



COMMUNITY ASSOCIATION

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May 21, 2018

Dear Meadows Resident,

Thanks to all of you who responded to our announcement last week regarding the MCA and MCC signing a letter of intent for the MCA to purchase the land and buildings of The Meadows Country Club and lease the land back to the club. Your comments were overwhelmingly favorable, and the board of directors of the MCA thanks you for your continued support. Several questions were raised that I want to address here. As questions continue to come in, we will continue to send out responses.

What is the return on our \$6-million investment?

We now own 300 acres of green space in our community along with golf and tennis complexes, swimming and wellness facilities, a range of food and beverage operations and an assortment of other facilities that assure that The Meadows can provide the amenities to support the lifestyle that residents desire.

- The \$6-million purchase price is just over 1 percent of the assessed value of the homes in The Meadows.
- Historically when a country club in a community fails, land values drop 15 to 30 percent.
- We are spending \$6 million to protect and preserve the value of our residential properties assessed at \$577 million from a drop in value of \$87 to \$170 million.
- The MCA board feels it is a prudent action and an outstanding return on our investment.

Why didn't MCA take over the management of the club as well as buying the property and buildings?

The legal structure of the MCA and the club made the purchase with the lease back to the club the most efficient, economical and expedient way to structure the purchase.

- Continuing the operation of the existing entity of The Meadows Country Club saved thousands of dollars in fees, licenses and taxes, surveys and other costs.
- Supports current club members in their desire to see their club continue its operation and have an opportunity to build its membership by designing and implementing new programs to attract new members from the community.

Will assessments go up?

Yes. To make the upgrades and improvements that we are planning as part of the Renaissance Plan, we will need to invest more heavily in our 40-year-old property.

- Assessments have been held at an artificially low level for years.
- Our 40-year-old infrastructure is reaching the end of its functional life, and major repairs are needed to bridges, irrigation systems and ponds.

How much will assessments go up?

We don't know yet, but we project next year's increase will be less than this year's increase. There will be no special assessment. We plan to finance the improvements in a way that will spread payments out so that there is no dramatic increase in assessments.

- Best way to minimize increase in assessments is to support the club by joining the club.
- New membership programs targeted for residents will be announced in the fall.

Is it possible for the club to make money again?

Yes.

- For the last two years, under the guidance of Billy Casper Golf, the club's operating losses have declined sharply.
- Last year, for the first time in a long while, there was a net gain in the number of new members.
- Joint team has developed a plan that projects profit for the club by year three (2020).
- With support of existing club members and the community, we can build a strong, thriving club.

Why only \$10 lease payment?

Our goal is to assure that the club succeeds and avoids bankruptcy. The nominal rental plus the additional programs and increased access to club facilities adds to the value for community members.

- The last thing we want is for the club to default and declare bankruptcy.
- The restrictions and covenants on all the lands in The Meadows that the MCA holds via a transfer of rights from the original developer, Taylor Woodrow, allow us to control building and development on our property.
- In bankruptcy court we could be stripped of those rights and lose the ability to stop developers from uncontrolled development.
- Three rent-free years are required for the club to get back on its feet.
- We will then renegotiate the lease and adjust the payments.

Again, we have looked at at this situation from many angles, and this strategic partnership is the best solution to ensure that the goals of both the club and the community are met.

Sincerely,

Claire Coyle