

Lake Linganore Association, Inc.
December 15, 2008
Board of Directors Workshop
Minutes

CALL TO ORDER

The meeting was called to order at 7 p.m. at the Westwinds Golf Club Clubhouse.

Board members present: John Allemang, James Arieno, Alan Dinkelacker, Stephen Ekanger, Tom Roland.

BoD absent: Jim Cates.

Staff in attendance: GM Edwards, CRM Gurley.

Board Workshop on Purchase of Westwinds Golf Course

LLA board president Dinkelacker provided some background for the audience as to why the board was looking at whether it should and could purchase the Westwinds Golf Course, which is currently for sale. The golf course was originally built as an Eaglehead amenity and was sold sometime in the early 1990s and has operated under private ownership since. He noted that the board hired a consultant to visit the site and make a report on whether the facility was a good purchase and whether the Lake Linganore Association (LLA) should buy it. The consultant recommended that the LLA buy it. He also said that at this time a letter of intent had been submitted to the club owner by another buyer but that the offer had not as yet been accepted. Mr. Dinkelacker said that the board believed the association should proceed with getting public input on whether the association should pursue the purchase.

Resident Bill Dean asked whether the board only would vote on the matter or whether they would put it to the membership for a vote of approval. President Dinkelacker said that legally the board has the authority to make a decision on the matter because the covenants give authority to purchase land for common amenities. Director Roland told the board that because the golf facility was such a big investment he wanted the community to have a say in the matter, at least to get a sense of what the community wants.

It was noted that an enormous amount of education was needed on the matter to the membership. Director Dinkelacker said that the club is an 18-hole golf course; a barn for

storage; a pavilion for meetings, events, receptions; a clubhouse with a small dining room/bar; office space; and, a golf pro shop.

Resident Katrinka Westendorf asked if the LLA Finance Committee had made a recommendation on the matter. Mr. Dinkelacker said the committee had not yet made a recommendation and added that in addition, a feasibility study was needed before a final decision could be made on whether to proceed with an offer to buy the club. He added that the LLA would not be paying cash for the club but would apply for a mortgage.

Resident Katherine Hembree said that a major concern was that the LLA could not maintain the property and its infrastructure. It was noted that a separate staff would be needed to do this. She also asked about why the board was considering the cost of this purchase when it had not yet resolved the desiltation project for Lake Langanore. While property values may decrease around an abandoned golf course, she noted that the value of lakefront property decreased as the silt filled the lake. Director Dinkelacker explained that the cost of the two projects was significantly different and that financial resources for the desiltation project would have to go significantly beyond the association membership.

Resident Hiliary Moore said that she wanted more figures than what was presented in the October consultant's report. Director Ekanger added that the cost of the club/course was \$1.3 million and that a mortgage would cost the LLA annual \$50,000.

The question was asked why thousands of LLA members should pay for an amenity that only 187 use. Director Dinkelacker said that the 187 figure was the number of the current membership of the club, which is a private club. He noted that as an LLA amenity the club/course would have to operate as no less than a semi-private club, though he agreed with the consultant's report that it should not operate as a public course.

Director Ekanger said that the club could cover most of its operating costs as it is and if it was properly marketed it should have no problem covering all of its costs and more. Westwinds resident Matt Bernota said that the asking price for the club/course would never be cheaper. Mr. Ekanger acknowledged that the cost of building a new community center would be much more nowadays.

Resident Mary Roland asked how owning the golf club would affect the LLA's not-for-profit status. GM Edwards said that legal counsel advised that as long as any profit was put back into infrastructure that the not-for-profit status was not in jeopardy.

Resident Bill Dean asked if the board intended to survey the membership to see how many would be interested in using the course. Mr. Dinkelacker said yes.

Director Roland asked if the board had any professionals who could do the feasibility study and said that he also wanted a business plan for the course and wanted to see those figures before he made any decisions on the matter.

Director Ekanger said that when the matter was first brought up to the board that he was against the idea but that the more he looks at the information the more he thinks it is possible for the purchase and operation of the course to work. He said that a limited liability company would have to be formed in order to best protect the business interests of the LLA. Mr. Dinkelacker said that most likely a separate staff would have to be hired to operate the course, all of which would come under the LLA general manager but that the LLA GM would not be involved in the day-to-day of the club.

At this point in the meeting the board reviewed the seven reasons to buy the golf course as presented in the consultant's report (attached to these minutes).

Following the review GM Edwards said that the LLA does have the responsibility to give the matter a thorough vetting and a full public discussion. The general consensus among those in attendance was that not enough information was available to make any final decisions at this time. The board agreed and decided to expend funds to do a feasibility study with a business plan for the golf club. The matter would continue to be discussed.

ADJOURNMENT

The meeting was adjourned at 9 p.m.