



**FINANCIAL ANALYSIS:
Jekyll Island Authority Proposed Vincent Golf Master Plan
Jekyll Island, GA**

November 10, 2020





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Introduction/Summary

INTRODUCTION

- The Jekyll Island Authority (JIA) commissioned a master plan study of the golf facilities on the Island.
- The draft master plan was prepared by a highly experienced golf industry team of:
 - Vincent Design LLC, (Lead)
 - Pond Engineers and Planners
 - Johnson, Laschober & Associates, P.C.
 - Peacock & Lewis
- Bleakly Advisory Group was engaged by JIA to prepare a financial analysis of the proposed Vincent Golf Master Plan, which is the subject of this report.
- This report is based upon, and should be read in conjunction with, the proposed Vincent Jekyll Island Golf Master Plan.



JEKYLL ISLAND GOLF CLUB MASTER PLAN



SEPTEMBER 16, 2020

VINCENT DESIGN GOLF COURSE ARCHITECTURE - JEKYLL ISLAND GOLF COURSE MASTER PLAN FINAL REPORT -



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REPORT SUMMARY

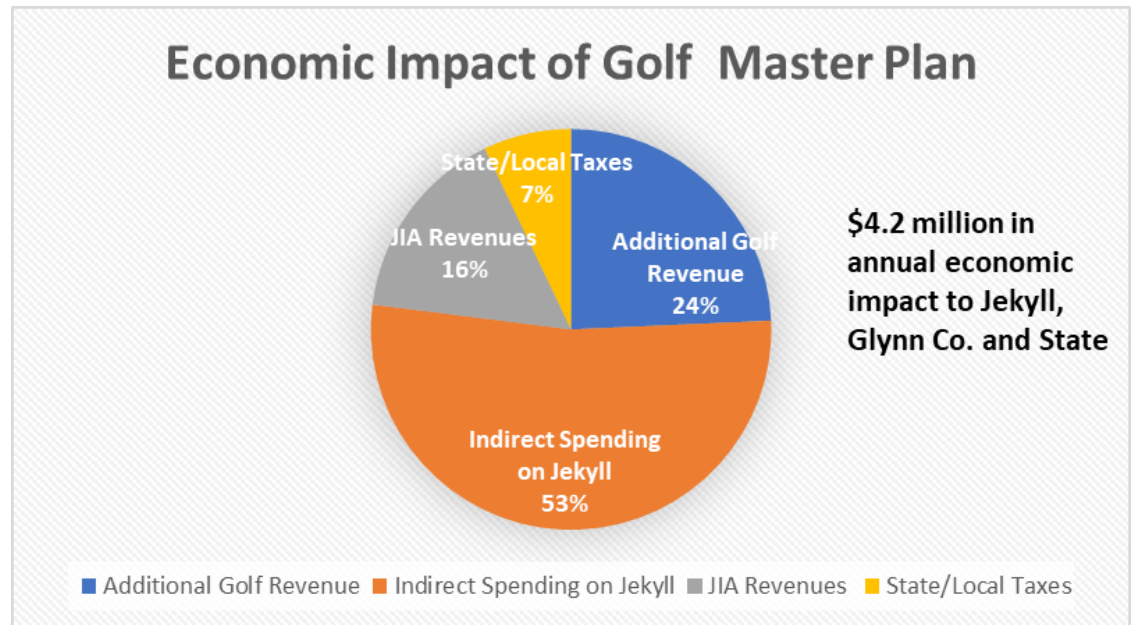


- Jekyll Island currently has too few golf rounds spread over too many golf holes.
- With the exception of Pine Lakes, there has not been a major refresh of the Jekyll Island golf courses in over forty years.
- JIA is considering investing \$15.0-\$18.6 million in “right-sizing” and improvements to the golf courses through implementation of the proposed Vincent Golf Master Plan.
- The result will be a new Great Dunes 18-hole course, a renovated Pine Lakes 18-hole course and new Par 3 and 9-hole courses at Indian Mound and a new practice and golf instruction area. This will reduce the golf facility from 63 to 54 holes, concentrating play on fewer holes, with fewer holes to be maintained.
- The implementation of the plan will attract more higher revenue rounds and provide better options for all golfers.
- Much of the cost can be paid from revenues from limited new development on surplus land, with the majority of surplus land held in conservation.

OVERALL ECONOMIC IMPACT FROM VINCENT GOLF MASTER PLAN

Implementation of the Vincent Golf Master Plan will generate **\$4.2 million in annual economic impact to Jekyll:**

- 24% from additional golf revenues
- 53% in indirect spending on Jekyll
- 16% in additional revenues to JIA
- 7% in property and sales taxes



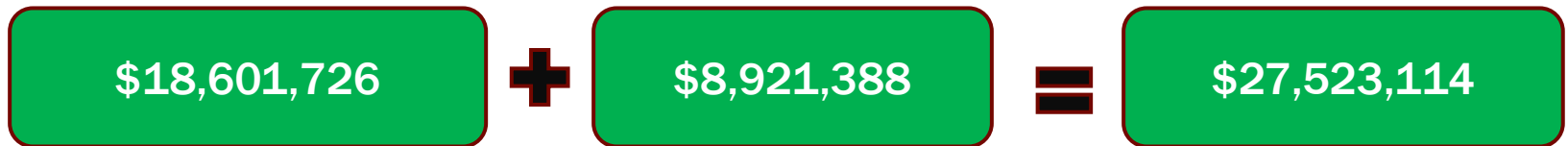
TOTAL ECONOMIC IMPACT OF IMPLEMENTATION OF VINCENT GOLF MASTER PLAN TO JIA

Direct Impacts

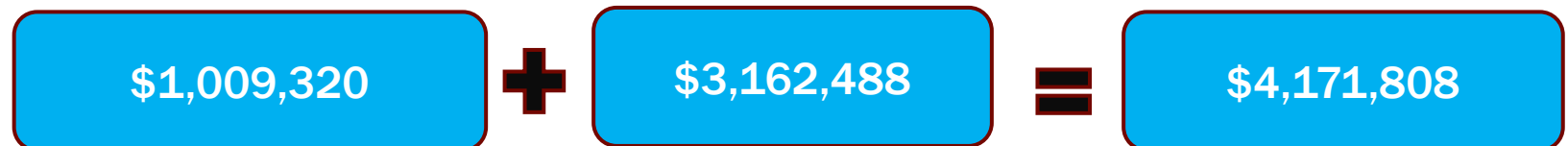
Indirect Impacts

Total Economic Impacts

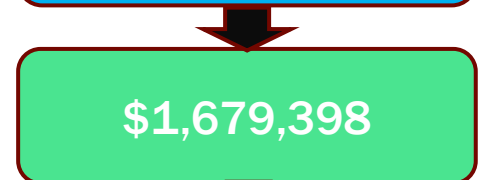
From Construction (one-time)



From Operations (annual)



Revenues to JIA:



State and Local Taxes:



JIA'S RETURN FROM INVESTMENT IN GOLF COURSE RENOVATIONS

Return on Investment: JIA will receive an annual return on its investment in the golf course renovations:

- The “cash on cash” return on investment to JIA, in terms of revenues it receives, will be 9% annually.
- The return in terms of both revenues to JIA and other economic benefits will be 22% annually.

Payback Period: JIA will recoup its investment of \$18.6 million in renovation of the golf facilities overtime as follows:

- A “cash on cash” payback of costs in additional revenues to JIA in 11 years.
- A payback of cost in terms of the overall economic return to JIA from a combination of direct revenues and other direct and indirect economic effects in 4.5 years.

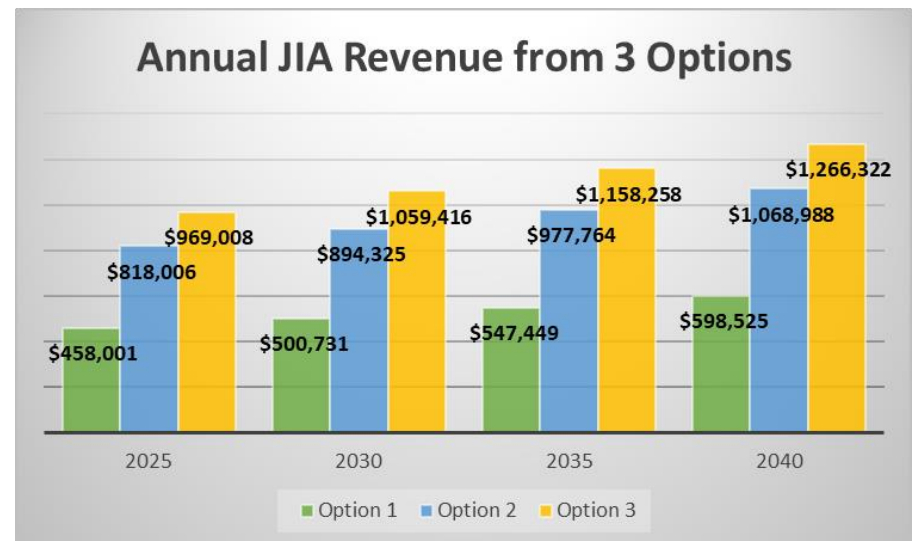
JIA Return on Golf Renovation Investment			
		Annual Return On Investment	Payback Period
JIA Renovation Cost	\$ 18,601,726		
JIA Annual Revenues	\$ 1,679,398	9%	11 years
Jekyll Economic Impacts	\$ 4,171,808	22%	4.5 years

DEVELOPMENT OPTIONS FOR SURPLUS GOLF LAND

- With redevelopment of golf course 113 acres of land currently in use will not be needed for golf.
- 82 of those acres are designated for conservation in the draft master plan
- 31 acres were identified for possible development.
- Three optional development scenarios were evaluated, with Option 1 modeled on the recommendations in the Vincent golf master plan.
- In terms of generating revenues to off-set the golf renovation costs, Option 3 can produce more than double the revenue of Option 1, while maintaining the 31-acre maximum for development.

Development Options for Surplus Golf Acreage				
Parcel	Land Use	Option 1 (Vincent Plan)	Option 2	Option 3
A	Lodge Units	50	60	60
A	Cottages	6	20	20
B	Assist. Living Units	56	100	100
C	Retail	12,500 SF	12,500 SF	12,500 SF
D	Nature Amenity			
E	SF Cottages	0	0	38
Acreage		26	20	29
Value		\$21,500,000	\$33,600,000	\$54,500,000

Source: BAG



FINANCING OPTIONS FOR IMPLEMENTING DRAFT GOLF MASTER PLAN

- Assuming a total cost of \$15.0-\$18.6 million for the renovation of the golf facilities in accordance with the draft golf master plan.
- **State Bond Financing:** JIA secures long term bond financing from the State of Georgia for implementation:
 - At 4% annual interest on \$18.6 million, the annual debt service on the loan for various terms would be:
 - 10-year annual payment of \$2.28 million
 - 15-year annual payment of \$1.67 million
 - 20-year annual payment of \$1.36 million
 - JIA dedicates the revenue from the development on surplus golf acreage under Option 3 would initially cover 71%, increasing to 93%, of 20-year annual debt service.
- The balance of annual financing costs, particularly in the early years, could come from one or more of the following sources:
 - JIA Tourism Fund, say, \$200,000 per year.
 - Surcharge of \$5 per future golf round could generate \$300,00
 - Creation of a Community Improvement District at 5 mills. Could generate \$220,000 annually

Annual JIA Revenues from New Development			
	Option 1 (Vincent Plan)	Option 2	Option 3
2025	\$ 458,001	\$ 818,006	\$ 969,008
2030	\$ 500,731	\$ 894,325	\$ 1,059,416
2035	\$ 547,449	\$ 977,764	\$ 1,158,258
2040	\$ 598,525	\$ 1,068,988	\$ 1,266,322

Source: BAG



Jekyll Golf Operations

DECLINING ROUNDS PLAYED AT JEKYLL ISLAND GOLF

Total Golf Rounds Played at Jekyll Island 2014-2019						
	FY14	FY15	FY16	FY17	FY18	FY19
Daily Fee	29,741	26,906	24,305	32,923	34,514	37,783
Member	14,908	16,193	19,395	22,890	22,597	21,040
Tournament	5,136	6,052	7,189			
Passports	4,134	4,383	4,716	4,151	3,345	3,230
Great Dunes	7,499	8,139	6,251			
Non-Revenue	8,044	5,250	2,672	2,104	2,061	2,911
Total Rounds	69,462	66,923	64,528	62,068	62,517	64,964
% Change		-4%	-4%	-4%	1%	4%

Source: NGF/JIA

Golf rounds at Jekyll Island have declined dramatically from more than 100,000 rounds back in the early 2000s, to the mid- to low- 60,000s in recent years.

This is due to several factors including: a national decline in golf participation over the past two decades; additional regional golf courses creating intense local competition for golf rounds; and a prolonged period of stagnant golf participation locally.

CHANGES IN ROUNDS PLAYED AT JEKYLL ISLAND GOLF

- Total rounds have declined by 6% over the period from 2014 to 2019.
- During this period, membership rounds have increased by 41%, but generate the lowest revenue per round on the course.
- Passport rounds, those associated with area hotel guest demand, have declined by 22% over the period.
- **Jekyll attracts 1,031 rounds per hole of golf annually, verses a national average of 1,722 per hole—too few rounds per hole to be economically viable.**

The goal of the master plan is to help reverse this long-term decline by creating a more appealing, right-sized golf amenity that sparks additional interest in golf from visitors to Jekyll.



CONTINUED DEFICITS FROM JEKYLL ISLAND'S GOLF OPERATING PERFORMANCE

Operating Performance of Jekyll Golf 2014-2020							
	2014	2015	2016	2017	2018	2019	2020
Revenue	\$ 1,760,756	\$ 1,952,383	\$ 2,043,889	\$ 2,332,447	\$ 2,228,705	\$ 2,096,865	\$ 2,465,110
Cost of Goods Sold	\$ 135,375	\$ 219,248	\$ 203,388	\$ 195,167	\$ 180,459	\$ 179,813	\$ 190,712
Net Revenue	\$ 1,625,381	\$ 1,733,135	\$ 1,840,501	\$ 2,137,280	\$ 2,048,246	\$ 1,917,052	\$ 2,274,398
Total Operating Expenses	\$ 2,409,825	\$ 2,596,078	\$ 2,472,502	\$ 2,438,336	\$ 2,527,484	\$ 2,646,363	\$ 2,822,357
Operating Income	\$ (784,444)	\$ (862,943)	\$ (632,001)	\$ (301,056)	\$ (479,238)	\$ (729,311)	\$ (547,959)
Operating Income % of Net Revenue	-48%	-50%	-34%	-14%	-23%	-38%	-24%

Source: Jekyll Island Authority/BAG

- The Jekyll golf facilities have reportedly been operating at a loss for many years, shown above is the data for the past seven years showing the substantial annual operating losses. However, JIA has been able to lower the amount of the loss in recent years to +/- \$500K.
- The combination of limited revenue growth potential of the courses in their current condition, and substantial maintenance costs associated with operating a 63-hole facility which is under utilized, will likely result in continued net losses from golf operations in the years ahead.



Jekyll Golf Master Plan Options

COST TO UPGRADE THE EXISTING JEKYLL GOLF FACILITIES

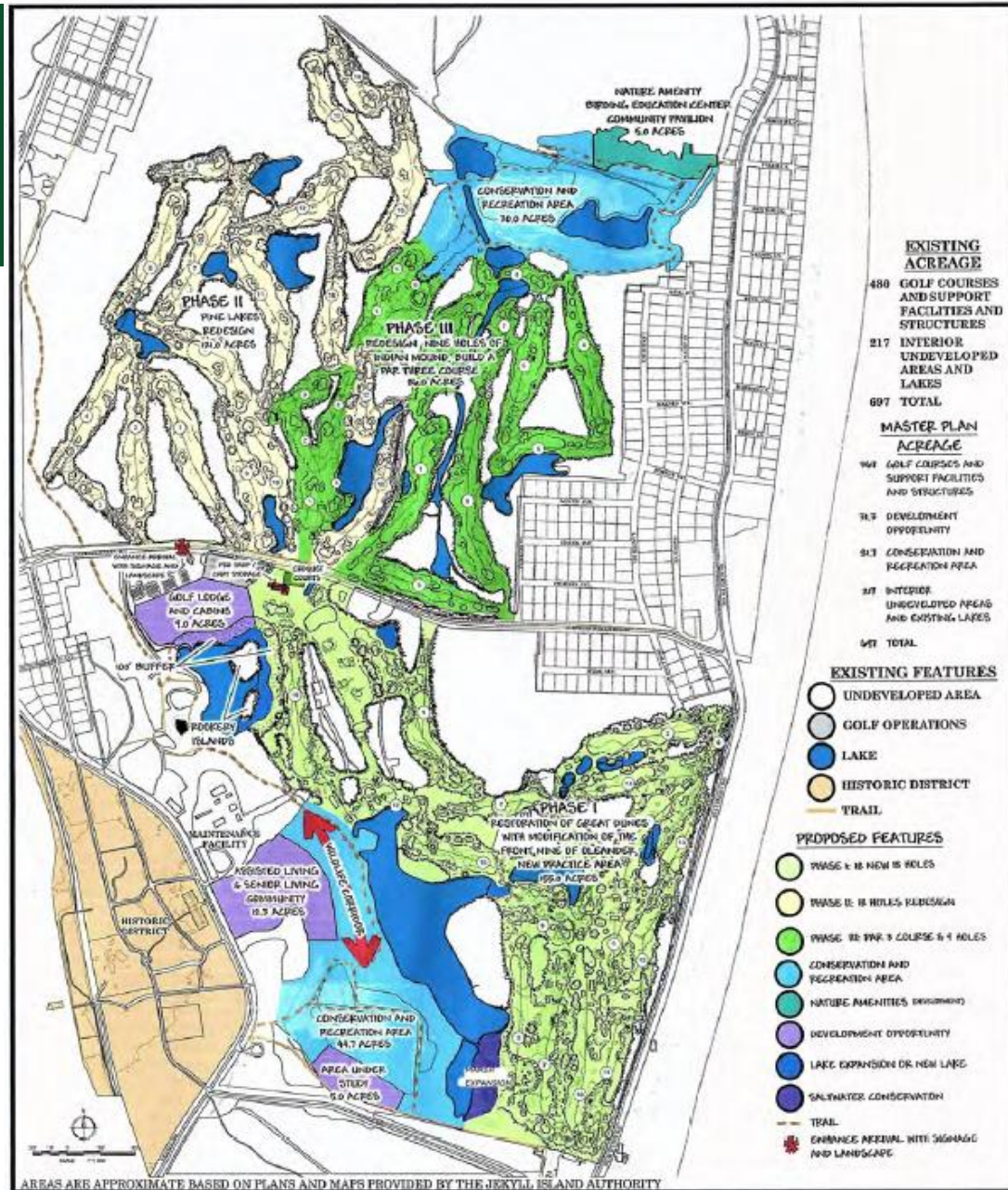
- Jekyll has a long history as a major golf resort location.
- The island's first golf course, Great Dunes, was reconfigured as a 9-hole layout in the 1950s but it dates back to 1898, the heyday of the Jekyll Island Club.
- The three 18-hole courses—Oleander, Pine Lakes and Indian Mound--were created in the 1960s/1970s to greatly expand golfing options—resulting in 63 total holes at Jekyll Island.
- The only major upgrade to a Jekyll course occurred in 2001 to Pine Lakes.
- Golf facilities typically undergo a major renovation every 15-25 years--it has been more than 40 years since some of Jekyll courses have been upgraded.
- **A comprehensive renovation of the existing Jekyll golf facilities--without any reconfiguration--would cost \$21.7 million.**

Estimated Cost of Improving Existing Jekyll Island Golf Facilities				
	Phase I	Phase II	Phase III	Total
Renovate Oleander 18 Hole Course	\$ 7,089,000			\$ 7,089,000
Renovate Indian Mound 18 Hole Course		\$ 7,050,000		\$ 7,050,000
Renovate Pine Lakes 18 Holes Course			\$ 3,230,000	\$ 3,230,000
Renovate Great Dunes 9 Hole Course			\$ 3,570,000	\$ 3,570,000
Major Clubhouse/Driving Range Renovation	\$ 800,000	\$ -	\$ -	\$ 800,000
Estimated Budget by Phase	\$ 7,889,000	\$ 7,050,000	\$ 6,800,000	\$ 21,739,000

Source: Troy MG Vincent/NGF/JIA/BAG

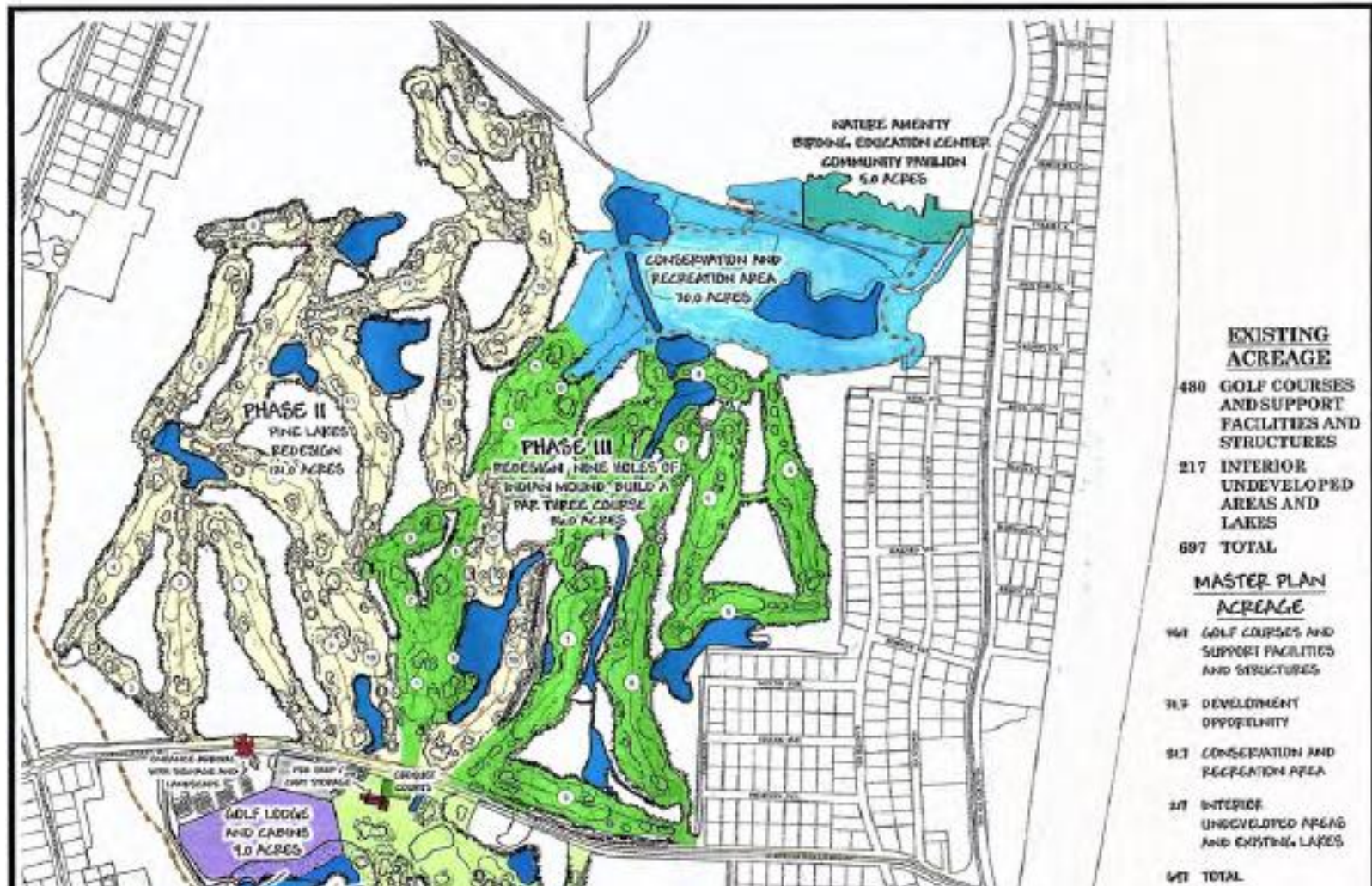
PROPOSED JEKYL ISLAND GOLF MASTER PLAN

This is the proposed Jekyll Island Golf Master Plan as prepared by the Vincent Design LLC team.

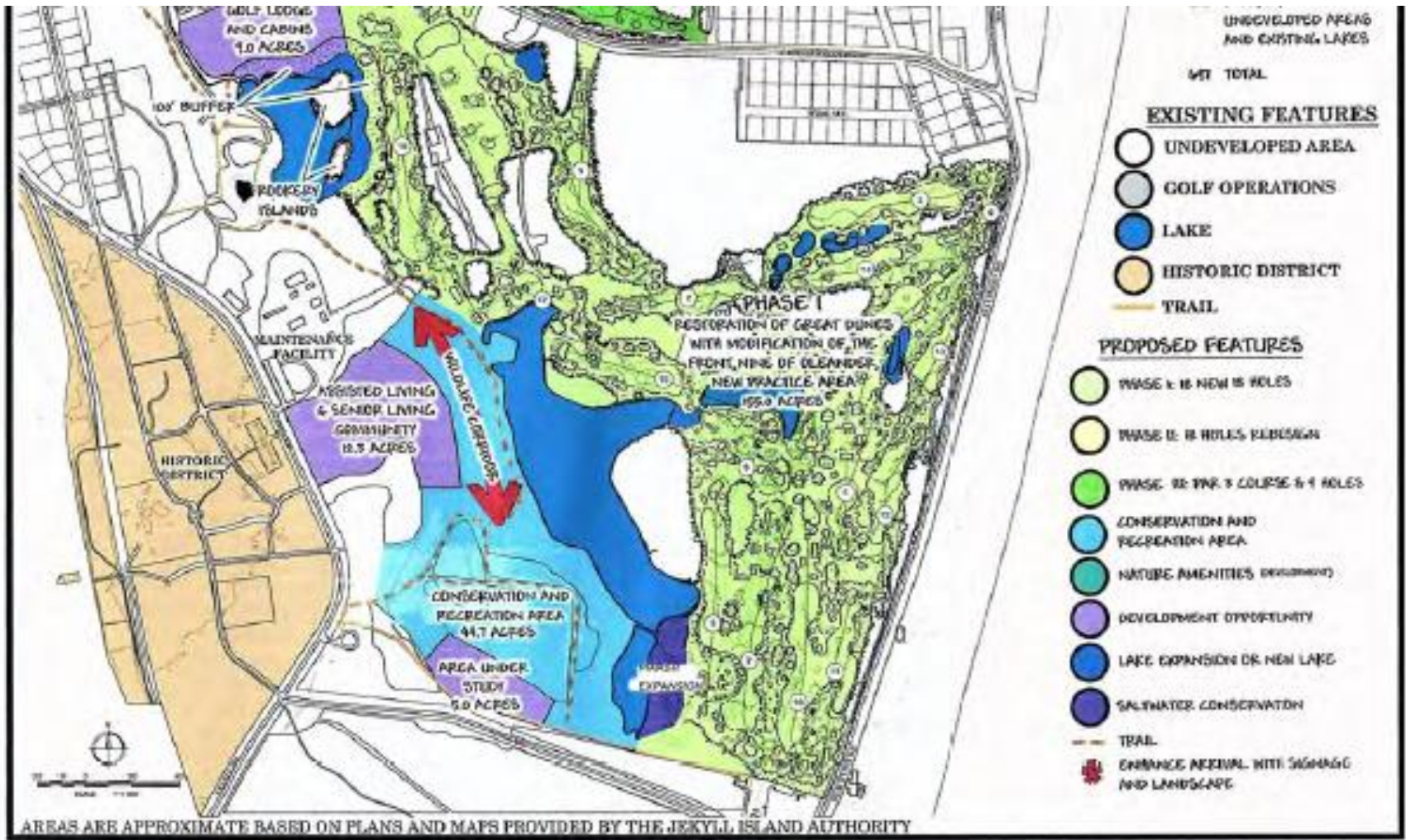


JEKYL ISLAND GOLF MASTER PLAN

PROPOSED JEKYLL ISLAND GOLF MASTER PLAN — NORTHERN HALF



PROPOSED JEKYLL ISLAND GOLF MASTER PLAN — SOUTHERN HALF



ESTIMATED COST OF IMPLEMENTATION OF THE PROPOSED GOLF MASTER PLAN

Vincent Design is proposing in the Golf Master Plan to reconfigure the current 63-holes into a total of 54-holes, which will enhance the golfing experience for golfers, achieve higher utilization per course, while lowering the maintenance costs associated with 63 holes.

- The result will be two 18-hole courses, a 9-hole and an innovative Par 3 course—for a total of 54 holes.
- **The estimated total cost, over a three-phased implementation process, is \$15.0 to \$18.6 million—depending on which final option for the Indian Mound course is chosen.**

Estimated Jekyll Golf Master Plan Implementation Costs				
	Phase I	Phase II	Phase III	Total
Expanding Great Dunes Course to 18 Holes	\$ 6,908,661			\$ 6,908,661
Renovate Pine Lakes 18 Holes		\$ 4,155,698		\$ 4,155,698
Options for Indian Mound:				
A: Create Par 3 and 9 Hole Courses			\$ 4,593,694	
B: Create Par 3 Only			\$ 1,617,254	
C: Renovate Indian Mound 18 Hole			\$ 5,137,367	
Renovate Clubhouse/Restore Conservation Areas	\$ 800,000	\$ 800,000	\$ 800,000	\$ 2,400,000
Estimated Budget by Phase--Indian Mound Option A	\$ 7,708,661	\$ 4,955,698	\$ 5,393,694	\$ 18,058,053
Estimated Budget by Phase--Indian Mound Option B	\$ 7,708,661	\$ 4,955,698	\$ 2,417,254	\$ 15,081,613
Estimated Budget by Phase--Indian Mound Option C	\$ 7,708,661	\$ 4,955,698	\$ 5,937,367	\$ 18,601,726

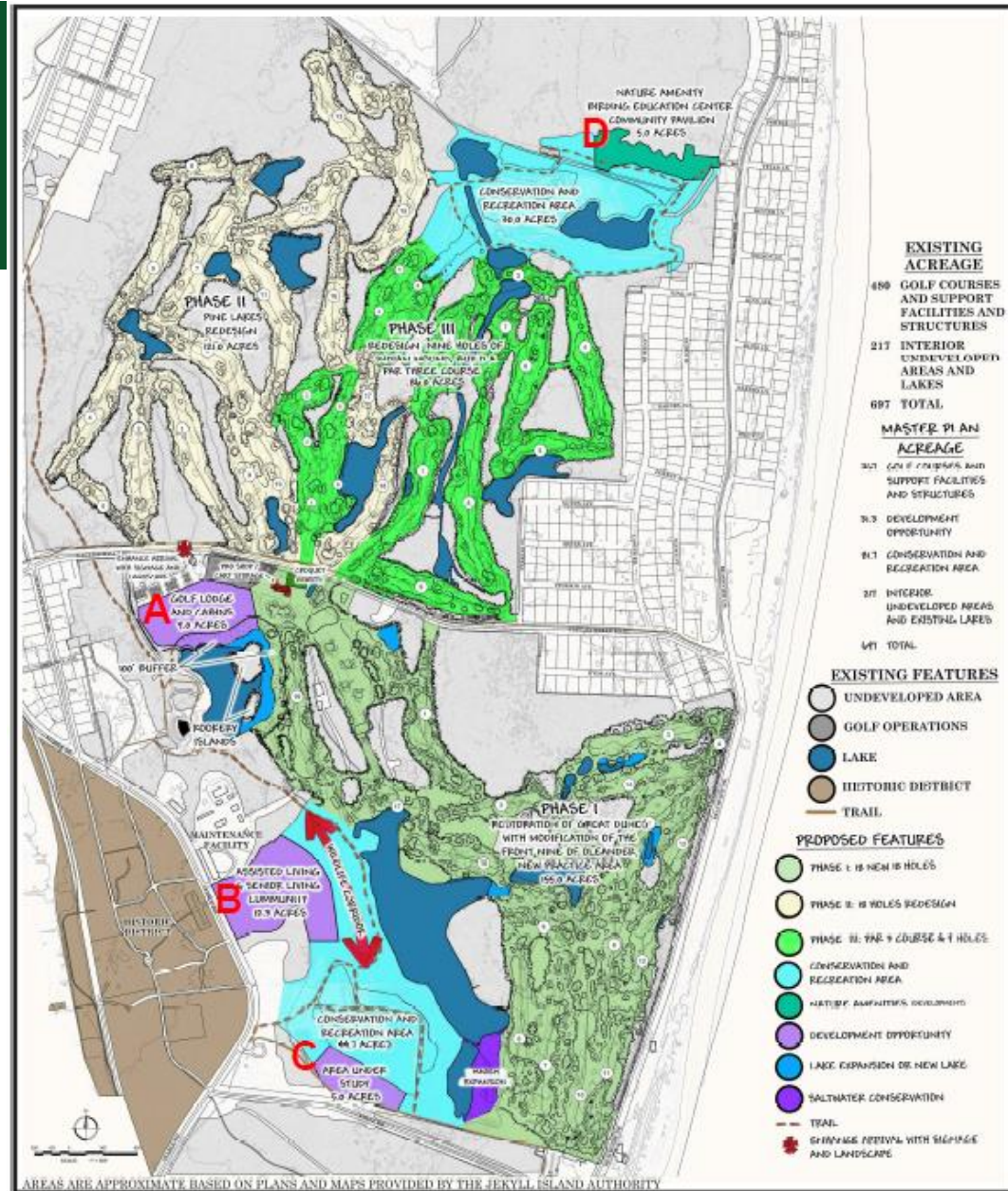
Source: Troy MG Vincent/NGF/JIA/BAG



Development Options for Surplus Land

PROPOSED GOLF MASTER PLAN DEVELOPMENT SITES

The proposed Vincent golf master plan identifies potential development sites from surplus golf acreage that would be suitable for future commercial development. They are noted in the golf master plan and are indicated on the map:

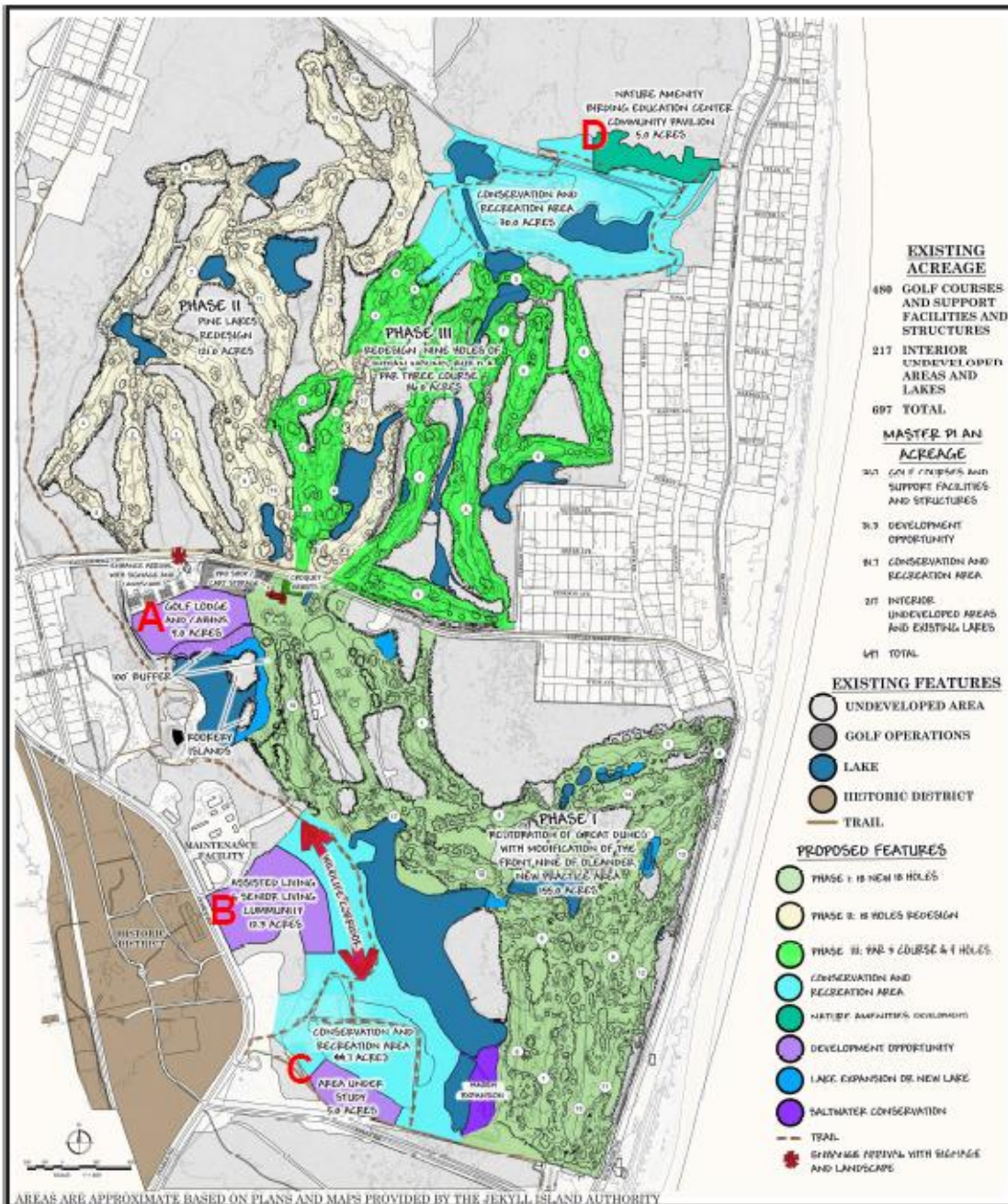


THREE DEVELOPMENT OPTIONS CONSIDERED FOR SURPLUS LAND

- As part of the financial analysis, Bleakly Advisory Group evaluated the sites designated in the golf master plan for their potential for future commercial development. Our goal in this analysis was to determine the level of commercial development that would be compatible with the golf master plan, reflect likely local market conditions, and thereby offered the potential to generate revenues that could be dedicated for implementation of the golf master plan. As a result of this analysis, three options have been proposed:
- **Option 1:** This option tracks the location, land uses, and intensity of development as proposed in the proposed Vincent Golf Master Plan.
- **Option 2:** This option tracks the location and suggested land uses of the four designated parcels in the master plan but proposes adjustments to parcel size and density based upon market development factors.
- **Option 3:** Is consistent with Option 2 but also proposes the creation of a new Parcel E, for the purpose of allowing limited additional residential development as part of this option.



OPTION 1: POTENTIAL SURPLUS GOLF LAND DEVELOPMENT SITES



Four sites are identified in the proposed Vincent golf master plan as identified as suitable for potential future development (A-D), totaling a maximum of 31 acres.

The balance of 82 acres will be preserved for recreational and conservation uses.

Option 1 contemplates development on three of the four parcels identified in the master plan, sites A, B, and C.

Golf Master Plan Proposed Development on Surplus Acreage

	Acres	Use	Density
Parcel A	9	Lodge/Cottages	50 units/ 6 cottages
Parcel B	12	Assisted Living	50 units/ 6 cottages
Parcel C	5	Retail	unspecified
Parcel D	5	Nature Amenity	no commercial
Total	31		

Source: Vincent Design: Jekyll Island Authority Draft Golf Master Plan, p. 29

OPTION 1: POTENTIAL DEVELOPMENT ON SURPLUS GOLF ACREAGE

Under Option 1, limited development would occur on the 31 acres of the surplus golf acreage designated for development consistent with the draft golf master plan. Presented above is the potential development program for this acreage by parcel—

Option 1: Development Potential on Surplus Golf Acreage					
Parcel	Development Type	Acres	Units/Rooms/SF	Value/Sale Price	Total Value
A	Lodge & Golf Cottages	6	50 hotel rooms	\$160,000	\$8,000,000
A		3	6 golf cottages	\$200,000	\$1,200,000
B	Assisted Living	12	56 units	\$175,000	\$9,800,000
C	Retail Center	5	12,500 SF	\$200 (SF)	\$2,500,000
D	Nature Amenity	5			
Total		31			\$21,500,000

Source: Vincent Design/BAG

- **Parcel A** would be developed as a lodge and golf cottages with a total of 56 lodging units, it would also be the new home of the golf grille for use by golfers and their guests.
- **Parcel B** is targeted in the golf master plan to be an assisted living community of 56 units. The development would occur on a 12-acre site.
- **Parcel C** would be developed as a small retail center of 12,500 SF. A center of this size would be developed on the five-acre site.
- **Parcel D** could be developed as one or more nature amenities which support the recreational and conservation uses around the golf facility. It would comprise a total of five acres.

OPTION 1: JIA REVENUE POTENTIAL FROM DEVELOPMENT

Option 1: JIA Revenue Potential for Development on Surplus Golf Course Acreage**

Parcels	Land Use	Acres	Units/		Monthly Base	Monthly	Annual	% Rent	Participation	H/M	Annual	Initial
			Rooms/SF	Total Value	Lease/Ac./Unit**	Base Lease	Base Lease		Fee	Tax	JIA Revenues	Part. Fee
A	Lodge & Golf Cottages	6	50 hotel rms	\$ 8,000,000	\$ 1,111	\$ 6,665	\$ 79,980	3%*		\$ 71,175	\$ 151,155	
A		3	6 cottages	\$ 1,200,000	\$ 1,333	\$ 3,999	\$ 47,988	3%*		\$ 20,759	\$ 68,747	
B	Assisted Living	12	56 units	\$ 9,800,000	\$ 1,333	\$ 15,996	\$ 191,952				\$ 191,952	
C	Retail	5	12,500 SF	\$ 2,500,000	\$ 1,066	\$ 5,332	\$ 63,984				\$ 63,984	
D	Nature Amenity	5										
Totals		31		\$ 21,500,000			\$ 383,904	\$ -	\$ -	\$ 91,934	\$ 475,838	\$ -

* for Lodge JIA would receive the greater of the ground lease amount or 3% of gross revenue, whichever is greater

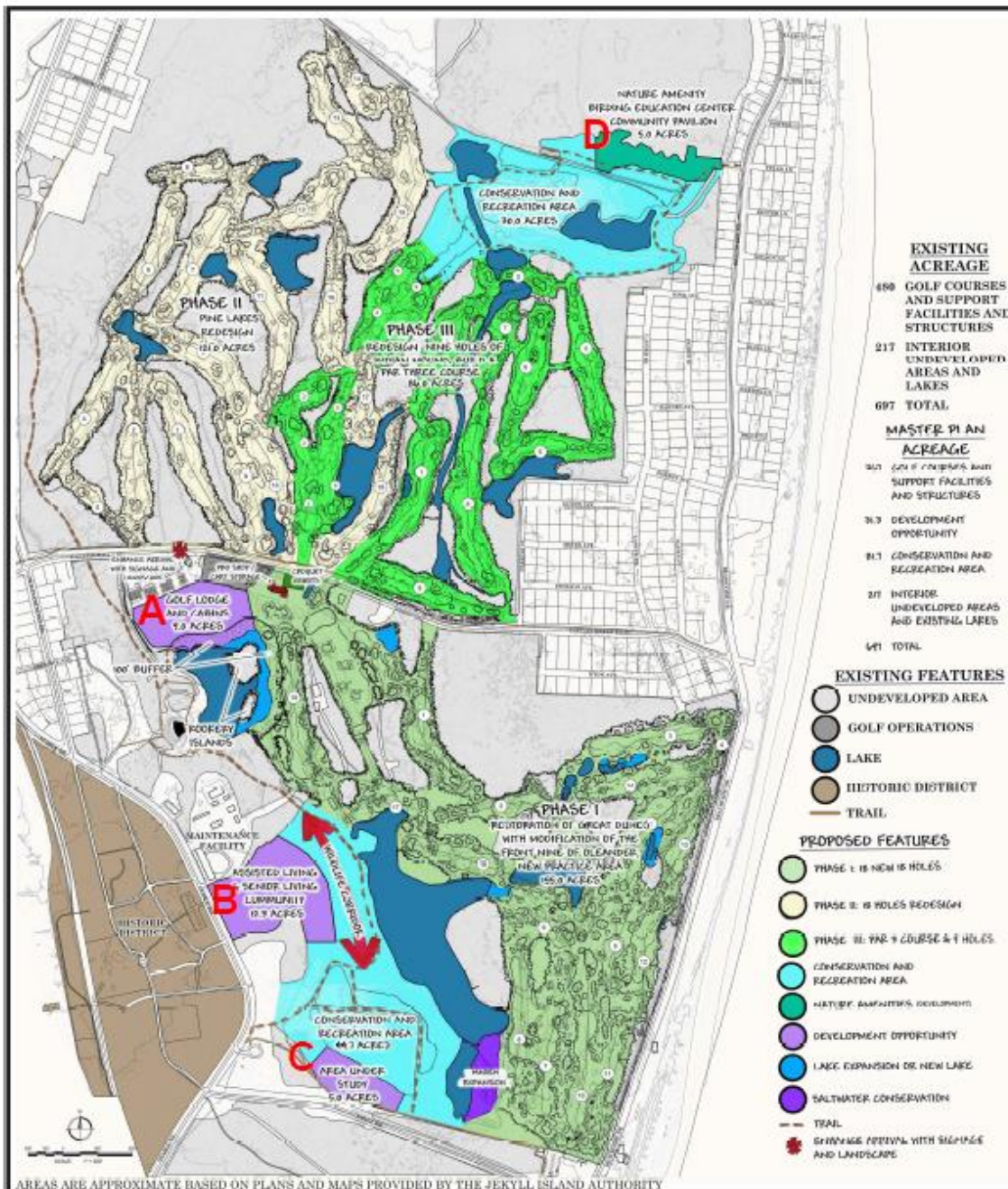
** Reflects the maximum monthly ground lease by development type adjusted for the proposed acreage of the development parcel in the draft golf master plan.

Ground lease rates shown are assumptions only and subject to future negotiation between JIA and development partners.

Source: BAG

- Based on the Option 1 development plan, consistent with the recommendations of the draft golf master plan, JIA could receive \$475,838 in annual revenue from new development when all components are completed. This assumes all of the revenue sources noted above are pledged to the financing of the golf improvements.
- The amount of land required to support the new development would be 26 acres in Parcels A-C, with an additional 5 acres undeveloped as part of the nature amenity in Parcel D.
- In ten years, the projected annual rent and fees will be \$500,731, due to CPI increases in the base land rent, hotel/motel taxes, etc.(see: Appendix: Option 1: JIA Revenue from Development)

OPTION 2: POTENTIAL SURPLUS GOLF LAND DEVELOPMENT SITES



Option 2 contemplates development on three of the four parcels identified in the master plan, sites A, B, and C. However, market research, development operating efficiencies and local area development patterns indicate support for a more intensive level of development on the three parcels, which will result in more revenues to JIA, thereby providing additional support for the implementation of the golf master plan.

This analysis also suggests that the actual parcels needed for development could be smaller than in the draft golf master plan, allowing for additional undeveloped acres.

OPTION 2: POTENTIAL DEVELOPMENT ON SURPLUS GOLF ACREAGE

Under Option 2, limited development would occur on 20 of the 31 acres of the surplus golf acreage designated for development in the master plan. Development of the three parcels A-C at a higher density would generate additional revenue to off-set the cost of the golf renovation to JIA. A reduction in the development site size allows JIA to achieve a higher rent per acre on the developed sites. A potential development program for this acreage by parcel—

Option 2: Development Potential on Surplus Golf Acreage					
Parcel	Development Type	Acres	Units/Rooms/SF	Value/Sale Price	Total Value
A	Lodge & Golf Cottages	3.5	60 hotel rooms	\$160,000	\$9,600,000
A		2.5	20 golf cottages	\$200,000	\$4,000,000
A	Undeveloped	3			
B	Assisted Living Phase I	6	60 units	\$175,000	\$10,500,000
B	Assisted Living Phase II	6	40 units	\$175,000	\$7,000,000
C	Retail	2	12,500 SF	\$200 (SF)	\$2,500,000
C	Undeveloped	3			
D	Nature Amenity	5			
Total		31			\$33,600,000

Source: BAG

- **Parcel A** would be developed as a lodge and golf cottages, it would also be the new home of the golf grille for use by golfers and their guests. Operational efficiencies would be enhanced by a lodge operation of 80 total units and be more likely to attract an independent operator. Given JIA preferred ground lease rates for commercial development, a 6-acre site would be appropriately sized for this level of development.
- **Parcel B** is targeted to be an assisted living community, likely in two phases. To address operational efficiencies and fully absorb the site at the desired ground lease rate, we are proposing the development total 100 units over time, likely in a mix of apartment style units with common services and cottage units for independent living.
- **Parcel C** would be developed as a small retail center of 12,500 SF. A center of this size would only require approximately 2 acres of land, not the 5 as proposed in the draft master plan.
- **Parcel D** could be developed as one or more nature amenities which support the recreational and conservation uses around the golf facility.

OPTION 2: JIA REVENUE POTENTIAL FROM DEVELOPMENT

Option 2: JIA Revenue Potential for Development on Surplus Golf Course Acreage**												
Parcels	Land Use	Acres	Units/		Monthly Base Lease/Ac./Unit	Monthly Base Lease	Annual Base Lease	% Rent	Participation Fee	H/M Tax	Annual JIA Revenues	Initial Part. Fee
			Rooms/SF	Total Value								
A	Lodge & Golf Cottages	3.5	60 hotel rms	\$ 9,600,000	\$ 2,666	\$ 9,331	\$ 111,972	3%*		\$ 106,763	\$ 218,735	
A		2.5	20 cottages	\$ 4,000,000	\$ 2,666	\$ 6,665	\$ 79,980	3%*		\$ 41,519	\$ 121,499	
A	Undeveloped	3										
B	Assisted Living Phs. I	6	60 units	\$ 10,500,000	\$ 2,666	\$ 15,996	\$ 191,952				\$ 191,952	
B	Assisted Living Phs. II	6	40 units	\$ 7,000,000	\$ 2,666	\$ 15,996	\$ 191,952				\$ 191,952	
C	Retail	2	12,500 SF	\$ 2,500,000	\$ 2,666	\$ 5,332	\$ 63,984				\$ 63,984	
C	Undeveloped	3										
D	Nature Amenity	5										
Totals		31		\$ 33,600,000			\$ 639,840	\$ -	\$ -	\$ 148,281	\$ 788,121	\$ -

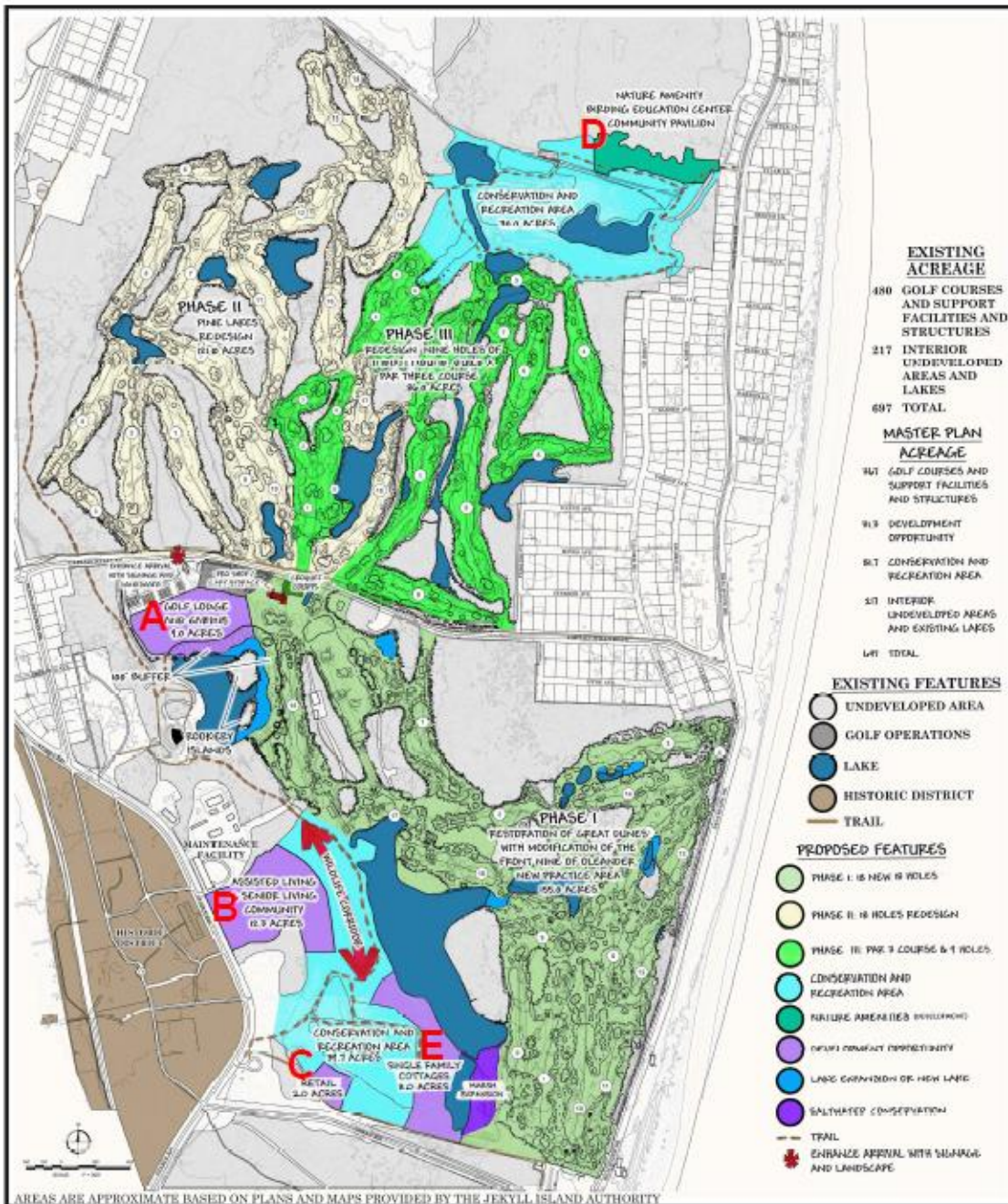
* for Lodge JIA would receive the greater of the ground lease amount or 3% of gross revenue, whichever is greater

**Ground lease rates shown are assumptions only and subject to future negotiation between JIA and development partners.

Source: BAG

- Based on the Option 2 development plan noted earlier, JIA could receive \$788,121 in annual revenue from the enhanced level of new development when all components are completed. This assumes all of the revenue sources noted above are pledged to the financing of the golf improvements.
- In ten years the projected annual rent and fees will be \$894,325, due to CPI increases in the base land rent, hotel/motel taxes, etc.(see: Appendix: Option 2: JIA Revenue from Development)

OPTION 3: POTENTIAL SURPLUS GOLF LAND DEVELOPMENT SITES



Option 3 contemplates development on four sites, three as identified in the draft master plan, sites A, B, C, with a new lakefront parcel E added, close to Shell Road on the southside of the golf facility. Under this option, while adding a parcel, a total of 29 acres would be developed, consistent with the overall acreage for development as recommended in the of the draft golf master plan. The inclusion of this development site would be help generate additional revenue to pay for the implementation of the proposed Vincent golf master plan.

OPTION 3: POTENTIAL DEVELOPMENT ON SURPLUS GOLF ACREAGE

Option 3: Development Potential on Surplus Golf Acreage					
Parcel	Development Type	Acres	Units/Rooms/SF	Value/Sale Price	Total Value
A	Lodge & Golf Cottages	3.5	60 hotel rooms	\$160,000	\$9,600,000
A		2.5	20 golf cottages	\$200,000	\$4,000,000
B	Assisted Living Phase I	6	60 units	\$175,000	\$10,500,000
B	Assisted Living Phase II	6	40 units	\$175,000	\$7,000,000
C	Retail	2	12,500 SF	\$200 (SF)	\$2,500,000
D	Nature Amenity	5			
E	Single Family Cottages	9	38 units	\$550,000	\$20,900,000
Total		29 plus 5 ac. Nat. Amenity			\$54,500,000

Source: BAG

Under Option 3: development would be permitted on a maximum 29 acres of the 34 total surplus golf acreage identified. This land could generate additional revenue to offset the cost of the golf renovation to JIA. The chief difference between Option 2 and Option 3 is the creation of Parcel E south of the golf facility near Shell Road. This site was identified as having potential for development single family cottages given its location. This development option would require the implementation of option A or B of the golf master plan.

Presented above is a potential development program for Option 3 by parcel—

- **Parcel A** would be developed as a lodge and golf cottages, it would also be the new home of the golf grille for use by golfers and their guests.
- **Parcel B** is targeted to be an assisted living community, likely in two phases.
- **Parcel C** would be developed as a small retail center.
- **Parcel D** would remain a nature amenity
- **Parcel E** could be developed as 38 single-family cottages on small lots, depending on the implementation of Option A or B of the golf master plan which would free-up the needed acreage for development.

OPTION 3: JIA REVENUE POTENTIAL OF DEVELOPMENT OPTIONS

Option 3: JIA Revenue Potential for Development on Surplus Golf Course Acreage*****

Parcels	Land Use	Acres	Units/ Rooms/SF	Total Value	Monthly Base Lease/Ac./Unit	Monthly Base Lease	Annual Base Lease	% Rent	Participation Fee *****	H/M Tax	Annual JIA Revenues	Initial Part. Fee
A	Lodge & Golf Cottages	3.5	60 hotel rms	\$ 9,600,000	\$ 2,666	\$ 9,331	\$ 111,972	3%*		\$ 106,763	\$ 218,735	
A		2.5	20 cottages	\$ 4,000,000	\$ 2,666	\$ 6,665	\$ 79,980	3%*		\$ 41,519	\$ 121,499	
B	Assisted Living Phs. I	6	60 units	\$ 10,500,000	\$ 2,666	\$ 15,996	\$ 191,952				\$ 191,952	
B	Assisted Living Phs. II	6	40 units	\$ 7,000,000	\$ 2,666	\$ 15,996	\$ 191,952				\$ 191,952	
C	Retail	2	12,500 SF	\$ 2,500,000	\$ 2,666	\$ 5,332	\$ 63,984				\$ 63,984	
D	Nature Amenity	5										
E	Single Family Cottages	9	38 units	\$ 20,900,000	\$44.58**	\$ 1,694	\$ 90,710	\$18,000***	\$ 22,000	\$ 15,000	\$ 145,710	\$ 418,000
Totals		34		\$ 54,500,000			\$ 730,550	\$ 18,000	\$ 22,000	\$ 163,281	\$ 933,832	\$ 418,000

* for Lodge JIA would receive the greater of the ground lease amount or 3% of gross revenue, whichever is greater

** Cottage owners pay ground rent of .4% of the value of their lot, plus ground rent of common areas (2.2 acres) at \$2,666/mo. (common area rents included in annual base lease amount.)

*** Cottage owners agree to pay a fee from unit rentals of 3% of gross revenue to JIA annually

****Cottage owners would agree to pay a participation fee of 2% of the value of their unit on initial sale and 1% based on the resale price of their unit.

*****Ground lease rates shown are assumptions only and subject to future negotiation between JIA and development partners.

Source: BAG

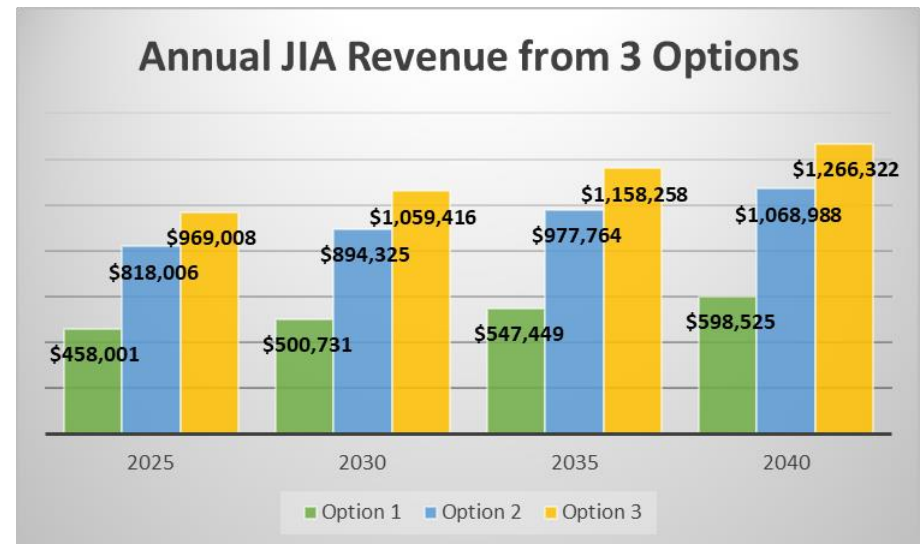
- In Option 3, a new Parcel E has been identified at the southern edge of golf master plan area for potential development of single-family cottages. The purpose of making this proposed change to the master plan is to increase potential revenues to JIA to pay for the proposed golf improvements, while maintaining an overall low level of development on 29 acres (with Parcel D remaining undeveloped as a nature amenity).
- Option 3 would have the potential to generate \$933,832 in revenue annually to JIA once completed. In ten years the annual revenue will grow to \$1,059,496 due to CPI increases in the base land rent, hotel/motel taxes, etc.(see: Appendix: Option 3: JIA Revenue from Development)

JIA REVENUES FROM THE THREE DEVELOPMENT OPTIONS

- From our analysis of the development parcels we concur with their location and projected land uses.
- However, Option 1 does not produce enough development to generate sufficient revenues to pay a substantial portion of the implementation costs.
- In Option 2 we are recommending a larger number of units at the lodge and the assisted living. This reflects the need for operational efficiencies in the development of these facilities and better supports JIA's revenue potential from development land.
- Option 3 proposes the addition of a modest sized single-family cottage development which would significantly increase the overall revenue from proposed development while limiting of development to 29 surplus golf acres, while more than doubling revenue to \$1,059,418 by 2030. Cottages are an established and successful development type on Jekyll island.

Annual JIA Revenues from New Development			
	Option 1 (Vincent Plan)	Option 2	Option 3
2025	\$ 458,001	\$ 818,006	\$ 969,008
2030	\$ 500,731	\$ 894,325	\$ 1,059,416
2035	\$ 547,449	\$ 977,764	\$ 1,158,258
2040	\$ 598,525	\$ 1,068,988	\$ 1,266,322

Source: BAG



DEVELOPMENT EXAMPLES

Lodge and Golf Cottage Concepts



DEVELOPMENT EXAMPLES

Assisted Living Community with Independent Living Units Concept



DEVELOPMENT EXAMPLES



Possible
Retail
Concepts



DEVELOPMENT EXAMPLES

Single Family Cottage Concepts





Direct and Indirect Revenue Impacts from Implementation of Golf Master Plan

DIRECT ECONOMIC IMPACTS FROM IMPLEMENTATION OF VINCENT GOLF MASTER PLAN

The implementation of the proposed Vincent golf master plan has the potential to generate additional revenues for JIA at completion through a combination of factors:

- 6,000 additional golf rounds at premium rates—chiefly from island hotel guests.
- 20,000 9-hole and Par 3 rounds, from the new appeal of the Par 3 option and renovated 9-hole course.
- Combined, these rounds will help generate additional:
 - Pro shop sales
 - Cart revenue
 - Range revenue
- **\$1.0 million in additional golf revenue annually.**

Additional Golf Revenues from Renovated Golf Facilities				
	Frequency	Rate	Annual Revenue	
Golf Revenue				
18 Hole Premium Revenue Rounds	6,000	\$ 50.00	\$	300,000
9 Hole/Par 3 Rounds Revenue**	20,000	\$ 20.00	\$	400,000
Additional Pro Shop Sales***	26,000	\$ 5.84	\$	151,840
Additional Cart Revenue***	14,000	\$ 9.02	\$	126,280
Additional Range Revenue***	26,000	\$ 1.20	\$	31,200
Total Additional Golf Revenue			\$	1,009,320

Source: *NGF Study

** Vincent Design/ BAG Estimates

***NGF Study rates per round

DIRECT AND INDIRECT CONSTRUCTION IMPACTS FROM JEKYLL GOLF RENOVATION

Direct, Indirect and Total Economic Impact from Jekyll Golf Renovation				
	Direct Impact	Multiplier	Indirect Impact	Total Impact
Construction				
Construction Value	\$ 18,601,726	1.4796	\$ 8,921,388	\$ 27,523,114

Source: U.S. Bureau of Economic Analysis RIMS II Input/Output Multipliers, Glynn County, GA, 2018

- The renovation of the Jekyll Island golf facilities as proposed in the draft golf master plan would have a direct construction impact of \$18.6 million over the construction period.
- This direct construction cost would generate an additional \$8.9 million in indirect spending in the Glynn County economy for goods and services required to support the construction.
- This would result in a total economic impact of \$27.5 million to Glynn County's economy from the renovation of the Jekyll Island golf facilities.

INDIRECT IMPACTS AND PUBLIC REVENUES FROM GOLF FACILITIES

Investment in the Jekyll golf facility will stimulate additional indirect spending on the island, and as a result, revenue for JIA, Glynn County and the State:

- Attracting an additional 5,000 golf-related room nights and more day visitors will generate \$2.2 million in indirect visitor spending on Jekyll.
- Assuming development Option 1, plus additional visitor parking passes and hotel/motel taxes, an additional \$670,078 in JIA revenues per year.
- Assuming Option 1, County property taxes and County and State sales taxes of \$305,235 annually.

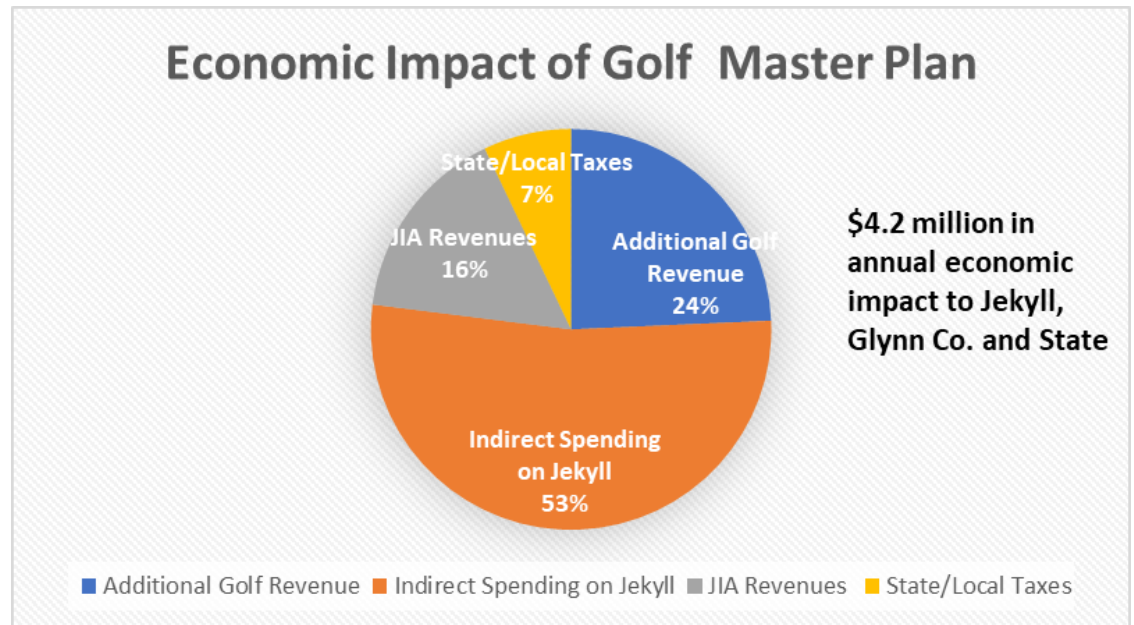
Indirect and Public Revenues from Renovated Golf Facilities				
	Frequency		Rate	Annual Revenue
Indirect Revenues				
Additonal Room Nights	5,000	\$	179.00	\$ 895,000
Additional Hotel Revenue			35%	\$ 313,250
Daily Expenditures by Guests	2,500	\$	109.87	\$ 274,675
Day Visitors	15,000	\$	46.95	\$ 704,250
Total Indirects				\$ 2,187,175
JIA Revenues				
Additonal Visitor Parking Passes	17,500	\$	8.00	\$ 140,000
Hotel/Motel Taxes	\$ 895,000		5%	\$ 44,750
Fees from Devel. Of Option 1	\$ 485,328			\$ 485,328
Total JIA Revenues				\$ 670,078
Local and State Taxes				
Property Taxes		Millage/Rate		
New Assessed Value	\$ 5,397,000		0.02102	\$ 113,445
Sales Taxes				
Local Sales Taxes (LOST, ESPLOST)	\$ 3,196,495		2%	\$ 63,930
GA State Sales Taxes	\$ 3,196,495		4%	\$ 127,860
Total State and Local Taxes				\$ 305,235

Source: UGA, Jekyll Island Economic Impact Study/BAG

OVERALL ECONOMIC IMPACT FROM PROPOSED VINCENT GOLF MASTER PLAN

Implementation of the Vincent Golf Master Plan will generate **\$4.2 million in annual economic impact to Jekyll:**

- 24% from additional golf revenues
- 53% in indirect spending on Jekyll
- 16% in additional revenues to JIA
- 7% in property and sales taxes



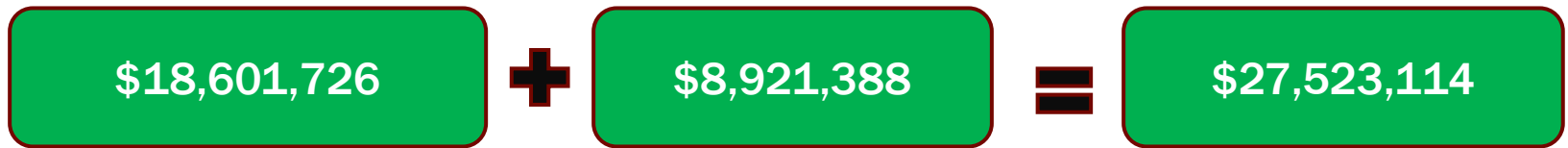
TOTAL ECONOMIC IMPACT OF GOLF COURSE RENOVATIONS TO JIA

Direct Impacts

Indirect Impacts

Total Economic Impacts

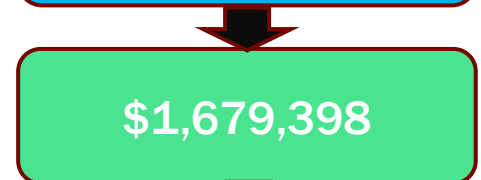
From Construction (one-time)



From Operations (annual)



Revenues to JIA:



State and Local Taxes:



JIA'S RETURN ON INVESTMENT IN GOLF COURSE RENOVATIONS

Return on Investment: JIA will receive an annual return on its investment in the golf course renovations:

- The “cash on cash” return on investment to JIA, in terms of revenues it receives, will be 9% annually.
- The return in terms of both revenues to JIA and other economic benefits will be 22% annually.

Payback Period: JIA will recoup its investment of \$18.6 million in renovation of the golf facilities overtime as follows:

- A “cash on cash” payback of costs in additional revenues to JIA in 11 years.
- A payback of cost in terms of the overall economic return to JIA from a combination of direct revenues and other direct and indirect economic effects in 4.5 years.

JIA Return on Golf Renovation Investment			
		Annual Return On Investment	Payback Period
JIA Renovation Cost	\$ 18,601,726		
JIA Annual Revenues	\$ 1,679,398	9%	11 years
Jekyll Economic Impacts	\$ 4,171,808	22%	4.5 years



Financing Options for Implementation of Golf Master Plan

FINANCING OPTIONS FOR IMPLEMENTING PROPOSED VINCENT GOLF MASTER PLAN

- Assuming a total cost of \$15.0-\$18.6 million for the renovation of the golf facilities in accordance with the golf master plan.
- **State Bond Financing:** JIA secures long term bond financing from the State of Georgia for implementation:
 - At 4% annual interest on \$18.6 million, the annual debt service on the loan for various terms would be:
 - 10-year annual payment of \$2.28 million
 - 15-year annual payment of \$1.67 million
 - 20-year annual payment of \$1.36 million
 - JIA dedicates the revenue from the development on surplus golf acreage would generate the revenues in this exhibit, assuming either Option 1, 2 or 3 is selected for development of the surplus golf acreage.
 - **Option 1** which follows the draft golf master plan, would cover between 34% to 43% of the 20-year debt service to finance the golf improvements.
 - **Option 2** would cover between 60% and 79% of debt service.
 - **Option 3** would cover between 71% and 93% of debt service.

Annual JIA Revenues from New Development			
	Option 1 (Vincent Plan)	Option 2	Option 3
2025	\$ 458,001	\$ 818,006	\$ 969,008
2030	\$ 500,731	\$ 894,325	\$ 1,059,416
2035	\$ 547,449	\$ 977,764	\$ 1,158,258
2040	\$ 598,525	\$ 1,068,988	\$ 1,266,322

Source: BAG

OTHER POTENTIAL FINANCING SOURCES TO CLOSE THE GAP

Other potential sources of funds for repayment could include:

- **Allocation of a portion of existing Tourism Development Fund**—JIA could commit additional funding from the Tourism Development fund on the island, say \$200,000 per year for a ten-year period.
- **Impose a dedicated golf renovation surcharge**—Another financing option would be to charge future golfers a user fee of say, \$5 per round which would be dedicated to cover future debt service. This user charge could vary by type of golfer and included in the daily fee and membership dues. An average \$5 fee per round could generate up to \$300,000 annually.
- **Create Community Improvement District (CID)**—Georgia law permits the creation of a special purpose taxing mechanism known as a Community Improvement District for investment in an area. It would apply to all commercial properties on the Island and be formed by JIA and approved by commercial property owners with authorization by Glynn County. A CID which charged 5 mills could generate approximately \$220,000 annually, based on the current commercial assessed value on the Island.
- **Identify State and Foundation Funding Support for Restoration and Conservation Costs**--Pay for some or all of restoration costs of conservation/recreation land from other sources, grants, etc., thereby lowering the amount needed to borrow from the State.

Appendix



APPENDIX A: OPTION 1: PROJECTED JIA REVENUES FROM DEVELOPMENT, 2021-2040

Option 1: Projected JIA Revenue from Potential Development on Surplus Golf Course Acreage, 2021-2040*

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
JIA Land Leases										
Lodge	\$ -	\$ -	\$ 79,980	\$ 81,420	\$ 82,885	\$ 84,377	\$ 85,896	\$ 87,442	\$ 89,016	\$ 90,618
Assisted	\$ -	\$ 191,952	\$ 195,407	\$ 198,924	\$ 202,505	\$ 206,150	\$ 209,861	\$ 213,638	\$ 217,484	\$ 221,399
Retail	\$ -	\$ 63,984	\$ 65,136	\$ 66,308	\$ 67,502	\$ 68,717	\$ 69,954	\$ 71,213	\$ 72,495	\$ 73,800
Hotel Motel Taxes	\$ -	\$ -	\$ 101,424	\$ 103,250	\$ 105,109	\$ 107,000	\$ 108,926	\$ 110,887	\$ 112,883	\$ 114,915
Other Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Total	\$ -	\$ 255,936	\$ 441,947	\$ 449,902	\$ 458,001	\$ 466,245	\$ 474,637	\$ 483,180	\$ 491,878	\$ 500,731

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
JIA Land Leases										
Lodge	\$ 92,249	\$ 93,910	\$ 95,600	\$ 97,321	\$ 99,073	\$ 100,856	\$ 102,672	\$ 104,520	\$ 106,401	\$ 108,316
Assisted	\$ 225,384	\$ 229,441	\$ 233,571	\$ 237,775	\$ 242,055	\$ 246,412	\$ 250,847	\$ 255,362	\$ 259,959	\$ 264,638
Retail	\$ 75,128	\$ 76,480	\$ 77,857	\$ 79,258	\$ 80,685	\$ 82,137	\$ 83,616	\$ 85,121	\$ 86,653	\$ 88,213
Hotel Motel Taxes	\$ 116,983	\$ 119,089	\$ 121,233	\$ 123,415	\$ 125,636	\$ 127,898	\$ 130,200	\$ 132,544	\$ 134,929	\$ 137,358
Other Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Total	\$ 509,745	\$ 518,920	\$ 528,261	\$ 537,769	\$ 547,449	\$ 557,303	\$ 567,335	\$ 577,547	\$ 587,943	\$ 598,525

Assuming 1.8% Annual CPI over period

Source: BAG

APPENDIX A: OPTION 2: PROJECTED JIA REVENUE FROM DEVELOPMENT, 2021-2040

Option 2: Projected JIA Revenue from Potential Development on Surplus Golf Course Acreage, 2021-2040*

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
JIA Land Leases										
Lodge	\$ -	\$ -	\$ 191,952	\$ 195,407	\$ 198,924	\$ 202,505	\$ 206,150	\$ 209,861	\$ 213,638	\$ 217,484
Assisted I	\$ -	\$ 191,952	\$ 195,407	\$ 198,924	\$ 202,505	\$ 206,150	\$ 209,861	\$ 213,638	\$ 217,484	\$ 221,399
Assisted II	\$ -	\$ -	\$ -	\$ 191,952	\$ 195,407	\$ 198,924	\$ 202,505	\$ 206,150	\$ 209,861	\$ 213,638
Retail	\$ -	\$ 63,984	\$ 65,136	\$ 66,308	\$ 67,502	\$ 68,717	\$ 69,954	\$ 71,213	\$ 72,495	\$ 73,800
Hotel Motel Taxes	\$ -	\$ -	\$ 148,281	\$ 150,950	\$ 153,667	\$ 156,433	\$ 159,249	\$ 162,115	\$ 165,034	\$ 168,004
Other Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Total	\$ -	\$ 255,936	\$ 600,776	\$ 803,542	\$ 818,006	\$ 832,730	\$ 847,719	\$ 862,978	\$ 878,511	\$ 894,325

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
JIA Land Leases										
Lodge	\$ 221,399	\$ 225,384	\$ 229,441	\$ 233,571	\$ 237,775	\$ 242,055	\$ 246,412	\$ 250,847	\$ 255,362	\$ 259,959
Assisted I	\$ 225,384	\$ 229,441	\$ 233,571	\$ 237,775	\$ 242,055	\$ 246,412	\$ 250,847	\$ 255,362	\$ 259,959	\$ 264,638
Assisted II	\$ 217,484	\$ 221,399	\$ 225,384	\$ 229,441	\$ 233,571	\$ 237,775	\$ 242,055	\$ 246,412	\$ 250,847	\$ 255,362
Retail	\$ 75,128	\$ 76,480	\$ 77,857	\$ 79,258	\$ 80,685	\$ 82,137	\$ 83,616	\$ 85,121	\$ 86,653	\$ 88,213
Hotel Motel Taxes	\$ 171,028	\$ 174,107	\$ 177,241	\$ 180,431	\$ 183,679	\$ 186,985	\$ 190,351	\$ 193,777	\$ 197,265	\$ 200,816
Other Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Total	\$ 910,422	\$ 926,810	\$ 943,493	\$ 960,475	\$ 977,764	\$ 995,364	\$ 1,013,280	\$ 1,031,519	\$ 1,050,087	\$ 1,068,988

Assuming 1.8% Annual CPI over period

Source: BAG

APPENDIX A: OPTION 3: PROJECTED JIA REVENUE FROM DEVELOPMENT 2021-2040

Option 3: Projected JIA Revenue from Potential Development on Surplus Golf Course Acreage, 2021-2040*

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
JIA Land Leases										
Lodge	\$ -	\$ -	\$ 191,952	\$ 195,407	\$ 198,924	\$ 202,505	\$ 206,150	\$ 209,861	\$ 213,638	\$ 217,484
Assisted I	\$ -	\$ 191,952	\$ 195,407	\$ 198,924	\$ 202,505	\$ 206,150	\$ 209,861	\$ 213,638	\$ 217,484	\$ 221,399
Assisted II	\$ -	\$ -	\$ -	\$ 191,952	\$ 195,407	\$ 198,924	\$ 202,505	\$ 206,150	\$ 209,861	\$ 213,638
Retail	\$ -	\$ 63,984	\$ 65,136	\$ 66,308	\$ 67,502	\$ 68,717	\$ 69,954	\$ 71,213	\$ 72,495	\$ 73,800
Cottages	\$ -	\$ -	\$ 90,710	\$ 92,343	\$ 94,005	\$ 95,697	\$ 97,420	\$ 99,173	\$ 100,958	\$ 102,776
Hotel Motel Taxes	\$ -	\$ -	\$ 163,281	\$ 166,220	\$ 169,212	\$ 172,258	\$ 175,358	\$ 178,515	\$ 181,728	\$ 184,999
Other Fees	\$ -	\$ -	\$ 40,000	\$ 40,720	\$ 41,453	\$ 42,199	\$ 42,959	\$ 43,732	\$ 44,519	\$ 45,320
Annual Total	\$ -	\$ 255,936	\$ 746,486	\$ 951,875	\$ 969,008	\$ 986,450	\$ 1,004,207	\$ 1,022,282	\$ 1,040,683	\$ 1,059,416

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
JIA Land Leases										
Lodge	\$ 221,399	\$ 225,384	\$ 229,441	\$ 233,571	\$ 237,775	\$ 242,055	\$ 246,412	\$ 250,847	\$ 255,362	\$ 259,959
Assisted I	\$ 225,384	\$ 229,441	\$ 233,571	\$ 237,775	\$ 242,055	\$ 246,412	\$ 250,847	\$ 255,362	\$ 259,959	\$ 264,638
Assisted II	\$ 217,484	\$ 221,399	\$ 225,384	\$ 229,441	\$ 233,571	\$ 237,775	\$ 242,055	\$ 246,412	\$ 250,847	\$ 255,362
Retail	\$ 75,128	\$ 76,480	\$ 77,857	\$ 79,258	\$ 80,685	\$ 82,137	\$ 83,616	\$ 85,121	\$ 86,653	\$ 88,213
Cottages	\$ 104,625	\$ 106,509	\$ 108,426	\$ 110,378	\$ 112,364	\$ 114,387	\$ 116,446	\$ 118,542	\$ 120,676	\$ 122,848
Hotel Motel Taxes	\$ 188,329	\$ 191,719	\$ 195,170	\$ 198,683	\$ 202,260	\$ 205,900	\$ 209,606	\$ 213,379	\$ 217,220	\$ 221,130
Other Fees	\$ 46,136	\$ 46,967	\$ 47,812	\$ 48,673	\$ 49,549	\$ 50,441	\$ 51,349	\$ 52,273	\$ 53,214	\$ 54,172
Annual Total	\$ 1,078,485	\$ 1,097,898	\$ 1,117,660	\$ 1,137,778	\$ 1,158,258	\$ 1,179,107	\$ 1,200,331	\$ 1,221,936	\$ 1,243,931	\$ 1,266,322

Assuming 1.8% Annual CPI over period

Source: BAG

Prepared by:



BleaklyAdvisoryGroup

Since our founding in 2001, we have been focused on helping our clients understand how market and economic forces impact their development vision. Our advice is grounded in more than 25 years of experience in both consulting and implementation. As a result, we understand what it takes to make a development project a reality. Our clients include developers, land owners, investors, corporations, institutions, development corporations, public authorities and governments.

- Bleakly Advisory Group takes pride in providing our clients insightful, objective analyses based on a thorough understanding of market trends and their financial implications.
- Our analysis is rooted in the knowledge gained from completing assignments throughout Georgia and the southeast.
- We are a trusted advisor to our clients and are determined to go the extra mile in helping them achieve their objectives. Over 1/2 of our assignments are from returning clients who learned the value of our expertise.



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