



# Boca Royale Transition Committee TCS Report Draft Presentation

JANUARY 18, 2022



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# PRO FORMA

METHODOLOGY

MEMBERSHIP STRUCTURE

ASSUMPTIONS

SCENARIOS

COMPARISON CHARTS



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# Methodology

- TCS modified the structure of the pro forma to more accurately view the financial and operational performance of the Club.
- As a result of the restructuring, several departmental categories within TCS's version may differ from P&Ls supplied by NEAL, but the overall Net Cash Flow should remain consistent.
- Initiation fees were extracted from REVENUE and moved below the Net Income line.





# Membership Structure

- By the end of 2021, BRGCC had ~20 different membership types.
- As of 2022, new memberships will be consolidated into one base (Community Association) and two upgrade categories.
- Current members will be grandfathered into the program.
- Homeownership with the community will require a Community/Social membership with the option to add Golf or Racquet memberships.
- Access to Fitness amenities are included within all memberships.

Category	Initiation Deposit	Annual Dues
Golf – Family	\$3,525	\$6,180
Racquet – Family	\$1,025	\$1,056
Community/Association	\$1,015	\$1,308



# Real Estate

- At the time of the analysis, the community contained 877 existing homes with plans to construct an average of 72 homes per year for the next four years to bring the total homes within the current development phase to 1,150.
- NEAL Communities plans an additional 811-home development named Boca Royale East. Assuming NEAL continues its pace of 72 homes constructed per year, this analysis includes 15 homes in 2025 (57 in Boca Royale) and 72 homes in 2026.

	# of Homes/Units
Existing	877
Vacant/Under Construction	273
	1,150
Boca Royale East*	811



# Overall Assumptions

- Formation of a recreational district which purchases the Club from NEAL Communities
  - No property tax
  - Reduced insurance cost
  - Renovation work and deferred maintenance (identified by other consultants) completed with funds from Tax District formation
- 5% existing home resale rate (see table)
- 100% new home resale rate
- Golf upgrade growth to 30% of new/resale homebuyers by Year 5
- Racquet upgrade growth to 20% of new/resale homebuyers by Year 5

Real Estate Sales Assumptions					
	2022	2023	2024	2025	2026
Boca Royale Units - Total	949	1021	1093	1150	1150
Resales per Year	43	47	50	52	52
New Sales per Year	72	72	72	57	0
Boca East New Sales Per Year	0	0	0	15	72
<b>Total Initiations per Year</b>	<b>115</b>	<b>119</b>	<b>122</b>	<b>125</b>	<b>125</b>

New Member Upgrade %					
	2022	2023	2024	2025	2026
Golf	20%	25%	30%	30%	30%
Racquet	10%	12%	15%	17%	20%



# Overall Assumptions

- Membership turnover 8%
- 3% annual dues increase / all other revenue 1% - 2%
- Cost escalators @ 2.5% payroll and 1.5% all other expenses
- Initiation fees (community and club) moved below the line to fund capital
- Social/Community dues renamed Operations and Maintenance Assessment



# Assumptions – As-Is Scenario

- Full round equivalent (FRE) based on total green fees divided by top posted green fee
- Outside FRE rounds drop each year as golf membership increases
- Golf cart revenue increase by 1% annually
- F and B Labor % and COS% continues to improve each year under current management
- No significant changes to Racquets/Fitness/HOA other than to continue on with current management improvements underway





# Assumptions – As-Is Scenario

	Budget 2022	2023	2024	2025	2026
<b>FME Analysis</b>					
Highest Annual Dues Rate	\$ 6,180	\$ 6,365	\$ 6,556	\$ 6,753	\$ 6,956
FME's	194	208	229	252	275
<b>Cost of Sales Analysis</b>					
Merchandise	73.0%	73.0%	73.0%	73.0%	73.0%
F&B Sales - Blended Average	37.3%	54.8%	54.2%	54.2%	54.2%
<b>Employee Expense Analysis</b>					
Total Employee Expenses	2,348,184	2,395,573	2,442,760	2,490,999	2,540,315
% Total Employee Expenses to Total Revenue	46.0%	44.5%	42.9%	41.3%	39.8%
% Salaries & Wages to Total Revenue	36.8%	35.6%	34.3%	33.0%	31.8%
% Employee Taxes & Benefits to Salaries & Wages	21.0%	21.0%	21.0%	21.0%	21.0%
% Employee Related Expenses to Salaries & Wages	4.0%	4.0%	4.0%	4.0%	4.0%
<b>Other Metrics</b>					
% Advertising & Marketing to Total Revenue	0%	0%	0%	0%	0%
% Repairs & Maintenance to Total Revenue	7%	6%	6%	6%	6%
% Other Operating Expenses to Total Revenue	13%	12%	12%	11%	11%
% Operating Expenses to Total Revenue	66%	64%	61%	59%	57%
% Capital Reserve to Total Revenues	5.0%	5.0%	5.0%	5.0%	5.0%