

## LETTER OF RECOMMENDATION TO GRF

July 27, 2006

### STATEMENT OF PROBLEM

The deficiencies of the present Clubhouse 2 and Golf Starter Building are well known and have been documented in a recent study by the forensic architectural firm of the Tomko Woll Group. The study resulted in 3 possible solutions to the problem, continuing maintenance, renovation, or tearing down the present buildings and building new structures.

Clubhouse 2 is an extremely busy clubhouse. During the first 6 months of this year there have been a total of 30,138 people using the clubhouse for various functions (appendix A). While the perception of many LWV residents is that Clubhouse 2 is a "golf" clubhouse this is not the case as can be seen by looking at the Calendar of Events (appendix B). There were 338 functions taking place during the months of June, July, and anticipated for August and only 20, or 6%, were related to golf club functions.

The Golf Starter Building is also very busy with 28,176 18-hole rounds and 23,302 9-hole rounds played during the first 6 months of this year (appendix C). The undersigned interested parties feel that for a number of reasons the solution to the problem that makes the most sense is to build a single building along the slope adjacent to hole number 1 of course 1.

### PROPOSED NEW BUILDING

We recommend that something along the lines of a preliminary concept that was circulated a few years ago for a combined Clubhouse and Golf Starter Building be built on this new location. The ground floor would contain the golf cart storage area and various storerooms. The second floor would contain the golf proshop, the golf starter, additional meeting rooms, men's and women's locker and restrooms. The third or top floor would have a large ballroom, meeting/dining rooms, kitchens, a restaurant/lounge and more restrooms. This floor would be about at the level of the current parking lot and would therefore provide easy access to the building.

### ECONOMIC IMPACT

Combining Clubhouse 2 with the Golf Starter Building makes economic sense since 1 building would cost less than 2 separate buildings.

To finance the project, we are proposing selling the 23 acre parcel that is currently vacant and has not, to the best of our knowledge any commitments associated with it. This parcel was never part of "Leisure World" but fell out of a transaction between Cortese and the Aliso Viejo Golf Course and was

obtained at a cost of \$1 million in about 1994. It is also our understanding that a conservative best estimate of the value of the parcel is about \$16 million and that there was an offer made on the parcel but no action was taken. If that estimate is still valid there would be enough money to complete the new building and have money left over for completing the deferred maintenance in the three housing mutuals. Therefore, there would be no increase in monthly assessments for the residents.

In the past there has been great reluctance by many LWV residents to ever sell any of LWV land. Presumably this is based on the idea that land always increases in value and should be held in reserve. This is not necessarily the case because of the ADT (Average Daily Trips) factor. The attached article (appendix D) from the Laguna Woods newspaper talks about how ADT's can be used up by nearby development such as the commercial development north of Lake Forest Drive and across the street from the Spectrum. It is important that the parcel be sold in a timely manner before available ADT's are taken. This could result in a loss of value for the parcel. The market for real estate is at or near a high, however, there have been recent signs that the market will be going lower over the next few years so that selling as soon as possible would be to our advantage.

#### OTHER FACTORS

As is shown in the Woll report, there are major deficiencies in the existing buildings concerning meeting building and safety codes related to parking, disabled access, electrical systems, restrooms, seismic requirements, air conditioning, dry rot, inadequate kitchens, and possibly other items.

Building anew on the slope has the advantage of having minimum impact on the clubhouse and the golf operation functions. Both of these functions could continue until completion of the new building, after which, the old buildings would be torn down. This would minimize the major disruption that could not be avoided with a renovation or rebuilding on the present sites.

The final removal of Clubhouse 2 would provide the parking required by codes, whereas, renovation of the existing building would result in inadequate parking that would not meet current codes.

LWV must maintain its facilities in up-to-date and good conditions in order to attract future residents. Most of us moved to LWV because of the many good quality amenities that were provided. Keeping clubhouses, landscaping,

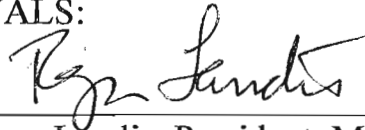
and manors in an attractive condition will maintain and increase property values and continue to attract young and active seniors.

## CONCLUSIONS

This proposal has a major attractive aspect that we hope will convince the Board that it is truly viable. If adopted, there would be no impact on our monthly assessments and the revenue generated by the sale of the parcel would have enough money in it to satisfy not only the construction costs for the new building, but also the plumbing, electrical, and other repairs needed and long overdue in our manors.

The Boards of each of the golf clubs strongly recommends that this project be carried out. It is our fervent hope that the members of the GRF Board will give serious consideration to this project and take immediate action because time is of the essence if a profitable sale is to be made.

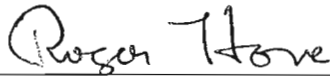
## APPROVALS:



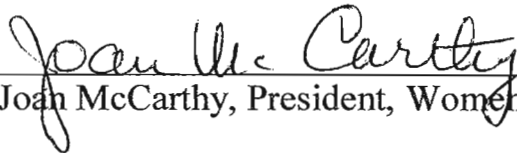
Roger Landis, President, Men's 18-Hole Golf Club



Nancy Agee, President, Women's 18-Hole Golf Club



Roger Hove, President, Men's 9-Hole Golf Club



Joan McCarthy, President, Women's 9-Hole Golf Club