

Jackson Flat Golf Course  
Kanab, Kane County, Utah  
Z. GORDON DAVIDSON & ASSOCIATES, INC.

## Market & Financial Impact Analysis

### Prepared for:

Michael Noel  
Executive Director  
Kane County Water Conservancy District  
JACKSON FLAT GOLF COURSE  
725 E. Kaneplex Drive  
Kanab, UT 84741

GOLF & RESORT PROPERTIES

April 19, 2021

Michael Noel  
Executive Director  
Kane County Water Conservancy District  
JACKSON FLAT GOLF COURSE  
725 E. Kaneplex Drive  
Kanab, UT 84741

RE: Jackson Flat Golf Course  
Kanab, Kane County, Utah

Dear Mr. Michael Noel:

At your request and authorization, Z. GORDON DAVIDSON & ASSOCIATES, INC. has prepared a Market & Financial Impact Analysis of the referenced property. As will be discussed, the purpose of this report is to provide a golf market and demographic analysis including a financial pro forma for the proposed 18-hole Golf Course and supporting amenities.

The subject is a proposed 18-hole Daily Fee/Public Course facility. The design will be by David McLay Kidd, forecast to begin construction in 2021 with golf course, driving range, and practice putting green. The project vision is a full-service, year-round destination providing a diverse array of meaningful experiences for people of all ages, backgrounds, skills, and recreational interests. The subject property is situated on approximately 200.00-acre site in Kanab, Kane County, Utah. A master plan should include ancillary improvements including snack bar, cart storage and maintenance facility, practice range and putting green.

Data, information, and calculations leading to the findings and conclusions are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

Certain information included in this report contains projected estimates and statements on expected future events. No warranty or representation is made by Z. Gordon Davidson & Associates, Inc. that any of the projected values or results contained in this study will actually be achieved.

Although we believe that the expectations in this report are reasonable, any and all the estimates or projections in this report may prove incorrect. To the extent possible, we have attempted to verify and confirm estimates and assumptions in this analysis. However, some assumptions inevitably will not materialize as a result of inaccurate assumptions or as a consequence of known or unknown risks and uncertainties and unanticipated events and circumstances, which may occur. Consequently, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material. As such, Z. Gordon Davidson & Associates, Inc. accepts no liability in relation to the estimates provided herein.

The report is qualified in its entirety by, and should be considered in light of, these limitations, conditions, and considerations.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if Z. Gordon Davidson & Associates, Inc. can be of further service, please contact us.

Respectfully submitted,

**Z. GORDON DAVIDSON & ASSOCIATES, INC.  
GOLF & RESORT PROPERTIES**



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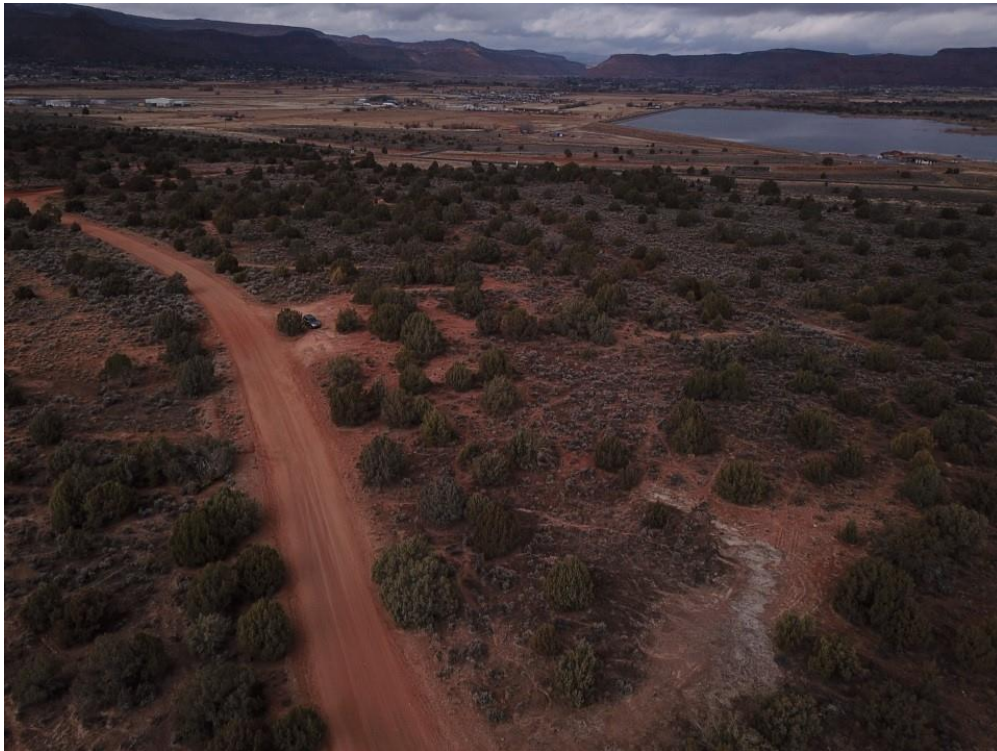
**TYPICAL VIEW OF THE SUBJECT**



**TYPICAL VIEW OF THE SUBJECT**



**TYPICAL VIEW OF THE SUBJECT**



**TYPICAL VIEW OF THE SUBJECT PROPERTY**



**TYPICAL VIEW OF THE SUBJECT**



**VIEW OF KANAB CENTER**



**VIEW OF THE NEIGHBORING HOTEL LODGING**



**VIEW OF THE NEIGHBORING HOTEL LODGING**

**EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS**

We have attempted to estimate the market demand for the subject property based on information obtained from other golf courses in the market area (historical performance) and from information regarding population and job growth (future projections) that is formulated by others and is essentially what *might* occur. Furthermore, we have employed this data to estimate market demand using formulas established to be reasonably reliable in the past, but that may not necessarily be appropriate for the subject property market as of the future date.

The subject property is a proposed development and therefore extraordinary assumptions & hypothetical conditions were required to develop the conclusions and an opinion of the project. The assumptions are listed within the report. The site specific data was provided by the client and market data provided by golf industry professionals that are assumed as reliable and accurate.

I have assumed a competent and professional management company will manage the operations of the facility and will market it effectively.



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ADDENDA

A GLOSSARY OF GOLF PROPERTY TERMS

## INTRODUCTION

### TERMS AND DEFINITIONS

The Glossary of Terms in the Addenda provides definitions for terms that are used and may be used in this report.

**Daily Fee Facilities** – A daily fee facility is a golf course where the owner of the real estate allows public use of the property, charging a “green fee” for each round or play. Included in the category are municipal courses, for which the owner is a public agency.

**Private Clubs** – A private club is a golf course that restricts the use of its facility to specific individuals called “members.” A private club may be either an equity or non-equity club.

**Equity Clubs** – In an equity club (also known as a proprietary club), the club members own the real estate. More specifically, the real estate is typically owned by a legal entity such as a corporation (the club), which in turn is owned by the shareholders (the members). In other words, the members own the club, and the club owns the real estate.

Members (owners) enjoy certain rights, privileges, and obligations specified in the bylaws, which typically include the right to use the golf facility. As owner-occupied properties, equity clubs are typically not operated for profit, for any profit would only be pocket-to-pocket from the owner to itself.

**Non-equity Clubs** – The other private club structure is non-equity (also known as non-proprietary club), in which members do not own the real estate. Instead, another party owns (leases or otherwise controls) the real estate, and grants certain rights to its use to others who wish to become members under the terms of a membership agreement or similar document.

Such rights to use are often considered licenses, effectively a rental agreement, with the owner (lessor/licensor) granting use to the individual members (lessees/licensees) in exchange for entry fees and monthly dues (rent, both prepaid and monthly). They are typically operated for profit. Like equity clubs, these are typically private and exclude public use.

As mentioned earlier, the subject is a daily fee/public golf course.

### INTENDED USE AND USER OF REPORT

This report is to be used by the client for internal-decision making purposes.

### SCOPE OF THE ASSIGNMENT

#### Extent to Which the Project is Identified

Z. GORDON DAVIDSON & ASSOCIATES, INC. will collect the relevant physical characteristics about the subject via a physical identification and inspection of the subject property. Review preliminary plans

and routing of golf course and footprint of the proposed clubhouse amenities. The physical property will be legally identified through its postal address, assessor's records, the provided legal description, and the provided title report. Economic characteristics of the subject will be identified via an analysis of the surrounding market.

### **Extent to Which the Project is Inspected**

Z. GORDON DAVIDSON & ASSOCIATES, INC. will conduct a physical inspection of the subject property, as well as its surrounding environs on the date of scheduled inspection. Conduct a local and regional golf and resort market analysis of comparable golf destinations similar to the proposed project.

### **Type and Extent of the Data Researched**

Z. GORDON DAVIDSON & ASSOCIATES, INC. will physically inspect the micro and/or macro market environments with respect to physical and economic factors relevant to the analysis process. Research demographics of the population, age, household income, and ethnicity in the draw area. This knowledge will be expanded through interviews with regional and/or local market participants, available published data, and other various resources. Z. GORDON DAVIDSON & ASSOCIATES, INC. will also conduct regional and/or local research with respect to income and expense data, lodging, and comparable golf course performances, and the conclusion of the data and analysis will be included within the report.

### **Type and Extent of Analysis Applied**

Z. GORDON DAVIDSON & ASSOCIATES, INC. will analyze the data gathered using appropriate and accepted golf & resort industry methodology to arrive at a summary conclusion of the current golf & resort market conditions. Z. GORDON DAVIDSON & ASSOCIATES, INC. will then correlate and reconcile the results into a reasonable summary of findings and provide a hypothetical financial pro forma for the proposed 18-hole golf course, and supporting clubhouse amenities.

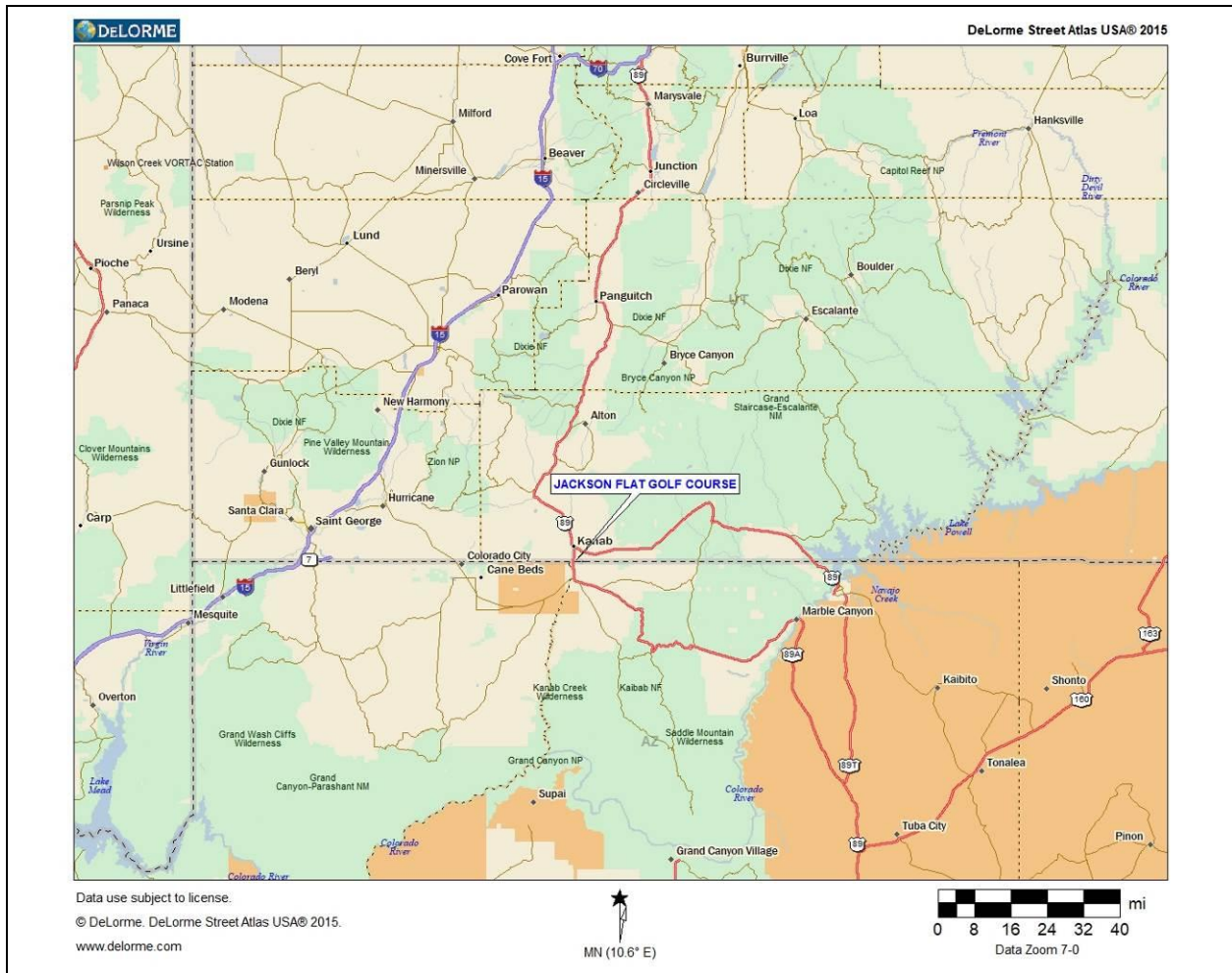
The scope of the assignment is to inspect the subject property, conduct and investigation of market data, and prepare a written report. In order to complete the assignment, the following steps must be taken to provide for a proper analysis of the subject property.

- Inspect and describe the subject property, including land, and characteristics.
- Inspect and describe its neighborhood, urban and area location.
- Gather and analyze data for general community characteristics, local and area population growth and trends, housing characteristics, income trends, employment characteristics, and other demographic data for the surrounding community and general market area of the subject golf course.
- Gather and analyze data for the proposed operation of the subject golf course.
- Utilizing accepted practices, analyze and project the future operating characteristics of the subject property by the golf market conditions and economic performance.
- The final step is a review of all data and analysis taken to determine a final conclusion and findings and produce a written final document setting forth our conclusions.

*Assumptions and Standard Limiting Conditions*

1. The legal description furnished to the consultant is assumed to be correct.
2. The consultant assumes no responsibility for legal matters.
3. Report exhibits are only visual aids. All sizes indicated for land and proposed improvements are from indicated sources and assumed to be correct.
4. Unless otherwise noted herein, it is assumed there are no detrimental easements, encumbrances, encroachments, liens, zoning violations, building code violations, or environmental violations, etc. affecting the subject property.
5. Information, estimates, and opinions furnished to the consultant are obtained from sources considered reliable; however, no liability for their accuracy can be assumed by the consultant.
6. It is assumed that there are no hidden or unapparent conditions, including contamination, in the land or improvements that render the property more or less developable or that would reduce its utility, and development potential. All existing improvements are assumed to be structurally sound unless otherwise noted. No responsibility is assumed for hidden or undisclosed conditions or for arranging for engineering studies that may be required to discover any defects or uniquely favorable conditions.
7. Responsible ownership and competent management are assumed.
8. The consultant is not required to give testimony or appear in court, or at public hearings, or at any special meeting or hearing with reference to the property appraised herein by reason of preparation of this report, unless arrangements have been made prior to preparation of this report.
9. Property financial impacts are influenced by a large number of external factors. The information contained in the report comprises the pertinent data considered necessary to support the economic performance estimate. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors, which might influence the economic estimates or forecasts of the subject property.

AREA ANALYSIS



The Area information provided for the City of Kanab, Kane County and surrounding designated market area was gathered from the US Census data, ESRI market profile prepared for Z. Gordon Davidson & Associates, Inc. for a 60-minute, 120-minute and 150-minute drive radius of the proposed Jackson Flat Golf Course, and various sources noted in the following summary.

**Area Demographic Analysis**

**Lifestyle Segments for Westport Area**

The demographics and analytics firm ESRI has created a number of psychographic profiles, or “tapestries,” which are used to better understand a place’s population. These tapestries combine demographic information with consumer purchasing and other proprietary data sources to present a fuller picture of the attitudes, interests, opinions, and lifestyles of a community. Commercial retail developers, in particular, are interested in understanding a community’s lifestyle segment, as this is an indication of

the residents' propensity to spend across select retail categories. Residential developers are also interested in understanding this profile as it tends to suggest preferences for certain housing products.

The following ESRI descriptions explain in brief detail characteristics that define each of The Great Outdoors and Middleburg tapestries. The research of the immediate area describes and explains in brief detail characteristics that define each of the top lifestyles in a 150-minute drive from the subject property as The Great Outdoors and next most common segment is Middleburg.

**THE GREAT OUTDOORS:** These neighborhoods are found in pastoral settings throughout the United States. Consumers are educated empty nesters living an active but modest lifestyle. Their focus is land. They are more likely to invest in real estate or a vacation home than stocks. They are active gardeners and partial to homegrown and home-cooked meals. Although retirement beckons, most of these residents still work, with incomes slightly above the US level.

Neighborhoods shows over 55% of households are married-couple families; 36% are couples with no children living at home. Average household size is slightly smaller at 2.44. Typical of areas with rustic appeal, the housing inventory features single-family homes and mobile homes a significant inventory of seasonal housing is available. Residents live in small towns and rural communities throughout the West, South, and Northeast regions of the country. More than half of all homes were constructed between 1970 and 2000. Most households have one or two vehicles; average travel time to work is slightly higher (28 minutes) despite a disproportionate number that work from home and increasing more in 2021.

**SOCIOECONOMIC TRAITS** of this segment shows typically 60% have attended college or hold a degree. Unemployment is lower at 4.8%, but so is labor force participation at 60%. Typical of neighborhoods with older residents, income from retirement and Social Security is common, but residents also derive income from self-employment and investments. Residents are very do-it-yourself oriented and cost conscious. Many service their own autos, work on home improvement and remodeling projects, and maintain their own yards. They prefer domestic travel to trips abroad.

**MIDDLEBURG:** These neighborhoods transformed from the easy pace of country living to semirural subdivisions in the last decade, when the housing boom reached out. Residents are conservative, family-oriented consumers. Still more country than rock and roll, they are thrifty but willing to carry some debt and are already investing in their futures. They rely on their smartphones and mobile devices to stay in touch and pride themselves on their expertise. They prefer to buy American and travel in the US. This market is younger but growing in size and assets.

Neighborhoods are semirural locales within metropolitan areas. Neighborhoods changed rapidly in the previous decade with the addition of new single-family homes. Include a number of mobile homes Affordable housing, median value of \$175,000 with a low vacancy rate. Young couples, many with children; average household size is 2.75.

SOCIOECONOMIC TRAITS show that 65% of this segment have a high school diploma or some college. Unemployment rate lower at 4.7%. Labor force participation typical of a younger population at 66.7%. Traditional values are the norm here—faith, country, and family. Prefer to buy American and for a good price. Comfortable with the latest in technology, for convenience with online bank and for entertainment.

**2020 Consumer Spending**

The demographic survey of the immediate area of the subject property in relation to consumer spending within the groups identified within this designated market area are shown in the summary chart below:

| MARKET PROFILE - CONSUMER SPENDING 2020                     |                  |                   |                   |
|---|------------------|-------------------|-------------------|
| <i>Market Segment</i>                                       | <b>60-minute</b> | <b>120-minute</b> | <b>150-minute</b> |
| Entertainment/Recreation: Average Spent \$                  | \$2,464.32       | \$2,702.04        | \$2,688.40        |
| Food Away from Home: Average Spent \$                       | \$4,089.27       | \$3,101.11        | \$3,070.79        |
| Travel: Average Spent \$                                    | \$1,797.04       | \$1,982.18        | \$1,968.04        |
| Education: Average Spent \$                                 | \$1,197.32       | \$1,332.28        | \$1,310.34        |
| Health Care: Average Spent \$                               | \$4,533.83       | \$4,928.80        | \$4,922.41        |
| Shelter(Mortgage, Non-Mortgage & Renters): Average Spent \$ | \$14,105.84      | \$15,451.66       | \$15,275.27       |
| HH Furnishings & Equipment: Average Spent \$                | \$1,663.58       | \$1,818.82        | \$1,804.57        |
| Apparel & Services: Average Spent \$                        | \$1,586.75       | \$1,746.49        | \$1,727.42        |

Source: ESRI forecast for 2020 from US Census Bureau, Census 2010 Summary

**Area Employment**

The chart below shows the concentrations of workers by industry for the designated draw for the subject property, 60-minute, 120-minute, and 150-minute drive radius.

| <b>EMPLOYMENT BY INDUSTRY - JACKSON FLAT GOLF COURSE - KANAB, UT</b> |                       |                        |                        |
|--|-----------------------|------------------------|------------------------|
| Occupation   | Radius 60.0<br>Minute | Radius 120.0<br>Minute | Radius 150.0<br>Minute |
| Agriculture/Forestry/Fishing/Mining                                  | 2.40%                 | 1.20%                  | 1.70%                  |
| Construction   | 18.00%                | 10.10%                 | 10.10%                 |
| Total Manufacturing  | 8.20%                 | 6.40%                  | 6.20%                  |
| Wholesale Trade  | 1.20%                 | 2.10%                  | 2.10%                  |
| Retail Trade   | 11.00%                | 13.50%                 | 13.20%                 |
| Transportation/Utilities   | 5.70%                 | 4.70%                  | 4.90%                  |
| Information  | 0.20%                 | 1.50%                  | 1.50%                  |
| Finance/Insurance/Real Estate  | 5.00%                 | 5.50%                  | 5.40%                  |
| Services   | 41.00%                | 50.50%                 | 50.30%                 |
| Public Administration  | 7.30%                 | 4.50%                  | 4.60%                  |

Source: ESRI February 2021 Prepared for Z. Gordon Davidson & Assoc. Inc

According to research, the top three employment categories for Kanab region are services, construction, and retail trade. These three categories make up approximately 74 percent of all full-time jobs in the region of Kanab, Kane County.

### **Kanab Residential Market**

A survey of the housing units in the region of the subject property indicated that approximately 43% to 56% were owner occupied and the renter occupied housing units ranged from approximately 21% to 27% within 120 minutes of the property, with the lower renter occupied housing units outside the 120-minute drive radius. The vacant housing was highest in within the 60- minute drive radius, approximately 30%, with the lower percentage of vacant housing in the outer limits of the drive radius.

| <b>MARKET PROFILE - HOUSING UNIT SUMMARY</b>                                     |                  |                   |                   |
|--|------------------|-------------------|-------------------|
|  | <b>60-minute</b> | <b>120-minute</b> | <b>150-minute</b> |
| <b><i>2020 Housing Units</i></b>   | 7,312            | 123,422           | 141,099           |
| Owner Occupied Housing Units   | 43.4%            | 55.8%             | 56.4%             |
| Renter Occupied Housing Units  | 26.5%            | 20.9%             | 20.3%             |
| Vacant Housing Units   | 30.2%            | 23.3%             | 23.3%             |
| <b>Source: ESRI forecast for 2020 from US Census Bureau, Census 2010 Summary</b> |                  |                   |                   |

The average home value in the 60-minute to 150-minute drive radius ranged from approximately \$268,336 to \$336,093. Approximately 53.0% of the owner-occupied homes were in the \$300,000 to \$999,000 range within a 60-minute drive radius.





### **Neighborhood Analysis**

Kanab, UT is located in Kane County in the southwestern section of Utah. Kanab is surrounded by a variety of western geologic scenery ranging from coral pink cliffs and sand dunes, volcanic craters and lava flows to deep canyons, majestic mountains and plains. The area has a draw for tourist with the natural beauty and travel friendly weather of the Kanab. Kanab is in close proximity and good location for visitors traveling to Zion, Bryce and Grand Canyon National Parks, Grand Staircase/Escalante National Monument and Lake Powell NRA (National Recreational Area).

### **History**

The Kanab, Utah tourism site provides an overview of the City and the early beginnings; Named for a Paiute word meaning "place of the willows," Kanab was settled in 1864 when Fort Kanab was built on the east bank of Kanab Creek for defense against the Indians and as a base for the exploration of the area. Indian attacks forced the abandonment of the fort in 1866. In 1870, ten Mormon families moved into the fort and began to establish the present town. That same year Brigham Young, Prophet and President of the Mormon church, visited the area twice, making suggestions and supervising the town planning.

For many years Kanab was one of the most isolated cities in the nation. It was cut off from the east by the Colorado River and could only be reached with difficulty by rough dirt roads stretching over the rough terrain of the Arizona Strip west toward Las Vegas, NV. A twenty three mile journey north to Orderville, UT took nearly four days. Perhaps this isolation is why Zane Gray lived in the town while writing his *Riders of the Purple Sage* in 1912. Today, Kanab is a scenic tourist town with a friendly western spirit where tens of thousands of tourists stop to enjoy the "Old West" quality of life each year. The history in Kanab comes alive in the architecture of the old homes and buildings of the community Kanab, Utah is classic American West, surrounded by towering Navajo sandstone cliffs and vistas of sagebrush. This scenery has lured filmmakers to Kanab for nearly 80 years. Abandoned film sets near town have become tourist attractions. The buildings all over town have plenty of movie posters and autographed photos to support Kanab's self-proclaimed title, "Little Hollywood." It is also a great basecamp for road cycling adventures.”

Kanab is situated in the area known as the "Grand Circle", which is located among Vermilion Cliffs National Monument, Bryce Canyon National Park, the Grand Canyon (North Rim), Zion National Park, Pipe Spring National Monument, Monument Valley Navajo Tribal Park and Lake Powell. Other area draws for recreational tourism include Grand Staircase-Escalante National Monument, Coral Pink Sand Dunes State Park, the privately owned Moqui Cave, and the largest animal sanctuary in the United States, Best Friends Animal Society.

Approximately 200± miles from Kanab via Highway 89 is the Grand Canyon. The number of recreational visitors to the Grand Canyon National Park (GCNP) in the U.S. reached a total of 5.97 million in 2019. This value reduced to 2.9 million in 2020 due to the impact of the COVID-19 containment measures. The number of visitors has increased by about 2 million people per year in the last seven years. Discussions and plans within the park and surrounding cities have begun to implement better infrastructure for the increase in tourism with conservation and climate change action plans in mind.

Northwest of Kanab via Highway 89 and State Route 9, within 50± miles from Kanab is the Zion National Park Visitors Center - The number of visitors to Zion National Park has been increasing in recent years. In 2019, the park saw an increase in the number of visitors with 4.49 million visitors, compared to previous year's 4.32 million however this was again reduced in 2020 to 3.59 million as a result of the impact of the COVID-19 containment measures.

Glen Canyon National Recreation Area has become an international destination, which *provides for public outdoor recreation use and enjoyment of Lake Powell and lands adjacent thereto in the States of Arizona and Utah and to preserve the scenic, scientific, and historic features contributing to the public enjoyment of the area...* National Park Service for the Interior Department, reported that in 2020 over 2.5 million recreation visitors (2,553,392) traveled Highway 89 to visit the park. The construction of Glen Canyon Dam gave rise to Lake Powell, and more than 10 years after the Colorado River backfilled behind the 710-foot-high dam, Glen Canyon National Recreation Area was built. The reservoir stretches 186 miles upstream, and has 2,000 miles of shoreline, providing some of the best water-based recreation in the Southwest.

AREA PHOTOGRAPHS



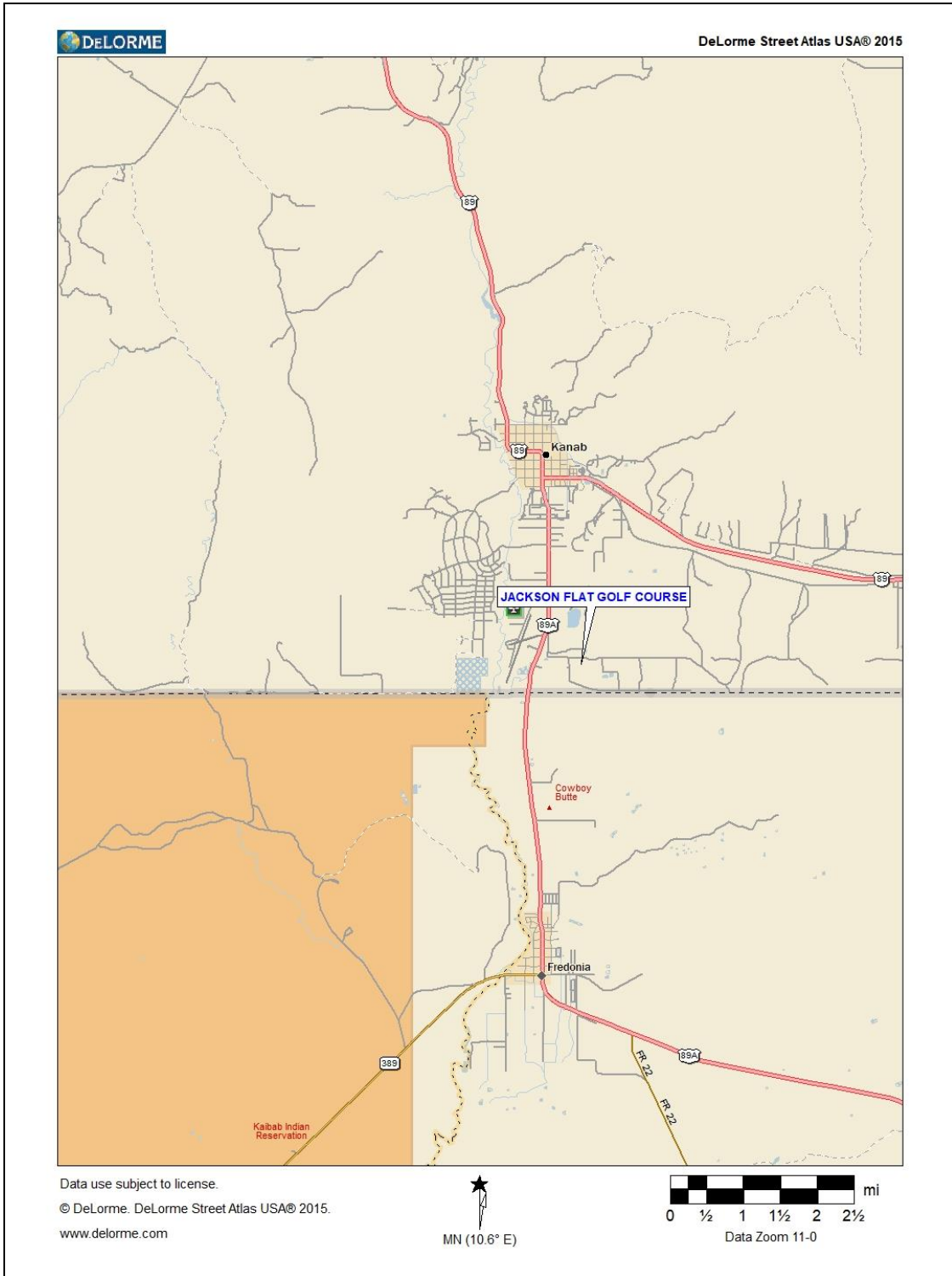
SUBJECT PROPERTY PHOTOGRAPHS



**VIEW OF LOCAL HOTELS & FUTURE HOTEL SITE – PROVIDED BY RYAN G. DAVIDSON**



### NEIGHBORHOOD ANALYSIS



**LOCATION**

The subject property is located in the city of Kanab and is bordered by Fredonia to the south, Salt Lake City is to the north, Page, AZ is to the east, and St. George is to the west. The city of Kanab is located in Kane County.

**BOUNDARIES**

The neighborhood boundaries are detailed as follows:

|               |  |
|---------------|--|
| <i>North:</i> | Low Density Residential and Agriculture  |
| <i>South:</i> | Low Density Residential, Medium Density Residential, and Mixed Medium Density Residential, General Commercial, and Agriculture |
| <i>East:</i>  | Very Low Density Residential   |
| <i>West:</i>  | Medium Density Residential and General Commercial Airport  |

**ACCESS**

Primary access to the subject neighborhood is provided by Highway 89A which runs north and south and spanning 502+ miles through central part of the state of Utah, making it the longest road in Utah. This arterial connects the subject neighborhood with the City of Fredonia to the south, Lake Powell to the east, Zion National Park and Bryce Canyon National Park to the north, and St. George via Highway 389 and Interstate 15 to the west.

**DEMOGRAPHICS**

Selected neighborhood demographics in a 60-, 120-, and 150-minute radius from the subject are shown in the following table:

| <b>SELECTED NEIGHBORHOOD DEMOGRAPHICS</b>                               |                       |                        |                        |
|---|-----------------------|------------------------|------------------------|
| 725 E. Kaneplex Drive<br>Kanab, Utah 84741                              | Radius 60.0<br>Minute | Radius 120.0<br>Minute | Radius 150.0<br>Minute |
| <b>Population</b>   |                       |                        |                        |
| 2025 Projection   | 21,081                | 315,770                | 357,560                |
| 2020 Estimate   | 20,232                | 282,344                | 321,685                |
| 2010 Census   | 18,603                | 221,718                | 255,536                |
| 2000 Census   | 14,032                | 154,449                | 181,418                |
| Growth 2020 - 2025  | 4.20%                 | 11.84%                 | 11.15%                 |
| Growth 2010 - 2020  | 8.76%                 | 27.34%                 | 25.89%                 |
| Growth 2000 - 2010  | 32.58%                | 43.55%                 | 40.85%                 |
| <b>Households</b>   |                       |                        |                        |
| 2025 Households   | 5,301                 | 106,052                | 120,526                |
| 2020 Households   | 5,107                 | 94,654                 | 108,263                |
| 2010 Households   | 4,738                 | 74,177                 | 85,512                 |
| 2000 Households   | 3,609                 | 50,221                 | 58,470                 |
| Growth 2020 - 2025  | 3.80%                 | 12.04%                 | 11.33%                 |
| Growth 2010 - 2020  | 7.79%                 | 27.61%                 | 26.61%                 |
| Growth 2000 - 2010  | 31.28%                | 47.70%                 | 46.25%                 |
| <b>Income</b>   |                       |                        |                        |
| 2020 Estimated Median Household Income                                  | \$52,537              | \$54,932               | \$54,522               |
| 2020 Estimated Average Household Income                                 | \$67,074              | \$73,504               | \$72,885               |
| Age 25+ College Graduates - 2020 Estimated                              | 1,335                 | 30,552                 | 33,948                 |
| Age 25+ Percent College Graduates - 2020                                | 837                   | 18,921                 | 20,768                 |
| Source: ESRI February 2021 Prepared for Z. Gordon Davidson & Assoc. Inc |                       |                        |                        |

## DEMAND GENERATORS FOR GOLF

Demand for golf related operations in the subject neighborhood would primarily be derived through local residents throughout the city of Kanab, Kane County, and the region of 150+-minute drive radius.

## CONCLUSION

The neighborhood has been consistently growing at a strong rate of 25%+ in the 150-minute drive radius in the past 10 years with a projection for 11% to 12.0% growth in the next 5 years in the 150-minute drive radius. The subject is forecast to capture approximately 18,000 to 25,000 annual rounds over the next four years and has a stabilized potential for 25,000 annual rounds by year five (5). The closest golf courses in the area are 18-hole courses that have been built from 1960's to the most recent golf course in 2020 in St. George. The area courses has been capturing 18,000 to 42,000 annual rounds for the 18-hole courses. In order to capture the demand for golf, it will require a marketing strategy to capture golfers in the out-lying region of St. George and surrounding Kane County to reach stabilization.

The proposed subject property is planned for an 18-hole daily fee/public golf course and appears to conform to surrounding neighborhood infrastructure and support services.



**GOLF MARKET ANALYSIS**

**NATIONAL MARKET TRENDS**

The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. Primary data sources utilized for this analysis include National Golf Foundation (NGF), PGA of America, and interview with area golf courses and golf participants.

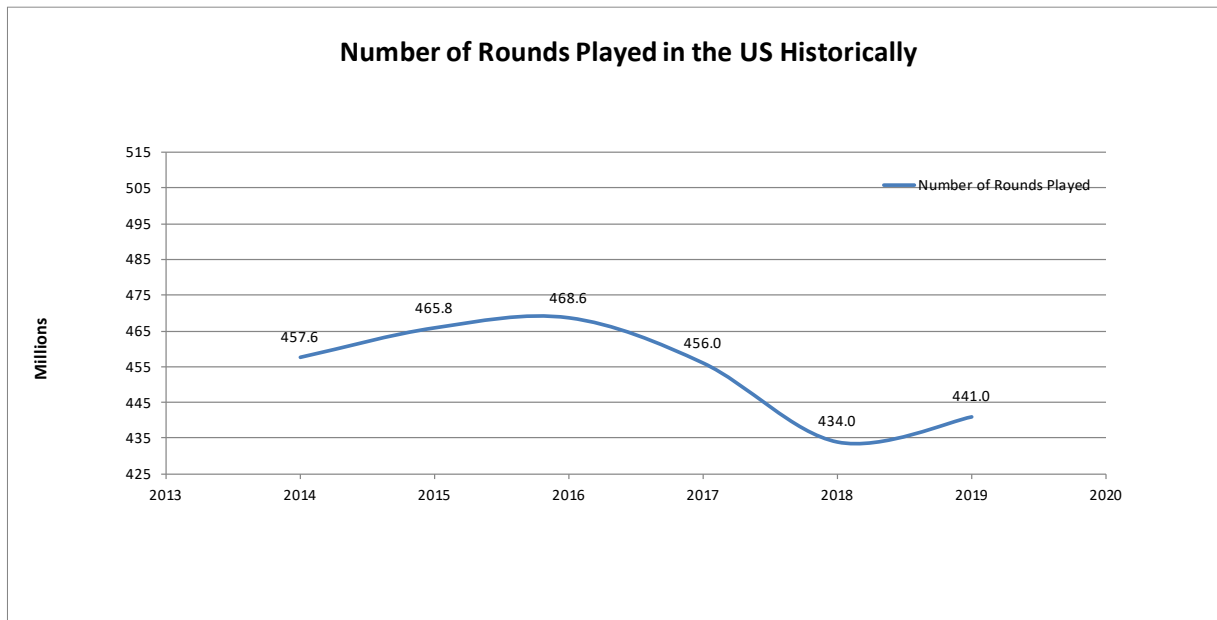
**NATIONAL MARKET TRENDS**

This section of the golf market analysis summarizes the characteristics of the national golf market. A review and analysis was performed regarding the participation rates and trends, along with the golf course development trends over the past several years. The following data provides a summary of this information.

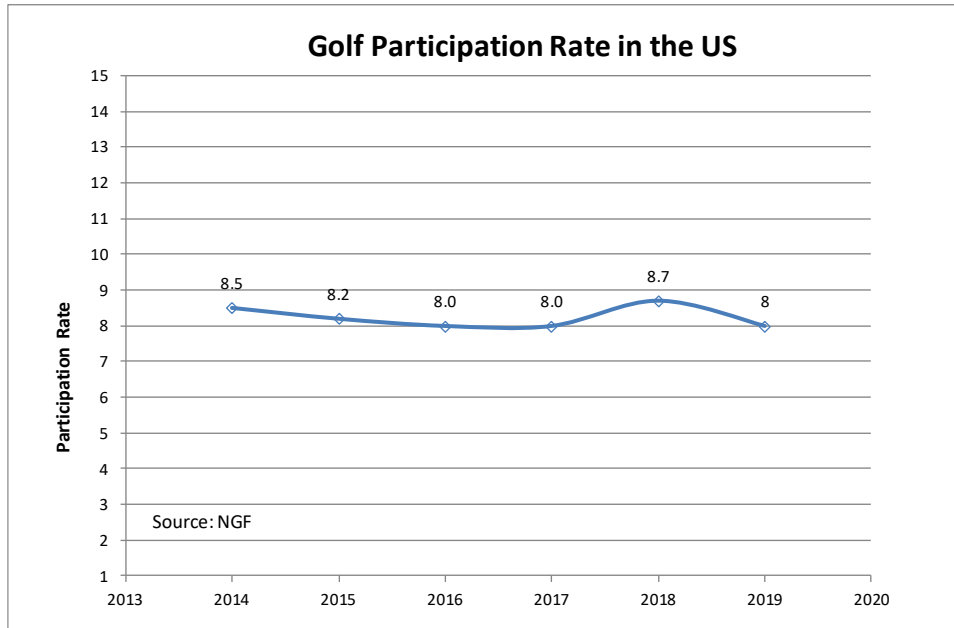
*Golf Statistics*

The National Golf Foundation (NGF) has compiled statistical information from the golf industry for the past twenty-five plus years. The following graphs highlight recent statistical trends in the national “Rounds Played,” “Golf Participation,” “Golfer Population,” “Rounds Played,” and “Average Rounds Per Golfer.” The focus of this data is from 2014 to 2019, which shows the most recent historical industry trends.

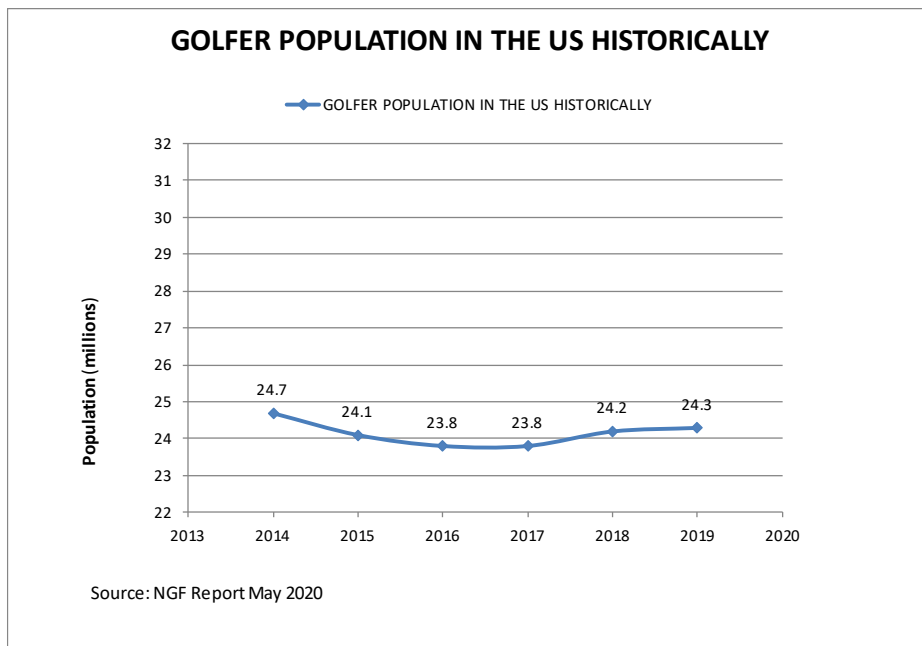
The following data from NGF illustrates the number of rounds played in the U.S. over the past 6 years.



The golf participation rate trend over the recent past has remained stable around 8.0% to 8.7% in the U.S. The available golf industry data, depicted in the chart below, indicates at 8.0% for 2019.

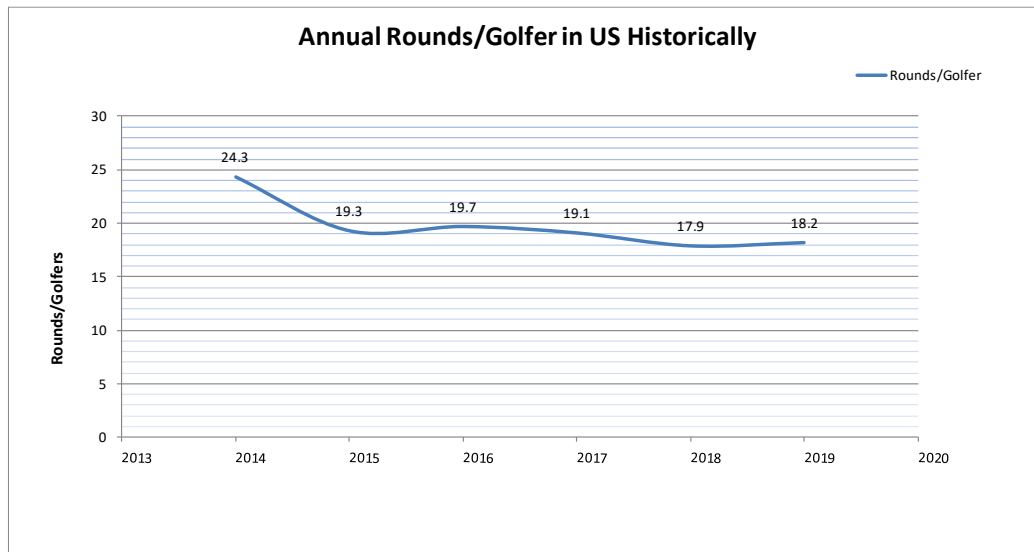


Moving next in our review of the golf market across the U.S. is the golfer population over the past 6 years. The following chart shows the golfer population from 2014 to 2019.



Next, we look at the average annual round played by golfers in the U.S. The average rounds per golfer increased consistently from the early 1990's through 2000 from 18.1 to 22 per year. Average rounds per golfer began to decline from 2001 through 2003, falling to 18.8 per year and remained relatively level through 2005. Rounds per golfer fell over the next two years to a low of 16.9 per year in 2007. Since

2007, rounds have continued to increase to 24.3 by the end of 2014 as indicated in the chart below. From 2015 to 2019 average annual round per golfer in the U.S. has decreased from 24.3 to 18.2.



### *Golf Course Development*

Over the past 20 to 25 years, the golf market has gone through two distinct phases of development. The **first phase** can be measured by the activity between 1981 and 1991. The economic climate during this time consisted of a recession in the early 1980's, with growth from 1986 through 1990. There was very little new golf course development since the 1960's, with the number of new courses increasing during 1987 and thereafter. During that time period, it was determined that the overall golf market was in a supply shortage. Private clubs had created a waiting list to purchase membership, with initiation fees rising and financial viability healthy. Daily fee courses consisted mainly of municipal facilities, which were impacted by surplus demand.

The **second phase** time period between 1992 and 2000 presented a different characteristic in the market. The economic climate consisted of a recession from 1992 through the mid portion of the 1990's, with growth occurring from approximately 1997 through 2000. New development of golf courses was on an unprecedented pace, increasing until 2000. The increase in golf demand and popularity of golf-related housing development during the 1990's resulted in an unprecedented expansion of the national golf course supply. By the end of the year 2000, golf was considered to be in a supply surplus. The financial performance of private clubs can be summed up with the sell lists increasing, initiation fees declining and financial performance being difficult. During that timeframe, an explosion of growth had occurred in the mid to high-end daily fee course sector of the market, with an oversupply existing at the end of the decade.

Golf course closures continue to outpace openings; however, this is not an alarming occurrence to most existing facility owners, as they find relief in this trend that will allow the system to absorb the excess

capacity at a faster rate. The lack of net supply has helped prevent further price erosion and/or dilution of rounds. In February 2021, Joe Beditz, Ph.D., National Golf Foundation reported that a recent facilities studies “revealed golf courses are in better financial shape today than they have been in years. Markets are always correcting and closures will continue in the U.S., especially give the demand for real estate.”

***Golf Course Openings in the U.S.***



NGF comments on the golf course closures trend, “Most of the closures have been value-priced, public properties in competitive markets. Many are facilities owners taking advantage of the high demand for real estate and selling as a planned exit strategy.”

The most recent facilities report by the National Golf Foundation, May 2020, reported that the United States had 14,336 facilities with 16,383 golf courses (a tract of land containing at least 9-holes and typically 18-holes) open and operating, according to the 2020 Edition of Golf Facilities U.S. Report. The final count for 2019 showed 279.5 golf course closures and 9 new course openings.

**REGIONAL MARKET TRENDS**

The Mountain region represents a total supply of 1,102 facilities, located with 1,296 golf courses which account for 7.5% of the total nationwide facility supply. The Mountain region has 268 private clubs and 1,028 public golf courses.

The National Golf Foundation defines Mountain region as consisting of the state of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. Golf participation within the Mountain

region over the age of 6+ represents 8.9% of the total population in the same age group, for a total of 1,994,000 golfers, with 8.2% of the population are golfers that play an average of 22.2 rounds per year.

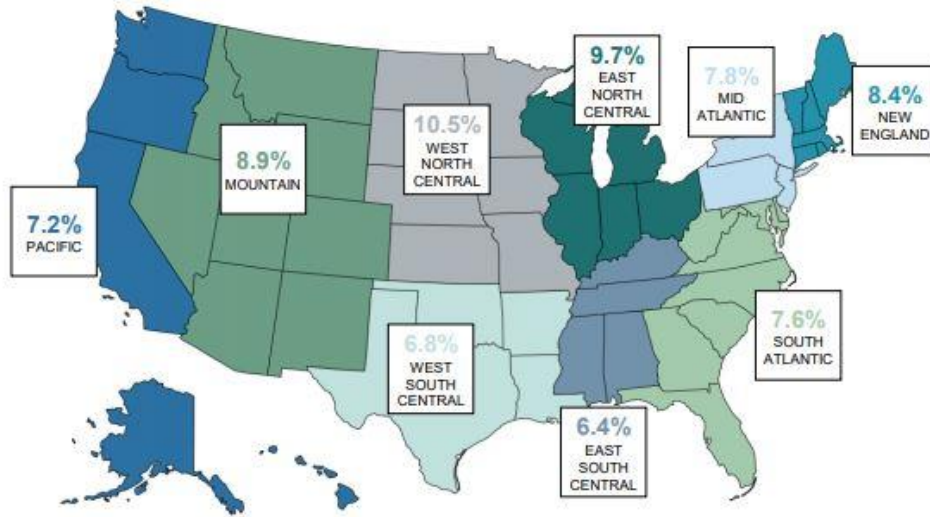
| <b>MOUNTAIN REGION</b>  |         |
|---|---------|
|   | Courses |
| <b>Total Number in Region</b>   | 1,296   |
| Arizona   | 378     |
| Colorado  | 284     |
| Idaho   | 122     |
| Montana   | 110     |
| Nevada  | 112     |
| New Mexico  | 96      |
| Utah  | 128     |
| Wyoming   | 66      |
| Number of Private Course  | 268     |
| Number of Public Courses  | 1028    |
| Number of Resort/Real Estate Courses  | 581     |
| <b>Demand (in millions)</b>   |         |
| Estimated number of golfers   | 2       |
| Estimated total Rounds Played   | 40      |
| Population (Age 6+)   | 22      |
| Source: NGF National Golf Foundation 2019 Edition Facilities Report as of December 31, 2018 |         |

According to the research provided by National Golf Foundation on March 2021, the average age of golfers in the region is 35 to 36 years. The average household income in the 60-minute to 150-minute drive radius of Kanab is \$67,000 to \$73,500 (rounded). The total rounds played within the region are estimated at 792,489 reported by 23 golf courses within a 150-minute drive radius of Kanab, UT, for an average of all the golf courses of 34,500 annual rounds per year per 18-hole equivalent (EHE).

**2020 GOLF PARTICIPATION IN THE U.S.**

**On-Course Golf Participation by Region**

U.S. Individuals, Age 6+



SOURCE: NGF

**Regional Profiles**

|                    | Participation Rate | Number of Golfers (000) | Percent of Golfers | Average Annual Rounds | Total Annual Rounds (Millions) |
|--------------------|--------------------|-------------------------|--------------------|-----------------------|--------------------------------|
| New England        | 8.4%               | 1,161                   | 4.8%               | 19.1                  | 22.1                           |
| Middle Atlantic    | 7.8%               | 3,005                   | 12.4%              | 14.3                  | 43.0                           |
| East North Central | 9.7%               | 4,221                   | 17.4%              | 17.1                  | 72.2                           |
| West North Central | 10.5%              | 2,067                   | 8.5%               | 17.0                  | 35.1                           |
| South Atlantic     | 7.6%               | 4,626                   | 19.1%              | 22.4                  | 103.6                          |
| East South Central | 6.4%               | 1,129                   | 4.7%               | 15.5                  | 17.5                           |
| West South Central | 6.8%               | 2,497                   | 10.3%              | 14.3                  | 35.8                           |
| Mountain           | 8.9%               | 1,994                   | 8.2%               | 22.2                  | 44.3                           |
| Pacific            | 7.2%               | 3,571                   | 14.7%              | 18.7                  | 66.9                           |
| <b>Total</b>       | <b>8.0%</b>        | <b>24,271</b>           | <b>100.0%</b>      | <b>18.2</b>           | <b>440.6</b>                   |

In summary, the average age of a Mountain Region has the third-highest percentage of courses open to the public.

## ***GOLF COURSE TYPES AND DESIGN TRENDS***

Golf courses are developed for a variety of purposes, including amenity support for various types of real estate projects. The most basic breakdown is between courses that are privately owned or municipally owned. Further, privately owned courses may be limited to play by members of a private club and may be open to the public on a daily fee basis. Either type may be associated with a real estate venture, from a primary home community to a designation resort. Real estate golf courses often combine aspects of both a private club and a daily fee course. Municipal courses, although usually owned and operated by a local government, may also include real estate elements. Following is a description of the types of golf courses.

**Private Clubs** are usually composed of between 200 and 500 members per 18 holes who pay an initial fee and annual dues to support the capital and operating expenses of the facility. The initial fee can either entitle the member to an equity ownership or may simply be an initiation fee, required for membership but not representing an ownership interest. These clubs are usually organized as non-profit entities. In the 1950's private clubs accounted for about 60% of all U.S. golf courses. By 2002, private clubs had decreased to 29% of the total. By 2014, the number has decreased to 27%.

Many real estate golf projects are structured around private ownership, especially as a project matures. In a golf course's early years, it may be open to the public as a daily fee facility to help market the real estate development around the course. Over the life of the project, such a course may continue to operate on a public fee basis, it may be owned by the members as an equity owned private club, or it may be owned by the developer or a third party, and operated as a private membership facility.

**Daily Fee Courses** Like private clubs, many are associated with real estate projects. In the 1950's and 1960's, when land costs, development costs, and operating costs were all relatively low, it was often feasible to tap the growing demand for golf with a daily fee course. Owners received revenues from daily green fees and golf cart rentals, pro shop sales, and food and beverage operations. In many areas, higher green fees and cart rentals fees have produced higher profits.

**Municipal Courses** have been about 16% of all U.S. golf courses over the last thirty years. Most of these facilities are independent entities, sometimes combined with tennis courts, community centers, or other public recreational facilities, usually operated by a city or county parks and recreation department.

All golf courses are based on one or a combination of five basic types, design, or configurations. The appropriateness of a particular configuration depends on a number of factors such as: overall project objectives; operational requirements; and the site's shape, orientation, soils, vegetation and topography. Like most prototypes, pure examples of each of the five basic courses seldom exist. Instead, characteristics of each type are combined to suit a particular project in a specific site.

Each basic course prototype is based on the concept of the regulation course, which in turn stems from the notion of par. Par represents simply the score for a given hole produced by error-free golf, or the score an

expert golfer would be expected to make. Par assumes ordinary playing conditions and allows two putting strokes per hole. Generally speaking, a regulation course will play to a par of between 69 and 73, with par 72 considered the ideal. The standard length for such a course averages between 6,300 and 6,700 yards from the middle tees. Assuming three sets of tees, a standard regulation course could effectively be played from 5,200 to 7,200 yards long.

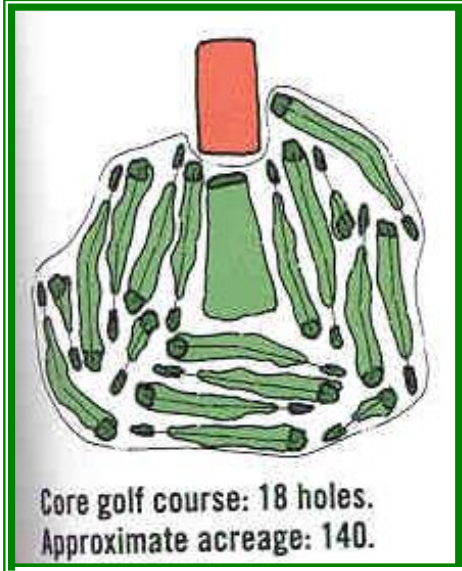
| <b>PAR AND DISTANCE STANDARDS</b> |                  |                  |
|-----------------------------------|------------------|------------------|
| Par                               | Men              | Women            |
| 3                                 | Up to 230 yards  | Up to 210 yards  |
| 4                                 | 251 – 470 yards  | 211 - 400 yards  |
| 5                                 | 471 yards and up | 401 yards and up |

Source: United States Golf Association, Golf Committee Manual and USGA Handicap System (New York: U.S. Golf Association, 1969)

The basic mix of holes for a par 72 course is ten par 4s, four par 3s, and four par 5s. Ideally, these holes should be evenly distributed along two circuits of nine holes each. Par can be reduced to 71 or 70 by replacing a par 4 with a par 3, or, more desirably, by reducing a par 5 to a par 4. Clearly, the site and the program will determine an appropriate hole mix and total par. Par or total yardages, taken alone, are not indicators of overall course quality or difficulty.

Regulation courses are sometimes referred to as "championship courses". The proposed subject golf course is designed at 7,075 yards. In most cases, a championship course refers to a particularly high-quality regulation course.

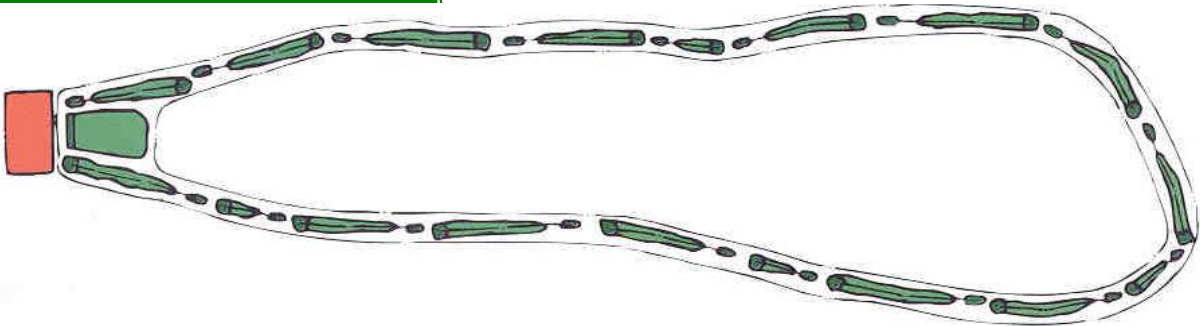




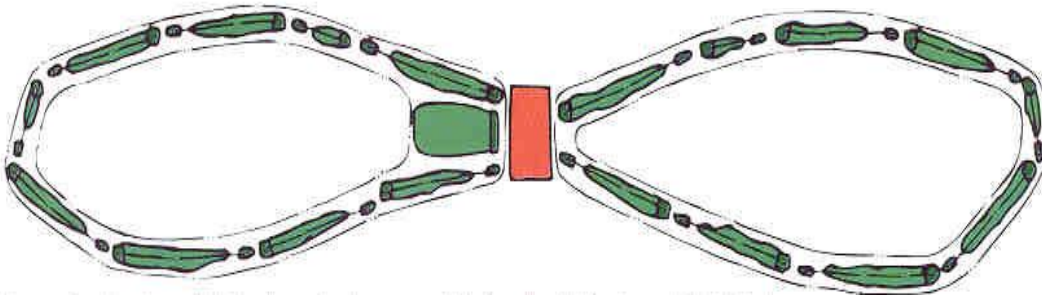
**GOLF COURSE CONFIGURATIONS**

Core Golf Course, approximate acreage, 140

Single Fairway, Continuous, approximate acreage, 175



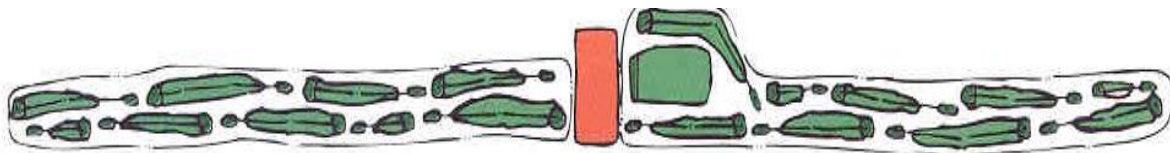
Single Fairway, Returning Nines, approximate acreage, 175



Double Fairway, Continuous, approximate acreage, 150



Double Fairway, Returning 9's, approximate acreage, 150



### *Course Configurations*

Each of the following configurations illustrates alternative ways to lay out a par 72, 6,900-yard-long regulation course. Although this would be a long golf course, the numbers are rounded for simplicity in making comparisons among the alternative course diagrams. The typical course contains four par 5s of 550+ yards each, ten par 4s of 400+ yards, and four par 3s, each 175+ yards long. Also included in each example is a 10-acre clubhouse site and practice area. The "Golf Course Configurations" chart reflects the various types of courses as listed below.

**Core Golf Course** - The core course constitutes the oldest and most basic type of design. In a core course, the holes are clustered together, either in a continuous sequence, starting with number one and ending with number 18, or in two returning nines. In a returning nine layout, each nine-hole sequence begins and ends near the clubhouse. A continuous layout may locate the ninth hole far away from the first and last holes.

Because it consumes the least amount of land, the core course is usually the least expensive to build. Infrastructure and maintenance costs are also minimized because the holes lie close together. Since all the fairways are located next to other fairways, however, the only sites for real estate development along a core course will lie at its perimeter. This lack of development potential also means that a core course can generally offer the best golfing experience. A core course is most adaptable when used on tight, bowl-like sites with higher-density housing at the edges. This configuration requires 125-140 acres of land area.

**Single Fairway Continuous Course** - This type of course is composed of individual holes strung more or less end to end, played in a long loop from the clubhouse. The single fairway course consumes the greatest amount of land of any of the prototypes, and, if continuous, offers the least amount of operational flexibility. A short round of nine holes, for example, may be inconvenient or even impossible on a continuous course. A continuous course will also limit the overall course capacity. Only one foursome at a time can start on such a course. On a continuous course, it may take up to four hours to get players on all the holes.

Single fairway courses offer the greatest amount of fairway frontage for development sites, although buildings closer than about 150 feet from the fairway centerline can diminish the course's quality. These courses may also be more difficult and slower to play, because the golfer must avoid out-of-bounds areas on both sides of a fairway. (Hitting into an out-of-bounds area carries a two-stroke penalty.) Unlike the core course configuration, the single fairway course can be designed to wind its way through even fairly difficult terrain. A continuous single fairway course is also extremely flexible, since the only fixed elements are the clubhouse and the starting and closing holes. Pebble Beach, on California's Monterey Peninsula, is one of the most famous courses of this type. This configuration requires 125-175 acres.

**Single Fairway Course with Returning Nines** - This configuration offers nearly the same amount of fairway frontage as the continuous single fairway course, but it can be played much more efficiently because of the returning nines. The slightly lower amount of frontage is due to the concentration of tees and greens for holes 1, 9, 10, and 18 in the clubhouse area. In exchange for a small loss in development potential, a returning-nine course maximizes daily play and thus course capacity. With two starting holes and two finishing holes, two foursomes can start simultaneously, then "cross over" after nine holes. The entire course can

be in play in only two to two and a quarter holes. Like any single fairway course, however, maintenance costs will be relatively higher than core or double fairway courses because tees and greens are dispersed over a larger area. This configuration requires 125-175 acres.

**Double Fairway Continuous Course** - A double fairway course conserves about 17% of the land occupied by a single fairway course. It also offers about 40% less frontage for development sites. The side-by-side fairways, however, will provide some savings on maintenance costs. This type of course is particularly suited for long, narrow valley sites, such as at Beaver Creek, Colorado, where, in the course of playing the front nine, the golfer drops 450 feet in elevation (climbing back up on holes 10 to 18). Because the distance between fairway center-lines should be at least 200 feet, it is more difficult to work within existing patterns of topography and vegetation. From the golfer's standpoint, a parallel fairway continuous course, if poorly designed, can be like walking down one side of a street, crossing over to the other side, and walking back. Well-conceived individual holes can help avoid this consequence. This configuration requires approximately 150 acres.

**Double Fairway Course with Returning Nines** - Like the single fairway layouts, returning nines will mean faster, more varied play in a parallel fairway course, when compared to a continuous layout. Returning nines will also slightly decrease the amount of available frontage. Next to a core course, this layout will be the most economical to maintain. Since the distance between potential building sites will total at least 500 feet, assuming 150-foot wide fairways and 200 feet between center-lines, a double fairway course also provides more integrity and identity as a golf course than would a single fairway lined by development. These courses can also accommodate taller buildings along the fairways, which, in a single fairway course, could create an undesirable "alley" effect. This configuration requires approximately 150 acres.

### ***Summary***

Most contemporary courses combine elements of each of these prototypes to arrive at a satisfactory plan for a particular project. Most, however, are predominantly of one type. Some layouts, for example, will economize with predominantly parallel fairways, but may include four to six single-fairway holes to respond to a dramatic cluster of trees, to skirt a wetland, or to create especially desirable building sites.

Assuming all other factors remain equal, continuous layouts offer maximum frontage but minimum flexibility in operation. Returning nines increase capacity and flexibility at a small loss of developable frontage. Single fairways offer greater design flexibility and maximum frontage but involve higher maintenance costs and, possibly, lower quality of play. Double or parallel fairways economize on maintenance and improve the golf course integrity at some loss of development potential. Finally, a core course remains the most economical and efficient to operate but yields the fewest building sites. Design options and relative performance is outlined below.

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**18-HOLE REGULATION COURSE DESIGN OPTIONS:  
RELATIVE PERFORMANCE ON SELECTED CHARACTERISTICS**

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| Design Options                   | Land Consumption | Frontage Opportunities | Flexibility/ Capacity | Maintenance Costs |
|----------------------------------|------------------|------------------------|-----------------------|-------------------|
| Core                             | Low              | Low                    | Low                   | Low               |
| Single fairway, continuous       | High             | High                   | Low                   | High              |
| Single fairway, returning nine's | High             | High                   | High                  | High              |
| Double fairway, continuous       | Medium           | Medium                 | Low                   | Medium            |
| Double fairway, returning nine's | Medium           | Medium                 | High                  | Medium            |

Source: National Golf Foundation 2004

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The subject property is proposed for a links style designed golf course layout. An architectural rendering of the golf course plan and lay out is presented in the following section.

### **LOCAL GOLF MARKET OVERVIEW**

The primary market area of the subject primarily includes the local area of Kanab and Kane County and surrounding region. The secondary market area includes popular golf courses throughout the region of Utah.

#### **Detailed Analysis – Local Supply & Demand**

We start the detailed analysis with the existing supply of golf courses within the draw area of Kanab, UT and a map showing the draw area.

| NGF Facilities                      |              |       |            |            |      |       |       |           |
|-------------------------------------|--------------|-------|------------|------------|------|-------|-------|-----------|
| Golf Course                         | City         | State | Zip        | County     | Type | Holes | Fee   | Year Open |
| Thunderbird Golf Course             | Mount Carmel | UT    | 84755      | Kane       | DF   | 9     | \$15  | 1962      |
| Copper Rock                         | Hurricane    | UT    | 84737-2603 | Washington | DF   | 18    | \$120 | 2020      |
| Sand Hollow Resort                  | Hurricane    | UT    | 84737-7789 | Washington | DF   | 27    | \$145 | 2008      |
| Sky Mountain Golf Course            | Hurricane    | UT    | 84737-3141 | Washington | MU   | 18    | \$74  | 1994      |
| Coral Canyon Golf Course            | Washington   | UT    | 84780-1857 | Washington | DF   | 18    | \$85  | 2000      |
| Cedar Ridge Golf Course             | Cedar City   | UT    | 84720      | Iron       | MU   | 18    | \$38  | 1962      |
| Green Spring Golf Course            | Washington   | UT    | 84780-1484 | Washington | MU   | 18    | \$67  | 1989      |
| St. George Golf Club                | Saint George | UT    | 84790-6843 | Washington | MU   | 18    | \$47  | 1976      |
| Lake Powell National Golf Course    | Page         | AZ    | 86040-0527 | Coconino   | MU   | 18    | \$55  | 1995      |
| Southgate Golf Club                 | Saint George | UT    | 84770-8724 | Washington | MU   | 18    | \$47  | 1975      |
| Bloomington Country Club            | Saint George | UT    | 84790-7870 | Washington | PR   | 18    | \$75  | 1972      |
| Dixie Red Hills Golf Club           | Saint George | UT    | 84770-2689 | Washington | MU   | 9     | \$30  | 1965      |
| SunRiver Golf Club                  | Saint George | UT    | 84790-4451 | Washington | DF   | 18    | \$69  | 2000      |
| Sunbrook Golf Club                  | Saint George | UT    | 84770-1858 | Washington | MU   | 27    | \$74  | 1990      |
| The Ledges of St. George            | Saint George | UT    | 84770-6988 | Washington | DF   | 18    | \$120 | 2006      |
| Entrada At Snow Canyon Country Club | Saint George | UT    | 84770-4790 | Washington | PR   | 18    | \$105 | 1996      |
| Palms Golf Club                     | Littlefield  | AZ    | 86432      | Mohave     | DF   | 18    | \$110 | 1989      |
| Wolf Creek Golf Club                | Mesquite     | NV    | 89027-5402 | Clark      | DF   | 18    | \$230 | 2000      |
| Oasis Golf Club                     | Mesquite     | NV    | 89027-2900 | Clark      | DF   | 36    | \$145 | 1995      |
| Falcon Ridge                        | Mesquite     | NV    | 89027-8882 | Clark      | DF   | 18    | \$125 | 2004      |
| Coyote Willows Golf Course          | Mesquite     | NV    | 89027-5815 | Clark      | DF   | 9     | \$30  | 2010      |
| Conestoga Golf Club                 | Mesquite     | NV    | 89034-1229 | Clark      | DF   | 18    | \$199 | 2010      |
| CasaBlanca Resort Golf Club         | Mesquite     | NV    | 89027-6305 | Clark      | DF   | 18    | \$115 | 1996      |

The survey requested from NGF for this area reported the total annual rounds for 2019 at 761,183, or 33,095 average annual rounds EHE (Eighteen Hole Equivalent) from the golf courses in the region and our survey of the golf courses reported the total annual rounds were 769,251, or average of 33,446 EHE for 2020 for the golf courses referenced above.

| DESIGNATED MARKET AREA ROUNDS                                 |         |         |
|---|---------|---------|
|   | 2019    | 2020    |
| Total Rounds  | 761,183 | 769,251 |
| Average EHE   | 33,095  | 33,446  |
| Source: 23 Area Golf Courses & National Golf Foundation (NGF) |         |         |



2020 forecasts data, one of several aggregators and distributors of US Census Information. The request for a draw area was a 60-minute drive radius, 120-minute drive radius, and a 150-minute drive radius, which is the Designated Market Area, or DMA.

The following charts are a demographic detail summary report of the key areas related to the supply and demand for golf and country club membership.

| <b>SELECTED NEIGHBORHOOD DEMOGRAPHICS</b>                               |                       |                        |                        |
|---|-----------------------|------------------------|------------------------|
| 725 E. Kaneplex Drive<br>Kanab, Utah 84741                              | Radius 60.0<br>Minute | Radius 120.0<br>Minute | Radius 150.0<br>Minute |
| <b>Population</b>   |                       |                        |                        |
| 2025 Projection   | 21,081                | 315,770                | 357,560                |
| 2020 Estimate   | 20,232                | 282,344                | 321,685                |
| 2010 Census   | 18,603                | 221,718                | 255,536                |
| 2000 Census   | 14,032                | 154,449                | 181,418                |
| Growth 2020 - 2025  | 4.20%                 | 11.84%                 | 11.15%                 |
| Growth 2010 - 2020  | 8.76%                 | 27.34%                 | 25.89%                 |
| Growth 2000 - 2010  | 32.58%                | 43.55%                 | 40.85%                 |
| <b>Households</b>   |                       |                        |                        |
| 2025 Households   | 5,301                 | 106,052                | 120,526                |
| 2020 Households   | 5,107                 | 94,654                 | 108,263                |
| 2010 Households   | 4,738                 | 74,177                 | 85,512                 |
| 2000 Households   | 3,609                 | 50,221                 | 58,470                 |
| Growth 2020 - 2025  | 3.80%                 | 12.04%                 | 11.33%                 |
| Growth 2010 - 2020  | 7.79%                 | 27.61%                 | 26.61%                 |
| Growth 2000 - 2010  | 31.28%                | 47.70%                 | 46.25%                 |
| <b>Income</b>   |                       |                        |                        |
| 2020 Estimated Median Household Income                                  | \$52,537              | \$54,932               | \$54,522               |
| 2020 Estimated Average Household Income                                 | \$67,074              | \$73,504               | \$72,885               |
| Age 25+ College Graduates - 2020 Estimated                              | 1,335                 | 30,552                 | 33,948                 |
| Age 25+ Percent College Graduates - 2020                                | 837                   | 18,921                 | 20,768                 |
| Source: ESRI February 2021 Prepared for Z. Gordon Davidson & Assoc. Inc |                       |                        |                        |

Highlights of the key demographic composition and trends for the Designated Market Draw (DMA) area of 60-minute, 120-minute, and 150-minute drive radius are:

- Population growth projections from 2020 to 2025 are expected to approximately 4.0% to 11.8%, which is a slower population growth for this area compared to the past 5 years. The indicators are the demand is higher outside the 120-minute to 150-minute drive radius.
- Population density, this draw area has a population 20,232 within the 60-minute drive radius and increase to a population of 321,685 in the 150-minute drive radius from the subject property. Since golf is a proximity-based recreational activity, generally golf thrives in areas with high

densities. Our subject property is showing a population density for a golf course within the 60-minute radius and this MSA for an estimated consumer base of golf rounds of 40,000 (rounded) based upon the NGF Mountain Region 2020 Edition of player participation and player frequency rate.

- Average Household Income – The immediate area survey has an average household income of \$67,000 (rounded) within the 60-minute drive radius. Generally, successful golf local markets have an Average Household Income in excess of \$50K. The Average Household Income for this area produces a positive index due to the location being within a middle income household income Zip Code.
- Median Age – Currently the median age is approximately 34 years old within a 150-minute drive radius from the subject property. Generally, successful golf local markets have a Median Age in excess of 40 years old due to higher frequencies as golfer's age. The Median Age for this area produces a good index for golf participation.
- Ethnicity – The ethnic distribution of the local population has a White Alone of 93.7% of the total population within a 60-minute drive radius. Hispanic Origin Ethnicity comprises the next highest population group.



We next quantify the golfer base currently being driven off the local demographics of the draw areas and applying golf Participation and Frequency Rates:

#### GOLF PARTICIPATION AND FREQUENCY CHART

Geography: (3 Selected) Golf Course: 60, 120, & 150 Minute Drive Radii: JACKSON FLAT GOLF COURSE

|   | 60 Minute Drive Radius | 120 Minute Drive Radius | 150 Minute Drive Radius |
|---|------------------------|-------------------------|-------------------------|
| <b>Total Population</b>   | 20,232                 | 282,344                 | 321,685                 |
| <b>Total Households</b>   | 5,107                  | 94,654                  | 108,263                 |
| <b>Pacific Region Participation Rate (% of Tot. Pop)</b>          | 8.90%                  | 8.90%                   | 8.90%                   |
| <b>Estimated Number of Golfers</b>                                | 1,801                  | 25,129                  | 28,630                  |
| <b>Pacific Region Frequency Rate (Rounds per Golfer per Year)</b> | 22.2                   | 22.2                    | 22.2                    |
| <b>Consumer Survey-based Annual Rounds Est.</b>                   | <b>39,974</b>          | <b>557,855</b>          | <b>635,585</b>          |

Source: Survey Conducted by Z. Gordon Davidson & Associates from U.S. Census Data 2010 and ERSI forecast for 2020 and 2025

The participation rate for the Mountain Region, according to National Golf Foundation, applied is 8.9% of the population playing golf at an average frequency of 22.2 times per year. This drives a consumer-based estimate of annual rounds by the local population of 39,974 rounds for the 60-minute drive radius, 557,855 for the 120-minute drive radius, and 635,585 rounds for the 150-minute drive radius. Later in the analysis we'll look at what the facilities report for annual rounds and compare against this consumer estimate (note, the facility estimate includes all rounds, regardless of whether the golfers are local, commuters or tourists). The Participation and Frequency analysis assumes that the draw areas are similar to the state in demographics and doesn't factor in local variances in the key variables of Household Income, Age and Ethnicity. The below series of analyses are calculations to incorporate these local nuances.

We'll start with the most important variable, Household Income:

#### ROUNDS POTENTIAL BY HOUSEHOLD INCOME COMPARISON REPORT

Geography: (3 Selected) Golf Course: 60, 120, & 150 Minute Drive Radii: JACKSON FLAT GOLF COURSE

|  | 60 Minute Drive | 120 Minute Drive | 150 Minute Drive Radius |
|--|-----------------|------------------|-------------------------|
| <b>Total Households</b>                                      | 5,107           | 94,654           | 108,263                 |
| <b>HH Counts - By Income Group</b>                           |                 |                  |                         |
| \$ 0 - \$34,999  | 1,619           | 27,166           | 31,396                  |
| \$35,000 - \$74,999  | 1,839           | 34,359           | 39,299                  |
| \$75,000 +   | 1,713           | 33,224           | 38,647                  |
| All Income Groups  | 5,171           | 94,749           | 109,342                 |
| <b>Play Rate (Rds per Capita per Year) - By Income Group</b> |                 |                  |                         |
| \$ 0 - \$34,999  | 3.3             | 3.3              | 3.3                     |
| \$35,000 - \$74,999  | 5.1             | 5.1              | 5.1                     |
| \$75,000 +   | 9.4             | 9.4              | 9.4                     |
| All Income Groups  | 6.8             | 6.8              | 6.8                     |
| <b>Income-weighted Consumer-based Annual Rounds Estimate</b> |                 |                  |                         |
| \$ 0 - \$34,999  | 5,342           | 89,647           | 103,608                 |
| \$35,000 - \$74,999  | 9,376           | 175,233          | 200,427                 |
| \$75,000 +   | 16,106          | 312,301          | 363,277                 |
| <b>Consumer Survey-based Annual Rounds Est.</b>              | <b>30,825</b>   | <b>577,181</b>   | <b>667,312</b>          |

Source: Survey Conducted by Z. Gordon Davidson & Associates from U.S. Census Data 2010 and ERSI forecast for 2020 and 2025

After factoring in Household Income skews for the draw areas relative to the state, the rounds projections produce a range from 30,825 rounds in the 60-minute drive radius, 577,181 rounds in the 120-mile drive radius, to 667,312 rounds in the 150-minute drive radius. The Rounds Potential Index indicates a strong potential for a positive golfer base in the furthest draw area based upon the household.

Turning our attention to the next most important variable, Age, the below table produces another rounds estimate based on the distribution of age in the local area:

#### ROUNDS POTENTIAL BY POPULATION AND AGE COMPARISON REPORT

Geography: (3 Selected) Golf Course: 60, 120, & 150 Minute Drive Radii: JACKSON FLAT GOLF COURSE

|  | 60 Minute Drive<br>Radius | 120 Minute<br>Drive Radius | 150 Minute Drive Radius |
|--|---------------------------|----------------------------|-------------------------|
| <b>Total Population</b>                          | 20,232                    | 282,344                    | 321,685                 |
| <b>Pop Counts - By Age Group</b>                 |                           |                            |                         |
| Age 0 - 34                                       | 8,376                     | 117,455                    | 145,080                 |
| Age 35 - 54                                      | 4,775                     | 69,174                     | 78,491                  |
| Age 55 +   | 7,081                     | 95,715                     | 98,114                  |
| All Age Groups                                   | 20,232                    | 282,344                    | 321,685                 |
| <b>Play Rate (Rds per Capita) - By Age Group</b> |                           |                            |                         |
| Age 0 - 34                                       | 1.2                       | 1.2                        | 1.2                     |
| Age 35 - 54                                      | 2.5                       | 2.5                        | 2.5                     |
| Age 55 +   | 3.9                       | 3.9                        | 3.9                     |
| All Age Groups                                   | 2.3                       | 2.2                        | 2.2                     |
| Consumer Survey-based Annual Rounds Est.         | <b>46,534</b>             | <b>621,157</b>             | <b>707,707</b>          |

Source: Survey Conducted by Z. Gordon Davidson & Associates from U.S. Census Data 2010 and ERSI forecast for 2020 and 2025

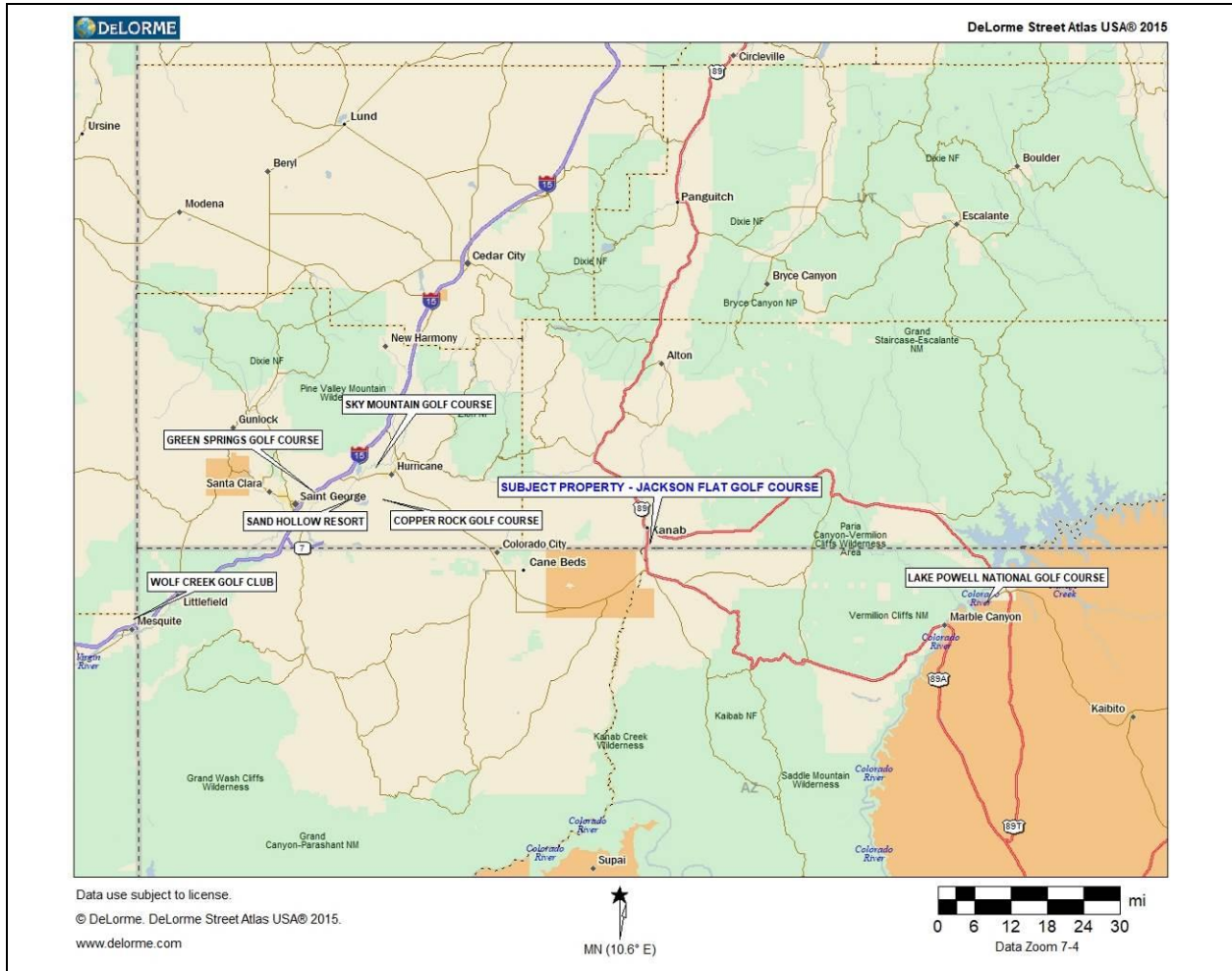
After factoring in Age skews for the draw areas relative to the state, the annual rounds projections produce a range from 46,534 rounds in the 60-minute drive radius, 621,157 rounds in the 120-minute drive radius, and 707,707 rounds in the 150-minute drive radius DMA draw area. This Rounds Potential Index is a strong golfer base and increases in the furthest drive distance meaning that the age of the population will help rounds generation and in being able to attract the golfers from the surrounding drive base.

## SUMMARY

Based upon the detailed supply and demand for golfers for the subject property, it is my opinion that the population density is moderate in the Designated Market Draw for a public golf course in the immediate 60-minute drive radius. The Median Household Income for a successful golf club is strong with a Median Household Income within the Designated Market Draw showing a healthy index. The median age for this market that is producing a favorable index for future growth. However, the need is to capture the households outside the immediate 60-minute drive radius.

The average golf course rounds within a 60-minute drive radius indicated 18,000 to 42,000 annual rounds for an 18-hole public golf course. This is an indication that the subject property has the potential to capture a proportionate share of the available rounds within their market that a professionally managed and marketed golf course would be able to capture. To reach a stabilized and financially feasible golf operations, it will require marketing to and attracting the golfers from outside the immediate draw area.

### LOCAL AREA GOLF COURSES



GOLF COURSE DATA SHEET - LAKE POWELL NATIONAL GOLF COURSE



|                                   |  |
|-----------------------------------|--|
| <b>Name:</b>                      | <b>LAKE POWELL NATIONAL GOLF COURSE</b>                          |
| <b>Location:</b>                  | Page, AZ   |
| <b>Total Land Area (Acres)</b>    | 150  |
| <b>Type:</b>                      | Golf Course  |
| <b>Year Built:</b>                | 1995   |
| <b>No. Holes:</b>                 | 18   |
| <b>Course Design:</b>             | William Phillips   |
| <b>Length in Yards:</b>           | 7,030  |
| <b>USGA Rating:</b>               | 72.8   |
| <b>Par:</b>                       | 72   |
| <b>Driving Range:</b>             | Yes  |
| <b>Putting Greens:</b>            | Yes  |
| <b>Practice Bunkers:</b>          | Yes  |
| <b>Tennis Courts:</b>             | No   |
| <b>Pool:</b>                      | No   |
| <b>Pro Shop:</b>                  | Yes  |
| <b>Restaurant:</b>                | Yes  |
| <b>Lounge:</b>                    | Yes  |
| <b>Guest Green Fees:</b>          | \$85.00  |
| <b>Average No. of Round/Year:</b> | 18,500   |
| <b>Contact:</b>                   | Jake Hunter, Manager   |
| <b>Notes:</b>                     | Golf Course is a municipally owned property by the City of Page. |



Assembled by: Golf & Resort Properties

GOLF COURSE DATA SHEET - SAND HOLLOW RESORT



|                                   |  |
|-----------------------------------|--|
| <b>Name:</b>                      | <b>SAND HOLLOW RESORT</b>                                      |
| <b>Location:</b>                  | Hurricane, UT  |
| <b>Type:</b>                      | Golf Course  |
| <b>Year Built:</b>                | 2008   |
| <b>No. Holes:</b>                 | 27   |
| <b>Course Design:</b>             | John Fought/Andy Staples                                       |
| <b>Length in Yards:</b>           | 7,315  |
| <b>USGA Rating:</b>               | 73.7   |
| <b>Par:</b>                       | 72   |
| <b>Driving Range:</b>             | Yes  |
| <b>Putting Greens:</b>            | Yes  |
| <b>Practice Bunkers:</b>          | Yes  |
| <b>Tennis Courts:</b>             | No   |
| <b>Pool:</b>                      | Yes  |
| <b>Pro Shop:</b>                  | Yes  |
| <b>Restaurant:</b>                | Yes  |
| <b>Lounge:</b>                    | Yes  |
| <b>Guest Green Fees:</b>          | \$218.00   |
| <b>Average No. of Round/Year:</b> | 42,000   |
| <b>Contact:</b>                   | Adam Jaspersen, Director of Golf                               |
| <b>Notes:</b>                     | Golf Course has a lodging component and a 9-hole short course. |



Assembled by: Golf & Resort Properties

**GOLF COURSE DATA SHEET - GREEN SPRINGS GOLF COURSE**



|                                   |  |
|-----------------------------------|--|
| <b>Name:</b>                      | <b>GREEN SPRINGS GOLF COURSE</b>                                       |
| <b>Location:</b>                  | Washington, UT   |
| <b>Type:</b>                      | Golf Course  |
| <b>Year Built:</b>                | 1989   |
| <b>No. Holes:</b>                 | 18   |
| <b>Course Design:</b>             | Gene Bates   |
| <b>Length in Yards:</b>           | 6,859  |
| <b>USGA Rating:</b>               | 73.5   |
| <b>Par:</b>                       | 72   |
| <b>Driving Range:</b>             | Yes  |
| <b>Putting Greens:</b>            | Yes  |
| <b>Practice Bunkers:</b>          | Yes  |
| <b>Tennis Courts:</b>             | No   |
| <b>Pool:</b>                      | No   |
| <b>Pro Shop:</b>                  | Yes  |
| <b>Restaurant:</b>                | Yes  |
| <b>Lounge:</b>                    | Yes  |
| <b>Guest Green Fees:</b>          | \$67.00  |
| <b>Average No. of Round/Year:</b> | 35,500   |
| <b>Contact:</b>                   | Kevin Soderquist, Course Manager                                       |
| <b>Notes:</b>                     | Golf Course is a municipally owned property by the City of Washington. |



Assembled by: Golf & Resort Properties

GOLF COURSE DATA SHEET - COPPER ROCK GOLF COURSE



|                                   |   |
|-----------------------------------|---|
| <b>Name:</b>                      | <b>COPPER ROCK GOLF COURSE</b>  |
| <b>Location:</b>                  | Hurricane, UT   |
| <b>Type:</b>                      | Golf Course   |
| <b>Year Built:</b>                | 2020  |
| <b>No. Holes:</b>                 | 18  |
| <b>Course Design:</b>             | Dale Beddo  |
| <b>Length in Yards:</b>           | 6,823   |
| <b>USGA Rating:</b>               | 72.9  |
| <b>Par:</b>                       | 72  |
| <b>Driving Range:</b>             | Yes   |
| <b>Putting Greens:</b>            | Yes   |
| <b>Practice Bunkers:</b>          | Yes   |
| <b>Tennis Courts:</b>             | No  |
| <b>Pool:</b>                      | No  |
| <b>Pro Shop:</b>                  | Yes   |
| <b>Restaurant:</b>                | Yes   |
| <b>Lounge:</b>                    | Yes   |
| <b>Guest Green Fees:</b>          | \$120.00  |
| <b>Average No. of Round/Year:</b> | 42,000  |
| <b>Contact:</b>                   | John Horton, Head Golf Professional   |
| <b>Notes:</b>                     | Golf Course is new and using temporary facilities for the cart storage as they market residential lots. |



Assembled by: Golf & Resort Properties

GOLF COURSE DATA SHEET - SKY MOUNTAIN GOLF COURSE



|                                   |   |
|-----------------------------------|---|
| <b>Name:</b>                      | <b>SKY MOUNTAIN GOLF COURSE</b>   |
| <b>Location:</b>                  | Hurricane, UT   |
| <b>Type:</b>                      | Golf Course   |
| <b>Year Built:</b>                | 1994  |
| <b>No. Holes:</b>                 | 18  |
| <b>Course Design:</b>             | Jeff Hardin   |
| <b>Length in Yards:</b>           | 6,392   |
| <b>USGA Rating:</b>               | 70.4  |
| <b>Par:</b>                       | 72  |
| <b>Driving Range:</b>             | Yes   |
| <b>Putting Greens:</b>            | Yes   |
| <b>Practice Bunkers:</b>          | Yes   |
| <b>Tennis Courts:</b>             | No  |
| <b>Pool:</b>                      | No  |
| <b>Pro Shop:</b>                  | Yes   |
| <b>Restaurant:</b>                | Yes   |
| <b>Lounge:</b>                    | Yes   |
| <b>Guest Green Fees:</b>          | \$85.00   |
| <b>Average No. of Round/Year:</b> | 39,800  |
| <b>Contact:</b>                   | Kent Abbeglen, General Manager  |
| <b>Notes:</b>                     | Golf Course is a municipal course which is owned and operated by the city of Hurricane. |



Assembled by: Golf & Resort Properties



**GOLF COURSE DATA SHEET - WOLF CREEK GOLF CLUB**



|                                   |  |
|-----------------------------------|--|
| <b>Name:</b>                      | <b>WOLF CREEK GOLF CLUB</b>  |
| <b>Location:</b>                  | Mesquite, NV   |
| <b>Type:</b>                      | Golf Course  |
| <b>Year Built:</b>                | 2000   |
| <b>No. Holes:</b>                 | 18   |
| <b>Course Design:</b>             | Dennis & John Rider  |
| <b>Length in Yards:</b>           | 6,939  |
| <b>USGA Rating:</b>               | 75.4   |
| <b>Par:</b>                       | 72   |
| <b>Driving Range:</b>             | Yes  |
| <b>Putting Greens:</b>            | Yes  |
| <b>Practice Bunkers:</b>          | Yes  |
| <b>Tennis Courts:</b>             | No   |
| <b>Pool:</b>                      | No   |
| <b>Pro Shop:</b>                  | Yes  |
| <b>Restaurant:</b>                | Yes  |
| <b>Lounge:</b>                    | Yes  |
| <b>Guest Green Fees:</b>          | \$220.00   |
| <b>Average No. of Round/Year:</b> | 29,000   |
| <b>Contact:</b>                   | Darren Stanek, General Manager   |
| <b>Notes:</b>                     | Golf Course is competing with five area golf courses and has a draw of 60% of the play is from outside the area. |



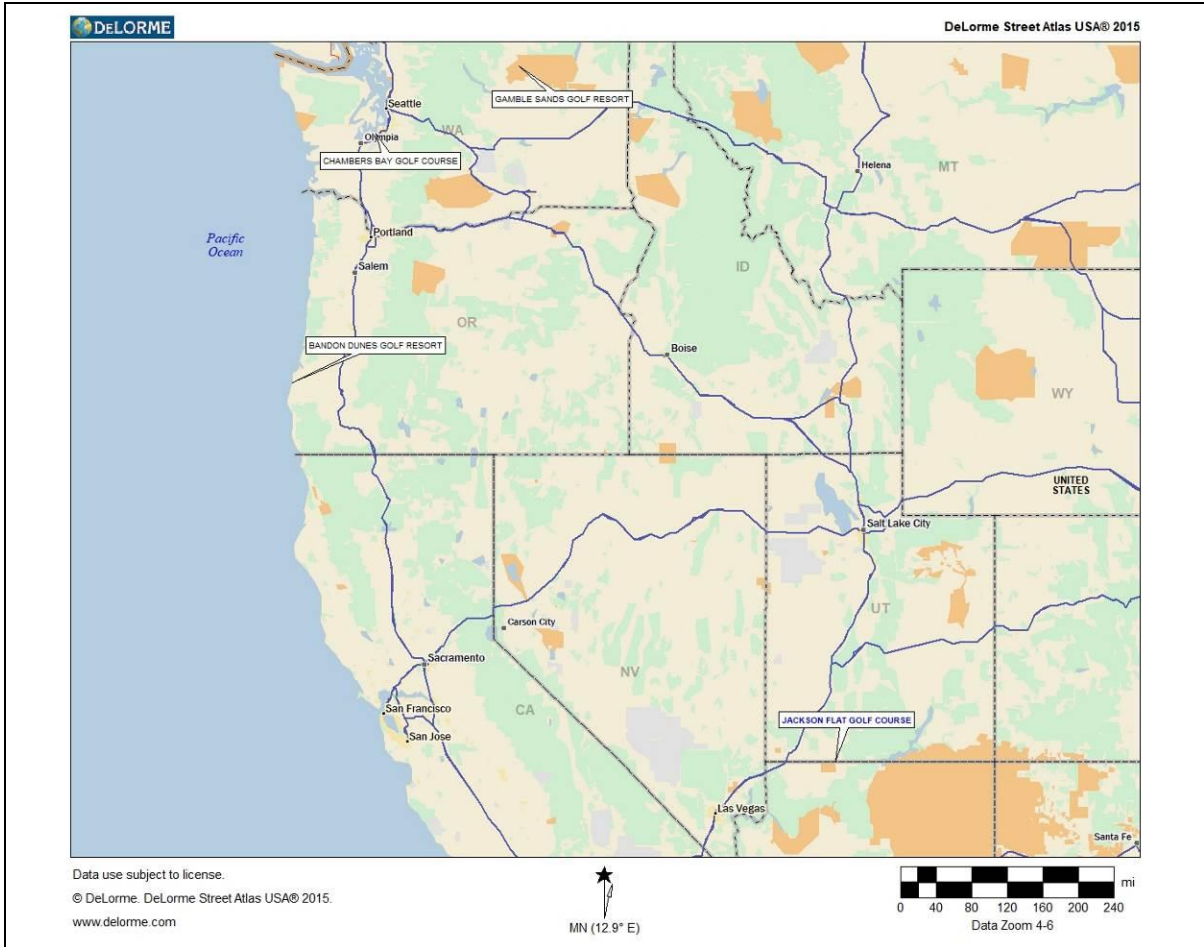
Assembled by: Golf & Resort Properties

**SUMMARY OF COMPARABLE GOLF FACILITIES**

| No.     | Name   | No. Holes | Year Built    | Designer/ Architect      | Course Yardage | Par | Rating | Clubhouse Pool, Tennis | Green Fees | Annual Rounds    |
|---------|--|-----------|---------------|--------------------------|----------------|-----|--------|------------------------|------------|------------------|
| 1       | Lake Powell National Golf Course                                 | 18        | 1995          | William Phillips         | 7,030          | 72  | 72.8   | Yes<br>No<br>No        | \$85.00    | 18,500           |
| 2       | Sand Hollow Resort   | 18        | 2008          | John Fought/Andy Staples | 7,315          | 72  | 73.7   | Yes<br>Yes<br>No       | \$216.00   | 42,000           |
| 3       | Green Springs Golf Course  | 18        | 1989          | Gene Bates               | 6,859          | 72  | 73.5   | Yes<br>No<br>No        | \$67.00    | 35,500           |
| 4       | Copper Rock Golf Course  | 18        | 2020          | Dale Beddo               | 6,823          | 72  | 72.9   | Yes<br>No<br>No        | \$120.00   | 42,000           |
| 5       | Sky Mountain Golf Course   | 18        | 1994          | Jeff Hardin              | 6,392          | 72  | 70.4   | Yes<br>No<br>No        | \$85.00    | 39,800           |
| 6       | Wolf Creek Golf Club   | 18        | 2000          | Dennis & John Rider      | 6,939          | 72  | 75.4   | Yes<br>No<br>No        | \$220.00   | 29,000           |
| Subject | Jackson Flat Golf Course, Kanab, Utah<br>Daily Fee/Public Course | 18        | Proposed 2021 | David McLay Kidd         | 7,075          | TBD | TBD    | Yes<br>No<br>No        | TBD        | 18,000 to 25,000 |

Compiled by Z. Gordon Davidson & Associates, Inc.

REGIONAL AREA GOLF COURSES



JACKSON FLAT GOLF COURSE

GOLF RESORT DATA SHEET - CHAMBERS BAY GOLF COURSE



**Name of Club:** CHAMBERS BAY GOLF COURSE

**Location:** 6820 Grandview Drive West, University Place, Washington 98467

**Total Land Area (Acres):** 950± Golf Course is situated on approximately 233 acres

**Type:** Links Style Golf Course

**Year Built:** 2007

**No. Holes:** 18-Hole

**Course Design:** Robert Trent Jones Jr.

**Length in Yards:** 7,165

**USGA Rating:** 75.6

**Par:** 72

**Types of Greens:** Tawny Fescue

**Driving Range:** Yes

**Putting Greens:** Yes

**Practice Bunkers:** Yes

**Tennis Courts:** No

**Pool:** No

**Clubhouse Size:** Square Feet

**Pro Shop:** Yes

**Restaurant/Grill:** Yes

**Lounge:** Yes

**Guest Green Fees:** \$130.00 Walking Only

**Average No. of Round/Year:** 31,450 Forecast 35,000

**Number of Lodging Units:** N/A Proposed 25+

**Occupancy Rate:** N/A Forecast 85%

**Average Green Fee:** \$109.00 Forecast \$119

**Lodging Fees:** N/A Forecast \$250

**Contact:** Matt Allen, Vice President, KemperSports

**Notes:** Pierce County Ownership - Annual Golf Rounds 2016-31,734, 2017-30,808; 2018-26,784; 2019-30,034; 2020- Estimate 35,000. Budget Revenue for 2020 - \$3,882,360

Assembled by: Z. Gordon Davidson & Associates, Inc. - Golf & Resort Properties

JACKSON FLAT GOLF COURSE

GOLF RESORT DATA SHEET - GAMBLE SANDS



|                                       |   |   |
|---------------------------------------|---|---|
| <b>Name of Club:</b>                  | <b>GAMBLE SANDS</b>   |   |
| <b>Location:</b>                      | 200 Sands Trail Road, Brewster, WA 98812                                      |   |
| <b>Total Land Area (Acres)</b>        | 473±  |   |
| <b>Type:</b>                          | Links Style Golf Course   |   |
| <b>Year Built:</b>                    | 2014 & 2020   | Sands Course 2014 & QuickSands 2020                               |
| <b>No. Holes:</b>                     | 18-Hole Sands Course & 14-Hole QuickSands                                     |   |
| <b>Course Design:</b>                 | David McLay Kidd  |   |
| <b>Length in Yards:</b>               | 7,169   |   |
| <b>USGA Rating:</b>                   | 73.4  |   |
| <b>Par:</b>                           | 72  |   |
| <b>Types of Greens:</b>               | Fine Fescue   |   |
| <b>Driving Range:</b>                 | Yes   |   |
| <b>Putting Greens:</b>                | Yes   |   |
| <b>Practice Bunkers:</b>              | Yes   |   |
| <b>Tennis Courts:</b>                 | No  |   |
| <b>Pool:</b>                          | Yes   |   |
| <b>Pro Shop Size:</b>                 | 3,510 SF  |   |
| <b>Maintenance Building Size:</b>     | 10,500 SF   |   |
| <b>Danny Boy Grill Building Size:</b> | 6,750 SF  |   |
| <b>Lodging Total Size:</b>            | 43,200 SF   | Five (5) Buildings 8,640 SF                                       |
| <b>Pavilion Total Size:</b>           | 4,860 SF  |   |
| <b>Pro Shop:</b>                      | Yes   |   |
| <b>Restaurant/Grill:</b>              | Yes   |   |
| <b>Lounge:</b>                        | Yes   |   |
| <b>Guest Green Fees:</b>              | April-\$89 to \$130; May to September-\$105 to \$170; October-\$105 to \$150  | Plus Carts are \$25 per person                                    |
| <b>Average Daily Rate (ADR):</b>      | Confidential  |   |
| <b>Average No. of Round/Year:</b>     | 22,000  | 2020 YTD Through November 20,562                                  |
| <b>Number of Units:</b>               | 36  | Suites 1,000 SF & 500 SF Rooms and a suite for conference meeting |
| <b>Occupancy Rate:</b>                | 90%   | Average for Summer  |
| <b>Average Daily Rate (ADR):</b>      | Confidential  |   |
| <b>Lodging Fees:</b>                  | April-\$149 to \$219; May to September-\$279 to \$399; October \$189 to \$299 |   |
| <b>Contact:</b>                       | Ryan Whitney, Senior Vice President, OB Sports/Troon MGT                      |   |

**Notes:** Managed by Troon Golf. Seasonal Golf Course open from April to September. 72 EZ-Go Golf Carts. 65-70% of the golfers are from the Seattle Area. QuickSands Golf Course is situated on 13 acres with 14-holes.

Assembled by: Z. Gordon Davidson & Associates, Inc. - Golf & Resort Properties

JACKSON FLAT GOLF COURSE

GOLF RESORT DATA SHEET - BANDON DUNES



|                                   |  |
|-----------------------------------|--|
| <b>Name of Club:</b>              | <b>BANDON DUNES</b>                    |
| <b>Location:</b>                  | Bandon, Oregon                         |
| <b>Total Land Area (Acres)</b>    | 110                                    |
| <b>Type:</b>                      | Golf Course                            |
| <b>Year Built:</b>                | 1999                                   |
| <b>No. Holes:</b>                 | 18                                     |
| <b>Course Design:</b>             | David McLay Kidd                       |
| <b>Length in Yards:</b>           | 6,732                                  |
| <b>USGA Rating:</b>               | 74.1                                   |
| <b>Par:</b>                       | 72                                     |
| <b>Types of Greens:</b>           | Fine Fescue/Colonial Bentgrass         |
| <b>Driving Range:</b>             | Yes                                    |
| <b>Putting Greens:</b>            | Yes                                    |
| <b>Practice Bunkers:</b>          | Yes                                    |
| <b>Tennis Courts:</b>             | No                                     |
| <b>Pool:</b>                      | No                                     |
| <b>Pro Shop:</b>                  | Yes                                    |
| <b>Restaurant:</b>                | Yes                                    |
| <b>Lounge:</b>                    | Yes                                    |
| <b>Guest Green Fees:</b>          | \$275.00                               |
| <b>Average No. of Round/Year:</b> | 40,000                                 |
| <b>Contact:</b>                   | Don Crowe, General Manager             |
| <b>Notes:</b>                     | Managed and operated by Kemper Sports. |

Assembled by: Golf & Resort Properties

JACKSON FLAT GOLF COURSE

GOLF RESORT DATA SHEET - PACIFIC DUNES



|                                   |  |
|-----------------------------------|--|
| <b>Name of Club:</b>              | <b>PACIFIC DUNES</b>                   |
| <b>Location:</b>                  | Bandon, Oregon                         |
| <b>Total Land Area (Acres)</b>    | 300                                    |
| <b>Type:</b>                      | Golf Course                            |
| <b>Year Built:</b>                | 2001                                   |
| <b>No. Hole:</b>                  | 18                                     |
| <b>Course Design:</b>             | Tom Doak                               |
| <b>Length in Yards:</b>           | 6,633                                  |
| <b>USGA Rating:</b>               | 73                                     |
| <b>Par:</b>                       | 71                                     |
| <b>Types of Greens:</b>           | Fine Fescue/Colonial Bentgrass         |
| <b>Driving Range:</b>             | Yes                                    |
| <b>Putting Greens:</b>            | Yes                                    |
| <b>Practice Bunkers:</b>          | Yes                                    |
| <b>Tennis Courts:</b>             | No                                     |
| <b>Pool:</b>                      | No                                     |
| <b>Pro Shop:</b>                  | Yes                                    |
| <b>Restaurant:</b>                | Yes                                    |
| <b>Lounge:</b>                    | Yes                                    |
| <b>Guest Green Fees:</b>          | \$275.00                               |
| <b>Average No. of Round/Year:</b> | 37,000                                 |
| <b>Contact:</b>                   | Don Crowe, General Manager             |
| <b>Notes:</b>                     | Managed and operated by Kemper Sports. |

Assembled by: Golf & Resort Properties

JACKSON FLAT GOLF COURSE

GOLF RESORT DATA SHEET - OLD MACDONALD



|                                   |  |
|-----------------------------------|--|
| <b>Name of Club:</b>              | <b>OLD MACDONALD</b>                   |
| <b>Location:</b>                  | Bandon, Oregon                         |
| <b>Total Land Area (Acres)</b>    | 440                                    |
| <b>Type:</b>                      | Golf Course                            |
| <b>Year Built:</b>                | 2010                                   |
| <b>No. Hole:</b>                  | 18                                     |
| <b>Course Design:</b>             | Tom Doak/Jim Urbina                    |
| <b>Length in Yards:</b>           | 6,944                                  |
| <b>USGA Rating:</b>               | 74.4                                   |
| <b>Par:</b>                       | 71                                     |
| <b>Types of Greens:</b>           | Fine Fescue/Colonial Bentgrass         |
| <b>Driving Range:</b>             | Yes                                    |
| <b>Putting Greens:</b>            | Yes                                    |
| <b>Practice Bunkers:</b>          | Yes                                    |
| <b>Tennis Courts:</b>             | No                                     |
| <b>Pool:</b>                      | No                                     |
| <b>Pro Shop:</b>                  | Yes                                    |
| <b>Restaurant:</b>                | Yes                                    |
| <b>Lounge:</b>                    | No                                     |
| <b>Guest Green Fees:</b>          | \$275.00                               |
| <b>Average No. of Round/Year:</b> | 25,000                                 |
| <b>Contact:</b>                   | Don Crowe, General Manager             |
| <b>Notes:</b>                     | Managed and operated by Kemper Sports. |

Assembled by: Golf & Resort Properties



GOLF RESORT DATA SHEET - BANDON TRAILS



|                                   |  |
|-----------------------------------|--|
| <b>Name of Club:</b>              | <b>BANDON TRAILS</b>                   |
| <b>Location:</b>                  | Bandon, Oregon                         |
| <b>Total Land Area (Acres)</b>    | 440                                    |
| <b>Type:</b>                      | Golf Course                            |
| <b>Year Built:</b>                | 2005                                   |
| <b>No. Hole:</b>                  | 18                                     |
| <b>Course Design:</b>             | Bill Coore/Ben Crenshaw                |
| <b>Length in Yards:</b>           | 6,788                                  |
| <b>USGA Rating:</b>               | 73.6                                   |
| <b>Par:</b>                       | 71                                     |
| <b>Types of Greens:</b>           | Fine Fescue/Colonial Bentgrass         |
| <b>Driving Range:</b>             | Yes                                    |
| <b>Putting Greens:</b>            | Yes                                    |
| <b>Practice Bunkers:</b>          | Yes                                    |
| <b>Tennis Courts:</b>             | No                                     |
| <b>Pool:</b>                      | No                                     |
| <b>Pro Shop:</b>                  | Yes                                    |
| <b>Restaurant:</b>                | Yes                                    |
| <b>Lounge:</b>                    | Yes                                    |
| <b>Guest Green Fees:</b>          | \$275.00                               |
| <b>Average No. of Round/Year:</b> | 20,000                                 |
| <b>Contact:</b>                   | Don Crowe, General Manager             |
| <b>Notes:</b>                     | Managed and operated by Kemper Sports. |

Assembled by: Golf & Resort Properties

JACKSON FLAT GOLF COURSE

GOLF RESORT DATA SHEET - BANDON PRESERVE



|                                   |  |
|-----------------------------------|--|
| <b>Name of Club:</b>              | <b>BANDON PRESERVE</b>                 |
| <b>Location:</b>                  | Bandon, Oregon                         |
| <b>Total Land Area (Acres)</b>    | 100                                    |
| <b>Type:</b>                      | Golf Course                            |
| <b>Year Built:</b>                | 2012                                   |
| <b>No. Hole:</b>                  | 13                                     |
| <b>Course Design:</b>             | Bill Coore/Ben Crenshaw                |
| <b>Length in Yards:</b>           | 1,609                                  |
| <b>USGA Rating:</b>               | N/A                                    |
| <b>Par:</b>                       | 13-hole par-3 course                   |
| <b>Types of Greens:</b>           | Fine Fescue/Colonial Bentgrass         |
| <b>Driving Range:</b>             | Yes                                    |
| <b>Putting Greens:</b>            | Yes                                    |
| <b>Practice Bunkers:</b>          | Yes                                    |
| <b>Tennis Courts:</b>             | No                                     |
| <b>Pool:</b>                      | No                                     |
| <b>Pro Shop:</b>                  | No                                     |
| <b>Restaurant:</b>                | No                                     |
| <b>Lounge:</b>                    | No                                     |
| <b>Guest Green Fees:</b>          | \$100.00                               |
| <b>Average No. of Round/Year:</b> | 12,800                                 |
| <b>Contact:</b>                   | Don Crowe, General Manager             |
| <b>Notes:</b>                     | Managed and operated by Kemper Sports. |

Assembled by: Golf & Resort Properties

**GOLF RESORT DATA SHEET - THE SHEEP RANCH**



|                                   |  |   |
|-----------------------------------|--|---|
| <b>Name of Club:</b>              | <b>THE SHEEP RANCH</b>                 |   |
| <b>Location:</b>                  | Bandon, Oregon                         |   |
| <b>Total Land Area (Acres)</b>    | 140                                    |   |
| <b>Type:</b>                      | Golf Course                            |   |
| <b>Year Built:</b>                | 2020                                   |   |
| <b>No. Holes:</b>                 | 18                                     |   |
| <b>Course Design:</b>             | Bill Coore/Ben Crenshaw                |   |
| <b>Length in Yards:</b>           | 6,636                                  |   |
| <b>USGA Rating:</b>               | 72.1                                   |   |
| <b>Par:</b>                       | 72                                     |   |
| <b>Types of Greens:</b>           | Fine Fescue/Colonial Bentgrass         |   |
| <b>Driving Range:</b>             | Yes                                    |   |
| <b>Putting Greens:</b>            | Yes                                    |   |
| <b>Practice Bunkers:</b>          | Yes                                    |   |
| <b>Tennis Courts:</b>             | No                                     |   |
| <b>Pool:</b>                      | No                                     |   |
| <b>Pro Shop:</b>                  | Yes                                    |   |
| <b>Restaurant:</b>                | Yes                                    |   |
| <b>Lounge:</b>                    | Yes                                    |   |
| <b>Guest Green Fees:</b>          | \$295.00                               |   |
| <b>Average No. of Round/Year:</b> | 25,000 for 6 Months                    | Forecast 40,000 Annual Rounds for 2021 with 12 months of Play |
| <b>Contact:</b>                   | Ken Nice, Director of Agronomy         |   |
| <b>Notes:</b>                     | Managed and operated by Kemper Sports. |   |

Assembled by: Golf & Resort Properties

| SUMMARY OF REGIONAL AREA GOLF COURSES        |                                   |                         |                  |                  |                 |                     |                         |                         |                         |
|--|-----------------------------------|-------------------------|------------------|------------------|-----------------|---------------------|-------------------------|-------------------------|-------------------------|
| Name   | Proposed Jackson Flat Golf Course | 1 Chambers Bay          | 2 Gamble Sands   | 3 Bandon Dunes   | 4 Pacific Dunes | 5 Old MacDonald     | 6 Bandon Trails         | 7 Bandon Preserve       | 8 The Sheep Ranch       |
| Type Club                                    | Public                            | Public                  | Public           | Public           | Public          | Public              | Public                  | Public                  | Public                  |
| City   | Kanab                             | University Place        | Brewster         | Bandon           | Bandon          | Bandon              | Bandon                  | Bandon                  | Bandon                  |
| County                                       | Kane                              | Pierce                  | Okanogan         | Coos             | Coos            | Coos                | Coos                    | Coos                    | Coos                    |
| Year Built                                   | Proposed 2021                     | 2007                    | 2014             | 1999             | 2001            | 2010                | 2005                    | 2012                    | 2020                    |
| Number Holes                                 | 18                                | 18                      | 18               | 18               | 18              | 18                  | 18                      | 13                      | 18                      |
| Length (Yards)                               | 7,075                             | 7,165                   | 7,227            | 6,732            | 6,633           | 6,944               | 6,840                   | 1,609                   | 6,636                   |
| Architect                                    | David McLay Kidd                  | Robert Trent Jones, Jr. | David McLay Kidd | David McLay Kidd | Tom Doak        | Tom Doak/Jim Urbina | Bill Coore/Ben Crenshaw | Bill Coore/Ben Crenshaw | Bill Coore/Ben Crenshaw |
| USGA Rating                                  | TBD                               | 74.7                    | 73.4             | 74.1             | 73.0            | 74.4                | 72.5                    | N/A                     | 72.1                    |
| Slope  | TBD                               | 140                     | 120              | 143              | 142             | 131                 | 131                     | N/A                     | 122                     |
| Clubhouse                                    | Yes                               | Yes                     | Yes              | Yes              | Yes             | Yes                 | Yes                     | Yes                     | Yes                     |
| Pool   | No                                | No                      | Yes              | No               | No              | No                  | No                      | No                      | No                      |
| Tennis                                       | No                                | No                      | No               | No               | No              | No                  | No                      | No                      | No                      |
| Driving Range                                | Yes                               | Yes                     | Yes              | Yes              | Yes             | Yes                 | Yes                     | No                      | Yes                     |
| Putting Green                                | Yes                               | Yes                     | Yes              | Yes              | Yes             | Yes                 | Yes                     | No                      | Yes                     |
| Restaurant                                   | Yes                               | Yes                     | Yes              | Yes              | Yes             | Yes                 | Yes                     | No                      | Yes                     |
| Green Fees - Weekends & Holidays (Inc. Cart) | TBD                               | \$275.00                | \$170.00         | \$275.00         | \$275.00        | \$275.00            | \$275.00                | \$100.00                | \$295.00                |
| Annual Rounds                                | 25,000                            | 35,000                  | 22,000           | 40,000           | 37,000          | 25,000              | 20,000                  | 12,800                  | 40,000*                 |
| Green Fees - ADR (Average Daily Rate)        | \$100.00                          | \$119.00                | Confidential     | \$150 to \$175   |                 |                     |                         |                         |                         |

Compiled by: Z. Gordon Davidson & Associates, Inc. - Golf & Resort Properties

\* 2020 for 6 months at 25,000. Projected 40,000 for 12 months

### *Conclusions*

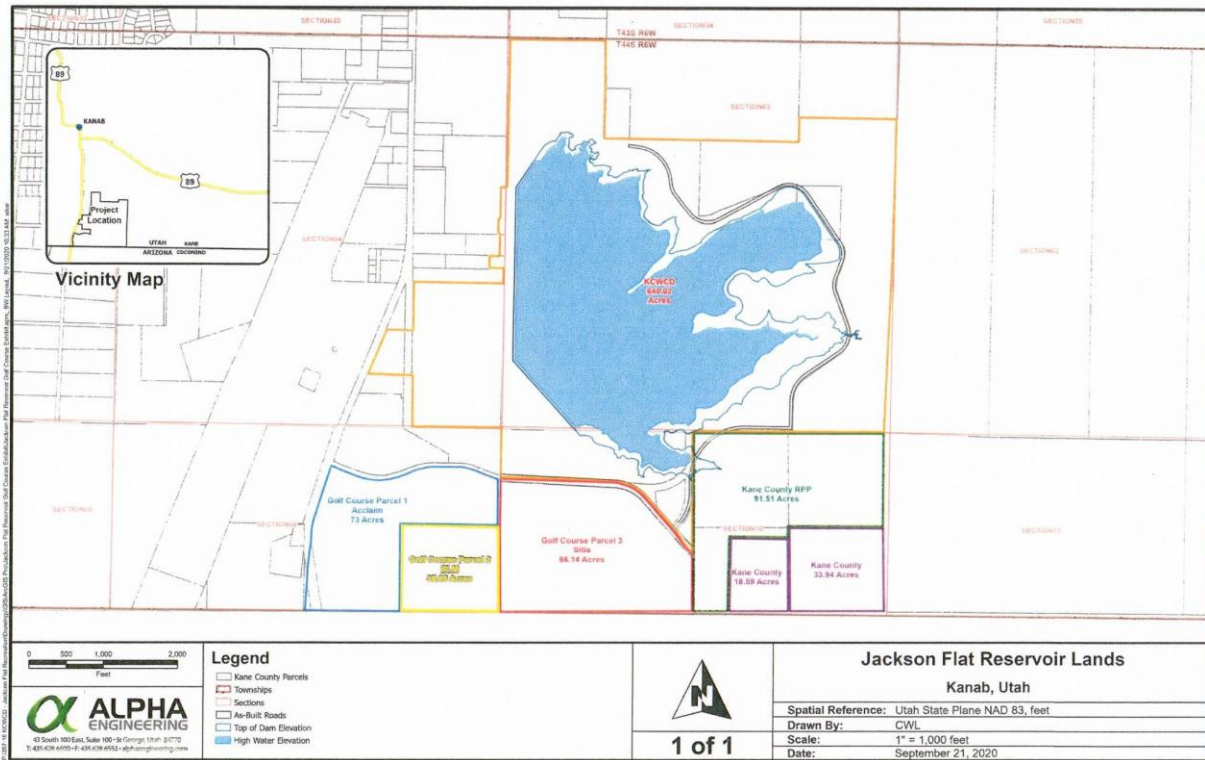
Based on future growth in golf demand and subject penetration, we have estimated that the subject should be able to capture 25,000 stable rounds. The subject property is proposed Scottish links style golf course and should be premium public access golf course that will be competitive in the marketplace. Based on our analysis of the data, we have projected the rounds for the subject, based on market conditions effective March 2021.

It was determined in the analysis that the most similar golf courses are Wolf Creek Golf Club, with 29,000 annual rounds, Gamble Sands, with 22,000 annual rounds, Chambers Bay Golf Course, which draws from 30,000 to 35,000 annual rounds, and Bandon Dunes with five (5) 18-hole Championship Golf Courses, one (1) 13-hole par-3 course, a practice center on 50-acres with a 1-acre practice green, and a 100,000-square foot practice green. Bandon Dunes Management was interviewed in November 2020 and noted that the golf rates ranged from \$250.00 to \$295.00 and the lodging rates were \$200.00 to \$250.00 per night for the 186 rooms and 372 beds. Bandon Dunes a world-renown golf destination that draws locally from Oregon, Washington, and California and internationally from Japan and Canada. Annual rounds at the resort are ranging from 20,000 to 40,000 per year. The highest rounds are played at the golf course designed by David McLay Kidd.

**AERIAL SITE MAP**



**SITE OF PROPOSED GOLF COURSE**



**LOCATION**

The subject is situated east of the Kanab Airport and Highway 89A, south of Jackson Flat Reservoir, and north of the Utah-Arizona border. Frontage along Highway 89A.

**LAND AREA**

The site is considered adequate in terms of size and utility. There is usable, excess or surplus land area for future development.

**SHAPE AND FRONTAGE**

The site is irregular with elevation changes and has adequate frontage along one primary thoroughfare within the neighborhood.

**INGRESS/EGRESS**

Ingress and egress is available to the site via an access easement from E. Kaneplex Drive.

Please refer to the prior site/plat exhibit for the layout of the streets that provide access to the subject property

### **TOPOGRAPHY AND DRAINAGE**

The site is generally level and at street grade with elevation changes throughout the site. The topography of the site is not seen as an impediment to the development of the property. During our inspection of the site, we observed no drainage problems and assume that none exist.

### **SOILS**

A soil analysis for the site has not been provided for the preparation of this assignment. In the absence of a soil report, it is a specific assumption that the site has adequate soils to support the highest and best use.

### **EASEMENTS AND ENCROACHMENTS**

A preliminary title report for the property was not provided for the preparation of this analysis. Based on our visual inspection and review of the site plan, the property does not appear to be adversely affected by any easements or encroachments. It is recommended that the client/reader obtain a current complete copy of the title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

### **ACCESS AGREEMENTS**

There are no known access agreements that may affect the subject's marketability.

### **COVENANTS, CONDITIONS AND RESTRICTIONS**

There are no known covenants, conditions and restrictions impacting the site that are considered to affect the proposed project or highest and best use, other than zoning restrictions.

### **UTILITIES AND SERVICES**

The site is within the jurisdiction of Kane County or Kanab and is provided all municipal services, including police, fire and refuse garbage collection. All utilities are available to the site in adequate quality and quantity to service the highest and best use as if vacant and as improved.

### **ENVIRONMENTAL ISSUES**

Z. GORDON DAVIDSON & ASSOCIATES, INC. has not observed, yet is not qualified to detect, the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may have an affect on the value of the property. For this appraisal, Z. GORDON DAVIDSON & ASSOCIATES, INC. has specifically assumed that the property is not affected by any hazardous materials and/or underground storage tanks that may be present on or near the property.



## **CONCLUSION**

The site is in proximity to a primary thoroughfare and has excellent visibility from roadway frontage. The size of the site is typical for the area and use, and there are no known detrimental uses in the immediate vicinity. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.

**IMPROVEMENT ANALYSIS**

The following description is based upon information provided by the client. Building plans were not made available for the subject improvements. All information obtained from the aforementioned sources is deemed to be reliable and therefore an accurate representation of the facilities.

**GOLF COURSE**

The proposed golf course will feature an 18-hole championship layout along with various ancillary improvements and amenities. The golf course designer is David McLay Kidd, Golf Course Architect. The clubhouse is existing and currently used at the Jackson Flat Reservoir. The proposed maintenance building location is to be located adjacent to #5 Green and #6 Tee.

**FACILITY SUMMARY AND ANALYSIS**

| Facility Type                 | Daily Fee/Public Course  | Grassing:          |                                    |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
|-------------------------------|--|--------------------|------------------------------------|--|------|---------|--------|-------------|----------|---------|-------------|-----------|---|-----------|-------------------|----------------|---|-----------|--------------------|------|
| No. Holes                     | 18   | Tee's/Fairways     | TBD                                |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Course Design                 | Links  | Greens             | TBD                                |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Year Proposed for Development | 2021   | Irrigation:        |                                    |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Architect/Designer            | David McLay Kidd   | Operation          | Automatic                          |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Course Layout                 | Core   | Make/Type          | TBD                                |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Green Construction            | USGA   | Max. Output        | 2,400 gpm                          |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Cart Paths                    | Concrete   | Coverage           | 100%                               |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Path Coverage                 | Continuous   | Water Source       | Well Water - pumping 175 - 350 gpm |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Practice Facilities:          | Driving Range, Chipping Green, Practice Bunker, Putting Green  |                    |                                    |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Property Amenities            | Landscape and paved parking  |                    |                                    |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Restaurant/Lounge             | Snack bar, restaurant, lounge  |                    |                                    |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Parking Type                  | Asphalt paved surface  |                    |                                    |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Official Score Card           | <table border="1"> <thead> <tr> <th>Par</th> <th>Short</th> <th>Medium</th> <th>Long</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>15 &lt;150</td> <td>4 50 to 180</td> <td>8,11 &gt;180</td> </tr> <tr> <td>4</td> <td>6,13 &lt;380</td> <td>2,9,14 380 to 420</td> <td>1,5,12,17 &gt;420</td> </tr> <tr> <td>5</td> <td>7,16 &lt;520</td> <td>3,10,18 520 to 560</td> <td>&gt;560</td> </tr> </tbody> </table> |                    |                                    |  | Par  | Short   | Medium | Long        | 3        | 15 <150 | 4 50 to 180 | 8,11 >180 | 4 | 6,13 <380 | 2,9,14 380 to 420 | 1,5,12,17 >420 | 5 | 7,16 <520 | 3,10,18 520 to 560 | >560 |
| Par                           | Short  | Medium             | Long                               |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| 3                             | 15 <150  | 4 50 to 180        | 8,11 >180                          |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| 4                             | 6,13 <380  | 2,9,14 380 to 420  | 1,5,12,17 >420                     |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| 5                             | 7,16 <520  | 3,10,18 520 to 560 | >560                               |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Course Setup:                 | <table border="1"> <thead> <tr> <th>Tees</th> <th>Yardage</th> <th>Slope</th> <th>USGA Rating</th> </tr> </thead> <tbody> <tr> <td>Back Tee</td> <td>7,075</td> <td>TBD</td> <td>TBD</td> </tr> </tbody> </table>  |                    |                                    |  | Tees | Yardage | Slope  | USGA Rating | Back Tee | 7,075   | TBD         | TBD       |   |           |                   |                |   |           |                    |      |
| Tees                          | Yardage  | Slope              | USGA Rating                        |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |
| Back Tee                      | 7,075  | TBD                | TBD                                |  |      |         |        |             |          |         |             |           |   |           |                   |                |   |           |                    |      |

Source: Various sources compiled by Golf & Resort Properties

The following definitions have been provided in order for the reader to better understand the analysis involved with golf course quality and rating.

**USGA Rating** - Measures the difficulty of play for golf courses. The more difficult and longer the course is, the higher the rating (72.0); typical ratings range from 65.0 to 72.0.

**Slope Rating** - Allows golfers to adjust handicaps between golf courses, recognizing that some courses are more demanding than others; greater than 115, the more difficult and longer the course; less than 115, the shorter and easier the course.

The subject proposed will be a premium quality in design and layout for the surrounding competitive market. From the back tees (tips), the course rating is TBD with a slope of TBD. The course rating and slope generally indicates the difficulty of the course by measuring such factors as course length, number

of hazards, average sustained wind, out of bounds and other characteristics. The subject proposed length from the tips is approximately 7,075 yards. Overall, the course will conform to USGA standards and will be typical and adequate for the marketplace it serves.

### **FUNCTIONAL UTILITY/CONCLUSIONS**

Functional utility of the golf course, clubhouse and ancillary site improvements proposed will be above average. The golf course will be relatively open on a significant number of driving holes. The tee areas will be large enough to rotate tee locations to allow proper maintenance. Overall, the clubhouse, golf course and other ancillary site improvements will be considered functionally adequate.

### **CONCLUSION**

The improvements will be above average overall in regard to improvement design and layout, as well as amenities and ancillary improvements. Overall, there are no known factors that could be considered to adversely impact the marketability of the improvements.

The following map of the golf course plan provided by the designer, David McLay Kidd, depicts the proposed golf course, building(s) and associated facilities.



## FINANCIAL IMPACT ANALYSIS

This section is the Financial Impact Analysis which quantifies the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of economic benefits to be derived in the future.

### METHODOLOGY

The two common financial techniques associated with the financial impact analysis are the stabilized proforma technique and the forecasted cash flow analysis.

#### *Financial Impact Analysis Technique*

The financial impact analysis technique estimates a single year's estimate of income at a capacity or stable year operating economic level. Using this technique, the process can be outlined as follows:

1. Assuming competent ownership, estimate the Potential Gross Income (PGI) from all sources generated by the property, based on existing and/or golf market income and expenses.
2. Deduct an estimated Cost of Goods Sold (COGS) to arrive at an Effective Gross Income (EGI) estimate.
3. Deduct operating expenses from the estimated EGI; the result is an estimate of the stabilized Net Operating Income (NOI).

#### *Forecasted Cash Flow Analysis*

The forecasted cash flow analysis is a detailed analysis used when the future net operating income (or cash flow) is expected to be variant, usually as a result of anticipated changes in potential gross income and expenses. It is also particularly relevant when investors are basing their analysis on annual cash flows. The forecasted cash flow analysis specifies the quantity, variability, timing, and duration of NOIs and cash flows.

### ESTIMATED INCOME AND EXPENSES

For purposes of our analysis, we have considered proposed information from the representatives for the project, as well as that obtained for similar golf course properties in the region. Where applicable, we have reclassified the available income/expense information to conform to the Uniform System of Accounts for Golf Courses, an industry-standard accounting format. However, we have primarily relied upon the existing structure of the proposed project assumptions provided by our client, golf market participants, and the available published golf industry data. The golf course comparables income and expense information were researched and are summarized in the chart in the following pages.

**Note:** The income and expense projections for the subject property are based on 18-hole equivalent round counts and fees. All seasonal variances in fees and rounds, as well as discounted rounds, have been adjusted to reflect fully priced 18-hole equivalents for income and expense analysis purposes.

**DEPARTMENTAL INCOME AND EXPENSES**

For golf course facilities, revenue and expense departments typically include the following:

| <u>Income</u>         | <u>Expenses</u>                   |
|-----------------------|-----------------------------------|
| Golf                  |                                   |
| Greens Fees           | Golf Course Maintenance           |
| Cart Fees             | Cart Lease Expense or Maintenance |
| Golf Shop Sales       | Golf Shop                         |
| Practice Range        | Practice Range                    |
| Food & Beverage Sales | Food & Beverage                   |
| Other Miscellaneous   | Other Miscellaneous               |

Non-departmental expense categories typically include administrative and advertising expense, payroll related expenses for all employees, hazard insurance, clubhouse repair maintenance and landscaping, golf course maintenance equipment expenses, utilities and real estate taxes. It should be noted that while the level of detail provided in the subject's operating statements do not allow for similar departmentalized analysis as shown, both the quality and quantity of data is adequate for a reasonable analysis. As such, we have utilized the income and expense categories provided from the marketplace in the financial statements.

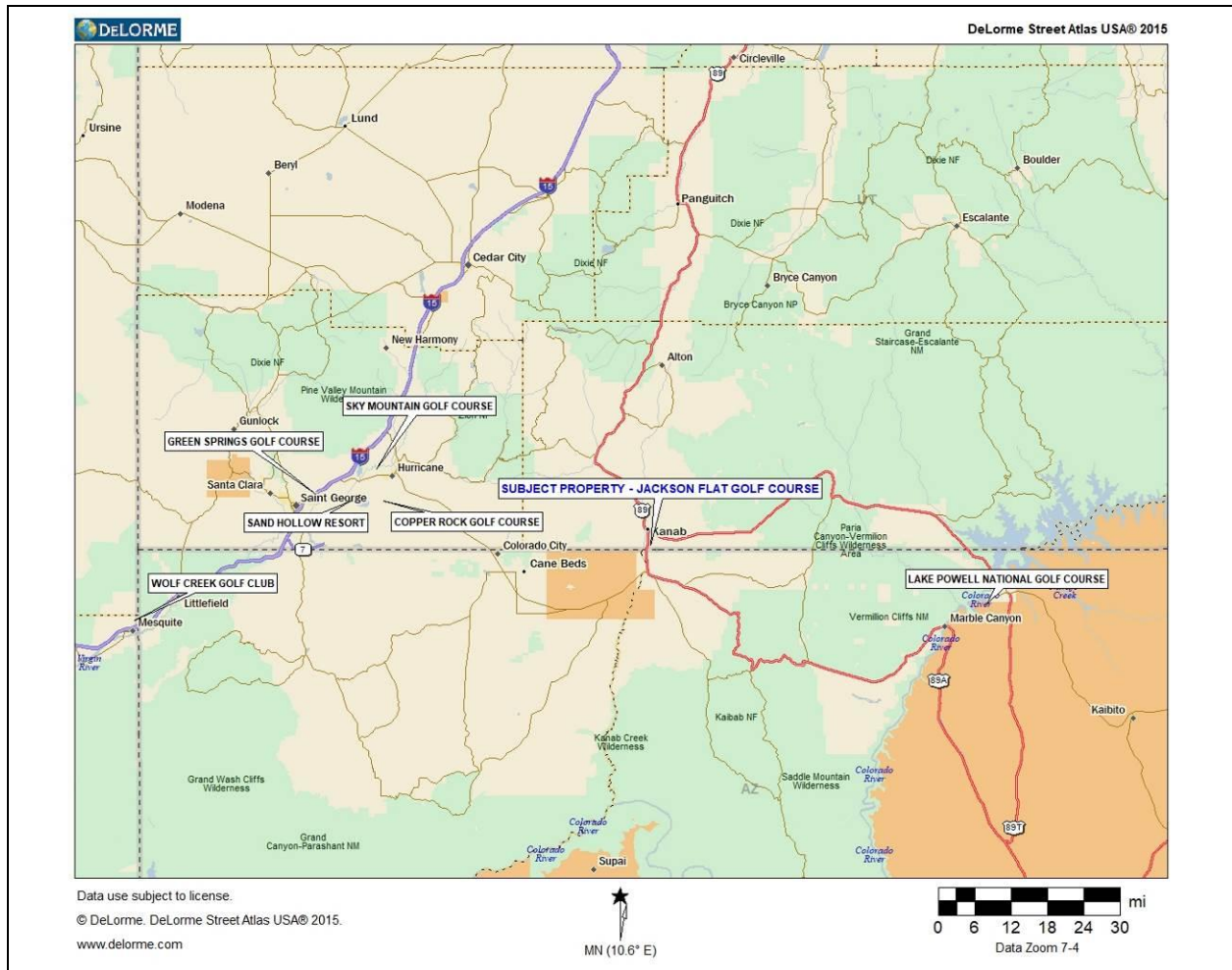
For purposes of this assignment, we were able to also analyze confidential historical operating statements for comparable golf course properties we have studied. In addition, statistics from similar golf course studies conducted by the National Golf Foundation were also examined for support as to the subject's reasonableness of income and expense conclusions. A summary of this data is presented on the following pages.

| <b>GOLF COURSE INCOME &amp; EXPENSE COMPARABLES</b> |                                    |                                    |                                    |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | Low                                | High                               | Average                            | Estimate                           |
| Total Annual Rounds (EHE)                           | 22,000                             | 42,000                             | 35,400                             | 25,000                             |
|   | \$Per Round                        | \$Per Round                        | \$Per Round                        | \$Per Round                        |
| <b>Revenue</b>                                      | Low                                | High                               | Average                            | Estimate                           |
| Green Fees  | \$48.48                            | \$117.95                           | \$90.11                            | \$100.00                           |
| Driving Range                                       | \$1.35                             | \$5.86                             | \$3.55                             | \$1.50                             |
| Golf Shop   | \$5.02                             | \$22.50                            | \$14.68                            | \$9.00                             |
| Food & Beverage                                     | \$22.74                            | \$80.21                            | \$48.39                            | \$22.00                            |
| Other   | \$0.99                             | \$11.16                            | \$6.03                             | \$1.00                             |
| <b>Total</b>  | <b>\$123.41</b>                    | <b>\$237.36</b>                    | <b>\$162.77</b>                    | <b>\$133.50</b>                    |
| <b>Cost of Goods Sold (COGS)</b>                    | Low                                | High                               | Average                            | Estimate                           |
| Golf Shop/Merchandies COGS                          | 51.0%                              | 77.1%                              | 63.2%                              | 65.0%                              |
| Food & Beverage COGS                                | 23.1%                              | 40.5%                              | 30.6%                              | 35.0%                              |
| COGS are based on % of Depart. Revenue              |                                    |                                    |                                    |                                    |
| <b>Expenses</b>                                     | \$Per Round/% of Rev/Total Expense | \$Per Round/% of Rev/Total Expense | \$Per Round/% of Rev/Total Expense | \$Per Round/% of Rev/Total Expense |
| Golf Course Maintenance                             | \$6.23                             | \$17.78                            | \$13.23                            | \$12.00                            |
| Equipment Leases - Total Expense                    | \$98,436                           | \$150,000                          | \$124,000                          | \$150,000                          |
| Food & Beverage Operations                          | \$2.18                             | \$7.80                             | \$4.13                             | \$3.50                             |
| Golf Shop Operations                                | \$1.72                             | \$3.04                             | \$2.22                             | \$2.00                             |
| Administrative & General                            | \$4.76                             | \$9.65                             | \$6.06                             | \$5.00                             |
| Marketing & Advertising                             | \$0.77                             | \$8.05                             | \$3.49                             | \$3.50                             |
| Utilities % of Total Revenue                        | 1.6%                               | 6.6%                               | 3.1%                               | 2.3%                               |
| Payroll Expense % of Total Revenue                  | 23.2%                              | 38.4%                              | 33.1%                              | 33.7%                              |
| Management Fees % of Total Revenue                  | 0.8%                               | 6.8%                               | 3.8%                               | 3.0%                               |
| Insurance   | \$1.08                             | \$1.56                             | \$1.34                             | \$1.20                             |
|   | Low                                | High                               | Average                            | Estimate                           |
| Net Operating Income (NOI)                          | \$789,921                          | \$1,453,963                        | \$1,216,961                        | \$801,875                          |
| NOI % of Revenue:                                   | 13.6%                              | 29.1%                              | 20.7%                              | 24.0%                              |

**ANALYSIS OF COMPARABLE PROPERTIES**

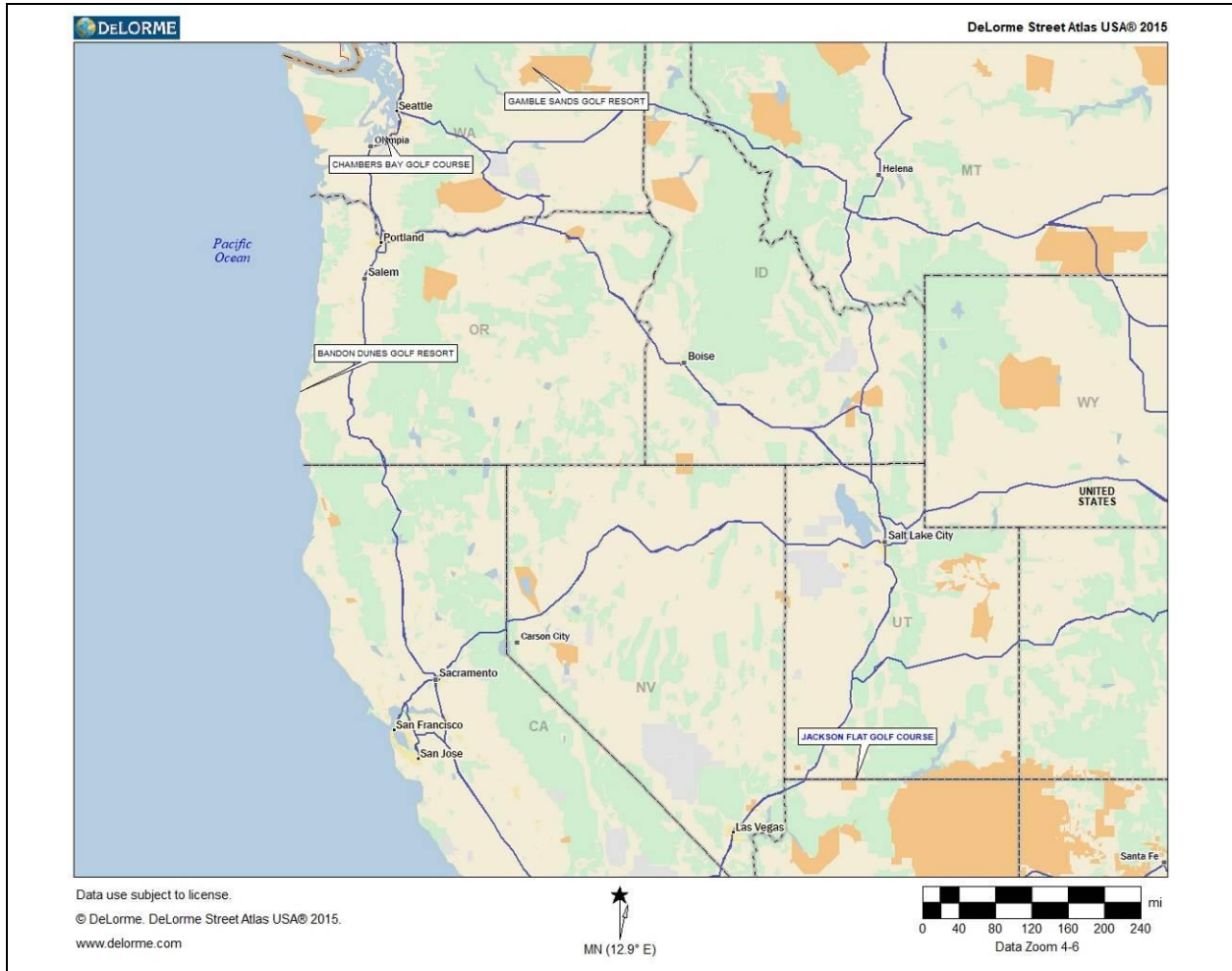
The following location maps and summary tables identifies the golf courses in the local area in addition to the regional area and their respective rates. The local courses are located within an approximate 60-minute to 120-minute drive radius of the subject and are subject to generally similar outside forces. The regional golf courses are the comparables shown that represent the most competitive public golf courses with similar style courses and amenities as the proposed golf course in the designated market area of the west economic census region.

*Local Area Courses*





*Regional Area Courses:*



| SUMMARY OF COMPARABLE GOLF FACILITIES |   |           |               |                          |                |     |        |                        |            |                     |
|---------------------------------------|---|-----------|---------------|--------------------------|----------------|-----|--------|------------------------|------------|---------------------|
| No.                                   | Name  | No. Holes | Year Built    | Designer/ Architect      | Course Yardage | Par | Rating | Clubhouse Pool, Tennis | Green Fees | Annual Rounds       |
| 1                                     | Lake Powell National Golf Course                                    | 18        | 1995          | William Phillips         | 7,030          | 72  | 72.8   | Yes<br>No<br>No        | \$85.00    | 18,500              |
| 2                                     | Sand Hollow Resort  | 18        | 2008          | John Fought/Andy Staples | 7,315          | 72  | 73.7   | Yes<br>Yes<br>No       | \$216.00   | 42,000              |
| 3                                     | Green Springs Golf Course   | 18        | 1989          | Gene Bates               | 6,859          | 72  | 73.5   | Yes<br>No<br>No        | \$67.00    | 35,500              |
| 4                                     | Copper Rock Golf Course   | 18        | 2020          | Dale Beddo               | 6,823          | 72  | 72.9   | Yes<br>No<br>No        | \$120.00   | 42,000              |
| 5                                     | Sky Mountain Golf Course  | 18        | 1994          | Jeff Hardin              | 6,392          | 72  | 70.4   | Yes<br>No<br>No        | \$85.00    | 39,800              |
| 6                                     | Wolf Creek Golf Club  | 18        | 2000          | Dennis & John Rider      | 6,939          | 72  | 75.4   | Yes<br>No<br>No        | \$220.00   | 29,000              |
| Subject                               | Jackson Flat Golf Course,<br>Kanab, Utah<br>Daily Fee/Public Course | 18        | Proposed 2021 | David McLay Kidd         | 7,075          | TBD | TBD    | Yes<br>No<br>No        | TBD        | 18,000 to<br>25,000 |

Compiled by Z. Gordon Davidson & Associates, Inc.

| SUMMARY OF REGIONAL AREA GOLF COURSES        |   |                         |                   |                   |                    |                     |                         |                         |                         |
|--|---|-------------------------|-------------------|-------------------|--------------------|---------------------|-------------------------|-------------------------|-------------------------|
| Name   | Proposed<br>Jackson Flat Golf<br>Course | 1<br>Chambers Bay       | 2<br>Gamble Sands | 3<br>Bandon Dunes | 4<br>Pacific Dunes | 5<br>Old MacDonald  | 6<br>Bandon Trails      | 7<br>Bandon Preserve    | 8<br>The Sheep Ranch    |
| Type Club                                    | Public                                  | Public                  | Public            | Public            | Public             | Public              | Public                  | Public                  | Public                  |
| City   | Kanab                                   | University Place        | Brewster          | Bandon            | Bandon             | Bandon              | Bandon                  | Bandon                  | Bandon                  |
| County                                       | Kane                                    | Pierce                  | Okanogan          | Coos              | Coos               | Coos                | Coos                    | Coos                    | Coos                    |
| Year Built                                   | TBD                                     | 2007                    | 2014              | 1999              | 2001               | 2010                | 2005                    | 2012                    | 2020                    |
| Number Holes                                 | 18                                      | 18                      | 18                | 18                | 18                 | 18                  | 18                      | 13                      | 18                      |
| Length (Yards)                               | 7,075                                   | 7,165                   | 7,227             | 6,732             | 6,633              | 6,944               | 6,840                   | 1,609                   | 6,636                   |
| Architect                                    | David McLay Kidd                        | Robert Trent Jones, Jr. | David McLay Kidd  | David McLay Kidd  | Tom Doak           | Tom Doak/Jim Urbina | Bill Coore/Ben Crenshaw | Bill Coore/Ben Crenshaw | Bill Coore/Ben Crenshaw |
| USGA Rating                                  | TBD                                     | 74.7                    | 73.4              | 74.1              | 73.0               | 74.4                | 72.5                    | N/A                     | 72.1                    |
| Slope  | TBD                                     | 140                     | 120               | 143               | 142                | 131                 | 131                     | N/A                     | 122                     |
| Clubhouse                                    | Yes                                     | Yes                     | Yes               | Yes               | Yes                | Yes                 | Yes                     | Yes                     | Yes                     |
| Pool   | No                                      | No                      | Yes               | No                | No                 | No                  | No                      | No                      | No                      |
| Tennis                                       | No                                      | No                      | No                | No                | No                 | No                  | No                      | No                      | No                      |
| Driving Range                                | Yes                                     | Yes                     | Yes               | Yes               | Yes                | Yes                 | Yes                     | No                      | Yes                     |
| Putting Green                                | Yes                                     | Yes                     | Yes               | Yes               | Yes                | Yes                 | Yes                     | No                      | Yes                     |
| Restaurant                                   | Yes                                     | Yes                     | Yes               | Yes               | Yes                | Yes                 | Yes                     | No                      | Yes                     |
| Green Fees - Weekends & Holidays (Inc. Cart) | TBD                                     | \$275.00                | \$170.00          | \$275.00          | \$275.00           | \$275.00            | \$275.00                | \$100.00                | \$295.00                |
| Annual Rounds                                | 25,000                                  | 35,000                  | 22,000            | 40,000            | 37,000             | 25,000              | 20,000                  | 12,800                  | 40,000*                 |
| Green Fees - ADR (Average Daily Rate)        | \$100.00                                | \$119.00                | Confidential      | \$150 to \$175    |                    |                     |                         |                         |                         |

Compiled by: Z. Gordon Davidson & Associates, Inc. - Golf & Resort Properties

\* 2020 for 6 months at 25,000. Projected 40,000 for 12 months

The local area golf courses listed above represent, offers a 9-holes to 18-holes, and are geographically proximate to the subject. The local area courses were built in the 1960's through the 2020. The proposed subject course's design, layout and condition will feature a links style golf course with clubhouse amenities and lodging that will compete with the world-class golf courses with premium public access. The regional golf courses are as follows; Chambers Bay, and Gamble Sand, and Bandon Dunes, which are similar to the proposed course and have links style courses and world-class with public access and lodging on two of the regional courses and proposed lodging on the Chambers Bay Golf Course.

## **REVENUES**

Revenues were estimated as the number of rounds played multiplied by the applicable departmental revenue realized per round. These revenues result from guest green fees, driving range sales, snack bar sales, food and beverage sales, and other income.

### ***Guest Green Fees***

The clubs considered most competitive with the subject and indicated typical guest green fees of \$170.00 at Gamble Sands to \$295.00 at Bandon Dunes newest golf course The Sheep Ranch that opened in the summer of 2020 in a remote area of Oregon and captured 25,000 for six months of opening and 2021 Green Fees are at \$135 per round in November and December and high season at \$345 for July to September. The highest golf rounds for the Bandon Dunes Resort are played on the golf course designed by David McLay Kidd.

Locally an 18-Hole golf course within the drive radius of the designated market area had 29,000 annual rounds in 2020, this same course is trending towards for 31,000 to 32,000 rounds for 2021. The course is similar in design and reputation of the proposed golf course and had an average daily rate for golf course green fees of \$145.00 in 2019 and \$155.00 average daily rate for green fees in 2020 reported.

The golf course income and expense comparables and the subject's green fees revenue projections are summarized in the following table:

| <b>GREEN/GUEST FEES REVENUE</b> |              |
|---------------------------------|--------------|
| Golf Course Revenue Comparables | \$ Per Round |
| Low Range                       | \$48.48      |
| High Range                      | \$145.38     |
| Average                         | \$90.11      |
| Conclusion                      | \$100.00     |
| Proforma Estimate Year 1        | \$100.00     |
| Proforma Estimate Year 2        | \$102.50     |
| Proforma Estimate Year 3        | \$105.06     |
| Proforma Estimate Year 4        | \$107.69     |
| Proforma Estimate Year 5        | \$110.38     |
| Golf & Resort Properties        |              |

The golf green fees per round incorporate all composition of play (local resident discounts, seasonal promotions, weekend rates, twilight rates, complimentary rounds, etc.). The concluded pro forma estimate is estimated at \$100 per round average daily rate.

### ***Driving Range Revenue***

The golf revenue comparables and the subject' driving range revenue projections are summarized in the following table:

| <b>DRIVING RANGE REVENUE</b>    |                         |              |
|---------------------------------|-------------------------|--------------|
| Golf Course Revenue Comparables | As a % of Total Revenue | \$ Per Round |
| Low Range                       | 1.1%                    | \$1.35       |
| High Range                      | 2.3%                    | \$5.86       |
| Average                         | 1.2%                    | \$3.55       |
| Conclusion                      | 1.1%                    | \$1.50       |
| Proforma Estimate Year 1        | 1.1%                    | \$1.50       |
| Proforma Estimate Year 2        | 1.1%                    | \$1.54       |
| Proforma Estimate Year 3        | 1.1%                    | \$1.58       |
| Proforma Estimate Year 4        | 1.1%                    | \$1.62       |
| Proforma Estimate Year 5        | 1.1%                    | \$1.66       |
| Golf & Resort Properties        |                         |              |

The driving range revenue is forecast at the lower end of the range and increasing annually. The concluded pro forma estimate is estimated at \$1.50 per round.

### ***Golf Shop Sales/Merchandise***

Golf shop sales typically include all merchandise sold through the golf shop. The golf course revenue comparables and the subject's projected golf shop sales per round are summarized in the following table:

| <b>GOLF SHOP/MERCHANDISE REVENUE</b> |                         |              |
|--------------------------------------|-------------------------|--------------|
| Golf Course Revenue Comparables      | As a % of Total Revenue | \$ Per Round |
| Low Range                            | 10.6%                   | \$5.02       |
| High Range                           | 9.5%                    | \$22.50      |
| Average                              | 4.1%                    | \$14.68      |
| Conclusion                           | 6.7%                    | \$9.00       |
| Proforma Estimate Year 1             | 6.7%                    | \$9.00       |
| Proforma Estimate Year 2             | 6.7%                    | \$9.23       |
| Proforma Estimate Year 3             | 6.7%                    | \$9.46       |
| Proforma Estimate Year 4             | 6.7%                    | \$9.69       |
| Proforma Estimate Year 5             | 6.7%                    | \$9.93       |
| Golf & Resort Properties             |                         |              |

The golf course revenue comparables had a wide range for merchandise due to golf shop size, staffing, and promotional events, from \$5.00 (rounded) per round to \$22.50 per round per year. The concluded pro forma estimate is at \$9.00 per round.

### ***Food & Beverage Revenue***

Food & Beverage revenues are generated from the restaurant, grill, lounge, beverage cart, tournaments, and special events. Food & Beverage sales were based on golf course comparable data from similar operations as proposed for Jackson Flat Golf Course. The golf course revenue comparables and the subject's food & beverage income projections are summarized in the following table:

| <b>FOOD &amp; BEVERAGE SALES REVENUE</b> |                         |              |
|--|-------------------------|--------------|
| Golf Course Revenue Comparables          | As a % of Total Revenue | \$ Per Round |
| Low Range                                | 18.0%                   | \$22.74      |
| High Range                               | 48.7%                   | \$80.21      |
| Average                                  | 29.7%                   | \$48.39      |
| Conclusion                               | 16.7%                   | \$22.00      |
| Proforma Estimate Year 1                 | 16.7%                   | \$22.00      |
| Proforma Estimate Year 2                 | 16.7%                   | \$22.55      |
| Proforma Estimate Year 3                 | 16.7%                   | \$23.11      |
| Proforma Estimate Year 4                 | 16.7%                   | \$23.69      |
| Proforma Estimate Year 5                 | 16.7%                   | \$24.28      |
| Golf & Resort Properties                 |                         |              |

Golf course revenue comparables are ranging from \$23.00 (rounded) per round to \$80.00 (rounded) per round, a wide range due to the type of events and facilities capable of hosting major events, tournaments, weddings, and special events. The concluded pro forma estimate is \$22.00 per round.

***Other Revenue***

This income category includes various miscellaneous costs and other service costs. The subject's forecast for other revenue per round is summarized in the following table:

| <b>OTHER REVENUE</b>            |                         |              |
|---------------------------------|-------------------------|--------------|
| Golf Course Revenue Comparables | As a % of Total Revenue | \$ Per Round |
| Low Range                       | 0.8%                    | \$0.99       |
| High Range                      | 4.7%                    | \$11.16      |
| Average                         | 6.2%                    | \$6.03       |
| Conclusion                      | 0.7%                    | \$1.00       |
| Proforma Estimate Year 1        | 0.7%                    | \$1.00       |
| Proforma Estimate Year 2        | 0.7%                    | \$1.03       |
| Proforma Estimate Year 3        | 0.7%                    | \$1.05       |
| Proforma Estimate Year 4        | 0.7%                    | \$1.08       |
| Proforma Estimate Year 5        | 0.7%                    | \$1.10       |
| Golf & Resort Properties        |                         |              |

The golf course revenue comparables miscellaneous other revenue had a wide range from \$1.00 (rounded) to \$11.00 (rounded) due to the types of services and other revenue income generating area of golf club storage, golf lessons, etc. The concluded pro forma estimate is \$1.00 per round.

**OPERATING EXPENSES**

We have utilized the standardized Uniform System for Accounts for golf courses when possible. We have also referred to expense information from other golf courses that we have appraised, together with expense data from the Society of Golf Appraisers (SGA) National Golf Course Income and Expense Report, National Golf Course Owners Associations, Golf Industry Reports from the Golf Course Superintendents Association of America, and the CMAA, Club Managers Association of America.

**COSTS OF GOODS SOLD (COGS)*****Golf Shop COGS***

The cost of goods sold associated with golf shop sales is a relatively fixed cost and is typically based upon a percentage of departmental sales. The industry norm for such merchandise costs is from 55% to 65% of departmental golf shop sales. The golf course expense comparables and the subject's golf shop COGS projections are summarized in the following table:

| <b>GOLF SHOP/MERCHANDISE COGS EXPENSE</b> |                         |
|---|-------------------------|
| Golf Course Expense Comparables           | As a % of Dept. Revenue |
| Low Range                                 | 51.0%                   |
| High Range                                | 77.1%                   |
| Average                                   | 63.2%                   |
| Conclusion                                | 65.0%                   |
| Proforma Estimate Year 1                  | 65.0%                   |
| Proforma Estimate Year 2                  | 65.0%                   |
| Proforma Estimate Year 3                  | 65.0%                   |
| Proforma Estimate Year 4                  | 65.0%                   |
| Proforma Estimate Year 5                  | 65.0%                   |
| Golf & Resort Properties                  |                         |

The golf course expense comparables golf shop COGS range from 51.0 to 77.1% of total revenue. The concluded pro forma estimate is 65.0% of department revenue, which is within the industry norm.

### ***Food & Beverage COGS***

The cost of goods sold associated with food & beverage sales is a relatively fixed cost and is typically based upon a percentage of departmental sales. The industry norm for such merchandise costs is from 35% to 45% of departmental food & beverage sales. The golf course expense comparables and the subject's food & beverage sales COGS projections are summarized in the following table:

| <b>FOOD &amp; BEVERAGE COGS EXPENSE</b> |                         |
|---|-------------------------|
| Golf Course Expense Comparables         | As a % of Dept. Revenue |
| Low Range                               | 26.6%                   |
| High Range                              | 40.5%                   |
| Average                                 | 30.6%                   |
| Conclusion                              | 35.0%                   |
| Proforma Estimate Year 1                | 35.0%                   |
| Proforma Estimate Year 2                | 35.0%                   |
| Proforma Estimate Year 3                | 35.0%                   |
| Proforma Estimate Year 4                | 35.0%                   |
| Proforma Estimate Year 5                | 35.0%                   |
| Golf & Resort Properties                |                         |

The golf course expense comparables food & beverage sales COGS range from 26.6% to 40.5% of departmental revenue. The concluded pro forma estimate is 35.0% of department revenue.



**DEPARTMENTAL EXPENSES*****Golf Course Maintenance***

This category includes those costs associated with the maintenance of the golf course and practice facilities. Water costs for the golf course irrigation is excluded, however, the water costs are in the Utilities Expense section of this report. Salaries and benefits for all associated department employees are not included herein, however, are included in the section of Payroll Expense. The golf course expense comparables and the subject's golf course maintenance projected expenses are detailed as follows:

| <b>GOLF COURSE MAINTENANCE EXPENSE</b> |               |                         |              |
|--|---------------|-------------------------|--------------|
| Golf Course Expense Comparables        | Total Expense | As a % of Total Revenue | \$ Per Round |
| Low Range                              | \$311,666     | 5.0%                    | \$6.23       |
| High Range                             | \$719,429     | 14.4%                   | \$17.78      |
| Average                                | \$501,154     | 8.8%                    | \$13.43      |
| Conclusion                             | \$300,000     | 9.0%                    | \$12.00      |
| Proforma Estimate Year 1               | \$300,000     | 12.5%                   | \$16.67      |
| Proforma Estimate Year 2               | \$307,500     | 11.2%                   | \$15.38      |
| Proforma Estimate Year 3               | \$315,188     | 10.2%                   | \$14.33      |
| Proforma Estimate Year 4               | \$323,067     | 9.0%                    | \$12.92      |
| Proforma Estimate Year 5               | \$331,144     | 9.0%                    | \$13.25      |
| Golf & Resort Properties               |               |                         |              |

The golf expense comparables golf course maintenance expenses range from \$312,000 (rounded) per year to \$720,000 (rounded) per year, depending on the acreage, golf course design, course cultural practices, and detail. The design proposed for the subject property is environmentally sensitive and the best management practices are proposed to be cost effective. The concluded pro forma estimate \$12.00 per round, or \$300,000 per year, excluding utility cost which is included in the utility expense line item.

***Equipment Leases***

This category includes those costs associated with the subject's leased or rented equipment. Most golf courses lease the golf course maintenance equipment and golf carts. Research was conducted on similar golf courses designed as the proposed golf course. The subject's projected equipment expenses are detailed as follows:

| <b>EQUIPMENT LEASES EXPENSE</b> |             |
|---------------------------------|-------------|
| Golf Course Expense Comparables | Annual Cost |
| Low Range                       | \$98,436    |
| High Range                      | \$150,000   |
| Average                         | \$124,000   |
| Conclusion                      | \$150,000   |
| Proforma Estimate Year 1        | \$150,000   |
| Proforma Estimate Year 2        | \$153,750   |
| Proforma Estimate Year 3        | \$157,594   |
| Proforma Estimate Year 4        | \$161,534   |
| Proforma Estimate Year 5        | \$165,572   |
| Golf & Resort Properties        |             |

The golf course expense comparables provided were from two of the competitive similar design and operations and interviews from 18-hole golf course operators and equipment suppliers. Several of the golf courses owned the equipment and did not have an annual expense. The concluded pro forma estimate is \$150,000.

### ***Food & Beverage Operations***

This category includes those costs associated with the daily operations of the food & beverage department. The golf course expense comparables and the subject's projected food & beverage operations expenses are detailed as follows:

| <b>FOOD &amp; BEVERAGE OPERATIONS EXPENSE</b> |                         |              |
|---|-------------------------|--------------|
| Golf Course Expense Comparables               | As a % of Total Revenue | \$ Per Round |
| Low Range                                     | 1.3%                    | \$2.18       |
| High Range                                    | 3.3%                    | \$7.80       |
| Average                                       | 1.9%                    | \$4.13       |
| Conclusion                                    | 2.6%                    | \$3.50       |
| Proforma Estimate Year 1                      | 2.6%                    | \$3.50       |
| Proforma Estimate Year 2                      | 2.6%                    | \$3.59       |
| Proforma Estimate Year 3                      | 2.6%                    | \$3.68       |
| Proforma Estimate Year 4                      | 2.6%                    | \$3.77       |
| Proforma Estimate Year 5                      | 2.6%                    | \$3.86       |
| Golf & Resort Properties                      |                         |              |

The golf course expense comparables food & beverage operations expenses range from 1.3% to 3.3% of total revenue, with an average of 1.9%, or from \$2.00 (rounded) per round to \$8.00 (rounded), a wide range. The concluded pro forma estimate is \$3.50, or 2.6% of total revenue.

***Golf Shop Operations***

This category includes those costs associated with the daily operations of the golf shop. The golf course expense comparables and the subject's golf shop operations expenses projections are detailed as follows:

| <b>GOLF SHOP OPERATIONS EXPENSE</b> |                         |              |
|-------------------------------------|-------------------------|--------------|
| Golf Course Expense Comparables     | As a % of Total Revenue | \$ Per Round |
| Low Range                           | 1.3%                    | \$1.72       |
| High Range                          | 1.5%                    | \$3.04       |
| Average                             | 1.4%                    | \$2.22       |
| Conclusion                          | 1.5%                    | \$2.00       |
| Proforma Estimate Year 1            | 1.5%                    | \$2.00       |
| Proforma Estimate Year 2            | 1.5%                    | \$2.05       |
| Proforma Estimate Year 3            | 1.5%                    | \$2.10       |
| Proforma Estimate Year 4            | 1.5%                    | \$2.15       |
| Proforma Estimate Year 5            | 1.5%                    | \$2.21       |
| Golf & Resort Properties            |                         |              |

The golf course expense comparables ranged from 1.3% to 1.5% of total revenue. The concluded pro forma estimate is \$2.00 per round, or 1.5% of total revenue.

**UNDISTRIBUTED OPERATING EXPENSES*****Administrative & General***

This category includes all costs associated with administration of the golf course's daily operations. The golf course expense comparables and the subject's administrative and general expense projections are detailed as follows:

| <b>ADMINISTRATIVE &amp; GENERAL EXPENSE</b> |                         |              |
|---|-------------------------|--------------|
| Golf Course Expense Comparables             | As a % of Total Revenue | \$ Per Round |
| Low Range                                   | 3.6%                    | \$4.76       |
| High Range                                  | 5.8%                    | \$9.65       |
| Average                                     | 4.3%                    | \$6.06       |
| Conclusion                                  | 3.7%                    | \$5.00       |
| Proforma Estimate Year 1                    | 3.8%                    | \$5.00       |
| Proforma Estimate Year 2                    | 3.8%                    | \$5.13       |
| Proforma Estimate Year 3                    | 3.7%                    | \$5.25       |
| Proforma Estimate Year 4                    | 3.7%                    | \$5.38       |
| Proforma Estimate Year 5                    | 3.7%                    | \$5.52       |
| Golf & Resort Properties                    |                         |              |

The golf course expense comparables ranged from \$5.00 (rounded) per round to \$10.00 (rounded) per round. The concluded pro forma estimate is \$5.00 per round.

### *Marketing & Advertising*

This category includes all costs associated with the golf course marketing and advertising. The golf course expense comparables and the subject's marketing & advertising expense projections are detailed as follows:

| <b>MARKETING &amp; ADVERTISING EXPENSE</b> |                         |              |
|--|-------------------------|--------------|
| Golf Course Expense Comparables            | As a % of Total Revenue | \$ Per Round |
| Low Range                                  | 0.6%                    | \$0.77       |
| High Range                                 | 3.4%                    | \$8.05       |
| Average                                    | 1.8%                    | \$3.49       |
| Conclusion                                 | 2.6%                    | \$3.50       |
| Proforma Estimate Year 1                   | 2.6%                    | \$3.50       |
| Proforma Estimate Year 2                   | 2.6%                    | \$3.59       |
| Proforma Estimate Year 3                   | 2.6%                    | \$3.68       |
| Proforma Estimate Year 4                   | 2.6%                    | \$3.77       |
| Proforma Estimate Year 5                   | 2.6%                    | \$3.86       |
| Golf & Resort Properties                   |                         |              |

The golf course expense comparables marketing & advertising expenses range from \$1.00 (rounded) per round to \$8.00 (rounded) per round, a wide range. The concluded pro forma estimate is \$3.50 per round.

### *Utilities*

Utility expenses include electricity, water, and gas. The irrigation water for the golf course is included in this expense. The subject property has stock in the Kanab Irrigation Company and a review of the irrigation water expense, indicated that the golf course irrigation water will be 5.0% of the projected \$75,000 utility expense base on the annual acre feet of water required for the golf course. The golf course expense comparables and the subject's utilities expense projections are detailed as follows:

| <b>UTILITIES EXPENSE</b>        |                         |              |
|---------------------------------|-------------------------|--------------|
| Golf Course Expense Comparables | As a % of Total Revenue | \$ Per Round |
| Low Range                       | 1.6%                    | \$2.06       |
| High Range                      | 6.6%                    | \$15.73      |
| Average                         | 3.1%                    | \$5.87       |
| Conclusion                      | 2.3%                    | \$3.00       |
| Proforma Estimate Year 1        | 2.3%                    | \$3.00       |
| Proforma Estimate Year 2        | 2.3%                    | \$3.08       |
| Proforma Estimate Year 3        | 2.3%                    | \$3.15       |
| Proforma Estimate Year 4        | 2.3%                    | \$3.23       |
| Proforma Estimate Year 5        | 2.3%                    | \$3.31       |
| Golf & Resort Properties        |                         |              |

The golf course expense comparables ranged from 1.7% to 6.6% of total revenue. The concluded pro forma estimate is 2.3% of total revenue, or \$3.00 per round, or \$75,000 annually.

### ***Payroll Expense***

This category includes the costs associated with the payroll. The golf course expense comparables and the subject's payroll expense projections are detailed as follows:

| <b>PAYROLL EXPENSE</b>          |                         |              |
|---------------------------------|-------------------------|--------------|
| Golf Course Expense Comparables | As a % of Total Revenue | \$ Per Round |
| Low Range                       | 23.2%                   | \$38.42      |
| High Range                      | 38.4%                   | \$91.23      |
| Average                         | 33.1%                   | \$54.36      |
| Conclusion                      | 33.7%                   | \$45.00      |
| Proforma Estimate Year 1        | 33.7%                   | \$45.00      |
| Proforma Estimate Year 2        | 33.7%                   | \$46.13      |
| Proforma Estimate Year 3        | 33.7%                   | \$47.28      |
| Proforma Estimate Year 4        | 33.7%                   | \$48.46      |
| Proforma Estimate Year 5        | 33.7%                   | \$49.67      |
| Golf & Resort Properties        |                         |              |

The golf course expense comparables payroll expense ranged from 23.2% to 38.4% of total revenue, or approximately \$40.00 to \$92.00 per round. The concluded pro forma payroll expense estimate is 33.7% of total revenue, or \$45.00 per round.

***Management Fee***

The 2019 SGA (Society of Golf Appraisers) Investor Survey indicated that the Operational Indicator for Management Fee has ranged from 1.0% to 7.0% of Gross Revenue for a typical golf resort facility, with the average at 3.6%. Consequently, we have included an appropriate management fee of 3.0% of gross revenues as shown.

**FIXED EXPENSES*****Property Taxes***

The golf expense comparables property taxes are detailed as follows:

| <b>PROPERTY TAXES EXPENSE</b>       |          |                         |              |
|-------------------------------------|----------|-------------------------|--------------|
| Golf Course Expense Comparables     | Total    | As a % of Total Revenue | \$ Per Round |
| Low Range                           | \$26,526 | 2.8%                    | \$1.60       |
| High Range                          | \$29,124 | 3.3%                    | \$1.91       |
| Average                             | \$29,035 | 3.0%                    | \$1.81       |
| Conclusion                          | \$0      | 0.0%                    | \$0.00       |
| <b>Golf &amp; Resort Properties</b> |          |                         |              |

One of the golf course expense comparables is a municipal golf course in the Western Region and exempt to property tax assessment. As the subject property is a municipal agency and therefore exempt land and not subject to property tax.

***Property Insurance***

The golf course expense comparables and the subject's insurance expenses projections are detailed as follows:

| <b>INSURANCE EXPENSE</b>            |                         |              |
|-------------------------------------|-------------------------|--------------|
| Golf Course Expense Comparables     | As a % of Total Revenue | \$ Per Round |
| Low Range                           | 0.6%                    | \$1.08       |
| High Range                          | 1.3%                    | \$1.56       |
| Average                             | 0.9%                    | \$1.34       |
| Conclusion                          | 0.9%                    | \$1.20       |
| <b>Golf &amp; Resort Properties</b> |                         |              |

The golf course expense comparables indicated a range from \$1.00 (rounded) per round to \$1.60 (rounded) per round, the range per 18-hole golf course was . The concluded pro forma estimate is \$1.20 per round, or \$30,000.

***Reserves for Replacement***

This expense is typically imputed, since owner/operators generally do not actually set aside replacement funds for short-lived items. These items include structural repairs such as clubhouse roof, parking lot resurfacing, kitchen or snack bar equipment, furniture replacement, and cocktail lounge equipment replacement. It also includes an annual amount set aside for anticipated reconstruction of greens and irrigation systems replacement.

This expense is typically expressed as a percentage of gross income, generally 2% to 4% being set aside for future replacement of greens and irrigation system, depending on the overall construction and quality of systems. For purposes of our analysis, we have utilized a reserve replacement figure at 2.0% of gross revenues.

**OPERATING EXPENSE AND INCOME CONCLUSION**

Overview of the similar golf courses researched with ranges of low, high, average, and then the final estimate for the subject property based upon the market research and analysis:

| GOLF COURSE COMPARABLES ( Local & Regional) | Low         | High        | Average     | Estimate    |
|---|-------------|-------------|-------------|-------------|
| <b>Total Annual Rounds (EHE)</b>            | 22,000      | 42,000      | 35,400      | 25,000      |
| GOLF COURSE INCOME & EXPENSE COMPARABLES    | \$Per Round | \$Per Round | \$Per Round | \$Per Round |
|   | Low         | High        | Average     | Estimate    |
| <b>Total Revenue</b>                        | \$123.41    | \$237.36    | \$162.77    | \$133.50    |
| <b>Total Expense</b>                        | \$87.47     | \$193.89    | \$119.24    | \$101.43    |

**CONCLUDED HYPOTHETICAL PROFORMA**

The financial impact analysis is a detailed analysis used to estimate a single year's estimate of income at a capacity or stable year operating economic level. The golf course is projected to capture 18,000 annual rounds in Year One (1) of opening and reach stabilization in Year Four (4) at 25,000 annual rounds. The subject's projected operating expense totals and ratios are detailed as follows:

| <b>HYPOTHETICAL PROFORMA - JACKSON FLAT GOLF COURSE</b> |              |                  |                 |                    |
|---|--------------|------------------|-----------------|--------------------|
| <b>No. Holes</b>  |              |                  |                 | <b>18</b>          |
| <b>Total Rounds</b>                                     |              |                  |                 | <b>25,000</b>      |
| <b>REVENUE</b>  | <b>% Rev</b> | <b>\$/Hole</b>   | <b>\$/Round</b> | <b>Total</b>       |
| Green/Guest Fees  | 74.9%        | \$138,889        | \$100.00        | \$2,500,000        |
| Driving Range   | 1.1%         | \$2,083          | \$1.50          | \$37,500           |
| Golf Shop/Merchandise                                   | 6.7%         | \$12,500         | \$9.00          | \$225,000          |
| Food & Beverage Sales                                   | 16.5%        | \$30,556         | \$22.00         | \$550,000          |
| Other   | 0.7%         | \$1,389          | \$1.00          | \$25,000           |
| Total Revenue   | 100.0%       | \$185,417        | \$133.50        | \$3,337,500        |
| <b>LESS: COST OF GOODS SOLD *</b>                       |              |                  |                 |                    |
| Golf Shop/Merchandise COGS                              | 65.0%        | \$8,125          | \$5.85          | \$146,250          |
| Food & Beverage COGS                                    | 35.0%        | \$10,694         | \$7.70          | 192,500            |
| Total Cost of Goods Sold                                | 61.6%        | \$18,819         | \$13.55         | \$338,750          |
| Effective Gross Income (EGI)                            | 89.9%        | \$166,597        | \$119.95        | \$2,998,750        |
| <b>DEPARTMENTAL EXPENSES</b>                            |              |                  |                 |                    |
| Golf Course Maintenance                                 | 9.0%         | \$16,667         | \$12.00         | \$300,000          |
| Equipment Leases  | 4.5%         | \$8,333          | \$6.00          | 150,000            |
| Food & Beverage Operations                              | 2.6%         | \$4,861          | \$3.50          | 87,500             |
| Golf Shop Operations                                    | 1.5%         | \$2,778          | \$2.00          | 50,000             |
| Total Departmental Expenses                             | 17.6%        | \$32,639         | \$23.50         | \$587,500          |
| <b>UNDISTRIBUTED OPERATING EXPENSES</b>                 |              |                  |                 |                    |
| Administrative & General                                | 3.7%         | \$6,944          | \$5.00          | \$125,000          |
| Marketing & Advertising                                 | 2.6%         | \$4,861          | \$3.50          | 87,500             |
| Utilities   | 2.2%         | \$4,167          | \$3.00          | 75,000             |
| Payroll   | 33.7%        | \$62,500         | \$45.00         | 1,125,000          |
| Total Undistributed Expenses                            | 42.3%        | \$78,472         | \$56.50         | 1,412,500          |
| <b>GROSS OPERATING PROFIT</b>                           | <b>29.9%</b> | <b>\$55,486</b>  | <b>\$39.95</b>  | <b>\$998,750</b>   |
| Management Fees   | 3.0%         | \$5,563          | \$4.01          | 100,125            |
| <b>INCOME BEFORE FIXED CHARGES</b>                      | <b>26.9%</b> | <b>\$49,924</b>  | <b>\$35.95</b>  | <b>\$898,625</b>   |
| <b>Selected Fixed Charges</b>                           |              |                  |                 |                    |
| Property Taxes  | 0.0%         | \$0              | \$0.00          | -                  |
| Insurance   | 0.9%         | \$1,667          | \$1.20          | 30,000             |
| Reserves  | 2.0%         | \$3,708          | \$2.67          | 66,750             |
| Total Fixed Charges                                     | 2.9%         | \$5,375          | \$3.87          | 96,750             |
| <b>TOTAL EXPENSES</b>                                   | <b>76.0%</b> | <b>\$140,868</b> | <b>\$101.43</b> | <b>\$2,535,625</b> |
| <b>NET OPERATING INCOME</b>                             | <b>24.0%</b> | <b>\$44,549</b>  | <b>\$32.08</b>  | <b>\$801,875</b>   |

\* COGS ratios are based on departmental revenues; all others are based on total revenues.

Compiled by Z. Gordon Davidson & Associates, Inc.

The forecasted cash flow analysis is a detailed analysis used when the future net operating income (or cash flow) is expected to be variant, usually as a result of anticipated changes in potential gross income and expenses. The analysis specifies the quantity, variability, timing, and duration of NOIs and cash flows. The following chart represent a five-year (5) cash flow projection for the subject property beginning in Year One of Completion of Construction.



| <b>JACKSON FLAT GOLF COURSE<br/>CASH FLOW ANALYSIS</b> |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| YEAR   |                    | 1                  | 2                  | 3                  | 4                  | 5                  |
| <b>REVENUE</b>   |                    |                    |                    |                    |                    |                    |
|  | <i>\$/Round</i>    | <i>Total</i>       | <i>Total</i>       | <i>Total</i>       |                    |                    |
| Green/Guest Fees                                       | \$100.00           | \$1,800,000        | \$2,050,000        | 2,311,375          | 2,692,227          | 2,759,532          |
| Driving Range  | \$1.50             | 27,000             | \$30,750           | 34,671             | 40,383             | 41,393             |
| Golf Shop/Merchandise                                  | \$9.00             | 162,000            | \$184,500          | 208,024            | 242,300            | 248,358            |
| Food & Beverage Sales                                  | \$22.00            | 396,000            | \$451,000          | 508,503            | 592,290            | 607,097            |
| Other  | \$1.00             | 18,000             | \$20,500           | 23,114             | 26,922             | 27,595             |
| <b>Total Revenue</b>                                   |                    | <b>\$2,403,000</b> | <b>\$2,736,750</b> | <b>\$3,085,686</b> | <b>\$3,594,122</b> | <b>\$3,683,976</b> |
| <b>LESS: COST OF GOODS SOLD</b>                        |                    |                    |                    |                    |                    |                    |
|  | <i>% Dept. Rev</i> |                    |                    |                    |                    |                    |
| Golf Shop/Merchandise COGS                             | 65.0%              | \$105,300          | \$119,925          | \$135,215          | \$157,495          | \$161,433          |
| Food & Beverage COGS                                   | 35.0%              | 138,600            | 157,850            | 177,976            | 207,301            | 212,484            |
| <b>Total Cost of Goods Sold</b>                        | <b>61.6%</b>       | <b>\$243,900</b>   | <b>\$277,775</b>   | <b>\$313,191</b>   | <b>\$364,797</b>   | <b>\$373,917</b>   |
| <b>Effective Gross Income (EGI)</b>                    |                    | <b>\$2,159,100</b> | <b>\$2,458,975</b> | <b>\$2,772,494</b> | <b>\$3,229,326</b> | <b>\$3,310,059</b> |
| <b>DEPARTMENTAL EXPENSES</b>                           |                    |                    |                    |                    |                    |                    |
|  | <i>\$/Round</i>    |                    |                    |                    |                    |                    |
| Golf Course Maintenance                                | \$12.00            | \$300,000          | \$307,500          | \$315,188          | \$323,067          | \$331,144          |
| Equipment Leases                                       | \$6.00             | 150,000            | 153,750            | 157,594            | 161,534            | 165,572            |
| Food & Beverage Operations                             | \$3.50             | 63,000             | 71,750             | 80,898             | 94,228             | 96,584             |
| Golf Shop Operations                                   | \$2.00             | 36,000             | 41,000             | 46,228             | 53,845             | 55,191             |
| <b>Total Departmental Expenses</b>                     |                    | <b>\$549,000</b>   | <b>\$574,000</b>   | <b>\$599,907</b>   | <b>\$632,673</b>   | <b>\$648,490</b>   |
| <b>UNDISTRIBUTED OPERATING EXPENSES</b>                |                    |                    |                    |                    |                    |                    |
| Administrative & General                               | \$5.00             | \$90,000           | \$102,500          | \$115,569          | \$134,611          | \$137,977          |
| Marketing & Advertising                                | \$3.50             | 63,000             | 71,750             | 80,898             | 94,228             | 96,584             |
| Utilities  | \$3.00             | 75,000             | 76,875             | 78,797             | 80,767             | 82,786             |
| Payroll  | \$45.00            | 810,000            | 922,500            | 1,040,119          | 1,211,502          | 1,241,790          |
| <b>Total Undistributed Expenses</b>                    |                    | <b>1,038,000</b>   | <b>1,173,625</b>   | <b>1,315,383</b>   | <b>1,521,108</b>   | <b>1,559,136</b>   |
| <b>GROSS OPERATING PROFIT</b>                          |                    | <b>\$572,100</b>   | <b>\$711,350</b>   | <b>\$857,205</b>   | <b>\$1,075,545</b> | <b>\$1,102,433</b> |
| Management Fees  | 3.0% of Rev        | \$72,090           | \$82,103           | \$92,571           | \$107,824          | \$110,519          |
| <b>INCOME BEFORE FIXED CHARGES</b>                     |                    | <b>\$500,010</b>   | <b>\$629,248</b>   | <b>\$764,634</b>   | <b>\$967,721</b>   | <b>\$991,914</b>   |
| <b>Selected Fixed Charges</b>                          |                    |                    |                    |                    |                    |                    |
| Property Taxes   | \$0.00             | \$0                | \$0                | \$0                | \$0                | \$0                |
| Insurance  | \$1.20             | \$30,000           | 30,750             | 31,519             | 32,307             | 33,114             |
| Reserves   | 2.0% of Rev        | \$48,060           | 54,735             | 61,714             | 71,882             | 73,680             |
| <b>Total Fixed Charges</b>                             |                    | <b>\$78,060</b>    | <b>\$85,485</b>    | <b>\$93,232</b>    | <b>\$104,189</b>   | <b>\$106,794</b>   |
| <b>TOTAL EXPENSES</b>                                  |                    | <b>\$1,981,050</b> | <b>\$2,192,988</b> | <b>\$2,414,284</b> | <b>\$2,730,591</b> | <b>\$2,798,856</b> |
| <b>NET OPERATING INCOME</b>                            |                    | <b>\$421,950</b>   | <b>\$543,763</b>   | <b>\$671,402</b>   | <b>\$863,532</b>   | <b>\$885,120</b>   |
| <b>Assumptions:</b>                                    |                    |                    |                    |                    |                    |                    |
| No. Holes  |                    | 18                 | 18                 | 18                 | 18                 | 18                 |
| Total Rounds   |                    | 18,000             | 20,000             | 22,000             | 25,000             | 25,000             |
| Income Growth  |                    | 2.50%              | 2.50%              | 2.50%              | 2.50%              | 2.50%              |
| Expense Growth   |                    | 2.50%              | 2.50%              | 2.50%              | 2.50%              | 2.50%              |

The purpose of this assignment is to provide a golf market and demographic analysis including a financial proforma for the proposed golf course and supporting amenities.

Emphasis has been placed on the designated market area draw for the potential for golfers and annual rounds, market participants in the region with operating golf courses, and analysis of 18-hole golf courses financial performances in the region. For unique, properties such as the subject, these are the most common techniques used for considering a proposed golf course project.

Our findings and conclusions are based in part on the following major assumptions.

- A competent and professional management company continues to manage the operations of the facility and markets it effectively.
- The golf course is positioned in the competitive market to target local & regional golf play and annual membership demand.
- The golf course experiences expense levels consistent with the golf industry market results.
- Additions to the competitive golf market will be limited to the facilities identified in this report.

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## **Potential Overall Economic Impact**

Golf Courses have a financial impact on local economies beyond their on-site revenue generation from operations. These impacts include a multiplier effect derived from:

- Job Creation & Employee Compensation
- Capital Improvements, Construction Fees, Permits, and renovation golf expenditures
- Local expenditures on materials and supplies required for golf operations
- Resort and Golf Course hospitality spending and tourism
- Local tax generation for sales and lodging, e.g. “bed’ tax
- Residential real estate housing premiums
- Fundraising and charitable golf events

## **Preservation & Increase of Property Value**

One aspect of golf courses is their relationship to neighboring residential property values. There is a direct connection between the two. Typically, high-quality and well-maintained golf facilities will add premium to neighboring home values.

## **Open Space Preservation**

Preserving areas of open space throughout the subject parcels, whether as golf uses, other recreation areas or as undeveloped habitat. United State Golf Association (USGA) published the results of research that confirmed environmental value of golf courses in an article posted on October 15, 2020; “The research demonstrated that properly managed golf courses provide the greatest amount of cooling among land uses, are more supportive of pollinators than urban residential or industrial areas, and golf courses retain nutrients from stormwater runoff than suburban or urban residential areas. In general, this demonstrates that golf courses enhance surrounding communities in much the same way as city parks or open green spaces.”

## ***Local Area Golf Courses***

The City of St. George operates four golf courses that range from 9-hole to 27-hole facilities and include, Sunbrook Golf Club, St. George Golf Club, Dixie Red Hills Golf Course, and Southgate Golf Club. A study was completed 2018 of the economic impact of golfers based upon the non-resident play only. Below is the result of the study provided by the City of St. George representative:

| Golf Course             | Year | Rounds  | Total Economic Impact |
|-------------------------|------|---------|-----------------------|
| Sunbrook Golf Club      | 2018 | 66,661  | \$5,634,778.80        |
| Saint George Golf Club  | 2018 | 44,444  | \$2,253,261.75        |
| Dixie Hills Golf Course | 2018 | 38,695  | \$1,851,490.00        |
| Southgate Golf Club     | 2018 | 59,444  | \$4,215,778.70        |
| Total:                  |      | 209,244 | \$13,955,309.25       |

|                           | Year | Total Economic Impact  |
|---------------------------|------|------------------------|
| Non-Resident Golf Revenue | 2018 | \$2,010,763.00         |
| Daily Spending            | 2018 | \$11,944,546.25        |
| Total:                    |      | Total: \$13,955,309.25 |

Source: Colby Cowan, PGA, Director of Operations City of St. George March 17, 2021

The total rounds for the four golf courses operated by the City of St. George reported in 2018 a total of 209,244 annual start rounds. The overall 18-hole equivalent rounds increased in 2020 for all the golf courses operated by the City. The study focused on the non-resident impact in 2018 which was indicating \$13,955,309.25.

**Regional Area Golf Courses**

*Utah Golf Courses*

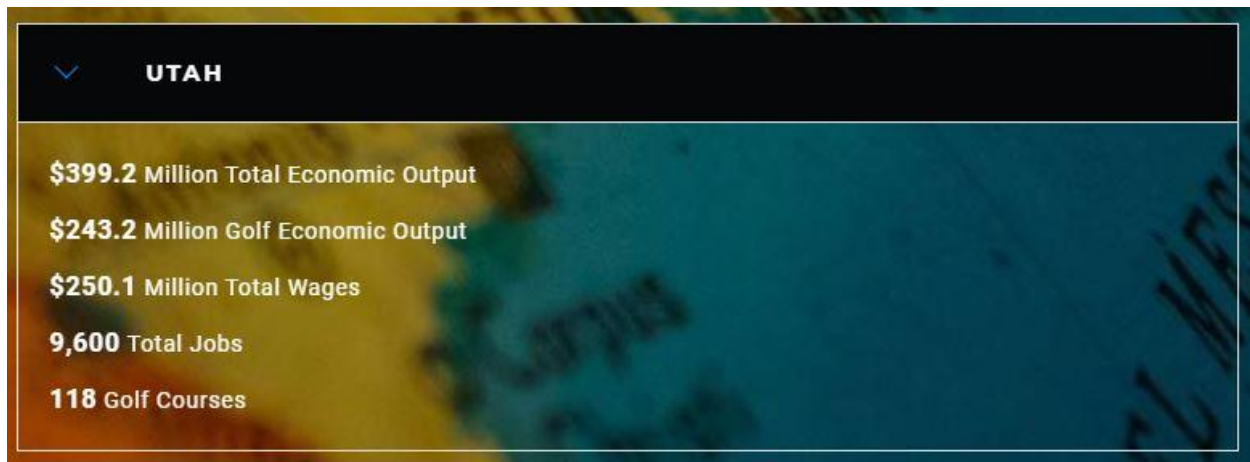
The Utah Golf Economic Impact Study was completed in 2014 and reported the following results:

| SIZE OF UTAH'S GOLF ECONOMY IN 2014 by Industry Segment (\$ millions)    |                |
|--|----------------|
| <b>CORE INDUSTRIES</b>   |                |
| Golf Facility Operations   | \$186.9        |
| Golf Course Construction   | \$24.5         |
| Golf-Related Supplies  | \$27.6         |
| Major Golf Tournaments and Associations                                  | \$4.3          |
| <b>Total Core Industries</b>   | <b>\$243.2</b> |
| <b>ENABLED INDUSTRIES</b>  |                |
| Real Estate  | \$64.7         |
| Hospitality/Tourism  | \$91.3         |
| <b>Total Enabled Industries</b>  | <b>\$156.0</b> |
| <b>TOTAL GOLF ECONOMY</b>  | <b>\$399.2</b> |
| Source: SRI International, The Utah Golf Economy, Published January 2014 |                |
| Note: Column may not sum due to rounding of individual estimates.        |                |

A comprehensive report was conducted by SRI International on The Utah Golf Economy and findings in 2012 findings were “Golf brings visitors to the state, spurs new residential construction, generates retail sales, and creates demand for a myriad of goods and services.” More recent data provided by an organization that provides market information is WE ARE GOLF, which is a coalition of golf’s leading

organizations including the Club Management Association of America, Golf Course Superintendents Association of America, National Golf Course Owners Association, LPGA, PGA TOUR, PGA of America, USGA, U.S. Golf Manufacturers Council and World Golf Foundation. The organization was formed in 2009, “WE ARE GOLF was formed in part because it had become clear the industry was misunderstood by too many elected officials. Longstanding perceptions of the game simply didn’t square with the facts. By focusing on those whose livelihoods are tied to the game, WE ARE GOLF has leveled the playing field for the thousands of small businesses that make up the industry.”

According to this organization, “Knowing the economic impact of golf in your state is important so Congress further understands the tax revenues and jobs it creates. Golf seeks fair and equal treatment as a legitimate industry and statistics like these State-by-State numbers help tell our story.” The most recent published data as of this report listed for the State of Utah is reporting a total economic impact of golf for Utah is at \$399.2 million, total wages \$250.1 Million, 9,600 total jobs, and 118 golf courses.



#### *Oregon Golf Courses – Home to the Bandon Dunes Golf Resort*

The University of Oregon researched the financial impact of golf at one the competitive premier golfing destination on the South Coast, Bandon Dunes. The authors were Paul Swangard, MBA and Dennis Howard, Phd.

The information was collected in 2015. The findings in this report were that “thousands of visitors annually were making a pilgrimage to the region to spend millions of dollars that would eventually flow into the local economy through taxes, payroll, vendor services and tourism.”

The spending for Bandon has been coming primarily from California, Oregon, Washington, Texas, and Illinois, in this order and average spending of \$561 per day per golfer. The impact for the local county came in three (3) primary ways, according to the research, 1) Job Creation 2) Direct and Indirect tax support and 3) Spending on locally supplied goods and services.

Interviews with the local business owners stated, “the mere existence of the resort has been good for business, creating interest for the region as a travel destination providing clear benefits to restaurants, hotels, rental agencies and other businesses in the tourism trade.” The local vendors in one year provided \$7.8 million in goods and services to the golf destination resort. The report noted that the resort injected \$26 million into the local economy on an annual basis.

**ADDENDA**

**ADDENDUM**  
**GLOSSARY OF GOLF PROPERTY TERMS**



**bunker** An area of bare ground, often a depression, which is typically covered with sand.

**capacity** The total volume of play, typically measured in rounds per year, which a course may physically accommodate without regard to other factors such as waiting time and course maintenance. Capacity is constrained only by sunlight hours and weather conditions. (see also desired capacity)

**championship course** Usually used to describe a course on which championship tournaments are held. Often reserved for courses that, according to the NGF, by virtue of their design and maintenance are capable of providing an exacting challenge for superior golfers in regional, state and national competitions. Never used to describe the caliber of a course.

**clubhouse** Typically a building that serves as the central gathering area for the golf facility. This building houses any pro shop, food and beverage or locker facilities that may be on site.

**course Rating** The evaluation of playing difficulty of a course compared with other rated courses. Courses are rated to provide a uniform basis for establishment of handicaps. (see also slope rating).

**daily fee facility** A golf facility, available for public access where players pay a daily fee for each daily use. These have also been segregated into categories based on the normal, published weekday daily fee as follows:

|                              |           |
|------------------------------|-----------|
| Affordable Daily Fee         | <\$30     |
| Affordable Upscale Daily Fee | \$30-\$60 |
| Upscale Daily Fee            | >\$60     |

**demand** The desire and ability to purchase or lease goods and services. In this report this term is typically used to describe the level of such desire and ability relative to joining private golf clubs and utilizing daily fee golf facilities.

**desired capacity** The ideal number of rounds (usually expressed annually) which will allow a course to meet its physical and financial objectives. This is formulated in consideration of quality of golfing experience, course maintenance, desired profits and speed of play which the particular course can accommodate.

**driving range** See Practice Fairway

**executive course** A course made up exclusively of par-3 and shortest par-4 holes, with a total par of 55-66 strokes. Also known as a precision course.

**fairway** An area between tee and green defining the desired route between those two points. The fairway is manicured with the shortest cut grass between tee and green facilitating play. Fairway is usually bounded by higher grass called rough.

**features** Those elements of a golf course which distinguish it from others, such as bunkers, hazards, natural beauty or strategic or penal highlights of the course..

**golf accessibility rate** The total population of a defined area expressed as the number of persons per each 18 holes available for play.

**golf capacity utilization** The actual rounds achieved divided by the desired capacity. Private clubs may express this in terms of members divided by desired members.

**golf car** A motorized form of transportation around the golf course which carries player(s) and equipment. Golf cars usually are designed for two players and are either electrically or gas powered. Often referred to as golf carts.

**golf corridor** The land area where a golf course will be located..

**GCSAA** Golf Course Superintendents Association of America. The professional association of golf course caretakers and managers. A source of research information on golf course maintenance.

**golf frequency rate** The frequency with which the population or segments thereof play golf, usually expressed in rounds per year.

**golf participation rate** The percentage of the total population (over age 12) that plays golf at least once per year.

**golf revenue multiplier (GRM)** Sale Price divided by Total Golf Revenue. A unit of comparison which can be used in the sales comparison approach.

**golfer** One who has played golf at least once during the past year.

**grassing** The types of grass planted in the different areas of the golf course.

**green** see putting green

**green fee multiplier (GFM)** Sale price divided by annual number of rounds played, then divided by average green fee (SP/rds./GF – GFM). A unit of comparison which can be used in the sales comparison approach.

**green speed** The relative speed at which a ball rolls on the putting surface, normally measured with a device called a Stimpmeter.

**grow-in** The period of time after a course is seeded but before it is ready for play.

**hazard** Features or situations that complicate the golf shot and are to be avoided, if possible. Hazards can be in the form of a bunker, long grass, non-turf vegetation, slopes, mounds, rocks, trees, water and other hazards.

**heroic design** A philosophy of golf course design where the golfer can decide on his/her level of risk. If more risk is taken and the player chooses to “bite off” as much of the hazard as possible, success is rewarded with a shorter, unobstructed shot to the green. Less risk means a longer shot to the green, often with additional hazards.

**links** A seaside golf course constructed on naturally sand ground with undulations formed by wind and receding tides.

**membership dues** Annual dues paid by members to belong to a golf club, usually private or semi-private.

**membership dues multiplier (MDM)** Sale price divided by number of members, then divided by average dues (SP/# mbrs./annual dues – GFM). A unit of comparison which can be used in the sales comparison approach.

**municipal course** A golf course which is owned by a public entity, i.e., a city, township, county or other public authority.

**NGF** National Golf Foundation. A source of research and information on the US golf market with membership of over 6,000. The NGF’s stated purpose is to promote the development of the game.

**par** The score an expert player is expected to make for a given hole. Par assumes errorless play and allows two strokes per putting green.

**penal design** A philosophy of golf course design which demands error-free play with severe penalties for miss-hit shots.

**PGA** Professional Golfers Association of America. The largest sports association in the United States with membership of more than 20,000.

**pin placement** The area(s) on the putting green where holes may be fairly located.

**practice facility** An area of the property dedicated to golf practice and learning. Also called a driving range, practice range or practice fairway.

**price per membership (PPM)** Sale price divided by number of members (SP/# members). A unit of comparison which can be used in the sales comparison approach.

**price per round (PPR)** Sale price divided by annual number of rounds played (SP/# of rounds). A unit of comparison which can be used in the sales comparison approach.

**primary market** The area from which it is anticipated the golf course will draw most of its patrons or members.

**private club** A golf club where use is restricted to the members and their guests.

**putting green** The portion of each golf hole where the cup is located and play on the hole is concluded. This area typically has a very closely mowed surface and is expected to be true and smooth.

**regulation course** Typically, a regulation course is one that plays to at least 6,000 yards from the men’s tees (18 holes) with a minimum par of 70, consisting of par 3, par 4 and par 5 holes.

**redesign** To deliberately change the design of a hole or course.

**restoration** The redesign of a course with the intention of returning its holes to their original form and character.

**roughs** The unmanicured area typically surrounding tees, greens, fairways and hazards. Roughs are characterized by long grass which is difficult to play from and are normally not in the desired line of play.

**round** One golfer playing 18 holes. If a 9 hole course is surveyed, a round can consist of 9 holes, however, this definition should be limited to the analysis of nine hole courses. If a 9 hole course is being compared to an 18 hole course, 18 hole equivalents should be calculated.

**routing** The positioning and sequence of holes on the site.

**semi-private facility** A golf course facility which allows daily fee play and annual memberships.

**shoulder season** The period of time between the prime season and the off-season. This is typically during the early spring and late fall in the colder climates and the late spring and early fall in the warmer climates.

**signature golf course/architect** Those golf courses and architects, which by nature of their notoriety and reputation are recognizable by their architect or name. The architects are usually well known and either

successful golfers or prolific golf course architects, or both.

**signature hole** A hole of unusual or exceptionally dramatic or challenging design that creates a lasting and memorable impression and identity for a golf course.

**slope rating** A measure of course difficulty which allows players from different courses to “equalize” their handicaps based on the slope rating of the course where the handicap is established and the slope rating of the course being played.

**stimpmeter** A device used to measure green speed.

**strategic design** A golf course design philosophy which affords the golfer alternative routes to the green. Each route has hazards of different severity requiring golfers to decide at the tee which route best suits their game.

**teeing ground** The marked area on each hole from which a player begins play on that hole. Most holes have multiple tee areas for players of different skill levels.

**tee** A wooden peg used by players to elevate their ball prior to the “tee shot” on each hole.

**USGA** United State Golf Association, the ruling body of golf in the United States. The USGA sets forth the rules of the game and establishes player handicaps, as well as supporting championships and golf courses, through its “Green Section”.

**USGA green** A putting green constructed in accordance with USGA specifications.

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