Palm Harbor Golf Club
Business plan & projections
October 8, 2013

Presentation Agenda

- PHGC Today
  - Current Environment
  - Industry Overview
  - Local Market
- Financial Overview
  - Financial Performance
  - Additional Considerations
  - Projected Performance
  - Revenue Challenges
- Revenue Strategies
  - Revenue Building
  - Sample Initiatives
- A Look Ahead
  - Goals for the future
  - Corporate Support Team

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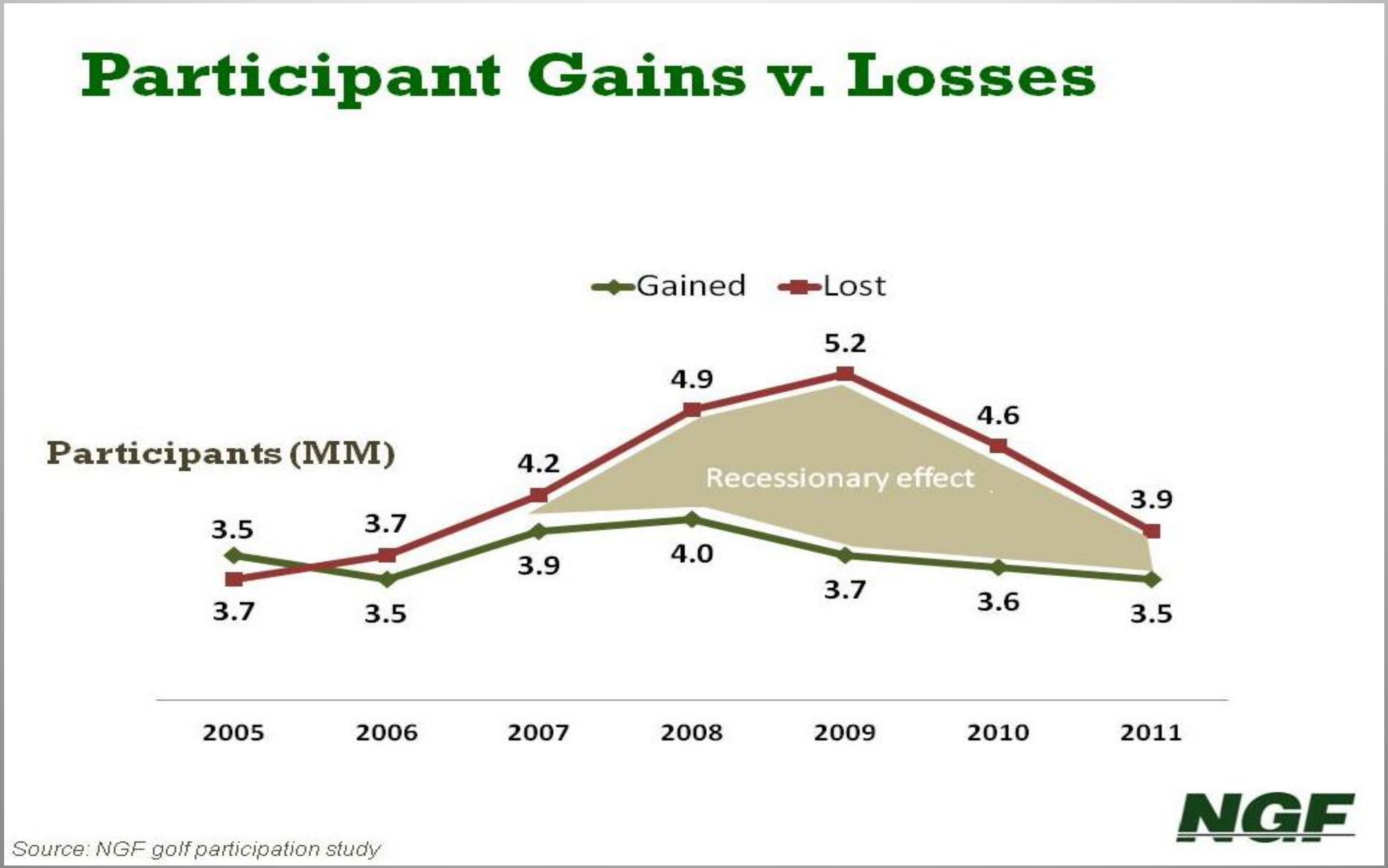
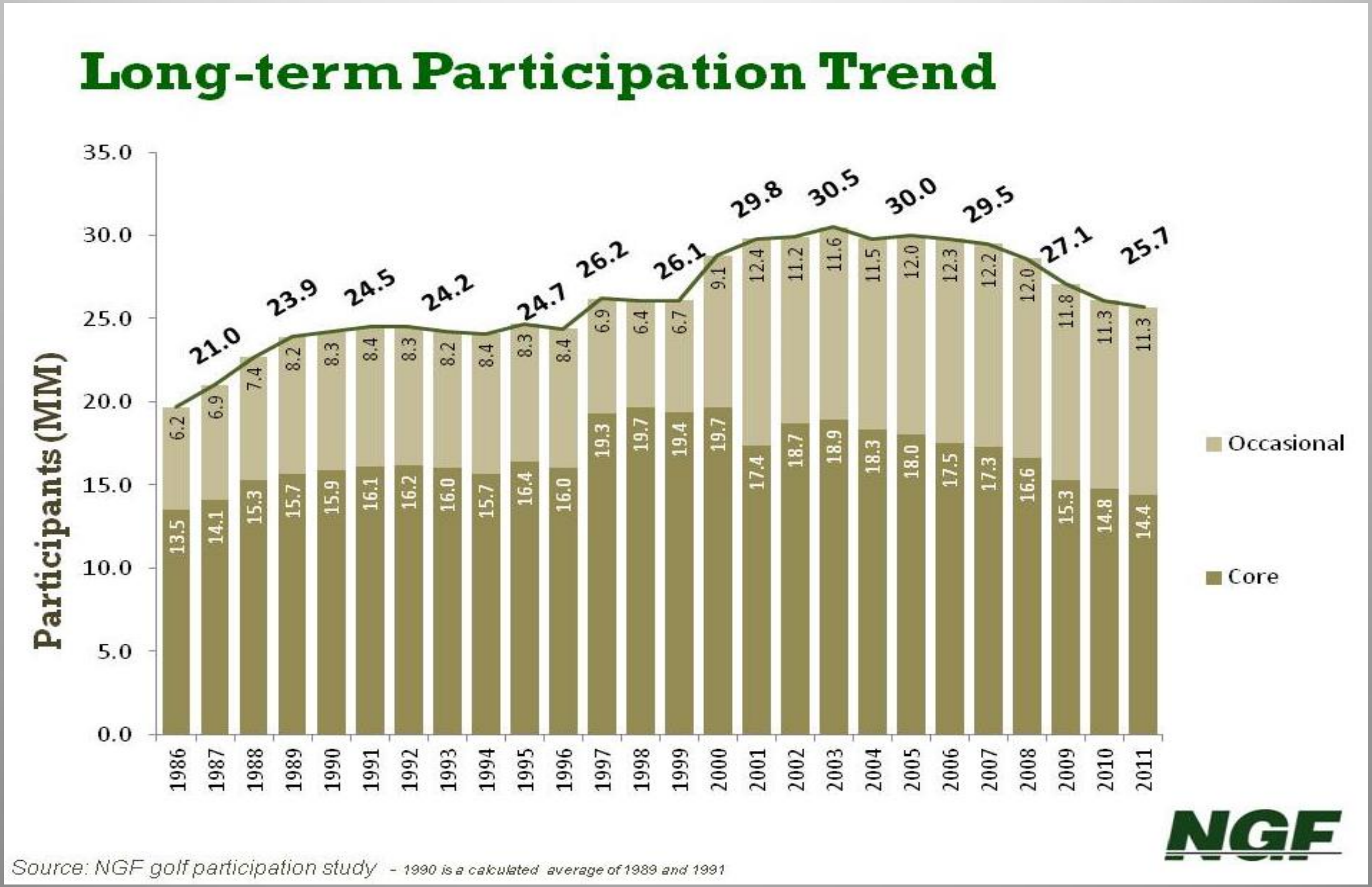
Industry Trends



Industry Trends



Participation rate from 2000 -2011 down 11%

Current Environment - National

The golf industry, as a whole, has been negatively impacted in recent years through a number of challenges which include:

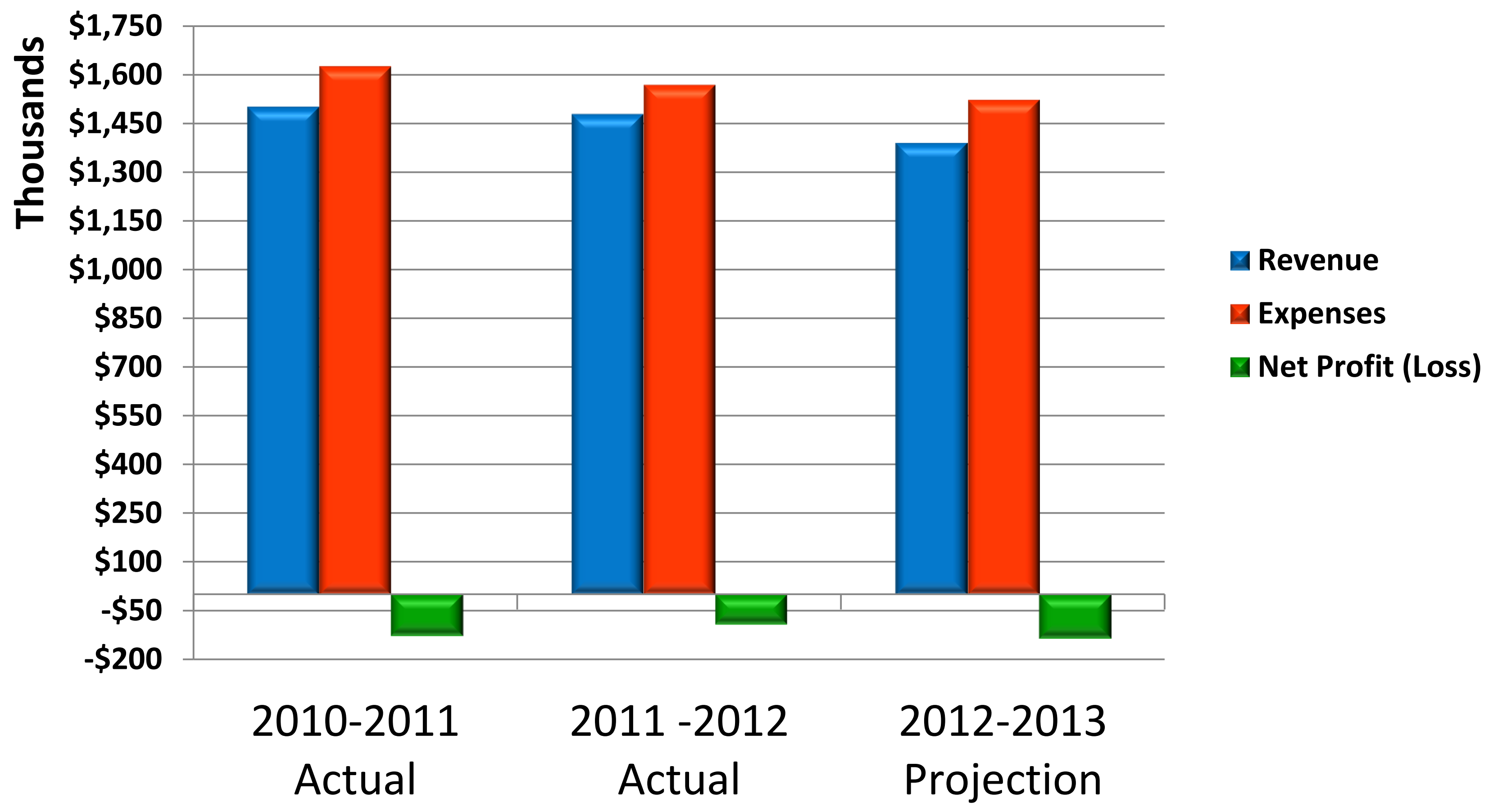
a) **Declining Golf Participation** rates across the industry/country
   - *Rounds down 11% over the past 10 years and down 6% vs. Prior Year for 2013*
   - *Total number of golfers declined by $4.8MM or 16% since 2003 – **core golfers down 24%***

b) **Unusual weather conditions 2013** - negative impact on rounds and revenues vs. PY
   - **Golf Playable Days –** saw a **11% decrease** in 2012-2013 vs. 2011-2012

c) **Rates –** Courses are battling for business harder than ever before. Supply still far outpaces demand, causing rates to decrease creating a buyer's market for golfers.

d) **Economy** – Golf's economic recovery remains dependent on the recovery of the overall economy and the resulting increases in consumer confidence and spending

PHGC Financial Performance



Note: *Projections for 2012-2013 indicate that we should see a significant reduction in operating expenses*

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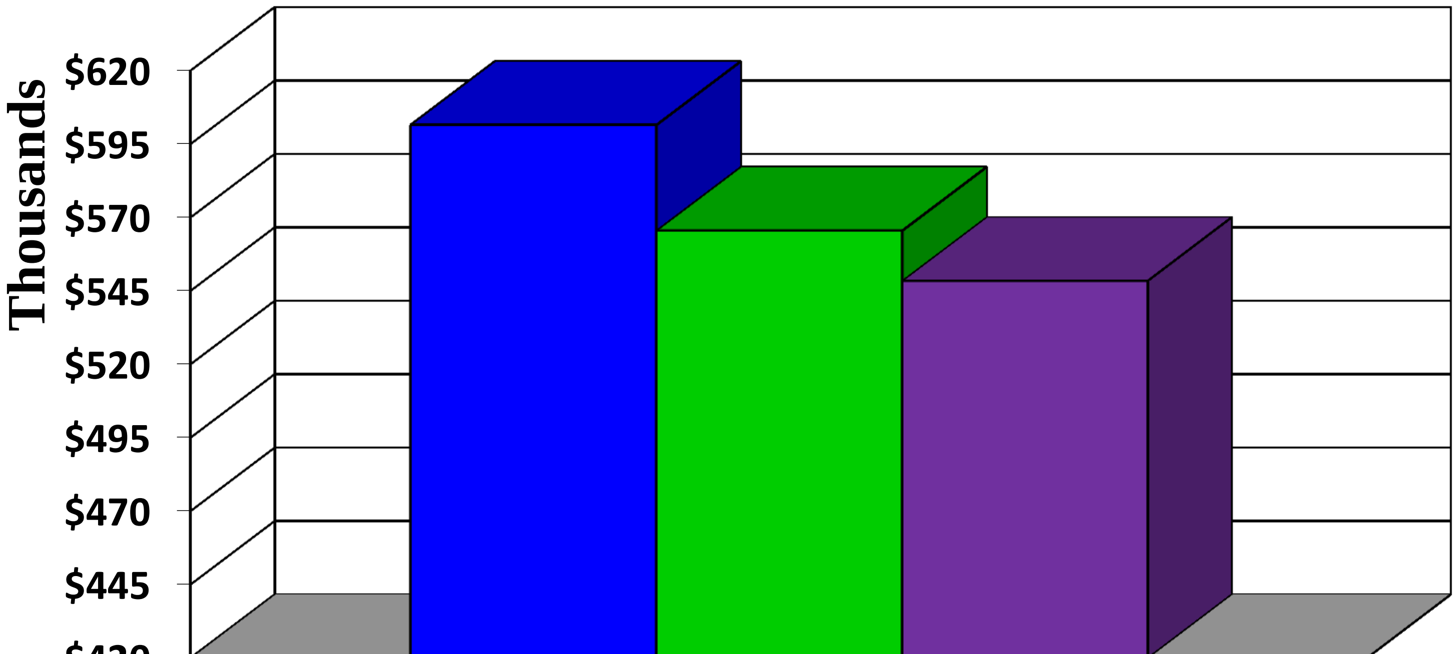
PHGC Expense Reductions

PHGC Operating Expenses



	TOTAL
2010-2011 Actual	$601,482
2011-2012	$565,493
2012-2013 Projection	$548,398

- **Operational expenses – decreased by 3% vs. PY and 9% vs. year before**.

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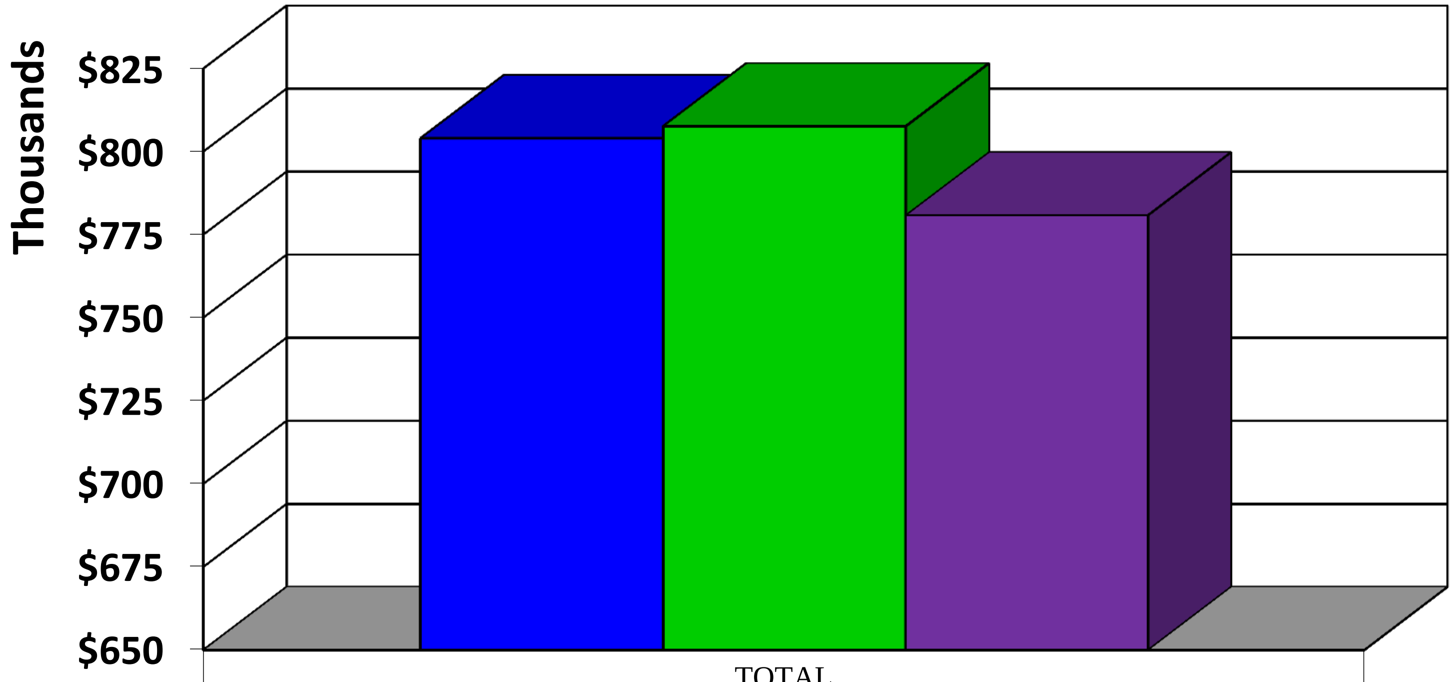
PHGC Expense Reductions

PHGC Labor Expense



	TOTAL
2010-2011 Actual	$803,970
2011-2012	$807,571
2012-2013 Projection	$780,778

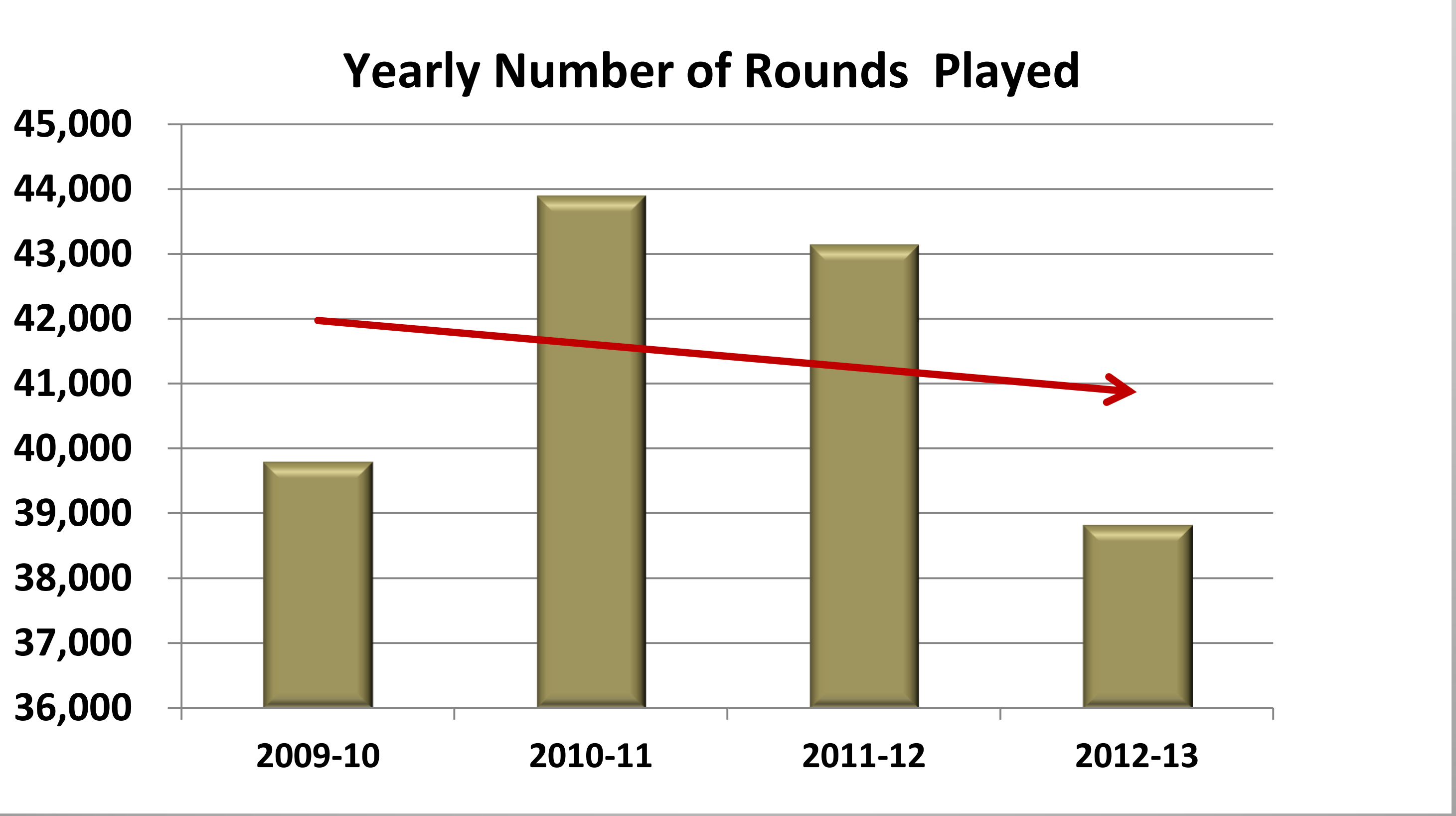
- **Payroll Expenses have been decreased by 3% vs. PY and 3% vs. year before.**

KemperSports National Vendor purchasing Savings

	2009-2013 Estimated Savings
Golf Shop Merchandise Purchasing Discounts and Rebates	$ 10,436
Food and Beverage Discounts	$ 2,579
Maintenance Equipment and Supplies	$ 42,224
Other Expenses (Golf Carts, Marketing)	$ 20,000
Payroll Benefit Savings (Est.)	+/-$44,115
Total Savings	**+/-$119,354**

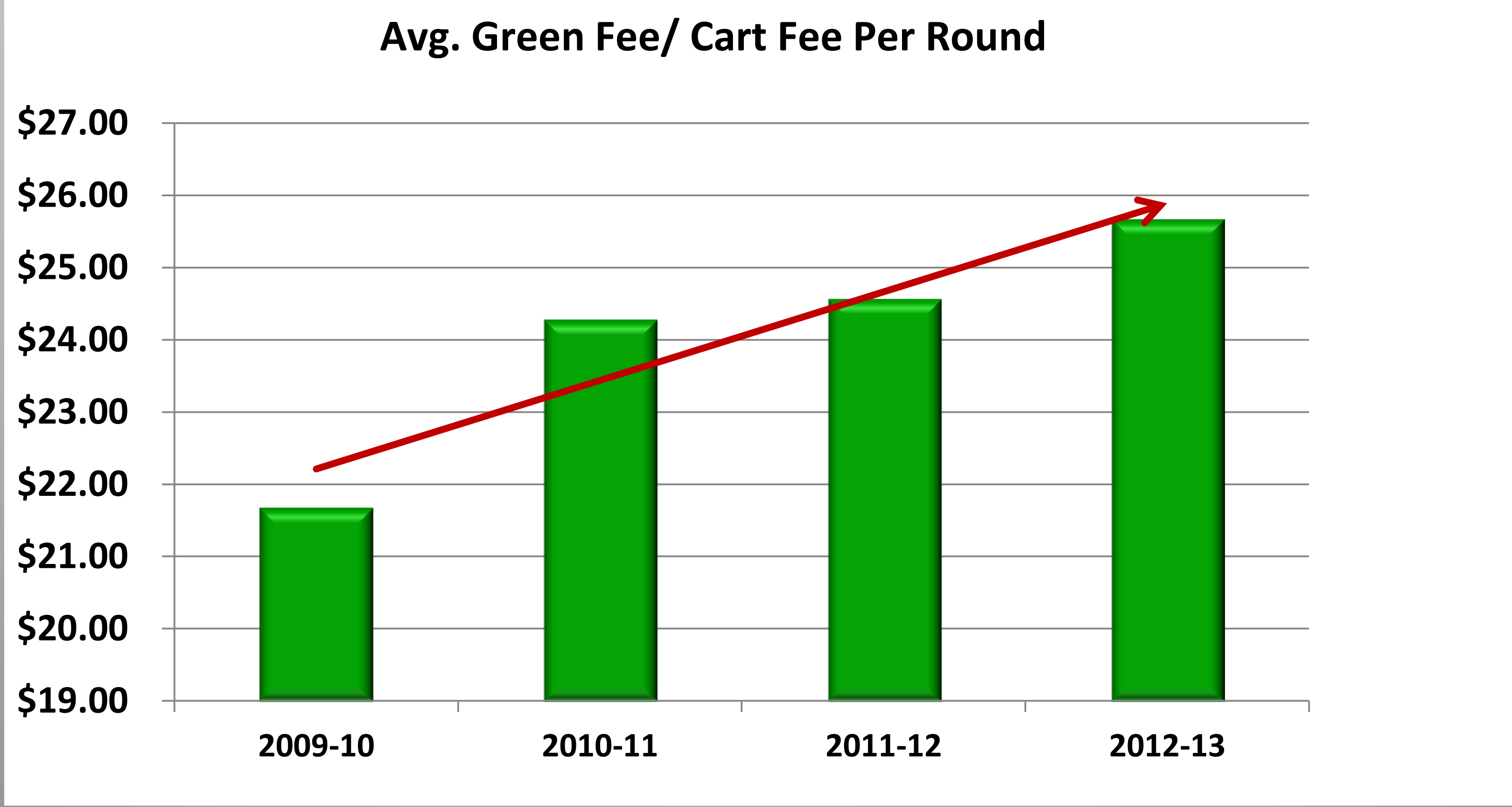
- **100% of all discounts & rebates go to the City of Palm Coast**
- **KemperSports has a 30% discount with Toro plus rebates**
- **Additional discounts and rebates with EZGO and similar program with Club Car (Golf Carts)**
- **Entegra Procurement Services provide food and beverage discounts and rebates through Sysco**
- **New preferred partners are currently being added**

Business Metrics



YEAR	Rounds
2009-10	39,806
2010-11	43,902
2011-12	43,146
2012-13	38,831

Business Metrics



YEAR	AVG. GF/CF
2009-10	$ 21.68
2010-11	$ 24.28
2011-12	$ 24.57
2012-13	$ 25.67

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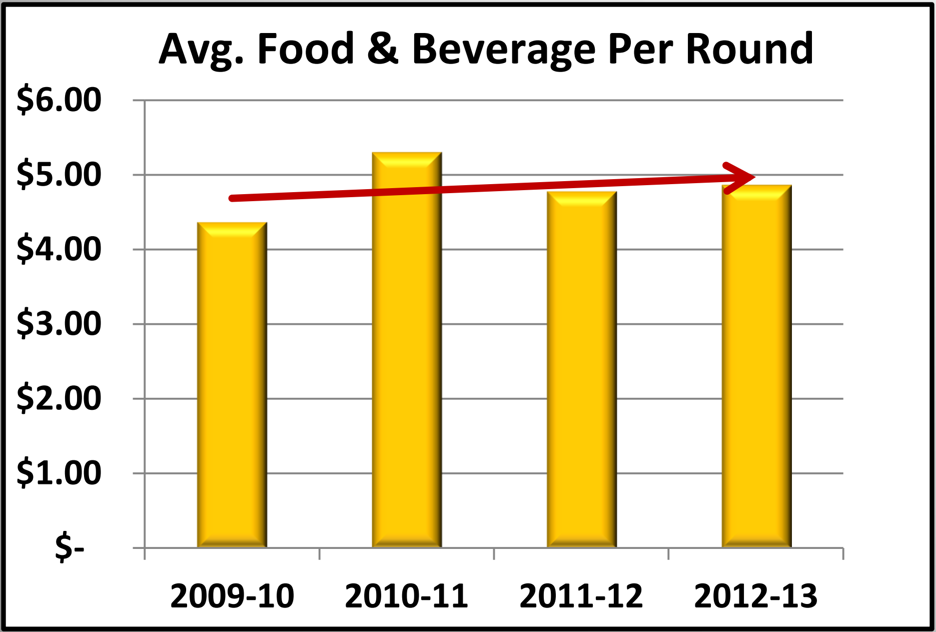
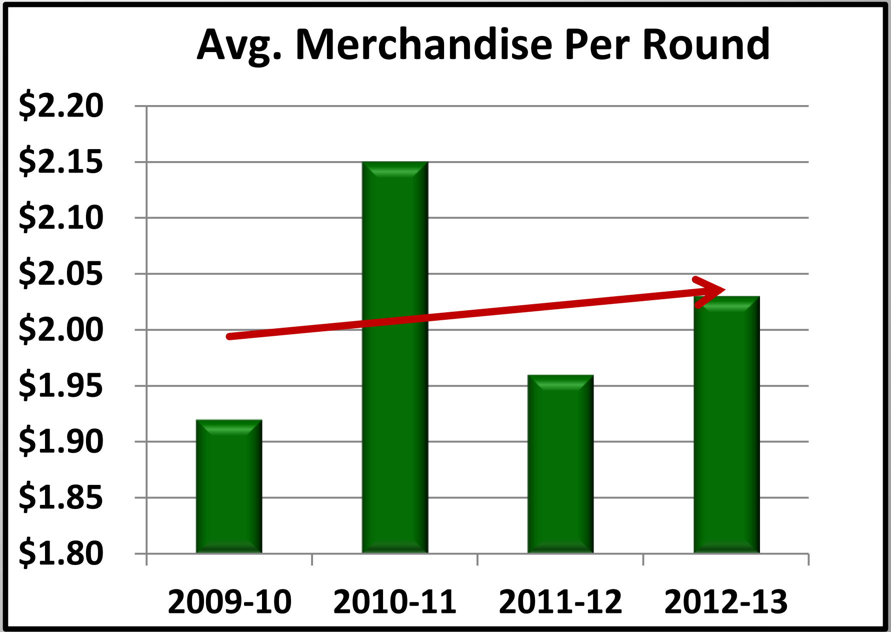
Business Metrics

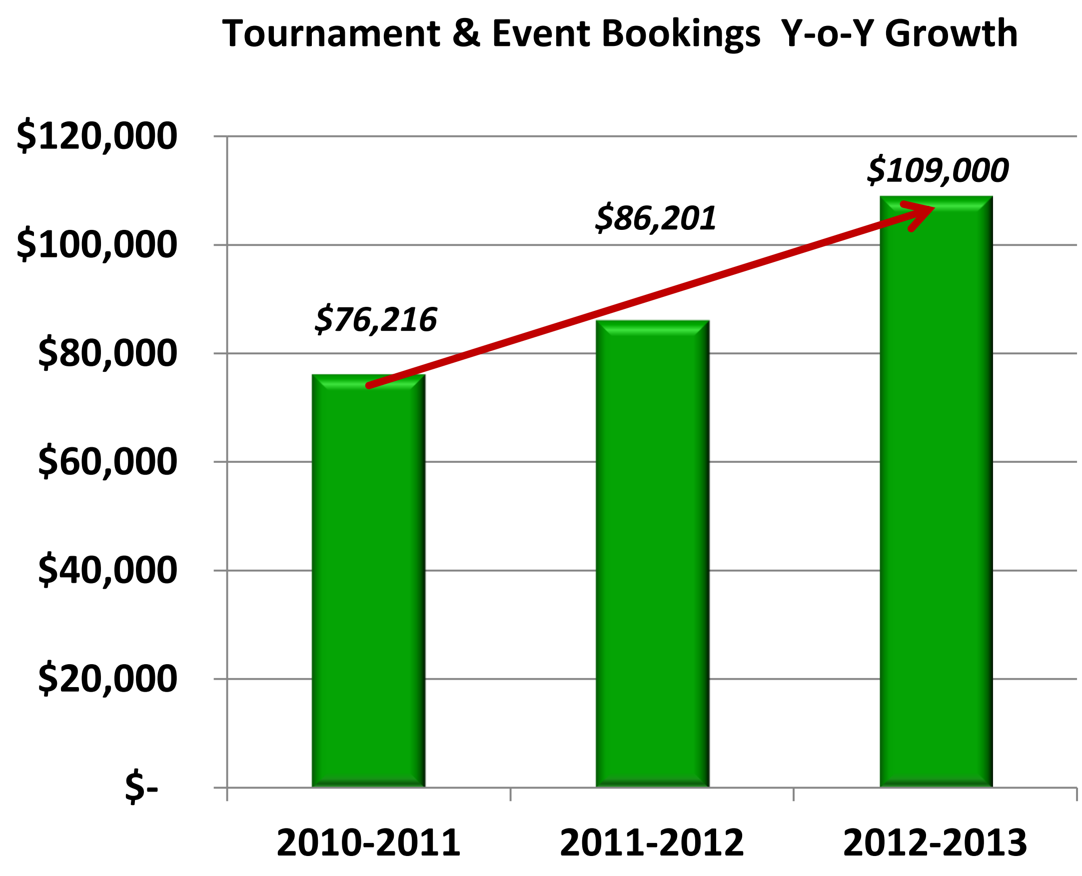




YEAR	AVG. FB/Rnd.
2009-10	$ 4.37
2010-11	$ 5.30
2011-12	$ 4.78
2012-13	$ 4.86

YEAR	AVG. Mer./Rnd.
2009-10	$ 1.92
2010-11	$ 2.15
2011-12	$ 1.96
2012-13	$ 2.03

Business Metrics



Bookings Growth
FY 2013 = **+26%** vs. PY
FY 2012 = **+13%** vs. PY

Factors Affecting Golf in Flagler County

a) **Rate compression –** competitors faced with declining rounds launch aggressive rates

b) **Unfavorable Weather Conditions** - negative impact on rounds and revenues vs. PY

- **9% decrease** in the number of **playable golf days in 2012-2013 vs. 2011-2012**
- **30% increase** in Cart Path Only and Frost Days – A large number of locals will not play if the course is cart path only and frost days impact amount of available tee times

c) **Hurricane Sandy** – an additional challenge in 2013 – winter visitors delayed arrival or did not visit in 2013 to handle storm related repairs or to help loved ones with the challenges in their local areas in the Northeast

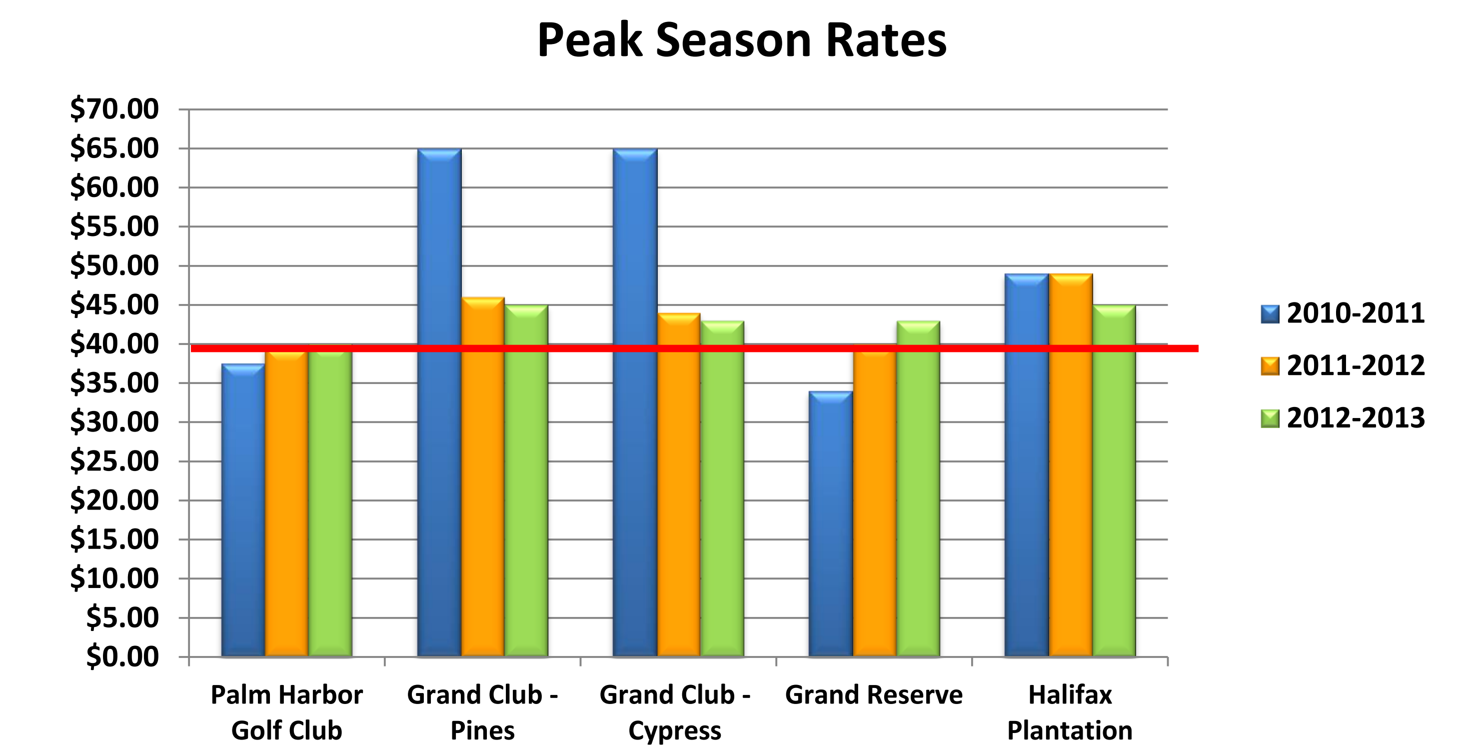
- Played 10,408 rounds in the first quarter of 2012 vs. 8,964 in 2013.

d) **Economy** – local market is highly sensitive to rate increases and any adverse affect on disposable income

e) **Competing Local Activities** – Especially on weekends, during shoulder and summer months with many of the locals playing during the week, which leads to a smaller base for WE rounds.

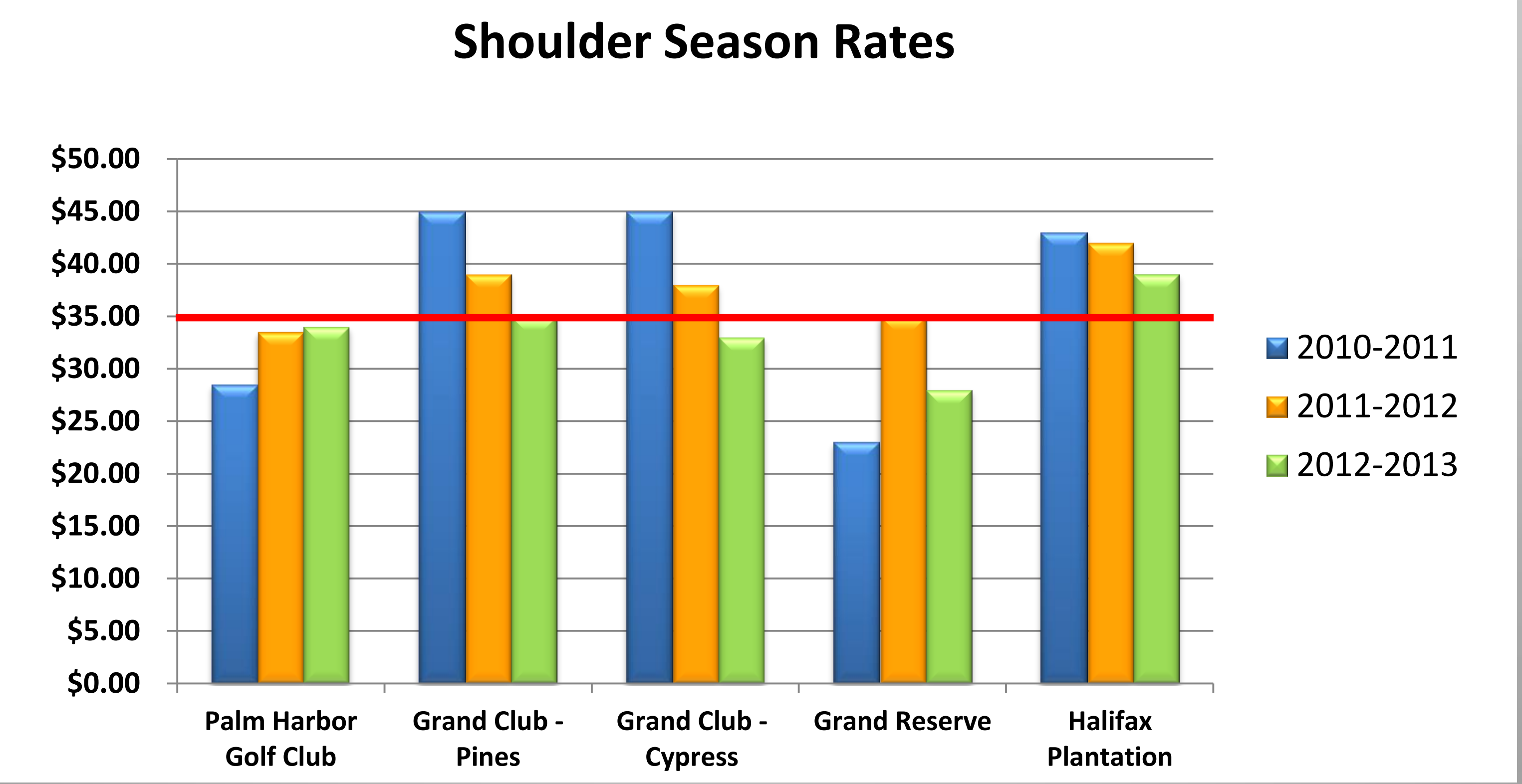
f) **Declining Golf Participation** rates across the industry/country – as shown above

Local Market – Rate Compression



Course Name	Location	2010-2011	2011-2012	2012-2013
Palm Harbor Golf Club	**Palm Coast**	**$37.50**	**$39.50**	**$40.00**
Grand Club - Pines	Palm Coast	$65.00	$46.00	$45.00
Grand Club - Cypress	Palm Coast	$65.00	$44.00	$43.00
Grand Reserve	Bunnell	$34.00	$40.00	$43.00
Halifax Plantation	Ormond Beach	$49.00	$49.00	$45.00

Local Market – Rate Compression



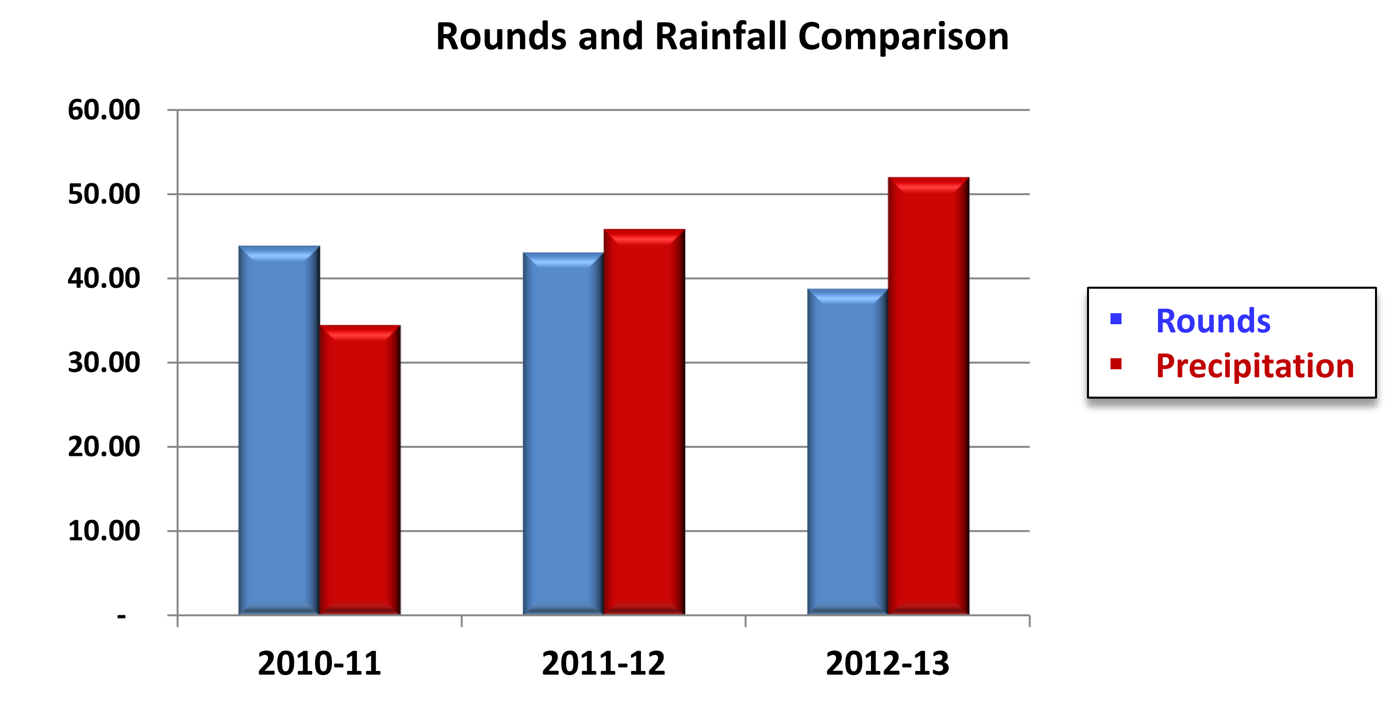
Course Name	Location	2010-2011	2011-2012	2012-2013
Palm Harbor Golf Club	**Palm Coast**	**$28.50**	**$33.50**	**$34.00**
Grand Club - Pines	Palm Coast	$45.00	$39.00	$35.00
Grand Club - Cypress	Palm Coast	$45.00	$38.00	$33.00
Grand Reserve	Bunnell	$23.00	$35.00	$28.00
Halifax Plantation	Ormond Beach	$43.00	$42.00	$39.00

Weather Metrics

	Rainfall Totals (in Inches)			
	2012-2013	2011-2012	2010-2011	Hist. Avg.
Totals	52.01	45.83	34.47	42.68
Var. - PY	6.18	11.36	N/A	N/A
Var. – Avg.	9.33	3.15	N/A	N/A

	Weather Impacted Days			
	2012-2013	2011-2012	2010-2011	Avg.
Rain Days	78	68	36	60.7
Cart Path Only	95	73	41	69.7
Frost Days	12	6	8	8.6
Total	185	147	85	139

Rounds to Precipitation Analysis



Year	Rounds (in 1000s)	Precipitation (inches)	CUMM Rounds Var.	CUMM Rain Var.
2010-11	43.90	34.47	N/A	N/A
2011-12	43.15	45.83	-1.7%	33.0%
2012-13	38.83	52.01	-11.6%	50.9%

How does Palm Harbor Compare?

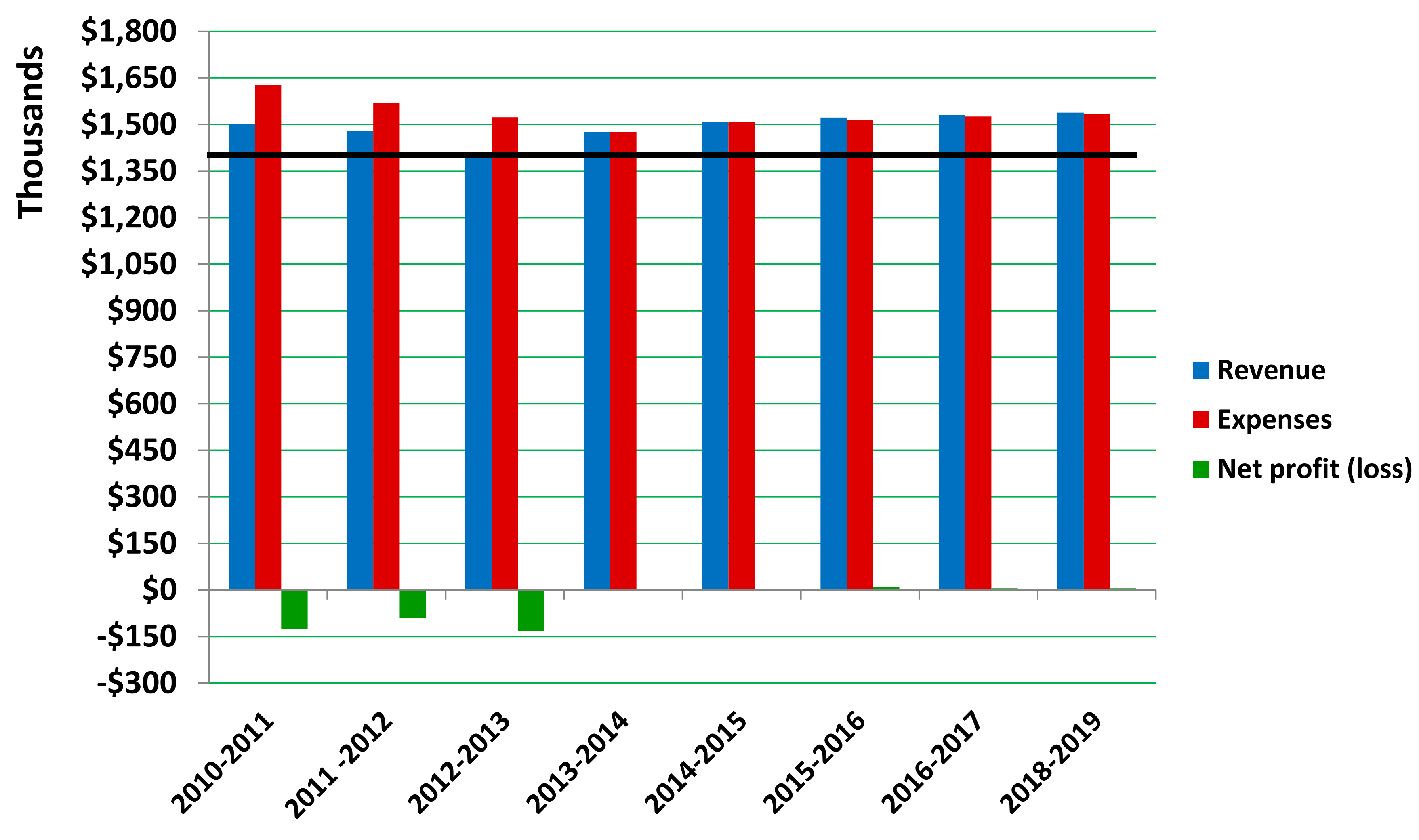
Florida Municipal Golf Courses – FY 2012

City Golf Course	Revenue	Expenses	Total
Cypress Head GC	**1,633,571**	**1,549,837**	**83,734**
Sebastian	1,394,844	1,394,731	**113**
Jacksonville Beach	1,388,195	1,391,476	**-3,281**
Palm Harbor GC	**1,479,063**	**1,569,711**	**-90,651**
Melbourne	2,413,445	2,535,298	**-121,853**
Sarasota	2,701,294	2,826,777	**-125,483**
Pensacola	611,173	739,037	**-127,864**
Daytona Beach (N & S)	2,020,753	2,167,185	**-146,432**
Sebring	510,629	716,003	**-205,374**
Boca Raton	2,444,155	2,689,724	**-245,569**
Plantation	3,795,489	4,090,443	**-294,954**
Ocala	1,113,876	1,838,581	**-724,705**
Sunrise	987,789	1,893,322	**-905,533**
Tampa	3,109,589	4,210,817	**-1,101,228**

Source: Compiled by City of Port Orange based on reported CAFR results

- *Courses in **GREEN** – Managed By KemperSports*
- *Course in **YELLOW** – Managed by other management companies*
- *Remaining courses are self managed by their cities*

Projected future Financial performance



Palm Harbor Golf Club

Revenue Driving Strategies

Local Play Initiatives

- ***Internet & E-Marketing initiatives***
  a) PH GC Website & email Specials
  b) Golf Now
  c) Tee Times USA
  d) Florida's First Coast of Golf

- ***Loyalty program***
  a) Players Club Card (grew from 157 to 330 sold)
  b) (NEW) Enhanced Benefits – Drive more rounds
  c) (NEW) Seasonal Players card – enhanced benefits
  d) (NEW) Quarterly Players Club outings

- **Bounce-back offers** - non-peak times

- **Pricing Strategies**
  a) Dynamic pricing – Based on Demand
  b) Birthday Club Promotion -free greens fees on your B-Day
  c) (NEW) In Season - Resident off peak specials
  d) (NEW)Competitive County Resident Rates
  e) (NEW) Off peak Early bird specials
  f) (NEW) Monthly Raffle for Pro shop merchandise (Data Capture)

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Revenue Driving Strategies (cont.)

Non-Resident Initiatives

1. Vacation rental Properties and Hotels outreach Efforts
   a) Stay and Play packages
   b) (NEW) Club Rental Promotion - $10 for Stay and Play

2. (NEW)Pre-paid Golf Card – Value Buy

3. (NEW) CanAm Golf – Combined outreach Program with Canadian wholesaler to capture transient rounds

4. Targeted Promotions:
   a) Email Special to KSM NE Database (100,000 emails)

5. Email Specials to targeted Golf publications databases
   a) “Trifecta” – Emailed to 8,300 golfers in region with 2 other KSM courses (shared costs)

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Revenue Driving Strategies (cont.)

Tournament and Event Strategies

- Follow up on all Online Tournament Request Forms
- Host Tournament Training Seminars
- Non-Profit Outreach – Direct Mail & Seminars
- Networking and lead mining - Chamber Events, Women's initiative, Young Professionals, others
- (FOCUS) Business to Business Golfer Outreach
- High School Booster Club Outings
- Host Great Events at Palm Harbor
  - City Championships
  - Nine & Dine Events
  - Patriot Golf Day
  - (NEW) Non-Golf Events – Oktoberfest

Award Winning Golf Course

In addition to the revenue driving strategies shown previously, there will also be an ongoing focus on meeting and exceeding the expectations of area golfers.

- **News Tribune “Best Around Golf Club ” in Flagler County**

2010	2011	2012	2013

Community Involvement

Community Involvement and Initiatives

- Continue to Support the Community
  - a) Participation in local events – drive awareness
  - b) (NEW) 10% discount to First Responders
  - c) Active participation in City and Chamber Events

- Continue to grow and promote local Golf
  - a) Junior programs have increased 45% over PY
  - b) PHGC donated the equivalent of $15,000 of tee times to the Matanzas High School Golf team over that period and supports local JR Golf
  - c) (NEW) Get Golf Ready Program - generate new players
  - d) Active Participation with Florida's First Coast of Golf

Palm Harbor GC Corporate Support Team

Ricardo Catarino
Reg. Operations Executive

Jim Stegall
EVP, Managed Properties

Adrienne Flentge
Nat. Dir of Vendor Relations

Jon Kaull
Dir. Of Finance

Craig Falanga
Reg. Director Sales & Marketing

Victoria Traver
HO Marketing Support

Susan Sommers Evans
Dir. Human Resources

Goals for the Future

Ensure that the facility continues to move forward towards becoming financially self sustainable via the following:

- Ongoing review and adjustment of **the operational model** to ensure maximum productivity and efficiency.
- Execution of contingency expense reduction plan in order to mitigate possible revenue shortfall.
- Continued use of **Dynamic Pricing** model to drive additional revenues based on demand and not specifically seasonal based.
- **Focused and targeted promotions** to drive play during slower periods that will not negatively affect average rates or damage the rate integrity.
- **Monthly market analysis** to insure PHGC remains competitive.
- Increase value of **Loyalty Program -** grow customer base.
- **Revenue Calls** – Monthly calls with HO team to monitor progress
- Continue **to provide a top Golf experience** in the market to Palm Coast residents and the public at a competitive value.

Questions or Comments ?

www.palmharborgolfclub.com