



**ROLAND PARK LAND SALE**  
**JULY 2008**

## BALTIMORE COUNTRY CLUB

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## BALTIMORE COUNTRY CLUB

## DEAR FELLOW MEMBERS

After the recent relocation of the Club's tennis facilities from Roland Park to Five Farms, the Board of Governors, with the review and recommendation of the Club's Planning and Capital Improvements and Finance Committees, concluded that there remained no strategic, long term planning, or other credible reason for the Club to retain ownership of the former tennis complex and a portion of the land immediately adjacent thereto. The conversion of this land asset to cash, the redeployment of the monetary value received to reduce existing debt and to fund other required capital needs, and the elimination of the expenses associated with the continued ownership of this land, are all considered by the Board to be in the long term best interests of the Club. This conclusion was further supported by the 2005 Membership Survey which confirmed that more than 80% of the responding members were receptive to considering a sale of the Roland Park surplus land for the purpose of reducing debt and funding necessary capital projects for the Club.

Accordingly, the Board of Governors is pleased to inform you that the Baltimore Country Club has entered into a contract for the sale of surplus land at the Club's Roland Park campus, subject to the requisite approval of the sale by the Club membership. The area to be sold is comprised of the former tennis complex and the lower portion of land located north of the former complex and extending along Falls Road to Edgevale Road. The purchaser of the land is Keswick Multi-Care Center, Inc.

Keswick, a well respected and well endowed corporate citizen of both the Roland Park and larger Baltimore communities for over 100 years, recently expressed to the Board its keen interest in purchasing the surplus land. Keswick intends to develop the land for the operation of a high end senior living multi-care facility, with both independent living and assisted living units. After interviewing other interested prospective purchasers, which included developers and neighboring schools, and further negotiation with Keswick, the Club and Keswick agreed to the sale to Keswick upon the following salient terms:

1. A purchase price of \$12,500,000, with all transfer and recordation taxes to be paid by Keswick.
2. The right of the Club to approve the scope, scheme, location and exterior appearance of the development, with a substantial portion of the area to be preserved as open green space and much of the existing forestation to be retained.
3. The closing of the purchase is contingent upon, and to occur promptly following, (a) the requisite approval of the sale by the membership of the Club, and (b) the requisite approvals by Baltimore City of Keswick's proposed planned unit development.
4. Upon satisfaction of all conditions, Keswick is legally bound to proceed to close on the purchase, with no limitation of liability.
5. Club members will be given preference in the initial sale of living units.

The Board concluded that the sale of this surplus land to this particular purchaser, at this particular price, on these particular terms, and at this particular time, presents the Club with a most compelling and very unique opportunity which is clearly in the long term best interests of the Club. In addition, the Board concluded that any proposed new use of the surplus land must not only be compatible with the Club's long term commitment to the Roland Park Clubhouse, but must also be compatible with the residential character of the surrounding Roland Park community.

BALTIMORE COUNTRY CLUB

**DEAR FELLOW MEMBERS**  
(CONTINUED)

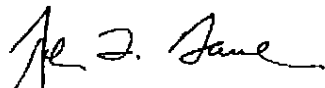
Accordingly, in light of Keswick's long history and favorable profile in the community, Keswick's proposed residential use of the land, and the demonstrated need for additional multi-care living facilities in the north Baltimore area, there is a considerable likelihood of support for the sale from both the Roland Park community and Baltimore City. This support should facilitate the obtaining by Keswick of all necessary governmental approvals in order for Keswick to proceed to closing.

Using the results of the 2005 Membership Survey, pursuant to which over 80% of the respondents stated that maintaining the Roland Park Clubhouse in a first class manner was of critical importance, and the input from all of the Committees of the Club, the Board has determined that our Club should now focus on three capital project initiatives. These initiatives include (1) renovation of the Roland Park kitchens and enhancement of the Roland Park Grille, without detracting from its existing unique and popular ambiance, (2) performance of required deferred maintenance (including roof, windows, exterior painting, and masonry work) at the Roland Park Clubhouse and renovation and enhancement of the original 1898 Roland Park building which houses our squash, bowling, fitness and locker room facilities, and (3) renovation of the Five Farms golf practice facility and, if feasible, certain repairs to the West Course.

Our Roland Park Clubhouse and campus and our Five Farms Clubhouse and campus each provide unique and integral venues, attractions, and contributions to our membership. The Board, as stewards, has a fiduciary duty to preserve and maintain, and, when possible, enhance each of these assets for their continued use and enjoyment by present and future members. Over the past fifteen years, more than \$20 million in capital improvements have been made at Five Farms. In contrast, over the same period, only \$1 million in capital improvements have been made at Roland Park. Accordingly, the Board, based upon the responses to the 2005 Membership Survey and the recommendation of the Planning and Capital Improvements and Finance Committees, believes that the particular focus and priority of the Club's current capital improvement program should now be our Roland Park facilities and the Five Farms golf practice facility. The funding options under consideration by the Board for these improvements include (1) the potential income from new member initiation fees, (2) the anticipated proceeds from the sale to Keswick of the surplus land, and/or (3) some combination of the foregoing options. The Board is committed to reducing the current debt of the Club and, therefore, the debt financing of these improvements is not a viable funding option until such time as the Club's existing debt has been substantially reduced. The Board is also committed to avoiding the possible assessment of the members and, certainly, the proposed sale to Keswick would assist in minimizing this possibility. Obviously, the constructive comments and input of the membership as to which funding options should be implemented will be of critical importance to the Board in proceeding with a funding program.

The Board of Governors has unanimously approved the proposed sale to Keswick and requests your continued support and efforts in providing exceptional services and facilities to all of our present and future members. We look forward to your comments on, and support of, the proposed sale to Keswick.

Sincerely,



John L. Daue  
President

## BALTIMORE COUNTRY CLUB

## QUESTIONS &amp; ANSWERS

**Q. HAVE ALL POTENTIAL BUYERS BEEN CONSIDERED FOR THE LAND SALE?**

We are very confident that our process of evaluating potential buyers has been very thorough. It was important that a buyer be selected that possessed the correct vision for the use of the land, be credible in the Roland Park and Baltimore Community and have the financial capacity to close on the purchase and complete a quality development. These selection criteria have been exceeded by our buyer.

**Q. WHY IS THE ISSUE OF SELLING THE EXCESS LAND AT ROLAND PARK DIFFERENT THIS TIME THAN SEVERAL YEARS AGO WHEN THE SAME ISSUE WAS PRESENTED?**

When this issue was presented to the membership the last time, there was considerable indecision by the membership on the long term viability of maintaining the Roland Park Clubhouse and Tennis was still played at Roland Park. Since that time, our Tennis Program has successfully moved to Five Farms and 80% of the membership stated that it is important to maintain the Roland Park Clubhouse in a first class fashion. Under applicable zoning law, it is unlikely that any additional building area will be permitted at Five Farms. Our substantial banquet, reception, and private party income at Roland Park provides an irreplaceable economic subsidy for all other Club activities. Therefore, our flagship Clubhouse will remain in Roland Park. Perhaps, most importantly, it is very clear that, unlike last time, the Club now needs the money (and additional debt and possible member assessments are not considered acceptable funding options at this time) to move forward with necessary improvements to the Roland Park Clubhouse.

**Q. WILL I BE ABLE TO SEE THE KESWICK DEVELOPMENT WHEN LOOKING OUT FROM THE CLUBHOUSE?**

All of the design and construction details have not been fully developed at this time, but it is our right and intent to have substantial green space and the appropriate level of landscaping and reforestation that will substantially and attractively screen and buffer all buildings in the Keswick development.

**Q. ARE THERE TAX IMPLICATIONS OF THE SALE OF THE LAND?**

Yes. Tax laws require clubs to invest proceeds from real estate sales back into the Club in the form of capital expenditures over a forty-eight month period or pay capital gains tax on the uninvested proceeds. Our program for reinvestment in the Club facilities will satisfy this requirement. The use of the land sale proceeds for our Club capital will also allow the new member entrance fees that we receive annually to be allocated for retiring a significant portion of our current Club debt.

Another tax implication is the reduction in our annual, nearly \$200,000, property tax expense on our Roland Park campus.

## QUESTIONS & ANSWERS

**Q. WILL THE SALE OF THE EXCESS LAND HAVE A NEGATIVE IMPACT ON THE ROLAND PARK COMMUNITY?**

Absolutely not. There are some residents that are resistant to change and will be against this development in their community, which is certainly understandable. The more important outcome is that with the sale of the excess land, the members of Baltimore Country Club are making a long term commitment to maintain their Clubhouse in Roland Park. While all of us would prefer to keep the status quo, the costs of restoring our Clubhouse dictate that, in lieu of a member assessment, the sale of excess land is required. The buyer of the land, Keswick Multi Care Center, Inc., is currently an excellent corporate citizen of Roland Park, like Baltimore Country Club, and has committed to building a high end facility, respectful of the Community. We have the right to approve the scope and exterior appearance of the development and a substantial portion of the land will be preserved as open green space, with much of the existing forestation to remain, thus making this an extremely desirable development for all informed and concerned residents. If the sale of the excess land is not approved, there is a far greater potential of a negative impact to the Community if the Baltimore Country Club Clubhouse would fall in greater disrepair and not remain a viable facility for the Club.

**Q. I UNDERSTAND A SIGNIFICANT PORTION OF THE PROCEEDS FROM THE PROPOSED LAND SALE WILL GO TOWARDS NEEDED IMPROVEMENTS TO THE ROLAND PARK CLUBHOUSE. WILL WE BE ABLE TO USE THE CLUBHOUSE DURING THE RENOVATION?**

Yes. We will try to keep the Clubhouse open as much as possible, though there will certainly be a number of adjustments that will need to be made during the renovation process. Inconvenience to the membership will be minimized to the greatest extent possible. We will achieve this by sequencing the renovation efforts so that only certain portions of the Clubhouse will be disturbed at any given time. With the ongoing support of our operations staff, all commitments for scheduled parties and events will be honored.



## QUESTIONS & ANSWERS

**Q. I RARELY USE THE ROLAND PARK CLUBHOUSE AND WOULD PREFER NOT TO SELL THE EXCESS LAND AT THIS TIME. IS MY ONLY OPTION TO VOTE "NO"?**

Before voting "No", please consider that the long term success of any Club depends on having facilities that attract and retain membership. There are individual and diverse reasons for belonging to Baltimore Country Club, so naturally a progressive facility must offer numerous incentives for membership. While many of our present and future members are attracted to our excellent golf facilities, many are also attracted to our two Clubhouse facilities which offer swimming pools, tennis courts, squash, bowling, paddle tennis and fitness facilities. Some may be interested in safe sanctuary where the entire family can come and enjoy activities for all. Many of our members are interested in our Club's ability to host a wedding or use our private rooms for entertaining. Others simply want to use the Club for dining and a place to enjoy with friends. As a private Club, we must be prepared to offer all of these features and benefits regardless of our individual interests. It is important that we maintain all our facilities in a first class fashion. The land sale will better assure that this is possible.

**Q. I LIKE THE CLUBHOUSE JUST THE WAY IT IS, THEREFORE, I DO NOT SEE A NEED TO SELL THE LAND AT THIS TIME. WHAT AM I MISSING?**

In some respects you are correct. The management and staff do an excellent job in masking the need for renovation. However, a significant portion of the improvements, such as the kitchens, are beyond the sight of the members and guests, but seriously impact the service levels and consistency of our member dining and banquet services. In other areas, such as the roof, windows, exterior painting and masonry work, these areas may or may not be readily visible but are definitely noticeable during close examination. Our efforts will definitely address the deferred maintenance issues and preserve the unique graciousness and traditions of our Roland Park Clubhouse for our enjoyment and, for the generations to follow.

**Q. ISN'T THE PROPOSED SALE PRICE SIGNIFICANTLY MORE THAN OUR LAST PROPOSAL SEVERAL YEARS AGO AND WOULD THIS PROVE THAT WE SHOULD HOLD THE LAND FOR A GREATER SALE PRICE IN THE FUTURE?**

The Board concluded that the unique profile of the buyer / user, the sale price, and the terms of sale which allow the Club discretion over the scope and exterior appearance of the proposed development, as well as preserving open green space and much of the existing forestation, was an excellent proposal to endorse. The potential for a more suitable buyer / user and a better overall proposal in the future is at best uncertain.

**Q. WHAT DOES THE BOARD RECOMMEND?**

The Board strongly believes that it is in the best interest of the Club to proceed with the sale of the excess land at our Roland Park Facility as outlined in this booklet. The Board is now looking to the membership to approve the sale of the excess land in order to fund our needed restoration of the Roland Park Clubhouse, improve our balance sheet, and reduce maintenance and operating costs for land that we no longer use.