



**MEETING AGENDA
City Council
REGULAR SESSION CITY COUNCIL
June 4, 2019**

**HAL BALDWIN MUNICIPAL COMPLEX COUNCIL CHAMBERS
1400 SCHERTZ PARKWAY BUILDING #4
SCHERTZ, TEXAS 78154**

CITY OF SCHERTZ CORE VALUES

Do the right thing

Do the best you can

Treat others the way you want to be treated

Work cooperatively as a team

AGENDA

TUESDAY, JUNE 4, 2019 at 6:00 p.m.

**Opening Prayer and Pledges of Allegiance to the Flags of the United States and State of Texas.
(Councilmember Brown)**

- Presentation of the 2019 Wilenchik Walk for Life 5K Awards and Charity Donation. (L.Shrum)

Employee Recognition

- Police Department: Aldo Lara - Police Officer
- Public Works: Cliff Cintula and Glenn Ganai - Street Worker 1

City Events and Announcements

- Announcements of upcoming City Events (B. James/S. Gonzalez)
- Announcements and recognitions by the City Manager (M. Browne)
- Announcements and recognitions by the Mayor (M. Carpenter)

Hearing of Residents

This time is set aside for any person who wishes to address the City Council. Each person should fill out the speaker's register prior to the meeting. Presentations should be limited to no more than 3 minutes.

All remarks shall be addressed to the Council as a body, and not to any individual member thereof. Any person making personal, impertinent, or slanderous remarks while addressing the Council may be requested to leave the meeting.

Discussion by the Council of any item not on the agenda shall be limited to statements of specific factual information given in response to any inquiry, a recitation of existing policy in response to an inquiry, and/or a proposal to place the item on a future agenda. The presiding officer, during the Hearing of

Residents portion of the agenda, will call on those persons who have signed up to speak in the order they have registered.

Consent Agenda Items

The Consent Agenda is considered self-explanatory and will be enacted by the Council with one motion. There will be no separate discussion of these items unless they are removed from the Consent Agenda upon the request of the Mayor or a Councilmember.

1. **Minutes** - Consideration and/or action approving the minutes of the Special Meeting of May 21, 2019, and the minutes of the Regular Meeting of May 28, 2019.
2. **Resolution No. 19-R-67** - Consideration and/or action approving a Resolution appointing Mr. Johnny Bierschwale to the Board of Directors of the Cibolo Valley Local Government Corporation (CVLGC) Place D-4 replacing Mr. Steve White. (M. Browne)
3. **Resolution No. 19-R-68** - Consideration and/or action approving a Resolution adopting the Bexar County Election System and Software; Express Vote Universal Voting System for Early Voting in person, Early Voting by Mail, Election Day Voting and Provisional Ballots in all future elections held in Bexar County. (Mayor/Council/B. Dennis)

Discussion and Action Items

4. **Appointments/Reappointments and Resignations to the various City Boards, Commissions and Committees** – Consideration and/or action regarding expiring appointments/reappointments and resignations to The Board of Adjustment, Building and Standards Commission, Economic Development Corporation Board, Committee of Committees Advisory Board, Historical Preservation Committee, Library Advisory Board, Planning & Zoning Commission, Parks & Recreation Advisory Board and the Transportation Safety Advisory Commission. (Mayor/Council/B. Dennis)

Roll Call Vote Confirmation

Workshop

5. Discussion on Public Improvement Districts. (Mayor/M. Browne/Dan Santee)
6. Discussion on the Northcliffe Golf Course. (Mayor/M. Browne/B. James)

Requests and Announcements

- Announcements by the City Manager.
- Requests by Mayor and Councilmembers that items be placed on a future City Council agenda.
- Announcements by Mayor and Councilmembers
 - City and community events attended and to be attended

- City Council Committee and Liaison Assignments (see assignments below)
- Continuing education events attended and to be attended
- Recognition of actions by City employees
- Recognition of actions by community volunteers

Information available in City Council Packets - **NO DISCUSSION TO OCCUR**

7. Update on major projects in progress including CIP, CityView Software, Utility Meter Swap Out, AgendaQuick Software, Civic Rec Software, and Phone System Replacement.

Adjournment

CERTIFICATION

I, BRENDA DENNIS, CITY SECRETARY OF THE CITY OF SCHERTZ, TEXAS, DO HEREBY CERTIFY THAT THE ABOVE AGENDA WAS PREPARED AND POSTED ON THE OFFICIAL BULLETIN BOARDS ON THIS THE 31st DAY OF MAY 2019 AT 3:00 P.M., WHICH IS A PLACE READILY ACCESSIBLE TO THE PUBLIC AT ALL TIMES AND THAT SAID NOTICE WAS POSTED IN ACCORDANCE WITH CHAPTER 551, TEXAS GOVERNMENT CODE.

BRENDA DENNIS

I CERTIFY THAT THE ATTACHED NOTICE AND AGENDA OF ITEMS TO BE CONSIDERED BY THE CITY COUNCIL WAS REMOVED BY ME FROM THE OFFICIAL BULLETIN BOARD ON ____ DAY OF _____, 2019. TITLE: _____

This facility is accessible in accordance with the Americans with Disabilities Act. Handicapped parking spaces are available. If you require special assistance or have a request for sign interpretative services or other services, please call 210-619-1030.

The City Council for the City of Schertz reserves the right to adjourn into closed session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by the Texas Open Meetings Act.

Closed Sessions Authorized: This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Closed Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

COUNCIL COMMITTEE AND LIAISON ASSIGNMENTS

Mayor Carpenter Main Street Committee	Councilmember Scagliola – Place 5 Interview Committee for Boards and Commissions - Alternate Hal Baldwin Scholarship Committee
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	Schertz-Seguin Local Government Corporation Cibolo Valley Local Government Corporation - Alternate
Councilmember Davis– Place 1 Audit Committee Schertz Housing Authority Board Interview Committee for Boards and Commissions Main Street Committee – Chair TIRZ II Board	Councilmember Gutierrez – Place 2 Audit Committee Investment Advisory Committee Interview Committee for Boards and Commissions
Councilmember Larson – Place 3 Main Street Committee – Vice Chair	Councilmember Edwards – Place 4 Interview Committee for Boards and Commissions Cibolo Valley Local Government Corporation Main Street Committee
Councilmember Heyward – Place 6 Schertz Animal Services Advisory Commission Investment Advisory Committee	Councilmember Brown – Place 7 Audit Committee Schertz-Seguin Local Government Corporation - Alternate

CITY COUNCIL MEMORANDUM

City Council Meeting: June 4, 2019
Department: City Secretary
Subject: Minutes - Consideration and/or action approving the minutes of the Special Meeting of May 21, 2019, and the minutes of the Regular Meeting of May 28, 2019.

BACKGROUND

The City Council held a special meeting on May 21, 2019, and a regular meeting of May 28, 2019.

GOAL

N/A

COMMUNITY BENEFIT

N/A

SUMMARY OF RECOMMENDED ACTION

Approval of the minutes of the special meeting of May 21, 2019, and the minutes of the regular meeting of May 28, 2019.

FISCAL IMPACT

N/A

RECOMMENDATION

Approval of the minutes of the special meeting of May 21, 2019, and the minutes of the regular meeting of May 28, 2019.

Attachments

Minutes 05/28/2019

Minutes 05/21/2019

DRAFT

MINUTES REGULAR MEETING May 28, 2019

A Regular Meeting was held by the Schertz City Council of the City of Schertz, Texas, on May 28, 2019, at 6:00 p.m. in the Hal Baldwin Municipal Complex Council Chambers, 1400 Schertz Parkway, Building #4, Schertz, Texas. The following members present to-wit:

Present: Mayor Michael Carpenter; Mayor Pro-Tem Allison Heyward; Councilmember Mark Davis; Councilmember Ralph Gutierrez; Councilmember Scott Larson; Councilmember Cedric Edwards; Councilmember David Scagliola; Councilmember Tim Brown

City Staff: City Manager Dr. Mark Browne; Assistant City Manager Brian James; Assistant City Manager Charles Kelm; Assistant to the City Manager Sarah Gonzalez; City Attorney Daniel Santee; Deputy City Secretary Gayle Wilkinson

Attendees:

Call to Order – City Council Regular Session

Mayor Carpenter called the regular meeting to order at 6:01 p.m.

Opening Prayer and Pledges of Allegiance to the Flags of the United States and State of Texas. (Mayor Pro-Tem Heyward)

Employee Recognition

- Introduction of Mr. Charles Kelm, new Assistant City Manager.

City Manager Dr. Browne introduced our new Assistant City Manager, Charles Kelm, and gave an impressive overview of his accomplishments.

Presentations

- Presentation by the EMS Department regarding Cardiac Arrest Survivors.

EMS Director Jason Mabbit, Dr. Butter and many other EMS employees from several surrounding cities gathered to honor the following for their brave and heroic acts:

- FTO Chris Foerster, Paramedic David Gonzales, Paramedic Allen Schultz, Lt. Zach Roling, FF Zac Jewett and Jon Von Hoven for their life saving skills

- performed on a 83-year old male in cardiac arrest.
 - Paramedic Wes Dailey, Paramedic Amanda Hausman, FF Eriverto Velazquez, FF Joseph Valdez, FF Brandon Sheel and FF Michael Logue for their life saving skills performed on a 3 year old female experiencing Respiratory Arrest.
 - FTO Chris Foerster, Paramedic Amanda Hausman, Captain Rob Johnson, FF Mark Gonzales, FF Alex Akeroyd and FF Tim Mabry for their life saving skills performed on a 65 year old female in cardiac arrest.
 - FTO Bryan Salge, Paramedic Raul DeLeon, Paramedic Adam Rohach, Lt. Craig Starr, FF Dana Kellum and FF Alex Armstrong for their life saving skills performed on a 34 year old male drowning victim.
 - Paramedic Mike Rice and MIH Paramedic Denise Connors for their life saving skills performed on a male (age unknown) who was experiencing A-fib.
- Proclamation recognizing National EMS Week.

All EMS personnel were asked to stay at the front of the Chambers while Mayor Carpenter read the EMS Week proclamation and made comments on the EMS Banquet he attended and the vital importance of our EMS personnel.

City Events and Announcements

- Announcements of upcoming City Events (B. James/S. Gonzalez)

Friday, May 31

SSLGC Plant Tour set for Council to attend. Please contact Brenda Dennis to RSVP.

Tuesday, June 4

City Council Meeting 6:00 pm
Council Chambers

Monday, June 10

Library Late Opening at Noon

Library staff will be in a telephone system training the morning of June 10th. The library will open at noon.

- Announcements and recognitions by the City Manager (M. Browne)

None at this time.

- Announcements and recognitions by the Mayor (M. Carpenter)

None at this time.

Hearing of Residents

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Mayor Carpenter stated because of the large amount of people attending this meeting he would allow those that did not sign up on the hearing of residents sign in sheet to speak if there were no objections from Council.

The following residents spoke about the future of the Golf Course at Northcliffe and their desire to save it:

- Michele Oden - 5801 Black Diamond
- Virginia Koyier - 3322 Wimbledon Dr.
- Ken Yeamans - 3509 Charleston
- Donald Snyder - 3501 Wimbledon Dr.
- Dean Dawson - 3325 Columbia Dr.
- Norman Shaheen - 3820 Pheasant
- Rey Martin - 5701 Whistling Straits
- Jan Baldwin - 3401 Columbia
- Roy Jones - 3422 Wimbledon
- Richard Leon - 3761 Pebble Beach (also provided pictures for Council)
- Stan Zaidell - 3418 Wimbledon
- Rick Clifton - 3329 Columbia
- Jonathan McBride - 5108 Eagle Valley St.
- Mary Burk - 3737 Pebble Beach
- D. J. Thompson - P.O. Box 52 Cibolo, Tx 78108
- Bill Edmonds - 4909 Crestwood

Mr. James Fowler - 1057 Boxer Pass- read a letter of Appreciation for Support to the City of Schertz and Love Where You Live-Schertz Community Clean-up Day on Saturday, April 13, 2019. He also presented City Manager Mark Browne a shirt in appreciation of his leadership, example and hard work demonstrated. He also announced their next event with a tentative date of 10/05/2019.

Mayor Carpenter discussed placing the topic of the Northcliffe golf Course on the next

agenda and a sub committee to be established of the Council and a group from the Northcliffe community. He also introduced the topic/possibility of a Public Improvement District (PID) and provided the enabling legislation.

Mayor Carpenter recessed at 7:24 p.m. for a ten-minute break at the request of a councilmember.

Mayor Carpenter reconvened into open session at 7:35 p.m.

Consent Agenda Items

The Consent Agenda is considered self-explanatory and will be enacted by the Council with one motion. There will be no separate discussion of these items unless they are removed from the Consent Agenda upon the request of the Mayor or a Councilmember.

The following Consent items were read into record:

1. **Minutes** – Consideration and/or action regarding the approval of the minutes for the meeting of May 14, 2019. (B. Dennis)
2. **Resolution No. 19-R-63** — Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas authorizing a contract with The Ovid Bell Press for the *Schertz Magazine* Printing Contract. (M. Browne/S. Gonzalez/L. Klepper)
3. **Resolution No. 19-R-65** - Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas, approving and authorizing a Water Easement Agreement with Schertz R1, LLC, on Lot 3, Block 1, Schertz 3009 Subdivision II, and other matters in connection therewith. (B. James/K. Woodlee)
4. **Resolution 19-R-64** - Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas, authorizing the City Manager to enter into an Interlocal Agreement with the City of Cibolo regarding cost sharing for improvements to Wiederstein Road. (B. James)

Councilmember Larson requested to have item No. 2 removed from Consent for separate action.

Moved by Councilmember Cedric Edwards, seconded by Councilmember Ralph Gutierrez to approve the consent agenda items 1, 3 and 4.

AYE: Mayor Pro-Tem Allison Heyward, Councilmember Mark Davis,
Councilmember Ralph Gutierrez, Councilmember Scott Larson,
Councilmember Cedric Edwards, Councilmember David Scagliola,
Councilmember Tim Brown

Passed

Discussion and Action Items

The following item was read into record:

2. **Resolution No. 19-R-63** — Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas authorizing a contract with The Ovid Bell Press for the *Schertz Magazine* Printing Contract. (M. Browne/S. Gonzalez/L. Klepper)

Councilmember Larson asked additional questions and made remarks in reference to Resolution No. 19-R-63.

Moved by Councilmember Scott Larson, seconded by Councilmember Cedric Edwards to disapprove Resolution No. 19-R-63.

AYE: Councilmember Scott Larson, Councilmember Cedric Edwards

NAY: Mayor Pro-Tem Allison Heyward, Councilmember Mark Davis,
Councilmember Ralph Gutierrez, Councilmember David Scagliola,
Councilmember Tim Brown

Failed

Moved by Mayor Michael Carpenter, seconded by Councilmember Ralph Gutierrez to approve Item 2 Resolution No. 19-R-63.

AYE: Mayor Pro-Tem Allison Heyward, Councilmember Mark Davis,
Councilmember Ralph Gutierrez, Councilmember David Scagliola,
Councilmember Tim Brown

NAY: Councilmember Scott Larson, Councilmember Cedric Edwards

Passed

The following item was read into record:

5. **Resolution No. 19-R-66** -Consideration and/or action approving a Resolution by the City Council of the City of Schertz, Texas updating the fee schedule for FY 2018-19, and other matters in connection therewith. (B.James/L. Wood)

Director of Planning & Community Development Lesa Woods gave an overview and Power Point of the proposed new fee schedule and answered questions from Council.

Moved by Councilmember Tim Brown, seconded by Councilmember Cedric Edwards to approve Resolution No. 19-R-66.

AYE: Mayor Pro-Tem Allison Heyward, Councilmember Mark Davis,
Councilmember Ralph Gutierrez, Councilmember Scott Larson,
Councilmember Cedric Edwards, Councilmember David Scagliola,
Councilmember Tim Brown

Passed

Workshop

6. Discussion and update on the Employee Engagement Survey (S. Gonzalez/L. Cox)

Assistant to the City Manager Sarah Gonzalez introduced the workshop and gave a general overview. Human Resources Lindsey Cox presented a Power Point on the status of the Employee Engagement Survey and answered questions from Council.

Mayor Carpenter commented on the hard work that was put into this study and expressed his appreciation for the value it has on the health of our organization/City.

Closed Session

Mayor Carpenter recessed into closed session at 7:56 p.m. and read the following:

7. City Council will meet in Closed Session under Sections 551.071 and 551.072, to seek the advice of its attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Act, and to deliberate the purchase, exchange, lease, or value of real property, to wit: certain water and wastewater rights and associated real property rights and available options.

Reconvene into Regular Session

Mayor Carpenter reconvened into regular session at 9:03 p.m.

7A. Take action based on discussions held in closed session under Agenda Item 7A.

No action taken at this time.

Roll Call Vote Confirmation

Mayor Carpenter recognized Deputy City Secretary Gayle Wilkinson who provided the roll call votes for items 1-5.

Requests and Announcements

- Announcements by the City Manager.

None at this time.

- Requests by Mayor and Councilmembers that items be placed on a future City Council agenda.

Councilmember Edwards requested a discussion about Schertz being a Purple Heart City and not having signage to reflect that status. Councilmember Edwards was good with City Manager Dr. Browne getting back with him on that topic.

- Announcements by Mayor and Councilmembers
 - City and community events attended and to be attended
 - City Council Committee and Liaison Assignments (see assignments below)
 - Continuing education events attended and to be attended
 - Recognition of actions by City employees
 - Recognition of actions by community volunteers

Mayor Pro-Tem Heyward attended the following events:

- Council on the Go at Laura Ingalls Wilder Intermediate School
- Staff Development Meeting
- Santikos VIP Opening
- Subaru Ribbon Cutting
- EMS Award Banquet - Recognized and thanked Chief Scott Lail as the guest speaker
- Schertz EMS take 10
- Thanked Schertz VFW 8315 for allowing her to be the guest speaker on Memorial Day
- Thanked the City for putting on all the special events and expressed her love for Schertz

Councilmember Davis attended the following events:

- Santikos VIP Opening
- EMS Award Banquet - Thanked the staff that held the event

Councilmember Gutierrez attended the following events:

- Chamber Luncheon
- Council on the Go at Laura Ingalls Wilder Intermediate School
- EMS Award Banquet - Thanked the City of Clayborn Fire Department for sharing Scott Lail as a guest speaker
- CPR Training
- Memorial Day Ceremony at the Veterans Plaza
- Senior Center Job Fair

Councilmember Scagliola attended the following events:

- Chamber Luncheon
- Council on the Go at Laura Ingalls Wilder Intermediate School
- Santikos VIP Opening
- EMS Award Banquet - Thanked EMS for their efforts

Councilmember Brown made the following comments:

- Commented "six dittos"
- Praised EMS for their cooperative efforts with the EMS personnel from surrounding cities and commented on how it adds to our regional community.

Mayor Carpenter made the following comment:

- Mayor Carpenter was honored to be invited to give the welcoming remarks at the cemetery at Fort Sam Houston for Memorial Day.

Information available in City Council Packets - **NO DISCUSSION TO OCCUR**

8. 2019 Hal Baldwin Scholarship Update (S. Gonzalez)

Adjournment

As there was no further business, Mayor Carpenter adjourned the meeting at 9:11 p.m.

Michael R. Carpenter, Mayor

ATTEST:

Brenda Dennis, City Secretary

**MINUTES
SPECIAL TOWN HALL MEETING
May 21, 2019**

A Special Town Hall Meeting was held by the Schertz City Council of the City of Schertz, Texas, on May 21, 2019, at 6:00 p.m., at the Laura Ingalls Wilder Intermediate, 806 Savannah Drive, Schertz, Texas. The following members present to-wit:

Mayor Michael Carpenter
Councilmember Ralph Gutierrez
Councilmember Cedric Edwards
Councilmember Tim Brown

Mayor Pro-Tem Allison Heyward
Councilmember David Scagliola
Councilmember Cedric Edwards

Councilmember Scott Larson– absent

Staff Present:

City Manager Mark Browne
Asst. To the City Mgr. Sarah Gonzalez
City Secretary Brenda Dennis
Fire Chief Kade Long
Library Director Melissa Uhlhorn
Finance Director James Walters
EMS Director Jason Mabbitt
Facility Service Technician Irene Chavez
City Engineer Kathy Woodlee
PD Officer Helen Lafitte
Client Services Tech II Mark Welch
Deputy Marshal Steve Pulaski
Assistant Finance Director Sandra Martin
Assistant City Manager Charles Kelm
Officer Ryan McCosh

Assistant City Manager Brian James
Economic Development Director Kyle Kinatader
City Attorney Charles Zech
Deputy City Secretary Gayle Wilkinson
Client Services Tech I Bryan Jackson
Env. Law Enforcement Officer Thomas Brooks
Municipal Court Administrator Patty Veliz
Utility Billing Mgr. Dawn Hardin-Trussell
Asst. Utility Billing Mgr. Rodolfo Rosales
Events Manager Mary Spence
HR Director Jessica Kurz
Fleet & Facility Service Dir. Jonathon Harshman
Assistant Police Chief Mark Banes
Corporal William Sutton
Water/Wastewater Manager Jimmy Hooks

Meet and Greet (6:30 p.m. to 7:00 p.m.)

Call to Order – City Council Special Town Hall Meeting

Mayor Carpenter called the meeting to order at 6:33 p.m. and provided the pledge of allegiance to the United States flag.

Welcome

Mayor Carpenter made mention of his weeklong trip to Maxwell Airforce Base in Montgomery Alabama at the National Security Forum at the Airforce War College. He commented on the readiness and state of capability of our military.

Mayor Carpenter took the opportunity to introduce all the Councilmembers who were present.

Mayor Carpenter welcomed everyone and introduced City Manager Dr. Mark Browne.

City Manager Dr. Mark Brown expressed his gratitude for the community attending the Special Council on the Go meeting and introduced the State of City video.

Presentations regarding the specific topics:

- **The State of the City Video**

The State of the City Video was played for the enjoyment and information for our guests.

- **Street Preservation and Maintenance (SPAM) update**

Engineer John Nowak provided a Power Point and gave an update on our Street Preservation and Maintenance projects.

Dr. Bowne took the opportunity to introduce our new Assistant City Manager Charles Kelm.

- **FM 1103 and IH 35 Construction update**

City Engineer Kathy Woodlee provided a Power Point and gave an update on our TxDot projects.

Dr. Browne gave an additional update on the completion date of TxDot project at FM 1103 being July of 2019 instead of June 2019.

- **Water Meter Replacement Program**

Utility Billing Asst. Manager Rodolfo Rosales provided a Power Point and gave an update on the Water Meter Replacement Program.

- **Wiederstein Road Improvement Update/Ripps-Kreusler Update**

Assistant City Manager Brian James provided a Power Point and gave an update on the Wiederstein Rd. Improvement Update/Ripps-Kruesler updates.

- **Questions/Comments.**

City Manager Dr. Mark Browne directed the appropriate department heads to address questions from the following citizens:

- Michelle Tereletsky – 705 Marilyn Dr.
- Lori Hutchinson – 5117 Blackhorse
- Janice Dickey – 532 Thoreau Trail
- Cindy Glenn – 1541 Circle Oak Dr.
- Cynthia Patterson – 3533 Peachtree Ln.

Mayor Carpenter thanked City Manager Dr. Browne and staff for their work/involvement in the Council on the Go Council meeting. Mayor Carpenter also thanked Cibolo for their cooperation and unanimous vote to work with Schertz on Wiederstein Rd.

City Hall Communications:

The meeting officially adjourned at 7:25 p.m.

Michael R. Carpenter, Mayor

ATTEST:

Gayle Wilkinson, Deputy City Secretary

CITY COUNCIL MEMORANDUM

City Council Meeting: June 4, 2019
Department: City Secretary
Subject: Resolution No. 19-R-67 - Consideration and/or action approving a Resolution appointing Mr. Johnny Bierschwale to the Board of Directors of the Cibolo Valley Local Government Corporation (CVLGC) Place D-4 replacing Mr. Steve White. (M. Browne)

BACKGROUND

The CVLGC Board seat currently held by Steve White of Schertz has a term that expires on September 30, 2021, Mr. White has informed the City that he will be resigning.

It is staff's recommendation that the City of Schertz appoint Mr. Johnny Bierschwale to serve on the Cibolo Valley Local Government Corporation (CVLGC) Board of Directors Place D-4 for the remainder of the term. Mr. Bierschwale has agreed to serve and the CVLGC Board of Directors supports his appointment.

GOAL

N/A

COMMUNITY BENEFIT

N/A

SUMMARY OF RECOMMENDED ACTION

N/A

FISCAL IMPACT

N/A

RECOMMENDATION

Approve Resolution No. 19-R-67 appointing Mr. Johnny Bierschwale to fill the unexpired term of Mr. Steve White.

Attachments

Resolution

RESOLUTION NO. 19-R-67

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS APPOINTING MR. JOHNNY BIRSCHWALE TO THE BOARD OF DIRECTORS OF THE CIBOLO VALLEY LOCAL GOVERNMENT CORPORATION (CVLGC) PLACE D-4 REPLACING MR. STEVE WHITE AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City staff of the City of Schertz (the “City”) has recommended that the City appoint Johnny Bierschwale to serve on the Cibolo Valley Local Government Corporation (“CVLGC”) Board of Directors Place D-4 for the remaining term of Steve White commencing on June 4, 2019 and ending on September 30, 2021 (the “Term”); and

WHEREAS, the City Council has determined that it is in the best interest of the City to appoint Johnny Bierschwale to the CVLGC Board of Directors Place D-4 for the unexpired term of Steve White; and

WHEREAS, Mr. Bierschwale desires to serve on the CVLGC Board of Directors Place D-4 for the unexpired term of Mr. Steve White; therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS THAT:

Section 1. The City Council hereby appoints Johnny Bierschwale to serve on the CVLGC Board of Directors, Place D-4 for the recommended remaining term ending September 30, 2021.

Section 2. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 3. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 4. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 5. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Resolution would have been enacted without such invalid provision.

Section 6. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject

matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 7. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED AND ADOPTED, this 4th day of June 2019.

CITY OF SCHERTZ, TEXAS

Michael R. Carpenter, Mayor

ATTEST:

Brenda Dennis, City Secretary

(CITY SEAL)

CITY COUNCIL MEMORANDUM

City Council Meeting: June 4, 2019
Department: City Secretary
Subject: Resolution No. 19-R-68 - Consideration and/or action approving a Resolution adopting the Bexar County Election System and Software; Express Vote Universal Voting System for Early Voting in person, Early Voting by Mail, Election Day Voting and Provisional Ballots in all future elections held in Bexar County. (Mayor/Council/B. Dennis)

BACKGROUND

In an effort to achieve the ongoing goal of meeting the voting needs of the residents of Bexar County, Bexar County determined the need to purchase a new electronic voting system.

On March 26, 2019 the Bexar County Election Administrator voted unanimously for the new Electronic Voting System to Election System & Software (ES&S) upon approval of the contract by the Texas Secretary of State.

The County adopted this system on May 21, 2019 in their Commissioners Court.

The Texas Secretary of State has officially approved the contract between Bexar County and ES&S for the purchase of the Express Vote Universal Voting System.

The Express Vote Universal Voting System consists of many components; i.e., the ExpressVote Ballot Marking Device, the DS200 precinct digital scanner and tabulator, the DS450 high speed central scanner and tabulator, the ExpressTouch DRE and Electionware election management software.

The County has purchased the Express Vote Universal Voting System which is a “hybrid” system. It combines the touch screen voting experience with a paper ballot that prints out once the voter has reviewed the selections on the touch screen. The voter then deposits the paper ballot in a ballot scanner for counting. The ballot is retained in the scanner’s ballot box. This paper ballot is what is actually counted and can be utilized later for recount or audit purposes, if necessary.

The Texas Election Code (Section 123.001) requires that both the County and any entities that contract with the county for their elections adopt the new voting equipment prior to their first election using the system. The adoption action should include the following information:

Name of Vendor

Name of Voting System

Type of Equipment

What part of the election process it will be used for (early voting in person, early voting by mail, election day and provisional ballots)

What elections will it be used for (all elections or just certain elections)

Bexar County is planning to hold several training sessions as well as post on their website the ease of use of the new equipment.

Additionally, this is same voting equipment we approved in March that Guadalupe County will be using

in the November Election.

GOAL

Meeting the voting needs of the residents of Bexar County.

COMMUNITY BENEFIT

Meeting the voting needs of the residents of Bexar County with the ease of use of the equipment as well as having all residents of Bexar and Guadalupe County utilizing the same voting equipment for the upcoming November election.

SUMMARY OF RECOMMENDED ACTION

Approve Resolution No. 19-R-68 adopting the Bexar County Election System and Software.

FISCAL IMPACT

None at this time, but once the November 5, 2019 election is called, cost estimates for both Guadalupe and Bexar County will be submitted. Election costs are budgeted each year.

RECOMMENDATION

Staff recommends Council approve Resolution No. 19-R-68 adopting the Bexar County Election System and Software.

Attachments

Resolution

Bexar ES&S information

Photo

RESOLUTION NO. 19-R-68

A RESOLUTION BY THE CITY COUNCIL OF SCHERTZ ADOPTING THE BEXAR COUNTY ELECTION SYSTEM AND SOFTWARE; EXPRESS VOTE UNIVERSAL VOTING SYSTEM FOR EARLY VOTING IN PERSON, EARLY VOTING BY MAIL, ELECTION DAY VOTING AND PROVISIONAL BALLOTS IN ALL FUTURE ELECTIONS HELD IN BEXAR COUNTY, AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, in an effort to achieve the ongoing goal of meeting the voting needs of the residents of Bexar County, Bexar County has determined the purchase of a new electronic voting system is necessary; and

WHEREAS, on March 26, 2019 the Bexar County Election Administrator unanimously selected for the new Electronic Voting System to Election System & Software (ES&S) upon approval of the contract by the Texas Secretary of State; and

WHEREAS, the Texas Secretary of State has officially approved the contract between Bexar County and ES&S for the purchase of the Express Vote Universal Voting System, and on May 21, 2019 Bexar County Commissioners Court approved; and

WHEREAS, the Express Vote Universal Voting System consists of many components; i.e., the ExpressVote Ballot Marking Device, the DS200 precinct digital scanner and tabulator, the DS450 high speed central scanner and tabulator, the ExpressTouch DRE and Electionware election management software;

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS THAT:

The City Council hereby authorizes the adoption of the Bexar County Election System & Software; Express Vote Universal Voting System for Early Voting in Person, Early Voting by Mail, Election Day Voting and Provisional Ballots in all future elections held in Bexar County.

Section 1. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 2. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 3. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 4. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Resolution would have been enacted without such invalid provision.

Section 5. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 6. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED AND ADOPTED, this 7th day of March 2019

CITY OF SCHERTZ, TEXAS

Mayor Michael R. Carpenter

ATTEST:

Brenda Dennis, City Secretary

(CITY SEAL)

The State of Texas



Elections Division
P.O. Box 12060
Austin, Texas 78711-2060
www.sos.state.tx.us

Phone: 512-463-5650
Fax: 512-475-2811
TTY: 7-1-1
(800) 252-VOTE (8683)

David Whitley
Secretary of State

April 18, 2019

Jacque Callanen
Elections Administrator
Bexar County
1103 S. Frio, Suite 100
San Antonio, Texas 78207

Dear Ms. Callanen:

We are in receipt of a copy of the proposed contract between Bexar County and Election Systems & Software ("ES&S"), which you have submitted to the Secretary of State pursuant to Section 123.035 of the Texas Election Code.

The contract indicates the county plans to acquire ES&S's EVS 6020 which includes the DS200 precinct scanner, the DS450 central scanner, the DS850 central scanner, and the ExpressVote ballot marking device. This letter will serve as confirmation from our office that this system is currently certified for use in Texas. Enclosed is a copy of the certification order that pertains to this system. We therefore, officially, approve the submitted contract for the purchase of these systems.

Pursuant to state law, this written approval of your voting system contract is required prior to your final execution of the contract, or it will be considered void.

If you need additional information, please contact the Elections Division toll-free at 1-800-252-2216.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Ingram".

Keith Ingram
Director of Elections

Enclosures

KI:CP

The State of Texas

Elections Division
P.O. Box 12060
Austin, Texas 78711-2060
www.sos.texas.gov



David Whitley
Secretary of State

Phone: 512-463-5650
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Dial 7-1-1 For Relay Services
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REPORT OF REVIEW OF ES&S EVS 6.0.2.0 AND THE EXPRESSVOTE XL

PRELIMINARY STATEMENT

On January 22, 2019, Election Systems & Software (the "Vendor") presented EVS 6.0.2.0 and the ExpressVote XL for examination and certification. The examination was conducted in Austin, Texas. Pursuant to Sections 122.035(a) and (b) of the Texas Election Code, the Secretary of State appointed the following examiners:

1. Mr. Tom Watson, an expert in electronic data communication systems; and
2. Mr. Charles Pinney, an expert in election law and procedure.

Pursuant to Section 122.035(a), the Texas Attorney General appointed the following examiners:

1. Dr. Jim Sneeringer, an expert in electronic data communication systems; and
2. Mr. Ryan Vassar, an employee of the Texas Attorney General.

On January 22, 2019, Mr. Watson, Mr. Pinney, Dr. Sneeringer, and Mr. Vassar were present and witnessed the installation of the EVS 6.0.2.0 software and firmware that the Office of the Texas Secretary of State (the "Office") received directly from the Independent Testing Authority. Mr. Pinney and Ms. Krystine Ramon, a staff attorney with the Office, examined the accessibility components of the ExpressVote XL.

After the accessibility review, the Vendor demonstrated the system and answered questions presented by the examiners. Test ballots were then processed on the ExpressVote XL. The results were accumulated and later verified for accuracy by staff of the Secretary of State.

Examiner reports on the system are attached hereto and incorporated herein by reference.

On March 13, 2019, a public hearing was conducted in which interested persons were given an opportunity to express views for or against certification of the system.

BRIEF DESCRIPTION OF EVS 6.0.2.0 AND THE EXPRESSVOTE XL

The EVS 6.0.2.0 Voting System contains a new hardware component and an updated version of the reporting module in the ElectionWare software in previous versions of EVS that the Secretary of State certified on December 15, 2016, July 28, 2017, and November 15, 2018.

EVS 6.0.2.0 (together with ExpressVote and ExpressTouch) has been evaluated at an accredited independent voting system testing laboratory for conformance to the 2005 Voluntary Voting System Guidelines. It has received Elections Assistance Commission (EAC) # ESSEVS6020 on October 4, 2018.

The components of EVS 6.0.2.0 are as follows:

Component	Version	Description
ExpressVote XL	1.0.0.0	Accessible ballot marker and precinct scanner
ExpressTouch	1.0.0.0	Accessible electronic vote capture and tabulation device
DS200	2.17.0.0	Precinct Scanner and Tabulator
DS450	3.1.0.0	Central Scanner and Tabulator
DS850	3.1.0.0	Central Scanner and Tabulator
ExpressVote HW 1.0	1.5.0.0	Accessible electronic ballot marker
ExpressVote HW 2.1	2.4.0.0	Accessible electronic ballot marker and precinct scanner
ElectionWare	5.0.1.0	Database system that allows jurisdictions to code, lay out ballots, and burn media
ES&S Event Log Service	1.6.0.0	Background function that monitors the functioning of Windows Event Viewer
ExpressVote Previewer 1.0	1.5.0.0	Allows user to preview screen and layout and audio for ExpressVote
ExpressVote Previewer 2.1	2.4.0.0	Allows user to preview screen and layout and audio for ExpressVote
Removable Media Service	1.5.0.0	Supports installation and removal of election and results media

FINDINGS

The following are the findings, based on written evidence submitted by the Vendor in support of its application for certification, oral evidence presented at the examination, and Texas voting system examiner reports.

The EVS 6.0.2.0 Voting System and the ExpressVote XL ballot marking device and precinct scanner meet the standards for certification as prescribed by Section 122.001 of the Texas Election Code. Specifically, the EVS 6.0.2.0 and the ExpressVote XL components, among other things:

1. Preserve the secrecy of the ballot;
2. Are suitable for the purpose for which they are intended;
3. Operate safely, efficiently, and accurately and comply with the voting system standards adopted by the Election Assistance Commission;
4. Are safe from fraudulent or unauthorized manipulation;
5. Permit voting on all offices and measures to be voted on at the election;
6. Prevent counting votes on offices and measures on which the voter is not entitled to vote;
7. Prevent counting votes by the same voter for more than one candidate for the same office or, in elections in which a voter is entitled to vote for more than one candidate for the same office, prevent counting votes for more than the number of candidates for whom the voter is entitled to vote;
8. Prevent counting a vote on the same office or measure more than once;
9. Permit write-in voting;
10. Are capable of permitting straight-party voting; and
11. Are capable of providing records from which the operation of the system may be audited.

CONCLUSION

Accordingly, based upon the foregoing, I hereby certify the EVS 6.0.2.0 Voting System and the ExpressVote XL for use in elections in Texas.

Signed under my hand and seal of office, this 28th day of MARCH, 2019.



JOSE A. ESPARZA
DEPUTY SECRETARY OF STATE

The State of Texas

Elections Division
P.O. Box 12060
Austin, Texas 78711-2060
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7. Prevent counting votes by the same voter for more than one candidate for the same office or, in elections in which a voter is entitled to vote for more than one candidate for the same office, prevent counting votes for more than the number of candidates for whom the voter is entitled to vote;
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10. Are capable of permitting straight-party voting; and
11. Are capable of providing records from which the operation of the system may be audited.

CONCLUSION

Accordingly, based upon the foregoing, I hereby certify the EVS 6.0.2.0 Voting System and the ExpressVote XL for use in elections in Texas.

Signed under my hand and seal of office, this 28th day of MARCH, 2019.

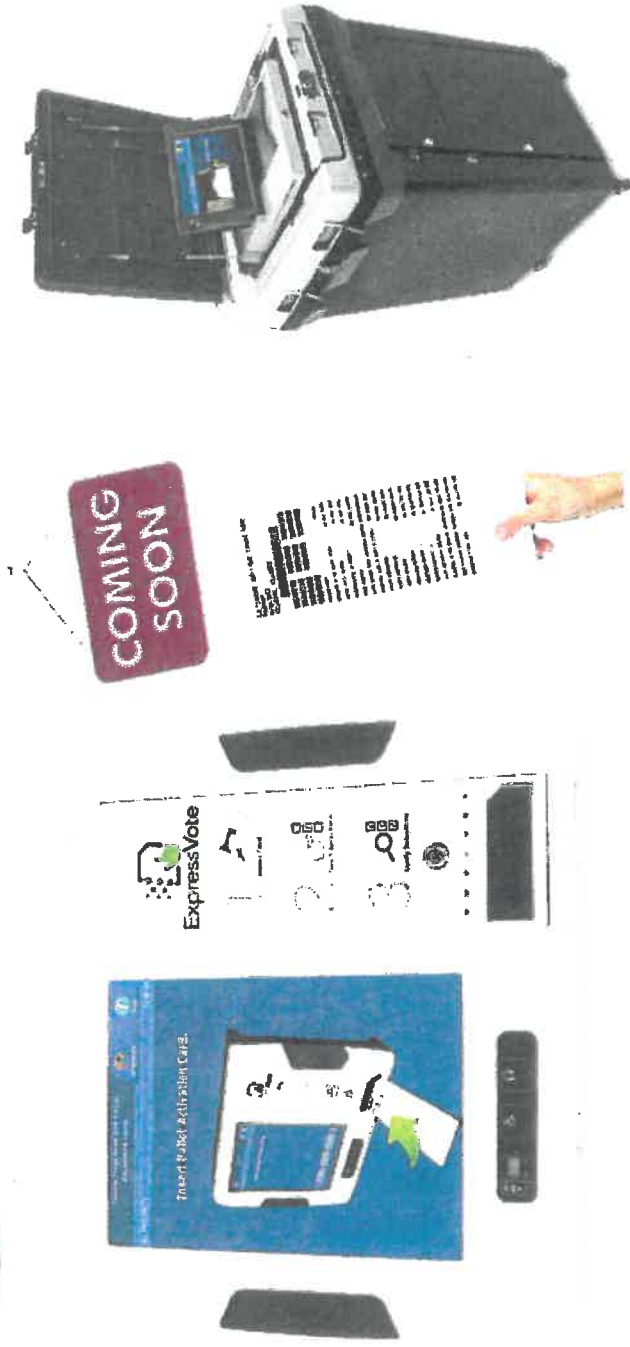


JOSE A. ESPARZA
DEPUTY SECRETARY OF STATE



The Future of Voting in Bexar County

Coming soon to a poll site near you, November 2019
(Próximamente en un centro de votación cercano a usted, noviembre de 2019)



1. Make your selections on the Express Vote touch screen voting unit.
(Haga sus selecciones en la maquina de votación en la pantalla táctil Express Vote.)

2. Print your ballot card and verify your selections.
(Imprima su boleta y verifique sus selecciones.)

3. Cast your ballot card into the DS200 precinct tabulator.
(Emita su boleta en el DS200 tabulador del distrito electoral.)

CITY COUNCIL MEMORANDUM

City Council Meeting: June 4, 2019

Department: City Secretary

Subject: Appointments/Reappointments and Resignations to the various City Boards, Commissions and Committees – Consideration and/or action regarding expiring appointments/reappointments and resignations to The Board of Adjustment, Building and Standards Commission, Economic Development Corporation Board, Committee of Committees Advisory Board, Historical Preservation Committee, Library Advisory Board, Planning & Zoning Commission, Parks & Recreation Advisory Board and the Transportation Safety Advisory Commission.
(Mayor/Council/B. Dennis)

BACKGROUND

The Interview Board for Boards, Commissions, and Committees held a meeting on Thursday, May 30, 2019 to conduct interviews and consider reappointments/resignations to the various Boards, Commissions, and Committees whose terms expired May 31, 2019.

The Interview Board requests that Council approve the resignations of:

- Ms. Shonale Burke from the Library Advisory Board and the Committee of Committees Advisory Board.
- Mr. Robert Lopez from the Library Advisory Board.
- Mr. Mark Tew and Tim Brown from the Economic Development Corporation. (EDC)
- Mr. Phillip Rowland and Jim Fowler from the Parks and Recreation Advisory Board.
- Mr. David Lynch from the Schertz Historical Preservation Committee.
- Mr. Glen Outlaw from the Traffic Safety Advisory Commission.

The members of the Interview Board agreed to recommend to Council the following re-appointments and appointments of the following individuals to various boards, committees and commissions with a term expiration date of May 2021:

Board of Adjustment

- Frank McElroy– Reappoint
- Regina Agee– Reappoint
- Danielene Sales - Reappoint

Building and Standards Commission

- Capt. Daniel “Frenchy” Bourgeois – Appoint as Regular Member
- Matthew Wood – Appoint as Regular Member
- Shawn Moore – Appoint as Alternate Member

Committee of Committees Advisory Board

- Richard Dziewit – Reappoint
- Paul Macaluso – Reappoint
- Chris Bryan & Patti Dilworth – Appoint from Library Board

Economic Development Corporation

- Roy Richard – Reappoint

- Benjamin (Ben) McDaniel – Appoint as Regular Member
- Bryan Snowden – Appoint as Regular Member

Historical Preservation Committee

- Paul Ringenbach – Reappoint
- Rosalyn Wise – Reappoint
- Pete Perez – Reappoint
- John Baker – Reappoint
- Capt. Daniel “Frenchy” Bourgeois – Appoint as Regular Member – Replacing David Lynch
- [Sabrina Allen – Appoint as Regular Member – Replacing LaDonna Bacon](#)

Library Advisory Board

- Laura Wilson - Reappoint
- Ruth Tienor – Reappoint
- Patti Dilworth – Reappoint
- Margaret Riley – Reappoint
- Patti Paulson – Reappoint
- Kenneth Bauer – Reappoint to Regular Member
- Christine Bryan – Reappoint to Regular Member
- Beverly Clarke – Appoint as Alternate Member
- Julie Smith – Appoint as Alternate Member

Parks and Recreation Advisory Board

- Reginee Agee – Reappoint
- Floy Simmons - Reappoint
- Robert Sheridan III – Reappoint as Regular Member
- Carol Yauger – Reappoint as Regular Member
- James Garvin– Appoint as Alternate Member
- Shawn Moore – Appoint as Alternate Member

Planning and Zoning Commission (P & Z)

- Gordon Rae– Reappoint
- LaDonna Bacon – Reappoint
- Richard Braud – Reappoint

Transportation Safety Advisory Commission (TSAC)

- Stephen Bish – Reappoint
- Bill Bowers – Reappoint
- Richard Dziewit – Reappoint
- Mark Moody – Reappoint
- John Sullivan – Reappoint
- Brandon Bristow- Reappoint to Regular Member from Alternate
- Tyler Heasley – Appoint as Alternate Member

The following boards currently have the following vacancies still open:

(1) - One Alternate position on Building & Standards Commission

GOAL

Repopulate/reappoint vacancies on various Boards, Commissions and Committees.

COMMUNITY BENEFIT

Involving the City of Schertz Citizens with their City.

SUMMARY OF RECOMMENDED ACTION

Based on the recommendations by the Interview Board staff recommends Council approve the resignations, reappointments and appointments as stated above.

FISCAL IMPACT

N/A

RECOMMENDATION

Based on the recommendations by the Interview Board staff recommends Council approve the resignations, reappointments and appointments as stated above.

CITY COUNCIL MEMORANDUM

City Council Meeting: June 4, 2019

Department: City Secretary

Subject: Discussion on Public Improvement Districts. (Mayor/M. Browne/Dan Santee)

BACKGROUND

The possibility of a Public Improvement District (PID) for the golf course was discussed at the May 28, 2019, Council meeting. During this workshop, City Attorney, Dan Santee, will give a presentation on the legal requirements of a PID according to the Texas Local Government Code and the process to follow for its establishment. The objective of this presentation is to educate Council and provide residents the information they need to begin the process of formulating a PID for eventual presentation to Council.

Specifically, Mr. Santee, will discuss the requirements of Chapter 372 of the Local Government Code, including the petition process for a PID to be considered by City Council, the types of projects eligible for a PID, the process City Council will use to evaluate the proposal for the PID, and description of the type of financial assessment that would be required for the residents within the PID. Mr. Santee will then be available to answer questions as required.

GOAL

N/A

COMMUNITY BENEFIT

N/A

SUMMARY OF RECOMMENDED ACTION

N/A

FISCAL IMPACT

N/A

RECOMMENDATION

N/A

Attachments

Chapter 372 Local Govt Code

- Chapter 372 of the Local Government Code
- City Council may initiate the petition process
- must promote an interest of the City
- golf course and treatment plant are eligible
- the petition requirements are very detailed as to the project specifics
- generally....more than 50% of those owners within proposed boundaries must sign
- specific findings may be made by City Council if petition filed with City Secretary
- may use City staff or consultants to compile report prior to required public hearing
- may appoint advisory board but not required
- public hearing requires publication and individual notice to owners to be assessed
- during the six months after the hearing the City Council may authorize the PID
- election not required
- requires majority of all members of council
- assessment can be different among properties and may be adjusted year to year
- can be dissolved by same petition process as formed but assessment remains until paid

LOCAL GOVERNMENT CODE

CHAPTER 372. IMPROVEMENT DISTRICTS IN MUNICIPALITIES AND COUNTIES

SUBCHAPTER A. PUBLIC IMPROVEMENT DISTRICTS

1. The City Council may exercise the powers granted under 372 either by initiating the petition process or upon receipt of a petition. Sec. 372.002
2. The City Council must find that the proposed improvement promotes an interest of the municipality. Sec. 372.003
3. The following are eligible under 372: acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements and the establishment or improvement of parks, as well as special supplemental services for improvement and promotion of the district...including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement....and the payment of expenses incurred in the establishment, administration, and operation of the district. Sec. 372.003
4. An improvement project may consist of an improvement on more than one street or of more than one type of improvement. A project described by this section may be included in one proceeding and financed as one improvement project. The golf course and treatment plant can be one project. Sec. 372.004
5. A petition for the establishment of a public improvement district must state:
 - a. the general nature of the proposed improvement;
 - b. the estimated cost of the improvement;
 - c. the boundaries of the proposed assessment district;
 - d. the proposed method of assessment, which may specify included or excluded classes of assessable property;
 - e. the proposed apportionment of cost between the public improvement district and the City;
 - f. whether the management of the district is to be by the City, the private sector, or a public private partnership;
 - g. that the persons signing the petition request or concur with the establishment of the district; and
 - h. that an advisory body may be established to develop and recommend an improvement plan to the City Council. Sec. 372.005
6. The petition is sufficient if signed by:
 - a. owners of taxable real property representing more than 50 percent of the appraised value of taxable real property liable for assessment under the proposal, as

determined by the current roll of the appraisal district in which the property is located; and

- b. record owners of real property liable for assessment under the proposal who:
 - (1) constitute more than 50 percent of all record owners of property that is liable for assessment under the proposal; or
 - (2) own taxable real property that constitutes more than 50 percent of the area of all taxable real property that is liable for assessment under the proposal.
- c. The petition may be filed with the City Secretary. Sec. 372.005

7. If a petition that complies with this subchapter is filed, the City Council **may** make findings by resolution as to the advisability of the proposed improvement, its estimated cost, the method of assessment, and the apportionment of cost between the proposed improvement district and the City. Sec. 372.006

8. Before holding the required public hearing, the City Council may use City employees or consultants to prepare a report to determine whether an improvement should be made as proposed by petition or otherwise or whether the improvement should be made in combination with other improvements authorized...the City Council may also require that a preliminary estimate of the cost of the improvement or combination of improvements be made. Sec. 372.007

9. For the purpose of determining the feasibility and desirability of an improvement district, the City Council may take other preliminary steps before the required public hearing, before establishing a public improvement district, or before entering into a contract. Sec. 372.007

10. After receiving a petition that complies, the City Council **may** appoint an advisory body with the responsibility of developing and recommending an improvement plan to the City Council. Sec. 372.008

11. The composition of the advisory body **must** include owners of taxable real property representing more than 50 percent of the appraised value of taxable real property liable for assessment under the proposal, as determined by the current roll of the appraisal district in which the property is located; and record owners of real property liable for assessment under the proposal who constitute more than 50 percent of all record owners of property that is liable for assessment under the proposal; or own taxable real property that constitutes more than 50 percent of the area of all taxable real property that is liable for assessment under the proposal. Sec. 372.008

12. A public improvement district may be established and improvements provided by the district may be financed only after the City Council holds a public hearing on the advisability of the improvement. Sec. 372.009

13. The hearing may be adjourned from time to time until the City Council makes findings by resolution as to:

- a. the advisability of the improvement;
- b. the nature of the improvement;
- c. the estimated cost of the improvement;

- d. the boundaries of the public improvement district;
- e. the method of assessment; and
- f. the apportionment of costs between the district and the City. Sec. 372.009

14. Notice of the hearing must be given in a newspaper of general circulation in the City. The final publication of notice must be made before the 15th day before the date of the hearing. Sec.372.009

15. The notice must state:

- a. the time and place of the hearing;
- b. the general nature of the proposed improvement;
- c. the estimated cost of the improvement;
- d. the boundaries of the proposed assessment district;
- e. the proposed method of assessment; and
- f. the proposed apportionment of cost between the improvement district and the City. Sec. 372.009

16. Written notice containing the above required information must be mailed before the 15th day before the date of the hearing. The notice must be addressed to "Property Owner" and mailed to the current address of the owner, as reflected on tax rolls, of property subject to assessment under the proposed public improvement district. Sec. 372.009

17. During the six-month period after the date of the final adjournment of the hearing, the City Council may authorize an improvement district if, by majority vote of all members of the City Council, the members adopt a resolution authorizing the district in accordance with its finding as to the advisability of the improvement. Sec. 372.010

18. An authorization takes effect when it has been published one time in a newspaper of general circulation in the City. Sec. 372.010

19. Actual construction of an improvement may not begin until after the 20th day after the date the authorization takes effect and may not begin if during that 20-day period written protests signed by at least two-thirds of the owners of record of property within the improvement district or by the owners of record of property comprising at least two-thirds of the total area of the district are filed with the City Secretary. A person whose name appears on a protest may withdraw the name from the protest at any time before the City Council convenes to determine the sufficiency of the protest. Sec. 372.010

20. A public hearing may be called and held for the purpose of dissolving a district if a petition requesting dissolution is filed and the petition contains the signatures of at least enough property owners in the district to make a petition sufficient. If the district is dissolved, the district nonetheless shall remain in effect for the purpose of meeting obligations of indebtedness for improvements. Sec. 372.011

21. The City Council shall apportion the cost of an improvement to be assessed against property in an improvement district. The apportionment shall be made on the basis of special benefits accruing to the property because of the improvement. Sec. 372.015

22. Cost of an improvement may be assessed:

- a. equally per front foot or square foot;
- b. according to the value of the property as determined by the City Council, with or without regard to improvements on the property; or
- c. in any other manner that results in imposing equal shares of the cost on property similarly benefitted.
- d. The City Council may establish by ordinance or order:
 - (1) reasonable classifications and formulas for the apportionment of the cost between the municipality or county and the area to be assessed; and
 - (2) the methods of assessing the special benefits for various classes of improvements.
- e. The amount of assessment for each property owner may be adjusted following the annual review of the service plan. Sec. 372.015

CITY COUNCIL MEMORANDUM

City Council Meeting: June 4, 2019
Department: City Secretary
Subject: Discussion on the Northcliffe Golf Course. (Mayor/M. Browne/B. James)

BACKGROUND

The purpose of this workshop is to provide an opportunity for council to discuss the recent Northcliffe Golf Course closure and address resident concerns. During this workshop, a short presentation will be made to address a few issues such as zoning in the area of the golf course, code enforcement after closure and water issues affected by the closing to help focus the discussion. The outcome of this workshop will be a better understanding by residents of council views on the issues and the vetting of different ideas to help solve the problem.

GOAL

N/A

COMMUNITY BENEFIT

N/A

SUMMARY OF RECOMMENDED ACTION

N/A

FISCAL IMPACT

N/A

RECOMMENDATION

N/A

Attachments

Northcliffe GC Assessment



**Northcliffe Golf Course
Facility Assessment
for The City of Schertz, Texas**

August 2011

prepared by:



NORTHCLIFFE GOLF COURSE FACILITY ASSESSMENT

August 25, 2011

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FORWARD

Colligan Golf Design has been retained by the City of Schertz to provide a facility assessment for Northcliffe Golf Course. This assessment has been composed in order to provide the City of Schertz with an overview of the conditions of the various components associated with the facility and the cost to bring these components up to standards expected of a course in the Hill Country. While we have noticed many items, which could be added to improve Northcliffe Golf Course, it is our intention to address only those items, which are basic to the facility's daily operation and the areas, we were contracted to review.

The items addressed in our report are:

Golf Course

I. General Overview

- A. Aesthetics
- B. Playability
- C. Maintainability
- D. Security/Vandalism

II. Greens

- A. Size
- B. Grass Conditions
- C. Contour Analysis
- D. General Character

III. Tees

- A. Size
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IV. Fairways

- A. Character
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- C. Rough
- D. Trees

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- A. Impact on the Course
- B. Condition

VII. Drainage

- A. Flood Issues
- B. Adjacent Land
- C. On Course System
- D. Future Issues

VIII. Irrigation

IX. Maintenance

X. Cart Storage and Staging

XI. Clubhouse Parking

XII. Restrooms/Shelters

I. General Items

A. Aesthetics

Northcliffe would not be considered a very photogenic golf course. This is due primarily to the surrounding development, concrete drainage channels from the development and a severe lack of TLC over recent years.

There was also a major drought in progress at the time of the course inventory. With only 200,000 gallons or 1/5th of the water typically used to irrigate a course with the acreage of Northcliffe, it is impossible to create a lush attractive course.

B. Playability

From a playability viewpoint, Northcliffe suffers from what most housing development courses suffer from, out of bounds. The majority of the golf holes have OB on one side and many have it on both sides. In addition, the many drainage ways throughout the course are hard to see or completely blind.

Bunkers on the course are in bad condition making them difficult to play out of and the greens are contaminated with several varieties of turf making putting very challenging.

C. Maintainability

Overall the features at Northcliffe are fairly soft and maintenance friendly. However the drainage system that runs into and throughout the course add much in the way of maintenance. In addition, being a development course requires a large amount of trimming along the perimeter of the course.

These items with a tight budget make maintenance very challenging.

D. Security/Vandalism

Once again, the culprit here is being a development course. The nature of these layouts is to have many openings from roads and adjacent property that will allow for access onto the course from many parts. The more access points, the more opportunity vandalism.

II. Greens

A. Size

The greens at Northcliffe average slightly under 5,000 square feet, ranging from 3,350 to 6,300. This size is adequate for the number of rounds presently being played on the course, but would be somewhat under sized should the rounds get over 40,000 per year.

B. Grass Conditions

At the time of this assessment the greens had a good stand of grass on them. The primary issues are the various varieties on each green which makes for inconsistent growth habits and poor putting conditions. The grasses appear to be a combination of Tifdwarf, 328, 419 and common bermudagrass.



C. General Character

The original construction method of the greens at Northcliffe is unknown. What is known is the greens are over 40 years old; this is almost twice the life expectancy of the average green according to the USGA.

The overall character of the greens and surrounds is fairly dated and nondescript, needing a fresh look to be more competitive in the market place.

D. Contour Analysis

Due to the age of the greens, the majority of contour the greens had when they were new has disappeared due to the many layers of topdressing sand which have been applied.

III. Tees

A. Size

The tees at Northcliffe are of adequate size for the number of rounds being played on the course at this time. However, should rounds pick up these tees will need to be leveled and enlarged.

The tee on the practice range could stand to be leveled and enlarged as well.

B. Turf Conditions

Much like the greens, the tees have a variety of grasses and weeds. The tees will need to be regrassed when they are enlarged.



IV. Fairways

A. Character

The overall character of the fairways at Northcliffe is very poor. They are very rough for play as well as riding in a golf cart.



B. Turf Conditions

Like the character the turf conditions are very poor in the fairways. They are contaminated with a variety of grasses and weeds. All the fairways will need to be sprayed with several applications of herbicide, floated to create a smooth surface and then regrassed.

V. Hazards

A. Sand Bunkers

With a maintenance budget of \$250,000+/- there is no wonder that the sand bunkers are in bad condition. The course has 44 greenside bunkers and 6 fairway bunkers with a total of approximately 56,000 square feet.

All the bunkers will need to be renovated in order to bring the course up to a level that can demand higher fees while attracting more rounds. The renovation of the bunkers would include removing existing sand and drainage, reshaping bunkers, installation of liner, drainage and new sand.



The addition of new bunkers in high visibility areas of the course, such as the window along I-35, could help to attract attention to the course.

B. Water

The water features at Northcliffe consist of 4 lakes. Two small, one medium and an irrigation lake with a surface area approximately 3.5 acres. At the time of our visit one of the small lakes was dry. The edges of the lakes could use repair from erosion due to wave action. In addition, they should be designed with a shelf around the perimeter for safety reasons.

Along with the lakes there were several dry drainage channels that carry storm water from the surrounding development. The water from the development is transferred onto the course via very unsightly concrete flumes that detract from any beauty the course might have.

A renovation of the course would require the addition of a below grade drainage system which make the course more playable, maintainable and more beautiful.

C. Rough

At the time of our visit the rough had not been irrigated in some time due to the shortage of water. The irrigation system is capable of a maximum coverage of 130 acres but at the present time the only have enough to irrigate approximately half that amount.

When the course gets an increased water supply the rough can be grown to add definition and strategy to the course.

D. Trees

There are very few trees and most of those are not very attractive. A master plan would recommend the addition of many more trees to add color, definition and strategy.

VI. Cart Paths

A. Impacts on the Course

The cart paths at Northcliffe are a full loop system, five to six foot wide.

In addition to being narrow, the paths tend to be very obtrusive visually. There are areas on the course where the paths are located in areas that could be considered to be in play and some that put the player in danger of being hit from adjacent holes.



B. Condition

The overall condition of the paths at Northcliffe is very poor. Many areas are severely cracked and will need to be repaired in the near future. CGD would recommend that new paths be installed throughout the course and that all liability issues be resolved in the process.



VII. Drainage

A. Flood Issues

As with many courses built within a housing development, Northcliffe serves as a drainage solution for the community. The storm drains within the neighborhood empty onto the course via unsightly concrete flumes which carry the water across the course into a ragged looking drainage ditches within the course.

There is no subsurface drainage system within the golf course. A system of this nature would help the course look better, drain more quickly and reduce erosion on the property.

B. Adjacent Land

Northcliffe is no different than the majority of other courses having development surrounding them; the adjacent home owners use the course to drain water and will often run irrigation more than necessary. This can often cause maintenance problems around the perimeter of the course.

The majority of property around the course is developed however, there are a few tracts that will need to be watched to insure that silt will not wash onto the course when the construction process starts.

C. On Course System

At the present time the on course drainage system consist of concrete swales, eroded ditches and a couple of ponds which help to slow the flow. There is no underground system at this time but it will be incorporated should the course be renovated.



D. Future Issues

With more development around the course being a certainty, more water will be coming due to the roof tops and concrete. In addition, oil, trash and more erosion will be taking place if it is not planned for. Silt can be the most damaging if it is not held in place and planned for.

IX. Maintenance

The maintenance area at Northcliffe appears to be in very poor condition. There is a main maintenance building, a building for the mechanic and a covered area for the large equipment which is exposed to the elements.

The main building is under sized and lacks adequate storage as is the mechanic bay.

Chemical/Fertilizer storage would most likely not pass governmental regulations as would the wash area.

The equipment used to maintain the course is old and in need of being replaced.

X. Restrooms/Shelters

There are two restrooms on the course at Northcliffe. The facility on the 7th tee is in very poor shape. The one next to 13 green is in very good condition and appears to be of better construction than most of the surrounding homes.



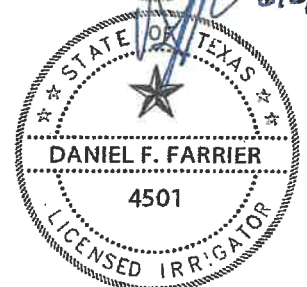
NorthCliffe Golf Course
Cibolo, Texas

Irrigation System Review

August 2, 2011

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August 2, 2011

Irrigation System Review NorthCliffe Golf Course

This report is an overview evaluation regarding the existing irrigation system of NorthCliffe Golf Course located in Cibolo, Texas.

The considerations presented are based on 1) discussion with Mr. Thomas Gonzales, the golf course superintendent; 2) site review; 3) brief discussion with Fleming Brothers, the 1999 renovation contractor, 4) brief discussion with Bill Crawford with Waterborne Pumps regarding the current condition of the pump station; and 5) 24 years of golf course irrigation design and engineering experience.

The opinions expressed were developed by looking at the primary components that make up the irrigation system and then considering how well they can work together to provide irrigation performance. Actual irrigation results are influenced by many considerations.

I. IRRIGATION PERFORMANCE

The list on the right shows a number of common attributes used to determine the performance of an irrigation system.

Less than satisfactory performance of one item can degrade the achievable performance. As the weakest link in a chain determines the maximum strength of a chain, so it is with irrigation performance . . . the weakest irrigation component limits the overall performance. The achievable quality and consistency of turf are directly related to irrigation performance.

It is only when the irrigation sub-systems complement each other that exceptional irrigation performance is enabled. The most value (most performance for the least dollars) is achieved when the performance of each sub-system matches the level of performance of the others.

Irrigation Performance Includes:

- Coverage
- Special Optional Coverage
- Application Amount
- Horticultural Control
- Water Window
- Sprinkler Distribution Uniformity
- Scheduling Flexibility
- Cost
- Resource Efficiency
- Pipe and Pumping Flow Management
- Reliability/Longevity
- Water Conservation/Management

II. NORTHCLIFFE IRRIGATION

A. General

1. The NorthCliffe Golf Course irrigation system generally provides double to triple row coverage. It provides roughly 108 acres of coverage. The turf area within the golf course boundary is approximately 132 acres. Some areas of the course are restricted from reclaimed water irrigation.
2. The irrigation system uses reclaimed water provided by the sewage treatment plant located at the Northwest corner of the property. The plant has a treatment capacity of 200,000 gallons per day. Treated reclaimed water is delivered to the irrigation pond automatically. The treatment plant is operating at its capacity. Additional amounts of untreated sewage beyond the plant's capacity are pumped to other treatment facilities.
3. A water well is located near the irrigation pond. The cost and available use of well water is under the regulatory authority of a local water district. The flow rate capacity of the water well was not available and not known by the superintendent. It has not been used for several years. Further investigation of the drilling record filed with the TCEQ or the records that the local water authority may have is required to estimate the current flow rate capacity of the water well.
4. The existing irrigation system was designed and installed approximately 10 to 11 years ago. New piping and electric VIH (valve in head) sprinklers were used in the new design.
5. The system has a Toro Site Pro central control with OSMAC wireless control. There are 20 field satellites. Field satellites are RDR units without stand-alone capability. The central computer and software have not been upgraded since they were installed over 10 years ago.

B. Coverage

1. There are approximately 850 large radius VIH sprinkler heads used in the irrigation system.
2. The coverage does not extend to the property boundaries. There are areas of significant size that are not irrigated. A depiction of the existing coverage is included at the end of this report.

C. Horticultural Control

Horticultural control is the ability to adjust the irrigation in response to specific area watering requirements. Horticultural control is necessary to make adjustments based on turf type, sun & shade, mowing height, soil conditions, exposure, contours and other factors that affect wet and dry tendencies.

1. The large radius sprinklers heads are suitable for the existing modest contouring of the course architecture.

2. Separate sprinkler heads are provided for the green and green surrounds. Individual sprinkler station control is provided.
3. The spacing of fairway sprinklers is generally 80 feet.
4. Generally, two fairway heads are controlled by a single operating station. Sprinkler heads have been electrically tied together in the field as opposed to being tied at the satellite field controller.

D. Application Ability

Irrigation systems are designed with the ability to pump and distribute a sufficient volume of water to maintain quality turf during the months of July and August without rain. Critical factors in achieving suitable application ability are pumping capacity, piping distribution capacity, and the control system's flow management capability.

1. Pumping Considerations

- a) The existing pumping station has two 75 hp main pumps and a submersible pressure maintenance pump. The station VFD drive required replacement in 2009. The analog card of the PLC control was also replaced. Pumps were noted as worn out and producing less than their normal output. It was noted that the pumps were not free turning. Turning resistance is believed to be either calcium buildup or worn bearings.
- b) With full and normal equipment operation, the station should be able to provide a flow rate capacity of 1,400 to 1,500 gpm.
- c) The existing pumping system includes an automatic flushing filter and fertigation metering. The filter is being by passed. The filter mesh screens have been removed from the filters due to repeated clogging of the very fine openings of the screen.
- d) A system to inject chlorine bleach is provided in keeping with the requirements for using reclaimed water.
- e) The air conditioner for the VFD drive is not working. The main panel doors are left open to aid in the cooling of the VFD drive and electrical panels.
- f) The operating set pressure is 115 psi.
- g) The system is currently operated in the flow range of 600 to 1,000 gpm.

2. Piping Considerations

- a) The existing piping is adequately designed and sized to distribute the capacity of the pumping station (approx. 1,400 gpm).
- b) The Toro Site Pro central computer system has station based flow management and has the capability for excellent flow management

capability. This is the primary means to control and manage the distribution of flow throughout the piping network.

E. Water Resource

1. The existing irrigation is significantly limited by the available water resources.
2. The treatment plant provides up to 200,000 gallons of reclaimed water daily. The water provided is provided without charge. The golf course is the primary disposal site for the water treatment plant. The golf course is required to use the reclaimed water throughout the year independent of irrigation needs.
3. The available reclaimed water is inadequate as the primary water source for the irrigation system for most of the year. The system is designed to be able to distribute between 600,000 gallons and 750,000 gallons daily.
4. As the disposal site for the treatment plant, the golf course is required to distribute treated water year round. During winter months and generally wet conditions, the course must still dispose of the water. Some additional sprinklers have been added (that are not indicated on the 1999 design) to distribute reclaimed water out of golf play areas when the golf course doesn't need watering (the right side of hole 1).
5. The water well has not been used for the last several years. Its use and cost fall under the authority of a local water district.
6. The irrigation pond is approximately 3.5 acres in size. The volume of the water in the top 12" of capacity is approximately 1,144,500 gallons. The location of the pond makes the water level very aesthetically important.

III. GENERAL PERSPECTIVE

A. Existing

1. The distribution and application capacity of the piping irrigation system are adequate and suitable for achieving and maintaining very good turf within the existing areas of intended coverage. This includes the pumping volume, piping network, and control system.
2. The available reclaimed water resource is inadequate. The treatment plant's capacity of 200,000 gallons corresponds to a 0.08 inch irrigation application (without the consideration for loss as a result of pond evaporation). It is my opinion that water resource(s) for a golf course should be able to provide a maximum application of 0.3 inches.

B. Future Considerations

1. With the capacity of the existing reclaimed water resource, an additional primary water resource is required to meet normal summer time expectations for golf

course turf maintenance. Utilizing the water well and/or finding additional water resources is critical.

2. The following table indicates the estimated water pumping rates necessary for additional water resources necessary to provide full turf performance during the summer season for the existing coverage area. These amounts are in addition to the existing 200,000 reclaimed water supply.

Recharge Time	Recharge Amount	
	400,000 gallons	550,000 gallons
18 hours	370 gpm	510 gpm
24 hours	278 gpm	382 gpm

3. Additional pumping capacity would be required to irrigate the complete rough and course perimeter.
4. The existing main line piping could be supplemented to increase the distribution capacity to increase the coverage to rough and course perimeter.
5. Reclaimed water cannot be used where it would run off the property or in non-reclaimed ponds that overflow to adjacent property.
6. It is reasonable to consider that the existing pumping station should be replaced in the near future.
7. The field satellite controllers do not have stand-alone capability. Any irrigation renovation should include new field satellites.
8. Upgrading of the computer central hardware and software are overdue.

IV. SUPPORTING INFORMATION

A. Drawings

1. Est. Maximum Turf Boundary
2. Approx. Existing Coverage Area
3. 1999 Irrigation Design

B. Spreadsheets

1. Estimated water requirements for a 0.3 inch application using the existing irrigation system
2. Estimated water application ability if the water usage is restricted to 200,000 gallons



Water
Treatment
Plant

Reclaimed Water Pond
2.5 acres

Estimated Maximum Turf
Boundary
Hatched Area: 132 acres
1" of water = 3,623,756 gallons
0.25" = 905,939 gallons

Scale 1" = 100'

NorthCliffe Golf Course
Cibolo, Texas

Irrigation System
Est. Maximum Turf Boundary

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Dwg: 1NorthC.dwg

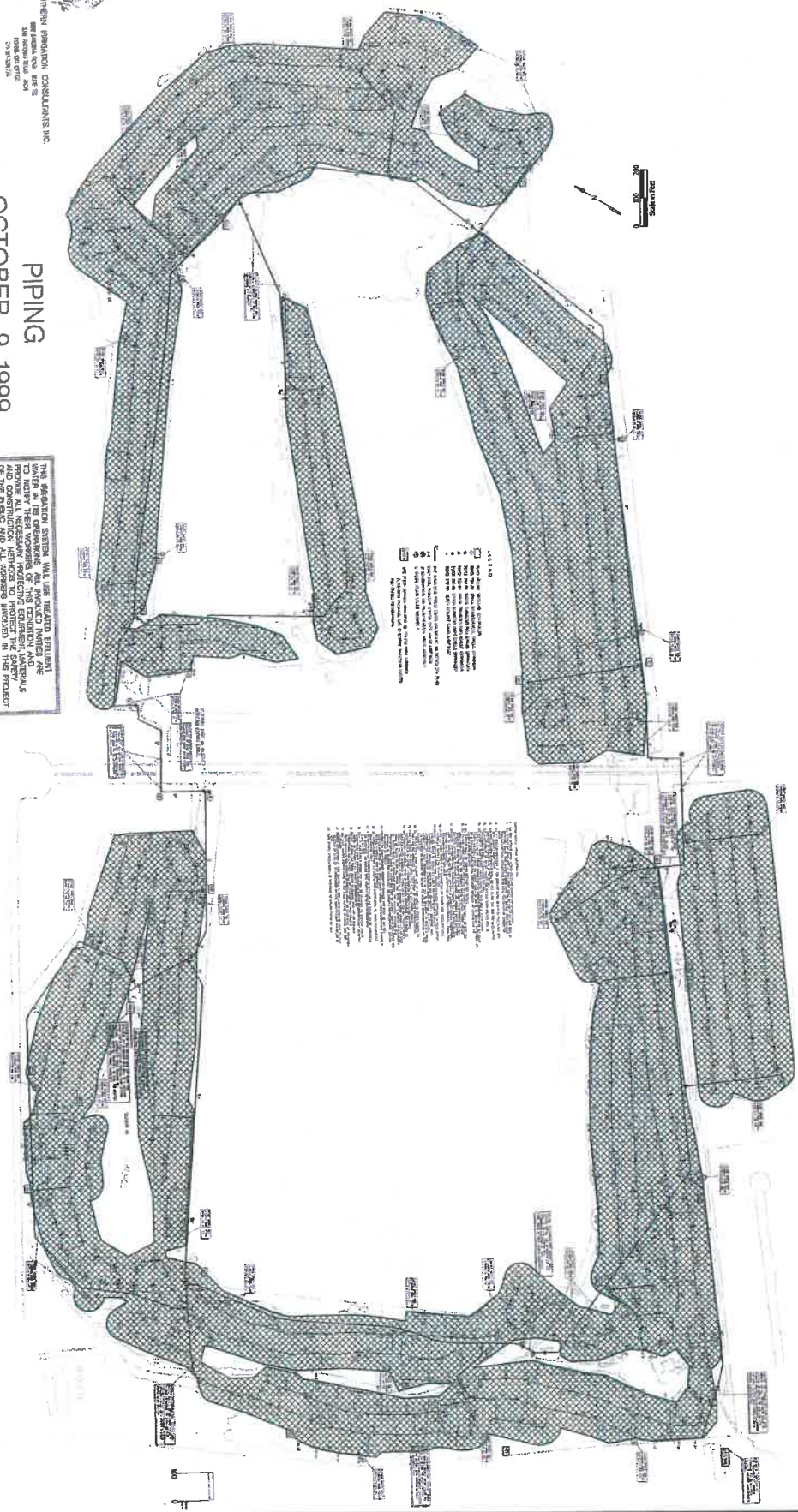
Golfmapssm
IPD^{LLC}

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SOUTHERN IRRIGATION CONSULTANTS, INC.
 6000 JACOBSON ROAD, SUITE 100
 DALLAS, TEXAS 75244
 214-343-0000
 214-343-0001
 1997-2000

PIPING
 OCTOBER 9, 1999

THIS DRAWING SYSTEM WILL USE TREATED PIPING
 UNLESS OTHERWISE NOTED. ALL WORKERS OF THIS COMPANY AND
 SUBCONTRACTORS SHALL BE TRAINED IN THE PROPER
 USE OF TREATED PIPING AND ALL WORKERS SHOWN IN THIS PROJECT.



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 Georgetown, TX 78627
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Irrigation System
 Approx. Existing Coverage Area

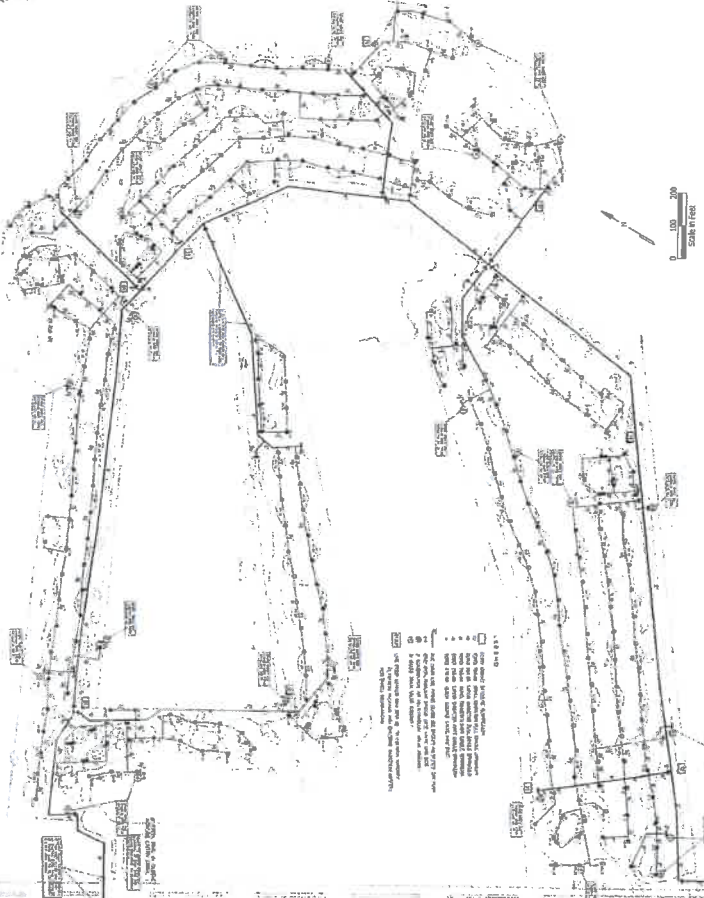
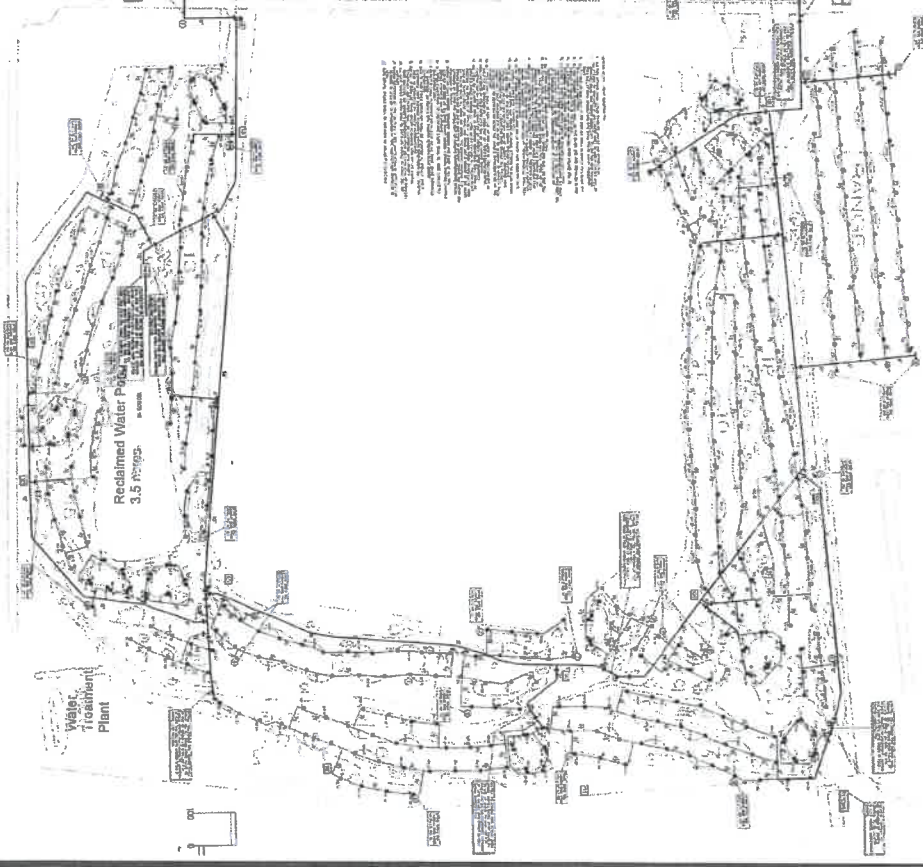
NorthCliffe Golf Course
 Cibolo, Texas

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PIPING
OCTOBER 9, 1999

THE DESIGNER SHALL USE TRACED STAINLESS
 STEEL IN ITS OPERATIONS. ALL PIPING SHALL BE
 TO MEET ALL LOCAL, STATE, FEDERAL AND
 AND CONSTRUCTION METHODS TO PROTECT THE SYSTEM
 OF THE PIPING AND ALL WORKERS INVOLVED IN THE PROJECT.



INFORMATION FOR THE USER:
 1. ALL PIPING SHALL BE TRACED STAINLESS STEEL.
 2. ALL PIPING SHALL BE TO MEET ALL LOCAL, STATE, FEDERAL AND
 AND CONSTRUCTION METHODS TO PROTECT THE SYSTEM
 OF THE PIPING AND ALL WORKERS INVOLVED IN THE PROJECT.

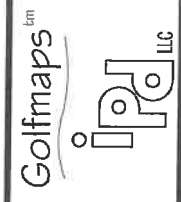
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NorthCliffe Golf Course
Cibolo, Texas

Irrigation System
1999 Irrigation Design

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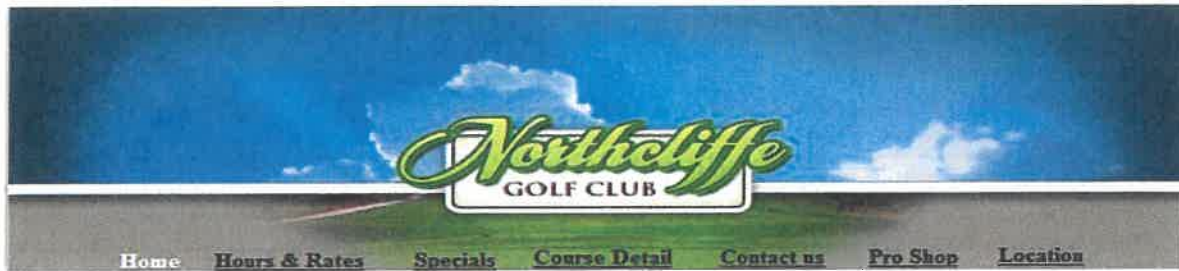
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Estimated water requirements for a 0.3 inch application using the existing irrigation system

IPD, LLC

NorthCliffe Golf Course



Northcliffe Golf Club
Operational Review and Evaluation of Alternatives
August 15, 2011

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Step 1 (a): Tactician - Geographical Local Market Analysis - Power Point

Step 1 (b): Tactician - Geographical Local Market Analysis - Excel

Step 2: Weather Trends International Playable Days Analysis

Step 6: Secret Shopper – A Photo Essay of Northcliffe

Step 7: San Antonio Golf Survey

Step 8: Northcliffe Golfer Survey

Executive Summary

Conclusion

Recommendation: The acquisition of the Northcliffe Golf Club and its subsequent renovation by the City of Schertz is not advised.

However, we are of the opinion that, because of favorable demographic factors within 10 miles of that golf course and the desire of the City to establish a hotel/convention center complex on the north boundary of the City near I-35, a master plan could be created that will achieve the City's goals on a basis that would fiscally prudent.

Rationale

Why not acquire Northcliffe Golf Club because of its superior location?

Facts: The investment return from the acquisition is likely to be negative. An annual subsidy from the general fund will likely be required to sustain the golf course operation and service the associated debt.

The following financial limitations exist:

- 1) The outstanding debt of \$2.5 million vastly exceeds the fair market value of the property.
- 2) The cost of renovation to render the current golf course competitive in today's environment will exceed \$3.0 million.
- 3) The cost of the construction of a new clubhouse will exceed \$3.0 million.
- 4) The golf course is located within the corridor of a housing complex, limiting the options for construction of the hotel/convention center.
- 5) The existing acreage is insufficient to achieve the objectives of the project, and the acquisition of additional land would be necessary.

The Process

This operational analysis was created utilizing the framework of the Golf Convergence WIN™ Formula, which is made up of a geographic local market analysis, a weather impact analysis, technology integration, financial analysis and modeling, facilities assessment, operational review, customer evaluation, and measurement of golfer loyalty.

This research provided the following insights:

Step	Function	Description	Key Question	Valuable Insights Gained
1	Strategic	Geographic Local Market Analysis	Is there sufficient demand with appropriate demographics to meet the available supply? Are the age, income, ethnicity, and population density sufficient to sustain a golf course?	Supply and demand are in balance within a 10-mile radius. The age, income, ethnicity and population density are sufficient to support 1 golf course.
2		Weather Impact Analysis	What impact has weather played on rounds v. management policies?	In seven of the last eight years, weather has adversely impacted revenue.
3	Tactical	Technology	How effectively has an integrated golf management solution been deployed to create the aggregation of data required to properly manage?	Not at all. POS basic cash register with limited web site functionality.
4a		Key Metrics	How does the operational performance compare to the 15 industry benchmarks that measure strengths and weaknesses?	Northcliffe is financially underperforming its peers.
4b		Financial Modeling/Revenue Management	Have accurate financial models that support proactive decision-making been developed? What debt service can the golf course cover? What is the current utilization and REVPAR?	Accurate financial models have not been developed. Current operations would support less than \$500,000 in additional debt.
5	Operational	Golf Operation and Course Agronomic Review	The golf course design, agronomic and turf practices, and equipment levels are evaluated against best practices. What is the highest and best use for the property?	A renovation of this golf course is long overdue and would have a significant positive impact on revenue.
6		Management, Marketing and Operational Review	Does the value provided equal or exceed the associated fees? Are the proper operating procedures consistently deployed through each step of the "assembly line of golf"? The entrance to the clubhouse, staffing, organizational structure, merchandising, food and beverage, advertising, and marketing are evaluated and compared to the industry's best practices.	The current price, at rack rate, exceeds the value provided. However, discounting is prevalent.
7		Customer Franchise Analysis	Who are your core customers and how much do they spend? What is the annual retention among the golfers?	Customer loyalty to Northcliffe is ranked 4th in the northeast San Antonio market.
8		Electronic Customer Survey	What are the barriers to increased play, what is the golfer's perceived value, and what is the primary reason one course is selected over another? How loyal are your customers?	Few barriers exist for increased play.

The Research Undertaken

The insights gained, for this limited scope review, were obtained through the following sources:

- ◆ Analysis of the Tactician's national database and consumer studies conducted by the National Golf Foundation.
- ◆ Review of Weather Trends International analysis of playable days.
- ◆ Examination of the golf course's installed technology and review of its web site platform.
- ◆ Analysis of the PGA PerformanceTrak database of 50 key operational reports to the operational performance of Northcliffe.
- ◆ A three-day on-site inspection of Northcliffe and its competitors, to include Bandit, Landa Park, Olympia Hills, and Northern Hills.
- ◆ Meetings with management and staff.
- ◆ An electronic survey of staff and more than 4,000 San Antonio-area golfers whose input was solicited via a comprehensive electronic survey.

The Course – Background Information

Northcliffe Golf Club, built in 1978, is a Joe Finger design featuring upwards of 50 bunkers. The par 72, 129 slope rated course is 6,728 yards in length. This links-style course features very forgiving fairways. Water hazards come into play on some holes, and out-of-bounds stakes line many of the fairways. The front nine is somewhat open and straight. The back nine has some fun holes that play around water, including the Par 3 17th over a lake. Some dry creeks could pose some problems with errant tee shots. The par 5's can be reached in two.

Concluding Thoughts

These are very challenging times within the golf industry. The game has peaked. Supply exceeds demand nationally. Revenues are soft and expenses are fixed. Rounds are too long and lifestyles have changed. Ours is a time-crunched culture. These factors have a direct impact on the business of golf.

With golf in a blustery swirl, vision is often clouded and execution dulled. Today, many courses are implementing operational and tactical changes that lead to strategic failure.

The stewardship of a golf course blends the interests of many groups: City Council, management, staff, the public golfers, and taxpayers. Each group has a different view as to how the facility should operate. Their lenses tend to filter their versions of reality. It is not surprising that people can see the same data and reach very different conclusions.

Therefore, extreme caution must be exercised by when acquiring a golf course at the present time.

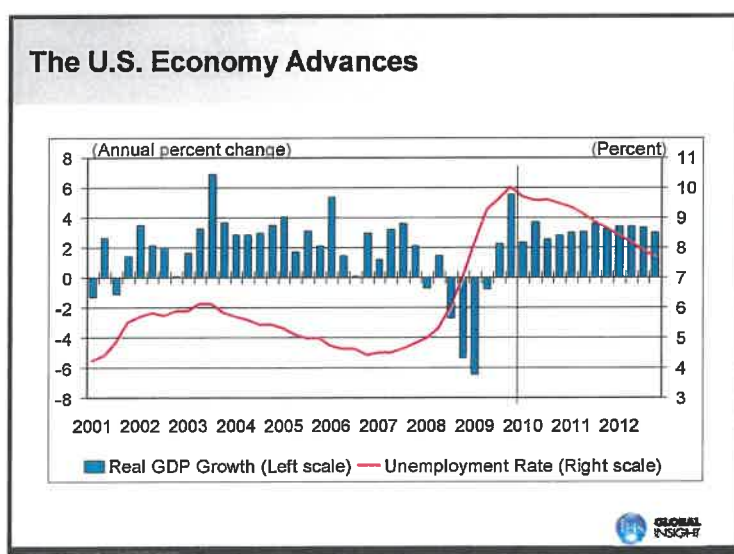
Global Perspectives

The Current Economic Outlook

Golf is a recreational sport that consumes the disposable income of its patrons. Golf competes for the entertainment dollars of its consumers.

The financial prosperity of golf is indirectly correlated to the world economy. To measure the impact of the current economic conditions on the golf industry, in April, 2010, the National Golf Foundation (NGF) included at its annual symposium a presentation titled, "Economic and Capital Markets at Home and Overseas."¹

The speaker, Chris Holling, Vice President of IHS Global Insight, presented the case that the U.S. economy was at a crossroads. Negative factors included high unemployment, reduced asset values, tight credit, and high debt burdens. Countering those factors are real income growth, low inflation, low interest rates, and the stock market rally. The net result of those factors becomes reflected in the U.S. GDP growth rate, as highlighted below:



Of great concern is that the economy is considered at full employment when unemployment is 4%. Unemployment is expected to exceed 7.5% for the next three years. That factor alone has a significant impact on consumer confidence and on the average disposable income available for recreation and entertainment.

Interestingly, among those who play golf; this recreational activity consumes 3% of disposable per capita income (\$32,000²) or \$960 annually.

¹ IHS Global Insight, "Economic and Capital Markets and Homes and Overseas," April 29, 2010, Slide 4

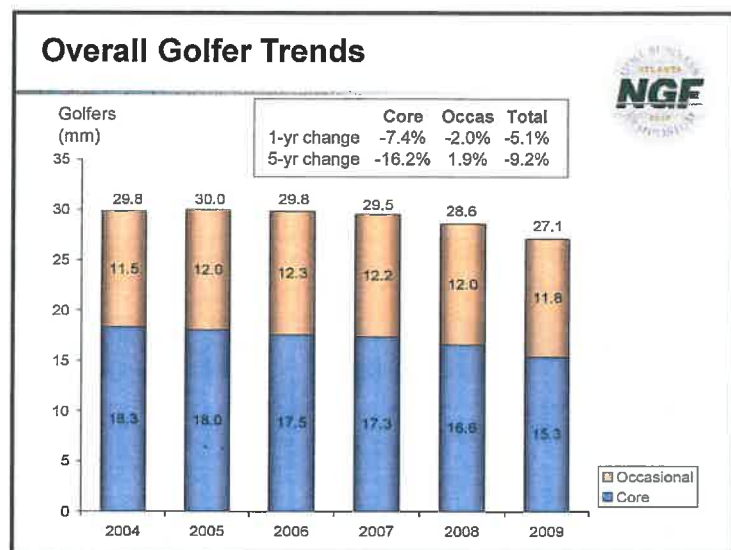
² <http://www.bea.gov/briefmr/percapin.htm>

What Are the Implications for Golf?

In 2010, revenue decreased 3%, based on a 2.3% decline in rounds volume and a 0.9% decrease in the green fee median rate.³ Six of every seven golf courses lost money. Rounds in 2011 are likely to stabilize consistent with the national economy and the rebound in the stock market, though unemployment remains troubling. The utilization of golf courses in 2010 was at 53%.

All economic forecasts from leading industry research groups forecast a “flat industry” for the foreseeable future. For the next decade, the sport is likely to remain at 25 to 30 million participants, and revenue growth will only come from market share increases (stealing your competitors’ customers) or price increases.

Those conclusions are reached based on overall golfer trends, as reflected below:



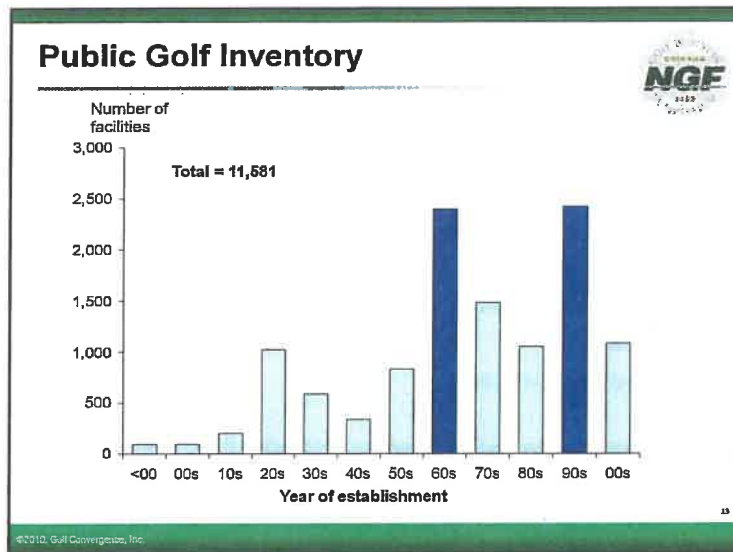
The net decrease of 1.5 million golfers from 2008 to 2009 included 5.2 million golfers who left the game; their numbers were not offset by the 1.7 million beginners and the 2.0 million former golfers who returned to the sport.

Since 1990, the growth in the number of golf courses is up 24%, while the number of golfers has increased only 16%. As a result, rounds played at each golf course have fallen from 40,400 in 1990 to 32,640 today. During this same period, while the number of golfers has fallen 9.2%, rounds volume has fallen 2.7%.

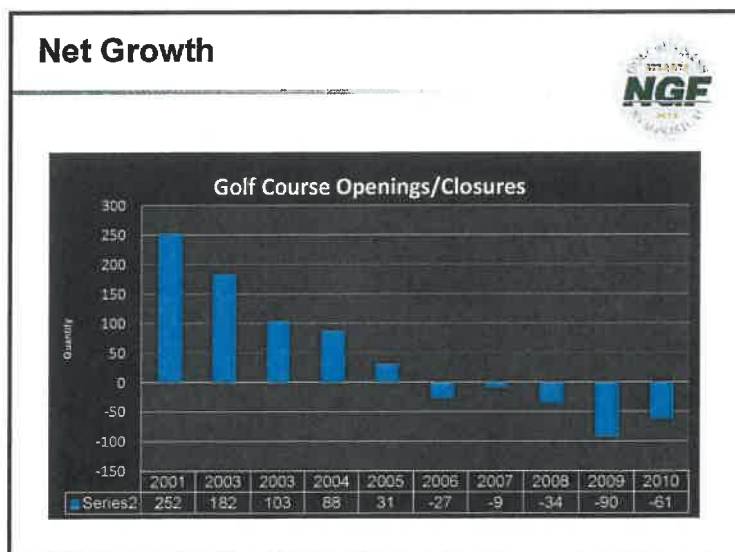
Today’s supply imbalance is mostly attributable to the golf courses opened during the 60’s and the 90’s, as reflected below:

³ PGA PerformanceTrak, <http://www.pgainlinks.com/index.cfm?ctc=1717>

⁴ National Golf Foundation, “State of the Industry,” April 29, 2010, Slide 4.



For the past five years, for the first time in history, more U.S. courses have closed than opened, as evidenced in the following chart:



Thus, the largest contributing influences are “uncontrollable factors” at a national level, and a quick reversal is not likely. Therefore, there are no foreseeable changes which will provide Northcliffe the opportunity to grow based on a surge in demand or a dramatic restriction of supply.

The National Golf Foundation in 2009 published an extensive study on “The Future of Public Golf in America,”⁶ which cited that 15% of the golf courses rated their financial health as extremely poor. Of those golf courses, 56% of daily fee golf courses were considering closing and selling, and 26% of

⁵ National Golf Foundation, “State of the Industry,” April 29, 2010, Slide 15.

⁶ National Golf Foundation, “The Future of Public Golf in America,” April 22, 2009, Slides 1 -43.

municipal golf courses were evaluating the same alternatives. Uniformly, with rounds and revenue off, losses increased, maintenance standards were deteriorating, capital investments were deferred, and discounting practices were employed to boost rounds. Northcliffe has experienced the same.

As a result, the NGF concluded that from 500 to 1,000 golf courses will close or be sold during the next five years. The golf courses most at risk⁷ were:

- ◆ Nine-hole facilities
- ◆ Facilities with lower price points
- ◆ Alternative facilities
- ◆ Facilities in less-populated areas

Perhaps the “facilities with lower price points” applies to Northcliffe; however, the demographics within the appropriate trade area are sufficiently strong to likely sustain a renovated golf course.

The NGF study further revealed significant differences between how successful golf courses were operating in contrast to those courses that were financially challenged. These differences are reflected below:⁸

The Right Things		
	Success (7-10)	At-Risk (0-3)
Customer service emphasis	73%	52%
Have strategic plan	69%	48%
Structured player development	59%	41%
Customer surveys	49%	36%
Promote other revenue centers	43%	26%
Pace of play	43%	24%

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Maintaining customer databases, engaging in email marketing, and publishing newsletters are additional traits of successful facilities that have been widely recognized over the years. While Northcliffe does have a customer service emphasis, they are lacking in the other critical components of a successful golf course operation.

⁷ National Golf Foundation, “The Future of Public Golf in America,” April 22, 2009; Slide 21.

⁸ National Golf Foundation, “The Future of Public Golf in America,” April 22, 2009, Slide 26.

The Business of Golf

In theory, business is actually very simple. It is simply balancing supply against demand. By establishing the price that correctly balances the value delivered commensurate with market demand, net income is maximized.

Business can be made very complicated. The permutations of operating a successful golf course exponentially increase quickly when one considers the factors that impact supply (the number of golf courses) or those factors that affect demand (course conditioning, price, weather, service, and customer demographics and preferences).

In a perfect market, customers purchase products that satisfy their needs or desires for prices they determine to be the best value. Golfers purchase a round of golf for the price that creates the social status they seek, for the networking they want to achieve, for convenience to home or business, and for the recreational and leisure experience.

Unfortunately, capitalism is not about perfect markets. Inadequate information, undisciplined decision making, and government intervention can create aggregate failure. The essence of capitalism is for the successful entrepreneur to gain a strategic advantage over competitors within an imperfect market.

Thus, the goal of the golf course owner should be to blend the following triad:

- 1) Superlative information
- 2) Disciplined decision making
- 3) Crisp execution

But to achieve that strategic goal, the first component, superlative information, starts with an understanding of the breadth and depth of the golf industry.

An understanding of macroeconomics as it relates to supply and demand and the underlying performance, structure, and behavior of the golf industry creates the essential perspective necessary to craft a strategic plan as part of an operational analysis for which this study was commissioned. In the previous pages, we have examined macroeconomic supply and demand changes, but it is necessary to take a microeconomic perspective regarding demand.

A Closer Look at Actual Demand: Who Is the Customer?

The financial health of the business of golf can be measured by many numbers. Three of the most effective are the relationship between the number of golf courses, the number of golfers, and the number of rounds played. Many factors influence those three components.

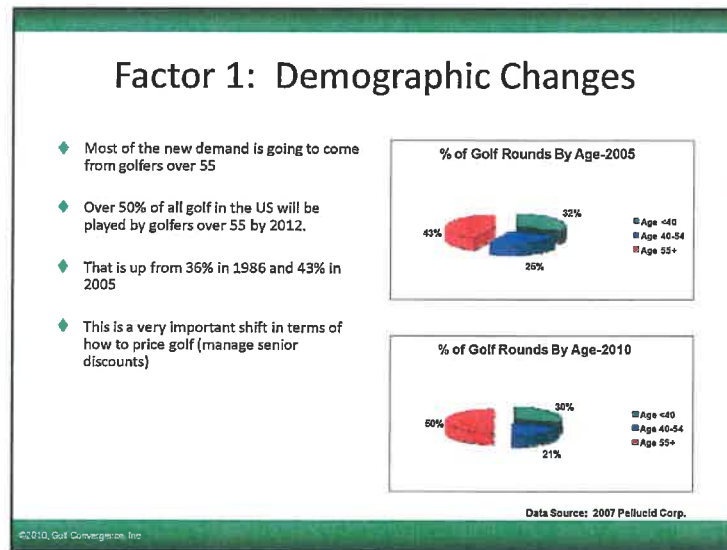
In order to compute the number of golfers and the number of rounds, we first need to define "golfer." The National Golf Foundation defines a "golfer" as an individual, age 6 or older, who played at least one round in the past year. "Core golfers" are defined as those adults 18 or older who play between eight and 24 rounds per year. The term "avid golfer" is used for those golfers who play more than 24 rounds per year. Other industry research groups use 12 years or older as the benchmark for what constitutes a golfer. Again, the golf industry's methods of gathering statistics are not standardized.

Another term that causes much debate is “round.” When you play a “round,” have you played nine or 18 holes? The most common use of the word “round” merely means “a start.” In other words, a golfer teed off on at least one hole.

With the term golfer now defined, a further analysis reveals that the game of golf is all of the following:

- 1) Golf is a game of the aging population.
- 2) Golf is a game of the wealthy.
- 3) Golf’s growth is constrained by the time-crunched nature of our society.

As has been demonstrated in economic surveys conducted throughout the world, golf thrives in cities where the population is aging. Over 68% of all golf rounds are played by those older than 43 years of age, as reflected below:



Not only is golf a game whose participants are aging, golf is also a game of the wealthy, and the sport is clearly losing its middle-class appeal, as reflected below:

Factor 2: Golf is Expensive						
Inc. Group	'00 % Golfers	'00 % HHs	Index	'05 % Golfers	'05 % HHs	Index
Upper Class \$75K+	27%	23%	115	49%	34%	144
Middle Class \$35-\$74.9K	43%	36%	119	35%	35%	100
Working Class <\$35K	30%	41%	73	16%	31%	52

Data Source: 2007 Pellucid Corp.

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This chart reflects that using a baseline index of 100, the upper class constitutes a greater portion of golf's participants, while the relative frequency of participation by the middle class and the working class is decreasing.

The fact that golf is an elitist game is clearly demonstrated with the statistic that indicates that those with incomes of less than \$34,999 play only 3.45 rounds per year, while those with incomes greater than \$75,000 play 431% more, or 14.89 rounds per year. Golf is clearly losing its middle-class appeal.

All of this begs the question as to why golf is not more popular among the young, middle, and working classes.

First, the game is difficult to learn, and if you're not very good at it, it isn't a lot of fun. Second, the cost to even begin playing is high—clubs, shoes, golf balls. It's not uncommon to invest at least \$500 to more than \$3,000 to start. Third, a round of golf consumes the better part of a day. Fourth, the attitude present in many male-dominated pro shops creates a harsh and unfriendly environment for many women. Finally, many golf course personnel believe that they are "members" of the club, not "workers" at the club.

While the demand/supply imbalance bodes poorly for golf, such imbalance masks a more subtle and pervading problem that is retarding the growth of the game. That problem is the significant change in the demographics of how our society functions in the United States. Sociologists track seven major categories to determine the nature of a society, some of which are technology (i.e., medicine, computers), social trends (reduced social conformity), and demographics (i.e. baby boomers and Gen X).

Within the seven categories, when three or more become altered significantly, society changes. That is what has occurred during the past seven years. Labeled the "time crunch," societal changes include the following:

Factor 3: A Time-Crunched Society

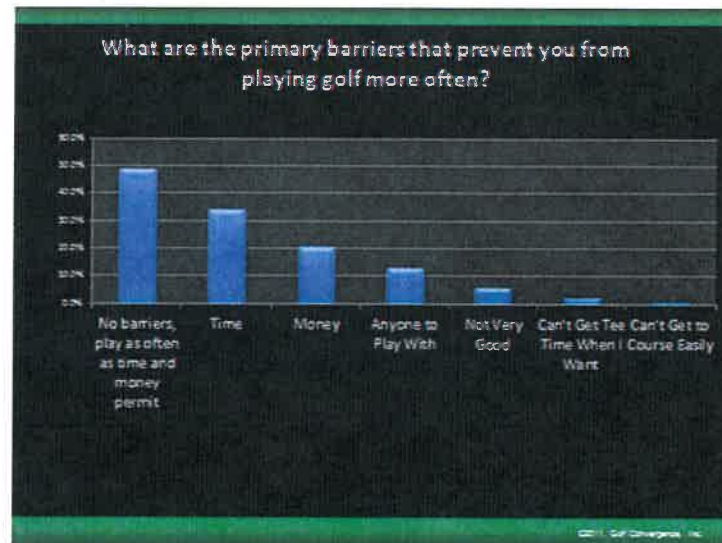
1. The **technology trap** of endless improvements: the more empowered technology makes you, the more you are expected to do.
2. The **update mandate**: We must be constantly updating our information: our devices (phones, email), our knowledge (events, educations), our values (tolerance to risk, work, etc.). We have dramatically increased our "work cycles." Employee productivity is up 24.2 in the past ten years.
3. The **marketplace of endless choices**: (47 car manufacturers, hundreds of models, thousands of choices.) Shopping takes a lot more energy, thought and time.
4. We have become an **experience economy**: Starbucks to see it made, Krispy Kreme to watch it bake, Harley to gather on weekends at events to participate.
5. **Lifestyle integration**: Our key value is that everything must be efficient and we can do it at once, causing the erosion of the barriers between home, work, and commuting.
6. **Child centeredness**: Our focus on wants, needs and desires have transferred from ourselves to our children. There is now a social status attached to the "child first" attitude. Our parents put themselves first. We put our children first.
7. **Conspicuous activation**: Status is now achieved by showing how busy you are and how many activities you are involved in.

Source: Golf 20/20, DYG, Inc. 2003

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The time crunch, in which 50% of all families are divorced and 80% of existing families have dual wage earners, has completely redefined the concept of leisure.

In a survey conducted of San Antonio area golfers, we asked, "What are the primary barriers to playing golf?" The survey results are outlined below:



The survey results for Northcliffe golfers are not encouraging. Those who might like to play more find time the constraint. The "no barrier to play" result indicates the demand for golf is at capacity. The

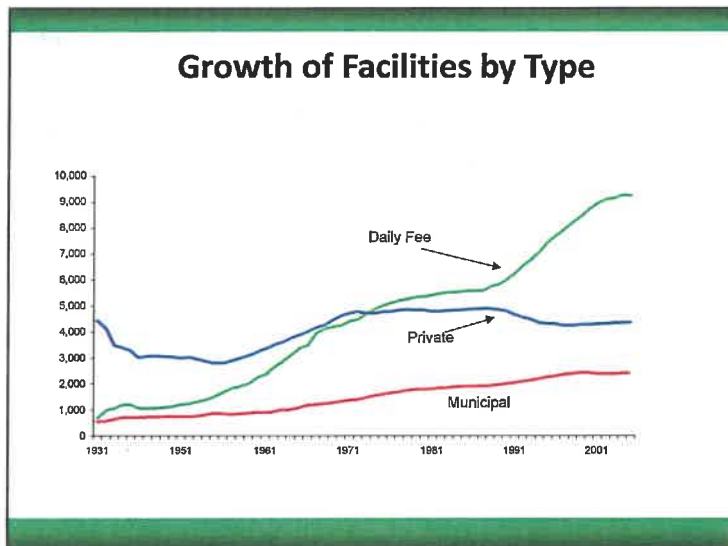
survey for Northcliffe also confirmed that the individuals who utilize the golf courses mirror the national demographic trends regarding age and household income.

The factors of golf's lessening popularity and changes within our societal framework have created the static environment that the Northcliffe golf course is experiencing.

The Role of Government in Golf

Golf started in North America in the late 1880's. Access was largely through private country clubs.

Because of the origins of the game within America as private and club-based, municipalities filled the void for the public by building golf courses as part of their parks and recreation programs. The need for municipalities to continue to operate golf courses has been largely eliminated by the evolution of daily fee golf courses – those open to the public via private enterprise—which became a significant factor starting in the 1960's, as illustrated below:



The current debate: Is providing golf to citizens an essential function of government?

The role of government is to provide those essential services to a society that could not otherwise be provided efficiently or effectively by private enterprise. Hence, police, fire, water, sanitation, and highways are usually within the bailiwick of government. But if a need of the citizens is adequately met by private enterprise, should the government provide that service if it is not essential to the health and welfare of its citizens?

It is the finding of this report (as presented later in detail in Step 1, Geographic Local Market Analysis) that supply from private enterprise and other municipal entities meets the needs of the citizens in Schertz, Texas for golf as a recreational sport.

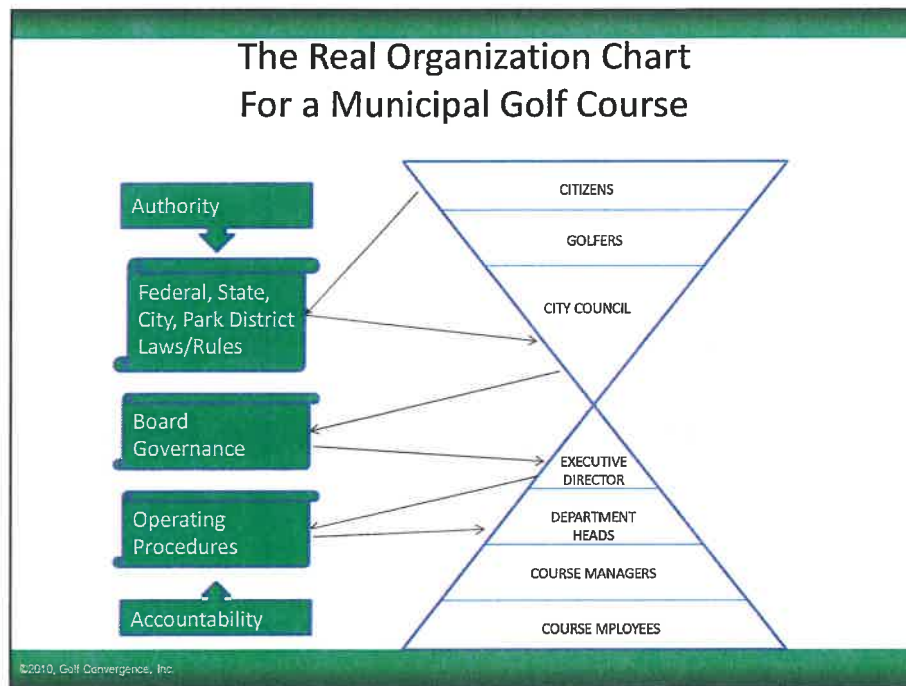
The Organizational Chart of Municipal Golf

Municipal golf courses serve various constituencies, including: City Council, Management/Staff, Golfers, and, ultimately, Residents.

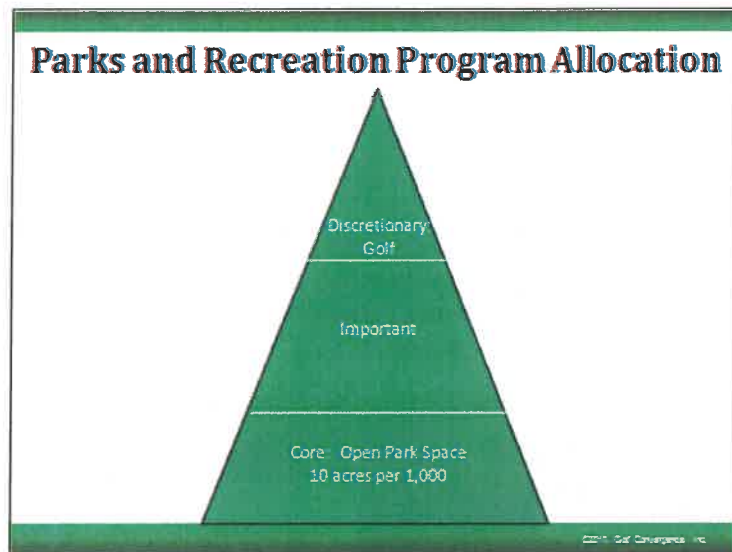
The mission statement of a municipal golf course can range from generating the largest possible return on investment, merely creating a value-based recreational opportunity, or alternatively, catering to the perceived needs of niche groups. Some golf courses also emphasize the value of teaching core values to young golfers.

The national brand image of municipal golf courses often gets a bad rap, especially those facilities viewed as an entry door to the game; they often are downtrodden and degrading. Such is not the case in with Northcliffe golf course, where, in the aggregate, management and staff are dedicated, hardworking, and passionate about creating value for their constituency. But decision making in response to the uncontrollable factors reported, as well as the lack of resources, often impairs the ability to execute.

With that considered, the real organization chart for a municipal golf course is as follows:



What is often lost in the debate on the viability of municipal golf courses is that “golf” is a discretionary program. This analysis was completed with the awareness that the allocation of Schertz’s Parks and Recreation Department resources should be consistent with national standards. The allocation of resources for the Parks and Recreation Department is determined by a matrix of core, important, and discretionary areas of importance, as highlighted in the chart below:



The first priority of the Parks and Recreation Department is to ensure that the entire community has open park space at a minimum of 10 acres per 1,000 in population. Golf is clearly discretionary, as private enterprise adequately provides this recreational amenity to the community at-large.

It is often falsely perceived that the role of government is to provide all things to all sectors. That is just not the case. There is a clear mandate that the community's needs outweigh those of a smaller sector.

Thus, there is not a mandate for government to provide a golf experience for every level of ability, nor is there a mandate, for example, for government to subsidize a special interest group such as junior golf.

Thus, in crafting a strategic vision, the harsh political and financial reality is that there are numerous constraints, largely unchangeable, that will preclude crafting the optimum plan that has a realistic chance of being implemented in the foreseeable future. Such limitations are why 15% of all municipal golf courses privatized their operations in 2010.

Strategic Analysis

Step 1: Geographic Local Market Analysis

Supply trends are neutral

For this business plan, we conducted intensive research of the demographic trends, the local golfer base, supply levels, mix, current supply/demand balance, and the impact of historical supply dilution. This analysis is undertaken because, in conducting strategic analysis for over 200 golf courses, certain characteristics, as highlighted below, are predictable:

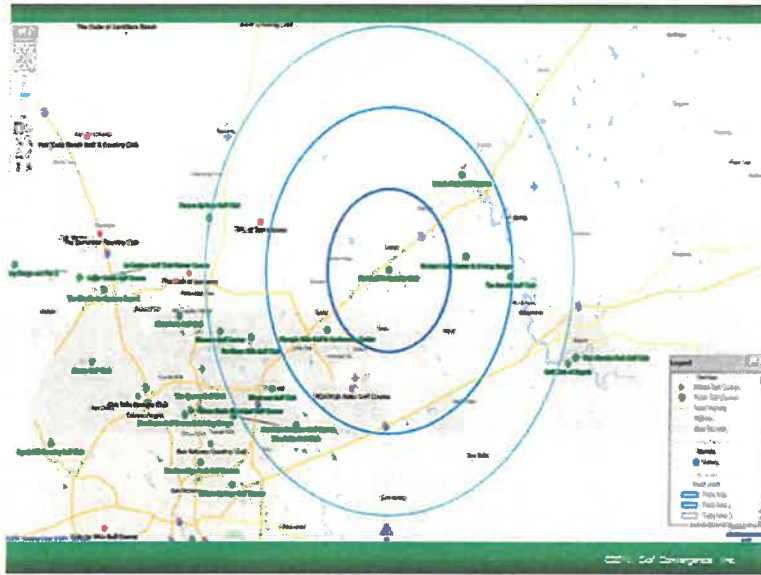
Just the Facts: Industry	
90% Rounds	30 Minutes
12% golfers	60% revenue
Distinct Customers	4,000: 4 to 7
Barrier	Time
Defectors	50%
Game	Caucasian, Rich, Old

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Ninety percent of all golf rounds originate from customers who live or work within 30 minutes of the golf course. Twelve percent of those customers generate 60% of the course's revenue. Those golfers play 4 to 7 different courses, and each course serves a median of 4,000 different customers who either say they are playing as much as they desire or that time is their biggest barrier to more frequent play, as confirmed again in the Northcliffe survey.

We know that 50% of the customers who play at a facility in a given year will not return the next. Furthermore, we know that the game of golf largely attracts Caucasians who are rich and older than the general population.

Thus, in determining the competitive forces surrounding Northcliffe, golf courses that are located within a 10/20/30-minute drive from Northcliffe were evaluated. The competitive map within a 5/10/15 mile radius of Northcliffe, which is generally used to determine the market potential of a golf course, is reflected below:



Note 1: Data sources for this analysis included: Tacticians licensed annual consumer survey (2009), state-level facts on participation and frequency, National Golf Foundation database of 16,000 US golf facilities (not including stand-alone driving ranges), licensed U.S. Census data, 2000 actual, 2010 estimate and 2015 projections.

When considering price, quality, proximity, and accessibility to Northcliff Golf Club, golfers have many viable alternative courses to play. However, proximity from work/home to the golf course is a determining factor in measuring the viability of a golf course and its tendency to prosper. A detailed list of these courses, as well as all research deliverables, is listed in the Table of Contents.

Presented below is a summary of the supply factors found from near Northcliff to throughout the United States:

Avid Intensity Index								
	5	10	15	20	25	30	Years	Q15
Golf Intensity Index	128	138	157	171	189	204	115	100
Public Golf Intensity Index	91	102	116	124	133	140	125	100

This chart reflects that the market for golf in the Northcliff is oriented toward mid-tier facilities. The prime time for Northcliff is \$35, plus a cart charge of \$15. The market is prone to discounting, and

the premium and the numerous value facilities have the flexibility to create a great golf experience for a reduced fee.

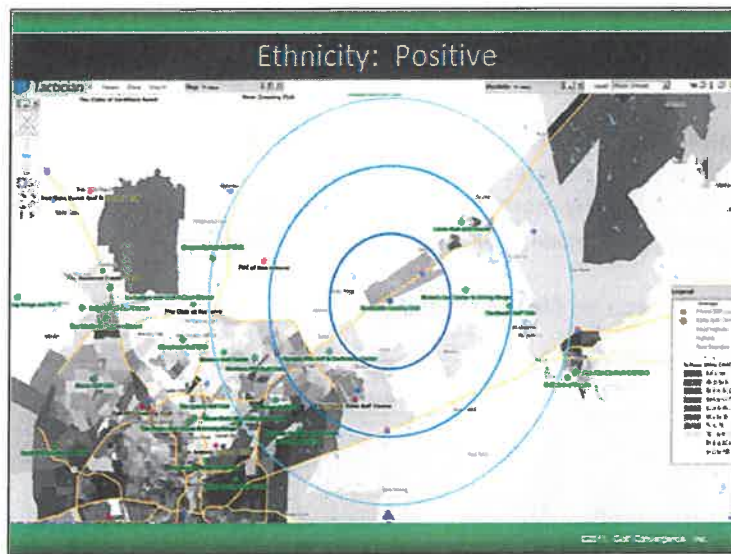
Population Demographics – Income and Ethnicity Are Positive, Age Neutral

To understand the potential growth opportunities for golf within a market, a study of the age, income, and ethnicity of the population within a 30-minute drive time is essential. Presented below are those statistics for Northcliffe:

The Raw Data - Demand								
	5	10	15	20	25	30	Texas	US
Age	94	94	93	95	92	89	91	100
Income	182	124	120	116	95	95	93	100
Disposable Income	146	119	113	108	99	92	92	100
Ethnicity Index	110	106	101	100	98	94	94	100
Adult Golfers	303	2,333	5,430	11,881	20,697	29,732	345,818	3,830,800
Total Golfers	1,878	9,481	24,046	44,332	34,991	96,016	1,290,357	28,322,000
Rounds Played	52,836	301,019	749,264	1,398,134	2,181,411	1,904,173	40,811,940	458,326,140
Rounds Played Per Golfer	28.18	31.85	31.13	31.34	30.48	30.21	31.51	16.93
Population	46,137	212,647	489,138	838,133	1,438,411	1,874,337	21,048,195	307,156,298
Golf Participation	4.04%	4.42%	4.82%	5.18%	5.21%	5.12%	5.13%	8.57%
Golfers per 100 Males	1.878	1.718	1.291	1.773	2.174	2.110	1.878	1.737

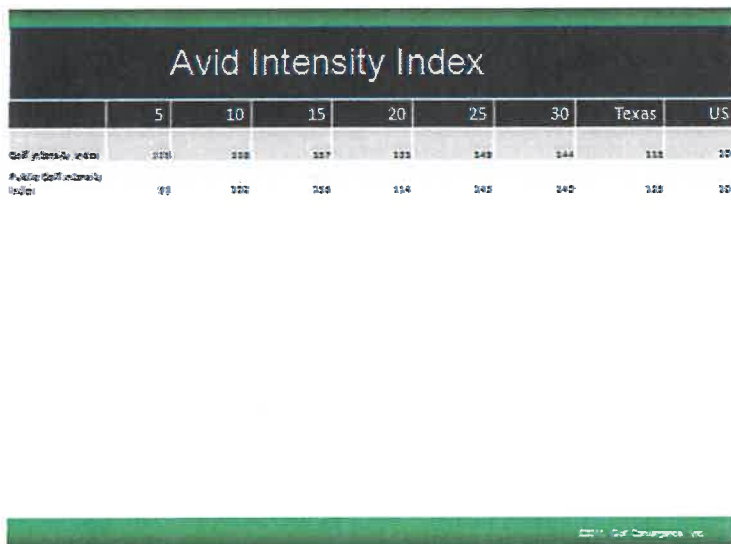
The chart reflects that golfer demographics are very favorable in the Northcliffe market. While the population is 11% younger than the national average, the income and ethnicity are very favorable to attracting sufficient customers.

The distribution of ethnicity is reflected in the chart below:



Net Result – Supply Equals Demand

For Northcliffe, the general golfer intensity is shown in the chart below:

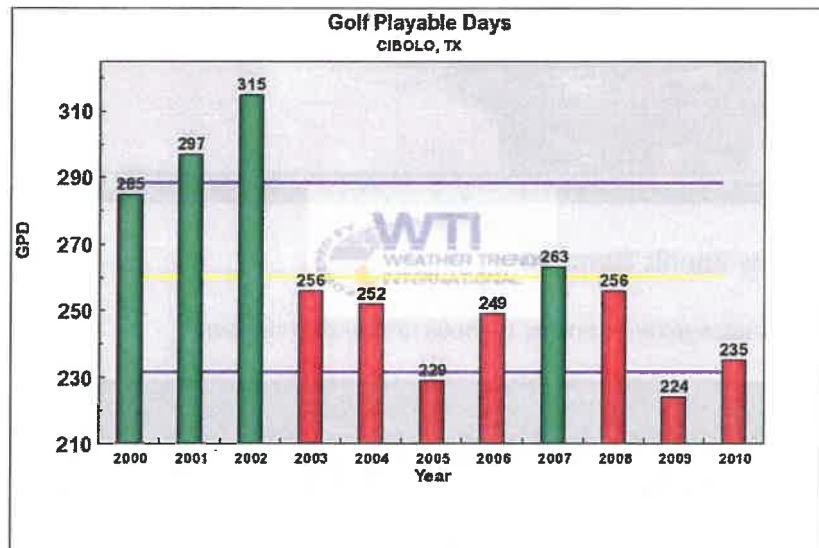


The conclusion is that segments in the Northcliffe market are vibrant, in contrast to the rest of the United States. In conclusion, the Northcliffe area is well situated to offer enjoyable, value-based entertainment to golfers.

Step 2: Weather Impact Analysis (WIA)

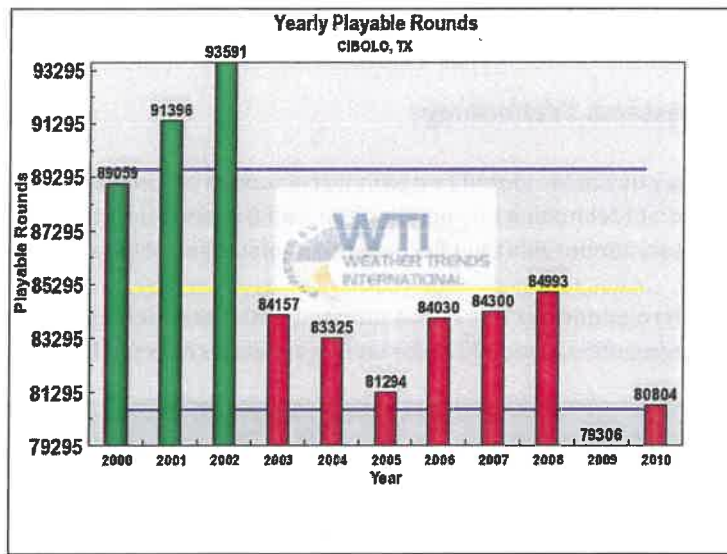
A key measure in determining if the revenue potential of a golf course is being realized is correlating the number of playable golf days to revenue. Measuring numerous variances, including Season Days, Golf Playable Hours, Equivalent Golf Playable Days, and Corporation Rounds in total, allows us to measure the efficiency of management in maximizing the course's potential.

The chart below has been prepared for the Cibolo, TX:



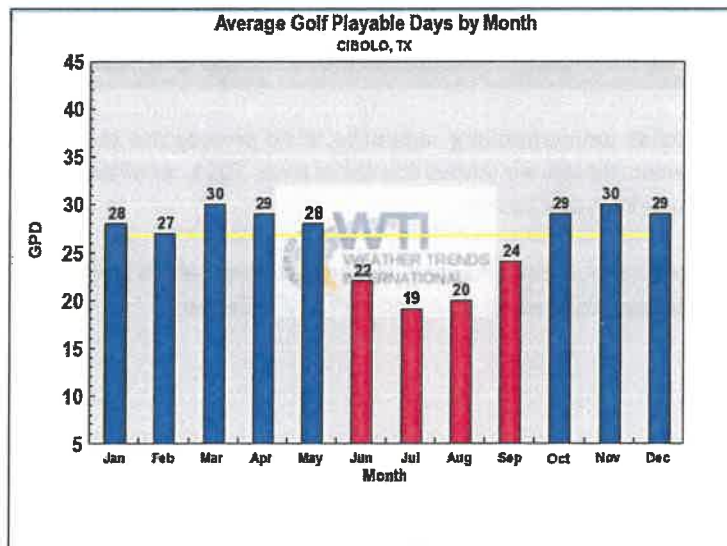
During the past decade, Northcliffe has averaged less than the 260 playable days per year.

The second step in determining whether the utilization of the golf course is industry-appropriate is to determine course capacity, based on the number of playable days the golf course could have achieved. Presented below is a chart highlighting course capacity:



The rounds potential in 2010 was 80,804 rounds. Considering that Northcliffe has averaged around 40,000 rounds during the past several years, the actual course utilization of 50.00% is slightly below the 2010 national course utilization rate of 53%.

While one would think that San Antonio provides year-round golf, the extreme high temperatures in the summer, the cold in the winter, and often the heavy rains during the spring limit play, as reflected in the chart below highlighting the average golf playable days by month.



The adverse weather in seven of the last eight years does provide the golf operator some hope of increased revenue.

Tactical Analysis

Step 3: Information Systems Technology

A fundamental test for any business is identifying who its customers are and what they are spending. Thus, we reviewed the use of technology by analyzing the Golf Department's internet use, the integration of tee time reservations with the POS, and the deployment of email-based communication.

Northcliffe lacks the ability to undertake any of the fundamental tasks necessary to optimize revenue. At the outset of the engagement in June, 2011, the web site was as reflected below:



While the above site lacked an online booking capability, it did provide the ability to join the mailing list. However, we noted that even though we joined the list in June, 2011, as of the date of this report, we have yet to receive an email from the course.

During our review of the web site, it was changed to the following, which is more real estate oriented and lacks all form and function required to drive incremental revenue:



Beyond the challenges noted with the web site, the software currently in use by Northcliffe doesn't provide for the capture of all the information needed to effectively manage a golf course. We noted the following deficiencies:

- ◆ Monthly financial reports are not prepared in accordance with generally accepted accounting principles for golf courses.
- ◆ No effective marketing programs are being conducted, because the central database does not delineate between acquired, core, and defector golfers.
- ◆ All 15 key financial reports by which to properly manage the facility are not available to golf course personnel, as summarized below:

15 Key Management Reports				
Customer Analysis				
Customer Distribution	Yes		No	✓
Customer Demographics (Via Survey)	Yes		No	✓
Customer Retention	Yes		No	✓
Customer Spending By Class (Via VSI)	Yes		No	✓
Customer Spending By Individual	Yes		No	✓
Zip Code Analysis	Yes		No	✓
Facility Analysis				
Merchandise Sales By Vendor (Via Acct.)	Yes		No	✓
Reservations By Booking Method	Yes		No	✓
Reservations By Day Of Week (Via VSI)	Yes		No	✓
Revenue Benchmarks	Yes		No	✓
Revenue Per Available Tee Time (Via Acct.)	Yes		No	✓
Revenue Per Department (Via Acct.)	Yes		No	✓
Revenue Per Hour (Via VSI)	Yes		No	✓
Round Per Revenue Margins	Yes		No	✓
Utilization	Yes		No	✓

These reports, when gathered properly, provide the financial benchmarks necessary to maximize the investment return of a golf course. They provide precise insights on the key performance indicators for a golf course, including customer demographics, spending patterns, frequency of play, revenue per tee time, and course utilization. Lacking such information, the adjustment of rates, the efficacy of email programs, and the astute financial management of a golf course is pure guesswork.

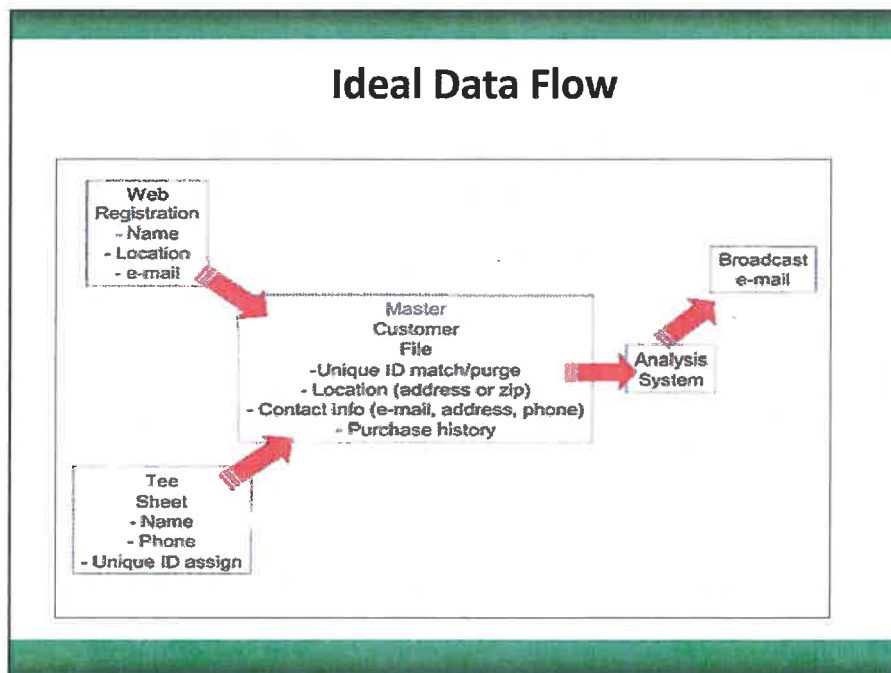
Information Systems Technology Recommendations

The Golf Enterprise Fund lacks the critical information needed to effectively manage its golf courses. The solution to the dilemma faced requires the implementation of EZ Links, Fore Reservations, IBS or other popular golf management software programs.

As a result, the Golf Enterprise Fund will financially underperform until a resolution is found. The formula to profitably operate the course is simple and consists of the following steps:

- ◆ Create a customer database.
- ◆ Integrate the Tee-Time Reservation System with POS.
- ◆ Issue identification cards and/or capture golfers' email addresses.
- ◆ Communicate with your customers via an opt-in email marketing program.
- ◆ Display tee times by best available time or price (maximum two times displayed).
- ◆ Center a marketing focus on your Web site.
- ◆ Develop a consolidated reporting system, and monitor the 15 key management reports.

As noted in the list above, Northcliffe is still a long way from ideal in its utilization of technology. The ideal system will have the following components:



An online registration system that is integrated into the POS system can identify specific golfer interests, such as last-minute tee times, tournaments, etc.

Northcliffe will also be able to engage in Customer Franchise Analysis to identify retained customers, defectors, and new acquisitions. Targeted messages to appropriate golfer segments can be automatically created and delivered monthly. Note: as a general rule of thumb, a course should only blast to its entire list of golfers two or three times per month.

The correct deployment of technology will yield the following benefits:

Maximize Revenue

- ✓ Web-based marketing presence
- ✓ Reservation cards sold for premium access
- ✓ Dynamic yield management
- ✓ Create distinct Northcliffe brand

Increase Operational Efficiency

- ✓ Better internal control
- ✓ Timely and more meaningful reporting
- ✓ Elimination of repetitive tasks by staff

Enhance Customer Service

- ✓ 24-hour access to tee-time reservations
- ✓ Email communication of promotions, tournaments, updates
- ✓ Sell prepaid gift cards online

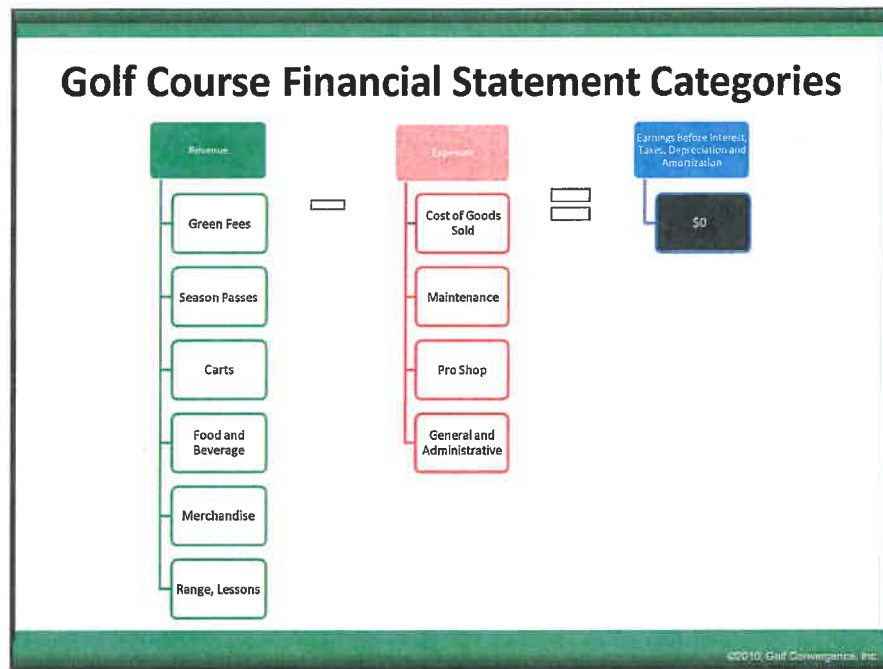
In conclusion, the proper use of technology is to create a management and marketing advantage. The creation of a unique selling proposition (such as affordability) that is communicated to the existing customer base will boost revenues. This can only be done effectively if technology is properly installed and utilized.

Step 4: Financial Metrics

The foundation of a business is its financial statements. For management and staff, being able to plan, execute, and forecast accurate and meaningful financial information is imperative.

The financial statements prepared for Northcliffe aren't based on generally accepted principles used by successful golf courses.

The financial statements for a golf course are usually organized as follows:



In contrast, the Northcliffe consolidates the maintenance and pro shop expense.

Note that for the year ending December 31, 2010, gross revenues were reported at \$898,621, with a net loss of \$73,838. The income tax return stated total assets of \$2,263,388, with a deficit of \$200,706 in the capital accounts.

Presented below is Northcliffe's financial reporting for June, 2011:

REVENUE:	POS SALES ACTIVITY	98,956.21
EXPENSES:	ACCOUNTANT	0.00
	ADVERTISEMENT	250.00
	AUTO ALLOWANCE/EXPENSES	500.00
	BANK & CREDIT CARD FEES	193.48
	CABLE/PHONE/INTERNET	394.77
	CHARITABLE DONATIONS	560.00
	CLUBHOUSE REPAIR/MAINT/SUPPLY	187.42
	CONTRACT LABOR	1,039.00
	COST OF GOODS/ALCOHOL	3,218.42
	COST OF GOODS/FOOD AND BEV.	4,396.00
	COST OF GOODS/PRO SHOP INV.	2,990.44
	CREDIT LINE	1,500.00
	EQUIPMENT REPAIR/MAINT	2,008.58
	FUEL	0.00
	INSURANCE-HEALTH	3,600.00
	INSURANCE-PROPERTY	0.00
	INSURANCE-WORKERS COMP	0.00
	LANDSCAPING	2,300.00
	LEGAL FEES	0.00
	MISC/TRAVEL EXPENSE	679.31
	MORTGAGE	20000
	OFFICE EXPENSES/POSTAGE	303.05
	PAYROLL	18,034.22
	PERMITS/LICENSE/DUES	1,790.00
	RENT-CARTS	4,507.34
	RENT-EQUIPMENT/TEXTRON	0.00
	SECURITY	43.70
	TAXES-CART	982.37
	TAXES-ESCROW	4,000.00
	TAXES-PROPERTY	0.00
	TAXES-STATE COMPTROLLER	7,091.35
	UTILITIES-ELECTRIC	2,633.37
	UTILITIES-WATER	664.86
	TOTAL	83,867.68
	NET PROFIT & LOSS	15,088.53

Reconstruction of the accounting records to conform to generally accepted principles for golf was beyond the scope of this limited operational review.

Findings: Industry Benchmarks and Analysis

Why use benchmarks? Simply, they provide a frame of reference on which an operation can be reviewed.

A financial comparison of the Parks and Recreation Department's financials to industry benchmarks is presented below⁹:

Description	Northcliffe	Municipal	Daily Fee/Semi-Private	Private
Total Rounds Played	40,000	37,087	30,985	23,000
Total Facility Revenues	898,621	1,133,333	1,300,000	2,800,000
Revenue Per Round Utilized	22.46	30.56	41.96	121.73
Total Payroll	281,048	543,468	457,819	698,043
Net Income (EBITDA)	-73,868	206,000	200,000	250,000
Net Income as a % of Gross	8.2%	18.17%	15.38%	8.92%

⁹ PGA PerformanceTrak, <http://apps.pgalinks.com/professionals/apps/memberinfor/AOSurvey/index.cfm>.

Operational Analysis

Step 5: Agronomic Review

Background – Agronomy

The scope of this engagement was limited to revenue-based initiatives, and does not include a comprehensive analysis of all aspects of the golf operation. However, to craft a strategic plan, it is necessary to undertake, on at least a limited scope, an agronomic review of the course and the associated maintenance. These have a significant impact on revenue.

Why? Turf grass is a living, breathing organism which will not stop growing. Courses face the challenges of proper staffing levels, adequate equipment to maintain prescribed levels of conditioning, and a budget that facilitates keeping turf conditions at a level that will attract daily play throughout the golf calendar year.

Maintenance: A Wide Range of Costs

An average 18-hole golf course covers 150 acres, of which only 100 acres are maintained turf grass,¹⁰ and a course includes the following:

An Anatomy of a Golf Course			
		Acreage	%
Turf grass	Rough	51	34.0
	Fairways	30	20.0
	Driving Range/Practice Areas	7	4.7
	Greens	3	1.3
	Tees	3	1.3
	Clubhouse House	3	1.3
	Nurseries	1	.7
	Total	100	63.3
Non-Turf grass	Non-turf grass landscape	24	16.0
	Water	11	87.3
	Building	6	4.0
	Bunkers	4.5	2.9
	Parking Lots	4.5	2.9
		50	33.1

10 GCSAA, "Golf Course Environmental Profile, 2007," Page 12. Note: In published report, averages were utilized which don't necessarily summarize to total.

The quality of the playing field can be reduced to a study of its four principal elements: 1) the cost of labor, which is the largest expense, 2) water, fertilizer, chemicals, 3) the constant cycle of capital improvements, and 4) the equipment required to maintain the course.

The cost of maintaining the various types of golf courses, usually laid out on about 150 acres of land, can vary from \$200,000 to more than \$2.5 million. The National Golf Foundation reported the following total maintenance costs in a report titled, "Operating and Financial Performance Profiles of 18-hole Golf Facilities in the U.S."¹¹

Description	Annual Maintenance Costs
Public Mid-Range Frostbelt	\$377,160
Public Mid-Range Sunbelt	540,660
Public Premium Frostbelt	555,460
Public Premium Sunbelt	825,640
Private Mid-Range U.S.	611,240
Private Premium U.S.	1,412,720

The Northcliffe maintenance costs are significantly lower than the NGF industry average per 18-hole equivalent, which is \$377,160 for a public sunbelt golf course. Of greater concern is that the condition of the golf courses in the survey conducted was rated as average. Also important significant deferred maintenance in fundamental projects, such as tree trimming and removal of dead trees, is evident at Northcliffe.

Northcliffe– Tired Assets; the Natural Replacement Cycle

Since a golf course is a living organism that is changing daily, creating a capital budget and providing an annual reserve to replace the vital components of a golf course is prudent and is accomplished via a reserve for a sinking fund.

Unfortunately, as golf courses begin losing money in a competitive market, the first cuts are always made by deferring capital expenditures. While understandable because of the large investment required to maintain each course, these cuts are often made without the continuing recognition that the condition of the golf course remains the number-one requirement of golfers.

The Golf Course Superintendents Association of America estimates that the amount of capital improvements required as part of a golf course's natural replacement cycle is \$2,200,086, and that a prudent golf course should create an annual capital improvements allowance of \$101,104.

Presented below are the estimated life spans of the various components of a golf course, as estimated by the GCSAA and the Golf Course Builders Association of America:

¹¹ National Golf Foundation, "Operating and Financial Performance Profiles of 18-hole Golf Facilities in the U.S.," 2006 edition, pages 4, 10, 17, 24

Capital Investment Matrix

Golf Course - Estimated Deferred Capital Expenditures: Conservative Approach					
		Years Minimum	Years Maximum	Estimated Cost to Replace	Annual Capital Reserve
Greens		15	30	657,761	21,925
Bunker Sand		5	7	44,800	6,400
Irrigation System		10	30	114,000	3,800
	Irrigation Control	10	15	121,000	8,067
	PVC Pipe	10	30	309,600	10,320
	Pump Station	15	20	97,790	4,890
Cart Paths	Asphalt	5	10	93,350	9,335
Cart Paths	Concrete	15	30	146,685	4,890
Practice Range Tees		5	10	37,680	3,768
Tees		15	20	150,720	7,536
Corrugated Pipe		15	30	398,180	13,273
Bunker Drainage Pipes		5	10	65,000	6,500
Mulch		1	3	1,200	400
Grass		Varies	Varies	N/A	
Total Deferred Capital				2,200,086	101,104

Golf Convergence, Inc.

As part of this analysis, using the matrix presented above, a detailed financial review of Northcliffe's deferred capital expenditures was conducted. Excluding required clubhouse renovations, it is estimated that the deferred capital expenditures are at \$2.2 million.

It should be highlighted that this sinking fund estimate represents the amount for capital improvement of the course infrastructure, but excludes the clubhouse facilities and parking lots at each golf course.

It has been the policy of Northcliffe to defer capital improvements; hence, the increasing deferred capital investment required. It is recommended that if the City of Schertz acquires the golf course, a sinking fund be created to ensure that the golf course infrastructure remains competitive with industry standards.


Step 6: Golf Operations

Creating Value

The formula for a successful golf course is simple; value = experience – price. To the extent that the experience created equals or exceeds the price, loyal customers are developed. To the extent that the price exceeds the experience derived, attrition occurs.

The potential experience that can be created is based on the start-up capital invested, the revenue generated, and the capital reserves that may be additionally required to sustain the operation.

Where the customer expectations exceed the assets committed, the results create customer consternation, which results in customer attrition and disappointing financial results; these are depicted below:

Value Gap Customer Expectations v. Assets					
	Platinum	Gold	Silver	Bronze	Steel
Vision	Rolls Royce	BMW	 <p>Golf Course Management</p>		Hyundai
Examples	Pine Valley Seminole Whispering Pines	Cherry Hills, Los Angeles Riverbend			Brookhaven Pineview
Cost (green fee + cart)	Over \$250 per round	\$175 to \$500 per round			\$50 per round
Access	By Invitation	Waiting List			Open Access
Style	Formal	Professional			Loose
Social Status	Generational Wealth	Upper Class			Anyone

A golfer's perception of value is quickly determined based on the following:

1. Entrance to Property and Flowers?
2. Clubhouse Size?
3. Signage (welcoming rather than punitive)?
4. Parking Lot Paving?
5. Striping Patterns Observed on Greens and Fairways, if any?
6. Type of Grass on Course (bent or rye)?
7. Fairway Bunkers (many or few)?
8. Presence of Natural Hazards (trees, lakes, etc.)?

As part of this operational review, we photographed those aspects of the Northcliffe Golf Club and those of its top 5 competitors. Those photographs were shared with management and staff.

In doing so, we concluded that many within the golf industry have become seduced by the “game” of golf at the expense of their success in the “business” of golf.

Management and staff often forget that the golf course is a meeting place for businesspeople who work hard and want to be catered to and made to feel special in a beautiful setting. Course personnel need to recognize that golf provides families with a place to bond, friends with an opportunity to extend and deepen their camaraderie, juniors a venue to learn the values of discipline and ethics, seniors a well-earned hobby, and men’s and ladies’ groups the opportunity to meet and compete. Today’s savvy businessperson knows the golf course is an office, a lunch meeting, a conference room—it is common ground.

At its most basic, golf is simply entertainment, and golf courses are like theme parks—no two courses are identical, and each one offers a different thrill ride every time a customer plays.

Golf operations can be viewed as an “assembly line” in which each golfer proceeds, depending on the type of golf course, to 13 “touch points” which combine to identify the customer value experience: advertising, reservations, directions, club entrance, club house, golf shop, cart, range, starter, golf course, bathrooms, cart return, and restaurant. The following table illustrates the “Assembly Line of Golf.”

Touch Point	Municipal	Daily Fee	Resort	Private Club	Military
Reservations	X	X	X	X	X
Club Entrance	X	X	X	X	X
Bag Drop		X	X	X	
Cart: GPS		X	X		
Locker Room Before Round			X	X	
Pro Shop	X	X	X	X	X
Range	X	X	X	X	X
Starter & Marshalls	X	X	X	X	X
Beverage Cart Attendant		X	X	X	
Halfway House			X	X	
Cart Return—Club Cleaning			X	X	
Locker Room After Round			X	X	
Bar/Restaurant	X	X	X	X	X
Likely # of Contact Points	6	9	13	12	6

As expected, the higher the price per round of golf, the greater the number of anticipated touch points a golfer will experience. Thus, the exclusive private club, the high-end daily fee course, or exclusive resorts are likely to take advantage of many opportunities and to continue efforts to further enhance the overall impression.

Each golf course operation is a series of interconnected processes, the end product of which is a challenged, entertained, and satisfied customer. By understanding and exceeding your customers' unique needs and desires, customer loyalty can be created—and it will lead to financial success.

Therefore, the success of a course is measured by how much fun the customer has, and how his or her perception of personal service was met or exceeded. By understanding and exceeding each customer's unique needs and desires, customer loyalty is created, and that customer loyalty is essential to increasing revenue.

To properly analyze these touch points from an operational perspective, the following components are analyzed:

- ◆ Organizational Culture
- ◆ Labor Scheduling and Reporting of the following departments
 1. Pro Shop Staffing
 2. Starters
 3. Player Assistants
 4. Cart / Range Attendants
 5. Lessons
- ◆ Infrastructure
 1. Snack Bar and Beverage Carts
 2. Merchandising
 3. Miscellaneous

- ◆ Revenue Management and Demand Pricing
- ◆ Marketing

In undertaking revenue management, the first step is to prepare a list of the competitive set of golf courses. The Northcliffe metroplex was divided into the following tiers: platinum, gold, silver, bronze and steel. Within this market, no “platinum” courses such as Bethpage or Torrey Pines exist, though some might debate that TCP San Antonio fits into that category.

The competitive market set for Northcliffe, based solely on price, was determined to be:

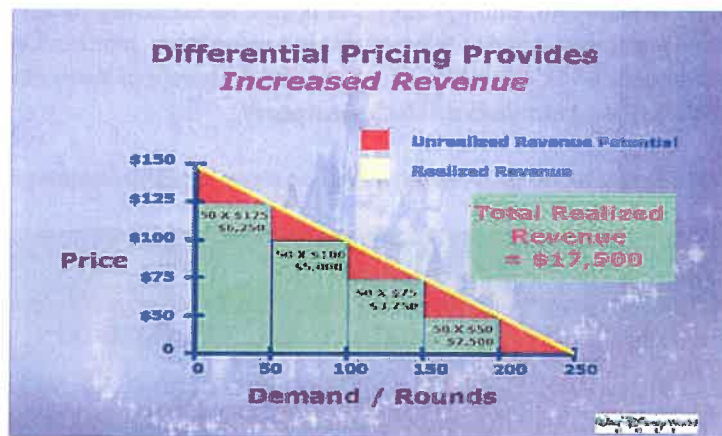
Competitive Marketplace							
Dist	Course Name	Total Holes	Year Open	Type	Number of Tee Stations	Peak Green Fee	Sales Sq. Ft.
	Northcliffe Country Club	18	1979	DP	30	\$40	2,000
1.5	Garden Ridge Golf Center	N/A	1990		30	N/A	0
6.2	Olympic Hills Golf & Conference Center	18	2000	ML	4	\$45	1,000
6.3	Birdie's Golf Center & Driving Range	9	1987	DP	20	\$10	1,200
7.1	Randolph Oaks Golf Course	18	1940	PN	40	\$30	2,000
8.3	Blacks Fork Golf Course	18	1938	ML	0	\$30	900
	Shelling Oaks Golf Center	N/A	1994		30	N/A	1,500
9.8	The Bendit Golf Club	18	1997	DP	25	\$50	1,000
10.8	TPC of San Antonio	36	2010	PN	40	\$175	0
11.5	Windcrest Golf Club	9	1962	DP	0	\$15	900
11.8	Northern Hills Golf Club	18	1969	DP	15	\$40	1,300
12.1	Woodlake Golf Club	18	1972	DP	20	\$40	800
13.7	The Sports Authority	N/A			N/A	N/A	N/A
14.2	Blossom Golf Center	9	1990	DP	40	\$10	1,800
14.3	Northwest Golf Center	N/A	1993		30	N/A	2,000
14.7	Don's Golf Shop & Club Scout	N/A	1993		N/A	N/A	1,000

Yield management is the art of establishing rates by time of the day, day of the week, and time of the year by the golfer type and to thereby maximize revenue.

It is perceived that the prices set by municipalities serve as the “buoy” by which all prices are set in the market. Should a municipality raise its prices, the daily fee golf courses will also adjust their prices upward to reflect the incremental value the golfer experiences.

The goal of revenue management is simple: sell the right tee time to the right golfer at the right time at the right price. The failure to engage in dynamic yield management results in lost profit opportunities. Presented below is an example of how Walt Disney World creates tiered buckets to ensure revenue is maximized.

Revenue Management Opportunities



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Northcliffe has the price point of \$39 inclusive of cart. Unfortunately, from the current software, we were unable to calculate the yield per hour or the yield by rate type. Both of these statistics are essential to properly manage a golf course. In essence, management of Northcliffe is flying blind.

Marketing

There is a significant opportunity to improve all aspects of marketing. The Northcliffe Golf Club serves a defined niche; the value-oriented golfer. This niche is largely filled by new entrants to the game, those seeking recreational rather than competitive entertainment, and seniors.

A comprehensive marketing plan should be developed. This campaign should embrace the theme that everyone in the community is a valued customer and welcome at the facility. As part of this comprehensive marketing plan, a Director of Marketing should be retained, and one has been budgeted within the cash flow forecasts developed for this strategic plan.

Understanding the challenges faced, Northcliffe, upon installing and fine tuning the software needed to facilitate customer data capture at the POS terminal, should engage in new marketing initiatives based on the following priorities:

With financial resources limited, it is often not where funds are invested that matters but where funds are conserved. It is suggested that generic brand advertising in local media be suspended. The funds invested are unlikely to produce incremental returns.

Conversely, the use of email, Twitter, and Facebook updates to the Northcliffe database is advised.

Recommendations

It is advocated that Northcliffe undertake the following initiatives to integrate its culture into the national golf community:

- ◆ Join the National Golf Course Owners Association and participate in the Association's online Listserv forum, through which key employees can answer queries concerning best practices.
- ◆ Membership in the National Golf Foundation is also advocated; the Foundation's monthly newsletter offers a broad perspective about industry changes and appropriate responses to those changes.
- ◆ Finally, the Northcliffe Department should send a representative to the PGA Merchandise Show or to the NGCOA Annual conference, where numerous outstanding educational sessions are provided. These week-long educational programs for golf managers would be beneficial, especially since training of the staff has mostly been from internal resources.
- ◆ Engage in bi-weekly email marketing to the core/acquired and defectors with targeted messages to stimulate incremental play.

Step 7: Golfer Survey

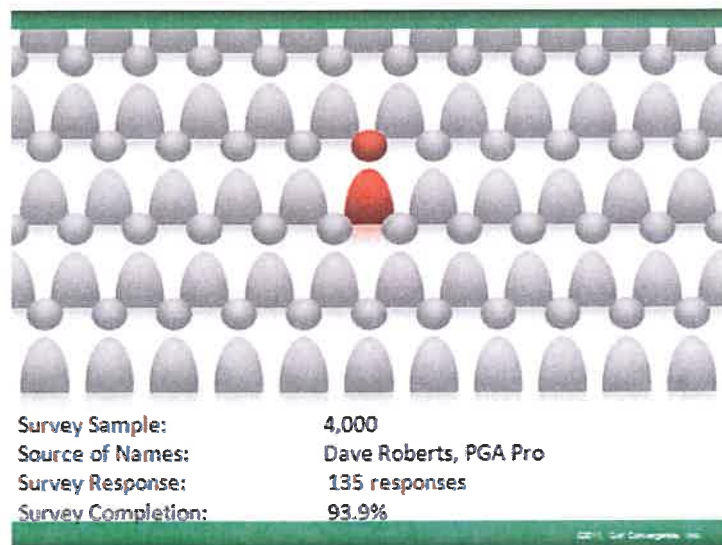
In creating a strategic plan, it is vital to understand the golf industry and the unique characteristics that define the sport. Presented below are some statistics regarding golf in the United States provided by the National Golf Foundation:

- ◆ There are 26.2 million golfers in the United States.
- ◆ 36.7 million Americans are golf participants, defined as anyone ages 5 and above who either played a round of golf or visited a golf practice facility.
- ◆ More than 45 percent of golfers (11.9 million) are between the ages of 18 and 39. Seniors (ages 50 and over) comprise another 33 percent or 8.6 million.
- ◆ There are 5.76 million female golfers, which is 22 percent of all golfers. There are 6.1 million juniors.

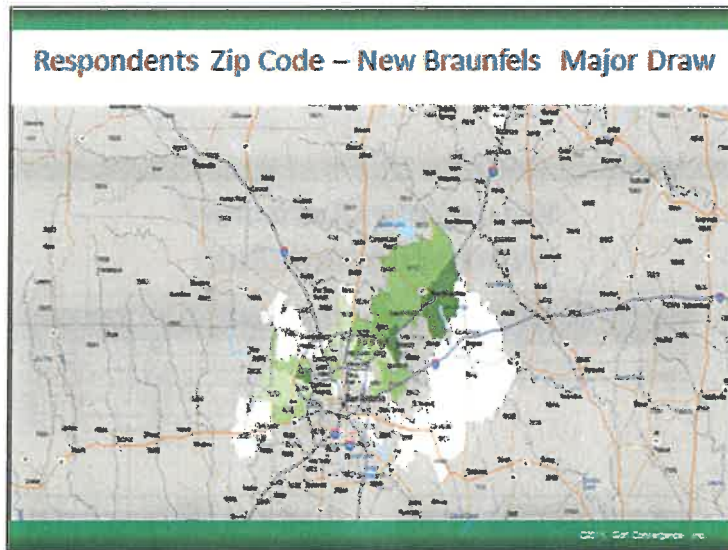
There are 16,057 facilities, 11,690 of which are open to the public.

- ◆ Only 22 percent of all golfers regularly score better than 90 for 18 holes on a regulation-length course. For females, the percentage is just 7 percent...and for males it is 25 percent.
- ◆ The average 18-hole score is 97 for men and 114 for women. It's an even 100 for all golfers.
- ◆ The average scores have changed very little over the years.

In conducting an operational analysis, obtaining a current perspective of Northcliffe's customer database by identifying each customer's age, gender, net income, ethnicity, playing frequency, favorite golf courses, and price point barriers, is valuable. The key point being measured is the opportunity to increase current market share.

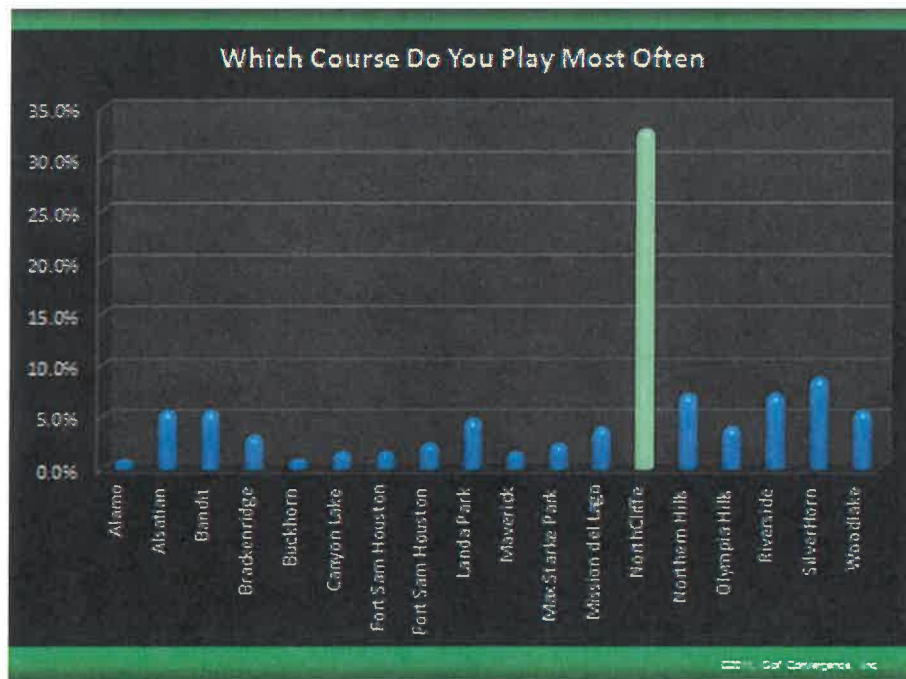


The survey remained open for 12 days, providing a 95% confidence factor and a margin of error on the results of 8% +-, which indicates that the results achieved are statistically valid. The zip codes of respondents were as follows:



Key: Respondents per zip code ranged from one (white) to 70 (dark green).

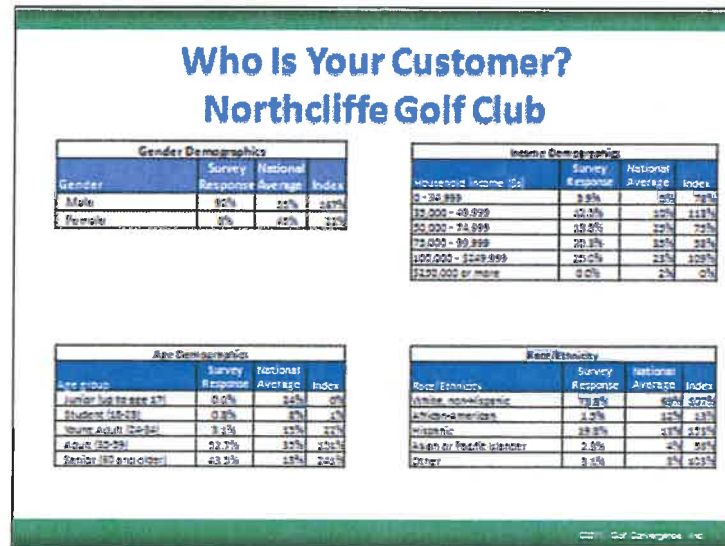
The respondents indicated that the courses they played most often were:



Who Are the Customers?

The geographic local market analysis performed in Step 1 of the Golf Convergence WIN™ formula indicated that the Northcliffe golfer was likely to be Caucasian, slightly older, and very wealthy.

These statistics were confirmed in the survey of Northcliffe golfers. Survey respondents have the following demographic profile:

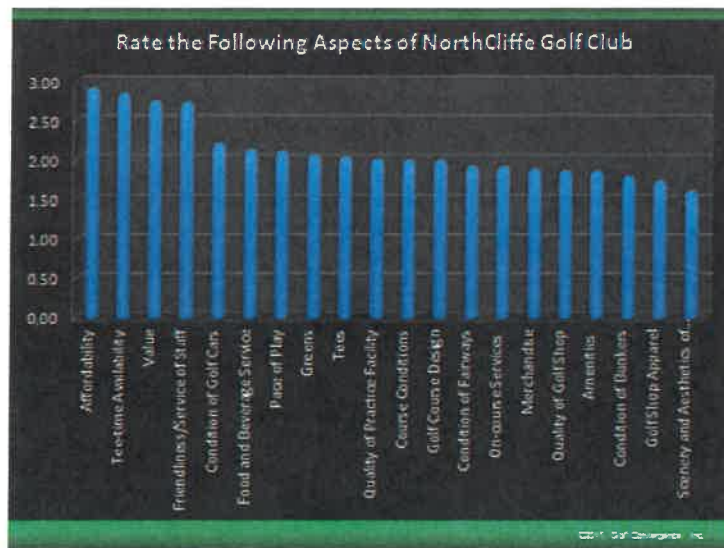


Northcliffe customers are older and wealthy – both great demographics for golf. Their penchant to play the Parks and Recreation Department golf courses emphasizes that cost is an important determinant in that decision.

The survey revealed that of these golfers, 38% visit four to seven golf courses to play between 19 and 40 rounds annually. 66% play more than 19 rounds per year, which puts them in the category known as core golfers. A slight majority prefer to pay between \$46 and \$85 for a weekend green fee and cart.

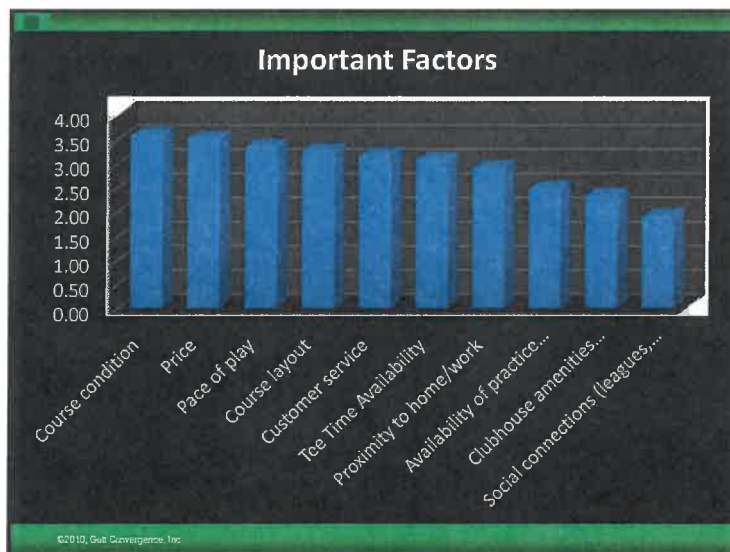
What Do They Like About Northcliffe Golf Club?

The golfers were asked to rate 23 attributes of the Northcliffe Golf Club. What always surprises us about these surveys is the golfers always get it right as illustrated below:



What Is Important?

When asked, "What factors are important to you in selecting one course over another, the results of the Northcliffe Golf Course survey are consistent with other surveys conducted by Golf Convergence and by leading trade organizations such as the Golf Course Superintendents Association of America. Conditioning and value (price/experience delivered) predict success as shown below:



Since a large part of the "experience" equation is the conditioning of the golf course, this should be no surprise.

Of concern is the fact that the survey respondents ranked “price” as the second most important criterion for choosing what course to play. Golfers often maintain that if the prices were lowered, the increase in rounds would offset the lower fees. Such a trade-off is perilous, as noted in the chart below:

Decrease in Price	Number of Additional Rounds Required to Offset Discount
5%	5.26%
10%	11.11%
15%	17.65%
20%	25.00%
25%	33.33%
30%	42.86%
35%	53.85%
40%	66.67%
45%	81.82%
50%	100.00%

Lessons Learned

With 82.0% of the survey respondents indicating that they are likely or very likely to play Northcliffe Golf Club, it is important that the central conclusion of the survey be carefully considered by management:

“Capital improvements as outlined in this strategic plan should be implemented very quickly, as course conditions and price were cited in the golfer survey as significant concerns.”

Value is made up of many components. The value formula is straightforward. To the extent that the customer experience exceeds price, loyalty is created. To the extent that the price exceeds customer experience, loyalty is lost. Thus, while conditioning remains a dominant factor, being able to play quickly on the day and time desired continues to highlight the fact that we function within a time-crunched society. Northcliffe has the opportunity to profit by focusing on affordability and tee time availability.

Step 8: Customer Loyalty

Customers' Key Benchmarks

Knowing who your customers are, their spending preferences, and their frequency is fundamental to maximizing your net income, increasing your operational efficiency, and enhancing your customer service. This knowledge is the essential foundation for a meaningful marketing program. Without this information, which Northcliffe lacks, most golf courses greatly minimize their revenue opportunities.

A leading golf course management company¹² that serves more than 100 public golf courses has identified certain predictable characteristics:

- 1) A golf course, on average, has 8,000 distinct customers, from a minimum of 3,500 to a maximum of 11,000.
- 2) 10% to 20% of those customers are "initiators" and make the tee time.
- 3) 50% of those customers play the course merely once per year.
- 4) 50% of those who play will not return next year.
- 5) Only 13% will play six or more times.
- 6) Customers average six rounds played at a specific course per year.
- 7) A golf course will have a 20% wallet share of core golfers who play 40 rounds per year.
- 8) Customers become at risk of not returning when they haven't played your course in 90 days.
- 9) The response rate from customers offered a 20% off coupon, a 10% off coupon, or merely receiving acknowledgement that they are missed is nearly the same.

It is fair to conjecture that golfers at the Northcliffe courses have comparable profiles. However, without the use of a functional golf management system, measuring any of the key metrics is not possible at this time.

Customer Franchise Analysis

The customer franchise analysis (CFA) provides operators with the first tool to win the share-of-golfer battle caused by the current oversupply environment in many markets. The CFA leverages information in the operator's point-of-sale (POS) or electronic tee sheet system to understand and target key customer groups, as described in Step 4 regarding financial metrics. The CFA measures customer franchise health, such as the number of unique guests acquired, retained, and lost, as well as the spending level of each group, down to the individual customer level.

Unfortunately, this analysis also could not be completed for the Northcliffe because, as has been noted, the tee sheet and the POS doesn't utilize an integrated golf management system.

As a result, Northcliffe is lacking critical metrics needed by a golf course to identify core customers, spending patterns, customer retention, turnover frequency of golfers, zip code distribution, course utilization, revenue per available tee time, and revenue per tee time purchased.

¹² Peter Hill, Billy Casper Golf Management, "Programming for Profit," February 4, 2009 presented at NGCOA Multi-Users Conference.

However, we were able to ascertain those factors that are vital to golfers at Northcliffe Golf Club. With the national average being 26, these courses received loyalty scores from 43 to -20, as noted below:



Note: "Promoter Score" is a term to measure the loyalty of a customer to a facility, i.e., are they "promoters" of that enterprise. The national average is 26.

Northcliffe's score is very favorable.

Why are those loyalty share numbers important? Loyalty correlates to wallet share, and the percentage of wallet share a course receives from its golfers is a highly predictive factor of success. Higher wallet share equals higher revenue equals higher net income. Wallet share represents the percentage of a golfer's money spent at each golf course versus the total amount spent annually by the golfer.

It is much easier to attract a greater wallet share of an existing customer through building loyalty than it is to attract a new customer to the golf course. Promoters refer five golfers per year to the facility, while strong detractors can provide up to five negative references.

Appendix

Step 1 (a): Tactician

Geographical Local Market Analysis

Power Point

Northcliffe Golf Club

Creating a Strategic Plan

July 28, 2011

J.J. Keegan, Managing Principal



Lesson 1: 8 Steps Golf Convergence **WIN**TM Formula

Start

Finish

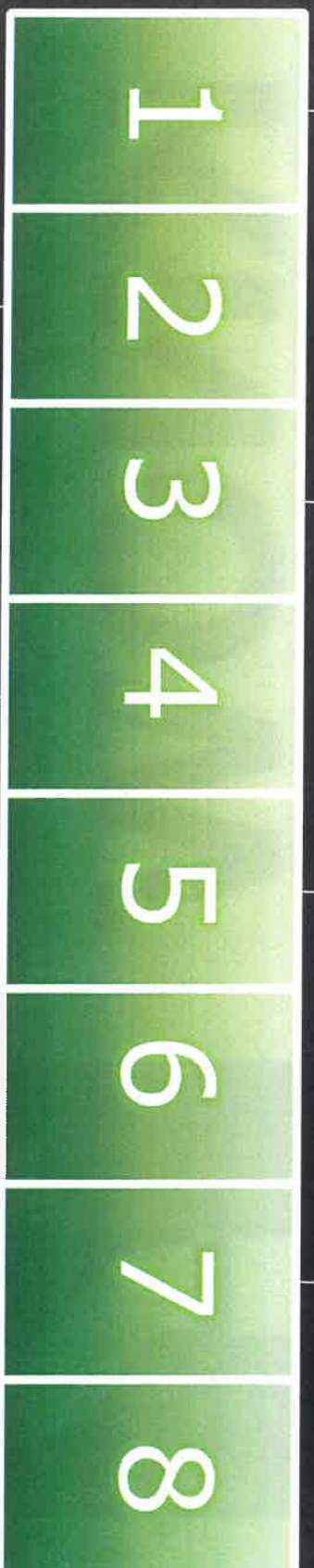
GLMA

Technology

Facilities

Surveys

Start



Finish

Weather
Impact

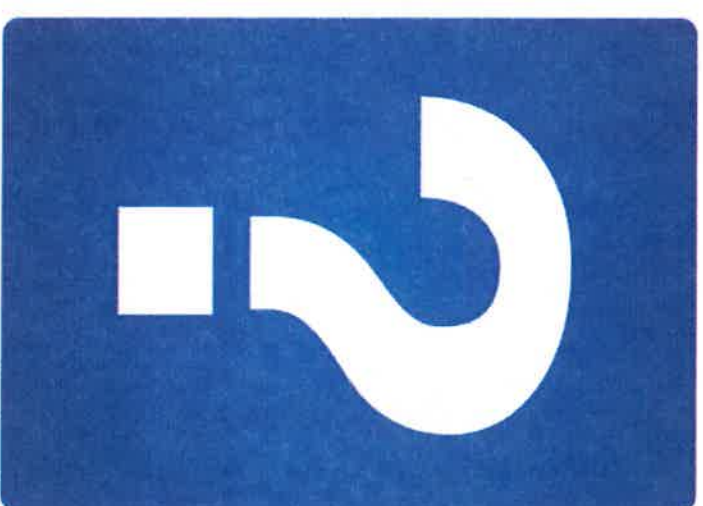
Financial
Metrics

Operations

Loyalty

DID YOU KNOW


Lesson 1



Value = Experience - Price



Experience > Price

A close-up photograph of a blue and white dimpled golf ball resting on a lush green grassy surface. The ball is positioned in the center of the frame, slightly to the right. The grass is vibrant green and appears to be a mix of different types, with some blades being longer and more upright than others. The background is a soft, out-of-focus green, suggesting a golf course or a similar outdoor setting. The lighting is natural, creating a slight shadow on the grass to the right of the ball.

Financial Prosperity if
appropriate financial
statements can be achieved

Price > Experience

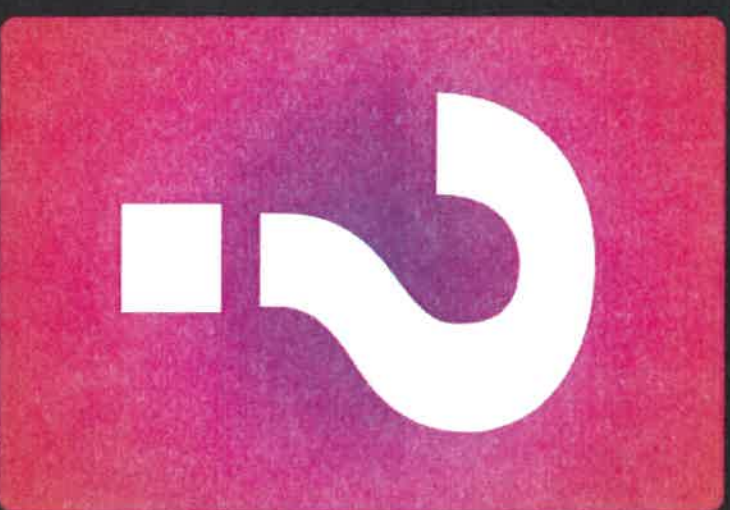
May you rest in peace



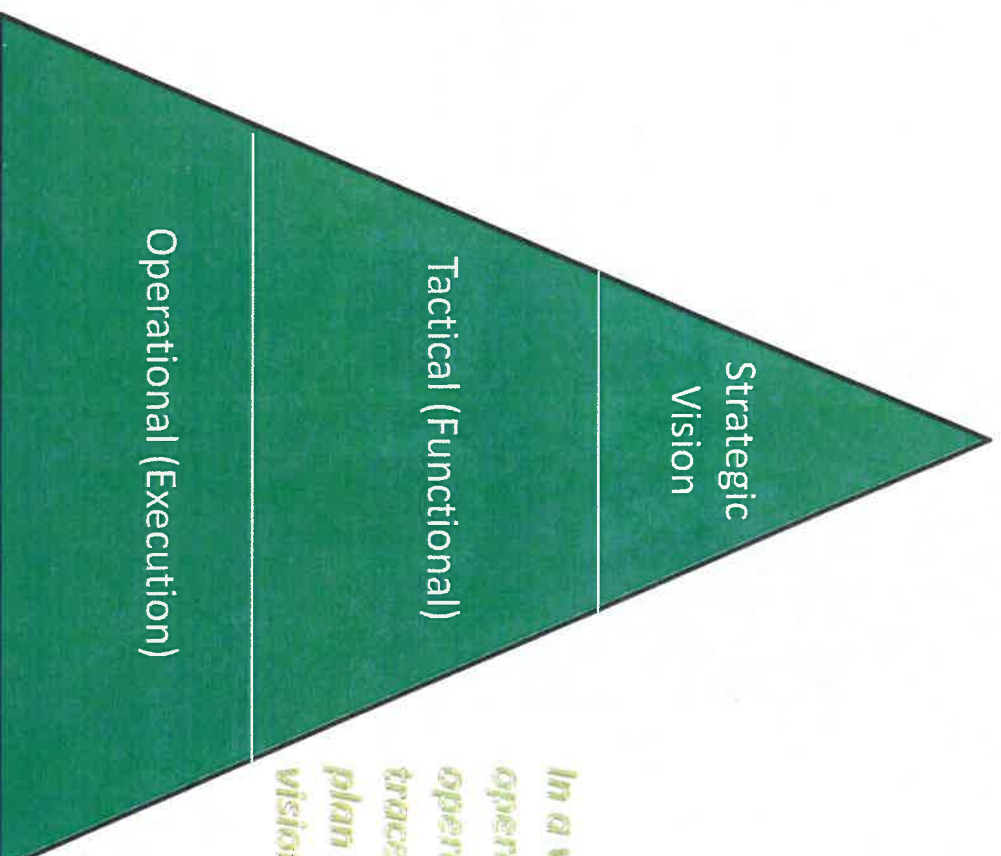
Experience = Net Income + Capital Inv.

Lesson 2

DID YOU KNOW



A Strategic Plan

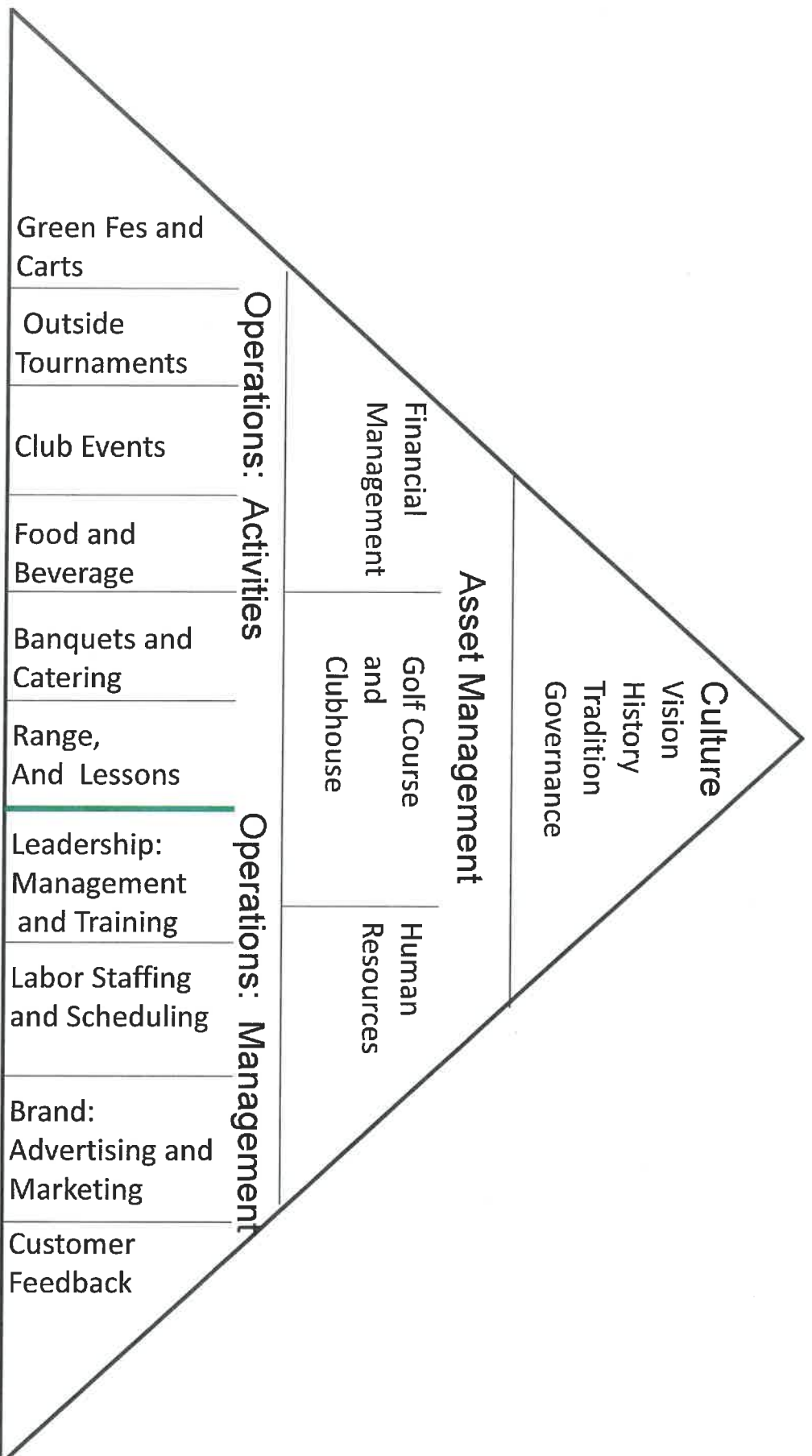


*In a well managed
operation, every
operational decision can be
traced up to the tactical
plan and up to the strategic
vision*

The BRO^ADMOOR'S Service Standards

- 1) Make eye contact, smile and greet the guest or employee immediately.
- 2) Use the guest's or employee's name.
- 3) Escort guests or employees to their requested location.
- 4) Immediately approach a guest or employee who seems to be lost and offer them assistance.
- 5) Learn what is expected from your department so that you can anticipate the needs of the guests and employees you service.
- 6) Follow up on requests, even when it is not the duty of your department.
- 7) Never say: "I don't know." Say: "I'll find out."
- 8) Never appear hurried even if you are very busy.
- 9) If unable to comply with a guest's wishes, offer them an alternative. Avoid negative expressions like: "That's against hotel policy." or "This is not my table."
- 10) Keep the BRO^ADMOOR spotless! If you see something that is out of place, pick it up! Remember, we are all a part of the BRO^ADMOOR Beautification Committee.
- 11) Act professionally in public areas at all times. Stand erect and avoid leaning against walls or furniture.
- 12) Always recommend the BRO^ADMOOR's restaurants and shop to our guests before suggesting other alternatives.
- 13) Take "ownership" of a guest's problem. Ensure the matter is resolved and that the guest is satisfied with your solution.
- 14) Respond to a guest's request within 10 minutes.
- 15) Know the services the hotel offers and the location of banquet facilities and meeting rooms.
- 16) Go the extra mile!

A Strategic Plan



What is Your Strategic Vision – Public Course?

Determines Financial Resources Allocated

	Platinum	Gold	Silver	Bronze	Steel
Vision	Rolls Royce	BMW	Volvo	Chevrolet	Hyundai
Examples	Kohler Bandon Dunes	Pinehurst Trump National	Bethpage Torrey Pines	Bear Dance Brown Deer Fossil Trace Paa Ko Ridge	City Park, Anywhere
Cost (green fee + cart)	Over \$250 per round	\$175 to \$500 per round	\$75 to \$200 per round	\$50 to \$100 per round	\$50 or less
Access	Reservations +30	Reservations +7	Reservations < 7	2 to 5 days	None
Style	Formal	Professional	Relaxed	Very Casual	Loose
Social Status	Top 20%	Top 40%	Upper Middle Class	Middle Class	Anyone

Why is Your Strategic Vision – Public Course?

	Platinum	Gold	Silver	Bronze	Steel
Ranking	Top 100 World	Top 100 US	Top 100 Public	State Listing	None
Architect	Top 5 Modern Or Classic Architect	Top 10 Architect	Nationally Known Architect	State Known Architect	Unknown by Most Avid Golfers
Hosting Championships	National	National	State	Local	None
Slope	Over 140	130 to 139	125 to 129	120 to 124	Under 120
Conditioning	Summer Rules: Lush	Summer Rules – Good	Summer Rules – Mostly Year Around	Conditioning Varies by Season	Winter Rules
Carts	Forecaddies Required	Caddies + Carts	Caddies rare: Carts: Electric plus hand carts	No caddies: Carts: Electric/Gas plus hand carts	No caddies: Carts: Electric/Gas plus hand carts

Why is Your Strategic Vision – Public Course?

	Platinum	Gold	Silver	Bronze	Steel
Amenities	More than 10	7 to 10	4 to 6	2 or 3	None or 1
Customer Touch Points	13	10 to 12	7 to 9	4 To 6	3 or less
Cell Phones	Private Areas	On Course	Anywhere	Anywhere	Anywhere
Dress Code	Stringent, Restrictions Apply	Stringent	Appropriate	Relaxed	Modest
Jeans	No	No	Yes	Yes	Yes
Collared Shirts	Variable	Yes	Yes	Yes	Yes
Ladies pants	Restrictions apply	Dress code: Shorts permissible	Dress code: Shorts permissible	Very loose dress code	No dress code

Why is Your Strategic Vision – Public Course?

	Platinum	Gold	Silver	Bronze	Steel
Your Score					
Total Possible	19	19	19	19	19

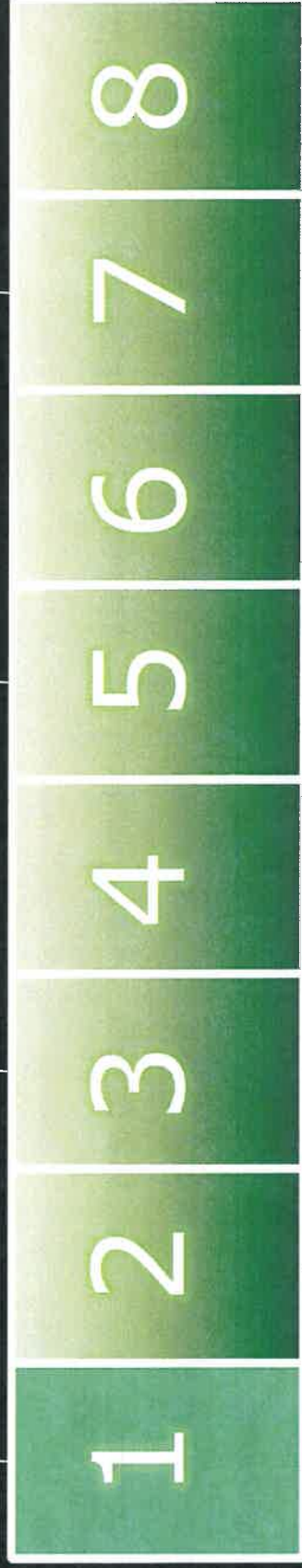
Public Club – Asset Base

	Platinum Top 10%	Gold Top 25%	Silver Median	Bronze 3 rd Quintile	Steel - Bottom 25%
Rounds Played	30,000	35,000	40,000	45,000	Over 50,000
Full Time Employees	> 40	> 20	> 10	> 5	< 5
Total Revenues	> \$3.5 million	> \$2 million	> \$1.5 million	> \$1 million	< \$1 million
Green Fes, Guest, Cart, Trail	> \$1.8 million	> \$1.0 million	\$750,000	> \$500,000	< \$500,000
Merchandise	> \$300,000	\$200,000	\$100,000	> \$75,000	< \$75,000
Maintenance	> \$800,000	> \$700,000	> \$500,000	> \$400,000	< \$400,000
Annual Renovation	> \$800,000	> \$700,000	> \$85,000	> \$50,000	< \$50,000
EBITDA	> 1,200,000	> \$600,000	> \$400,000	> \$200,000	< \$200,000

GLMA Technology Facilities Surveys

Start

Finish



Weather
Impact

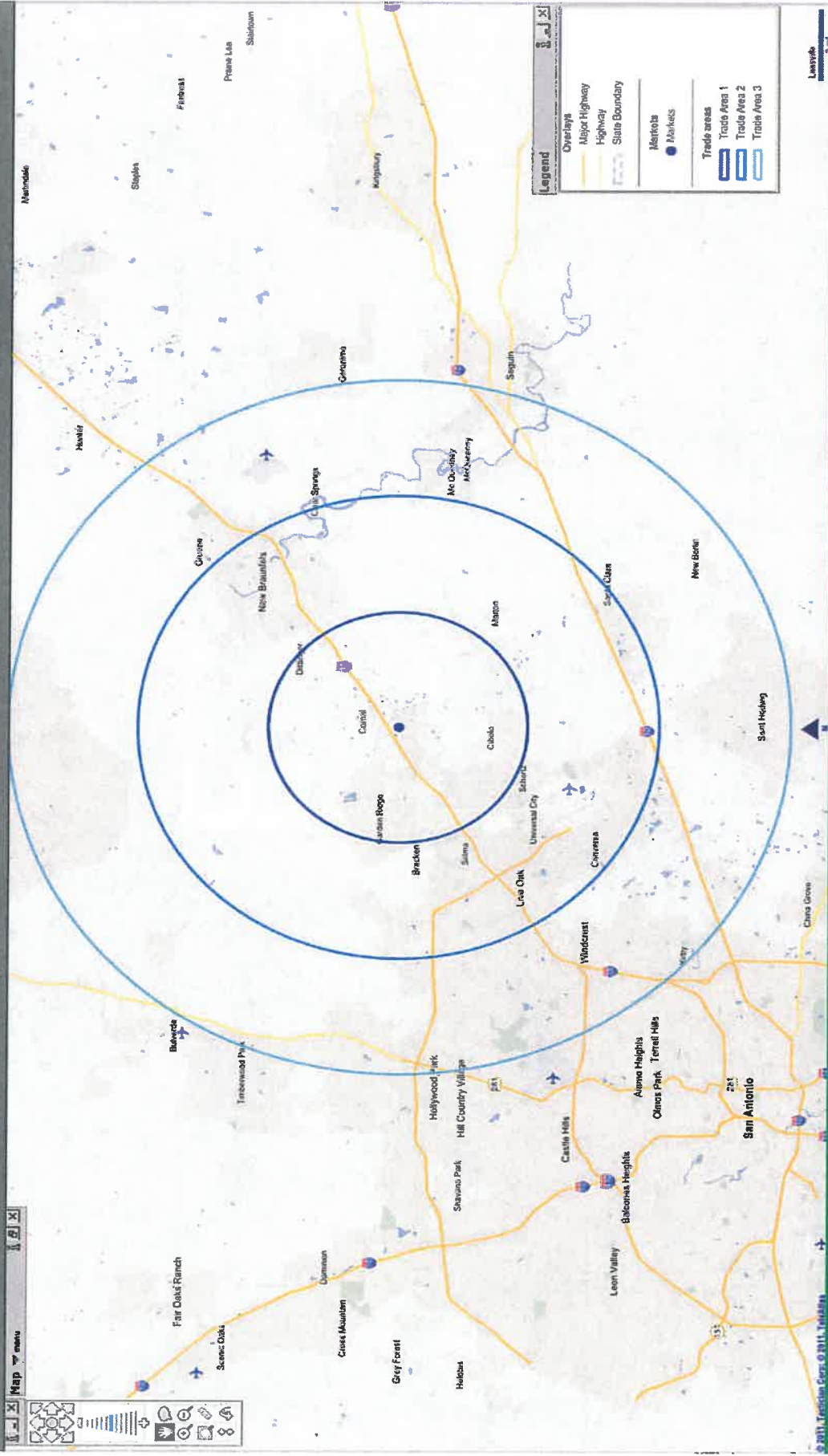
Financial
Metrics

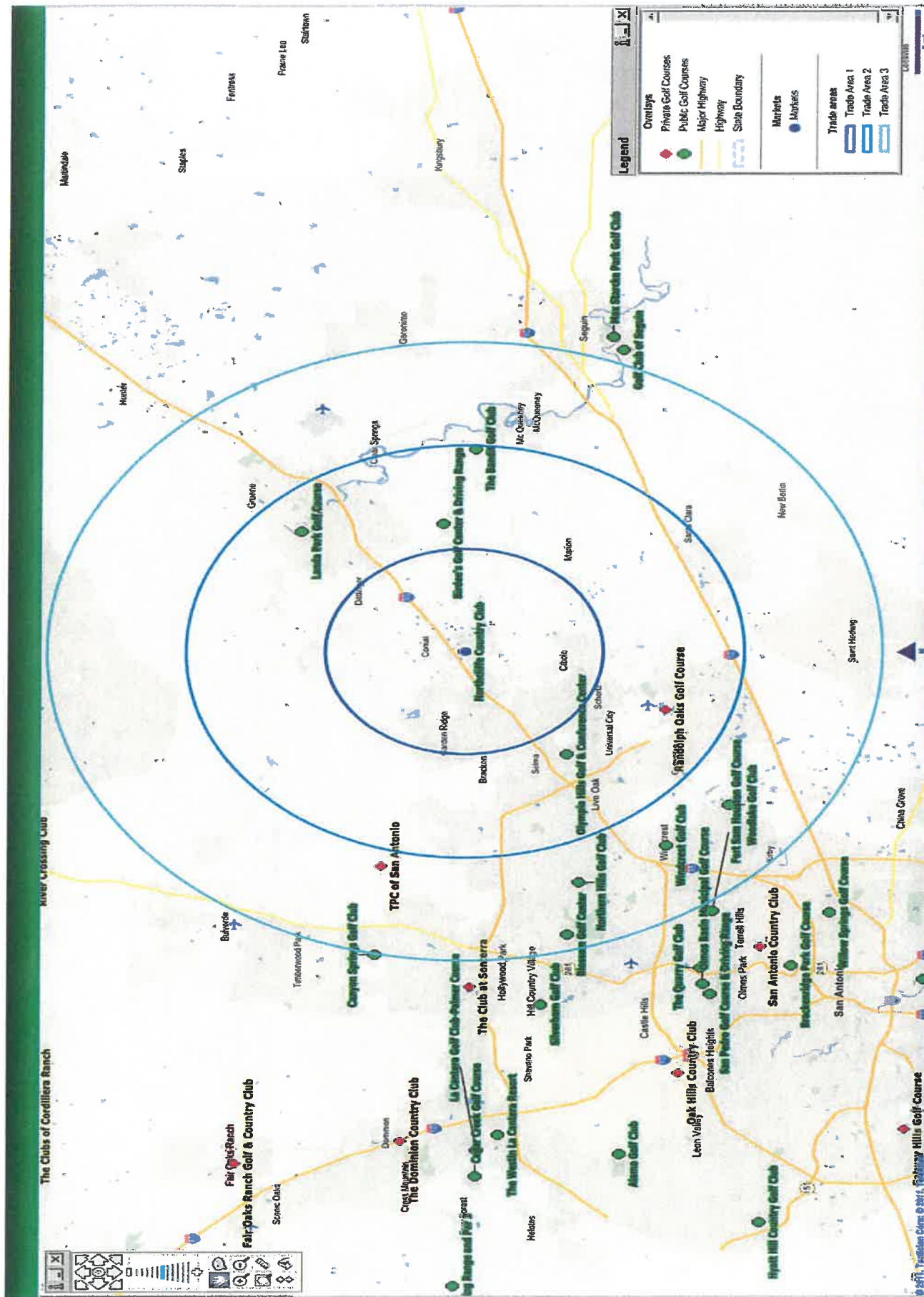
Operations

Loyalty

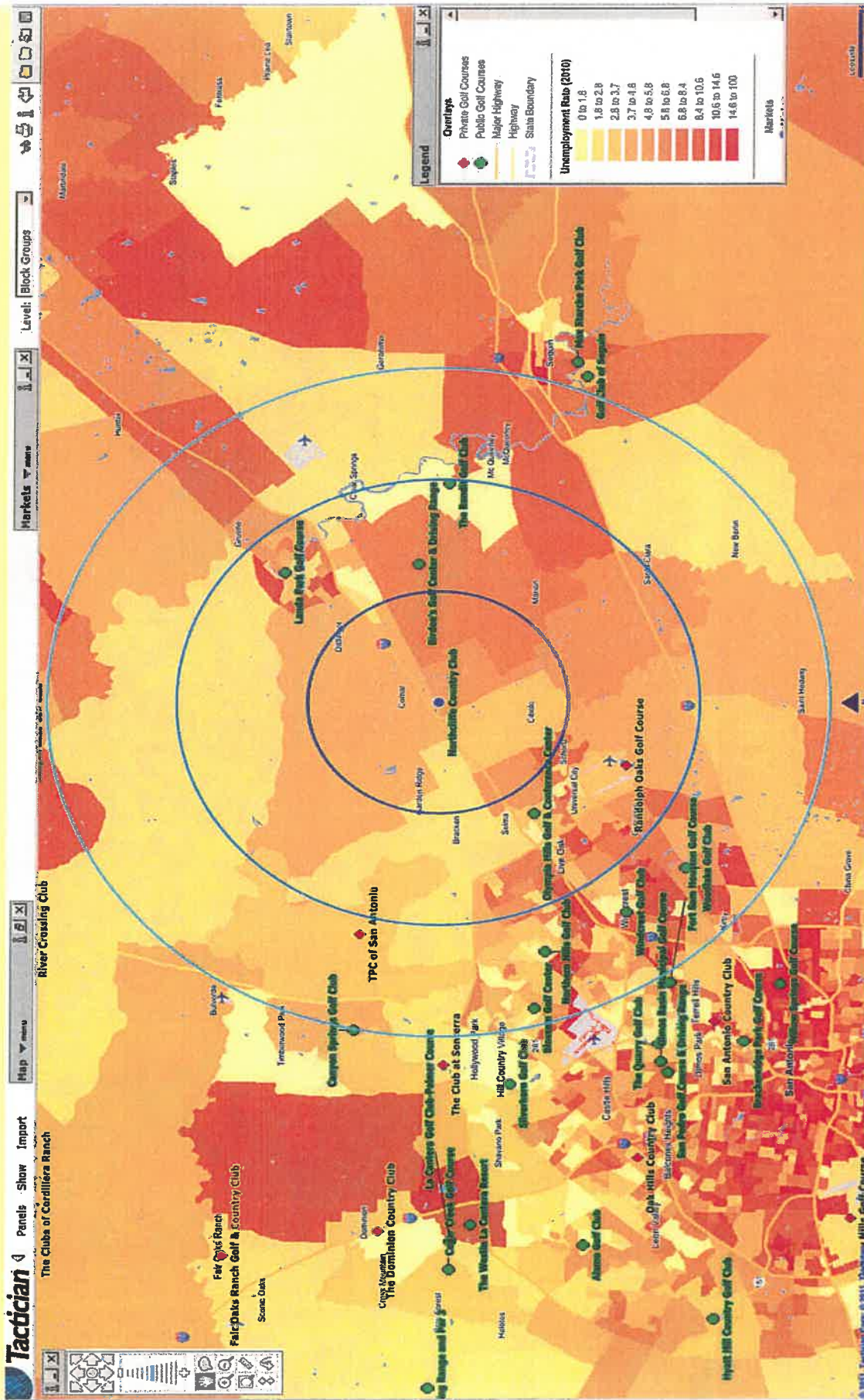
I^NCOME
D^{EN}SITY
E^{thnicity}
A^{GE}

Immediate Competitive Landscape



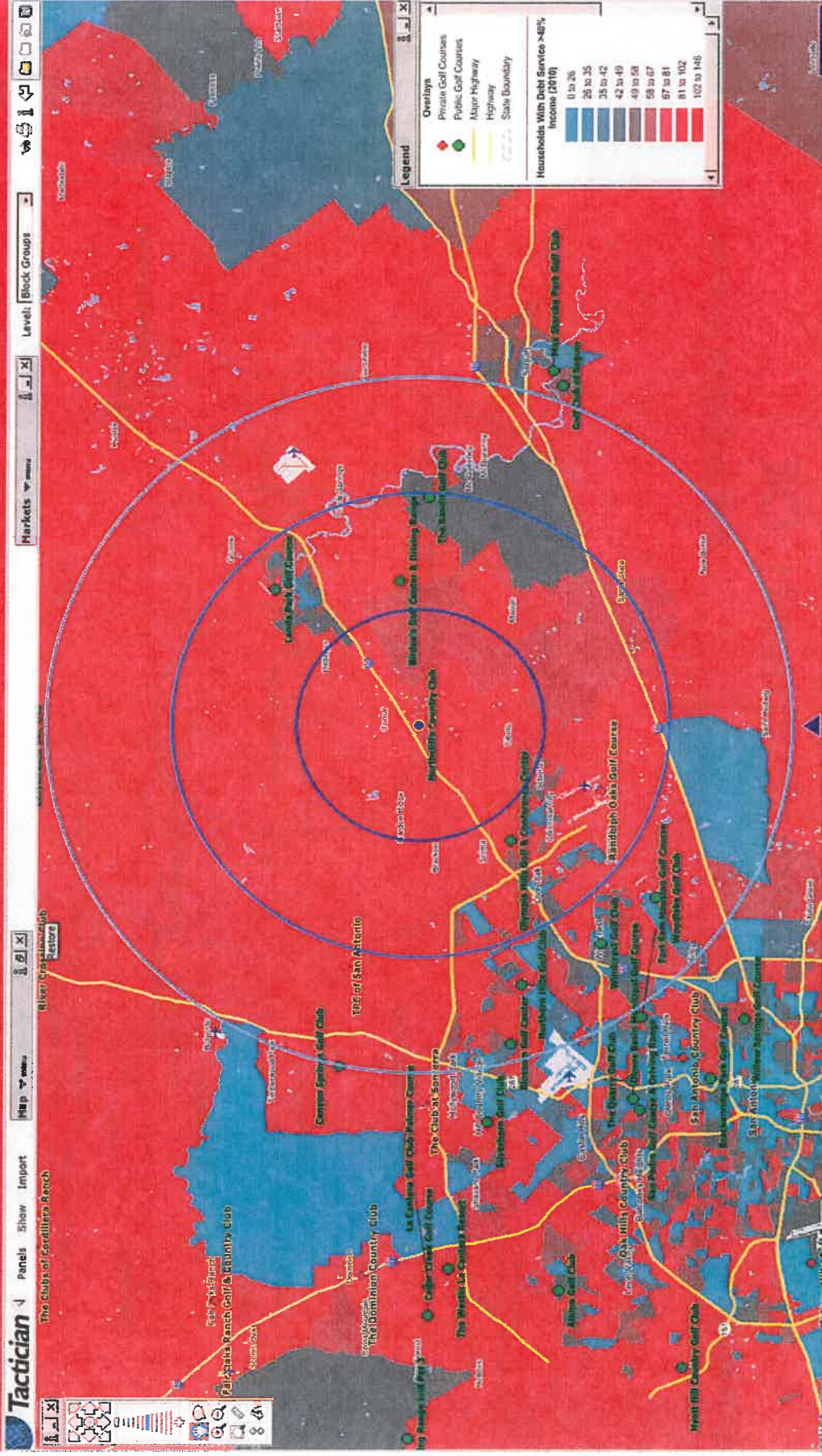


Unemployment: OK



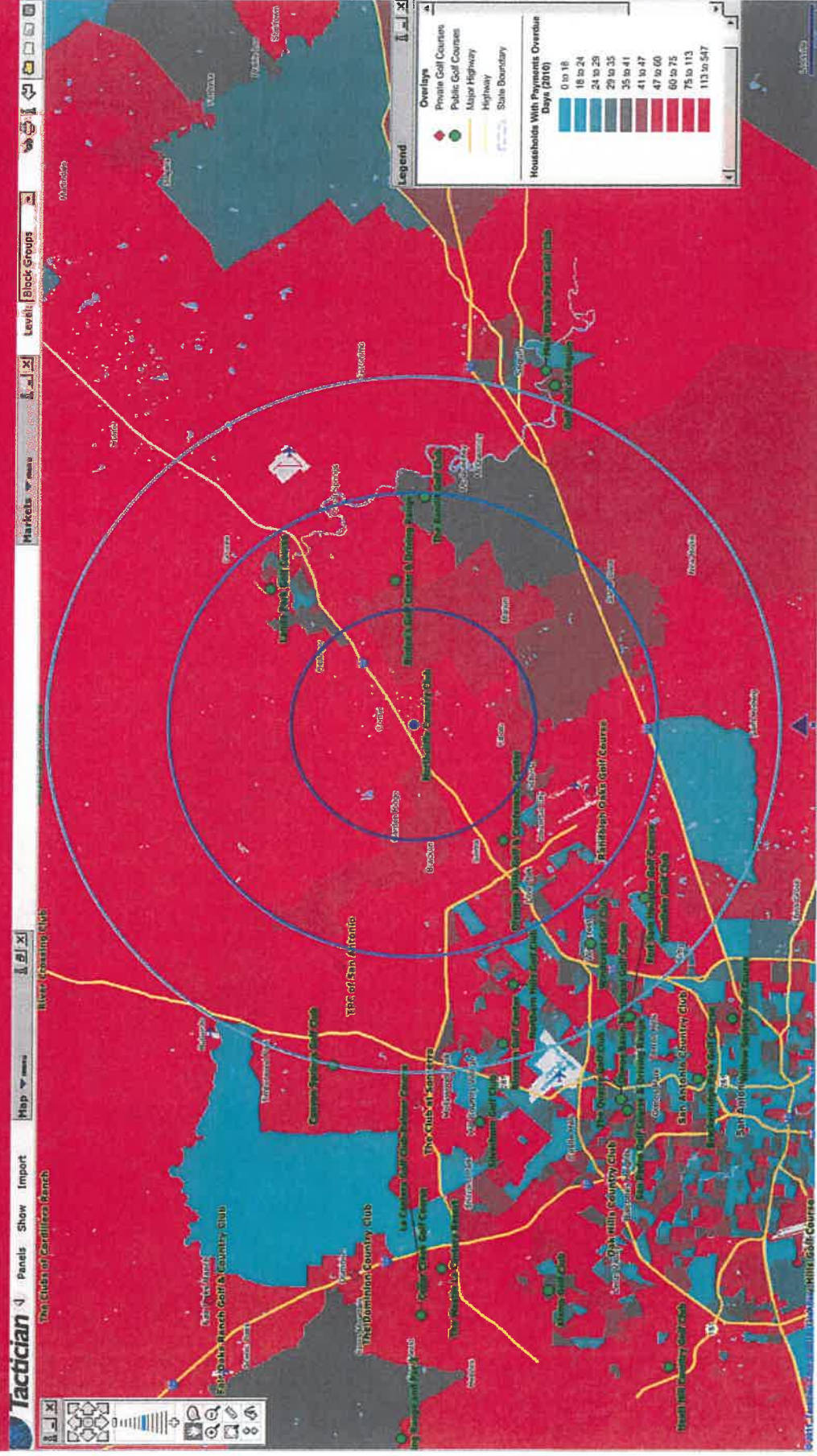
Household With Debt Service > 40% of Income

Yikes!



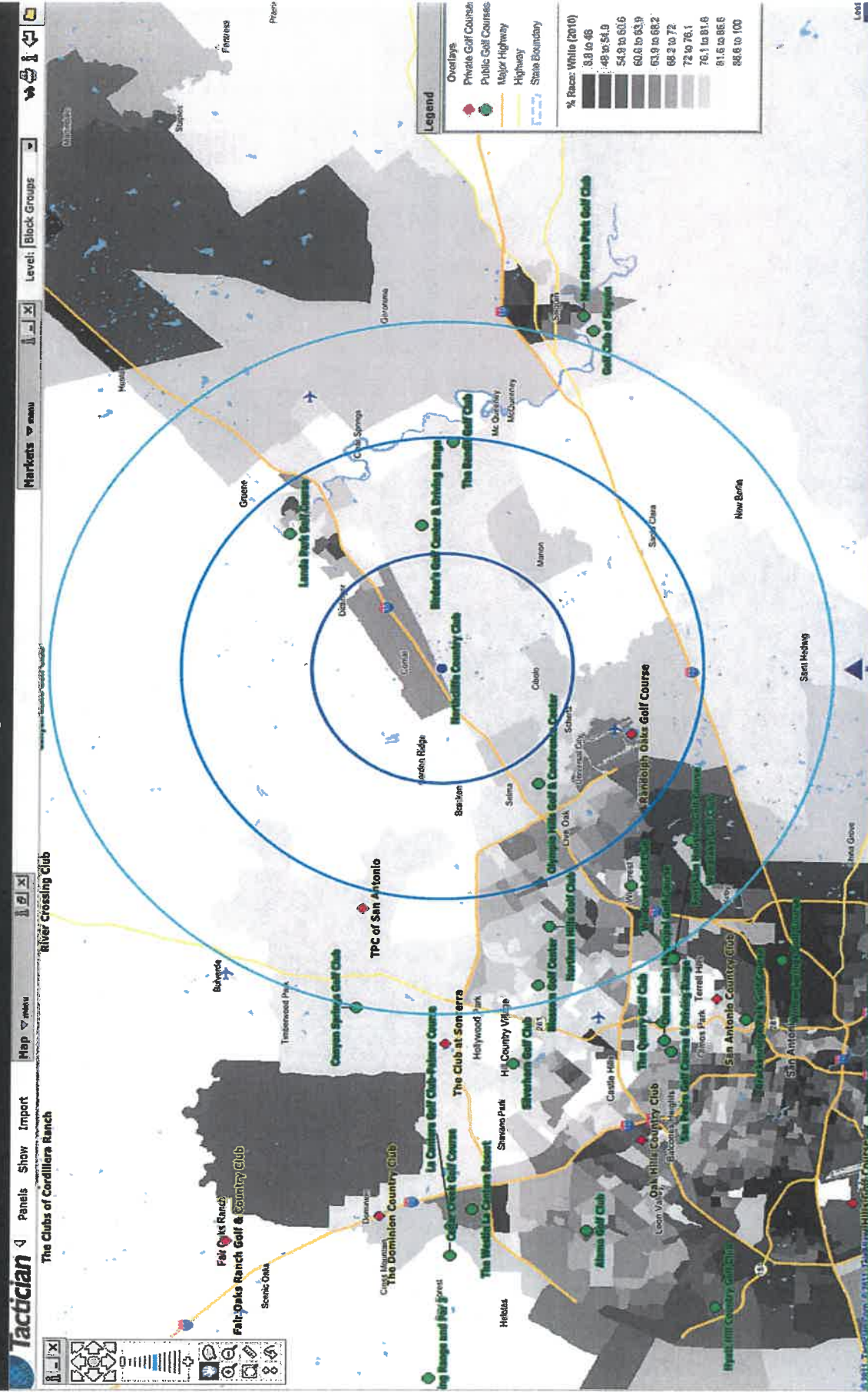
Household With Payments Overdue > 60 Days

Ouch!

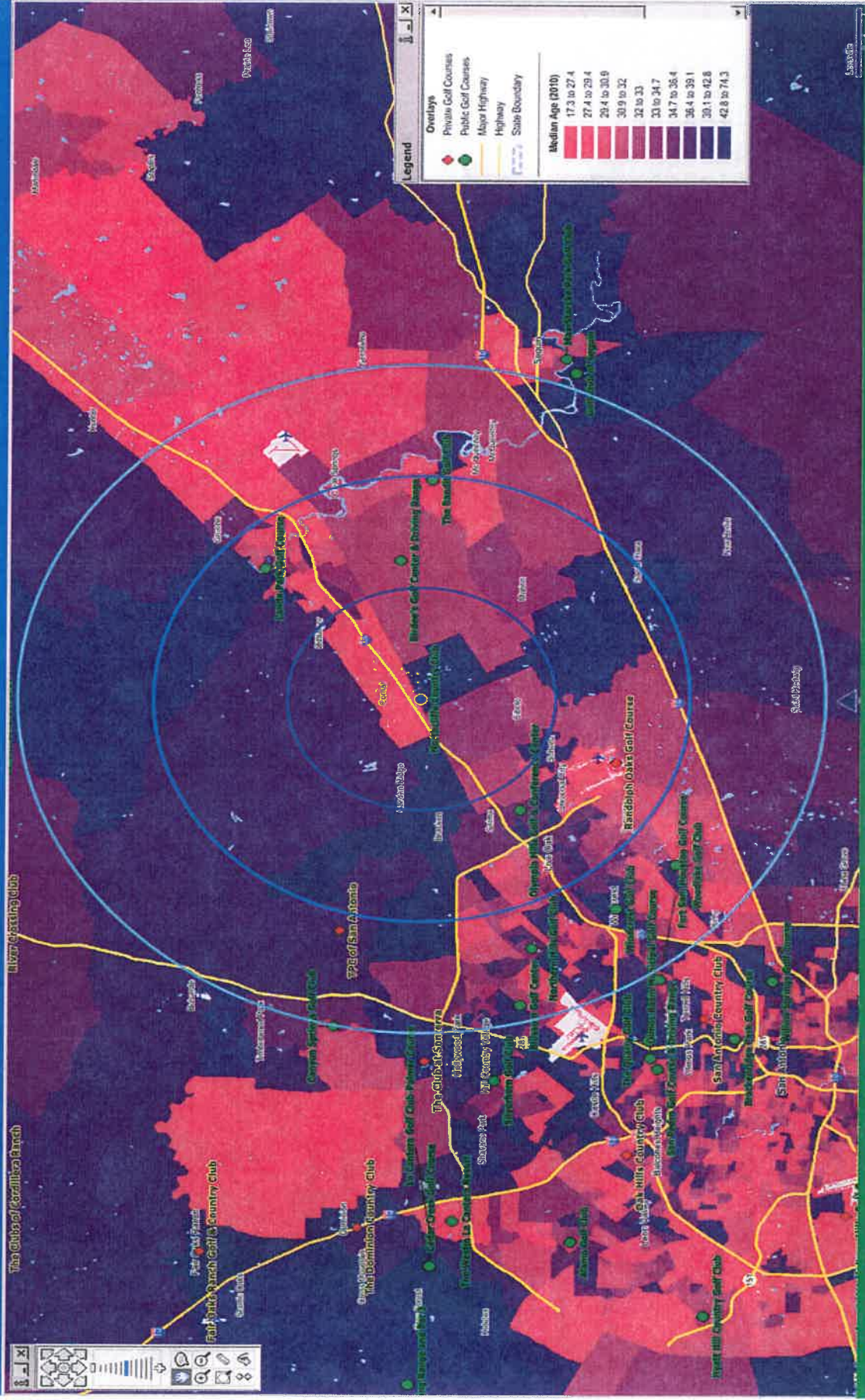


[illegible]

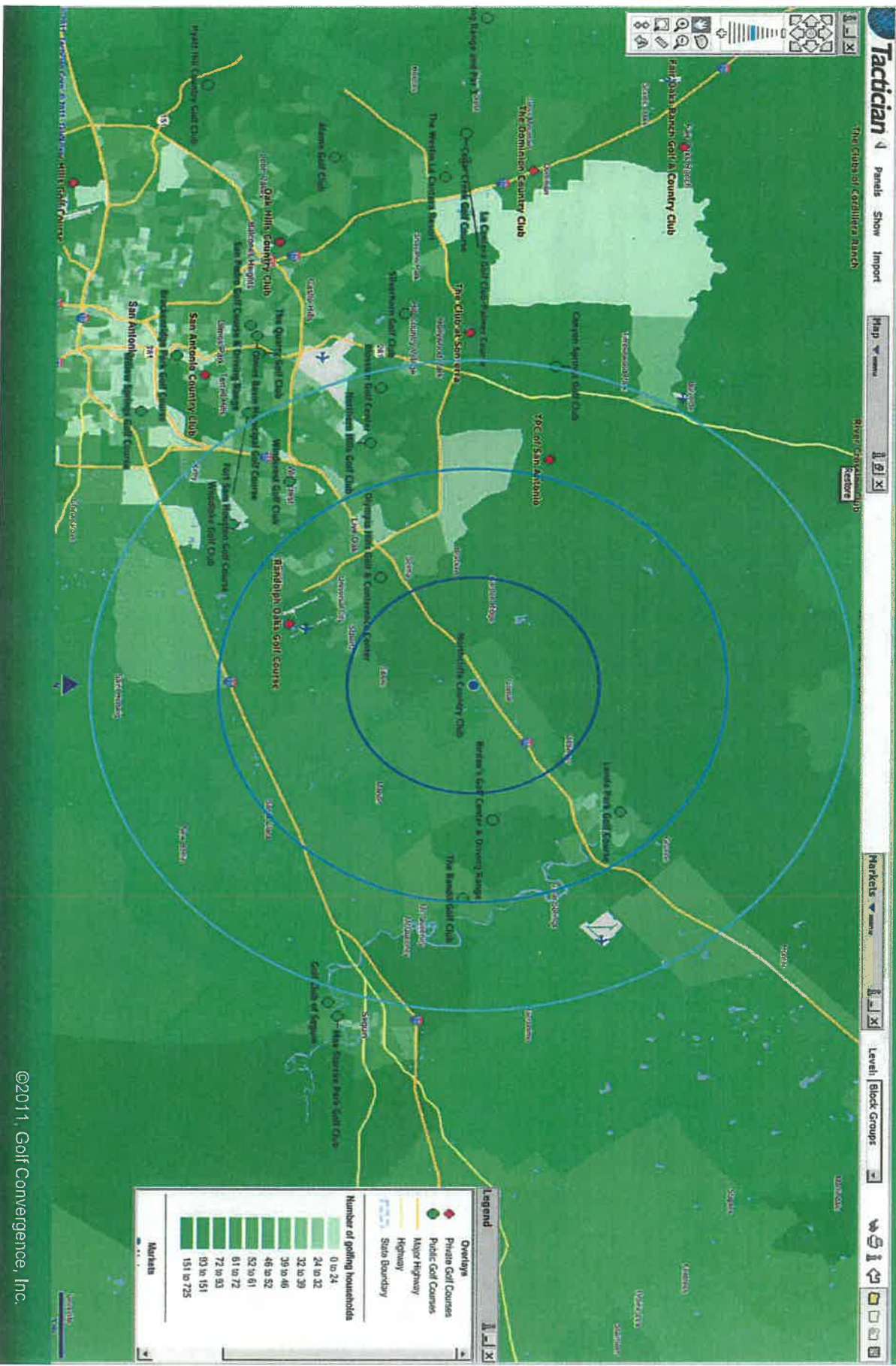
Ethnicity: Positive



Median Age: Neutral



Number of Golfing Households: Fair



Number of Rounds Played: Fair



The Raw Data - Demand

	5	10	15	20	25	30	Texas	US
Age	94	94	93	95	92	89	91	100
Income	162	124	120	114	95	95	95	100
Disposable Income	146	119	113	108	93	92	92	100
Ethnicity Index	110	106	101	100	96	94	94	100
Avid Golfers	503	2,533	6,450	11,881	20,097	25,732	345,816	5,830,900
Total Golfers	1,878	9,451	24,066	44,332	74,991	96,016	1,290,357	26,322,000
Rounds Played	63,636	301,019	749,264	1,398,134	2,285,411	2,904,173	40,653,980	498,326,240
Rounds Played Per Golfer	33.88	31.85	31.13	31.54	30.48	30.25	31.51	18.93
Population	46,537	212,647	499,536	856,558	1,436,411	1,874,333	25,046,555	307,156,296
Golf Participation	4.04%	4.44%	4.82%	5.18%	5.22%	5.12%	5.15%	8.57%
Golfers per 18 Holes	1,878	1,718	2,292	1,773	2,174	2,110	1,678	1,737

The Raw Data - Supply

	5	10	15	20	25	30	Texas	US
Public Facilities If Market In Balance	1	5	9	20	26	34	565.00	11,603
Private Facilities If Market In Balance	0	1	12	22	37	47	187	10,594
Total Facilities If Market In Balance	0	1	2	4	7	9	247.00	4,266
	0	2	5	9	15	19	80	4,289
	1	6	11	24	33	43	812	15,869
	1	6	16	30	51	66	267	14,882
Private/Public Mix Premium/Value Mix %	0%	18%	29%	24%	26%	26%	30%	27%
Premium >\$71 %	0%	0%	0%	17%	18%	19%	21%	11%
Value \$40-\$70 %	100%	50%	45%	29%	24%	26%	82%	33%
Price <\$40 %	0%	33%	18%	38%	36%	35%	29%	56%
Golf Intensity Index	128	118	157	121	149	144	115	100
Public Golf Intensity Index	91	102	156	114	143	140	125	100

Competitive Marketplace

Dist	Company Name	Total Holes	Year Open	Type	Number of Tee Stations	Peak Green Fee	Sales Sq. Ft.
	0Northcliffe Country Club	18	1978	DF	30	\$40	2,000
	3.9Garden Ridge Golf Center	N/A	1998		35	N/A	0
	6.2Olympia Hills Golf & Conference Center	18	2000	MU	4	\$49	1,000
	6.3Birdee's Golf Center & Driving Range	9	1987	DF	20	\$10	1,200
	7.8Randolph Oaks Golf Course	18	1948	PN	40	\$32	2,000
	8.3Landa Park Golf Course	18	1938	MU	0	\$35	600
	9Rolling Oaks Golf Center	N/A	1994		80	N/A	1,100
	9.8The Bandit Golf Club	18	1997	DF	25	\$61	1,000
	10.8TPC of San Antonio	36	2010	PN	40	\$175	0
	11.9Windcrest Golf Club	9	1962	DF	0	\$19	900
	11.9Northern Hills Golf Club	18	1969	DF	15	\$43	1,500
	12.1Woodlake Golf Club	18	1972	DF	20	\$41	800
	13.7The Sports Authority	N/A			N/A	N/A	N/A
	14.2Blossom Golf Center	9	1992	DF	40	\$10	1,800
	14.3Northeast Golf Center	N/A	1993		50	N/A	3,000
	14.7Jon's Golf Shop dba Club Scouter	N/A	1983		N/A	N/A	1,000

Avid Intensity Index

	5	10	15	20	25	30	Texas	US
Golf Intensity Index	128	118	157	121	149	144	115	100
Public Golf Intensity Index	91	102	156	114	143	140	125	100

Conclusions

1. Market is “in balance” within 10 mile radius and slightly underserved within the 15 mile radius.
2. Golfer participation rates are very low. For those that play, rounds played is very high.
3. There is insufficient premium courses in the market.
4. A renovation appears economically supportable as income levels and ethnicity within 15 mile radius positive.
5. A semi-public facility with appropriate priced annual passes (>\$1,500) might be viable operational model if appropriate access restrictions instituted.

Appendix

Step 1 (a): Tactician

Geographical Local Market Analysis

Excel

Category	5 Mile	10 Mile	15 Mile	Texas	U.S.	Data Source
Demographics						
Age (Median)	34.80	34.70	34.60	33.70	37.10	Demographic Trend Report
Age (Median)	34	34	33	33	34	Calculated
Income (Med Hhld)	\$ 83,705	\$ 64,209	\$ 61,967	\$ 49,150	\$ 51,618	Demographic Trend Report
Income (Median)	83,705	64,209	61,967	49,150	51,618	Calculated
Disposable Income (Med Hhld)	\$ 65,943	\$ 53,699	\$ 51,077	\$ 41,884	\$ 45,301	Income and Disposable Income
Disposable Income (Median)	65,943	53,699	51,077	41,884	45,301	Calculated
Ethnicity (% Cauc.)	81.60%	78.60%	74.60%	69.40%	73.90%	Demographic Trend Report
Ethnicity Index	118	115	112	105	103	Calculated
Demand						
Avid Golfers	503	2,533	6,450	345,816	5,830,900	Calculated by 1.5% of Avids
Total Golfers	1,878	9,451	24,066	1,290,357	26,322,000	Calculated by 1.5% of Population
Rounds Played	63,636	301,019	749,264	40,653,980	498,326,240	NGF Demand Report
Rounds Played Per Golfer	33.88	31.85	31.13	31.51	18.99	Calculated
Total Population +18	34,039	155,797	362,379	3,814,482	232,116,402	Population > 18
Population	46,537	212,647	499,536	25,046,555	307,156,296	Demographic Trend Report
Golfing Households	1,527	7,684	19,566	1,049,071	21,219,240	NGF Demand Report
Households	15,195	72,852	173,899	8,661,531	113,900,256	Demographic Trend Report
Population/Houshold	3.06	2.92	2.87	2.89	2.70	Calculated
Golf Participation	4.04%	4.44%	4.82%	5.15%	8.57%	Calculated
Golfers per 18 Holes	1,878	1,718	2,292	1,678	1,737	Calculated
Avid per 18 holes	503	461	614	450	392	Calculated
Avid Household Index	128	118	157	115	100	Calculated
Supply						
Public Facilities	1	5	9	565	11,603	NGF Golf Supply Report
If Market in Balance	1	5	9	565	11,603	Calculated
Golfers Per Facility	1,878	1,878	2,678	2,746	2,746	Calculated
Private Facilities	0	1	2	247	4,266	NGF Golf Supply Report
If Market in Balance	0	1	2	247	4,266	Calculated
Golfers Per Facility	N/A	9,451	12,022	1,702	8,172	Calculated
Total Facilities	1	6	11	812	15,869	NGF Golf Supply Report
If Market in Balance	1	6	11	812	15,869	Calculated
Golfers Per Facility	1,878	1,563	2,189	1,749	1,402	Calculated
Number of Holes - Public Facilities	18.0	81.0	135.0	9,081.0	190,683	NGF Golf Supply Report
Number of Holes - Private Facilities	0.0	18.0	54.0	4,761.0	77,193	NGF Golf Supply Report
Number of Holes - Total Facilities	18.0	99.0	189.0	13,842.0	267,876	NGF Golf Supply Report
Public 18-Hole Equiv.	1.0	4.5	7.5	504.5	10,593.5	Calculated
Private 18-Hole Equiv.	0.0	1.0	3.0	264.5	4,288.5	Calculated
18-Hole Equivalents	1.0	5.5	10.5	769.0	14,882.0	Calculated
Private/Public Mix	0%	18%	29%	30%	27%	Calculated
Premium/Value Mix %	0%	0%	0%	21%	25%	Calculated
Premium >\$71 %	0%	0%	0%	21%	11%	Calculated
Value \$40-\$70 %	100%	50%	45%	82%	33%	Calculated
Price <\$40 %	0%	33%	18%	29%	56%	Calculated
Premium >\$71	0	0	0	40	1,293	NGF Golf Supply Report
Value \$40-\$70	1	3	5	153	3,846	NGF Golf Supply Report
Price <\$40	0	2	2	55	6,464	NGF Golf Supply Report
Intensity Index - National						
Golf Intensity Index	128	118	157	115	100	Calculated
Avid per 18 Holes	503	461	614	450	392	Calculated
Private Golf Intensity Index	N/A	185	158	96	100	Calculated
Avid per Private 18: Calculated	N/A	2,533	2,150	1,307	1,360	Calculated
Public Golf Intensity Index	91	102	156	125	100	Calculated
Avid per Private 18: Calculated	503	563	860	685	550	Calculated

<u>Dist</u>	<u>Company Type</u>	<u>Company ID</u>	<u>Company Name</u>	<u>Total Holes</u>	<u>Year Open</u>	<u>Type</u>	<u>Number of Tee Stations</u>	<u>Peak Green Fee</u>	<u>Sales Sq. Ft.</u>
0	F	1037167	Northcliffe Country Club	18	1978	DF	30	\$40	2,000
3.9	P	1590127	Garden Ridge Golf Center	N/A	1998		35	N/A	0
6.2	F	1504643	Olympia Hills Golf & Conference Center	18	2000	MU	4	\$49	1,000
6.3	F	1037097	Birdee's Golf Center & Driving Range	9	1987	DF	20	\$10	1,200
7.8	F	1037239	Randolph Oaks Golf Course	18	1948	PN	40	\$32	2,000
8.3	F	1037091	Landa Park Golf Course	18	1938	MU	0	\$35	600
9	P	1585129	Rolling Oaks Golf Center	N/A	1994		80	N/A	1,100
9.8	F	1050938	The Bandit Golf Club	18	1997	DF	25	\$61	1,000
10.8	F	1583702	TPC of San Antonio	36	2010	PN	40	\$175	0
11.9	F	1037397	Windcrest Golf Club	9	1962	DF	0	\$19	900
11.9	F	1037168	Northern Hills Golf Club	18	1969	DF	15	\$43	1,500
12.1	F	1037403	Woodlake Golf Club	18	1972	DF	20	\$41	800
13.7	S	1628223	The Sports Authority	N/A			N/A	N/A	N/A
14.2	F	1045421	Blossom Golf Center	9	1992	DF	40	\$10	1,800
14.3	P	1621388	Northeast Golf Center	N/A	1993		50	N/A	3,000
14.7	R	1491518	Jon's Golf Shop dba Club Scouter	N/A	1983		N/A	N/A	1,000

Appendix

Step 2: Weather Trends International

Playable Days Analysis

GLMA

Technology

Facilities

Surveys

Start

Finish

1

2

3

4

5

6

7

8

Weather
Impact

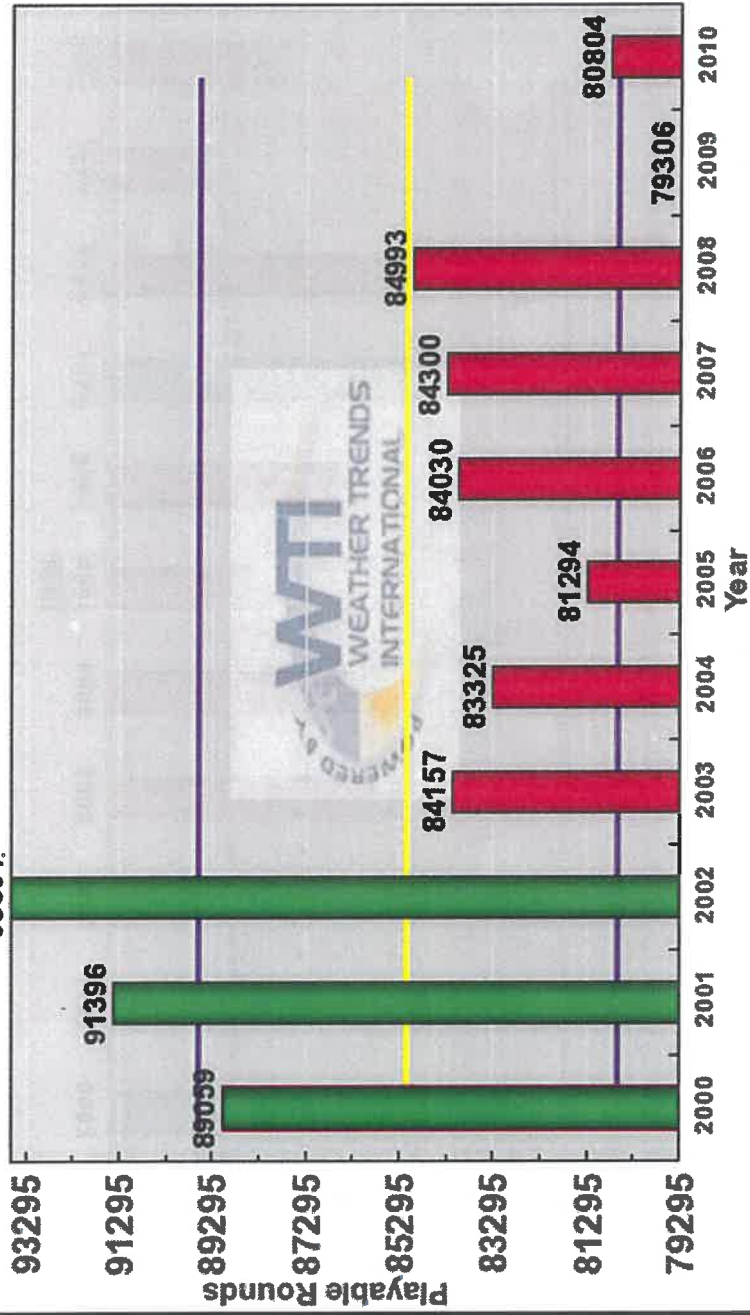
Financial
Metrics

Operations

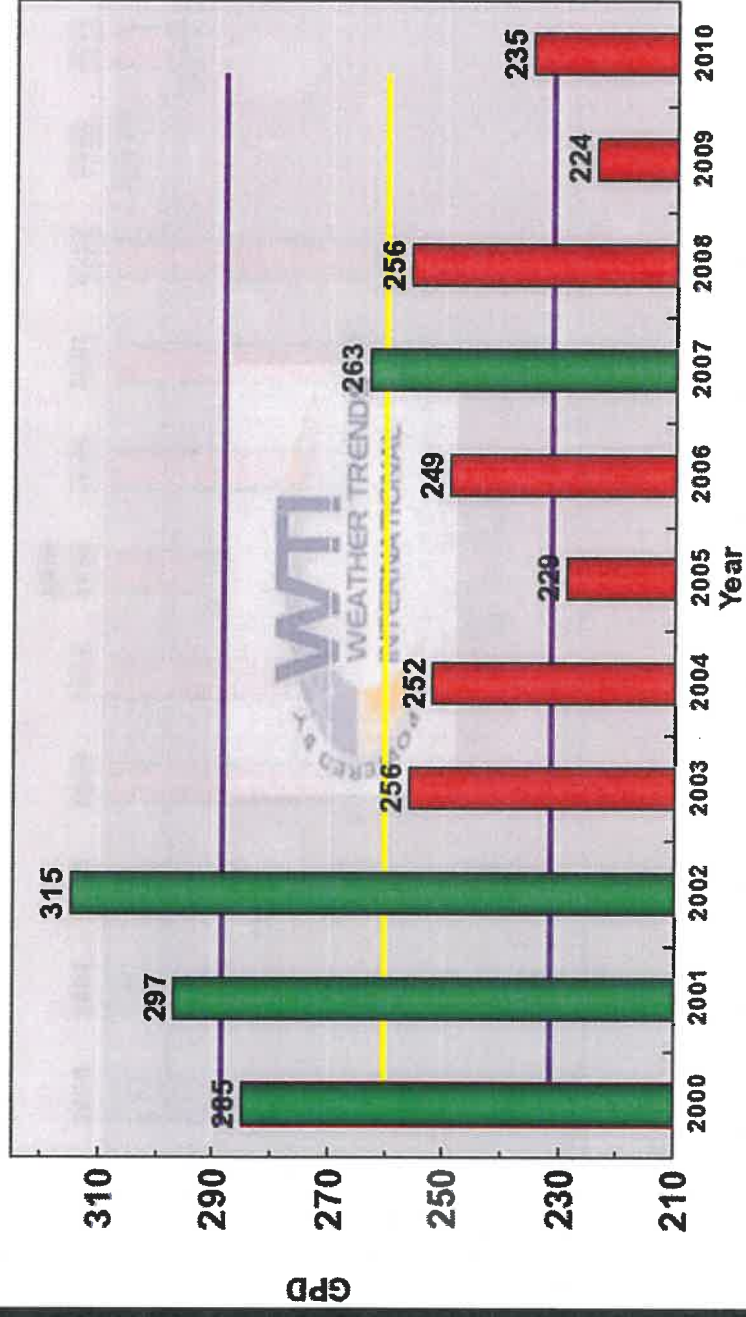
Loyalty

Yearly Playable Rounds

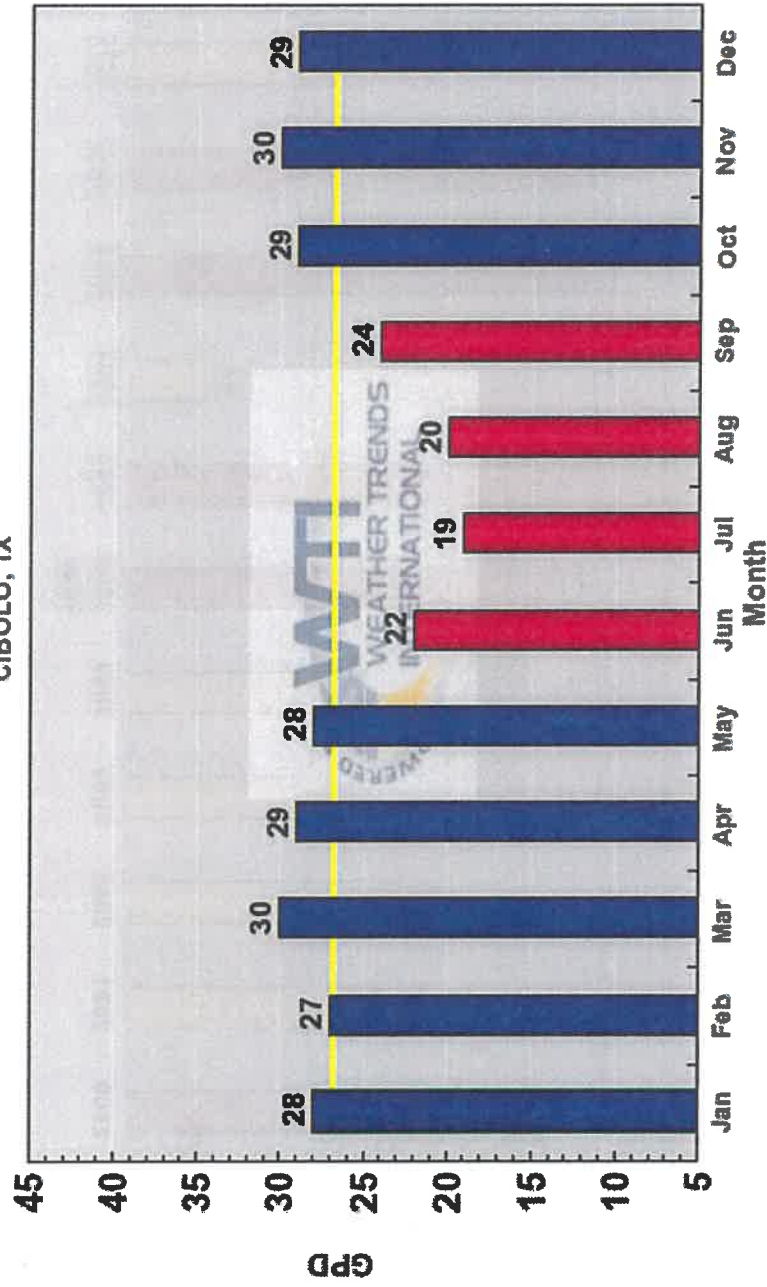
CIBOLO, TX



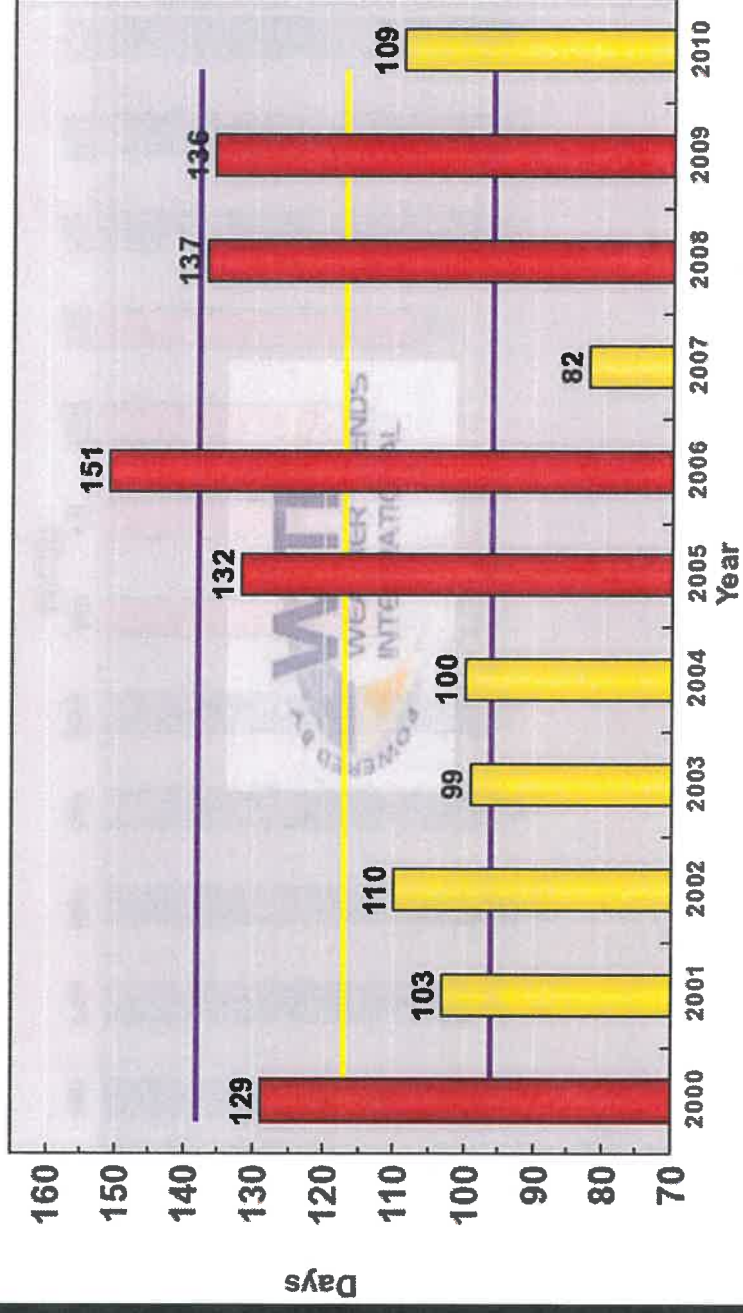
Golf Playable Days CIBOLO, TX



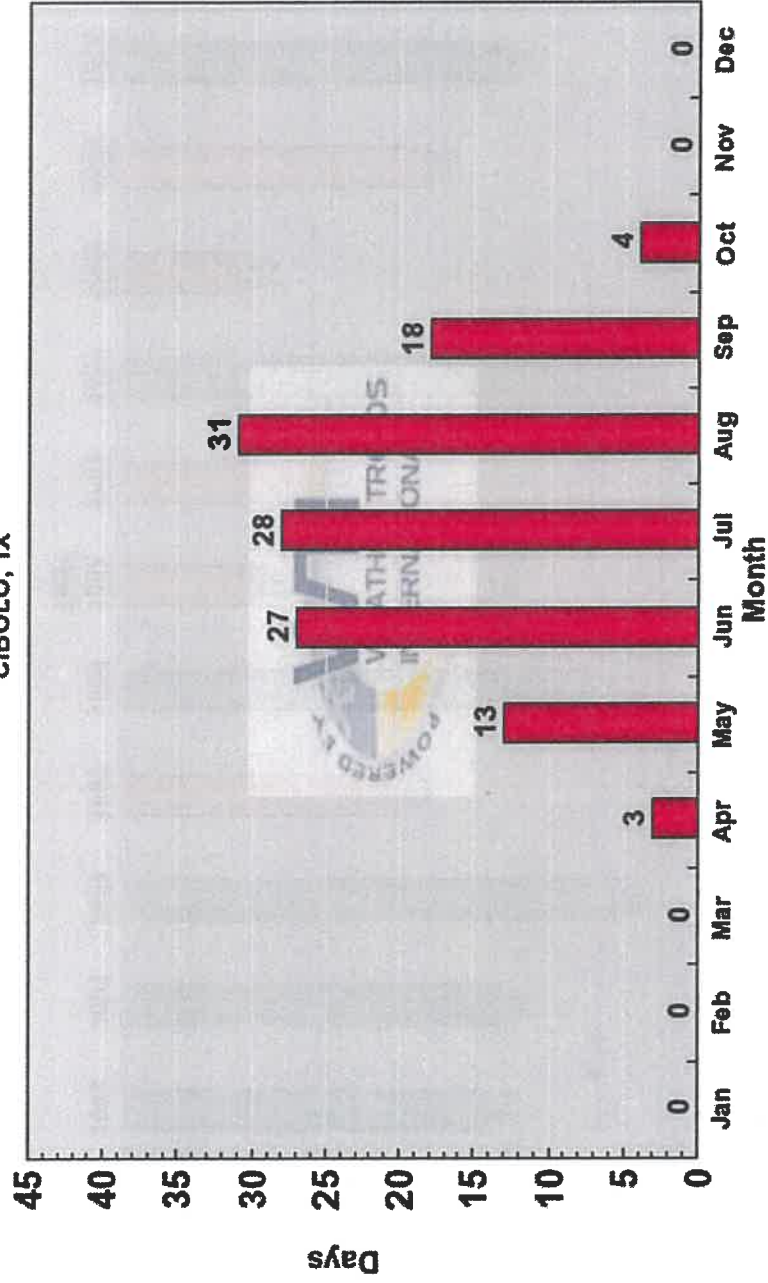
Average Golf Playable Days by Month
CIBOLO, TX



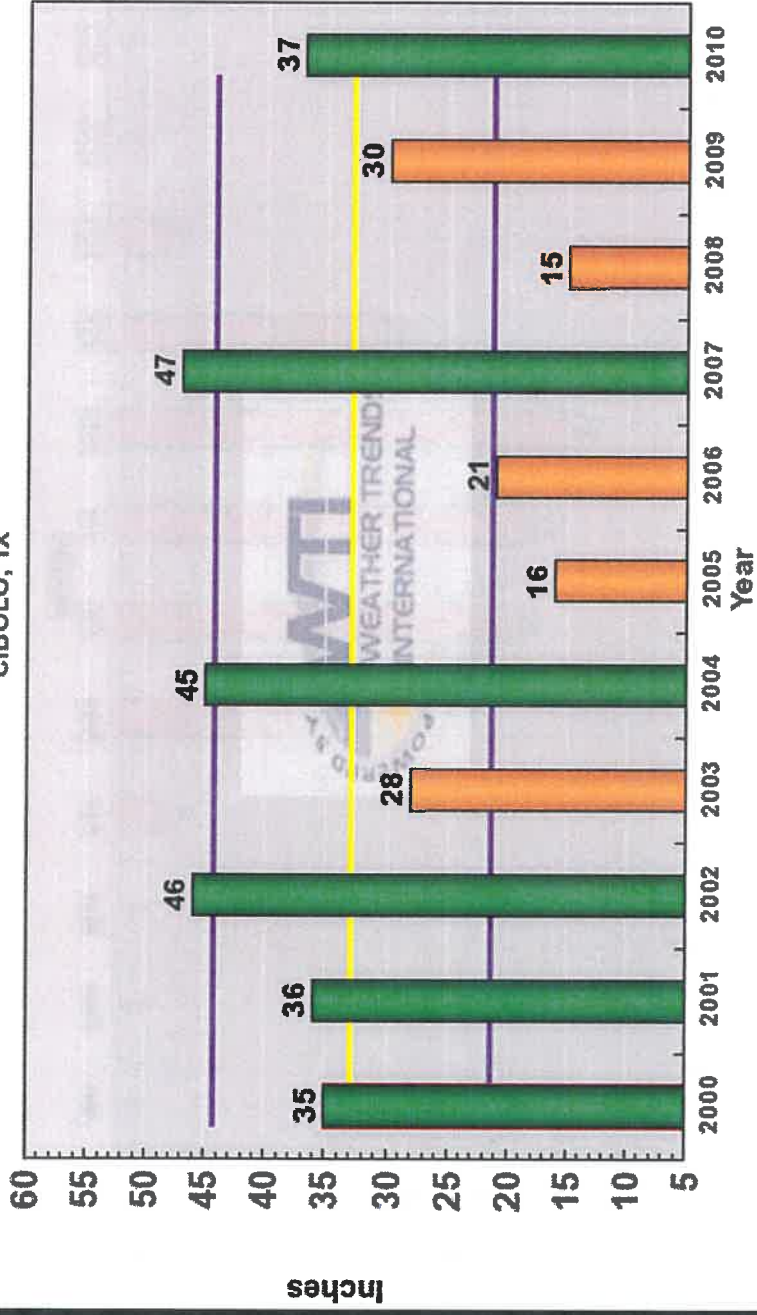
Days greater than 90 Degrees CIBOLO, TX



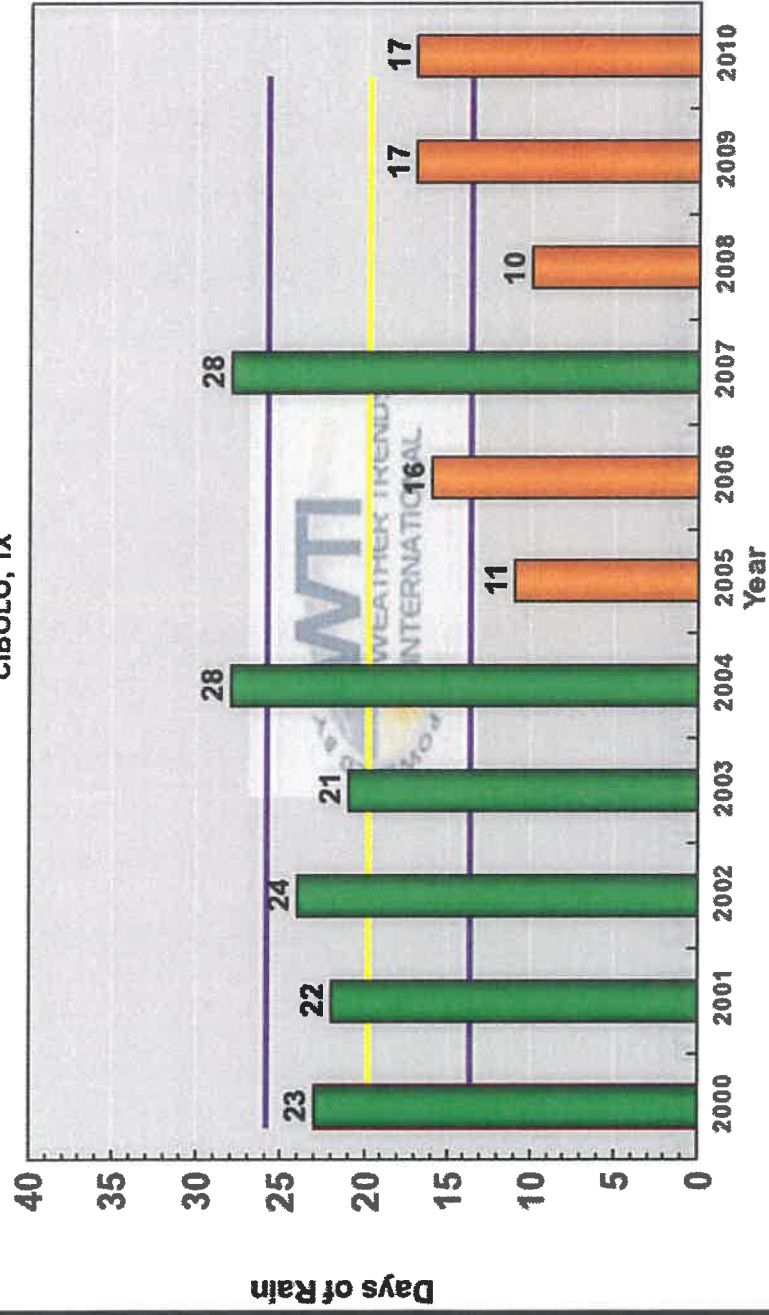
Average Hot (>90F) Days by Month
CIBOLO, TX



Yearly Total Rainfall
CIBOLO, TX



Heavy Rain Days CIBOLO, TX



Conclusions

1. Weather has been very adverse six of the last seven years
2. Any reversal to 10 year historical trends should boost gross revenue by > 10%

Appendix

Step 6: Secret Shopper

A Photo Essay of Northcliffe







































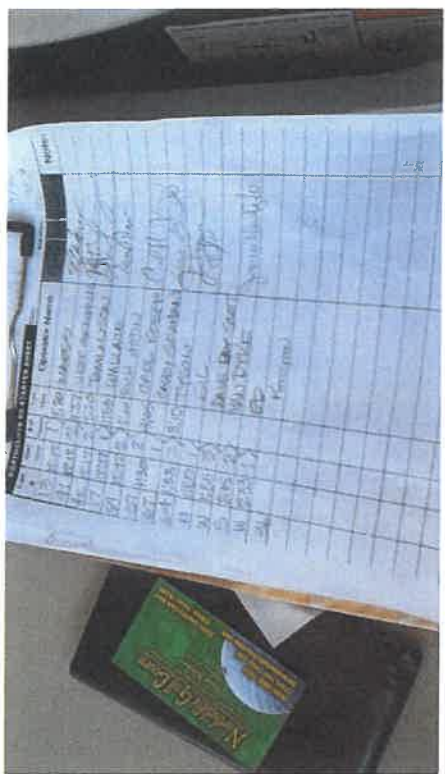












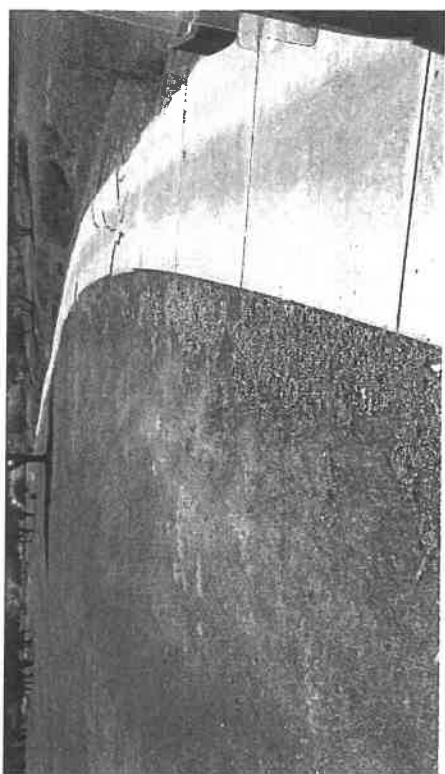












































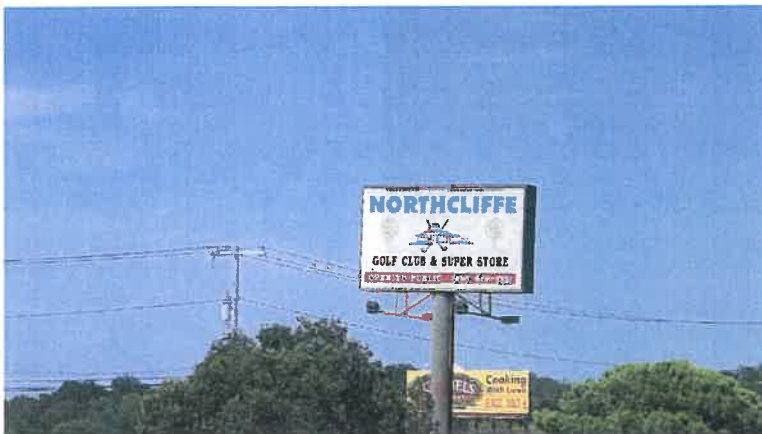
















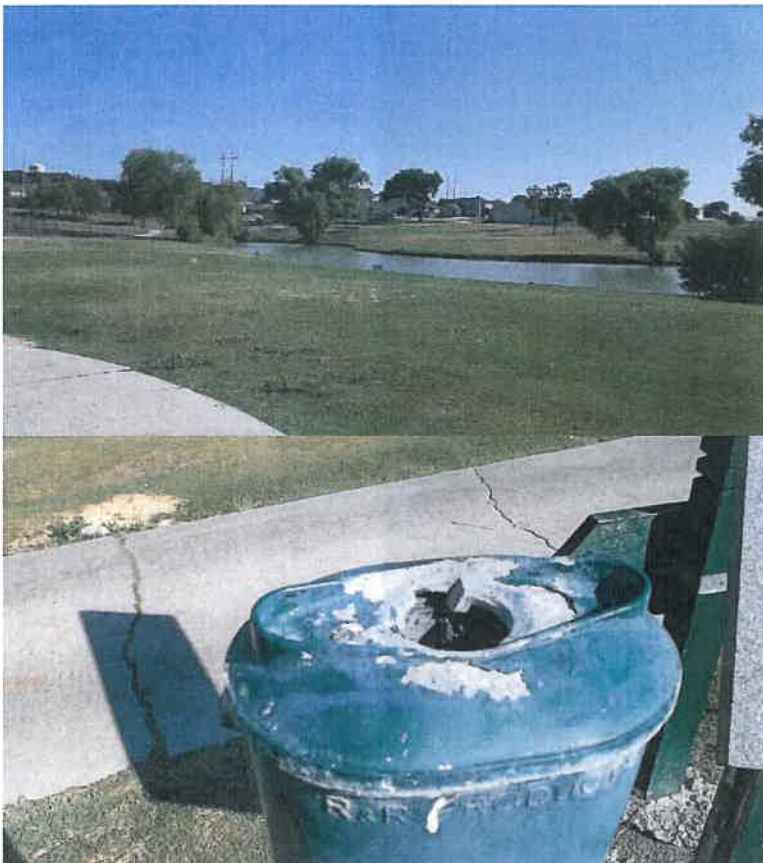


























Appendix

Step 7: San Antonio Golf Survey

GLMA

Technology

Facilities

Surveys

Start

Finish



Weather
Impact

Financial
Metrics

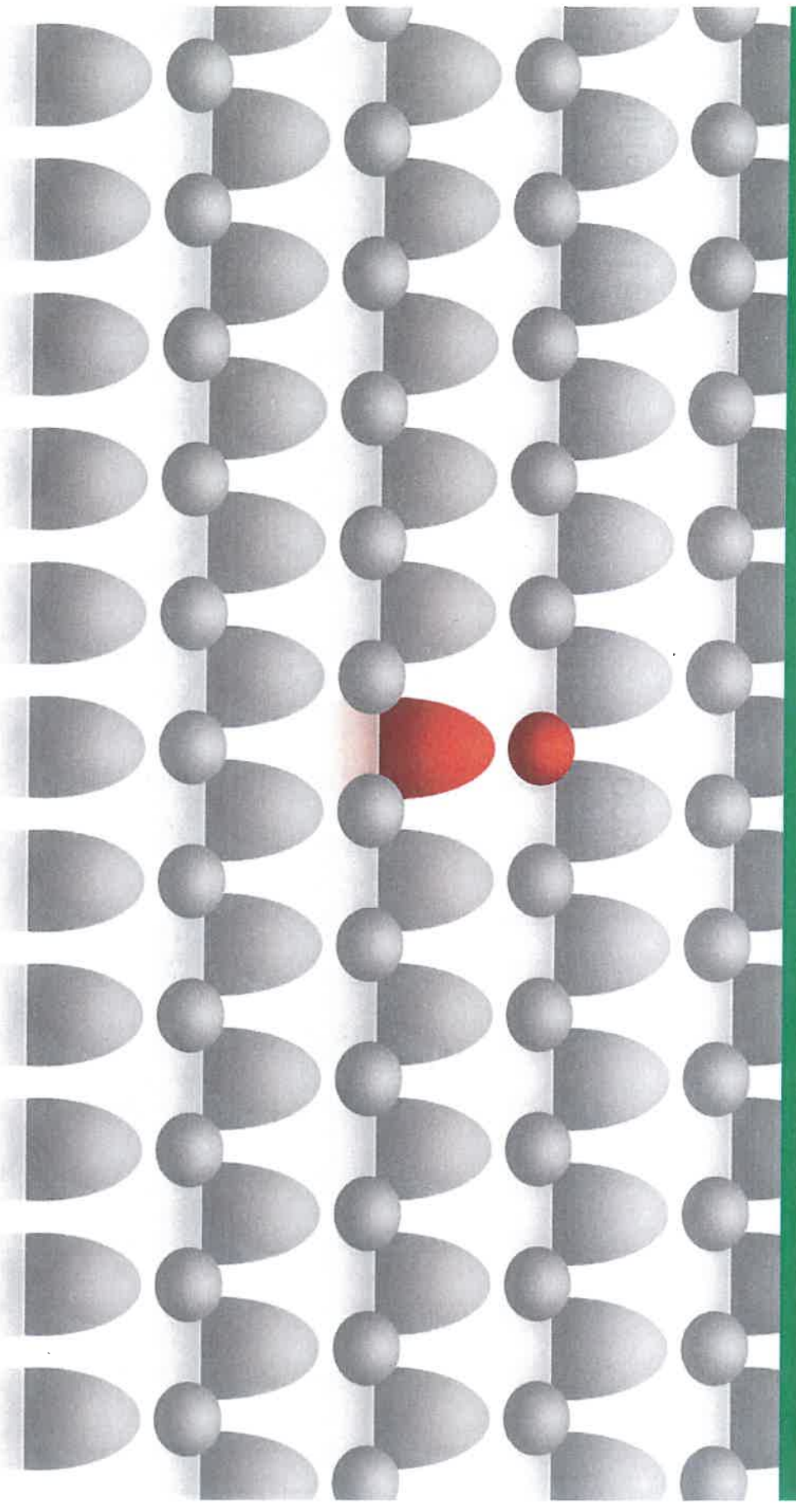
Operations

Statistics

- ◆ There are 26.2 million golfers in the United States.
- ◆ 36.7 million Americans are golf participants, defined as anyone ages 5 and above who either played a round of golf or visited a golf practice facility.
- ◆ More than 45 percent of golfers (11.9 million) are between the ages of 18 and 39. Seniors (ages 50 and over) comprise another 33 percent or 8.6 million.
- ◆ There are 5.76 million female golfers, which is 22 percent of all golfers. There are 6.1 million juniors.

Statistics

- ◆ There are 16,057 facilities, 11,690 of which were open to the public.
- ◆ Only 22 percent of all golfers regularly score better than 90 for 18 holes on a regulation length course. For females, the percentage is just 7 percent...and for males it is 25 percent.
- ◆ The average 18-hole score 97 for men and 114 for women. It's an even 100 for all golfers.
- ◆ Only 6 percent of the men and 1 percent of the women say they break 80 regularly.
- ◆ The average scores have changed very little over the years.



Survey Sample:

4,000

Source of Names:

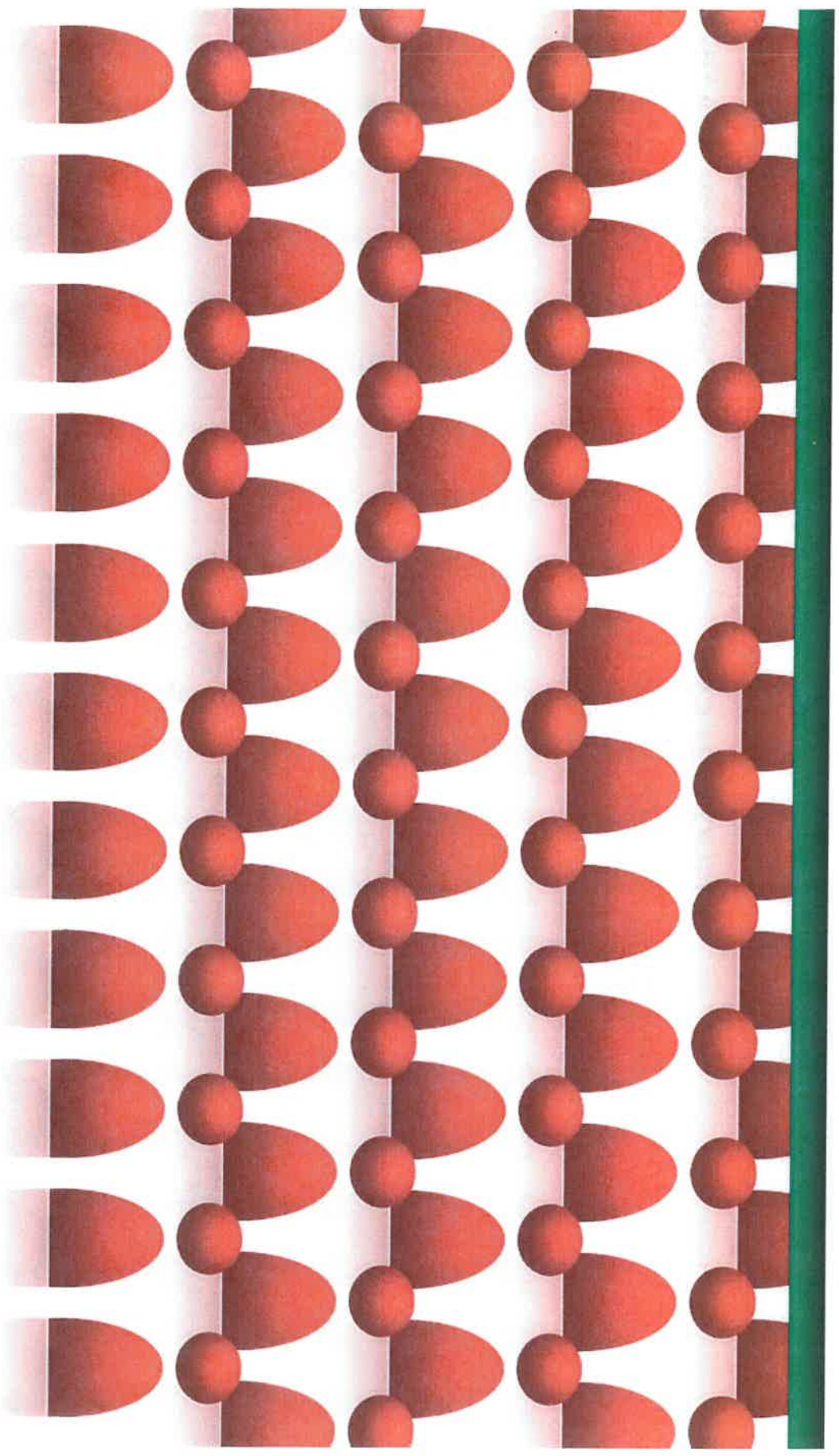
Dave Roberts, PGA Pro

Survey Response:

135 responses

Survey Completion:

93.9%



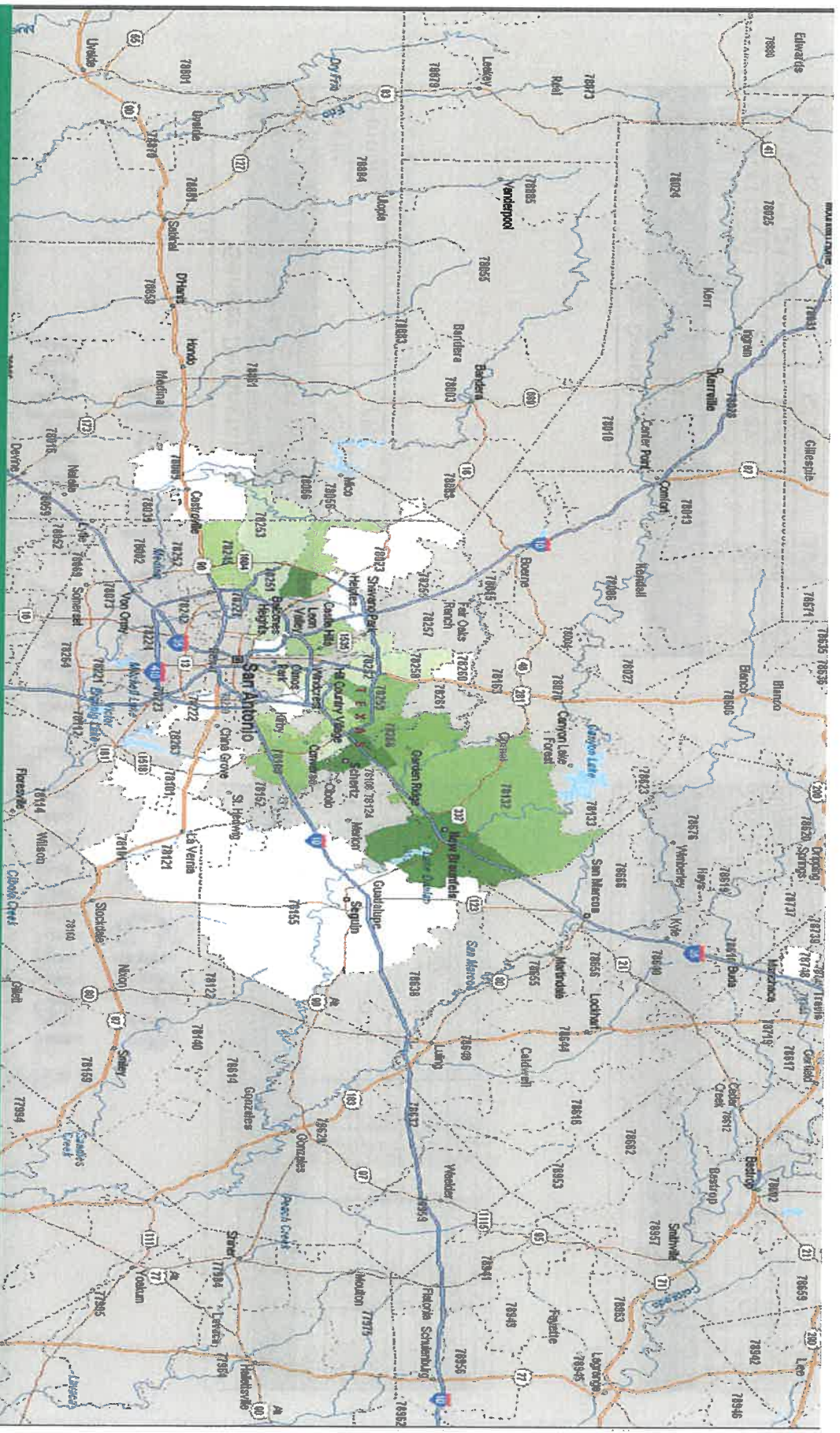
Confidence Level:

90%

Margin of Error:

$\pm 7\%$

Respondents Zip Code – New Braunfels Major Draw



Who Is Your Customer?

Northcliffe Golf Club

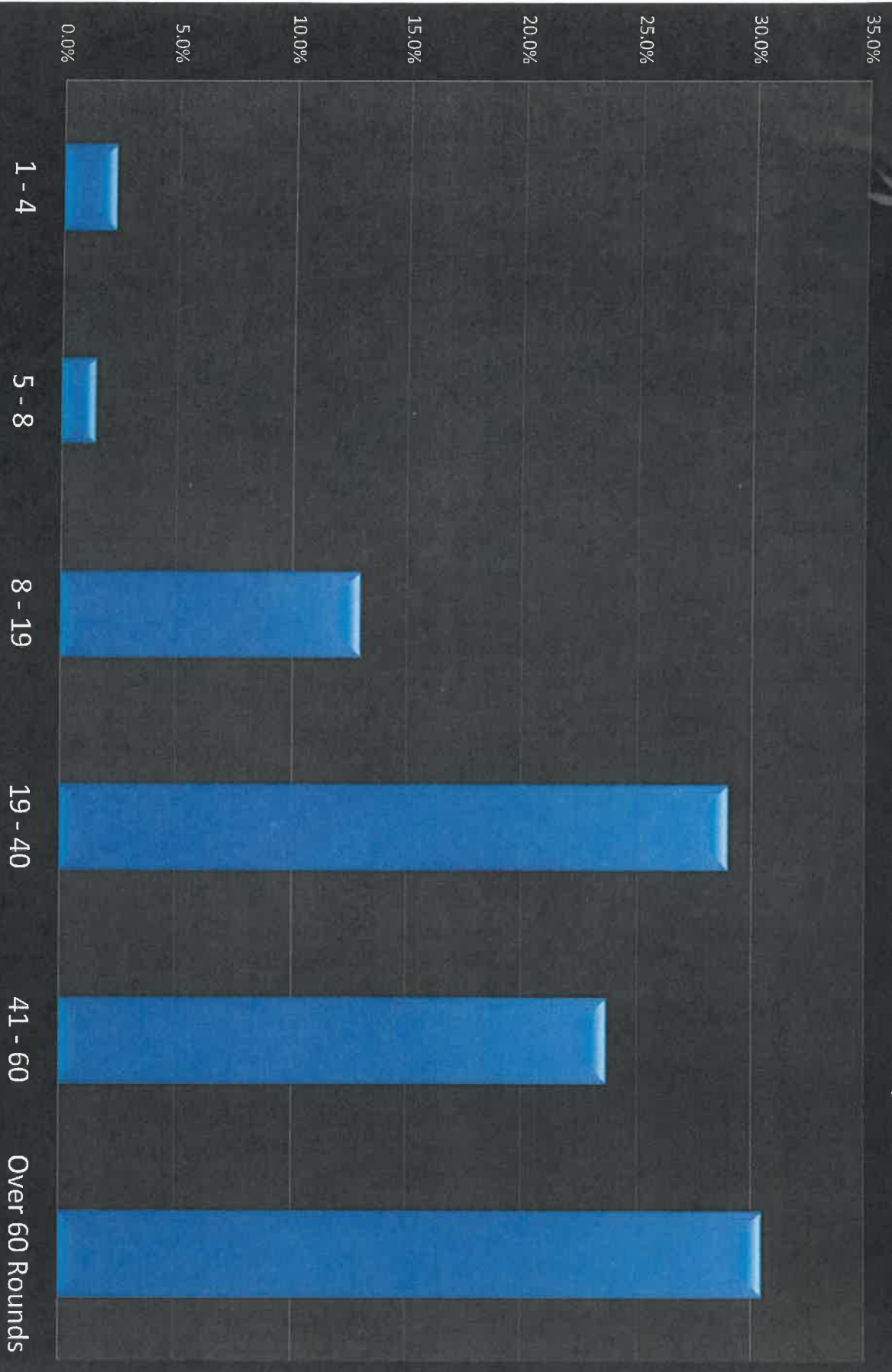
Gender Demographics			
Gender	Survey Response	National Average	Index
Male	92%	55%	167%
Female	8%	45%	22%

Income Demographics			
Household income (\$s)	Survey Response	National Average	Index
0 - 34,999	3.9%	5%	78%
35,000 - 49,999	12.5%	10%	113%
50,000 - 74,999	18.8%	25%	75%
75,000 - 99,999	20.3%	35%	58%
100,000 - \$249,999	25.0%	23%	109%
\$250,000 or more	0.0%	2%	0%

Age Demographics			
Age group	Survey Response	National Average	Index
Junior (up to age 17)	0.0%	24%	0%
Student (18-23)	0.8%	8%	1%
Young Adult (24-34)	3.1%	15%	22%
Adult (35-59)	52.7%	35%	151%
Senior (60 and older)	43.5%	18%	241%

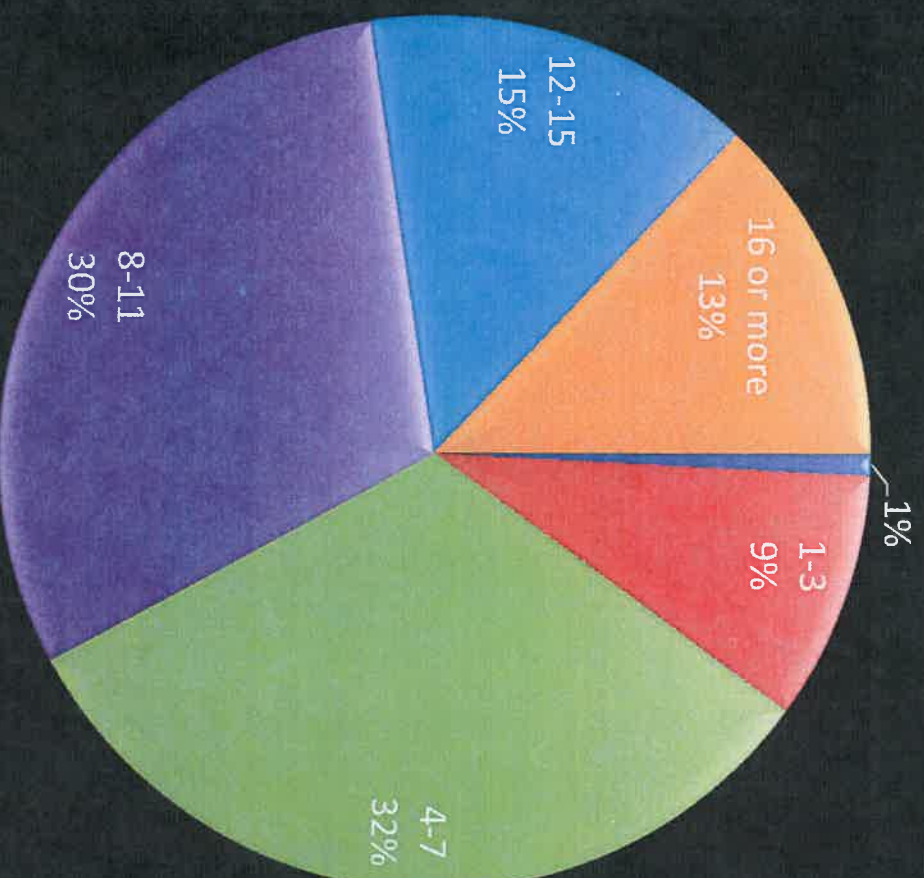
Race/Ethnicity			
Race/Ethnicity	Survey Response	National Average	Index
White, non-Hispanic	73.8%	69%	107%
African-American	1.5%	12%	13%
Hispanic	19.8%	13%	153%
Asian or Pacific Islander	2.3%	4%	58%
Other	3.1%	3%	103%

How many times do you usually play golf each year?

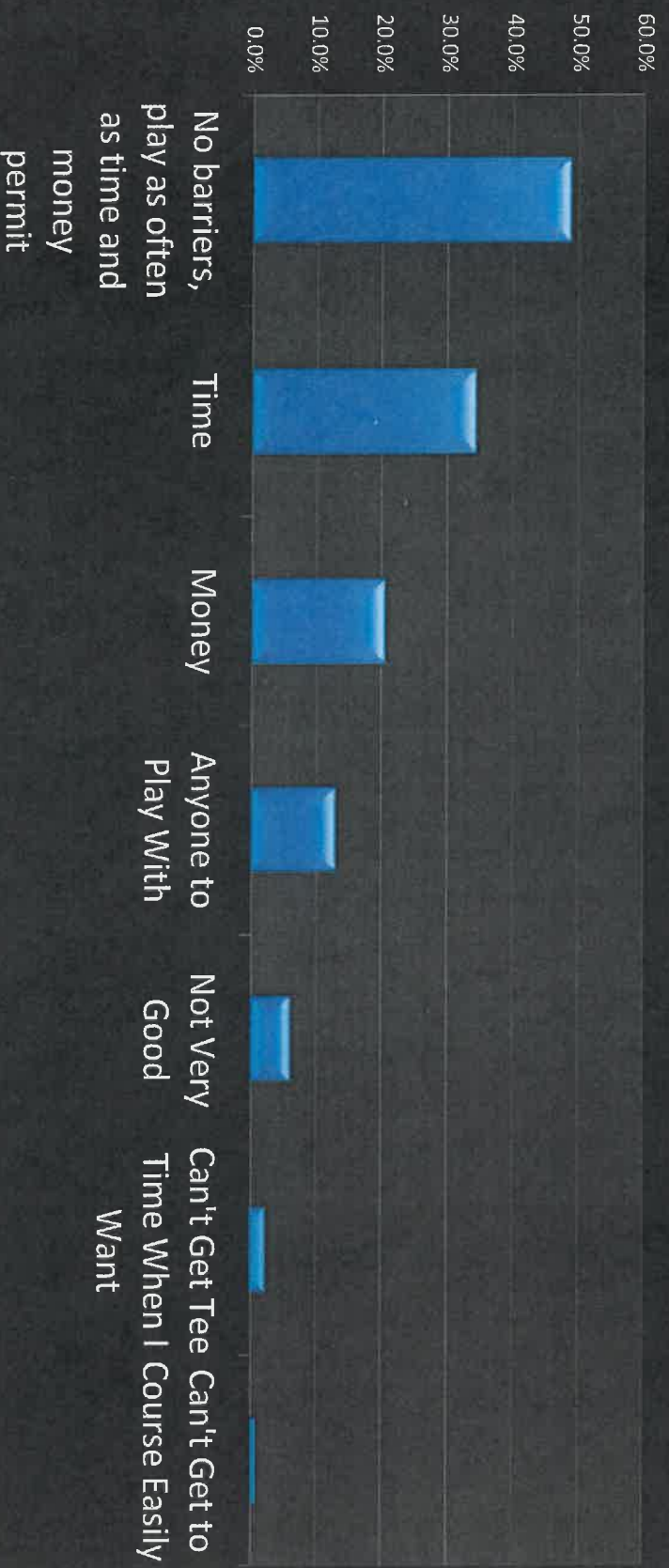


How many different golf courses have you played in the last 12 months?

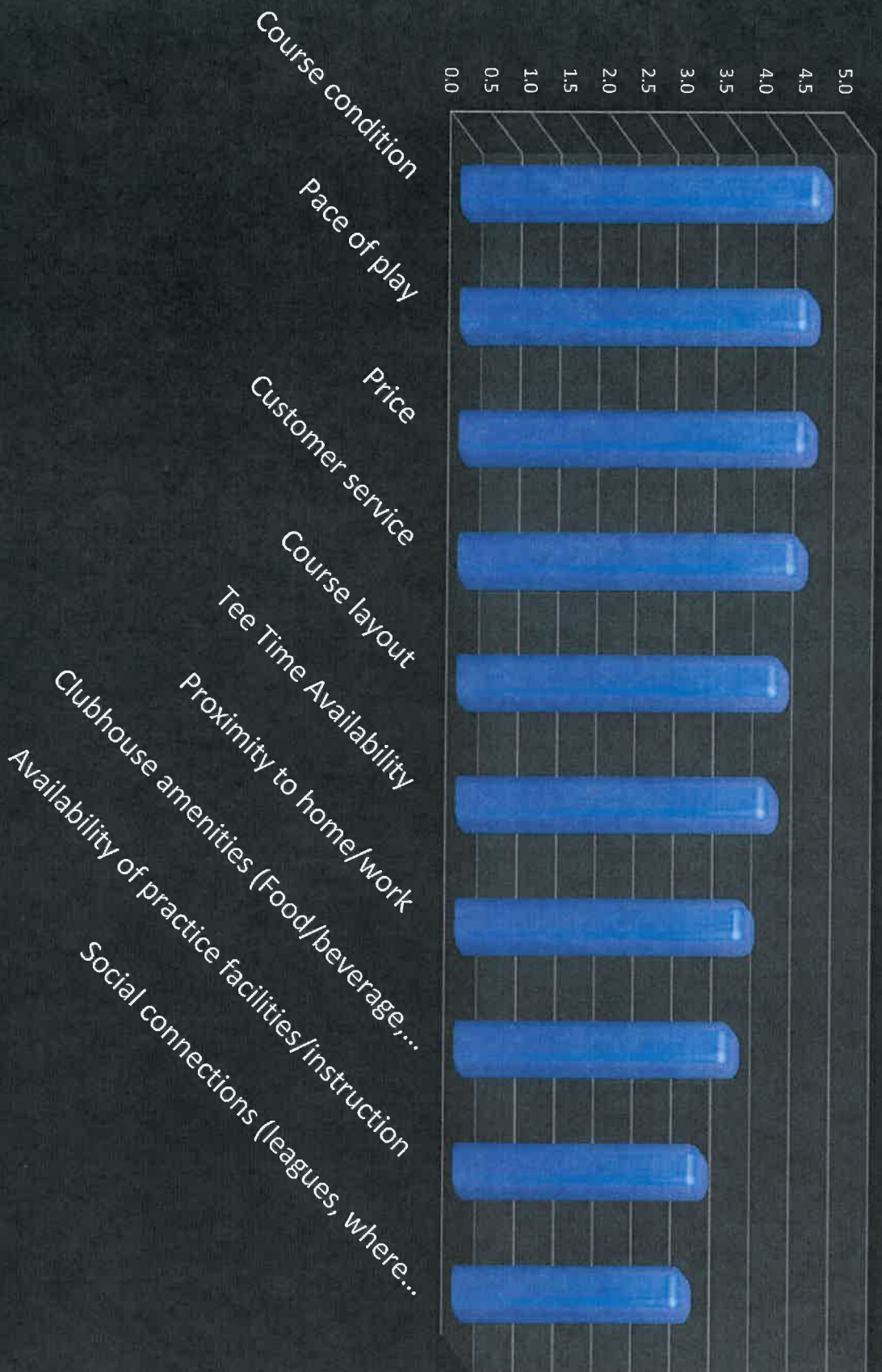
Did Not Play in 2010



What are the primary barriers that prevent you from playing golf more often?



What Factors Are Important in Selection of Golf Course?



Which Course Do You Play Most Often



What is Your Favorite Course to Play



Appendix

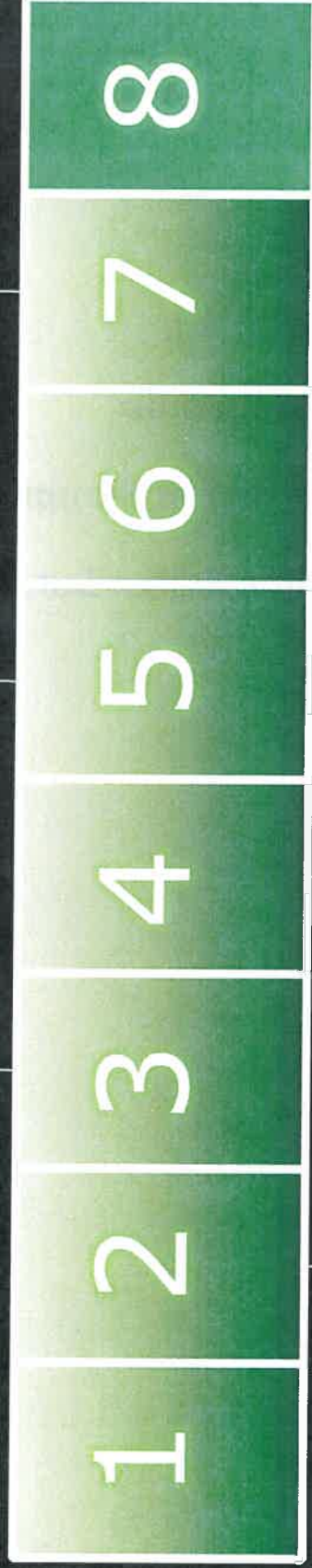
Step 8: Secret Shopper

Northcliffe Golfer Survey

GLMA Technology Facilities Surveys

Start

Finish



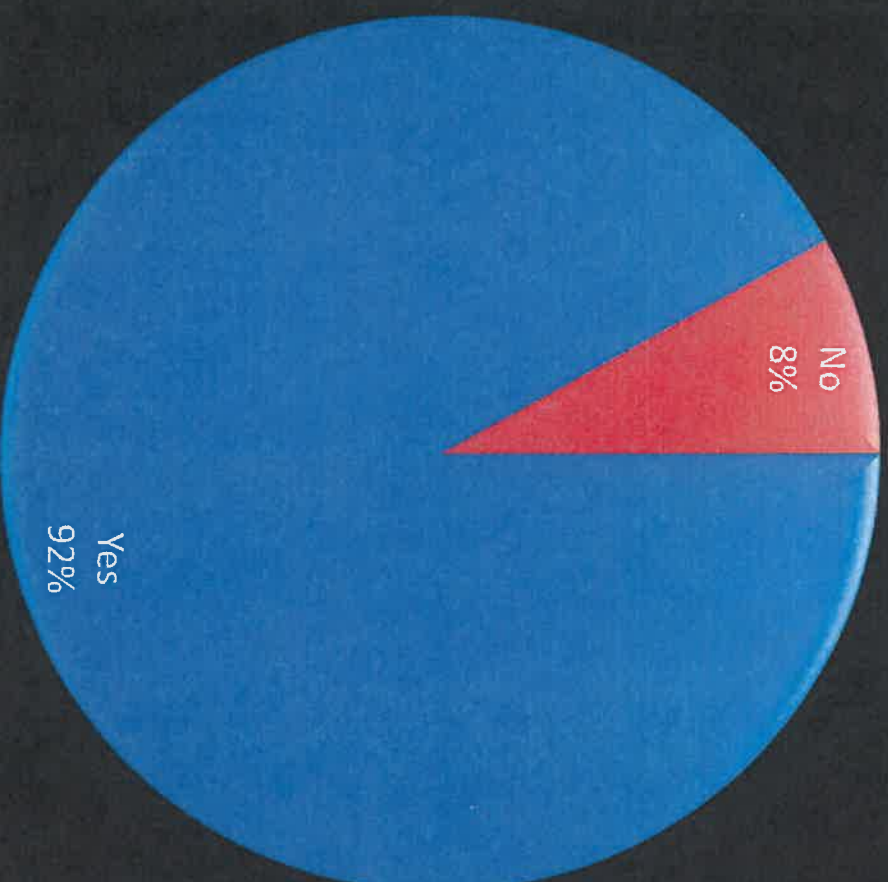
Weather
Impact

Financial
Metrics

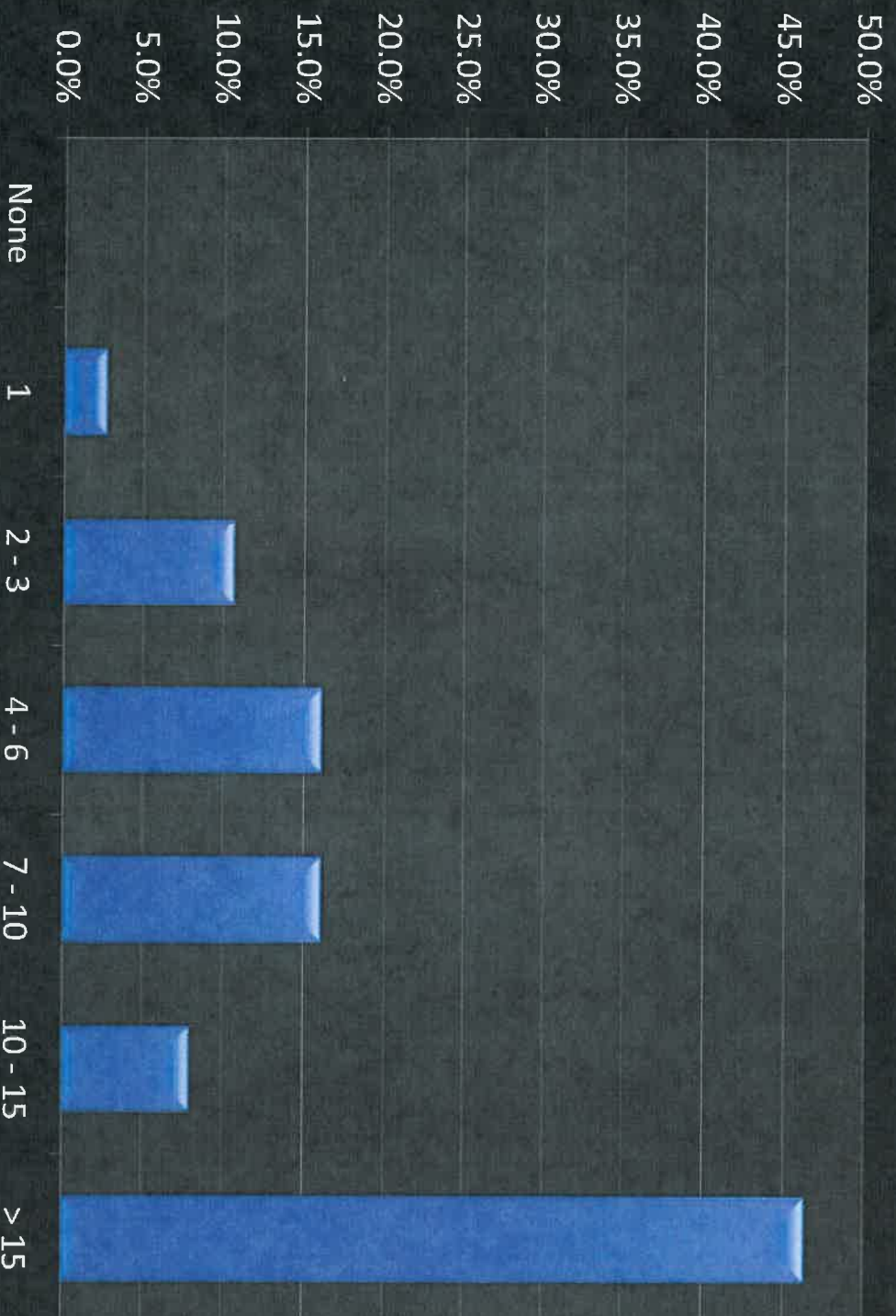
Operations

Loyalty

Have you played at the NorthCliffe Golf Club in Schertz, TX?



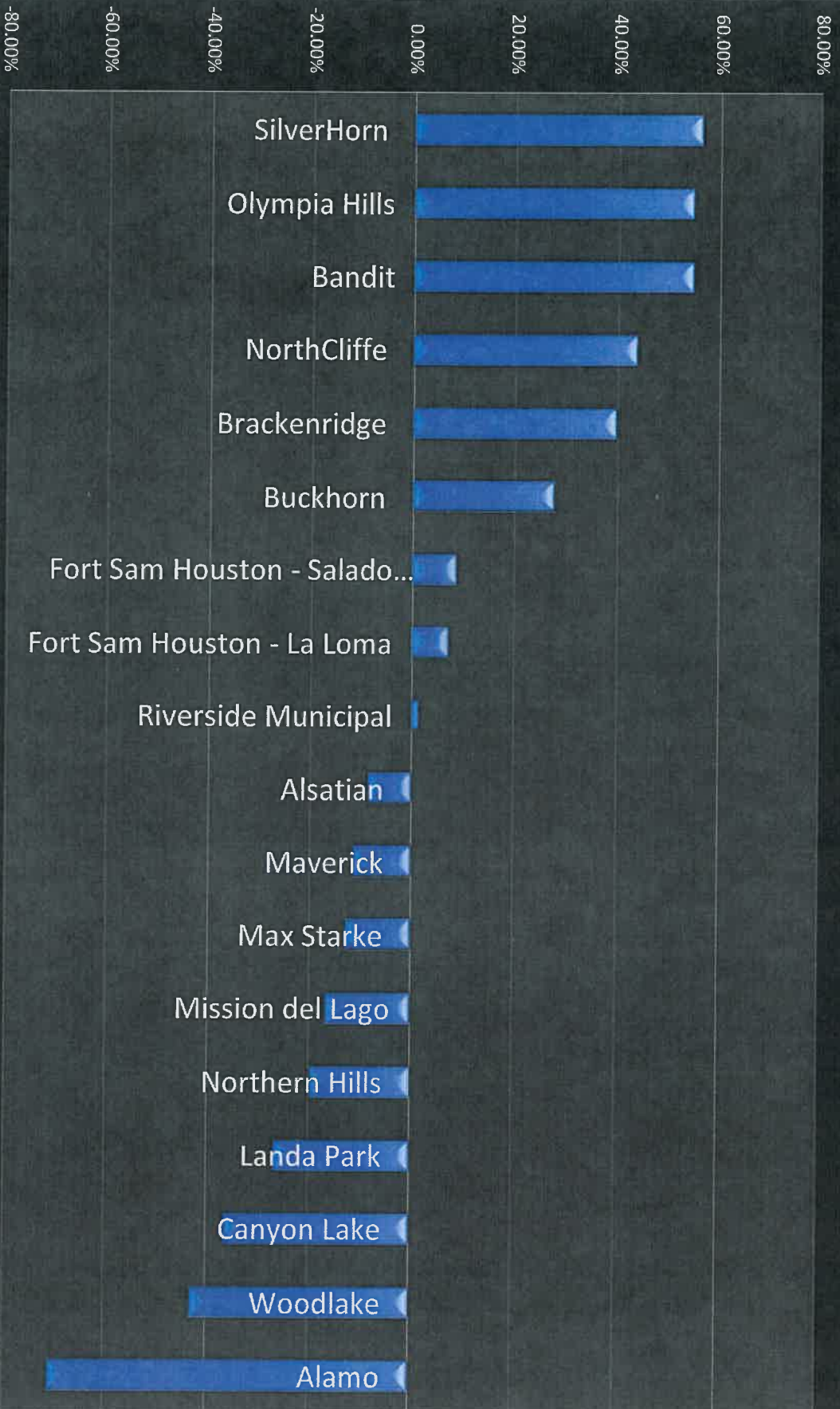
How many rounds have you played at Northcliffe Golf Club?



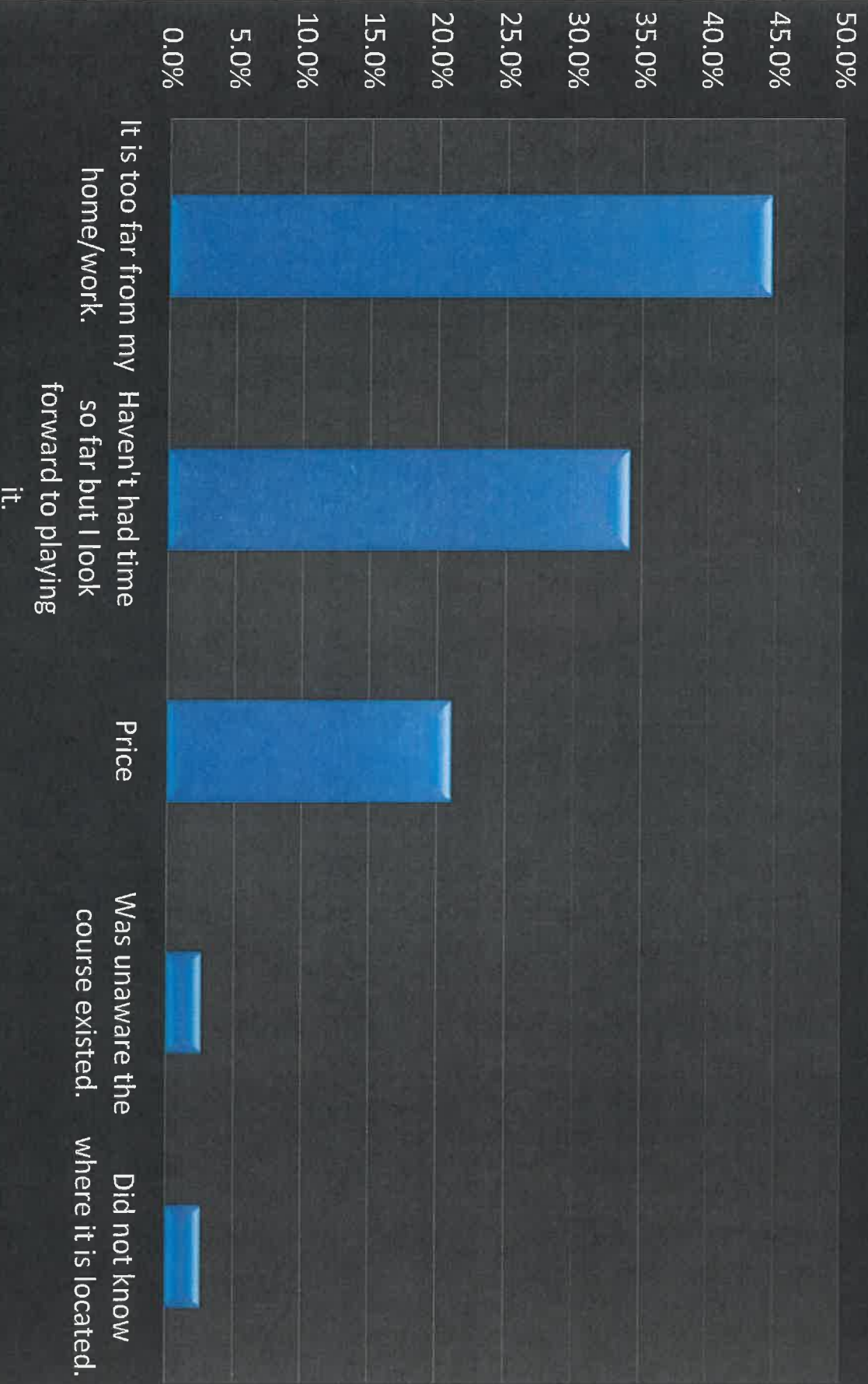
Rate the Following Aspects of Northcliffe Golf Club



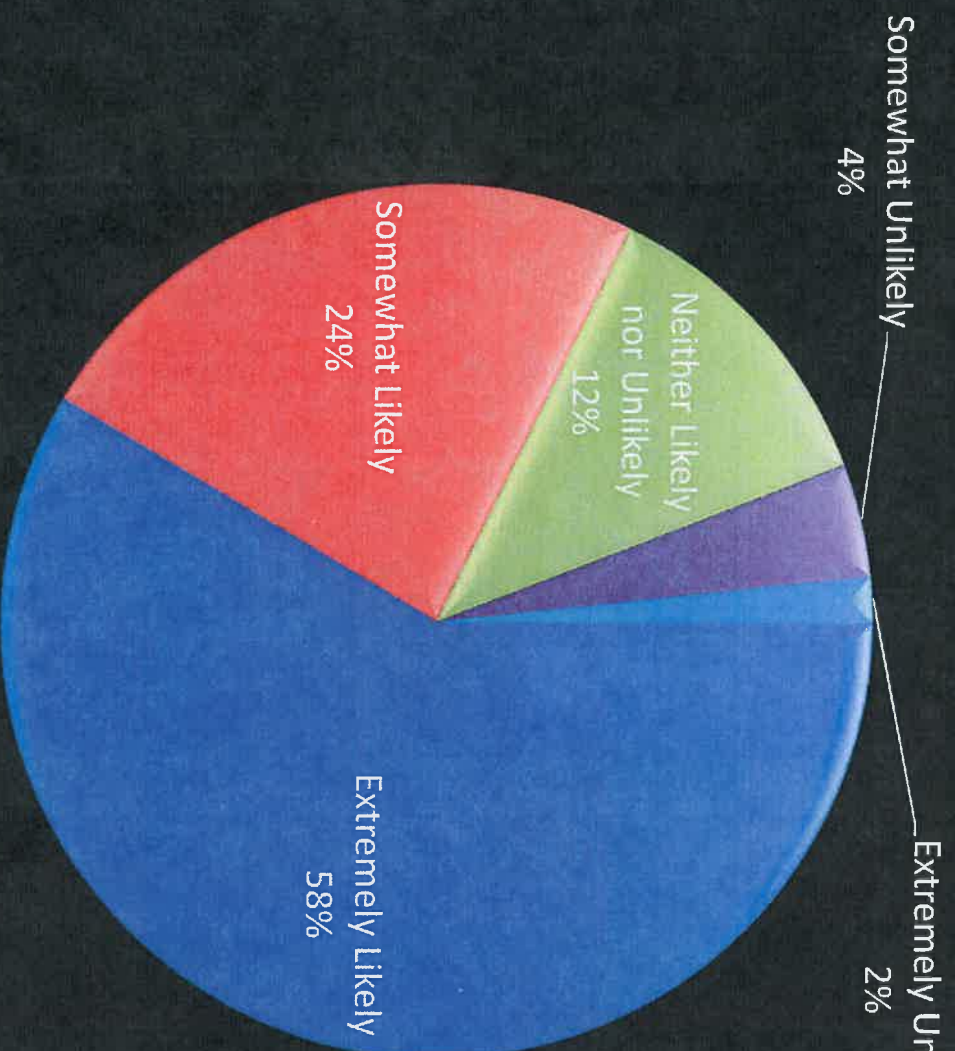
Customer Loyalty Ranking



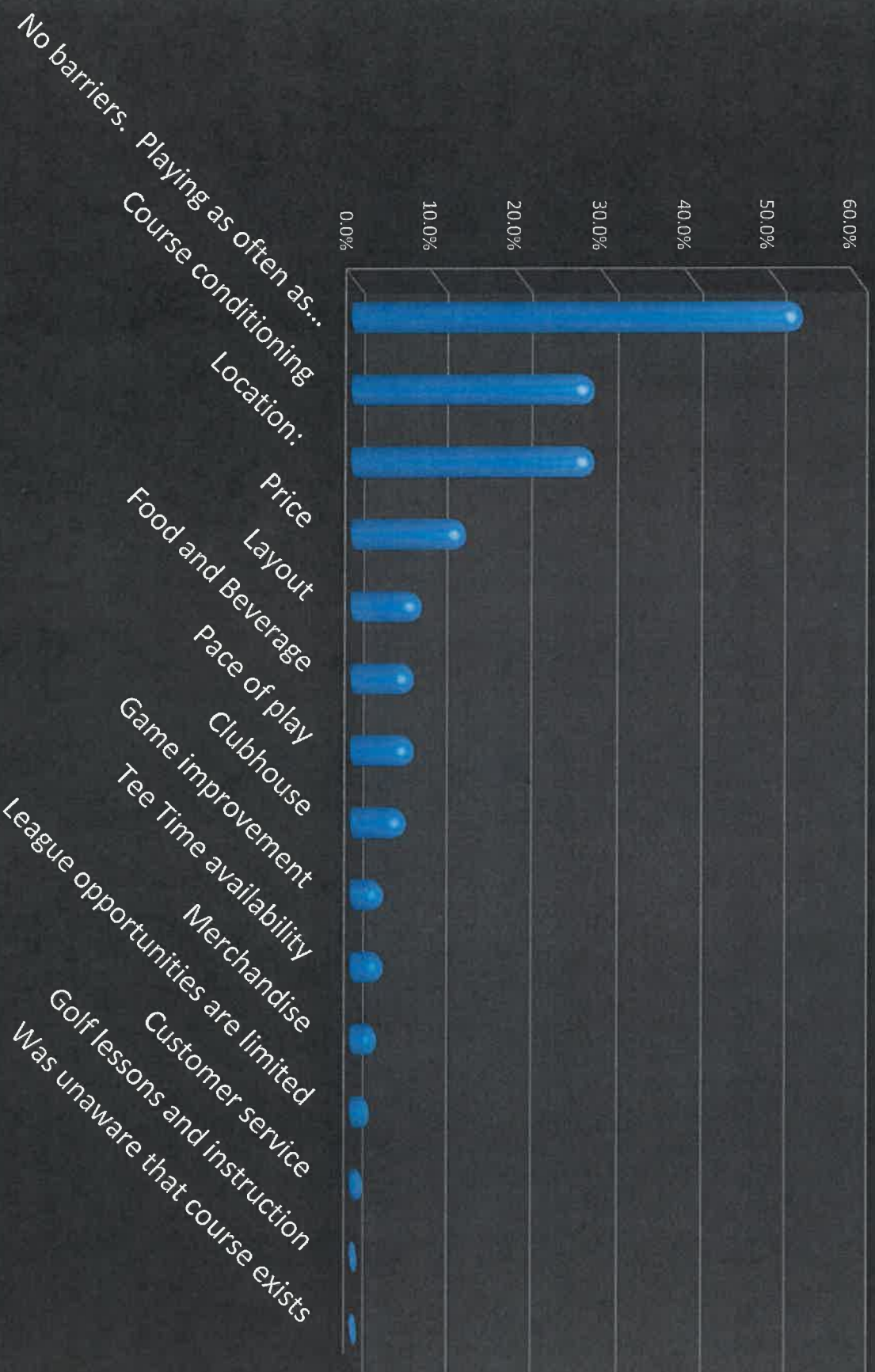
Why Haven't You Played NorthCliffe?



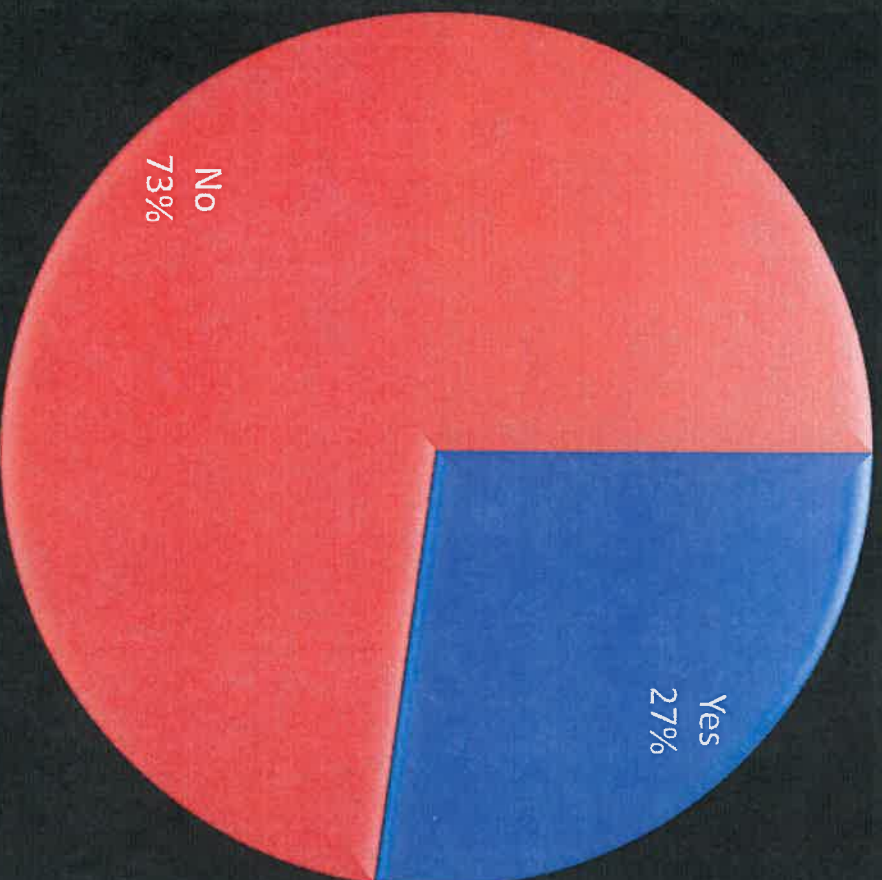
How likely are you to play golf at Northcliffe Golf Club in the next 12 months?



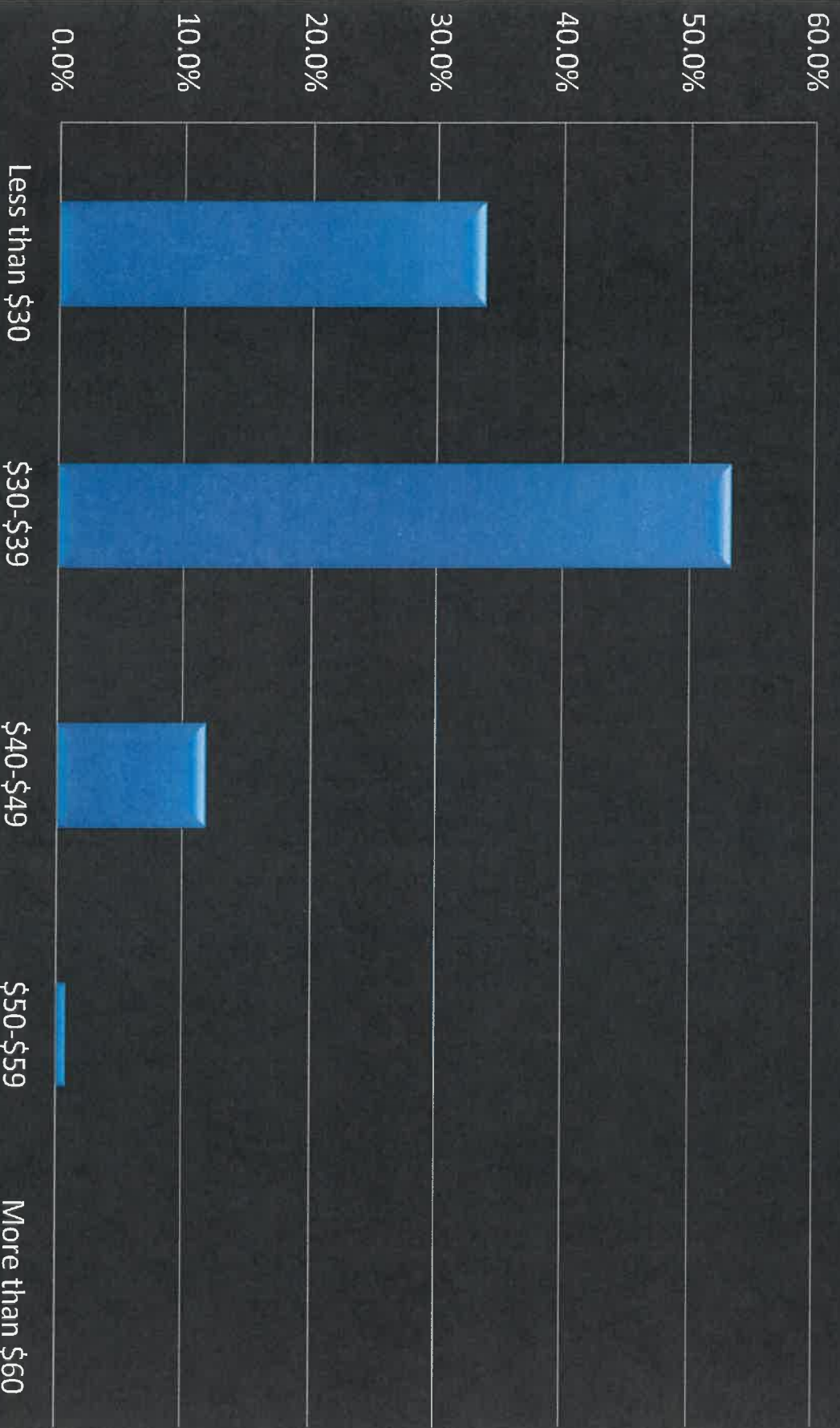
Primary Barriers to Playing Northcliffe More Often



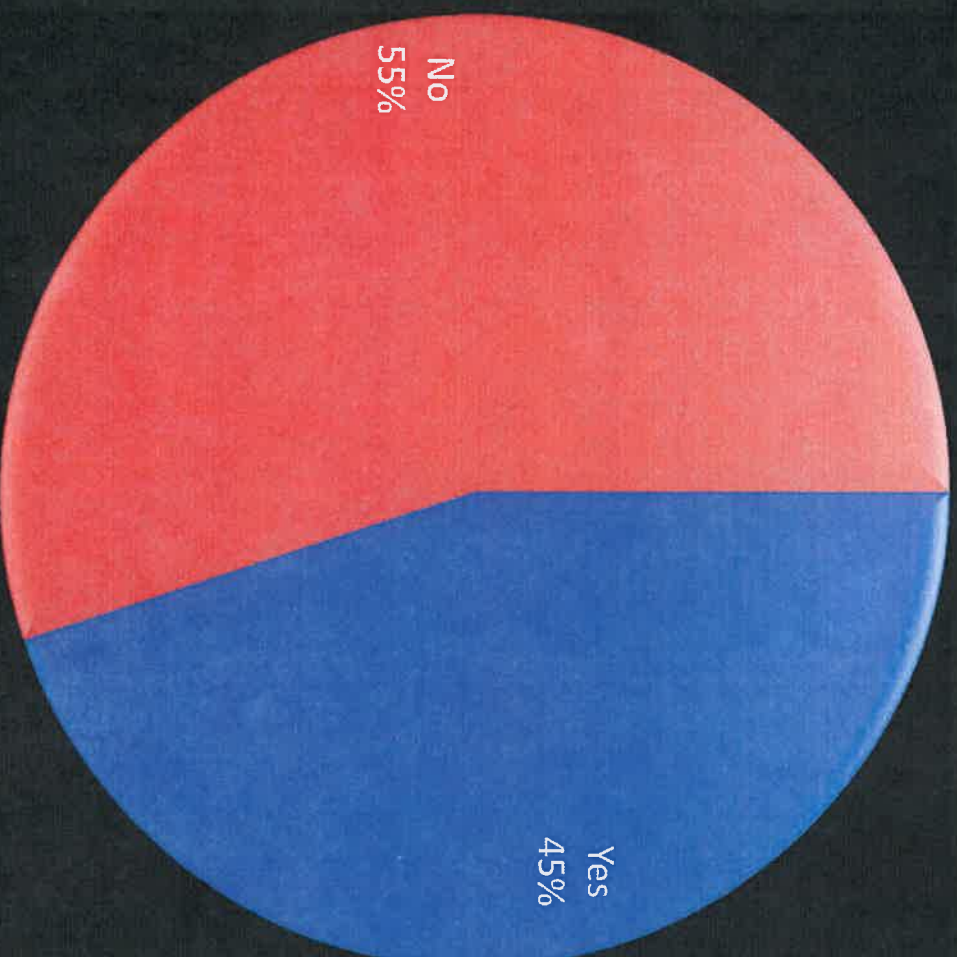
Do you have any interest in purchasing a monthly membership at Northcliffe Golf Club?



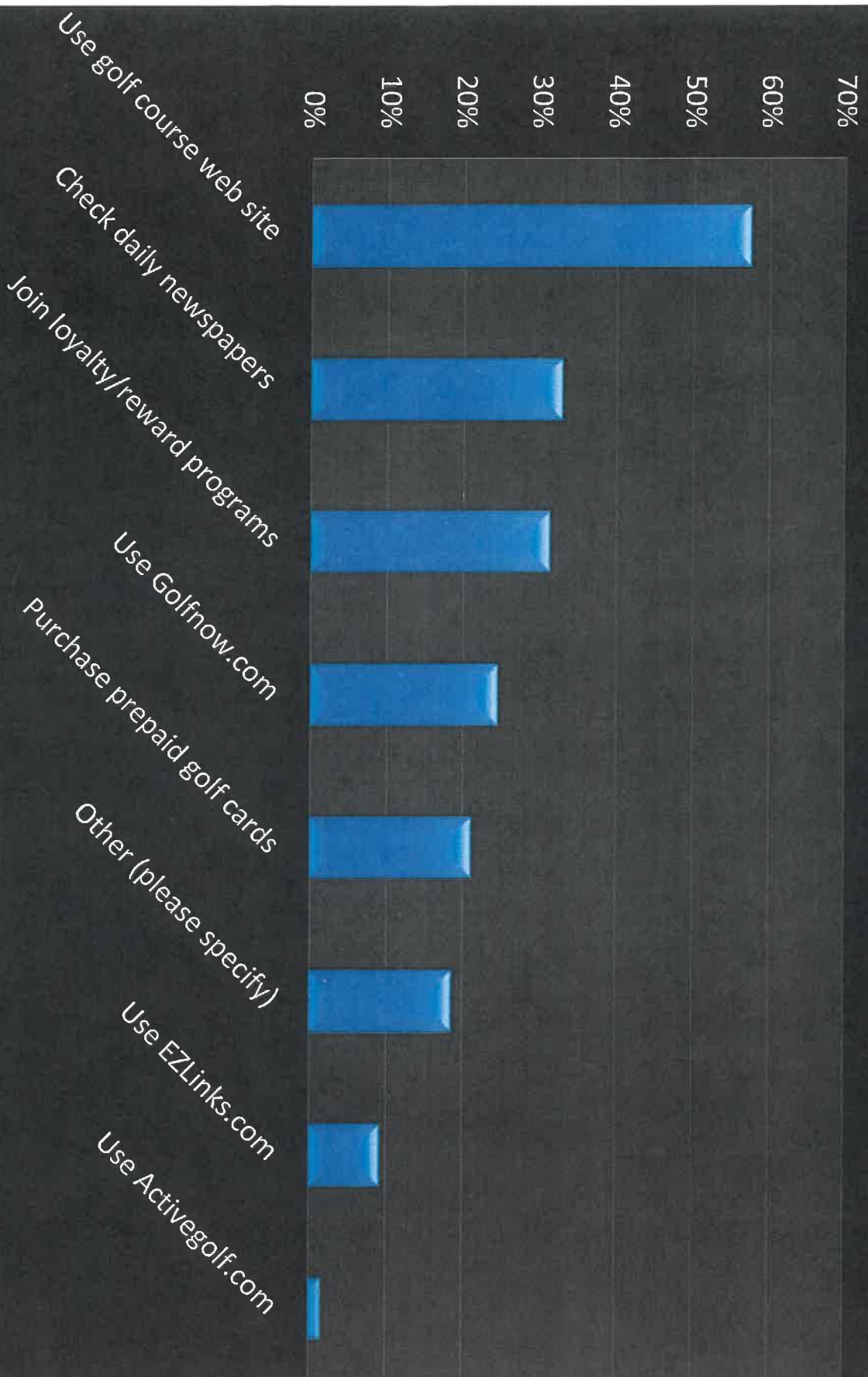
What is a good value for a weekend golf experience? (18 holes of golf, including cart)



Do you make tee time reservations on the Internet?



To Get Special Prices, Where Do You Search



What Do You Like Most About Northcliffe

1. Close to Home: Location
2. Friendliness
3. Layout
4. Price

If You Were King, What Would You Change?

1. Conditioning
2. Clubhouse
3. Undertake Renovation

**RESTRICTED APPRAISAL REPORT
OF
NORTHCLIFFE GOLF CLUB
LOCATED
ALONG THE EAST SIDE OF I-35N
NORTH OF FM 1103
WITHIN THE CITY LIMITS OF
SCHERTZ, TEXAS**

**MAILING ADDRESS
5301 COUNTRY CLUB DRIVE
CIBOLO, TEXAS 78108**

BY

FANNING & ASSOCIATES

226 Sanders Road
Denton, Texas 76210
(940) 387-7493

FANNING & ASSOCIATES

226 Sanders
Denton, Texas 76210
(940) 387-7493

August 22, 2011

Mr. John Colligan, Principal
Colligan Golf Design
103 South Mesquite Street
Arlington, Texas 76010

Re: Valuation Appraisal of Northcliffe Golf Club, Schertz, Texas – within the
boundaries of Guadalupe County, and Comal County Texas

Dear Mr. Colligan:

In compliance with your request, we have physically inspected the subject property, researched market data and completed a Valuation Analysis of the above described property. The conclusion of this study is presented in the attached restricted appraisal report. The conclusions herein represent findings and analysis to date.

It should be noted the appraisal is considered a full appraisal but this report is a restricted report that limits use and reliance on this document to the client. Further, it should be noted the report is an abbreviated executive review format and cannot be understood completely without additional information contained in the work files of Fanning and Associates.

The purpose of this study is to estimate the fee simple market value as a going concern of the subject property as of July 27, 2011. Market value is our estimate of what the property would have sold for on this date assuming it had been on the market and actively marketed for the last year and the buyer was fully informed.

The following pages present the conclusions of the study. We will be completing our analysis and a final narrative report will be forthcoming.

Sincerely,



Stephen F. Fanning, MAI, CRE, SGA
State Certified TX-1320793-G

RESTRICTED APPRAISAL REPORT

OF

**NORTHCLIFFE GOLF CLUB
LOCATED
ALONG THE EAST SIDE OF I-35N
NORTH OF FM 1103
WITHIN THE CITY LIMITS OF
SCHERTZ, TEXAS**

PREPARED FOR

**MR. JOHN COLLIGAN
AS AGENT FOR
THE CITY OF SCHERTZ, TEXAS**

**DATE OF REPORT
AUGUST 22, 2011**

BY

**STEPHEN F. FANNING, MAI, CRE, SGA
226 Sanders Road
Denton, Texas 76210**

OF

**FANNING & ASSOCIATES
Project No. 3-11**

APPRAISAL PARAMETERS AND CONCLUSIONS

PROPERTY TYPE:	Daily Fee Golf Club
PROPERTY NAME:	Northcliffe Golf Club
LOCATION:	The Northcliffe Golf Club is located at 3501 Country Club Drive, Schertz, Texas. The location is along the east side of I-35N, north of FM 1103, about eight miles north of San Antonio.
EFFECTIVE DATE OF APPRAISAL:	July 27, 2011
CURRENT USE:	Golf course
HIGHEST AND BEST USE:	Not applicable since appraised as is as a going concern thus alternatives not considered.
SUBJECT DESCRIPTION:	
<i>Golf Course and Improvements:</i>	<p>Northcliffe Golf Club is an 18-hole golf course designed to attract mid-range public play. The course was built in 1979 with renovations done in 1992 after ownership changed. The building improvements consist of a clubhouse with cart storage below the main area. The clubhouse consists of a large room that serves as the grill area, dining and pro shop. The building has offices and restrooms. The maintenance barn is a separate building in separate location.</p> <p>The golf cart storage is located on the lower floor of the clubhouse.</p> <p>The total subject site is estimated by the course superintendent Tomas Gonzales to be 147 acres. No survey was available to outline the course boundaries nor the acreage.</p> <p>Northcliffe Golf Club operates as a mid-range daily fee, public access course.</p>

MARKET VALUE CONCLUSIONS:

Interest and Value Appraised:	Fee Simple Market Value of the Club as a going concern, including all FF&E
Market Value Defined:	"The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress." ¹
Market Value Conclusion:	\$500,000 to \$1,000,000
Date of Value:	July 27, 2011 ²
CLIENT/ INTENDED USER:	John Colligan as representative for the City of Schertz
INTENDED USE:	Report is intended only for use by John Colligan (as representative for the City of Schertz) as part of the city's decision-making process regarding the Northcliffe Golf Club. This report is not intended or authorized for any other use.

¹ The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, page 122

² All values shown in the appraisal report are based on our analysis of the market as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. Since some of the appraisal analysis methods are based on estimates and assumptions, which are inherently subject to uncertainty and variation, depending upon evolving events, we do not present them as results that will actually be achieved in the future

**HYPOTHETICAL
CONDITIONS:**

None

**EXTRAORDINARY
ASSUMPTIONS:**

- The total land area of the subject and boundary is based on size reported and boundary lines as drawn by the Superintendent of Northcliffe, Tomas Gonzales on July 27, 2011 during the inspection of the subject.
- Assume cart path between housing to holes is a legal easement that goes with the golf course.
- Assume access drive to maintenance facility is a legal easement that goes with the golf course real estate.

SCOPE OF WORK:

• **Property:**

The property was inspected on the ground. No survey or title policy with a schedule B was available; therefore, all property size and location was based on information from the Golf Course Superintendent, Tomas Gonzales and by observation.

• **Type and Extent of Data Researched:**

All golf courses in 15 miles were surveyed and most inspected. Demographic data was secured from Alamo Area Council of Governments and commercial data source; sales data was from tax offices, and people knowledgeable about golf course sales in Texas.

Expense data came from SGA Survey and data from specific courses in appraiser's file.

• **Type and Extent of Analysis Applied:**

A Level "C"³ market /marketability study was completed and the sales and income approach were completed. Sales included a detail comparative rating and the income approach was based on a detailed 10-year discounted cash flow. Revenue inputs came from the market/ marketability study and expenses were based on comparable golf course expenses. The subject historical actual data was not available and/or in a form that was impractical to reconstruct.

³ Stephen F. Fanning, *Market Analysis For Real Estate: Concepts and Applications in Valuation and Highest and Best Use*, Appraisal Institute, 2005, Chapter 2

EXECUTIVE SUMMARY OF APPRAISAL ANALYSIS

The following presents an executive summary of the appraisal analysis.

MARKET/MARKETABILITY ANALYSIS

Northcliffe Golf Club Property Analysis

The following table shows a summary of the property analysis. The biggest issue is condition of the course and age of major components. The irrigation system was reported by the owner to have been replaced seven years ago; however, the greens, cart path and fairways are in need of upgrade.

The property rating summary shows the subject as 24% inferior to the typical competition in this market. This is a relative number which just means the subject is slightly inferior.

Northcliffe G.C.- RATING COMPARED TO TYPICAL COMPETITION IN MARKET AREA									
Item #	Sub-rate-> (rate factors by inserting "x")	Inferior			Typical (Avg.)	Superior			
		High	Mod.	Slight		Slight	Mod.	High	
SITE									
1	Size				X				
2	Drainage(Overall Property)			X					
3	Access To Course			X					
4	Visibility (Drive By Appeal)						X		
5	Complementary Adjacent Land Uses				X				
COURSE CONDITION									
6	Fairways (Turf and surface)	X							
7	Greens (Turf and Surface)		X						
8	Tees (Turf and Surface)	X							
9	Bunker Condition (Sand depth,compaction,drainage etc.)		X						
10	Course Improvements Amount/ Condition (cart paths, restrooms, etc.)		X						
11	Interior Areas (stream banks, rough, areas between holes, etc.)	X							
12	Condition of Landscaping Areas	X							
13	Water Quality & Quantity	X							
COURSE DESIGN & LAYOUT									
14	Varied Hole Design					X			
15	Memorability					X			
16	Fairways and greens defined					X			
17	Aesthetics/natural Features				X				
18	Varied Topography				X				
19	Water Features (number, integrated with course design, etc.)				X				
20	Green Design (size, contours, etc.)					X			
21	Number , Depth and Type of Bunkers				X				
22	Walkability					X			
23	Overall Playability				X				
24	Buffer from Adjacent Land Use (secluded golf experience)			X					
25	Quality/Adequacy of On Course Facilities (restrooms, halfway house etc.)		X						
26	Quality/Adequacy of Practice Facilities/Driving Range				X				
BUILDING & OTHER FEATURES									
27	Condition of Clubhouse Facilities				X				
28	Quality/ Appearance of Club House Facilities		X						
29	Quality/ Adequacy of Meeting Facilities		X						
30	Quality/ Adequacy of Pro Shop			X					
31	Quality/ Adequacy of Restaurant		X						
32	Quality/ Adequacy of Amenity Facilities (tennis, swimming etc.)				X				
33	Multi-functional Capabilities of facilities		X						
MARKETING FEATURES									
34	Image of Course	X							
35	Major Tournaments Played		X						
36	Services Provided			X					
37	Highly Rated Course by Recognized Source	X							
LEGAL & OTHER									
38	Zoning/Deed Restrictions				X				
39	Easements Across Property				X				
RATING CONCLUSIONS									
Total Per Category		7	9	5	12	5	1	0	
Times Category Score		1	2	3	4	5	6	7	
Total Category Score		7	18	15	48	25	6	0	
Total Subject Score		119							
Percentage Above or (below) Average Course in Market		-24%							

LOCATION ANALYSIS

Location Characteristics That Are Positive for Golf Course Use

- Comparatively few Competitive golf courses in five miles. The subject is a moderate-income type course and the other two courses in close proximity cater to a little higher income category.
- Moderate population growth forecast for next 20+ years in the area.

Location Characteristics That Are Negative to Golf Course use

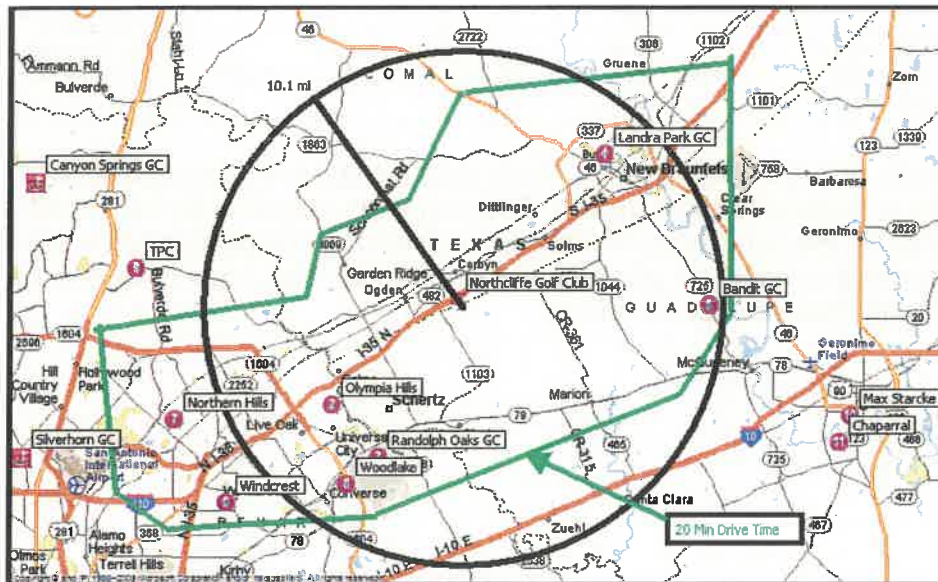
- Most new higher income growth is to the west and northwest of San Antonio.
- Current image of northeast and particularly east San Antonio is blue collar area.
- Income of nearby households are below desired levels for higher end daily fee golf.

MARKET ANALYSIS

Northcliffe Golf Club Primary Market Area

The membership roster for Northcliffe was analyzed, and it was found that about 78% of the current members live within about a 5-mile radius to the south and southeast from the club.

The primary market area for the subject was determined to be about a 20-minute drive time. That area is shown in green on the map below, along with the golf courses in the area.



Current Market Conditions

All golf courses within 15 miles of the subject were surveyed. The following shows rounds trends of courses in the market area where the last two years of rounds data were available.

Golf Rounds Trends of Competitive Courses in Market Area								
Map ID #	Dist	Name of Course	Date Built	Type of Course	2010 Rounds	2009 Rounds	Golf Rounds Trend	Comment
1	Subj	Northcliffe Golf Club	1978	Mid Range DF	30,000	UK		Poor condition fairways, greens fair; good green complex design.
2	6.2	Olympia Hills Golf & Conference Center	2000	High End DF	40,907	45,783	-4,876	Dining room. Course in very good condition, hilly and treed for first 13 holes. Large patio for tournaments. Eff. green fee \$23.88 (green fee+ cart/rounds)
3	7.8	Randolph Oaks Golf Course	1948	Mid Range Prvt.	30,000	35,000	-5,000	Private for military personnel only.
4	8.3	Landa Park Golf Course	1938	Mid Range DF	38,000	48,000	-10,000	Current yr. est. 43,000 rounds. Tourist play from adj. park, condition avg. Grill and dining room area with large patio for tournaments.
5	9.8	The Bandit Golf Club	1997	High End DF	30,000	32,000	-2,000	2011 rounds trend 33,000. Good condition, good design, grill and tournament patio.
10	16.1	Max Starke Park Golf Course	1936	Low End DF	25,236	28,326	-3,090	19,670 rounds in 2011 with 3 months remaining in the fiscal year.

Overall, golf rounds played are down over the last two years but show some signs of leveling to slight growth. The long term outlook is for continued growth in rounds as the population increases, but given the competition, area household incomes and moderate growth rate the green fees will have to be competitively priced in order to capture rounds.

Future Demand For Golf Rounds In Primary Market Area

Future golf demand was analyzed by three methods - affordability, rounds per capita and core market area (zip code 78108). The following shows the conclusions by one method. The rounds per capita method forecast the market area would increase demand by about 3,700 rounds per year on average at the mid range population forecast. The next part is how much of this market can the subject capture.

Market Area Rounds Demand by Per Capita Method Mid Range Forecast		
Year	2010	2020
Population- Mid Range Forecast 20-Min Drive Time - Based on Average Increase Per Year	269,704	324,704
Rounds Per Capita	0.90	0.90
Total Golf Rounds Demand	242,734	292,234
% Mid Priced Market Segment	75%	75%
Rounds Demand for Mid Priced Segment	182,050	219,175
Average New Demand Per Year For Mid Priced Segment		3,713

Subject Market Penetration Estimate

The subject was rated on a factor by factor basis with the competitive courses, and according to the rating should be capturing 16% of the market, but in fact it was capturing 17.5% of the market. Thus the subject actual is used as the basis of the rounds forecast as will be applied in the valuation discounted cash flow analysis.

Rounds Estimate - Mid Level Forecast			
	2010	2020	Comment
Primary Market Rounds Demand for Low Mid Priced Golf	182,000	219,000	Average of two demand models conclusions (rounded)
Capture Rate	17.5%	17%	Based on rating 16% rounded down
Northcliffe Rounds Forecast	31,850	37,230	
Average Increase Per year		538	

This capture amount assumes population growth as projected, no new golf course built in the primary market area during the forecast period, and Northcliffe maintenance/course upgrade equal to competition, competitive green fees and competitive marketing program.

Competitive Green Fee to Realize Rounds Capture

The subject green fees will have to be competitive to realize the previous capture. The following shows the low/mid level courses in this market competing for the subject rounds. The weighted average quoted rate (wt. between weekday and weekend rate) is \$35; however, the market is discounting significantly. For example Landa Park is discounting 43% from asking price, so the actual effective average green fee (including cart) is about \$20 to \$23 in this market for low/moderate courses. The subject was rated against competition and its competitive rating score ranked third out of five courses competing for the low/moderate round. The following table shows the subject green fee estimate based on competitive green fees in the area.

Competitive Quoted Green Fee Rating Analysis					
ID #	Course	Wt. Quoted Green Fee	Competitive Ranking Score (See M/M Section)	% Difference in Score (comp to subject)	Indicated Subject Green Fee As Adjusted
Subject	Subject (Northcliffe)		238		
3	Randolph	\$35.68	285	16%	\$29.80
4	Landa Park	\$36.38	234	-2%	\$37.00
7	Northern Hills	\$38.68	278	14%	\$33.11
8	Woodlake	\$29.60	284	16%	\$24.81
	Averages	\$35.09			\$31.18
Market Discount %					30%
Estimated Northcliffe Effective Rate					\$21.83

Ceiling Green Fee

In addition to the low/mid level courses that are directly competitive, this market has two upscale courses - The Bandit and close by Olympia Hills. Currently these courses market segment are slightly above the subject. However, this can change if they reduce green fees which may be happening. Thus they can tend to set the ceiling for green fees since their discounting makes them dip into the moderate priced course range like the subject. The following shows Olympia Hills actual for 2010. Of particular note is the current steep discounting (41%).

Olympia Hills - 2010			
	Quoted Green Fee	% Play	Weight
Weekday	\$ 35.00	54%	\$18.90
Weekend	\$54.00	46%	\$ 24.84
Weighted Avg. Green Fee			\$ 43.74
Actual Effective Rate is			\$26.00
Discount			41%

***Northcliffe 2011 Market Competitive Effective Green Fee Conclusions
Utilized in the Pro Forma Cash Flow***

The conclusion is Northcliffe has a \$22.00 to \$25.00 market effective green fee for 2011 (net of F&B and Pro Shop but including cart). The lower end of the range is anticipated for next couple of years until the course deferred maintenance is improved up to more competitive position in the market.

Measuring the Value of the Property

The property valuation models of most significance are the sales comparison approach and the income approach.

Measuring Value by Sales Comparison Approach

The sales comparison analyzed 10 sales from all over the state of poorly performing golf courses. Most had negative cash flow at time of purchase. Of particular interest was the one sale and two pending contracts in the San Antonio market for lower end courses like the subject shown in the following table.

The subject is like these courses. All of these properties are underperforming properties. Plum Creek and Hawk had negative cash flow. None of the courses have any great upside; however this shows there is a market for these types of courses.

San Antonio Area – Golf Course Sale Data								
ID #	Course\Location	Type	Year Built	Sale Date	Sale Price	No. of Holes	Sale Price Per Hole	Gross Revenue Multiplier
1	Plum Creek Golf Club, Kyle Texas	Mid Range Daily Fee	1999	Mar 2, 2011	\$800,000 (net- actual was \$1.1M but included excess land)	18	\$44,444	0.88
2	Woodlake Golf Club San Antonio, Texas	Mid Range Semi-Private	1972	Pending Contract	\$1,100,000	18	\$61,111	1.45
3	The Hawk at Rebecca Creek Spring, Texas	Mid Range Daily Fee	1975	Pending Contract	\$1,000,000	18	\$55,556	0.90
	Averages						53,704	1.08

Income Approach To Value

The income approach analyzed by discounted cash flow analysis (DCF). This involved a 10-year forecasted pro forma based on market expenses required to keep the course at least in the moderate daily fee type market segment.

The major variable was how much additional after purchase the typical buyer would put into a course that has not been maintained at a normal level and the basic course infrastructure is in poor condition. The DCF is based on estimate that the typical buyer would phase in improvements or secure a loan for a more comprehensive approach.

The DCF included the high end, mid range and low end of the rounds increase forecast. The cash flow was negative for at least five years on the mid range DCF analysis.

The value indicated by the DCF was much lower than indicated value by the sales comparison approach. The DCF results for the low end forecast were negative value and the mid range and high range were positive value but below \$500,000.

Market Value Opinion of Northcliffe Golf Course

Market value is hypothetical estimate of the most probable price a knowledgeable buyer would pay for the property as of the effective date after the property had been actively marketed for the preceding year.

Based on the data analyzed to date the market value of the Northcliffe Golf Course as a Going Concern as of July 27, 2011 is estimated to be \$500,000 to \$1,000,000.

Factors Most Critical To Value

1. Green fees will have to be very competitive because of the number of current courses in this market and the moderate demand fundamentals of the subject primary market area. The DCF pro forma analysis forecast showed this trend with very competitive green fees in early years with slow increase as the course condition catches up to the competition and the population growth continues to increase as forecast.
2. The course has had minimal maintenance and has deferred regular capital replacement and correction items such as greens, cart paths and rub board fairway issues. Even to maintain the course in the lower tier market segment will require a higher regular maintenance program, and some level of a phased plan to upgrade the basic backbone of the course. The forecast pro forma rounds and green fees are based on this happening in the future.
3. The forecast subject capture of market demand is based on the assessment that no new construction would enter the market. This is a reasonable expectation since the market area green fees are too low for new stand alone golf and the other forces that create demand to build new golf course, like amenity for subdivision, are weak. The housing market in general and the demographics of this area are not conducive to new construction of golf courses for some time.
4. The subject is expected to have a negative cash flow for a number of years in the future. Thus, the current market value is dependent on the buy/sell market which has shown a propensity to buy golf courses even if a negative cash flow is expected for some time in the future.

A.

CERTIFICATION

We certify that, to the best of our knowledge and belief,...

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, professional analyses, opinions, and conclusions.
- In compliance with the ethics rules of USPAP, we certify that this appraiser has no present or prospective interest in the property that is the subject of this report or parties involved, and has not performed any services regarding the subject property within the 3-year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.
- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- our engagement in this assignment was not contingent upon developing or reporting predetermined results; and was not based on requested minimum valuation, a specific valuation, or the approval of a loan.
- our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Stephen F. Fanning is currently certified under the voluntary continuing education program of the Appraisal Institute.
- Stephen F. Fanning has made personal inspection of the property that is the subject of this report.
- no one other than the signatories provided significant professional assistance on this report.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.



Stephen F. Fanning, MAI, CRE, AICP
State Certified TX-1320793-G

B. BASIC ASSUMPTIONS AND LIMITING CONDITIONS

This report, letter of transmittal and certification are made expressly subject to the following assumptions and limiting conditions. If client accepts or uses this appraisal study, he/she is accepting all assumptions and limiting conditions:

1. Limitations of Appraisal

Appraisal is Not a Survey

We do not certify to easements, minerals, encroachments, deed restrictions, etc., and for this appraisal they are assumed to have no significant effect on value unless specifically stated otherwise in this report.

The legal description furnished is assumed to be correct. We have made no survey of the property and assume no responsibility in connection with boundaries, encroachments, and other such matters.

The sketches in this report are approximations unless specified otherwise and are included only to assist the reader in visualizing the property. Dimensions and descriptions are based on public records or information furnished by others and are not meant to be used as references in matters of survey.

Appraisal is Not a Legal Opinion

The purpose of an appraisal is to study and estimate a probable value for the subject and not to make legal determination. Therefore, no responsibility is assumed for matters of legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments.

It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.

It is assumed that all required zoning, licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based. The appraisal is not to be construed as a certification of zoning or other similar license for legal rights as to the property use.

As appraiser/analysts and not tax attorneys, we do not certify as to the tax impact as the data presented herein was utilized for analysis purposes only. The investor is advised to consult a tax attorney and his personal CPA, for final tax considerations.

Appraisal is not an Engineering Report

In estimating market value, the appraiser is essentially acting as a well-informed buyer or seller, NOT as an expert trained to determine specialized property conditions such as problems with foundation, subsoil, equipment or the existence of environmental hazards or implications of such value-influencing factors on market value.

Therefore, because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, an appraiser does not guarantee the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation, hazardous material or any other similar specialized property conditions. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

Thus in summary, the appraisal inspection is limited to read like apparent visible conditions. Therefore, unless specifically stated otherwise in this report, the appraisal process assumes that there are no hidden or unapparent conditions of the property, sub-soil, equipment, structures, hazardous material, rare, endangered plants, or hidden unmarked cemeteries which would render it more or less valuable. The appraiser does not represent and is not qualified to detect such conditions or substances. Therefore, no responsibility is assumed for such conditions or the engineering which may be required to discover such factors. Also, subsurface rights (mineral and oil) were not considered in making this appraisal unless specifically stated in this report.

Appraisal is Made Under Conditions of Uncertainty

A real estate appraisal is a supportable, documented and justified opinion by a person trained and experienced in real estate analysis. A professional opinion is not to be considered the same as a finding of fact. Such opinion is based on analysis of real estate data by established appraisal methods.

Real estate data is not routinely recorded such as in the stock market; therefore, the appraiser must rely on information obtained from others. This information is verified and checked, where possible, and is used in this appraisal only if it is believed to be accurate and correct. However, such information is not guaranteed. Dimensions and areas of the subject property and of the comparables were obtained by various means and are not guaranteed to be exact. All comparable data was examined but it was not possible to inspect them all in detail. Real estate values are influenced by a large number of external factors. The data contained herein is all of the data we consider necessary to support the value estimate. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors which might influence the value of the subject property. If new information of significance comes to light the value given in this report is subject to change without notice.

All values shown in the appraisal report are based on our analysis of the market as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. Since some of the appraisal analysis methods are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved in the future.

Appraisal Use is Limited

The value of the land and improvements constitute parts of the total value reported, under specified utilization, and neither is to be used in making a summation appraisal by combination of separate values in conjunction with any other appraisal and are invalidated if so used.

The appraiser will not be required to give testimony or attendance in court or before other legal authority by reason of this appraisal without prior agreement and arrangement between employer and the appraiser.

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.

The signatories of this appraisal report are members (or candidates) of these appraisal organizations. The By-Laws and Regulations of the organizations require each member and candidate to control the use and distribution of each appraisal report signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may not distribute copies of this appraisal report, except for internal use only and the only in its entirety, without the prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report or the identity of the appraiser of the firm or any reference to the appraisal organization designations shall be disseminated by the use of advertising media, public relations media, news media, sales media, or other media for public communication or prospectus for securities without the prior written consent of the signatories of this appraisal report. Note: In any event, it must be used in its entirety unless specifically authorized otherwise in writing.

2. Assumptions Most Critical to Conclusions

The property appraised will receive competent professional management and marketing. The importance of competent and experienced management for this type property is of the greatest significance.

The economy of the nation and the community in which the property is located will remain at approximate current levels and trends.

Any presently proposed or future improvements to the property will be erected from well designed plans and built of quality materials using good workmanship and standards of construction.

No changes in public or private streets, roads or freeways will be made in the reasonable future in or around the community in which the property is located, which would substantially change the accessibility of the property or its visibility.

The above assumptions are general. Specific assumptions are included in the appraisal report.

MEMORANDUM

From: Staff
To: EDC Board
RE: Update on outstanding projects
Date: August 19, 2011

Project Sysco: Per Cathy Newton (H.R.) the move in date is January 2012, no new updates.

Project Caterpillar: DBA Texas Machining Enterprises (TME) received their Certificate of Occupancy on August 19, 2011 and is working with a skeleton crew.

Project Schertz Parkway (SPV): No new leases at this time.

I/10-I/35 Alliance

Monthly meeting held in New Braunfels on August 19, 2011 at the Buttermilk Café in New Braunfels. Next meeting will be held in Seguin.

September 2011 – Mission to Canada (Michael Meek/New Braunfels)

Upcoming duties include renewal of the joint marketing agreement between the cities. Expiration date is September 30, 2011 for the I/10 –I/35 Alliance, Seguin is working on the renewal.

CCIM Symposium held on November 2, 2011. The Alliance will have a booth for the show.

Project Buxton:

The EDC staff is working with Chas Stoker with the Buxton Group to visit with the board on the Scout II program that we will be divided between the City of Converse, Live Oak and New Braunfels.

This item was pulled from this month's agenda.

Project Gateway S. Schertz Update: The Charrette is a process to create the vision that the City Council, Planning & Zoning Commission and Economic Development Corporation have for our city's future.

"The Charrette is an economic development initiative to create predictability for future growth in Schertz and to attract investment for that growth from inside and outside the community," said Scott Polikov of Gateway Planning Group.

Dates for the South Schertz:

August 29, 2011 – August 31, 2011

You should have received your email invite.

Project Main Street: The Bond of 2010 was passed to make improvements to FM 78 and Main Street for one million dollars for improvements to jumpstart downtown revitalization on or near Fm 78 and Main Street. TBG was working on this project with the Economic Development Department. TBG is no longer in service; however Will Reed still keeps in touch with City Staff.

No new updates at this time.

Business Retention and Expansion Report (BRE): Listed below is the calendar for the month of August.

Name	Date
AER	8/2/2011
Talon LPE	8/2/2011
GVEC Moved to the 29th	8/10/2011
VRTX	8/12/2011
Swift Train	8/17/2011
Arion Perfume	8/18/2011
Winfield Solutions	8/18/2011
Pratt	8/23/2011
RDO Equipment	8/24/2011
ITM	8/23/2011

CITY COUNCIL MEMORANDUM

City Council Meeting: June 4, 2019
Department: Engineering
Subject: Update on major projects in progress including CIP, CityView Software, Utility Meter Swap Out, AgendaQuick Software, Civic Rec Software, and Phone System Replacement.

Attachments

June Major Project Update

CITY COUNCIL MEMORANDUM

City Council Meeting:

June 4, 2019

Department:

City Manager

Subject:

Update on major projects in progress/CIP, City View, Utility Meter Swap Out, AgendaQuick Software, Civic Rec Software, and Phone System Replacement

Background

This is the monthly update on large capital projects that are in progress or in the planning process. This update is being provided so Council will be up to date on the progress of these large projects. If Council desires more information on any project or on projects not on this list, please reach out to staff and that information will be provided.

Drainage Projects:

1. **East Dietz Creek Desilting:** C-3 Environmental continues to work on establishing vegetation in the channel as well as restore Gutierrez Park. Final completion is contingent on the completion of these items.
2. **Drainage Maintenance Projects:** C-3 Environmental continues to work on the Hidden Grove portion of the project. Weather has slowed the project progress, but the majority of the underground storm pipe has been installed. The Greenridge portion of the project is expected to begin in early June. The overall project is scheduled to be completed by mid July.

Facilities Projects:

1. **Fire Station 3:** Structural steel and roof decking is complete. Miscellaneous steel is ongoing. Dry in is at 90% over equipment bay. Exterior stud walls are being installed as well as exterior sheeting. Water lines are installed both fire and domestic. Sewer line is in process as well along Lower Seguin Road. Overhead MEP has started, Exterior tile is pending. Current substantial completion date is September 2019, barring any delays.
2. **Animal Adoption Center:** The epoxy flooring project is complete and fully occupied.

Water Projects:

1. **E. Live Oak Ground Storage Tank Painting:** The Notice to Proceed for the project was issued for April 18th. M&M Tank Coatings has begun work this month. The project has a 120 day duration to complete.
2. **Water Meter Change Out:** As of April 30, 2019, approximately 12,264 meters have been changed out (of approximately 14,200 meters). Replacement of meters started in areas with the most manual reads by staff. Staff is currently estimating a August 2019 completion date for all meter change outs.
3. **FM 1103 Utility Relocation Project:** City Staff continues to work on acquiring one final easement necessary to relocate water and wastewater lines that are in conflict with the planned roadway and drainage improvements associated with the TxDOT FM 1103 Improvement Project. City Staff had a Pre-Construction meeting on May 22nd with D. Guerra Construction Company and TxDOT. The Notice to Proceed was issued May 29th.

Engineering Projects:

1. **2018 Street Preservation and Maintenance/Rehabilitation Project:** Staff is generating final comments on the 100% plans. Comments will be given to LAN for final plan edits this week. Staff is finalizing the remaining few EJCDC documents with Purchasing to complete the bid package. The bidding process will begin as soon as these final edits are complete. Project information has been published in the Schertz Magazine and is on the City's website.
2. **Corbett Elevated Water Storage Tank:** Base was installed for the onsite road and parking area as well as the access road down Ray Corbett Drive. Waterline D, along the extension of Ray Corbett Drive, was completed and tested. Waterline C, which runs into the tank site, was completed and tested. Landmark Structures has completed the engineering design of the elevated storage tank pedestal and foundation. Work on the foundation is expected to begin in early June. The project is expected to be completed July of 2020.
3. **Woman Hollering Creek Wastewater Interceptor Main and Lift Station:** CobbFendley continues to work on making the final plan revisions and the bid documents. City Staff and CobbFendley continue to negotiate with property owners to acquire necessary easements for the project. Revised offer letters have been sent out to property owners and negotiations continue with property owners via email correspondence and face to face meetings. Negotiations this month resulted in one easement being signed, which brings the total number of easements acquired to five out of a total of 22. The bidding of the project is dependent on easement acquisition.
4. **Pedestrian Routes and Bike Lanes Project:** Ford Engineering continues to work on plan modifications for Staff review, plans are expected to be submitted in early June. LCRA has finalized the deed documents in order for the City to purchase the property for the hike and bike trail. City Staff continues to work through approvals with TxDOT and to acquire the

remaining ROW necessary for the project. The letting date for the project has been pushed back by TxDOT to October 2019.

5. **FM 1103 Bridge Project:** Final work is being done on the bridge project. Lane closures and traffic rerouting will continue as necessary. TxDOT and its contractors keep City Staff informed of detours and closures so that the City can assist in disseminating the information to the public in a timely fashion. The anticipated completion date has been moved back to July 2019 (weather permitting).
6. **FM 1103 Improvement Project:** No change from May update. Utility relocations are underway (including electric, communications, gas, water, and wastewater). Schertz Public Works is working to relocate water and wastewater lines that conflict with the planned roadway and drainage improvements (see FM 1103 Utility Relocation Project update). Due to issues with the numerous utilities and relocation projects, the target let date for a construction contract has been moved from October 2019 to May 2020.
7. **FM 1518 Improvement Project:** No change from May update. Project has been environmentally cleared. TxDOT has formally begun the process of acquiring property needed for the expansion project. Initial offer letters have been sent to property owners. Approximately 140 parcels are affected by right of way needs, including a parcel of land owned by the City of Schertz (across the front of the existing Sedona Lift Station). TxDOT is also continuing to work on a value-engineering phase of the project. The project is currently scheduled for letting in September, 2022; construction may begin as early as January, 2023.

Planning and Community Development Projects:

1. **CityView Permitting and Development Software:** We have been meeting with representatives from various city departments to work through the different permitting processes to wrap up the data collection phase which is the first step of the software implementation. We have also been working with the CityView project team to iron out how our various impact fees are calculated and assessed. Once the data collection is complete, the CityView Team will configure the software and return it to the City for User Acceptance Testing. The configured software is tested, we will move to staff user training and then go live with the software.
2. **Agenda Quick software:** As of May 14th the AgendaQuick production site is officially live for City staff to utilize in the creation of agenda items and packets. The May 28th City Council agenda was the first official City Council packet created using AgendaQuick. The new production site will be utilized moving forward for the agenda packet creations for the following: City Council, Planning & Zoning Commission, Capital Improvement Advisory Committee, Committee of Committee Advisory Board. The City admins will now start working with the various staff members to assist in bringing the other Boards and Commissions into utilizing AgendaQuick. Additionally, the admins are working with the IT Department in order to create the public facing web application that the citizens will be able to utilize from the City's website to review, search, and download the agendas for City Council and the various board and commissions that are utilizing AgendaQuick.

Information Technology Projects:

1. **Civic Rec Scheduling System:** Paperwork has been approved and funding identified. Next step is to coordinate training and deployment schedule with vendor.
2. **Phone System Replacement:** Configuration meetings with depts complete as of 05/02/19. Hardware is in house. Project is on track for deployment in mid-June, 2019.