

**GREATER BOCA RATON BEACH & PARK DISTRICT**  
**MINUTES OF A JOINT CITY/DISTRICT MEETING**  
**OF THE**  
**BOCA RATON CITY COUNCIL & THE BOARD OF COMMISSIONERS**  
**6500 BUILDING, BOCA RATON**  
**May 8, 2017**

**DISTRICT COMMISSIONERS  
& STAFF PRESENT:**

Robert K. Rollins, Jr. - Chairman  
Steven M. Engel  
Susan Vogelgesang  
Erin A. Wright  
*Arthur C. Koski, Executive Director/Attorney*

**CITY COUNCIL MEMBERS  
& STAFF PRESENT:**

Susan Haynie - Mayor  
Andrea Levine O'Rourke  
Scott Singer  
Robert S. Weinroth  
*Leif J. Ahnell, City Manager*  
*Diana Grub Frieser, City Attorney*

At 4:30 p.m. Mayor Haynie welcomed everyone; self-introductions followed. The purpose of the meeting is to discuss the future of the Ocean Breeze Golf Course.

Chairman Rollins stated that the District has put in a considerable amount of effort in developing a format for the acquisition and operation of the Ocean Breeze Golf Course. He introduced Mr. Arthur C. Koski, Executive Director/District Counsel who presented financial pro formas and a video of the Ocean Breeze site.

Mr. Koski provided a brief history of the Ocean Breeze Golf Course. In April of 2016, several residents approached the Board to determine whether there was any opportunity for the District to provide assistance in rectifying the deteriorating condition of the golf course and some of the other on-site facilities [an aerial view of the Boca Teeca community outlining the Ocean Breeze Golf Course location was displayed]. Through a judgement of foreclosure in excess of \$17 million, Wells Fargo took back the title to the property. The property was sold at a public auction and was purchased by Redus, a subsidiary of Wells Fargo for \$4 million. Wells Fargo is the current owner of the property through Redus. Using the acronym "VOR" [**Vision, Opportunity, Reaction**] he explained the benefits to the community of purchasing the Ocean Breeze property:

**Vision** - With the cooperative effort of the City and using the existing facility, construct a world-class 27-hole golf facility for youth, collegiate and adult golfers for people of all financial status, age and abilities. The facility will generate an economic benefit for businesses as well as a much needed recreational amenity. Two hundred and fourteen acres of open space East of I-95 will be preserved.

- A video was shown to illustrate the current condition of the Ocean Breeze property and its existing structures. Illustrations depicted how the property could be transformed into a world-class golf facility with improvements to the greens; a new Pro Shop; restaurant; and hotel or civic use building.
- Although the Greg Norman Group has provided information to the District free of charge, the District will procure a consultant through the RFP or RFQ qualification process.

- Further planning and analyses will be done once the City arranges for financing to be available through an interlocal agreement which provides for the payback of all of the funds that the City borrows.
- The District's Financial Advisor Mr. Merv Timberlake has prepared a financial analysis which indicates that the District's current budget, staying at the current millage, will be able to provide retirement of the debt without impacting any of the other District projects.

**Opportunity** - The opportunity to purchase the Ocean Breeze property came about as a concept of a "swap" [the Lennar/Wells Fargo team would exchange the Ocean Breeze property plus some amount of money in exchange for the Municipal Golf Course west of the Turnpike]. It was the City's decision that if anyone was going to bid on the Municipal Golf Course property, everyone should do so on equal footing. In late December, Lennar decided to sell the property to the District.

- Through negotiations, Lennar presented a contract to the District for the purchase of the Ocean Breeze property in the amount of \$24 million.
- Financial pro formas were displayed for golf courses in various parts of the country and the types of activities each facility experiences. Three comparable facilities were identified: Boca Raton Municipal Golf Course; Osprey Point and Southwinds. The estimated revenue for Ocean Breeze (rounds of golf; merchandise sales at Pro Shop and hotel ground lease) totals \$4,150,000; minus expenses of \$2,200,000 produces an annual positive cash flow of \$1,950,000.
- Improvements will be required to transform Ocean Breeze into a world-class facility.
- Eminent domain proceedings have been explored. Mr. Koski does not recommend the process as he believes it would be difficult to convince a judge and a jury that a golf course is needed when a golf course exists in the western part of the community.
- The community at large, Florida Atlantic University and Lynn University support the acquisition. The business community is behind the project. The project will allow the City to proceed with the sale of the Municipal Golf Course.

**Reaction** - Mr. Koski, on behalf of the District, requested City Council consensus to direct its staff to prepare an interlocal agreement with the District for the financing of the Ocean Breeze project.

- If a consensus is reached, the District will immediately begin to engage consultants, seek additional community input and seek to form a Citizens Committee to assist in developing detailed plans so that the project can become a reality. In closing, Mr. Koski stated "A positive reaction from the City Council will produce a terrific result".
- Chairman Rollins stated that the Board has discussed the Ocean Breeze acquisition in depth and is 100% supportive of the purchase.

*Discussion:*

Council Member O'Rourke inquired if the cost for improvements was included in the \$24 million.

Mr. Koski responded that the \$24 million purchase price does not include the cost of improvements. The cost to bring the course into top quality world-class shape is estimated to be \$9 to \$12 million. Timeline: a five-month period of pre-acquisition plus a 12 month period to get plans in place to begin development. The hotel will be built by a third party at no expense to the District. The Learning Center (a separate one-story free standing building) is currently being discussed and, hopefully, it will be funded by others. The District would incur costs for construction of a two-story building to house the Pro Shop and Clubhouse at an estimated cost of \$2 to \$2.5 Million.

Council Member Weinroth emphasized that anything that can be done to maintain housing values will benefit the City and the District. He expressed concern about the traffic that the project would generate, and if NW 2<sup>nd</sup> Avenue would need upgrading to accommodate the participants.

Mr. Koski advised that there is a golf cart tunnel underneath Clint Moore Road [it connects the south 9 to the north 9]. The District will explore the possibility of a golf cart tunnel under NW 2<sup>nd</sup> Avenue to eliminate the potential of any safety problems and possibly eliminate any radical changes to the intersection. A traffic study will be undertaken.

Council Member Singer stated that he would like to see the project become a reality. He asked if City staff had an opportunity to review the financials. Noting that the District projects a profit of \$1,950,000 he inquired about the cost of the debt service and if any additional funds would be needed from the City. He also asked about the negotiations with Lennar and how the price was determined.

Mr. Koski responded accordingly:

The financial information presented has not been shared with City staff as they are only "estimates" taken from actual County and City records.

The District has had discussions with the City Attorney about private activities and bond financing to determine whether the bond issue can be tax exempt or taxable. He believes that the issue with the hotel (a taxable private enterprise) can be resolved with the seller. The District can adequately retire the debt service. There is a possibility that in the future, the District may approach the City for additional funding.

The District does not have an appraisal for the Ocean Breeze property. In early 2017, negotiations took place with Lennar, who repeatedly represented that they are in the business of owning land and that they can well afford to hold onto the Ocean Breeze property for a very long time. Lennar's partner in the sale is Wells Fargo, and they are owed \$18 million. Further, there would be no short sale. Lennar and Wells Fargo negotiated a new deal and the number was \$24M [the price to get Wells Fargo out of the deal]. It was a "take it or leave it offer" to the District.

The following individuals spoke at the meeting:

*In support of the Ocean Breeze Golf Course Acquisition*

Betty Grinnan	Charles Ventre
Lupe Eyde	Jerry Becker
Annabelle Silverman	Ed Grecsek
Barbara Fulkerson	Lenore Wachtel
Regina Ecklund	Dr. Eric Leader
Harold Chaffee	Anthony Ciliberti
Kate Handley	Joe Good
Steven Gross	Doug Collar
Mary LaFuente	Dale Oliver
John Mendoza	Connie Sutherland
Dottie Provenzano	Robert DuKate
Michael Heymann	

*Opposed to the Ocean Breeze Golf Course Acquisition*


Judith Teller Kaye	James Rubino
Karl Dickey	Richard Siemons

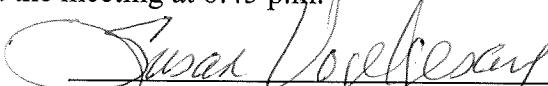
In response to some of the questions raised by the public, Mr. Koski offered that the operating expenses were looked at on a cash-in cash-out basis. Lennar had an offer of \$7 million for an adult living facility at that location; however, based on information obtained, he estimates the value of the hotel site to be \$3 to \$5 million. Lennar does have a \$33 million appraisal of the property based upon the prior entitlements that were granted to the property. In reference to eminent domain, outside counsel indicated that if a jury were to determine there was a need for a golf course and the award was in the \$30 million range, the District could end up paying \$36 million; including attorney fees.

Mayor Haynie reiterated the fact that the District is purchasing the Ocean Breeze property and that the City is assisting in the financing. She requested several additional pieces of information be furnished: 1) the appraised value of the commercial property; 2) design/construction costs for Osprey Point; and 3) ascertain the increased value in ad valorem taxes of the Boca Teeca residents.

Mayor Haynie consulted with the City Attorney and was advised that an interlocal agreement would be the mechanism to lend the District the funds needed to acquire the Ocean Breeze property. The interlocal agreement would provide for the repayment of those funds by the District. Mayor Haynie directed the City Attorney to prepare an interlocal agreement that can be placed on a City agenda and have a public hearing as to whether to go forward.

**ADJOURNMENT:** Mayor Haynie adjourned the meeting at 6:45 p.m.

  
 Robert K. Rollins, Jr. Chairman

  
 Susan Vogelgesang Secretary-Treasurer