



UWF Business Enterprises, Inc. Scenic Hills Country Club Workgroup
UWF Main Campus, Building 10, Downstairs Conference Room
August 27, 2015

A working session of the SHCC Workgroup was held on August 27, 2015, to discuss the August 10, 2015 workshop and develop next steps.

Workgroup Attendees: Suzanne Lewis [BEI Board Member], Jerry Maygarden, Dan Lucas, Ed Ranelli, and Megan Gonzalez

Staff: Steve Cunningham, Jim Barnett, Pat Lott, Betsy Bowers, Tiffany Nisewonger, and Tammy Ford

Others: President Bense, Martha Saunders [Exec VP/Provost], Jay Patel [BEI Board member], and KC Clark [BEI Chair]

- 1) Feedback/Thoughts about Workshop from the Workgroup --What did you hear?
 - a. Few more players than originally thought that would be interested-different constituents.
 - b. Lack of UWF involvement, especially men's golf team.
 - c. Apparent in industry the culture shifted. Five hours to play golf is too long nowadays.
 - d. What does UWF Master Plan say about golf course? Isn't it part of the university's properties and would use? We sold governor on the tech park (600 acres).
 - e. Where does SHCC sit on UWF's priorities? There is a need for some support from the university and lots of opportunities to bring faculty, staff, and members into play based upon shared initiatives between the two. There are ways to incentivize folks and discounts to bring more to the course.
 - f. There could be opportunities to put money into golf, leisure/hospitality, etc. to fill the gaps.
 - g. Academic opportunities and not sure how it will affect the actual financial condition. Integrating these onto the course and it hasn't happened. Would that really impact the finances?
 - h. Why not use University's brand?
 - i. Would like to see:
 - i. Need for 2015 actual financial including P&I, along with other support for SHCC
 - ii. Available funds for the operating deficit; what is the source of funds and the future
 - iii. Breakdown by the business unit: golf course and food/beverage
 - iv. Clarity on potential revenue/expense reductions—develop a 2-year pro forma

- v. If selling course, see assets and liabilities of the organization (What is our cost basis in this? How does that marry up against the appraisal? What are the consequences if against a sale?).
- 2) Feedback from Others in attendance
 - a. Any intangible benefits for retaining SHCC? What are opportunities? Prospects to cash flow situation within a limited period of time? Articulated from a realistic assessment; academic impact? Are athletics going to use it? Will hospitality really be there?
 - b. Number of different constituencies interested in SHCC wanting to see it succeed. Things we talk about enhancing doesn't fix the bottom line.
 - c. Want to meaningfully enhance the net revenue situation and have a plan for next two years.
 - d. Want to incorporate more of UWF into the club itself.
 - e. Sense of urgency to solve the immediate term.
 - f. No low hanging fruit; on side of turf maintenance and golf operations side. Golf is weather dependent; need reserves to carry us through. Changed membership model.
 - g. Take away-need revenue and a reserve. See opportunity to have more food/beverage events.
 - h. Exploration of real use of the golf course as an academic site. Talked about a lot but has not been brought to fruition. BEI Board supportive, it just hasn't happened.
 - i. Immediate short term cash flow is needed.
 - j. Recommendations: a) stop gap and b) long term plan. What does UWF have as a priority for SHCC? Will there be a tech/research park on the 600 acres? Pensacola is not having success in supporting the tech park. Makes sense to hold on to this asset.
 - k. Chartwells SHCC Contract—if main campus contract is terminated, SHCC is automatically terminated? Amount of commission earnings is calculated on all sales (SHCC and UWF) and on a sliding scale based upon gross sales up to \$7.5M @2.25%. Signing bonus of \$1.1M in 2012 renegotiated contract. BEI Investment in SHCC is \$2.2M.
 - l. President Bense—No appetite for selling golf course; Workshop took it off table as an option. Do we lease it or do we try to own-operate? If running so lean would it be leasable? Leasing is getting harder as when initially thought.
 - m. Need to fix the revenue side of SHCC; we are stuck with it at this point. Once we can do that, it will assist the overall operation. What kind of university funds would be available to fix SHCC?
 - n. Get deals to get people on the course.
 - 3) Need a measurable milestones and have exit strategy in place.
 - 4) One opportunity, per Secretary Lewis, based upon feedback and the workshop feedback is to enhance the course. Create a driving range, and practice area. We need to make it an attractive business.
 - 5) Dual route: a) any recommendations for increasing revenue, and b) need to find money for cash flow now.
 - 6) Why can't we ask the UWF marketing program for the marketing students to develop a marketing program for SHCC? Not a lot of support from the academic side.
 - 7) Programmatically SHCC offers a great deal as a lab for hospitality program, HLES, and don't generate additional revenue.

- 8) Zoning-Maygarden—created for assistance of the university; driven by input for the university. Maygarden may be able to revisit this with the county. Don't let zoning be a deterrent. One option is to partner with someone who may ultimately end up with ownership. (e.g. Japanese tourist group). How likely is it that we could find a partner that would include SHCC in a package? Maygarden uncertain (ST Aerospace).
- 9) Remember Jerry Pate will never pay for itself; primary reason is shift of societal culture (e.g. not wanting to play long games, but do some driving practice, and putting greens).
- 10) Recognize a significant commitment is needed: financially, marketing, reputational, etc. If that isn't there, then need to take a different view and possibly sell. Need person going to Navy Federal.
- 11) If we need to make a call, we shouldn't take a black eye for doing the right thing. Maygarden has dealt with this over the years. Homeowners need to step up and subsidize some of the losses. Patel - However, no mandatory HOA for Scenic Hills, like Marcus Point.
- 12) Why don't we get/hire a UWF employee to do the marketing? Likewise for the accounting? Statute permits the hiring of an individual. UWF would have to find money and make the commitment. Selling it would be an intelligent use of funds.
- 13) \$500k for enhancements and marketing; need well-paid marketing person, full time, and need some fund raising efforts.
- 14) Any possibilities to partner with Pensacola State College? Bense—not sure what PSC would need.
- 15) Meadowbrook had packages of golf courses and play at various golf courses. What would be the feasibility of doing this with SHCC? Consortium of golf courses—Steve Hayes.
- 16) What about approaching Hiram Cook about a deal? Who would have the conversation with him? Pat Lott and Jay Patel.

Next Steps:

- 1) Identify funding (UWF) to hire a marketing person. [Angela, Shelly, Colleen, Valerie].
- 2) Identify possible funding to enhance the golf course. (say \$500k) [Angela, Colleen, Shelly, Valerie].
- 3) Assemble financial research items for Dr. Ranelli. [Angela, Mark].
- 4) Gathering information about potential options (leasing, selling, owning).
- 5) Do a public solicitation to manage the firm [Dave, Jim, Pat].

Workgroup ideas for Workgroup's Next Meeting and Reporting Out:

- 1) Need to develop recommendations for a stop-gap measure.
- 2) Identify some interim steps.
- 3) Need a recommendation around needing an additional workgroup to pursue other sources of funds. (Need to be cautious about sources of monies. Other SUS have found ways to help DSOs, so there is a possibility there.)
- 4) Strategy #1-Sell property right now, UWF has too many competing properties; craft a strategy to sell it. Strategy #2-find someone to lease it in the interim.
- 5) Need to shop for a partner (e.g. Hiram Cook)—hold it, improve it, and shop for a partner/purchaser.
- 6) Future option: a RFP/ITN about leasing the golf course.

- 7) Meet with Mr. Jerry Pate [Lewis, Bense].
- 8) Non-workgroup member meet with Mr. Hiram Cook to request general advice [Patel, Lott].
- 9) Meet with staff to review financial issues related to SHCC future operations [Ranelli].
- 10) Meet with Escambia County regarding expanding recreational facility [Patel, Gilley].

Next Meeting Date: September 14, 2015 – 1:00 p. m. – 3:30 p.m.

Respectfully submitted,
Tammy Ford, Assistant Staff Support Secretary