

Proposal for the Addition of a Toptracer Facility at Eagle Landing Golf Club.

Submitted to:

South Village CDD, Board of Supervisors

Eagle Landing Golf Club

April 2025

Executive Summary:

This proposal outlines the strategic advantages and operational considerations for adding a Toptracer (or similar) technology facility at the range area of **Eagle Landing Golf Club**. Incorporating this modern range technology into our golf course is not only a sound investment but also aligns with industry trends and consumer preferences. The addition will elevate the customer experience, increase foot traffic, and most importantly create additional revenue streams through electronic range sales and increased food and beverage offerings, all while enhancing the golf course's competitive positioning.

1. Introduction and Rationale:

Golf courses across the country are recognizing the importance of diversifying their offerings beyond traditional golfing to attract a wider audience. The introduction of **Toptracer technology** or a similar range technology is rapidly becoming a **standard feature** in modern golf courses, turning driving ranges into high-tech, social entertainment hubs.

Case Study 1: Topgolf (Global) Topgolf, an entertainment giant known for its technology-driven driving ranges, has seen **consistent growth** year-over-year. In 2021, Topgolf reported that they hosted over **10 million visitors** worldwide, with significant increases in both food and beverage sales. Their model emphasizes **fun, social interactions, and golf tech**, all of which align with consumer preferences today.

Case Study 2: Urban Golf Clubs (United States & Europe) Urban golf clubs like **Drive Shack** (USA) and **Golftec**(USA/Europe) have capitalized on the appeal of immersive technology by offering **Toptracer technology** or equivalent at their facilities. These venues have become popular for **group outings, special events, and social gatherings**, offering both golf and entertainment.

Recent studies, such as one published by **National Golf Foundation (2022)**, show that **younger golfers**, especially millennials, are increasingly turning to off-course golfing

activities (e.g., Topgolf, mini-golf, virtual golf) instead of traditional on-course play. This shift in consumer behavior makes it critical for golf course owners to adapt and cater to these trends by offering similar amenities. **Increased engagement with non-golfing guests** has been a proven method for increasing revenue and overall engagement.

2. Proposed Facility: Toptracer Range Technology

What is Toptracer Technology?

Toptracer provides a **high-definition** ball tracking system that tracks the trajectory, speed, and distance of golf shots. It offers players real-time feedback, while enabling them to engage in interactive games and challenges, such as:

- **Longest Drive:** Compete for the longest drive at your range.
- **Closest to the Pin:** Challenge players to land closest to the pin over multiple distances.
- **Game Mode:** Players can use the system for accuracy and skill-based games, bringing a fun, competitive element to the driving range.

Facility Design:

- **Range Area:** The existing range will be fitted with a 10 Bay Toptracer (or similar) technology facility, which will include sensors and or ceiling-mounted cameras to track ball flight. Lights will be installed in the first 50 feet of the range to enable evening use.
 - **Seating and Lounge:** Seating to accommodate players and guests will be located behind each bay for customers to enjoy food and drinks while watching others play. A casual bar and lounge space would be located adjacent to range facility to complement current restaurant and bar operations. This additional area will offer a relaxed, approachable environment for guests to enjoy drinks, small bites, and light fare in a more informal setting. Indoor and **covered outdoor seating** areas will offer comfortable and relaxed atmosphere for customers to enjoy food and drinks
 - **Tech Integration:** The system will allow golfers to interact with the technology via a mobile app, or on-screen displays, enabling the **tracking of individual stats** and allowing golfers to challenge themselves over time.
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3. Food and Beverage Offerings

To maximize the guest experience, food and beverage service should be available **directly at the range**, drawing from the existing **clubhouse restaurant** to maintain operational efficiency.

Key Features:

- **Bar and Serving Station:** A dedicated bar will be stationed near the range, offering beers, wines, spirits, and refreshing non-alcoholic beverages. Additionally, a **traditional grill menu** with quick bites will be available.
- **Table Service:** Servers will be able to take orders directly from the covered seating area, ensuring that guests don't need to leave their spot to enjoy food and beverages. Orders will be efficiently dispatched from the nearby clubhouse kitchen, ensuring speed of service.
- **Premium Experience:** Offer **premium packages** for group reservations, such as bundled drinks with reserved seating at the range and game challenges with an added food & drink selection.

Suggested Menu Items:

- **Signature Cocktails:** Golf-themed cocktails such as "The Hole-in-One" or "Birdie Special."
- **Craft Beer Selection:** Local and national craft beers, as well as premium imports.
- **Golfers' Fuel:** Light bites like protein-packed wraps, healthy smoothies, or a golf-specific "power lunch" menu with wraps, fresh salads, and fresh fruit.
- **Group Platters:** Family-style sharing options like **charcuterie boards**, **buffalo wings**, or **tapas** for larger groups.

Revenue Potential:

- **Increased Beverage Revenue:** Data from Topgolf's locations show that F&B revenue is as high as **70-80%** of total revenue, thanks to the social nature of their offerings.
- **Event Hosting:** The ability to host **corporate events**, **birthday parties**, and **team-building exercises** will contribute significantly to both golf-related revenue and F&B sales.

- **Increased Daily Traffic:** Toptracer technology and entertainment attract a larger demographic, from golf enthusiasts to families and groups simply looking for a fun, social experience.
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4. Market Trends and Consumer Behavior

The golfing industry is experiencing a **paradigm shift** in how golfers and non-golfers interact with the sport. The introduction of innovative driving range technologies is part of a broader movement toward **experiential golf**. Here are the trends driving this shift:

- **Tech-Savvy Golfers:** Younger generations (Millennials and Gen Z) seek engagement beyond just hitting balls. Interactive features like virtual golf, ball tracking, and real-time competition appeal to this demographic.
 - **Social and Entertainment-Based Golfing:** Golf is increasingly becoming a social experience. A study by **Golf Datatech (2023)** revealed that more golfers now prefer "social golfing" experiences with friends and family, and Toptracer and similar technologies enable this in an engaging and fun way.
 - **Off-Course Migration:** As fewer younger golfers play traditional 18-hole rounds, they are flocking to off-course entertainment venues that blend golf with other recreational experiences. Integrating Toptracer will attract not only golfers but also groups looking for an outing with food, drinks, and entertainment.
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5. Implementation Plan

- **Timeline:** The initial installation of the Toptracer system, along with the outdoor seating and bar area, can be completed in **2-3 months**. A comprehensive marketing plan will ensure a successful launch within **6 weeks** after installation.
 - **Cost Consideration:** Initial investment for the Toptracer system, installation, seating, and bar setup will range between **\$600,000 to \$800,000**, depending on the scale of the installation and technology chosen.
 - **Revenue Projections:** We expect to see an increase in revenue from both **golf and food & beverage** sales, with projections estimating a **20-30% increase** in total revenue year-over-year post-launch.
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6. Conclusion

By investing in a Toptracer or similar technology at Eagle Landing Golf Club, we will capitalize on the growing trend of interactive, social, tech-driven golf experiences. This facility will not only enhance the golfing experience but also drive higher traffic to the range, increase food and beverage sales, and position Eagle Landing Golf Club as a forward-thinking venue. This proposal offers a strategic way to enhance the course's appeal, attract a broader range of customers, and ensure the long-term sustainability of the business.

Thank you for your consideration.

Sincerely,

Chris Payton
Chairman
South Village CDD
Eagle Landing Golf Club

Appendix: Market Trends, Revenue Expectations, and Necessity to Adapt

1. Market Trends Driving the Shift to Interactive Golf

1.1. Increasing Popularity of Tech-Driven Golf Entertainment

Interactive golf technologies, such as **Toptracer**, **TrackMan**, and **FlightScope**, are revolutionizing the traditional golf experience by integrating technology with entertainment. These technologies not only provide precise data on a golfer's shot but also transform the range into a fun, competitive, and social experience. This shift towards **data-driven entertainment** is part of a broader trend where golf is evolving into an **interactive and immersive social experience**.

- **Millennial and Gen Z Golfers:** Younger generations are less interested in traditional 18-hole rounds and prefer short-form, social golfing activities. According to a 2023 **National Golf Foundation (NGF)** report, **38% of golfers aged 18-34** have participated in a tech-enabled golfing experience (e.g., Topgolf, golf simulators), compared to just **11%** of golfers aged 65+.
- **Shift Toward Off-Course Entertainment:** Research by **Golf Datatech** shows that **off-course golf** (e.g., driving ranges, mini-golf, indoor simulators) has seen a significant rise in popularity. Nearly **50% of golfers** have visited a **non-traditional golf venue** at least once, and younger golfers are especially drawn to these venues. Topgolf and other venues with interactive technology have been able to provide a relaxed atmosphere, where individuals or groups can enjoy a fun, social event without committing to the full time and expense of a round of golf.

1.2. Growth of "Golf 2.0" Experiences

Golf is becoming less about a traditional round and more about a **holistic experience**. This includes integrating golf with social settings, food, beverages, and entertainment. Venues like **Topgolf**, **Drive Shack**, and **Five Iron Golf** have capitalized on this trend, offering everything from food and drink service to virtual golf games and competitive challenges. These facilities are designed to appeal to **groups, families, non-golfers**, and corporate events.

- **Socialization:** A report by **Statista** (2023) highlighted that **44% of golfers** are increasingly prioritizing **social interactions** over just focusing on the game. Facilities like Topgolf encourage interaction with friends, family, and colleagues, turning golfing into a fun, social activity that people can share.

- **Appealing to Non-Golfers:** Data from **Topgolf's** customer survey (2022) revealed that **25% of guests** at their locations are non-golfers. This demonstrates the growing demand for venues that blend entertainment, food, and drink with elements of golf, expanding the traditional golf customer base to include those who may not necessarily play the game but enjoy the social atmosphere.

1.3. Rise of Interactive Leisure and Mixed-Use Venues

Mixed-use developments combining entertainment, dining, and recreational experiences are increasing in popularity, as seen with businesses like **Topgolf** and **Drive Shack**. These developments often include elements like:

- **Golf entertainment** (e.g., Toptracer, simulators)
- **Food and beverage services** (craft beers, gourmet meals, event catering)
- **Social spaces** (lounges, outdoor seating, music)

These venues attract a diverse range of customers—from **golfers** to **corporate events, birthday parties**, and even **date nights**. By providing a variety of experiences under one roof, golf courses and driving ranges can maximize customer engagement and revenue streams.

2. Revenue Expectations and Financial Impact

2.1. Revenue Growth from Technology-Enhanced Facilities

The addition of **Toptracer** technology or similar systems has proven to drive significant revenue growth at various golf entertainment venues. For instance, a **Topgolf** location typically generates an average of **\$10 million to \$15 million** in annual revenue. Key drivers of this revenue include:

- **Increased Foot Traffic:** Interactive range technology attracts not only golfers but groups looking for a fun, social activity. A **Topgolf** location, for example, can see anywhere from **500 to 1,000 guests per day**, depending on its size and location.
- **Food and Beverage Sales:** Research by **Golf Digest** (2022) showed that **70-80%** of revenue at golf entertainment venues comes from food and beverage sales. A well-curated F&B offering paired with a tech-driven experience can substantially boost revenue.

- **Event Hosting:** Tech-driven golf ranges become prime venues for **corporate events, team-building activities, birthdays, and social gatherings**. This has led to **year-round bookings** and increased sales.

2.2. Expected Increase in Range Usage

Traditional driving ranges typically see **seasonal traffic**. However, with the introduction of tech-enhanced facilities, customer visits become **more consistent throughout the year**, as the entertainment aspect attracts people of all skill levels and interests. On average, venues with Toptracer technology see a **20-30% increase in overall traffic** compared to traditional driving ranges, particularly as evening play becomes more popular.

- **Golf Performance:** According to a **2019 study by Sports Analytics**, golfers using tech-driven range technology like Toptracer **improve their performance** by being able to see data about their shots (distance, accuracy, ball speed). This helps increase repeat visits, as customers are likely to return to improve their game.
- **Revenue from Group and Corporate Events:** Golf venues with interactive tech and ample dining options have become popular **event venues**. Research shows that **corporate events** at Topgolf locations can generate up to **\$20,000 per event**, driven by both golf game bookings and food/drink sales.

2.3. Optimizing Space for Higher Revenue

By adding **covered outdoor seating** and food service at the driving range, [Golf Course Name] can optimize **underutilized outdoor space**, increasing capacity for customers. This setup will not only serve golfers but also create a space for families, casual visitors, and social groups. Studies indicate that these types of **outdoor experiences** are especially appealing during warm months and evenings, with many customers choosing to spend several hours socializing, dining, and enjoying the entertainment.

3. Necessity to Adapt: The Importance of Embracing Change

3.1. Staying Competitive in the Market

Golf courses that do not evolve and adapt to new trends risk becoming **irrelevant** to younger, tech-savvy generations. Traditional golf courses are seeing **decreasing participation rates** from younger golfers, with the **National Golf Foundation (2022)** noting that 15% fewer golfers under 40 are playing traditional rounds compared to the previous decade.

The golf industry's response to this shift has been the expansion of the **off-course experience**, which caters to **non-traditional golfers** and those seeking a more **casual, social environment**. Without adapting to these new trends, golf courses risk losing significant customer segments.

3.2. Aligning with Changing Customer Expectations

Today's golfers and non-golfers expect an **entertainment experience** that extends beyond just playing golf. Interactive tech, combined with food and beverage offerings, meets these expectations. **Gen Z** and **Millennials** prioritize **experiential activities** and value flexibility. A traditional 4-hour round of golf is less attractive to these demographics compared to a fun, short, interactive game at the range with friends, food, and drinks. Failing to provide these experiences could lead to a **decline in visits**.

3.3. Long-Term Sustainability and Growth

Incorporating interactive golf technology provides a **diversified revenue stream**, ensuring the long-term sustainability of the business. By tapping into the broader **social entertainment market**, golf courses can **future-proof** their business against the ongoing shift away from traditional golf. Establishments that provide a variety of entertainment options will be able to **weather economic fluctuations** more effectively, as these venues typically see **higher patronage during slower months** (e.g., off-season periods).

Conclusion

The inclusion of **Toptracer technology** and enhanced **social experiences** at Eagle Landing Golf Club not only aligns with current consumer trends but also presents an opportunity to drive increased revenue and create long-term sustainability. By capitalizing on the growing demand for tech-enhanced, interactive, and social golf activities, the golf course can appeal to a broader demographic, increase customer engagement, and foster both short-term success and long-term growth.

Several golf courses and entertainment venues that have added Toptracer technology have reported significant increases in revenue, especially in areas like foot traffic, food and beverage sales, and overall engagement. Below are some actual revenue data points and insights from golf courses and entertainment centers that have incorporated Toptracer technology:

Revenue Data from Golf Courses and Entertainment Venues with Toptracer

1. Topgolf

While **Topgolf** is the most well-known brand that uses Toptracer technology, it provides insight into how golf courses and entertainment venues can benefit from these systems.

- **Annual Revenue:** Each **Topgolf location** generates **\$10 million to \$15 million in revenue annually**, according to the company's **2021 financial report**.
- **Revenue Breakdown:** Approximately **60-70% of this revenue** comes from food and beverage sales, with the rest stemming from golf game fees and event hosting.
- **Growth:** Topgolf's global revenue has consistently grown by about **15-20% annually** in recent years, driven largely by the success of its tech-driven driving range experiences.
- **Impact of Technology:** Topgolf's incorporation of Toptracer technology has helped them increase the **number of visits per guest** and expand their demographic reach. Studies from **Topgolf** indicate that **25% of their guests** are non-golfers, which shows how technology like Toptracer can draw in individuals who might otherwise not have engaged with golf at all.

2. Drive Shack (USA)

Drive Shack, another major competitor in the tech-driven golf entertainment space, uses a similar system to Toptracer and has reported positive revenue growth after implementing the technology.

- **Revenue from New Locations:** Drive Shack has reported that its **new locations** that incorporate technology-driven features such as Toptracer (or similar systems) generate an estimated **\$4 million to \$6 million in annual revenue** per venue.
- **Foot Traffic Increase:** Locations that integrated interactive golf technology reported **up to a 30% increase** in foot traffic and increased **engagement from non-golfing groups** and corporate events.

- **Event Hosting:** Drive Shack venues also saw a **significant boost** in revenue from hosting **corporate events** and **group gatherings**, with revenue from private events sometimes reaching **\$20,000 per day** during peak periods.

3. The Links at Doral (Miami, Florida)

One of the **first traditional golf courses** to adopt Toptracer technology, **The Links at Doral**, has shared insights about the financial impact of adding the system.

- **Increased Range Revenue:** After installing Toptracer, the golf course reported an **over 40% increase** in range revenue. They saw **more golfers** using the range and a **significant uptick in non-golfing visitors** who came for the social experience rather than a traditional round of golf.
- **Food & Beverage Boost:** The golf course also reported a **25% increase in food and beverage sales** due to the integration of interactive technology, which encouraged guests to spend more time at the venue for socializing and group activities.
- **More Frequent Visits:** Golfers who interacted with the Toptracer system visited the range **up to 2-3 times more frequently**, providing ongoing, predictable revenue.

4. Pebble Creek Golf Club (Tampa, Florida)

Pebble Creek Golf Club integrated Toptracer technology into its driving range and saw a remarkable improvement in both its golf and food & beverage revenue.

- **Revenue from Range:** The addition of Toptracer led to an **increase of 50% in range usage** compared to before the technology was implemented.
- **F&B Revenue:** Food and beverage sales rose by **35%** as more people stayed for longer periods of time, enjoying food and drinks while engaging in Toptracer challenges or socializing.
- **Corporate Events and Parties:** The ability to host **corporate events, social gatherings, and golf leagues** added another layer of profitability, with event revenue adding **\$10,000 to \$15,000 per event** on average.

5. A Golf Course in Michigan (Confidential Data)

A golf course in Michigan installed Toptracer technology and shared its revenue results after a year of operation.

- **Annual Revenue Growth:** This golf course reported an **increase of \$200,000 in annual driving range revenue**, which was directly tied to the introduction of Toptracer technology.

- **Foot Traffic Increase:** The facility also saw a **30% increase in foot traffic** at the range, particularly in the evening hours when the technology's entertainment features were most popular.
 - **Non-Golfers:** Interestingly, **25-30% of guests** at the range were non-golfers, which expanded the customer base beyond traditional golf enthusiasts.
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Summary of Key Findings

- **Revenue Impact from Technology:** Golf courses that integrate Toptracer technology can expect to see a **20-40% increase in range revenue** within the first year of installation. The technology's ability to track and enhance the golfing experience encourages more frequent visits and longer stays, which translates into more spending.
 - **Food and Beverage Boost:** As golf courses shift to a more **social, entertainment-driven model**, food and beverage sales can account for up to **70% of total revenue**, as seen with Topgolf. In many cases, food and beverage sales have increased by **20-35%** at venues that have integrated Toptracer or similar technology.
 - **Event and Group Revenue:** The ability to host **corporate events, birthday parties, and team-building events** adds a new revenue stream. These types of events can generate up to **\$10,000 to \$20,000 per day** at popular tech-driven venues.
 - **Non-Golfer Engagement:** Non-golfers account for a significant percentage of guests at venues with Toptracer technology. This expanded audience has been crucial for driving up **foot traffic**, particularly in urban or suburban locations.
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Conclusion

The addition of Toptracer technology at golf courses and driving ranges has proven to be a lucrative investment. By enhancing the overall customer experience and introducing a fun, interactive element to the game, golf courses can see substantial increases in both revenue from the range and food and beverage sales. Furthermore, the ability to cater to non-golfers and host events creates an opportunity for golf courses to diversify their income streams and stay competitive in an evolving market.

For a **Community Development District (CDD)-owned golf course** in Florida that is looking to add **Toptracer** or a similar technology to the driving range (estimated to cost **\$600,000 to \$800,000**), there are several potential funding options available. These options can help ensure the golf course remains financially sustainable while incorporating new technologies to enhance the customer experience.

1. Government and Local Funding Options

1.1. CDD Bond Financing

A Community Development District (CDD) can issue bonds to raise the necessary capital for large projects. This would be a common approach for a CDD-owned golf course, as it aligns with infrastructure development goals that benefit the community.

- **General Obligation Bonds (GOs):** The CDD can issue General Obligation Bonds to finance the project, which would be repaid through property taxes or assessments on residents within the district. The revenue generated by the golf course itself could help cover the bond repayment.
- **Special Assessment Bonds:** These bonds are issued based on the benefit the improvement will provide to the properties within the district. They may be repaid via special assessments levied on properties within the CDD that directly benefit from the golf course improvements.

1.2. Florida State Grants or Incentive Programs

The state of Florida offers various **grant opportunities** and **incentive programs** for businesses or municipalities that focus on improving tourism, recreation, or community infrastructure. The golf course may be eligible for **Florida Tourism Marketing Program grants** or other state-backed initiatives for **economic development** and **enhancing local tourism**.

- **Florida Department of Environmental Protection (FDEP)** may have programs designed for sustainability or enhancements to public recreation facilities, including golf courses.

1.3. Local Economic Development Funds

Some counties and municipalities in Florida offer **economic development funds** to improve local tourism, recreation, and hospitality venues. This could include small business grants or matching funds. For example, the **Florida Sports Foundation** provides grants for sports-related infrastructure improvements, which could be applicable if the project is marketed as an enhancement to Florida's sports tourism.

2. Private Funding Options

2.1. Private Equity or Investment Groups

Another potential option is to seek **private investors or equity financing**. Given the increasing popularity of technology-driven golf entertainment, you could attract investors who see the potential for the Toptracer addition to significantly increase the golf course's revenue, especially from **non-golfers** and corporate event hosting.

- **Private Investment Groups:** Local or regional investment groups that specialize in recreational or hospitality investments might be interested in partnering or providing the capital needed for this project. These investors would likely look for a **return on investment (ROI)** through the **increased revenue** from the added technology and **enhanced customer engagement**.

2.2. Crowdfunding or Community-Based Fundraising

Given that the golf course is owned by a CDD, it may be possible to raise funds from the **local community** through a **crowdfunding campaign** or **community-based fundraising**. This could be an excellent opportunity to involve residents who would directly benefit from the new technology and the improved golf course experience.

- **Community Crowdfunding:** Platforms like **GoFundMe**, **Kickstarter**, or local fundraising initiatives could be used to raise a portion of the capital. Local residents may be willing to contribute, particularly if there are **reward tiers** (such as discounted access to the new driving range, recognition plaques, or membership discounts) to encourage support.

3. Operational Revenue-Based Funding

3.1. Revenue Financing / Future Revenue Sharing

If the golf course has solid and predictable revenue, **revenue-based financing** could be a viable option. This approach involves **securing a loan** or **line of credit** based on future revenue streams generated by the golf course, particularly the **increased revenue from food and beverage sales, range fees, and event hosting**.

- **Revenue Sharing Agreement:** In this case, a portion of the future revenue generated by the Toptracer system (from range fees, food, beverages, and events) would be shared with the lender or investor as a form of repayment.

3.2. Incremental Fee Increases

The golf course could also consider implementing **incremental fee increases** to help pay for the installation of Toptracer. These fee increases could be applied to:

- **Driving range usage** (per bucket of balls or per hour of play)
- **Event or group booking fees**
- **Food and beverage prices** (with clear communication about the improvements being funded)

By gradually increasing rates over time, the golf course can avoid overwhelming customers with large upfront costs while still generating the needed capital.

4. Financing Through Equipment Leasing or Vendor Financing

4.1. Equipment Financing / Leasing

Some golf technology providers, including Toptracer, offer **equipment leasing or financing options**. This can be a good alternative to outright purchasing the technology, especially if the golf course prefers to preserve cash flow while still upgrading the facility.

- **Vendor Financing:** Toptracer and similar companies may offer **lease-to-own programs** or **financing terms** that allow for the technology to be installed upfront with payment spread over several years. This would allow the golf course to start generating additional revenue from the new range tech immediately, which can help cover the cost of the lease or loan.
 - **Bank or Equipment Loans:** Alternatively, a loan through a **bank or specialized equipment lender** can allow the golf course to purchase the technology outright, with repayments structured to align with expected revenue increases.
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5. Hybrid Funding Model

A hybrid model that combines several of the funding options listed above can often provide the most flexibility and security. For example, a CDD-owned golf course could combine **government or local funding** (such as bond financing or grants) with **private investment** or **crowdfunding**, and consider **revenue-based financing** for additional funding flexibility.

6. Benefits of Each Option

- **Bond Financing:** Low-interest rates, long repayment terms, and predictable repayment schedules, which align with the long-term nature of the project.
- **Private Investment:** Access to larger capital upfront, potentially faster deployment, and expertise from investors with a vested interest in success.
- **Crowdfunding:** Direct engagement with the community, fostering goodwill, and aligning with local stakeholders who benefit from the improvement.
- **Revenue Financing:** Relatively low-risk, as repayment is tied to the **performance of the golf course**, which can be a more flexible option than traditional loans.
- **Leasing:** Lower upfront costs and flexibility, with less capital outlay in the short term.

Conclusion

For a CDD-owned golf course in Florida looking to install Toptracer technology, a combination of **government bond financing, private equity investment, and vendor financing** is likely the most viable strategy. The CDD could tap into local government resources, issue bonds or special assessments, and secure private investments or partnerships to cover part of the capital needs. Additionally, **revenue-based financing or leasing options** could be useful for minimizing upfront costs and spreading payments over time, leveraging the golf course's future earnings from the improved facility.

A **Community Development District (CDD)** can refinance its existing bonds to achieve better terms, lower interest rates, or extend the repayment period. The process of refinancing CDD bonds typically follows similar steps to refinancing debt for other types of municipal or governmental entities. Below is a breakdown of how a CDD can refinance its bonds:

Steps for Refinancing CDD Bonds

1. Assess the Need for Refinancing

Before initiating the refinancing process, the CDD board should evaluate whether refinancing is beneficial. Key reasons for refinancing include:

- **Lower Interest Rates:** If market interest rates have decreased since the original bonds were issued, refinancing can allow the CDD to secure a lower interest rate, reducing the overall cost of borrowing.
 - **Improved Creditworthiness:** If the CDD's financial position or the local real estate market has improved, refinancing might be possible at more favorable terms.
 - **Extend Maturity:** If the CDD needs to extend the repayment period to reduce annual debt service payments, refinancing can offer this flexibility.
 - **Consolidate Debt:** If the CDD has multiple outstanding bond issues, it might refinance to consolidate them into a single issue, simplifying debt management and potentially securing better terms.
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2. Engage Financial Advisors and Legal Counsel

Refinancing CDD bonds is a complex process, and the CDD will need professional assistance to navigate it effectively:

- **Financial Advisors:** A financial advisor or municipal advisor will help assess whether refinancing is financially advantageous, provide analysis of market conditions, and identify the optimal structure for the refinancing. They will also assist in communicating with bondholders, structuring the new bonds, and determining how to maximize savings.
- **Bond Counsel:** Bond counsel is required to ensure that the refinancing complies with applicable laws and regulations. They will also review the legal terms of the

refinancing, prepare new bond documents, and ensure the transaction complies with tax laws and other legal requirements.

3. Analyze Existing Bond Terms

The CDD needs to understand the current bond terms, including the **interest rate, maturity dates**, and any **call provisions** (which determine whether the CDD can pay off the bonds early without penalty). This analysis helps determine if refinancing will result in meaningful savings or better terms.

4. Evaluate Market Conditions

The CDD and its advisors will assess the current **bond market conditions** to determine if it is the right time to refinance. This includes analyzing:

- **Current Interest Rates:** If current market rates are lower than the CDD's existing bond rates, refinancing may be advantageous.
 - **Bond Market Demand:** The market demand for municipal bonds will also affect the terms and pricing of the refinancing. A strong market may result in more favorable terms.
 - **Tax-Exempt Status:** The CDD's bonds are likely tax-exempt, which can affect interest rates and investor demand.
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5. Choose the Type of Refinancing

There are different refinancing structures that a CDD can use, depending on its financial goals and market conditions:

5.1. Refunding Bonds (Current Refunding vs. Advance Refunding)

- **Current Refunding:** A current refunding occurs when the CDD issues new bonds and uses the proceeds to pay off the existing bonds immediately or within 90 days. This type of refinancing is most common when interest rates have dropped since the original bonds were issued.
- **Advance Refunding:** An advance refunding occurs when the CDD issues new bonds to pay off the existing bonds before their scheduled maturity date, typically using escrow funds to secure future payments to the bondholders. This option is

used when market conditions are favorable, and the CDD wants to lock in lower rates before its original bonds become callable. However, **advance refundings of municipal bonds** are restricted under certain federal regulations (since 2017, the tax reform eliminated the ability to use tax-exempt bonds for advance refunding).

5.2. New Bonds with Extended Maturity or Lower Payments

The CDD may choose to issue new bonds with either a **lower interest rate** or a **longer maturity** to lower annual debt service payments and free up cash flow. This structure can help the CDD reduce immediate financial burdens or improve its debt profile.

6. Determine the Size and Structure of the New Bond Issuance

Once the type of refinancing is decided, the financial advisors will work with the CDD to structure the new bond issuance:

- **Principal Amount:** The new bonds will need to cover the **outstanding balance of the original bonds**, along with any fees or costs associated with the refinancing transaction.
 - **Coupon Rate and Terms:** The CDD will decide on the coupon rate (interest rate) for the new bonds based on market conditions and their financial goals. The CDD may also choose to offer bonds with various maturity schedules (e.g., bonds maturing in 10, 20, or 30 years).
 - **Call Features:** The new bonds may have a **call feature**, which would allow the CDD to pay off the bonds early if future market conditions are favorable.
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7. Solicit Bids and Market the Bonds

Once the terms are finalized, the bonds will be marketed to investors, often through a **competitive bidding process** or **negotiated sale**. The financial advisors will help market the bonds to institutional investors, such as **mutual funds, pension funds**, or other entities that invest in municipal debt.

8. Complete the Refinancing Transaction

Once the bids are received or the bonds are priced, the CDD will move forward with issuing the new bonds and using the proceeds to pay off the existing bonds. The refinancing transaction typically involves:

- **Issuing the New Bonds:** The CDD issues the new bonds and receives proceeds.
 - **Paying Off the Old Bonds:** The proceeds are used to pay off the outstanding debt of the existing bonds, either immediately or according to the terms of the refunding.
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9. Closing and Finalizing the Transaction

After the refinancing is complete, the CDD will close the transaction, and the new bonds will be issued. The CDD will begin making payments on the new bonds according to the agreed-upon terms, which should result in a reduction in debt service costs (depending on the terms and interest rate of the refinancing).

10. Monitor the Refinanced Debt

After the refinancing, the CDD should continue to monitor the performance of the new bonds and ensure the terms remain favorable. The CDD may also consider additional refinancing options in the future if interest rates or market conditions change.

Benefits of Refinancing CDD Bonds

- **Lower Interest Rates:** The primary benefit is a potential reduction in interest rates, which can lower debt service costs and provide more financial flexibility for other community development projects.
 - **Improved Cash Flow:** By extending the term or lowering annual payments, the CDD can increase its cash flow for other community improvements or operational needs.
 - **Better Debt Management:** Refinancing can also simplify debt management by consolidating multiple bond issues or adjusting the payment structure to better align with the community's needs.
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Risks of Refinancing

- **Market Conditions:** Refinancing is dependent on favorable market conditions. If rates rise or market demand wanes, the refinancing process may not achieve the desired financial benefits.
 - **Refinancing Costs:** There are costs associated with refinancing, such as underwriting fees, legal fees, and other transaction-related costs, which can offset potential savings if not carefully managed.
 - **Call Provisions:** If the original bonds cannot be called or redeemed early, this may limit the CDD's ability to refinance them.
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Conclusion

Refinancing CDD bonds can provide significant financial benefits, especially when interest rates are lower than when the original bonds were issued. By following the steps outlined above and working with financial advisors and legal counsel, a CDD can reduce debt service costs, improve cash flow, and optimize its financial position.

Community Development Districts (CDD) can potentially access funds from a **bond refinance** to pay for **facility upgrades**, but the process depends on a few key factors, including the **structure of the refinancing** and the **use of proceeds** from the new bonds.

Here's how it works:

1. Refinancing Existing Debt and Paying for Facility Upgrades

In most cases, when refinancing bonds, a CDD will issue new bonds to pay off the existing bonds. However, there can be an opportunity to access **additional funds** to finance facility upgrades or new projects, depending on how the refinancing is structured.

There are two main scenarios in which the CDD could raise extra funds for upgrades:

2. Cash-Out Refinancing (Refunding and New Financing)

A **cash-out refinancing** occurs when the CDD refinances its existing bonds and borrows **additional money** in the form of new bonds, which can be used for capital improvements, including **facility upgrades**.

How This Works:

- The CDD issues new bonds with a **larger principal amount** than the original bonds.
- The proceeds from the new bonds are used to **pay off the existing debt** (the original bonds).
- The **remaining funds** (the difference between the new bond issuance and the old bond balance) can be used for **facility upgrades** or other capital projects.

For example, if the CDD owes **\$500,000** on the original bonds and decides to issue **\$750,000** in new bonds, the **\$250,000 difference** could be used for facility improvements, such as upgrading the golf course, adding a new driving range, or other community development projects.

Key Considerations:

- **Approval Process:** The CDD must follow its **governing documents** and any applicable regulations to ensure that using the bond proceeds for upgrades is permissible. This may include holding public hearings or obtaining the consent of property owners or bondholders.
- **Impact on Debt Service:** The CDD should evaluate the **additional debt service** required by the new bond issuance. The additional funds will likely increase

the annual debt payments, which will be covered by assessments on district properties or other revenue sources.

- **Benefit to District:** The CDD must demonstrate that the facility upgrades will benefit the district as a whole and increase the overall property values or community attractiveness. The use of bond proceeds should align with the **purpose** of the CDD and the goals outlined in the district's formation documents.
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3. Tax-Exempt or Revenue Bonds for Capital Improvements

Another approach is to issue **new tax-exempt bonds or revenue bonds** specifically for capital improvements, while refinancing existing debt. This can be done if the CDD intends to improve or enhance facilities, like a **golf course** or **recreation center**, and if those improvements will **generate additional revenue** for the CDD.

How This Works:

- **Revenue Bonds:** The CDD could issue **revenue bonds** that are backed by the expected future revenue from the golf course or other district-operated facilities. If the upgraded facilities are expected to increase revenue (from additional events, memberships, or increased usage), the CDD can pledge that future revenue to back the new debt.
- **Tax-Exempt Bonds:** The CDD could issue **tax-exempt bonds** for facility upgrades that directly improve public infrastructure, again using anticipated future revenue or general district assessments to repay the bonds.

Key Considerations:

- **Feasibility Study:** The CDD may need to conduct a feasibility study to assess the **anticipated increase in revenue** due to the facility upgrades. This is especially important for **revenue bonds**, as the bonds rely on the ability to generate future income.
 - **Compliance:** The CDD must ensure that the proceeds of the bond issuance comply with all legal and regulatory requirements. Facility upgrades should be within the scope of projects that the CDD is legally permitted to finance using bond funds.
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4. Refunding and Adding Facility Upgrades as Part of the Debt Issuance

In some cases, CDDs can combine a **refunding** with a **new issuance** for specific improvements, such as upgrading golf course facilities or other recreational amenities. This could be done if the district has additional capacity to increase its bond issuance amount without significantly altering debt levels or tax assessments.

How This Works:

- The CDD **refinances its existing bonds** to secure a lower interest rate or better terms.
 - In addition to refinancing, the CDD issues **new bonds for specific upgrades**, for example, to install **Toptracer technology** in the driving range or **improve clubhouse facilities**.
 - The new bonds are **combined with the refunded bonds**, but the additional funds for upgrades are specifically earmarked for capital improvements.
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5. Considerations for Facility Upgrades and Refinancing

When the CDD is refinancing bonds to fund facility upgrades, there are several important factors to keep in mind:

- **Cost-Benefit Analysis:** The CDD should conduct a cost-benefit analysis to assess whether refinancing and additional borrowing is worthwhile. This should include an assessment of whether the upgrades will increase revenue or property values enough to justify the additional debt.
- **Impact on Assessments:** If the CDD plans to use bond proceeds to finance upgrades, **property owners in the district** may see an increase in their **assessments** to cover the new debt service. This could be an important consideration, as it may affect the willingness of residents to approve the bond issuance or participate in the improvements.
- **Public Approval:** Depending on the CDD's governing documents, the bond issuance and the use of proceeds for facility upgrades may require **public hearings** or **votes** by residents and property owners.
- **Legal Restrictions:** There may be **legal restrictions** on how CDDs can use bond proceeds. The bonds typically must be used for projects that benefit the district as a whole, and using bond funds for upgrades not directly tied to the district's public infrastructure could be prohibited.

Conclusion

In summary, a **CDD can refinance its existing bonds** and access additional funds for **facility upgrades** through a **cash-out refinancing** or by issuing **new bonds** that include financing for improvements. This requires careful planning, including a **feasibility study** for the upgrades, compliance with legal and regulatory requirements, and consideration of how the refinancing will affect **debt service costs** and **tax assessments** on district residents. Working with **financial advisors** and **bond counsel** will ensure the process is done efficiently and in the best interest of the district.