

# CITY OF DELRAY BEACH

GOLF COURSE REDEVELOPMENT PROPOSAL ANALYSIS (post questions and clarifications)  
RFP NO/ 2022-053

JANUARY 30, 2023

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[www.delraybeachgolfcourseredevelopment.com](http://www.delraybeachgolfcourseredevelopment.com)

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# DEVELOPMENT TEAM OVERVIEW

Proposer	Golf Architect	Clubhouse Architect	Private/ Multifamily Architect	Engineering Firm (s)	Construction Manager	Operator (s)
<b>Bobby Jones Links/ Mill Creek</b>	Rees Jones	Kuo Diedrich Chi Design Associates, Inc. (interiors) Oakhurst (signage)	Dorsky & Yue International (multifamily) & AGT Land (landscape)	Winningham & Fradley (civil) JMD (traffic)	Self-Managed / MCRT Florida Construction, LLC	Bobby Jones Links (clubhouse, parking lot, maintenance)
<b>CGHP Developments &amp; Hensel Phelps</b>	Erik Larson Beth Daniel (pro consultant)	CSAA	EDSA (master planning, landscape) Leo Daly (multifamily, hotel)	Keith (civil) AEI (environmental) Jacobs (water supply)	Hensel Phelps / Kast	Morningstar / Green Group / DKCG
<b>E2L Real Estate Solutions</b>	Richard Mandel	Baker Barrios Architects	Baker Barrios	Kimley-Horn (civil) Miller Legg (environmental)	Hedrick Brothers Construction	Troon Golf / Belmont Villages Senior Living / Meyer Jabara Hotels
<b>Heatherwood Luxury Rentals</b>	Tyler Rae	EDI	EDI	Kimley-Horn	Suffolk Construction	Heatherwood
<b>Related Group</b>	Nicklaus Design	IBI Group	IBI Group	Examples provided	Examples provided	TRG Management Company, LLP
<b>T-36 Golf Holdings, LLC / Inovalis</b>	Ric Buckton and Dr. Bradley Klein	Spina O'Rourke + Partners	Spina O'Rourke + Partners	Urban Design Studio (land plan)	Turner Construction	Roy McKinnon / Newport Hospitality Group / BH Management Services / LAZ Parking



# GOLF COURSE PROPOSAL OVERVIEW

Proposer	Golf Management Company / Term	Course Design	Clubhouse	Practice Areas	Green Fees	Treatment of Donald Ross 9-holes	Capital Reserve (for golf maintenance)
<b>Bobby Jones Links/ Mill Creek</b>	Bobby Jones Links / 30 years	18-hole Championship Par 70 6,700 yards	Renovate existing 15,000 SF	High Tech Top Tracer covered driving range	\$35 - \$150	Restored	3% of golf revenue years 1 – 5, 4% thereafter
<b>CGHP Developments &amp; Hensel Phelps</b>	Morningstar / 30 years	18-hole Championship Par and yardage not provided	New placement near Atlantic Ave 8,790 SF	High Tech Top Golf Swing Suites Lit and covered hitting stations/ practice target greens	\$50 - \$175 (plus market adjustment for construction timeframe)	Restored *endorsed by the Donald Ross Foundation	5% of golf revenue (approximate average of \$200,000 / year)
<b>E2L Real Estate Solutions</b>	Troon / 20 years + 2 five-year options	19-hole 9-hole regulation, 10-hole, Par 3 +/- 1,600 – 1,700 yards	New placement proximate to existing 4,905 SF	High Tech Top Tracer driving range / Himalayas Putting Green / Short game area	\$15 - \$45	Restored	4% of golf revenue
<b>Heatherwood Luxury Rentals</b>	Heatherwood / 39 years with 2 thirty-year options	18-hole Championship Par and yardage not provided	Renovate existing 15,000 SF	Not provided	\$47.50 - \$67.50	Restored	\$16,000 years 1 – 6, \$50,000 years 7 onward including 2% increase annually
<b>Related Group</b>	City or outsourced via RFP / not provided	18-hole Championship Par 72 7,160 yards	New 25,000 SF (includes restaurant)	High Tech driving range / short game area	\$27 residents \$87 non-residents *average across seasons / days of the week	7/9 holes restored	4% - 6% of golf revenue; 6% used in Pro-Forma analysis
<b>T-36 Golf Holdings, LLC / Inovalis</b>	Landscapes Unlimited / 50 years with 25-year renewal option	T-36 concept with 18 fairways and 27 holes Par 69 6,200 yards	Renovate existing 15,000 SF	Top Tracer driving range with extensive short game area	\$19 - \$44	Restored	5% of golf revenue



# MULTIFAMILY AND COMMERCIAL USE PROPOSAL OVERVIEW

Proposer	Multifamily – Total Units	Multifamily – Mixed Income Units	Hotel	Office	Retail	Public / Private acreage
Bobby Jones Links/ Mill Creek	650 units	130 workforce units (20%) 120% AMI	N/A	N/A	8,000 SF retail / restaurant	Private: 10 acres Public: 138.52 acres
CGHP Developments & Hensel Phelps	312 units	Mixed income units TBD % AMI range from 80% - 140%; negotiate to achieve the City's required < 120%	128 keys Springhill by Marriott	N/A	1,420 SF retail, 3,630 SF restaurant	Private: zero (master lease) Non-golf: 10.9 acres Public: 148.52 acres
E2L Real Estate Solutions	600 units + 158 units senior living	60 workforce units (10%) % AMI: 60 – 80, 80 – 100, 100 – 120	128 keys Marriott Residence Inn	9,000 SF	26,000 SF retail	Private: 30.01 acres Public: 118.51 acres
Heatherwood Luxury Rentals	360 units	36 workforce units (10%) Up to 120% AMI	N/A	N/A	13,840 SF entertainment center, 7,000 SF restaurant	Private: 10 acres Public: 138.52 acres
Related Group	444 units + 24 villas	90 workforce units (20%) 120% AMI	N/A	N/A	5,000 SF upscale dining (included in clubhouse)	Private: 7 acres Public 141.52 acres
T-36 Golf Holdings, LLC / Inovalis	120 units	24 workforce units (20%) 120% AMI	120 keys Sports Illustrated Resort	N/A	63,300 SF retail	Private: 15 acres Public: 133.52 acres



# FINANCIAL ANALYSIS SUMMARY

Proposer	Bobby Jones Links / Mill Creek	CGHP Developments & Hensel Phelps	E2L Real Estate Solutions	Heatherwood Luxury Rentals	Related Group	T36 Investment Holdings / Inovalis
Golf (Holes)	18 Holes	18 Holes	9 Holes	18 Holes	18 Holes	27 Holes
Hotel (Keys)	N/A	128 Keys	128 Keys	N/A	N/A	120 Keys
Rental Apartments (Units)	650 Units	312 Units	600 Units	360 Units	444 Units	120 Units
Senior Living (Units)	N/A	N/A	158 Units	N/A	N/A	N/A
Villas (Units)	N/A	N/A	N/A	N/A	24 Units	N/A
Retail/Restaurant (RSF)	8,000 SF	5,050 SF	26,000 SF	N/A	N/A	N/A
Flex Office (RSF)	N/A	N/A	9,000 SF	N/A	N/A	N/A
Proposed Ground Lease (If Applicable)	30 Years	30 Years	N/A	N/A	N/A	50 Years + 25 Year Renewal
Proposed Management Agreement (If Applicable)	N/A	N/A	20 Years (two, 5-Year Options)	39 Year (Two, 30-Year Options)	N/A	N/A

Capital Budget						
Public Improvements	\$23,871,338	\$33,436,250	\$29,788,480	\$21,588,258	\$19,800,000	\$26,711,250
Private Improvements	\$296,126,000	\$140,075,750	\$399,876,053	\$145,685,509	\$169,430,000	\$169,356,500
<b>Total</b>	<b>\$319,997,338</b>	<b>\$173,512,000</b>	<b>\$429,664,533</b>	<b>\$167,273,767</b>	<b>\$189,230,000</b>	<b>\$196,067,750</b>
Additional Funding Required by City	\$0	\$0	\$0	\$0	\$0	\$0
Initial Equity Requirement (City)	\$0	\$0	\$0	\$0	\$0	\$0

Financial Benefit to City Overview						
Annual Golf Operations Revenue	\$235,666	\$188,800	\$930,476	\$228,651	\$1,016,152	\$258,000
Annual Growth Rate (Once Stabilized)	(Per Pro-Forma, 1.15% in Yr 11)	N/A	Per Pro-Forma	(Per Pro-Forma, 1.15% in Yr 6)	3% Yr 1-30, 1.5% Yrs 31+	5.00%
Ground Rent Revenue	N/A	\$9,363,016	N/A	N/A	N/A	N/A
Annual Growth Rate (Once Stabilized)	N/A	N/A	N/A	N/A	N/A	N/A
Annual Property Tax Revenue	\$1,947,239	\$960,291	\$2,639,991	\$2,000,000	\$854,366	\$1,685,000
Annual Growth Rate (Once Stabilized)	2.00%	Per Pro-Forma	2.00%	2.00%	Per Pro-Forma (2% in Year 30+)	2.00%
Proposed Annual Debt Service	N/A	-\$9,543,160	N/A	N/A	N/A	N/A

## FINANCIAL BENEFIT TO CITY NPV @ 5.00% [99 Years]

Net Present Value	\$82,701,678	\$69,230,209	\$99,210,230	\$72,482,200	\$74,318,313	\$65,267,046
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## FINANCIAL BENEFIT TO CITY TOTAL (NON-DISCOUNTED - 10 YEARS)

Total Proceeds	\$40,538,774	\$13,315,962	\$39,219,031	\$24,439,023	\$26,643,918	\$21,695,376
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## FINANCIAL BENEFIT TO CITY TOTAL (NON-DISCOUNTED - 30 YEARS)

Total Proceeds	\$108,587,011	\$83,182,177	\$149,888,057	\$91,482,141	\$94,193,661	\$85,498,436
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# FINANCIAL ANALYSIS SUMMARY NOTES

	Bobby Jones Links / Mill Creek	CGHP Developments & Helsel Helps	E2L Real Estate Solutions	Heatherwood Luxury Rentals	Related Group	T36 Golf Holdings, LLC / Inovalis
NOTES	<ul style="list-style-type: none"> <li>In exchange for 10 acres of land, developer will make a payment of \$40 M to the City. In turn up to \$24 M will be allocated from the proceeds to improve the Golf Club.</li> <li>Timeline: Golf Design &amp; Pre-Construction 2023, Course Construction &amp; Grow In 2024, Clubhouse Construction + Re Opening by end of 2024. Residential Component Phase I would begin construction in 2024, with completion by 2026, Phase II would begin construction in 2026 with completion by 2028.</li> </ul>	<ul style="list-style-type: none"> <li>The proposed deal structure consists of developing the land without purchasing it and creating a leasing package robust enough to support the Master Lease payment. Allowing the City to remain the true owner of the land.</li> <li>Timeline: Predevelopment 24 months, Public Component (including Golf Course &amp; Infrastructure) 16 Months, Private Component 19 Months.</li> <li>City would enter a 30-year master lease plan. At the end of the 30-year term the City would have 3 options 1) keep the facilities free and clear 2) refinance the facilities and 3) sell some or all the facilities to the Development team at Market Rates.</li> </ul>	<ul style="list-style-type: none"> <li>Developer proposes to purchase approximately 30-acres of property from the City in exchange for the design, construction, and financing of the public facilities.</li> <li>City of Delray beach will retain ownership of the public golf course and associated profits generated from the golf facilities in perpetuity. Troon will be the golf management company for 20 years with 2.5-year options.</li> <li>Management fee will be equal to the greater of \$12000 per month or 25% of gross revenue. Floor increases of 2% per year.</li> <li>The new road, infrastructure, public open spaces, and walking paths will be deeded back to the City after project completion, to be maintained by the City's Public Works and Parks and Recreation Departments.</li> </ul>	<ul style="list-style-type: none"> <li>Developer proposes to restore, redevelop, and enhance the Delray Beach Golf club at no cost to the City, \$215 M fee simple purchase price of approximate 10 acres to redevelop the Golf Course.</li> <li>Timeline: Contract/Lease Negotiations February 2023, City Approval June 2023, Golf Course Redevelopment July 2023 - January 2025, Private Construction February 2025 - March 2027.</li> <li>Developer would enter into a 39-year Operating &amp; Maintenance Agreement with two 30-year renewal options with the City. Developer would be responsible for operating, maintenance &amp; future capital responsibilities associated with the golf course, clubhouse and accessory structures.</li> </ul>	<ul style="list-style-type: none"> <li>Related proposed to purchase the 7-acre private component for \$25 M. Related will use the \$25 M to fund the Public Construction and any remaining money will be released to the City.</li> <li>Escrow Detail: \$25 M at Closing, \$8 M for Clubhouse, \$9.5M Golf Course Renovation, \$1M Maintenance Facility, \$1M Bridge Replacement, \$0.3 M Shelters &amp; Restrooms. Remaining \$5.2M to be released to the City.</li> <li>The public components will remain under City's ownership. All net income generated by the golf course will 100% be retained by the City.</li> </ul>	<ul style="list-style-type: none"> <li>Developer will require 15 acres on the north for Mixed, Residential, Office &amp; Commercial use.</li> <li>Timeline: Closing of golf course by summer 2023. Reopening of the course by fall 2024. Commercial components would be completed by Q3 of 2025.</li> <li>City would enter a long-term ground lease of 50-years plus 25-year renewal option at the cost of \$1. Not included in the analysis.</li> </ul>
	<ul style="list-style-type: none"> <li>Real Estate Taxes projected using a taxable value of \$296,126,000 for multifamily and golf entertainment venues, mill rate of 6.8497 and 4% early payment discount. 20% annual increases are assumed.</li> <li>Golf Revenue: Bobby Jones links will be the lessee for a 30-year term. A 5% (five percent) of total gross revenue lease payment payable quarterly in years 1-5, and then 6% for the remaining 25 years. Proposal included a 10-year Pro-Forma, escalating 25% in years 11+.</li> <li>\$2 M included in the budget to replace the City's raw water transmission lines.</li> </ul>	<ul style="list-style-type: none"> <li>The City of Delray Beach would make Master lease payments of \$9.5 M. Public Component: \$1.8 M Private Component: \$7.7 M.</li> <li>The City will collect NNN income from the Subtenant Operators totaling \$9.3 M. Public Component: \$ 1.0 M, Private Component: \$8.3 M.</li> <li>Additionally, City would receive \$188,800 as additional income as part of a revenue share agreement.</li> <li>Real Estate Taxes are included per the Developer Pro-Forma, 2% escalations starting in Year 31.</li> <li>Public Improvements provided and paid by the private sector in excess of \$33 M.</li> </ul>	<ul style="list-style-type: none"> <li>Timeline: Proposal awarded in January 2023, Term Sheet &amp; Development Agreements by early June 2023. The plan is to complete the golf courses and amenities in December 2024 with the private development being completed in 2025.</li> <li>Infrastructure improvements: Proposal included \$122 M to cover the requested funding for the raw water line improvements.</li> <li>Real Estate Taxes projected using a taxable value of \$401,476,053 for hotel, multifamily and golf entertainment venues, mill rate of 6.8497 and 4% early payment discount. 2% annual increases are assumed.</li> <li>Golf Course Capital Reserves: Per Pro-Forma from the developer. City of Delray Beach maintains all the profits from operating the golf course.</li> </ul>	<ul style="list-style-type: none"> <li>Real Estate Taxes projected using developer provided estimate of \$2,000,000 a year. 2% annual increases are assumed.</li> <li>O&amp;M Agreement: Developer would guarantee \$150,000 per year to the City for Years 1-19, with 10% increases every 10-years.</li> <li>Golf Revenue: City would receive an additional payment of 10% of the golf NOI annually.</li> <li>Infrastructure: A total of \$4.9 M of Project Budget will be dedicated to infrastructure improvements.</li> </ul>	<ul style="list-style-type: none"> <li>Timeline: Proposal awarded in Q1 2023, Closing &amp; Funding of Escrow December 2023. Construction Period July 2024 - August 2026 with Certificate of Completion by August 2026.</li> <li>Real Estate Taxes projected from Developer Pro-Forma. 2% escalations in after Year 30.</li> <li>Golf Course Revenue: Pro-Forma provided by the developer. Project over \$1 M Net Operating back to the City in Year 1 with 3% annual growth in Years 1-30. Developer Pro-Forma includes management fees equal to market rate of 5%.</li> <li>Infrastructure: There was no proposal for the \$10 M infrastructure requirement.</li> </ul>	<ul style="list-style-type: none"> <li>Golf course revenue: Per Client Information (annual) T36 golf course (\$129,000), Golf Club Restaurant (\$76,000), Golf Club Bar &amp; Grill (\$53,000) with 5% annual escalations.</li> <li>Real Estate Tax Projections: Luxury Apartments (\$750,000), Parking Garage (\$318,000), Hotel (\$240,000), In Line Small Shop Retailers (\$130,000), QSR Outparcels (\$143,000), Rooftop Bar (\$104,000). 6.56% rate was used per the developer.</li> <li>Developer acknowledges that they will make the necessary infrastructure improvements for the golf courses.</li> </ul>



# DEVELOPMENT OVERVIEW - Bobby Jones Links / Mill Creek

Development Component (s): 18-hole golf course, 650 total residential units, including 130 workforce housing units

Ownership Type: Fee simple for 10 acres, 30-year lease for golf operations

Amount proffered: \$40 M

Public improvement: (\$23.8 M)

Remaining balance to the City: \$16 M

Annual golf revenue (stabilized): \$235k

Annual tax revenue (stabilized): \$1.9 M

Total annual (stabilized) revenue to the City: \$2.2 M

## GOLF COURSE:

- Architect
  - Rees Jones highly recognizable and regarded golf architect
  - 250 courses worldwide, including Torrey Pines municipal course
  - Atlanta case studies correlate well to Delray Beach
- Championship course
- Donald Ross nine holes preserved
- USGA greens
- Celebration Bermuda / Tif Eagle greens (best grasses)
- Two new irrigation lakes and two-wire irrigation system
- “Option B” for a par 71 golf course and less residential
- Extensive practice amenities with 30 by “high-tech” Top Tracer range
- Need to confirm layout from all tee lengths to ensure a good mix of tee placement (forward tee under 4,900 yards with limited or no forced carries)

## CLUBHOUSE:

- Renovate existing
- 250-seat banquet hall
- Extensive new Food and Beverage training
- Expansive patio overlooking 18th green (popular)
- Kuo Deitrich clubhouse architect is well-known and successful in golf
- Low price per square foot for renovations



# DEVELOPMENT OVERVIEW - Bobby Jones Links / Mill Creek

## OPERATIONS:

- Bobby Jones Links: is a reputable operator
  - Municipal course experience
  - Atlanta case studies correlate well to Delray Beach
- Specifically noted a local rate preference
- Jones University Service training (J.U.S.T.) developed with Ritz-Carlton and Chick-Fil-A companies
- Potential growth to 55,000 rounds
- Robust marketing program
- Expenses include a line-item for ongoing capital upgrades – noted “self-funding” improvements over time (ideal)
- Extensive landscape and entrance off Atlantic Ave
- This team does not include any membership or annual pass in estimate (positive)
- “Grow the game” initiatives (specifically noted juniors, minorities, women, etc.)
- Golf academy
- Maintenance budget may be low to “maintain golf course at a high level” (e.g., 81 bunkers is a high number and expensive)
- Total average golf revenue per round of \$72.50 may be a little high; it assumes strong in-season play from non-residents
- Replaces City’s water transmission lines

## OF NOTE:

- Only proposer headquartered in Palm Beach County
- Mill Creek is the 3rd largest multifamily developer in the country
- Clubhouse entrance at Highland Avenue, in lieu of Atlantic





# FINANCIAL ANALYSIS - Bobby Jones Links / Mill Creek

## PROPOSED DEVELOPMENT

Golf (Holes)	18 Holes
Hotel (Keys)	0 Keys
Rental Apartments (Units)	650 Units
Retail / Restaurant	8,000 SF

## MAXIMUM TERM OF GROUND LEASE

Proposed Ground Lease Term	30 Years
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## MAXIMUM TERM OF MANAGEMENT AGREEMENT

Proposed Management Agreement Term	0 Years
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## Proposed Annual Management Fee (If Applicable)

Annual Golf Management Fee	\$0
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## GOLF OPERATIONS SHARE PROJECTIONS

Annual Golf Operations Revenue (Developer Quoted)	\$235,666
Annual Growth Rate (Per Pro-Forma, 1.15% in Yr 11)	

## GROUND RENT PROJECTIONS

Annual Ground Rent (Developer Quoted)	\$0
Annual Growth Rate (Once Stabilized)	0.00%

## REAL ESTATE TAX PROJECTIONS

Annual Real Estate Taxes	\$1,947,239
Annual Growth Rate (Once Stabilized)	2.00%

## PROPOSED ANNUAL DEBT SERVICE

Annual Debt Service / Lease Payment	\$0
Annual Growth Rate	0.00%

## Proposed Capital Budget

Golf Improvements	\$23,871,338
Private Improvements	\$296,126,000
<b>Total</b>	<b>\$319,997,338</b>

### NOTES

- In exchange for 10 acres of land, developer will make a payment of \$40 M to the City. In turn up to \$24 M will be allocated from the proceeds to improve the Golf Club.
- Timeline: Golf Design & Pre-Construction 2023, Course Construction & Grow In 2024, Clubhouse Construction + Re Opening by end of 2024. Residential Component Phase I would begin construction in 2024, with completion by 2026, Phase II would begin construction in 2026 with completion by 2028.

### NOTES (Continued)

- Real Estate Taxes projected using a taxable value of \$296,126,000 for multifamily and golf entertainment venues, mill rate of 6.8497 and 4% early payment discount. 2% annual increases are assumed.
- Golf Revenue: Bobby Jones links will be the lessee for a 30-year term. A 5% (five percent) of total gross revenue lease payment payable quarterly in years 1-5, and then 6% for the remaining 25 years. Proposal included a 10 year Pro-Forma, escalating 2.5% in years 11+.
- \$ 2 M included in the budget to replace the City's raw water transmission lines.

CASH FLOWS (Discounted Annually)	NPV @ 5.00%	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
<b>Years 1-10</b>														
Annual Golf Operations Revenue	\$6,236,679	0	\$235,666	\$252,163	\$267,293	\$283,330	\$291,830	\$358,951	\$367,925	\$377,123	\$386,551	\$396,215		
Annual Property Tax Revenue	\$61,226,903	0	\$1,947,239	\$1,986,184	\$2,025,908	\$2,066,426	\$2,107,754	\$2,149,910	\$2,192,908	\$2,236,766	\$2,281,501	\$2,327,131		
Net Proceeds of Land Sale	\$15,238,095	0	\$16,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
<b>Total</b>	<b>\$82,701,678</b>													
			<b>Year 11</b>	<b>Year 12</b>	<b>Year 13</b>	<b>Year 14</b>	<b>Year 15</b>	<b>Year 16</b>	<b>Year 17</b>	<b>Year 18</b>	<b>Year 19</b>	<b>Year 20</b>		
<b>Years 11-20</b>														
Annual Golf Operations Revenue			\$406,120	\$416,273	\$426,680	\$437,347	\$448,281	\$459,488	\$470,975	\$482,750	\$494,818	\$507,189		
Annual Property Tax Revenue			\$2,373,674	\$2,421,147	\$2,469,570	\$2,518,962	\$2,569,341	\$2,620,728	\$2,673,142	\$2,726,605	\$2,781,137	\$2,836,760		
Net Proceeds of Land Sale			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
			<b>Year 21</b>	<b>Year 22</b>	<b>Year 23</b>	<b>Year 24</b>	<b>Year 25</b>	<b>Year 26</b>	<b>Year 27</b>	<b>Year 28</b>	<b>Year 29</b>	<b>Year 30 +</b>	<b>Total Proceeds</b>	
<b>Years 21-30+</b>														
Annual Golf Operations Revenue			\$519,868	\$532,865	\$546,187	\$559,841	\$573,837	\$588,183	\$602,888	\$617,960	\$633,409	\$649,244	\$13,591,253	
Annual Property Tax Revenue			\$2,893,495	\$2,951,365	\$3,010,392	\$3,070,600	\$3,132,012	\$3,194,652	\$3,258,546	\$3,323,716	\$3,390,191	\$518,622,800	\$594,160,564	
Net Proceeds of Land Sale			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,000,000	
													<b>\$623,751,817</b>	



# DEVELOPMENT OVERVIEW - CGHP Developments & Hensel Phelps

Development Component (s): 18- hole golf course, 128 hotel keys, 312 residential units, including mixed income TBD  
Ownership Type: 30-year Master Lease

Public improvement: \$33.4 M
Annual debt service payment: (\$9.5 M)
Annual ground rent revenue: \$9.3 M
Annual revenue share (including golf): \$189k
Annual tax revenue (stabilized): \$960k
<b>Total annual (stabilized) revenue to the City: \$960k</b>
<b>*Ground rent, revenue share and debt service are presented as a 'net zero' outlay to the City to essentially finance the public improvements resulting in the revenue to the City being tax revenue.</b>



### GOLF COURSE:

- Architect
  - Erik Larsen highly recognizable and regarded
  - Experience comes from the Arnold Palmer design tree
- Team endorsed by Donald Ross Foundation
- Extensive vision of a parkland golf course, returning nines, and a fully restored Donald Ross nine
- Championship course (although par and yardage not provided)
- USGA greens
- Stated playability for all skill levels, have multiple tee positions and include all appropriate on-course amenities (restrooms, drinking stations, shelters, etc.)
- Extensive practice amenities with “high-tech” range with defined TopGolf Swing Site bays
- Golf simulator with Trackman range technology
- Detailed vision and conceptual review of the golf course physical space, but lacking detail (e.g., scorecard, hole layouts, par, yardage, # of bunkers, lakes, etc.)

### CLUBHOUSE:

- New clubhouse close to Atlantic Ave
- Banquet space not programmed
- Performance / high-tech range bays are part of the clubhouse so location closer to Atlantic Ave is advantageous for visibility
- Extensive indoor and outdoor dining, modern kitchen, a “turn” house (for golfer convenience) and restaurant



# DEVELOPMENT OVERVIEW - CGHP Developments & Hensel Phelps

## OPERATIONS:

- Morningstar: is a reputable operator
  - Municipal course experience
  - Case studies are relevant to Delray Beach
- Full staffing plan (strong labor plan consistent with higher-end facility)
- Comprehensive golf course maintenance plan (if adhered to will result in very high-quality golf course)
- Full food and beverage plan (will be able to capture both golfers and non-golfers)
- Robust marketing plan
- Replacement of 9 public wells
- New irrigation lake
- Detailed golf operations plan and includes all key elements that the City would want from this course: extensive programming, leagues, events, golf academy, vast lessons, junior programs (all listed by name)
- “Grow the game” initiatives (specifically noted juniors, minorities, women)
- Estimated or projected operating budget is not provided
- Estimated rounds, activity, revenue or expense is not provided
- Operational program detailed conceptually but no specific information such as greens fees, season passes, memberships or other pricing programs



## OF NOTE:

- Clubhouse, hotel and multifamily share an entrance
- Joint Venture of Capital Group P3 and Hensel Phelps working history unknown; newly formed entity has not yet completed projects of comparable size
- At the end of the 30-year master lease term the City would have 3 options: 1) retain ownership of the improvements, 2) refinance the improvements and 3) sell some or all of the improvements to the development team at market rates

# FINANCIAL ANALYSIS - CGHP Developments & Hensel Phelps

## PROPOSED DEVELOPMENT

Golf (Holes)	18 Holes
Hotel (Keys)	128 Keys
Rental Apartments (Units)	312 Units
Restaurant	8,000 SF

## MAXIMUM TERM OF GROUND LEASE

Proposed Ground Lease Term	30 Years
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## MAXIMUM TERM OF MANAGEMENT AGREEMENT

Proposed Management Agreement Term	0 Years
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## Proposed Annual Management Fee (if Applicable)

Annual Golf Management Fee	\$0
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## GOLF OPERATIONS SHARE PROJECTIONS

Annual Golf Operations Revenue (Developer Quoted)	\$188,800
Annual Growth Rate	0.00%

## NNN REVENUE

Annual Ground Rent (Developer Quoted)	\$9,363,016
Annual Growth Rate (Once Stabilized)	0.00%

## REAL ESTATE TAX PROJECTIONS

Annual Real Estate Taxes	\$960,291
Annual Growth Rate (Once Stabilized)	Per Pro-Forma

## PROPOSED ANNUAL DEBT SERVICE / LEASE PAYMENT

Annual Debt Service / Lease Payment	(\$9,543,160)
Annual Growth Rate	0.00%

## Proposed Capital Budget

Golf Improvements	\$33,436,250
Private Improvements	\$140,075,750
<b>Total</b>	<b>\$173,512,000</b>

## NOTES

- The proposed deal structure consists of developing the land without purchasing it and creating a leasing package robust enough to support the Master Lease payment. Allowing the City to remain the true owner of the land.
- Timeline: Predevelopment 24 months, Public Component (including Golf Course & Infrastructure) 16 Months, Private Component 19 Months.
- City would enter a 30-year master lease plan. At the end of the 30-year term the City would have 3 options 1) keep the facilities free and clear 2) refinance the facilities and 3) sell some or all the facilities to the Development team at market rates.

## NOTES (Continued)

- The City of Delray Beach would make Master lease payments of \$9.5 M. Public Component: \$1.8 M Private Component: \$7.7 M.
- The City will collect NNN income from the Subtenant Operators totaling \$9.3 M. Public Component: \$ 1.0 M, Private Component: \$8.3 M.
- Additionally, City would receive \$188,800 as additional income as part of a revenue share agreement.
- Real Estate Taxes are included per the Developer Pro-Forma, 2% escalations starting in year 31.
- Public Improvements provided and paid by the private sector in excess of \$33 M.

## CASH FLOWS (Discounted Annually)

	NPV @ 5.00%	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Years 1-10</b>													
Annual Golf Operations Revenue	\$2,902,319	0	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800
NNN Revenue	\$143,932,505	0	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016
Annual Property Tax Revenue	\$69,097,145	0	\$960,291	\$998,222	\$1,037,652	\$1,078,639	\$1,186,503	\$1,305,154	\$1,435,669	\$1,579,236	\$1,737,160	\$1,910,876	\$1,910,876
Proposed Annual Debt Service / Lease Payment	(\$146,701,760)	0	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)
<b>Total</b>	<b>\$69,230,209</b>												
<b>Years 11-20</b>													
Annual Golf Operations Revenue			\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800
Ground Rent Revenue (Hotel)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NNN Revenue			\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016
Annual Property Tax Revenue			\$2,101,963	\$2,312,159	\$2,557,150	\$2,658,157	\$2,763,154	\$2,872,299	\$2,985,755	\$3,103,692	\$3,226,288	\$3,353,726	\$3,353,726
Proposed Annual Debt Service / Lease Payment			(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)
<b>Years 21-30+</b>													
Annual Golf Operations Revenue			\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800	\$188,800
Ground Rent Revenue (Hotel)			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NNN Revenue			\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016	\$9,363,016
Annual Property Tax Revenue			\$3,486,198	\$3,623,903	\$3,767,047	\$3,915,846	\$4,070,522	\$4,231,307	\$4,398,444	\$4,572,182	\$4,752,784	\$755,039,774	\$833,021,752
Proposed Annual Debt Service / Lease Payment			(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)	(\$9,543,160)
													<b>Total Proceeds</b>
													\$5,664,000
													\$0
													\$280,890,480
													\$833,021,752
													(\$286,294,800)
													<b>\$833,281,432</b>





# DEVELOPMENT OVERVIEW - E2L Real Estate Solutions, LLC

**Development Component (s):** 19-hole “Executive” golf course, 128 hotel keys, 600 residential units, including 60 workforce units plus 158 senior living units, 26,000 sf retail, 9,000 SF ‘flex’ office

**Ownership Type:** Fee simple for 30.01 acres, 20-year lease with two 5-year options for golf operations

Public improvement: \$29.8 M

Annual golf revenue  
(stabilized): \$930k

Annual tax revenue  
(stabilized): \$2.6 M

Total annual (stabilized)  
revenue to the City: \$3.5 M

## GOLF COURSE:

- Architect
  - Richard Mandell highly recognizable and regarded
  - Municipal golf course experience
  - Several Donald Ross restorations (e.g., City of Sarasota recent restoration)
- Unique blend of golf with a wide variety of offering
- Restoration of 9-hole Donald Ross course with 5 sets of tees from 2,379 to 3,396 yards (“championship” 9-hole course); to play 18 holes of regulation golf, the golfer would have to play the same 9 holes twice
- Red’s Adjustable 10-hole par-3 course +/- 1,600-1,700 yards
- 6.57 acre short-game practice area which doubles as a six-hole course called “The Golf Playground”
- Extensive practice amenities with a 6-hole “golf playground,” Himalaya putting course, practice areas and a 40-station high-tech range
- “High-tech” range will include top-tracer technology and gamification/entertainment possibilities

## CLUBHOUSE:

- New clubhouse with smaller footprint
- Features attached hitting bays to the top-tracer range
- Full food and beverage service
- Baker Barrios Architects



# DEVELOPMENT OVERVIEW - E2L Real Estate Solutions, LLC

## OPERATIONS:

- Troon is a top golf operator
- Extensive municipal experience
- Projections reflect a high-volume, low-fee public course
- Majority of facility revenue will be derived from sources other than green and cart fees (golf entertainment complex vs traditional golf course)
- Operations is via management contract (not a lease), so City will own all revenue and expenses + be responsible for a \$72,000 annual management fee which grows based on revenue
- Operating expenses will total at least \$3.4 M and include all key areas required to operate a public golf facility, extensive range and clubhouse, and include a 4% (or revenue) capital reserve fund; all of which is standard and fits with basic expectations.
- Public waterline improvements (partnered with Kimley-Horn who is the City's consultant managing water supply coming from golf course)
- "Grow the game" initiatives (spec. noted juniors, minorities, women, etc.)
- Robust marketing plan
- Low green fees; golf can be played for as little as \$15 (walking 9 holes off season) up to as high as \$45 (in season w/cart)

## OF NOTE:

- Renaming golf course entry from Atlantic Ave using the name "Donald Ross Drive"
- 2.33 acres of the public use is dedicated to "Habitat for Humanity Housing"
- Public portion of the plan financed with 100% equity







# DEVELOPMENT OVERVIEW - Heatherwood Luxury Rentals

Development Component (s): 18-hole golf course, 360 total residential units, including 36 workforce units

Ownership Type: Fee simple for 10 acres for private development, 39-year operations and maintenance agreement with 2 thirty year extensions for golf operations

Public improvement: \$21.6 M

Annual golf revenue  
(stabilized): \$229k

Annual tax revenue  
(stabilized): \$2 M

→ Total annual (stabilized)  
revenue to the City: \$2.2 M

## GOLF COURSE:

- Architect
  - Tyler Rae shows extensive experience in renovating/restoring Donald Ross designs (nearly 30)
  - Experience comes from the Coore/Crenshaw tree, which is highly regarded and recognizable
- 18-hole Championship course (yardage or par not provided)
- Donald Ross nine restored
- North 9 holes par-35 / 3,300 yards
- Lacking detail regarding project design (green types, grasses, bunkers, shaping, trees, lakes, etc.)

## CLUBHOUSE:

- Renovate and upgrade existing
- Taking advantage of golf views and reconfigure and modernize for more efficient space utilization
- Extensive new food and beverage
- EDI is large national Architect





# DEVELOPMENT OVERVIEW - Heatherwood Luxury Rentals

## OPERATIONS:

- Heatherwood is an experienced golf operator (60 years experience including coastal markets)
- Specifically noted a local rate preference in text but lacking detail regarding a resident or afternoon discount
- Provided experience in golf/club operations, but lacking detail regarding specific operations plan for Delray Beach (programming, junior golf, lessons, leagues, etc.)
- No information regarding “grow the game” initiatives (juniors, minorities, women, etc.)
- No projections on rounds played; estimates regarding “players off-season / players in season” estimates unclear
- Golf maintenance expense is not clearly noted, but total expense of +/- \$26 M is within expectations for mid-fee public course
- Range revenue is low which may mean a small range with limited amenities or programs
- Prominent entrance off Atlantic Ave, with long access road to existing/renovated Clubhouse (i.e., through golf course)
- Allocate \$5M for site infrastructure improvements. (civil, raw water main, bridge replacement, etc.)

## OF NOTE:

- Long term developer and owner; has never sold an owned and managed property
- Extensive NY experience, new to FL market
- Clubhouse entrance at Highland Avenue, in lieu of Atlantic, long entrance road to renovated Clubhouse



# FINANCIAL ANALYSIS – Heatherwood Luxury Rentals

<b>PROPOSED DEVELOPMENT</b>		<b>GOLF OPERATIONS SHARE PROJECTIONS</b>		<b>Proposed Capital Budget</b>	
Golf (Holes)	18 Holes	Annual Golf Operations Revenue (Developer Quoted)	\$228,651	Golf Improvements	\$21,588,258
Hotel (Keys)	0 Keys	Annual Growth Rate (Per Pro-Forma, 1.15% in Yr 6)		Private Improvements	\$145,685,509
Rental Apartments (Units)	360 Units			Total	\$167,273,767
<b>MAXIMUM TERM OF GROUND LEASE</b>		<b>GROUND RENT PROJECTIONS</b>			
Proposed Ground Lease Term	0 Years	Annual Ground Rent (Developer Quoted)	\$0		
		Annual Growth Rate (Once Stabilized)	0.00%		
<b>MAXIMUM TERM OF MANAGEMENT AGREEMENT</b>		<b>REAL ESTATE TAX PROJECTIONS</b>			
Proposed Management Agreement Term	39 Year (Two, 30-Year Options)	Annual Real Estate Taxes	\$2,000,000		
		Annual Growth Rate (Once Stabilized)	2.00%		
<b>Proposed Annual Management Fee (If Applicable)</b>		<b>PROPOSED ANNUAL DEBT SERVICE</b>			
Annual Golf Management Fee (See Notes)	\$0	Annual Debt Service / Lease Payment	\$0		
		Annual Growth Rate	0.00%		
<b>NOTES</b>		<b>NOTES (Continued)</b>			
<ul style="list-style-type: none"> <li>Developer proposes to restore, redevelop, and enhance the Delray Beach Golf club at no cost to the City. \$21.5 M fee simple purchase price of approximate 10 acres to redevelop the Golf Course.</li> <li>Timeline: Contract/Lease Negotiations February 2023, City approval June 2023, Golf Course Redevelopment July 2023 - January 2025, Private Construction February 2025 - March 2027.</li> <li>Developer would enter into a 39-year Operating &amp; Maintenance Agreement with two 30-year renewal options with the City.</li> <li>Developer would be responsible for operating, maintenance &amp; future capital responsibilities associated with the golf course, clubhouse and accessory structures.</li> </ul>		<ul style="list-style-type: none"> <li>Real Estate Taxes projected using developer provided estimate of \$2,000,000 a year. 2% annual increases are assumed.</li> <li>O&amp;M Agreement: Developer would guarantee \$150,000 per year to the City for Years 1-19, with 10% increases every 10-years.</li> <li>Golf Revenue: City would receive an additional payment of 10% of the golf NOI annually.</li> <li>Infrastructure: A total of \$4.9 M of Project Budget will be dedicated to infrastructure improvements.</li> </ul>			

CASH FLOWS (Discounted Annually)	NPV @ 5.00%	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Years 1-10</b>													
Annual Golf Operations Revenue	\$9,596,346	0	\$228,651	\$234,227	\$239,847	\$245,686	\$251,754	\$254,488	\$260,931	\$267,624	\$274,576	\$281,797	
Ground Rent Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Annual Property Tax Revenue	\$62,885,854	0	\$2,000,000	\$2,040,000	\$2,080,800	\$2,122,416	\$2,164,864	\$2,208,162	\$2,252,325	\$2,297,371	\$2,343,319	\$2,390,185	
<b>Total</b>	<b>\$72,482,200</b>												
<b>Years 11-20</b>													
Annual Golf Operations Revenue			\$289,294	\$297,079	\$305,160	\$313,548	\$322,253	\$331,287	\$340,659	\$350,383	\$360,469	\$384,431	
Ground Rent Revenue			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Annual Property Tax Revenue			\$2,437,989	\$2,486,749	\$2,536,484	\$2,587,213	\$2,638,958	\$2,691,737	\$2,745,571	\$2,800,483	\$2,856,492	\$2,913,622	
<b>Years 21-30+</b>													
Annual Golf Operations Revenue			\$395,280	\$406,530	\$418,195	\$430,288	\$442,823	\$455,817	\$469,284	\$483,239	\$497,700	\$133,338,169	\$143,171,469
Ground Rent Revenue			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Property Tax Revenue			\$2,971,895	\$3,031,333	\$3,091,959	\$3,153,799	\$3,216,874	\$3,281,212	\$3,346,836	\$3,413,773	\$3,482,048	\$532,674,954	\$610,259,423
													<b>\$753,430,892</b>



# DEVELOPMENT OVERVIEW - Related Group

Development Component (s): 18-hole golf course, 444 residential units, including 90 workforce units plus 24 villas

Ownership Type: Fee simple for +/- 7 acres, golf operations TBD (RFP or City operated)

Amount proffered: \$25 M

Public improvement: (\$19.8 M)

Remaining balance to the City: \$5.2 M

Annual golf revenue (stabilized): \$1 M

Annual tax revenue (stabilized): \$854k

Total annual (stabilized) revenue to the City: \$1.9 M

## GOLF COURSE:

- Architect
  - Strong and relevant experience in creating high-quality public spaces with golf
  - Nicklaus Design is highly regarded and top brand in golf
  - Unclear who the lead designer will be (there are many variations in service from Nicklaus Design such as Jack Nicklaus Signature (or another level))
- “World class championship golf course built to the character and style of Donald Ross”
- 18-H Championship course (par-72 / 7,160 yards); longest proposed
- Seven of the nine Donald Ross holes preserved
- True championship layout at 7,160 yards. Par-72 will have 3 par-3’s and 3 par-5’s on the front nine
- 72 bunkers at minimum, large greens, a new lake, several water holes, a lot of old and new trees
- New amenities (on-course restrooms, drinking fountains, shelters, cart paths, and maintenance facility)
- Technology-driven practice range and extensive golf practice area, all in close proximity to the clubhouse

## CLUBHOUSE:

- IBI Group is an experienced Palm Beach Architect
- New 2-story Art Deco designed clubhouse includes: large retail component, banquet/event space, a restaurant and several large outdoor covered verandas overlooking the golf course (very popular in successful public golf)
- Major upgrade and visible from Atlantic Ave; new building will take advantage of golf views and provide a much more modern and efficient space utilization
- Large square footage proposed for the clubhouse
- Extensive new food and beverage set up (consistent with successful public golf courses)





# DEVELOPMENT OVERVIEW

## Related Group

### OPERATIONS:

- Lacking information regarding experience in golf/club operations and specific operations plan for Delray Beach (programming, junior golf, lessons, leagues, etc.)
- No information provided regarding “grow the game” initiatives (juniors, minorities, women, etc.)
- Lacking information regarding a golf management team; City-managed or RFP to select

### OF NOTE:

- South FL developer with extensive experience; Palm Beach Count- based architect
- Cost per SF for clubhouse construction may be low
- Basic team information provided but lacking full organizational chart
- Examples of 6 differential potential General Contractors and 2 golf course architects provided as possible team members





# FINANCIAL ANALYSIS - Related Group

## PROPOSED DEVELOPMENT

Golf (Holes)	18 Holes
Hotel (Keys)	0 Keys
Rental Apartments (Units)	444 Units
Villas (Units)	24

## MAXIMUM TERM OF GROUND LEASE

Proposed Ground Lease Term	0 Years
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## MAXIMUM TERM OF MANAGEMENT AGREEMENT

Proposed Management Agreement Term	0 Years
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## Proposed Annual Management Fee (If Applicable)

Annual Golf Management Fee	\$0
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## GOLF OPERATIONS SHARE PROJECTIONS

Annual Golf Operations Revenue (Developer Quoted)	\$1,016,152
Annual Growth Rate	3% Yr 1-30, 1.5% Yrs 31+

## GROUND RENT PROJECTIONS

Annual Ground Rent (Developer Quoted)	\$0
Annual Growth Rate (Once Stabilized)	0.00%

## REAL ESTATE TAX PROJECTIONS

Annual Real Estate Taxes	\$854,366
Annual Growth Rate (Once Stabilized)	Per Pro-Forma (2% in Year 30+)

## PROPOSED ANNUAL DEBT SERVICE

Annual Debt Service / Lease Payment	\$0
Annual Growth Rate	0.00%

## Proposed Capital Budget

Golf/Infrastructure Improvements	\$19,800,000
Private Improvements	\$169,430,000
<b>Total</b>	<b>\$189,230,000</b>

## NOTES

- Related proposed to purchase the 7 acre private component for \$25 M. Related will use the \$25 M to fund the Public Construction and any remaining money will be released to the City.
- Escrow Detail: \$25 M at Closing. \$8 M for Clubhouse, \$9.5 M Golf Course Renovation, \$1M Maintenance Facility, \$1 M Bridge Replacement, \$0.3 M Shelters & Restrooms. Remaining \$5.2 M to be released to the City.
- The public components will remain under City's ownership. All net income generated by the golf course will 100% be retained by the City.

## NOTES (Continued)

- Timeline: Proposal awarded in Q1 2023, Closing & Funding of Escrow December 2023. Construction Period July 2024 - August 2026 with Certificate of Completion by August 2026.
- Real Estate Taxes projected from Developer Pro-Forma. 2% escalations in after Year 30.
- Golf Course Revenue: Pro-Forma provided by the developer. Project over \$1 M Net Operating back to the City in Year 1 with 3% annual growth in Years 1-30. Developer Pro-Forma includes management fee's equal to market rate of 5%.
- Infrastructure: There was no proposal for the \$10 M infrastructure requirement.

CASH FLOWS (Discounted Annually)	NPV @ 5.00%	Initial	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
<b>Years 1-10</b>															
Annual Golf Operations Revenue	\$37,683,978	0	\$1,016,152	\$1,046,715	\$1,078,112	\$1,110,472	\$1,143,725	\$1,178,039	\$1,213,383	\$1,249,787	\$1,287,284	\$1,325,905			
Annual Property Tax Revenue	\$31,681,954	0	\$854,366	\$879,997	\$906,396	\$933,588	\$961,596	\$990,444	\$1,020,157	\$1,050,762	\$1,082,285	\$1,114,753			
Remaining Escrow	\$4,952,381	0	\$5,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
<b>Total</b>	<b>\$74,318,313</b>														
<b>Years 11-20</b>															
Annual Golf Operations Revenue			\$1,365,685	\$1,406,659	\$1,448,861	\$1,492,330	\$1,537,104	\$1,583,220	\$1,630,720	\$1,679,645	\$1,730,038	\$1,781,943			
Ground Rent Revenue			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Annual Property Tax Revenue			\$1,148,196	\$1,182,642	\$1,218,121	\$1,254,665	\$1,292,305	\$1,331,074	\$1,371,006	\$1,412,136	\$1,454,500	\$1,498,135			
Remaining Escrow			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
<b>Years 21-30+</b>															
Annual Golf Operations Revenue			\$1,835,406	\$1,890,472	\$1,947,190	\$2,005,610	\$2,065,783	\$2,127,761	\$2,191,598	\$2,257,351	\$2,325,077	\$325,709,576	\$371,661,605		
Ground Rent Revenue			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Annual Property Tax Revenue			\$1,543,079	\$1,589,372	\$1,637,053	\$1,686,164	\$1,736,749	\$1,788,852	\$1,842,517	\$1,897,793	\$1,954,727	\$273,828,245	\$312,461,675		
Remaining Escrow			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,200,000		
													<b>\$689,323,280</b>		



# DEVELOPMENT OVERVIEW - T-36 Golf Holdings, LLC / Inovalis

Development Component (s): 27-hole golf course, 120 hotel keys, 120 residential units, including 24 workforce units, 3 retail buildings at 63,000 SF, 2 out parcels + garage with rooftop restaurant/bar

Ownership Type: 50-year ground lease with 25-year renewal option

Public improvement: \$26.7 M

Annual Ground Rent: \$1 / year

Annual golf revenue (stabilized): \$258k

Annual tax revenue (stabilized): \$1.7 M

→ Total annual (stabilized) revenue to the City: \$1.9 M

## GOLF COURSE:

- Architect
  - Ric Buckton, Redstone International
  - Consulting with Dr. Bradley Klein, Donald Ross Society's lead Historian
- T-36 concept considers a smaller golf course playing area
  - Nine separate defined "golf hole corridors" that lead to 18 separate greens, thus creating an "18-hole" golf course
- Shared spaces with separate sets of golfers essentially playing the same hole at the same time
- Lacking information on how the design relates to capacity and safety issues
- Unique and untraditional golf course (not an 18-hole regulation golf course)
- 9 hole "south" course is restored Donald Ross nine; consulted with Donald Ross Society
- 18 separate greens, par 69 (one par-5 hole) and 18 fairways with 9-hole Donald Ross totals 27 holes of golf
- New amenities (on-course restrooms, drinking, shelters, cart paths, etc.)
- High-tech Top Tracer driving range and extensive golf practice area, in close proximity to the clubhouse

## CLUBHOUSE:

- Renovated clubhouse including a new full-service restaurant, golf bar & grill, roof top bar and retail plus new activities such as pickleball and walking trails
- Adjacent components include: a green market, amphitheater, virtual brand(s) kitchen for local catering and pedestrian areas plus a child friendly splash pad
- Extensive new food and beverage
- Renovated clubhouse will continue to serve all current functions, but also add new activities such as pickleball and walking trails
- Spina O'Rourke is experienced, local Palm Beach County golf club architect



# DEVELOPMENT OVERVIEW

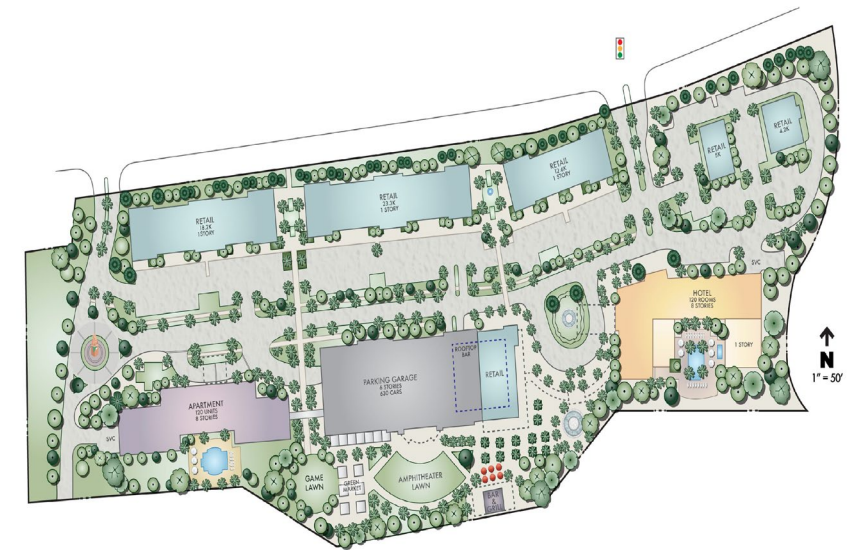
## T-36 Golf Holdings, LLC / Inovalis

### OPERATIONS:

- Landscapes Unlimited is a well-known and successful golf course operator; Redstone International has many examples of success
- T-36 is projecting 49,000-55,000 rounds of golf annually, with well over 50% being played on the T-36 course
- Annual event for minority youth golfers
- Lacking a budget breakdown between project components
- Lacking information regarding specific operations plan for Delray Beach (programming, junior golf, lessons, leagues, etc.)
- Total operating expenses is within expectations, but total golf maintenance expense low, even when considering the T-36 reduction in space
- Reduced water consumption versus traditional 18-hole courses
- Discounted resident rates

### OF NOTE:

- “The Square” special event and general public recreation with dedicated naming rights
- Walking and biking trails
- Sports Illustrated Resort hotel flag
- T-36 concept is new and not tested with only one course under construction in another state
- Lacking information regarding debt, equity, firm financial stability









# COMMUNITY BENEFITS

Bobby Jones Links / Mill Creek	CGHP Developments & Hensel Phelps	E2L Real Estate Solutions	Heatherwood Luxury Rentals	Related Group	T-36 Golf Holdings, LLC / Inovalis
<ul style="list-style-type: none"> <li>• Estimated 500+ new temporary and permanent jobs</li> <li>• Junior camps/programs</li> <li>• Junior, beginner, minority, high school and disabled golfer instruction and tournament programs</li> <li>• Clubhouse will serve as an events venue and community meeting space</li> <li>• PGA America’s “Play Golf America” initiatives (e.g. Patriot Day, Family Golf Month)</li> <li>• Workforce housing</li> </ul>	<ul style="list-style-type: none"> <li>• Estimated 1,086 new jobs</li> <li>• New walking/biking trail with full access to non-golfers</li> <li>• Supplier and workforce diversity</li> <li>• After school golf programs for high school and college students</li> <li>• Clubhouse will serve as an events and community venue</li> <li>• Entertainment Center</li> <li>• Walking and biking trails</li> <li>• Mixed income housing</li> </ul>	<ul style="list-style-type: none"> <li>• Estimated 500 new temporary jobs and 150 permanent</li> <li>• Local contracting</li> <li>• Clubhouse will serve as an events venue and community meeting space</li> <li>• Player development academy and junior golf programs</li> <li>• Civic and school outreach to educate on golf technology and programs</li> <li>• Public walking paths</li> <li>• Detailed community engagement and relations plan; including user group participation</li> <li>• Golf-related fundraisers (e.g. First Tee, Wounded Warrior)</li> <li>• Workforce and senior housing</li> <li>• Habitat for Humanity partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Estimated 630 to 730 new direct, indirect and induced jobs annually</li> <li>• Range of \$111 million to \$113 million annually in overall economic output (IMPLAN 2022) during construction period</li> <li>• Clubhouse will serve as events venue</li> <li>• City Resident tee time priority days</li> <li>• City resident incentive for junior/student and senior play</li> <li>• Guaranteed City resident/community league and instruction time</li> <li>• Cross promotion of local businesses/City events and programs</li> <li>• Public access program for recreation and entertainment</li> <li>• Pedestrian / bicycle connection “Preferred Bike Route Destinations Map”</li> </ul>	<ul style="list-style-type: none"> <li>• Job creation estimates not provided</li> <li>• Inclusion in hiring practices and business conduct</li> <li>• Clubhouse will serve as community and event venue</li> <li>• Electric car chargers</li> <li>• Workforce housing</li> </ul>	<ul style="list-style-type: none"> <li>• Estimated 1,250+ jobs</li> <li>• Annual event for minority youth golfers</li> <li>• Clubhouse will serve as an events venue and community meeting space</li> <li>• Amphitheatre</li> <li>• Splash pad for children</li> <li>• Educational partnerships / alliances for hospitality services</li> <li>• Cart paths serve as walking trails before and after course hours</li> <li>• Pickleball courts</li> <li>• Loyalty and community discount plans</li> </ul>



# SCHEDULE OVERVIEW

	Bobby Jones Links / Mill Creek	CGHP Developments & Hensel Phelps	E2L Real Estate Solutions	Heatherwood Luxury Rentals	Related Group	T-36 Golf Holdings, LLC / Inovalis
<b>Phased</b>	yes	yes	yes	yes	no	yes
<b>Development Agreement</b>	During pre-construction	During pre-construction	6 months (1/23 – 6/23)	6 months (1/23 – 6/23)	6 months (1/23 – 6/23)	6 months (1/23 – 6/23)
<b>Pre-construction / Design</b>	12 months (1/23 – 1/24)	18 months (1/23 – 6/24)	6 months (7/23 – 12/23)	16 – 18 months (7/23 – 1/25)	12 months (7/23 – 6/24)	2 months (7/23 – 8/23)
<b>Water infrastructure</b>	Not included	9 months (7/24 – 3/25)	Included in golf course schedule	Not included	Not included	Not included
<b>Golf Course</b>	10 months (1/24 – 10/24)	14 months (6/24 – 7/25)	12 – 13 months (12/23 – 1/24)	14 months (2/25 – 4/26)	26 months (7/24 – 8/26)	12 months (8/23 – 10/24)
<b>Clubhouse</b>	Included in golf course schedule	13 months (7/24 – 8/25)	7 months (3/24 – 10/24)	Included in golf course schedule	26 months (7/24 – 8/26)	Included in golf course schedule
<b>Multifamily / Commercial</b>	51 months (3/24 – 6/28)	18 months (1/25 – 6/26)	19 – 25 months (12/23 – 6/25)	25 months (2/25 – 3/27)	26 months (7/24 – 8/26)	24 months
<b>Total – all uses</b>	68 months	42 months	31 – 36 months	51 months	44 – 46 months	33 months
<b>Comment</b>	Conservative	Realistic	Aggressive	Conservative	Realistic	Aggressive

\* City staff reviewed the schedule and concurs with the analysis.



# FIRM FINANCIAL INFORMATION (NON-CONFIDENTIAL)

Proposer	% Debt / Equity	Equity Partner (s)	Lender (s)	Financial firm Letter of interest / commitment to fund	Reference Letters	Active Litigation
Bobby Jones Links / Mill Creek	60 / 40	Numerous past partners provided 92.50% of equity from partner, 7.50% from MCR cash	Numerous past partners provided	Provided from Arizona State Retirement System, PNC Bank, Cross Harbor and Truist	Not provided	General statement "typical for the real estate construction, development and property management business"
CGHP Developments & Hensel Phelps	0 / 100 *funded by City – paid via Master Lease payment	U.S. Mortgage Community Investment Group	Not applicable	Provided by U.S. Mortgage Investment Group	Not provided for CGHP given new JV partnership	None for the GCHP and Hensel Phelps JV Disclosed 19 proceedings for Hensel Phelps
E2L Real Estate Solutions	30 / 70	Avalon Bay Communities Belmont Village Senior Living	None required for public improvements; not provided for private improvements	Provided by Avalon Bay, Belmont Village Senior Living	City of Boynton Beach	Disclosed one proceeding in 40 years in business involving nonperformance of a developer in their master planned project
Heatherwood Luxury Rentals	Range provided: 60 - 75 / 25-50	Company's sole principal and owner, Douglas Patrick	Bank references provided	Walker & Dunlop, BankUnited, UBS Financial Services	Towns of Brookhaven, Oyster Bay and Hempstead provided	Disclosed 5 proceedings
Related Group	64.4 / 35.6	Balance sheet allows for 100% of equity, but reserves right to partner	Numerous past partners provided	Wells Fargo	City of Miramar	Disclosed 5 proceedings
T-36 Golf Holdings, LLC / Inovalis	75 – 70 / 25 - 30	Not provided	Not provided	Not provided	Not provided	None



# DEVELOPMENT REVIEW SUMMARY

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