projection has been prepared to forecast the performance of the golf course over the period of 2009 through 2014. It is based on reaching 26,000 rounds in the initial year and growing annually to 32,000 rounds in the 5th year. The pro-forma follows on the next page:

Briarbrook Golf & CC - 1st Five Years Cash Flow Projection						
	Factor	2009-10	2010-11	2011-12	2012-13	2013-14
REVENUE						
Annual Memberships	\$1,000	150	160	170	180	190
Membership Rounds/Member	100	18,500	19,500	20,500	21,500	22,500
Membership Income/Round	\$9.05	\$9.05	\$9.32	\$9.60	\$9.89	\$10.19
Annual Trail/Cart Fee/Round	\$2.45	\$2.45	\$2.52	\$2.60	\$2.68	\$2.76
Golf Shop Revenue/Round	\$1.00	\$1.00	\$1.03	\$1.06	\$1.09	\$1.13
Food & Beverage Rev/Round	\$1.50	\$1.50	\$1.55	\$1.59	\$1.64	\$1.69
Membership Income/Round		\$14.00	\$14.42	\$14.85	\$15.30	\$15.76
Total Membership Income		\$259,000	\$281,190	\$304,478	\$328,911	\$354,535
Green Fee Rounds		7,500	8,000	8,500	9,000	9,500
Green Fees Income/Round	\$13.50	\$13.50	\$13.91	\$14.32	\$14.75	\$15.19
Golf Cart Fees/Round	\$7.20	\$7.20	\$7.42	\$7.64	\$7.87	\$8.10
Golf Shop Rev/Round	\$1.00	\$1.00	\$1.03	\$1.06	\$1.09	\$1.13
Food & Beverage Rev/Round	\$1.50	\$1.50	\$1.55	\$1.59	\$1.64	\$1.69
Total Revenue/Daily Round		\$23.20	\$23.90	\$24.61	\$25.35	\$26.11
Total Daily Fee Income		\$174,000	\$191,168	\$209,209	\$228,161	\$248,062
TOTAL GOLF ROUNDS		26,000	27,500	29,000	30,500	32,000
TOTAL REVENUE		\$433,000	\$472,358	\$513,688	\$557,072	\$602,597
OPERATIONS & MAINTENANCE						
Administrative & General		\$6,500	\$6,695	\$6,896	\$7,103	\$7,316
Salaries & Wages		\$275,000	\$283,250	\$291,748	\$300,500	\$309,515
Golf Course Maintenance Supplies		\$50,000	\$51,500	\$53,045	\$54,636	\$56,275
COG Golf Shop Expense		\$18,000	\$18,540	\$19,096	\$19,669	\$20,259
Golf Cart Lease & Expenses		\$30,000	\$30,900	\$31,827	\$32,782	\$33,765
Marketing & Promotion		\$4,500	\$4,635	\$4,774	\$4,917	\$5,065
Utilities		\$21,000	\$21,630	\$22,279	\$22,947	\$23,636
Fuel & Lubricants		\$18,000	\$18,540	\$19,096	\$19,669	\$20,259
Repair & Maintenance		\$25,000	\$25,750	\$26,523	\$27,318	\$28,138
Insurance Expense		\$18,000	\$18,540	\$19,096	\$19,669	\$20,259
Maintenance Equipment Leases		\$40,000	\$41,200	\$42,436	\$43,709	\$45,020
Equipment Replacement		\$75,000	\$77,250	\$79,568	\$81,955	\$84,413
Capital Improvements		\$30,000	\$30,900	\$31,827	\$32,782	\$33,765
TOTAL O & M		\$611,000	\$629,330	\$648,210	\$667,656	\$687,686
NET OPERATING INCOME		(\$178,000)	(\$156,972)	(\$134,522)	(\$110,584)	(\$85,088)

The cash flow projection does not present the acquisition of the golf course in a favorable light. On the income side, assumptions could be modified by increasing fees, increasing the number of memberships sold, increasing the number of rounds played, etc. to illustrate greater revenue. But, we believe that the numbers shown accurately reflect what is a reasonable expectation in light of current economic conditions and the current state of the golf market here and nationally.

A full blown successful restaurant/bar operation could conceivably provide significantly more income, but there are too many unknowns about how attractive this operation would be to a high

quality food and beverage operator. It would not be prudent to expect to generate a lease amount much greater than \$33,750 at this point with so many unknowns. Some might argue that amount a stretch.

Concerning the expenditure side, the numbers used project a modest, perhaps even lean operation – but it also reflects the absolute need to begin to replace worn out equipment and perform minor renovation and maintenance type capital improvements on an annual basis. This would include such things as getting all the sprinkler heads working properly, repairing and sealing cart paths, refurbishing portions of the clubhouse, comfort stations, etc. In reality, more capital improvements funding than indicated could be easily justified.

The past effects of deferred maintenance are on the next owner in full bloom – there will be no escaping them as things continue to wear out and disintegrate. Sufficient maintenance levels with modest improvements must be initiated now to preserve the basic integrity and attraction of the golf course.

This pro-forma indicates losses over the next five years ranging from \$178,000 in 2009-10 and declining to \$85,088 in 2013-14.

The total cost of principal and interest payments for the \$2.7 million would average about \$230,000 per year for the next 20 years. Typically, many municipal bond issues are structured to pay only interest for several start-up years and then finish with balloon type payments in the later years. Interest only @5.85% would be about \$160,000 in the initial year.

Our pro-forma predicts that acquisition of the golf course and operation of it by the City would require a total subsidy of from \$408,000 to \$338,000 in 2009-10 fiscal year. In fiscal year 2010-11, the total subsidy would be \$387,000 to \$317,000.

QUALIFICATIONS & EXPERIENCE

Larry W. Flatt

President, Flatt Golf Services, Inc.

EDUCATION:

Bachelor of Science in Parks Administration from Texas Technological University in 1965

MEMBERSHIPS:

National Golf Foundation
United States Golf Association
National Parks & Recreation Association
Missouri Parks & Recreation Association
Golf Course Superintendents Association of America
Heart of America, Ozark, and Kansas, Golf Course Superintendents Association

HONORS AND AWARDS:

Trans-Mississippi Golf Association Scholarship, 1965
Outstanding Young Professional Award, Kansas Parks and Recreation Association, 1973
Certified Park and Recreation Professional, National Parks and Rec. Association, 1972 - Present
Board of Directors of the Kansas City Golf Association, 1980 - 1990
Public Golf Committee of the United States Golf Association, 1987 - 2000
Sectional Affairs Committee of the United States Golf Association, 2001 - 2004
Public Golf Committee of the Kansas Golf Association, 1991 - 1995
Government Relations Committee of the GCSAA, 1996 - 1997
Board of Directors, Kansas Turf Foundation, 1997 - 2000

PROFESSIONAL EXPERIENCE:

Larry W. Flatt has over 45 years experience in the golf business. Literally growing up working on golf courses in North Texas, Flatt attended Texas Tech University in Lubbock, Texas and received his Bachelor of Science in Parks Administration while concentrating his studies in Planning and Golf Course Design. Flatt was employed as Superintendent of Golf Courses in Kansas City, Missouri from 1965 to 1969 and Golf Course Superintendent, Parks and Recreation Director and Community Development Director for the City of Overland Park, Kansas from 1969 to 1989. In 1989, Flatt started Flatt Golf Services, Inc., a golf course design and consulting firm located in the Kansas City Metro Area. In 2002, the offices of Flatt Golf Services, Inc. were moved to Jefferson City, MO where Flatt and his wife Betty were part owners of a daily fee public golf course in Holts Summit, Missouri. Flatt is a single digit handicap golfer and frequently participates in state and local level senior competition.