

# Pointe Service Association

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**To:** Eagle Pointe Community  
**From:** Betsy Larson, president, Pointe Service Association  
**Date:** October 4, 2019  
**Re:** Status Updates

To help ensure Eagle Pointe property owners are kept up to date regarding the challenges facing the golf resort and restaurant, I am taking several steps to disseminate official PSA information in a timely manner. To this end, I am working with a volunteer to use MailChimp, a free web-based application that will allow the board to email property owners directly. Please add [PointeServiceAssociation@gmail.com](mailto:PointeServiceAssociation@gmail.com) to your Safe Sender list, check your Spam folder to ensure you are not missing emails regarding important PSA business, and please share your updated email information with your HOA. Should you not want to receive these emails, you may unsubscribe by clicking the link at the bottom of this email. Any information acquired through rumor or hearsay only harms our community, so please ensure you are sharing only official PSA statements. As always, if you have questions or concerns, PSA board members are happy to address them individually and with the entire community as appropriate.

## **Background:**

[The Golf Club at Eagle Pointe](#) was purchased a year-and-a-half ago using funds from the [Pointe Service Association](#). Because the association had no experience running a golf resort or a restaurant, it established a limited liability corporation (LLC) and a board of directors that would oversee operations of the golf course and restaurant. The PSA board and the LLC board are two different entities. The PSA board controls the finances for the golf course and restaurant in addition to maintaining the common roads between Villages, providing Pointe security, and staffing the guard shack. The LLC board oversees and guides the golf course and restaurant's daily operations, such as budgets, staffing, equipment rentals and purchases, etc. We are working on updating the website to provide more information about these two boards and how they interact as well as the executive committee. Please be patient as we triage needs and tackle the most critical issues first.

## **Why did the executive committee interview golf management companies and recommend [Cohoat & O'Neal](#)?**

The Golf Resort at Eagle Pointe, including both the golf course and the restaurant, are losing money. While the boards expected it would take a few years to become financially viable, the losses are not sustainable and, more importantly, we need more resources and expertise to become profitable.

## **Does the LLC board or current management just need more time or money?**

The LLC board, the PSA board, the executive committee and the management team running daily operations have all done their best to revive Eagle Pointe. As a community, you have also supported the staff, volunteered your time and patronized the golf course and restaurant. Everyone has truly done their best. However, without additional resources and expertise, we cannot increase revenues and reduce losses more quickly, which is critical to Eagle Pointe's success.

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## **Is there any other option than hiring a management company?**

Yes. There are always options.

1. We could choose to sell the restaurant and golf businesses. That would come with its own set of issues, and the PSA board still believes that owning the golf course and restaurant is in the community's best interest. However, it's not in our best interest to try and oversee it with a board of volunteers.
2. We could also keep the current structure in place. However, the business is struggling, and without a clear plan to increase revenue, it may not survive. The PSA board believes that The Golf Resort at Eagle Pointe's best chance for financial growth and stability is to hire a company with expertise in reviving golf courses and associated operations.

## **How will the PSA board pay a management company?**

The PSA has enough cash in reserves to pay a management company who can turn things around quickly, but it doesn't have enough to sustain losses long-term and funding capital projects. Good business practices include a mindful look at projections, and at this point, we cannot see a path out of the red without additional resources and expertise. Cohoat & O'Neal is preparing a revised budget, which we anticipate receiving on October 11, 2019. With their management and oversight, we hope to break even within three years, perhaps sooner. Again, we are waiting on their revised budget to determine their specific projections. The soonest we can convene a PSA board meeting to review the revised budget is Sunday, October 13, 2019. We will keep you informed as we receive more information or schedule meetings.

## **Is outside financing a viable option?**

One bank has declined to loan the PSA additional funds, but there are other financing options available to us. Rest assured that we are working diligently to determine the best course of action. The PSA board is meeting on October 7, 2019 and again the following week. In those meetings, we will explore options for raising money, including obtaining outside financing, raising PSA dues or a special assessment.

## **Are you going to increase dues?**

The PSA board does not know if it will increase dues. The board is looking at alternative funding sources, so that property owners are minimally affected. Per the PSA bylaws, the board may increase dues by up to 15% annually without a vote from the community. Anything above 15% annually needs approval from at least two-thirds of the community. Additionally, the bylaws allow the PSA board to implement a special assessment, but doing so would also need approval from two-thirds of the community. Current dues are \$135/quarter or \$540/annually. A 15% increase would result in a \$20 quarterly increase or an \$80 annual increase. From a business standpoint, that increase is nominal and would not generate the total funds needed to cover short-term anticipated losses for the golf and restaurant businesses. Please note that the PSA board has not raised dues in a long time, and it has never made a special assessment.

## **What guarantee do we have that a golf management company will be able to do any better than our current management team?**

There are no guarantees. However, the management companies we interviewed are experts in increasing profitability for struggling golf courses. They have tangible successes from which they have developed best practices. While we have very experienced staff who have put their hearts and souls into The Golf Resort at Eagle Pointe, the golf course and restaurants are struggling right now to gain new customers and grow our revenues. The PSA board believes the

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golf course and restaurants need a deep bench of professionals who can implement change quickly and effectively. We simply do not have the resources, connections, marketing staff, etc., to make the needed changes, and management companies do.

## **Have you hired a management company?**

No. The PSA board has interviewed three golf management companies, including Cohoat & O'Neal, [Billy Casper Golf](#) and [Troon](#). Of the three, the PSA board was most impressed with Cohoat & O'Neal, an Indiana-based golf course management, business financial management and administrative services company. More information about their services can be found at [www.cohoatandoneal.com](http://www.cohoatandoneal.com).

## **Why Cohoat & O'Neal?**

They are local and are familiar with the golf community in Indiana. They had evidence of successful turn-arounds at Indiana golf courses, including those that draw from surrounding communities like Eagle Pointe. Additionally, they were the only management company that partnered with a successful restaurateur who could run the restaurant and catering businesses. That company, Sahn's Restaurant group, is owned and operated by Ed Sahn. You may learn more about his businesses at [https:// www.sahms.com](https://www.sahms.com). Cohoat & O'Neal's proposal is one contract and Sahn's Restaurant Group would be an element of that single agreement.

## **What is the PSA board's timeline?**

The timeline, as we see it today, is:

**October 7** - PSA board will hold a special meeting to review details of the golf resort and restaurant budgets, the PSA's financials, and discuss potential capital fundraising options.

**October 14 or 15** - Option to hold another special PSA board meeting to continue the discussion and determine recommendations for the community.

**October 19** - Quarterly all community meeting. At the meeting, the PSA board will share an overview of what has transpired to date, review high level budget information, discuss proposed financial arrangements (how they propose to raise capital), and briefly take questions. After the public session, the board will meet privately and will hold a vote on how best to proceed.

Within 24 hours of the meeting, I will communicate the results of the meeting with the community through email. Again, please ensure your email address is current with your HOA.

## **What if you choose not to hire a management company?**

Regardless if we hire a management company or not, the PSA board must raise capital. Financial stability is our first priority, so even if we don't hire a management company, we must determine a path to increase revenue and get in the black. The LLC board is also raising capital through golf hole and cart sponsorships, five lifetime membership opportunities and a brick campaign. *Regardless of how we proceed, the PSA board will only approve a precise, well-defined budget.*

## **What are the specifics of the Cohoat & O'Neal proposal?**

At this time, the details of their proposal are not available and have not been reviewed by the PSA board. If you have specific feedback or questions, please contact your HOA representative.

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## **General contract information is as follows.**

The Cohoat & O’Neal proposal is a three-year contract that will allow the management company to take over operations of both the restaurant (coordinated by Sahm’s Restaurant Group) and the golf course. They will provide detailed budget statements each month to the PSA board. The management group plans to employ a membership recruitment strategy they call a “Mulligan Strategy” in which they will offer 1500 memberships at \$177 annually. While these memberships will offer some income, the bulk of the increased revenue will come from the other money spent on cart fees, food and beverage, and merchandise purchases. There are financial incentives built into their proposed contract. Incentives will only be rewarded if they meet or exceed their goals, which is both in our best interest and Cohoat & O’Neal’s. In addition to budgeting, if hired, Cohoat & O’Neal would be responsible for defining the organization’s structure and hiring qualified individuals for positions in the restaurant and for the golf course and general oversight of both. They have repeatedly stated that they will hire existing staff if they are appropriately qualified. If hired, Cohoat & O’Neal would recommend and manage capital improvements knowing that their success is dependent upon Eagle Pointe’s financial success. Cohoat & O’Neal is not contributing their own capital to the business.

## **If Cohoat & O’Neal is hired, when would they start?**

If they are hired, we anticipate they would start on November 1, 2019. Ed Sahm indicated that his restaurant team would need at least until December to completely take over or perhaps January 2020. Those details would need to be worked out in the final contract, if the PSA board votes to move forward.

## **When are you going to sign a contract?**

The PSA board will not sign a contract until:

1. the PSA board votes to hire a management company
2. the details of the final contract are negotiated and agreed upon
3. a plan to raise capital is approved by the PSA board.

## **What can the community do to help?**

Please eat at The Pub and Bistro and play golf on our course. Bring friends, and please be patient with the staff, who are doing their best to provide fast, friendly service. For fun, share a photo of you enjoying your experience at Eagle Pointe on social media with the hashtag **#ISupportEP**. Let’s show the world how much we love our community, the Pub and Bistro, and the golf course. If social media is not your thing, that’s fine, but please continue to support the bar, restaurant and the golf course.

## **What is my stake in this situation?**

I have all the same stake in the success of The Golf Resort at Eagle Pointe as every other property owner in the community. According to the PSA bylaws, the president of the PSA board is **not** a voting member of the board. Only the HOA representatives (usually the presidents of each community’s HOA) have voting privileges. Thus, my role is to listen to you, to present facts to the PSA board and executive committee, and to recommend a path forward. In the end, it is your HOA representative’s responsibility to vote in a manner that represents his or her community’s best interest. I encourage you to send your comments, suggestions and questions to your HOA representative. A list of those representatives is available at <https://pointeservices.org/board-of-directors/>.