

Remarks from Mr. Charlie Smith, Managing Partner of the ownership group for Rivers Edge Golf Club.

The vote for an amendment to the Master Declaration of the Rivers Edge Property Owners Association to change the Golf Course's annual assessment to the Association from the present 15 unimproved lot equivalent to 1 unimproved lot is an important matter for all property owners and the owners of the Golf Course. I want to start with a brief history of Rivers Edge Golf Club and the changes to the Grand Strand golf business since we built the course. Hopefully this will give the non-golfers here a better understanding of the challenges facing the golf industry in general and our course in particular.

In 1998 the owners acquired the land, hired the Arnold Palmer Design Company and built the beautiful course we enjoy today. We also spent over a million dollars to build the golf clubhouse which is available to everyone in the community, not just golfers. The course opened in the Fall of 1999, and was chosen by GOLF Magazine as one of the "10 Best New Golf Courses" nationwide. When we bought the land for the golf course, there was no community here at that time. As a condition of the purchase, we required the seller to build the entryway walls, the signage and the entrance road, Arnold Palmer Drive, that we all enjoy today. A few years after we opened the golf course, Mark Saunders acquired most of the surrounding land and began building the gated Rivers Edge Plantation community around us. Since the size of our community is far too small to support a private golf club, having public play to subsidize the operating costs has worked well for us all.

The golf course was very well received in the early years and looked to be a good investment by the owners. Things began to change when real estate developers built too many new golf courses in this market, causing golf rates to fall as supply outpaced demand. Then the Great Recession of 2008-09 hit the golf business very hard in the Grand Strand area. Several courses failed and were seized by lenders, who started a "race to the bottom" in pricing by drastically reducing golf rates and even offering free food and drinks to draw in enough golfers to make their loan payments. This was devastating to many area courses, and many still have not recovered. Revenue fell drastically and at Rivers Edge the three principal owners had to invest another \$600,000 out of our own pockets to keep the course operating and make necessary improvements to the greens.

Meanwhile a series of Hurricanes have come through, damaging our course and others, some of which have struggled just to reopen. After a long battle with our insurance company over damaged bulkhead walls on hole #9 from Hurricane Matthew last Fall, coverage was denied, so we must now pay the \$35,000 ourselves to fix them this winter (2017-18).

The golf industry here in Brunswick County is still under intense pressure. Over the last year, just here in our own North Myrtle Beach market area, six golf courses have announced plans to close or be sold, usually to be developed as housing instead of golf.

1-Heather Glen, with 27 golf holes, closing for housing development.

2- Brunswick Plantation just down Hwy.17, also 27 holes, offered for sale , then auction without a sale yet. Unclear if golf will continue.

3-Brierwood Golf Club next door, now closed for good.

4-Brick Landing just announced up for sale

5-Possum Trot Golf Club in Myrtle Beach, closing for development

6-Masonboro Golf Club near Wilmington, closed 9 holes and is said to be closing the rest of the course

Problems still remain for the golf business:

1. too much supply, still too many courses
2. the number of golfers is not growing, but is aging
3. golf prices have still not fully recovered from the recession. Today we are only about 70% back to pre-recession pricing levels.
4. Meanwhile course maintenance and operating costs have remained the same -staff, fertilizer, seed, chemicals, machinery, electricity, water

Rivers Edge Golf Course is unique in the local market (Brunswick County/North Myrtle Beach). Of 11 golf courses of varying quality and visibility, only the Rivers Edge golf course is required to contribute significant funds into the Property Owners Association annual budget. None of the major courses in the County and in the vicinity of Rivers Edge pay any annual assessment with one exception, and that exception pays only 1 single lot assessment to a property owners association.* This makes it more difficult for Rivers Edge Golf Course to compete with our nearest competitors. We want you to know that the owners of Rivers Edge Golf Club remain committed to maintaining this golf course as a top quality course for both residents and public players. With your continued help and support, and a favorable vote on our requested dues amendment, we will make it happen.

Thank you.

*Carolina National, Brunswick Plantation, St. James Plantation, Ocean Ridge, Sea Trails, Sandpiper, Lockwood Folly, Magnolia Greens/Compass Pointe, Brunswick Forest, Thistle, Brick Landing.