



March 16, 2009

Dear Friend of the Bayou District Foundation

As you are all aware, the Bayou District Foundation has been working with City Park relative to the development of a new Golf Master Plan over the last two (2) plus years , in order to restore quality golf to City Park. Through these efforts, Rees Jones Golf Design has been engaged to develop this Master Plan, in conjunction with Louisiana landscape architect Ace Torre. In October of 2007, an initial public meeting was held relative to the overall Master Plan for City Park, originally adopted in May, 2005, at which time an alternate golf plan was suggested. In the City Park Board meeting of November 2007, this alternate plan was included in the revised Park Master Plan, and further development of the golf component undertaken. To date, the course routing has been developed and reviewed in the field, in order to ensure that the impact to existing trees which provide the natural “bones” to the course is minimized. The overall Master Plan provides the course layouts, development costs associated and suggested phasing of the plan.

On March 10,2009, City Park held a public meeting to review the new golf Master Plan. During the course of this meeting, a number of issues questions were raised which merit response or explanation which was not provided during the course of the meeting. There were four (4) primary issues raised during the meeting which were: 1) affordability; 2) feasibility; 3) financing/funding/sustainability; and 4) environmental impact. Additionally, the phasing of the subject project was not adequately addressed in the public meeting and should be better clarified. In order to address the above issues, provided below are a summary of salient facts regarding each item, which should substantially address/answer the respective concerns:

- 1) Affordability – It has been the intent of the City Park Board and that of the Bayou District to provide quality golf at an affordable price to local residents as a component of the newly developed golf plan in City Park. With the development of the updated golf master plan, an objective has been to provide multiple golf alternatives, both as relates to level of challenge and cost. With two (2) 18 hole regulation courses and a nine hole par-3 course, the ability to provide a range of challenge and tiered pricing is accomplished. While green fee rates remain fluid, given that the first course will not open for over 2 ½ years, the preliminary pricing developed provides for affordable access to all three of the new golf courses, through discounted pricing to local residents. Based on the findings provided in

the ERA study, suggested resident green fees in current dollars are projected as follows: For Course #1, rates are anticipated to range from a \$29 twilight rate to \$75 peak weekend rate, with a golf pass rate of \$40 available for weekday play. Rates for Course #2 are anticipated to be reduced from those offered on Course #1, with rates ranging from an \$18 twilight rate to a \$55 peak weekend rate. Golf pass rates for Course #2 are projected at \$26 for weekday play. Rates for the Par 3 Course are expected to approximate \$6 for weekday and \$9 for weekend rates, with discounts for 18 hole players.

It is also important to note that during Phase I of the Master plan, while the new Course #1 is under construction, the North Course will remain open to the public, providing local green fee rates beginning at \$12. Upon completion of Course #1, the North Course will remain in operation until such time as it is determined that proceeding with Phase II of the master plan is justified, based upon demand/economics, and the funding is in place to begin this phase. As such, offerings during Phase I will provide alternate levels of quality and pricing to accommodate the needs of local residents.

- 2) Feasibility – During the presentation of the Master Plan for Golf and in the subsequent comment discussion, the question was asked whether City Park had undertaken a feasibility study to determine if the proposed plan was economically viable. This question was emphasized, given the current economic environment. While it was touched on briefly at the public meeting, it is important to note that a Market and Feasibility Analysis was conducted by Economic Research Associates (“ERA”), a nationally respected firm, with an initial report relative to the subject plan provided in November, 2007. In view of the phasing anticipated and the current economic market, an update to the study was undertaken, with the revised report completed earlier this month (March 2009).

The findings of both the initial report and the update suggest that both the Phase I implementation and the overall project provided for in the Master Plan are economically viable, with stabilized income from Phase I projected to be \$1.1 million (year 4) and stabilized income for the overall plan estimated at \$1.55 million in the third year of full operations. Rounds of golf are projected to total 62,000 rounds during Phase I and grow to 81,000 rounds in Phase II (including Par 3 course rounds). These utilization levels should be readily attainable, and are anticipated to be exceeded, as additional resident discount programs are provided to encourage broader play.

- 3) Project Cost/Funding/Sustainability – As is noted in the Golf Master Plan and was discussed in the public meeting, the overall cost for the total project is anticipated to approximate \$45 million. Phase I, which includes the development of Course #I, a new driving range facility and relocated Golf Clubhouse, is projected to cost \$24.0 million. A significant component of the Phase I and overall project cost is the monies required to address inherent drainage problems at the subject site, with these costs estimated to exceed \$7.0 million of the costs. Funding of Phase I is to be provide through City Park (\$15 million, including State of Louisiana funding

and FEMA reimbursement) and private/non-profit investment of \$9.0 million. Monies relative to the Park portion of the total have been allocated/approved. Third party funding of the residual Phase I funding will be provided following solicitation by City Park through Request for Proposals (“RFP”), with responding parties required to provide evidence of financial capacity to fund the remaining \$9.0 million required to complete Phase I. Bayou District Foundation has been actively soliciting funding for their overall initiatives (workforce housing, education and recreation), and is confident in its’ ability to provide the necessary funding when required in the coming months. **It is understood by all parties that construction on this new golf master plan will not commence until all monies necessary to complete Phase I have been committed and are in place.**

Funding for Phase II of the Master Plan is anticipated to be provided via private funding and, to the extent available public funding.

Comments were also made relative to the economic viability of the Golf Master plan, given current economic conditions, and the fact that a number of golf course have closed in recent months. This concern extended to whether there would be potential need for government subsidy to support the golf operations. In reviewing failed or failing golf operations, two primary findings are evident: 1) a significant amount of debt was utilized to fund development, resulting in significant debt service obligations which must be funded through operations; and 2) the course is not located proximate to primary golfing population. The approach to master plan development in the Park has always assumed that **no debt** would be utilized to fund golf development. Additionally, the prime location within New Orleans and easily accessible to the metropolitan area residents should ensure adequate level of play and associated revenues. It is also important to note that revenues derived from golf operations have typically provided significant funds to support other areas of operation and programs within City Park, providing funds to maintain other areas within the Park and allowing residents to enjoy other offerings of the Park at little or no charge.

- 4) Environmental – In follow up to the presentation provided of the Golf Master Plan, a number of questions/concerns were raised relative to the impact on the environment resultant from construction and operation of the new golf facilities proposed. City Park and the Bayou District Foundation recognize the need to minimize impact on the surrounding environment during construction, as well as during ongoing operation of the facilities. As noted above, a major component of the construction project will address drainage and water flow within the golf course envelope. By creating a new linked waterway system throughout the golf course(s), constant water flow will be achieved, minimizing potential for stagnation, as well as providing an opportunity to minimize potential flood impact in the Park and surrounding neighborhoods by adjusting water system levels in advance of major rain events. This will not only benefit surrounding neighborhoods, but also minimize the impact on golf revenues, by allowing golf play to resume more timely, where in the past golf play could be suspended for days due to unplayable facilities.

It is the intention of City Park and the Bayou District Foundation to utilize recognized “best practices” for golf course maintenance, in order to create an environmentally friendly operation. It should be noted that advances in development of fertilizers and chemicals utilized for golf course maintenance, as well as environmental regulation of same, have resulted in more environmentally friendly golf course maintenance practices.

- 5) Phasing – The Golf Master Plan developed and presented represents the overall project anticipated to be developed over time. This project, which includes a total of 45 holes of golf (two championship 18 hole facilities and a 9 hole Par 3 course), together with new golf clubhouse, golf learning center and practice facilities, is currently anticipated to be accomplished in two (2) phases. Cost of the overall plan is estimated at \$45 million. Phase I of the master plan includes the development of Course#1, a new golf clubhouse and new practice facilities. Costs for Phase #1 are estimated at \$24 million. Implementation of Phase I is anticipated to begin in late 2009, with opening of the new facilities projected for the 4th Quarter 2011. During construction of Course #1, the North golf course will remain open and playable. Following completion of Phase I and opening of Course#1, the North course will remain open until such time as it is determined that implementation of Phase II is economically justified and monies are in place to fund the associated development costs.

The City Park Board will review public comments relative to the Golf Master Plan shortly, and as such, I would ask that you consider forwarding a letter in support of this important project to:

City Park: Golf Master Plan
1 Palm Drive
New Orleans LA 70124

Emails can be sent to John Hopper at jhopper@nocp.org and/ or bbecker@nocp.org

Thank you for your ongoing interest in the Bayou District Foundation and our efforts to positively impact lives through development of quality workforce housing, educational facilities and recreational facilities. We look forward to keeping you apprised of our efforts within City Park, as well as in the neighboring community as the transformation continues. Feel free to call on me (504)523-1701 with any questions or comments.

Sincerely,

Gerard W. Barousse, Jr.