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Trump Shows His Cards

By Amy Burns

Eric Trump may have large shoes to fill, but one gets the impression he has no desire to try. It would be easy to stay in the shadow of his famous father, a man who was dealt a good hand and made it a winning one by developing New York real estate brick by brick. In an interview with the *Loudoun Independent*, the second son of Donald Trump, 25-year old Eric Trump, proves his vision and determination make him remarkable in his own right, an asset to a family already rich with talent.

Trump shares details of their latest acquisition—Lowe's Island Golf Club—and his plans for its future. In passionate conversation, Eric reveals just why this was the right golf course—at the right time—and why a family that is used to taking the big risks, don't believe it's a risk at all.



Amy Burns (Loudoun Independent): When did Lowe's Island Golf Club first appear on your radar?

Eric Trump (Executive Vice President, The Trump Organization): The golf world is a very small world. There's obviously a tremendous amount of courses but it's a very small world when it comes to the courses we would actually step in and buy. This is a great course with a tremendous amount of potential and it could really be exceptional. I saw it for the first time about a year ago when we started going through the process and about two months ago when we decided to purchase it. We've

In a conversation with the Loudoun Independent, Eric Trump reveals the inspiration behind the purchase of Lowe's Island Golf Club—and why the New York apple doesn't fall far from the tree.

known about it for a long time but it was really within the last year that we decided to start focusing on it.

AB: What finally transformed this project from an idea on paper to a living and breathing project?

ET: Lowe's Island has the one thing that no other course in Washington has, and that's the Potomac River. It's nice stepping into a course that is not only solid from a physical standpoint but has a great membership base. Good will in the county club busi-

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AB: It is clear you are extremely passionate about your charity, the Eric Trump Foundation. Can you tell us a little bit about its central mission?

ET: I am, and it's actually a part of me that deals with golf as well. Right out of school, I created the Eric Trump Foundation to benefit terminally ill children and St. Jude's Research Hospital with myself and a few of my best friends. We went all over the country and visited hospitals. We were most impressed with the mission of St. Jude's and what they've been able to do over the last 50 or so years. We held our first golf outing and we raised roughly \$300,000. Last year we raised close to a half million dollars. It's certainly something that'll be part of my life for a long time to come. It's really been a labor of love. There's a lot of blood, sweat, and tears that go into arranging something that complicated that's got a million moving pieces. But with that said, it's great being able to bring a half-million dollar check down to St. Jude's. When you see these children that just never had that opportunity, it's one of the most rewarding things you can do.

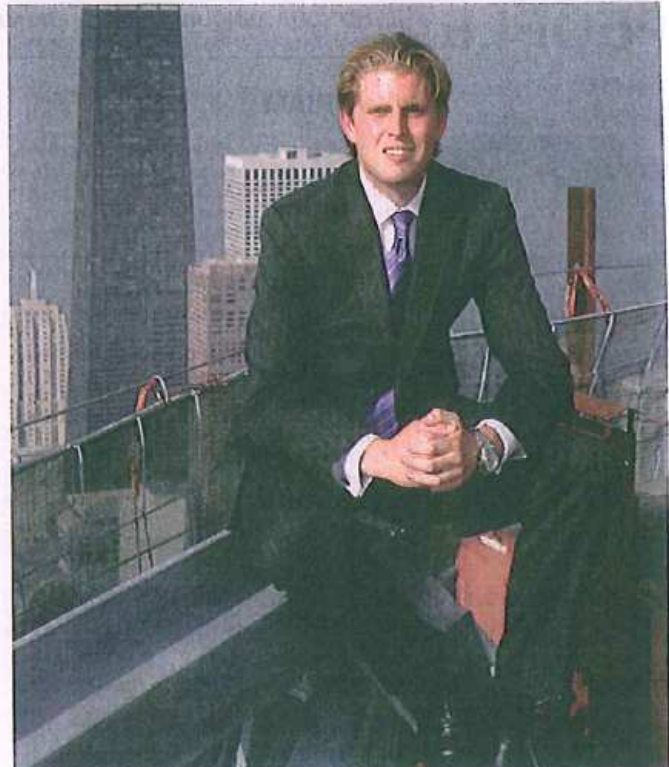
AB: To offer our readers a little insight about you as a person, if you were able to have lunch with anybody, living or dead, who would it be and why?

ET: Teddy Roosevelt comes up high on the list, and so does Chuck Yeager. I'm a

big aviation historian, I love everything to do with the military, and I love everything to do with flying: Yeager was amazing, breaking the sound barrier. He's just an amazing, fascinating person; somebody that I think is kind of the epitome of masculinity. I think Jesus would have to be up on the list as well. Of course my father's a very interesting man. I don't think I've ever sat down at a lunch with him when I wasn't both amused because he's got a great sense of humor, but also intrigued just based on his experiences in the business world. My father is a fascinating man.

There is no thinly-veiled sense of hope when talking to the optimistic Eric Trump. His optimism is evident and sincere and even comforting. The daunting realities of the county budget seem less painful, less permanent, and less hopeless, although The Trump National Golf Club will not save the county budget. It won't fill the Loudoun Interfaith pantry, and it won't change the county's tax rate. It will, on the other hand, provide what this county needs—jobs, revenue, progress, and dare I say it—healthy growth. The Trumps will spark others to follow—and bring outsiders in—to do business in a county that has struggled lately to close the deal, any deal.

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BUSINESS

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ness takes a long time to form. These clubs become second home to people. Families eat dinner at the club once or twice a week, and their kids grow up as part of the swimming program, the tennis program and the golf program. The club really becomes a second property to them. They've got a tremendous loyalty for the club already. From a strategic standpoint it made a lot of sense for us, given what's happening in the world. Obviously, the federal government's coming in and really stepping into economic issues and that should certainly result in an employment influx into Washington. It's a great time to be buying for the long run.

AB: What are a few of the specific changes we might see in the first few years of Trump ownership? Which areas of the club might get some extra attention in the makeover?

ET: The first thing we'll do is bring in Tom Fazio. Tom builds a lot of our courses. He works with us on a daily basis and clearly we'll jump right into the project. The golf courses are great. They're amazing, but I think there are changes we can make in order to bring them to the next level. I think the maintenance of the courses are great to begin with but from a physical standpoint there will be some changes that we can make to elevate that. There is so much potential with the amenities. The neighborhood is such a young, family-oriented area, we want to do some things with the pools, the tennis facility, and the golf teaching facility to really make those world class.

The nice thing about us being a private company is, in a down market, I think most public companies would wait. They wouldn't invest money into an asset because they'd want to use it elsewhere. That's certainly not going to be the case here. We're going to jump in feet first and make the changes right away. We're certainly pros at doing this, and much of our business has been developing golf courses from the ground up. We certainly know how to work with bulldozers, move dirt, and work with land. It should be very easy for us to make this into something exceptional in no time.

AB: There are clearly big changes in store for the Lowes Island area, but what changes might the rest of Loudoun see as a result of a new Trump presence in the community?

ET: It's interesting. We're a unique company in the sense that we touch all facets of real estate whether it's commer-

cial or residential, hotel or golfing. Our bread and butter remains residential real estate because we command such a premium on it. When we go into a project, prices normally jump 30-50 percent depending on what it is. People know how we manage a product. They know how we build. We build to the best standard and there's an inherent value associated with that. The purchase of the golf course will boost home prices. That's why so many of the members are thrilled. We've got the best amenity any course could have, two miles on the Potomac River. First and foremost we're developers and when we do what we do best, Lowes Island will be among the best courses in the country—if not the world. This will obviously bode very well for the community and the county in general. I don't think we've ever gone into an opportunity where immediately after our arrival we didn't see an influx of other businesses coming into that area.

AB: Will the new club be able to compete with the Congressional and do you have hopes to host a PGA tournament?

ET: I'm sure we'll be competing with The Congressional. I played Congressional a number of times and it's a great course. One of the amazing things about The Congressional is their legacy. The amenity they lack is the river and that's the greatest amenity that exists. The whole course at Lowes Island Golf Club is over the river and there's not many holes where you don't look over the Potomac. Land adjacent to much of the Potomac is home to nature sanctuaries and protected state land, so you can't really build on it. This is an exception. The membership of the Congressional is too big. Several times I've tried playing there and it was a bit of a hassle to get on the course. It's clearly an amazing course and they've done great things, but I think we'll operate very differently. I think Lowes Island will be better in terms of the physical assets in time, and we will more than make up for the legacy carried on by Congressional. Three of our seven courses are listed as top 100 courses in the world, and some of our courses haven't even been built. We want every one of our courses on that list. We held a PGA tournament in Puerto Rico and 80,000 people turned out to see some of the greatest players in the world. We're really trying to take the level of golf to the same level we took residential real estate and hotels. The PGA picks the best courses in the world. I think we could draw a PGA tournament by making this the best physical asset in the area.

AB: Do you believe Washington politicians might drive out to suburbia for a round or two at the Trump National Golf Club? Who do you see as the club's typical client?

ET: Washington's a very different city than New York. In New York everybody lives in the city for the most part. In Washington D.C., more people are located in the suburbs because they're easier to get into. If you look at the Potomac area and many of the neighborhoods out by Tyson's Corner, Silver Spring, and of course in Loudoun itself, there's tremendous wealth. I worked there for a summer and I remember the wealth is just amazing. Naturally, it's a little bit warmer in D.C. and the season opens earlier and ends a little bit later. I think in the summer time it's more of a casual atmosphere in being one can leave work early and have a meeting on a golf course. In New York it's a little bit harder to get out of the city. I know that so often when I played Congressional, it was always the case. It'd



be on a Wednesday afternoon or Tuesday evening that we'd go out and play with people who had just left work. Obviously, I was in school at the time, but we'd play a round and it was very acceptable to have meetings while playing golf. I think that's something that we'll obviously tap into. All the courses in that area tap into that.

AB: What do you know about business now that you didn't know a few years ago?

ET: First of all, I think my father did a great job grooming us from the time we were born. The amount of hours I spent in his office on the floor playing with a truck listening to him negotiate deals, then seeing the way he interacted with lawyers and other business people. I think he's always been grooming us for this job and certainly stepping in at what is probably considered the best market we've ever had, meaning in 2006, to only see what's happened in the last 12 to 18 months. I think that's a lesson in itself. Even in the best market...every bit of real estate is flying off the shelves, people are paying astronomical prices for every company around the world. I've wondered to myself, why aren't we getting in on a lot of these opportunities, as a company we were being very conservative. Prices went from there to having markets drop by 50 percent, having home prices decline by the same amount in many markets, and only then to see us as a company becoming so bullish on buying and acquiring assets such as the one we're talking about right now. Reading the paper every day and seeing with your own eyes how even the best projects might go south, and watching a friend go through difficulties, really teaches you a lesson. One starts to understand where problems lie that would never otherwise be visible in the best market. I think that's the greatest lesson: seeing the best, and then in such short succession the absolute worst and the underlying problems that were caused in the best market...or that weren't initially apparent.

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