

Membership Programs Orientation



BALLEN ISLES
COUNTRY CLUB

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1. Exit Strategy
2. Installment Plans
3. 4-Month Trial Membership
4. Full Golf Downgrade List
5. 2nd Home Deferred (second home purchases)
6. Builder/Investor Plan – Member and Non-Member Homes
7. Resignation Lists
8. Elimination of New Social/Fitness Memberships
9. Equity Price Change Structure

- Note: The idea of this orientation is to provide a basic overview of the membership programs and how they work within the time scheduled. I'm happy to meet with anyone one-on-one to discuss individual scenarios.

• Exit Strategy



- **Approved by the Board March 2012**
- **Purpose**
 - Create a strategy for members to end their ongoing membership obligations when selling a home without their equity membership
- **How does it work?**
 - **Option 1.** A member can continue to remain an active member on the Resignation List for 5 years then terminate without further membership obligations anytime thereafter.
 - **Option 2.** A member can remain the owner of the membership without any privileges paying the monthly dues difference between the equity they own and that of the buying member's category of membership until the membership is sold from the Resignation List. Any assessments would continue to be the obligation of the member. The member may terminate without further obligations after 5 years.
 - **Option 3.** A member may pay the difference in dues between the equity they own and that of the buying member's category of membership times 5 to completely resign and end obligations. (e.g., operating & capital dues - Full Dues \$18,649 – Tennis Dues \$12,119 = \$6,530 X5 = \$32,650 plus tax)
 - Memberships become Club Own inventory after membership obligations terminate.
- **How many participants?**
 - 23 since inception 2012 (15 of the 21 paid to terminate the other 6 reached 5 years on the resignation list)
 - Of the 23, 21 are Full Golf and 2 are Sports

• Installment Plans

- **Approved by the Board May 2012**
- **Purpose**
 - Create a strategy to increase Golf and upgrade membership sales
- **How does it work?**
 - All participants are required to sign a legally binding promissory note
 - New Members - Full & Sports Memberships only may participate
 - The Seller must agree to accept guaranteed installment payments
 - Full = \$20K down, \$24K after first year & \$24K after second year = \$68K
 - Sports = \$20K down & \$20K after first year = \$40K
 - Full Memberships offering 2 Plans for Buyers
 - 55 & under
 - \$60K down and \$10K per year for 6 years NO admin fee = \$120K
 - All other
 - \$60K down, 2 annual \$30K payments plus \$4,500 admin fee = \$124,500
 - Sports Memberships offering 2 Plans for Buyers
 - 55 & under
 - \$50K down, \$12K after first year, \$12K after second year & \$11K after third year = \$85K
 - All other
 - \$50K down, \$35K after the first year plus \$1,500 admin fee = \$86,500
 - Upgrades (Full, Sports & Tennis)
 - Members pay the difference of their existing equity category and the new equity category with a down payment and 2 annual installments with NO admin Fee
- **44 Participants since inception 2012 (33 upgrades & 11 Full & Sports Resales)**



• 4-Month Upgrade Trial & Resident Non-Member Trial



- **Non-Member Resident Annual Trial**
 - Approved in 2008 for any non-member resident owning a home prior to the approval of mandatory membership (i.e., April 2006). First time participants only.
 - **How does it work?**
 - Resident pays annual dues in advance plus a \$3K deposit which is put toward the initiation fee when converting to equity post trial.
- **4-Month Trial Upgrade**
 - Approved by the Board April 2014
- **Purpose**
 - Create a strategy for members to try any upgraded category to encourage equity upgrades
- **How does it work?**
 - Existing members can try one-time any upgraded category paying the dues for that category for 4 months
 - After the 4 months expires the member may upgrade on an 3 payment installment, signing a promissory note or return to the original equity
- **How many participants?**
 - 48 since inception and 33 conversions to upgraded equity = 69% turnover rate
 - 2017-2018 program – 20 interested; 10 applications received for season (7 Golf, 1 Sports, 2 Tennis)

• Full Downgrade Program



- **Approved by the Board in May 2009**
- **Purpose**
 - Create a strategy for Full members who no longer play golf to downgrade to lower classes of membership.
- **How does it work?**
 - A matching Full upgrade is required in order for a downgrade to occur.
 - A downgrade list is established annually on July 1, sorted by Full membership tenure date either by original Full join date or Full upgrade date.
 - The top 25 Full members may remain on the list for 1 year; members must reapply each year.
 - The list was established annually by tenure as the fairest way to allow all Full members the opportunity to participate on an annual basis and to allow future Boards the flexibility to change or cancel the program at any time.
 - No equity refunds are required by the Club for the equity differential of Full membership and the downgraded category; member refunds are based on the lower category of membership upon resale.
 - Members are required to stay at Sports dues for 2 years and immediately issued an equity certificate in the category chosen (i.e., Sport or Tennis) on the downgrade form.
 - The dues mitigation period was created to recoup dues losses from members who upgraded from categories higher than the downgrading member (i.e., Sports to Full)
- **How many participants?**
 - 54 Full members have been downgraded with matching upgrades since inception in 2009

• 2nd Home Deferred & Builder/Investor Deferred Plan



- **Approved by the Board April 2015**
- **Purpose**
 - Create a strategy for members and outside builders or investors to buy either a fix and flip property or move/transfer to another BallenIsles property.
- **How does it work?**
 - The **2nd home deferred** plan is designed for an existing member moving/transferring to a another BallenIsles home and leaving the original property without a membership.
 - The existing member signs all the necessary application documents and signs as to a second membership with a \$1k refundable deposit.
 - The member has 24-months in which to sell the original property to a buyer who will become a member of the club and the \$1K deposit is refunded.
 - If the property is not sold in 24-months to a new buyer/member then the existing member is required to pay for a second Tennis membership (Social is not offered).
 - The **Builder/Investor deferred** plan may be exercised with non-member homes
 - The builder/investor signs all the necessary application documents and signs as to a membership with a \$5K refundable deposit.
 - The builder/investor has 18-months in which to sell the property to a buyer who will become a member of the club and the \$5K deposit is refunded.
 - If the property is not sold within 18-months to a new buyer/member then the builder/investor is required to pay for a Tennis membership (Social is not offered).

- **2nd Home Deferred & Builder/Investor Deferred Plan continued . . .**

- **The Builder/Investor Program** may be exercised with a member home
 - The builder/investor signs all necessary documents and pays the current equity/initiation fee for the property seller's equity membership.
 - The builder/investor is required to pay all dues, fees and charges related to the membership until resold.
 - The builder/investor may use the membership privileges but is NOT entitled to request house guest passes.
 - The builder/investor has 18-months in which to sell the property to a buyer who will become a member by purchasing the builder/investor's membership at which time 100% of the joining fees are refunded.
 - If the property is not sold within 18-months to a new buyer/member then the builder/investor membership refund will be based on the refund requirements in the bylaws (i.e., 80% of the then equity price and no refund of the initiation fee).
- In both the builder/investor programs for member and non-member homes the property must remain unoccupied during the 18-months.
- The Builder/Investor programs may not exceed an aggregate total of 20 participants and no more than 3 active programs per person and/or entity.
- **How many participants to date?**
 - 39 since inception (27 2nd home deferred (23 refunded), 10 Builder/Investor non-member homes (6 refunded) and 2 member homes (1 refunded); total 30 have been refunded).

• Resignation Lists



- **Established in the Club Bylaws**
 - **Purpose**
 - Facilitates a process to resell equity memberships that are not purchased by the buyer of a BallenIsles property or non-resident memberships (i.e., APO or Recallable)
 - **How does it work?**
 - Article XI, 6, a, OTHER EQUITY MEMBERSHIP TRANSFERS
- If an Equity Membership is not being acquired by the buyer of the resigning member's property wherever located in BallenIsles, the resigned membership will be placed on a resignation list for re-issuance by the Club for the benefit of the resigned member. A separate resignation list will be maintained from year to year for each category of membership. **Equity Memberships on a resignation list will be reissued, and will be refunded, as the case may be, on a first-resigned, first-reissued or first-refunded basis. To the extent the Club owns Equity Memberships in the resigned member's category of membership, every fourth membership issued in that category will result in a re-sale and refund for a resigned member from the resignation list.** The Club is not obligated to acquire or redeem a membership under any other circumstances, but the Club may do so in its sole and absolute discretion. Any such determination by the Club shall not set a precedent for similar situations in the future. The Club shall have a continuing option (but not an obligation) to acquire or redeem any resigned membership which is not being acquired by the buyer of the resigned member's property, wherever located, at any time upon terms that are mutually acceptable to the Club and the resigning member.

• Elimination of New/Social Fitness Memberships



- **Approved by the Board April 2014 – Strategic Plan**
- **Purpose**
 - Eliminating Social memberships is a trend in the club industry
 - Raises additional capital funding to support strategic planning and increases operating revenue.
- **How does it work?**
 - Social/Fitness memberships may only be purchased if the Seller of a BallenIsles property is a Social/Fitness member.
 - There will be no new Social/Fitness memberships created and existing Social/Fitness memberships will be eliminated through the upgrade process.

Equity Price Change Structure

- Approved by the Board April 2014 – Strategic Plan

- Purpose

- Create a strategy for the Club to raise capital funding for strategic planning vs. assessing the membership.

- Price Change Structure

Equity/Initiation Fees Price Changes 7/1/14

	Old Equity	Old Initiation	Total
FULL	100,000	20,000	120,000
SPORTS	57,500	12,500	70,000
TENNIS	42,500	10,000	52,500
SOCIAL	35,000	10,000	45,000

	New Equity	New Initiation	Total
FULL	85,000	35,000	120,000
SPORTS	50,000	35,000	85,000
TENNIS	30,000	35,000	65,000
SOCIAL	25,000	35,000	60,000

	Diff Equity	Diff Initiation	Total New Increase
FULL	-15,000	15,000	0
SPORTS	-7,500	22,500	15,000
TENNIS	-12,500	25,000	12,500
SOCIAL	-10,000	25,000	15,000

Equity/Initiation Fees Capital Retention increases by category

	Old Retention	New Retention	Total Retention Increase
FULL	40,000	52,000	12,000
SPORTS	24,000	45,000	21,000
TENNIS	18,500	41,000	22,500
SOCIAL	17,000	40,000	23,000

New Equity Refundability based on 80% of new pricing structure

	Old Refund	New Refund	Total Refund Difference
FULL	80,000	68,000	-12,000
SPORTS	46,000	40,000	-6,000
TENNIS	34,000	24,000	-10,000
SOCIAL	28,000	20,000	-8,000



• Single Status Equity Members & Family Status Affidavit Program



- **Bylaws**

- The bylaws permit a single (unmarried) member to designate a significant other.

- **Family Status Affidavit Program - purpose**

- Designed to define a significant relationship between a single equity member and the significant other in order to protect the integrity of the membership classes of the Club.

- **How does it work?**

- A single member may apply to the Family Status Affidavit Program under the following criteria:
 - The designated other must provide proof of residency with the single equity member providing a drivers license, state ID, military orders, voter registration, declaration of domicile or homestead exemption.
 - The designated other must be a single unmarried person unless they provide proof of pending divorce from their Attorney.