

March 12, 2020

TO: White Bluff Property Owners  
FROM: Joe Manders, Board Member  
RE: Lighthouse Bar & Deck

The Board understands that many property owners would like to see the Lighthouse Bar & Deck opened. We all miss the fellowship we all enjoyed there as well as the spectacular sunsets over the lake. I was charged with preparing a Feasibility Study that would detail the expense required to a) open the Bar & Deck, b) operational costs, and c) net cash flow from operations.

From an operational perspective I assumed a trial period of one weekend night per week for four weeks; i.e., Friday evening or Saturday evening. An additional operational consideration was that the TABC requires an establishment serving alcohol to also serve two entrées and two side dishes, all of which must be prepared on-site.

#### Opening the Bar & Deck

The following start-up issues would have to be addressed:

- The bar and restrooms need to be thoroughly cleaned.
- There are no tables, bar stools or chairs in the bar.
- The flat screen TVs were removed.
- The two restrooms need work to make them functional.
- There is no functional air conditioning.
- Electrical will need to be run to the bandstand.
- Glasses and other serving items will have to be purchased.
- Limited available seating on the deck area .
- Purchase a Point of Sale system and install Wifi.

In order to attempt to minimize the required initial outlay, I suggested asking volunteers to clean the bar and restrooms. I also suggested moving some of the dining room furniture into the bar and not replace the TVs. The remaining start-up costs would be:

- Restrooms- \$1,000
- 2 portable, ductless A/C units- Bar only- \$8,975\*
- Bandstand Electrical- \$400
- Glasses and Serving items- \$500
- Point of Sale system and Wifi- \$4,000
- TOTAL- \$14,875

#### Operational Costs

- Staffing- \$800/night
- Live Band- \$400/night
- Meal Cost- \$700/night
- Utilities- not determined
- TOTAL- \$1,900+/night TOTAL for 4 nights- \$7,600

### Net Cash Flow Assumptions

The study utilized sales data from the sales percentages of wine, beer and liquor and profitability of alcohol at Mulligan's. It assumed (in my opinion a large group of) 75 people purchasing 3 drinks EACH at FULL price (Happy Hour pricing was not considered).

The above assumptions would yield a NET of \$1,000/night creating a deficit of \$900/night or \$3,600 for the four nights.

In addition, when the start-up costs of \$14,875 were factored in (\$14,875 divided by 4= \$3,718/night) the Bottom Line is we would lose \$4,618 per night or \$18,472 for the four week run. This does not consider or include the significant loss of revenue by shutting down Mulligan's at 3:00 PM in peak golf weather.

The Board was unanimous in its desire to try and justify how we could do this; however, based on the above analysis as well as the numerous financial demands we face in bringing White Bluff to the vision, we all decided that we cannot open the LHR Bar & Deck at this time. We are actively pursuing a partnership with an outside entity to properly renovate, expand, and operate not only the Lighthouse Restaurant, Bar & Deck but also the hotel, Conference Center and Spa/Fitness Center Complex.

\*The bulk of the A/C units in the Lighthouse Restaurant and Bar are located in the attic. These must be totally replaced, and the only access is probably through the roof. The removal and new installation will have to be done with a crane. Additionally, the outside units are not functioning and would require significant expense to render them operational. The Feasibility Study assumed the only logical alternative- portable, ductless units for the Bar. No air conditioning would be done in the restrooms as this would be an additional \$8,975 expense.

We Board members miss the Lighthouse Bar and Deck as much as any property owner, but we are primarily tasked with making board decisions in a rational and fiscally responsible manner in order to conserve your hard- earned maintenance fees, which represent the Board's limited cash resources. We also realize that we Board members are only human and we certainly do not have a monopoly on good ideas. In that light, I invite you to contact me with your good ideas to open the bar and deck. I can be reached at [jmandersjr@aol.com](mailto:jmandersjr@aol.com).

Thanks so much for your attention and consideration.

Joe Manders  
Board Director

