

Blue 9 Renovation Project



Golf Club of Avon



Blue 9 Renovation Project

Executive Summary

The GCA Board of Governors has approved a proposal to renovate the Blue 9 Golf course (\$1.75 million) and make additional non golf capital enhancements (\$225,000) costing a total of roughly \$2.0 million.

The \$2.0 million cost of these improvements will be funded through a combination of the following:

- Refinancing our current debt – \$1,000,000 – Refinancing our current loan at a lower interest rate and increasing the loan principal by \$1.0 million will provide the majority of the financing for the project. This financing approach will result in no changes to the monthly debt service charges for members.
- Member Assessments – \$500,000 - Member Assessments of roughly \$500,000 will require a “one time” assessment of \$1,750 for full golf members, \$1,100 for golf members in Senior 70 categories, \$575 for Sports Members, and \$100 for Social Members. Golf and Sports members have the option of paying the assessment “upfront” or paying it over the subsequent 12 months including a small financing charge. The “one-time” member assessment is expected to be billed in January, 2021. The last GCA member assessment over \$1,000 was in 2006.
- Utilization of the 2020 GCA Operating Surplus – \$300,000 - As a result of benefits of GCA participating in the CARES Act and careful expense management during 2020, GCA is expected have a operating surplus of \$300,000 for 2020 which will be used for the Blue 9 Renovation Project.
- Other Contributions Through Fundraising - \$200,000 – Represents the estimated level of future contributions related to fundraising activities for the Blue 9 Renovation Project.



Blue 9 Renovation Project

Executive Summary (continued)

The majority of the work on the Blue 9 course will occur during the winter of 2020 and Spring of 2021 which includes the reduction of the majority of trees within the interior of the Blue 9 course. Members will have access to playing the Blue 9 Course beginning in the spring of 2021. The course will be under construction for the first half of 2021 and a significant portion of the rough and fescue areas will be roped off as “ground under repair” during 2021. The growth of the new rough grass is expected to occur in the first year and the growth of fescue will occur over a 2-to-3-year period. The Blue 9 bunker renovation will begin in September, 2021 and be completed by November 2021. The bunkers will be roped off as “ground under repair” once the bunker renovation begins.

In addition to the Blue 9 renovation, several non golf related improvements are expected to be approved by the Board of Governors based upon member feedback. Examples of projects currently under consideration are paddle tennis renovations including resurfacing and potential replacement of a court, pickle ball courts, refurbishing of pool/golf snack bar bathrooms and other enhancements to the pool experience.

In accordance with the GCA Bylaws, Member Assessments in excess of \$1,000 within a 12-month period require Member approval. In addition, Members are required to approve any additions to debt in excess of \$750,000. Approval of the Member assessment and additional debt over \$750,000 requires a majority (50.1%) of voting members.



Blue 9 Renovation Project Executive Summary (continued)

The GCA Board of Governors has scheduled a formal member vote on the plan as presented. The details of the member voting process are as follows:

The membership vote on this plan will take place on Wednesday December 2 between 1 and 5 pm in the Club foyer. Absentee ballots may be requested by e-mailing Vote@golfclubofavon.com, ballots must be received back by the Club no later than 5:00 pm on Wednesday December 2. A special meeting of the membership will be held on Wednesday December 2 at 4:00 pm in the ballroom. Reservations will be required and limited to the first 20 members (per current restrictions). All others are invited to attend via Zoom (a link will be sent out to all voting members). Please email Jennifer Ford at jford@golfclubofavon.com to secure an in person reservation

In conclusion, The Board of Governors has approved this project and is recommending GCA Member approval of the proposed Member Assessment and the proposed increase in GCA debt. Any Members having specific questions about this project or the approval process should direct them to COO, Kimberly Perez at kperez@golfclubofavon.com



Project Background

In 2019, the Board of Governors approved the funding of the remediation of the bunkers on the Red, White and Blue 9-hole courses, subject to the availability of funds. The timing for the projects is as follows:

- **Red 9 Bunker remediation – Completed in November, 2019**
- **White 9 Bunker remediation – Completed in November, 2020**
- **Blue 9 Bunker remediation – Expected to begin in September, 2021**

The GCA Board of Governors recently requested that the Golf Committee review the Blue 9 Bunker Remediation project to identify ways to reduce the project cost (\$355,000) by evaluating the potential to eliminate sand bunkers (where feasible) from the course. Reducing the number of sand bunkers will also reduce the long-term maintenance costs for GCA.

Due to extensive tree cover near the bunkers, the course superintendent has identified the risk that without removal of trees near the bunkers, the new sod installed (in conjunction with the Blue 9 Bunker Remediation project) will likely not survive. Accordingly, the removal of trees near the bunkers needs to be evaluated to maximize the value of the Blue 9 Bunker Remediation.

In 2018, the Golf Course Master Plan was updated to reflect the potential reduction of significant amounts of trees throughout the Blue 9 course to facilitate better air flow and reduce the amount of tree roots and hard ground making the course more playable. In connection with the Blue 9 Bunker remediation, the elimination of the trees should be revisited and considered for implementation.

Accordingly, a comprehensive assessment of the Blue 9 course was completed and recommendations presented to the Board of Governors.

Observations

Impact of Trees on Blue

The following key observations were made with respect to the trees on the Blue 9 in conjunction with the Project:

- The trees throughout the course have created “drip lines” along the fairways which has resulted in erosion of the top soil creating “hard pan” and increasingly exposing the tree root systems and underlying rocks.
- A number of trees around the perimeter of the course overhang into the fairways reducing playability
- A number of trees overhang bunkers making the maintenance of grass around the bunkers impossible
- The number of trees increases the overall maintenance of the course (i.e. clearing of leaves, acorns, etc.) and increases the risk of incurring expenses to remove damaged trees after major storms (such as Storm Isaias)
- The large clusters of trees that are present on the course reduce the overall airflow on the course adversely impacting the health of the course
- There are not many “quality” trees on the course. The vast majority of trees on the course were not planted, but were in place from the original design of the course

Overall, the amount and location of trees on the Blue 9 Course is impacting the playability of the course and increases overall maintenance costs.



Recommendations

Key Blue 9 Golf Course

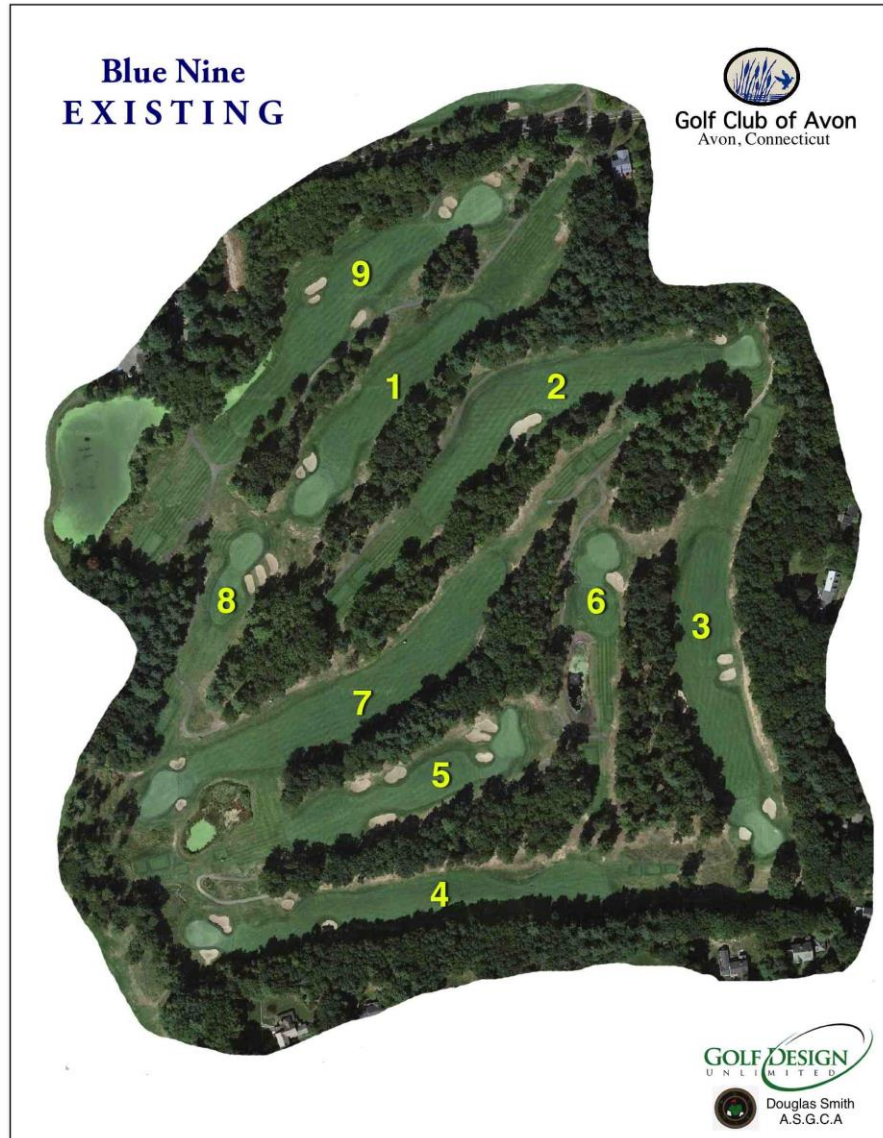
The following are the key recommendations for the Blue 9 Course:

- Eliminate the vast majority of trees in the interior of the golf course. The trees would be replaced with Rough Grass or Fescue throughout the course. Retain key trees to ensure safety of golfers in tee boxes and on select fairways.
- Eliminate a number of trees along the perimeter of the course allowing for better grass growth on the course and eliminate tree overhang in various Blue 9 fairways and greens.
- Eliminate 6 bunkers from the current course layout.
- Reduce the size of 7 bunkers and increase / reshape the size of 2 bunkers.
- Relocate one bunker from its current location to a new location to offset the impact of tree removal that currently overhangs the fairway on Hole #3.
- Enhance the approach area to the Hole # 4 green by slightly expanding the fairway near the green complex.
- Add additional fairway to the approach to the green at Hole #5.
- Remove the trees near White #5 to improve playability and reduce the risk of damage from falling trees
- Install a permanent structure for a rest room on the Blue 9 course.



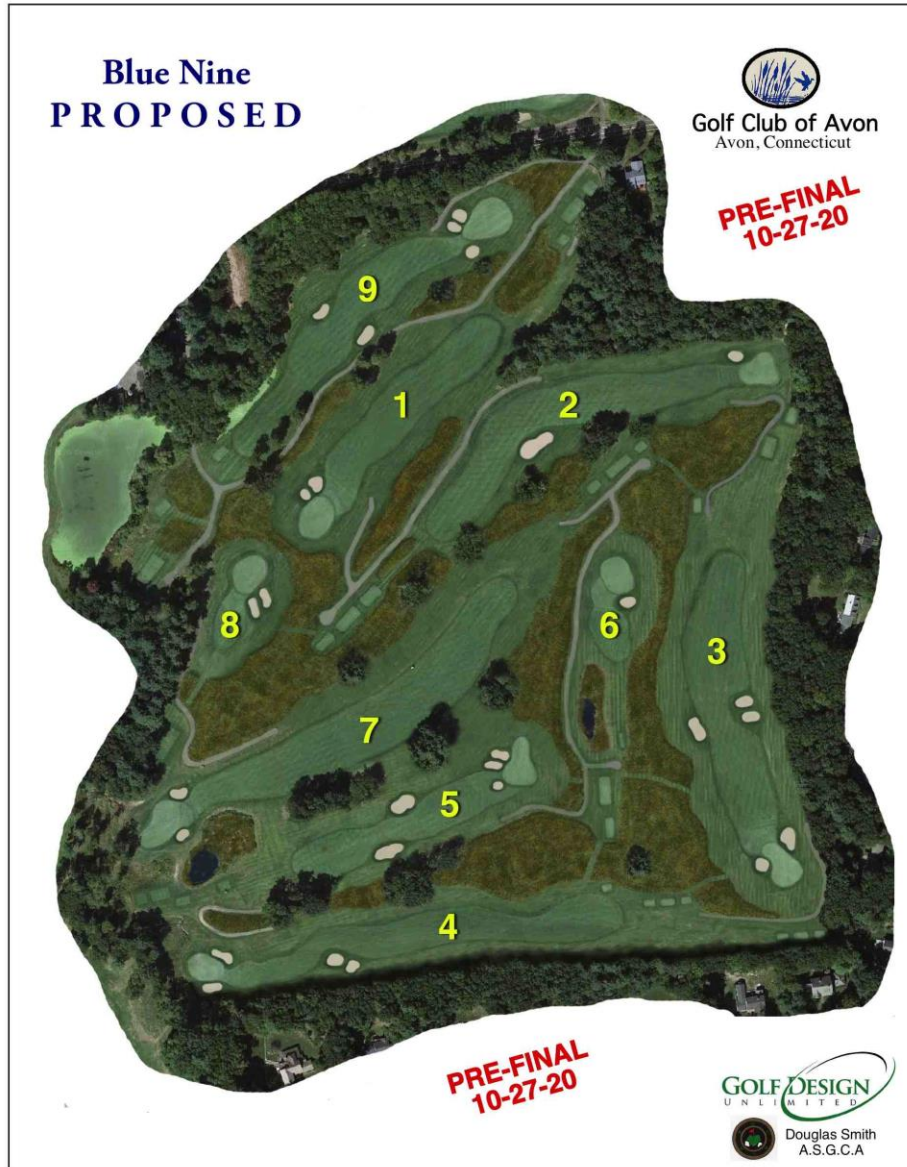
Blue 9 Golf Course Master Plan

Current Overhead View



Blue 9 Golf Course Master Plan

Renovated Overhead View



GCA Blue 9 Renovation Timeline



Blue 9 Renovation

Risks & Playability Timeframes

The key risks to the Blue 9 Renovation project and the short term impact to playability is as follows:

- **Drought** - Risk of low water levels in Lily Pond could impact our ability to maintain newly seeded areas on the Blue 9 course
- **Spring weather impact on start date & duration of work** - Start of finishing work / seeding is subject to Spring weather. The estimated time for finishing & seeding portion of the project is 12 weeks. If the restoration work is delayed until April 1, 2021 due to weather, completion of the work will occur in late June/early July.
- **Weed infestation** - During the initial grow in stage, herbicides cannot be used because they could harm the newly established grass. Weeds could be a result that will be dealt with in future seasons with a fescue spray program similar to what we do on the other rough areas.
- **Thin areas** - The scope of this work is large, and we expect some areas will require additional work after the initial work is completed. Areas of rough and fescue may need to be addressed again in the following fall to make sure things look great for future seasons.
- **Bunker Renovation** – The Blue 9 bunker renovation will begin in September, 2021 and be completed by November, 2021. The bunkers will be roped off as “ground under repair” once the bunker renovation begins.
- **Balancing member play with renovation work** – Members playing the Blue nine in the spring will likely encounter trucks, bull dozers, and other heavy equipment while they are playing, especially in the Spring of 2021. This may be disturbing to some members, but it is what we have to do to get the work done while keeping the Blue 9 open for play. The use of tee times may be required to achieve maximum member satisfaction during construction.

Overall, Members should consider the Blue 9 golf course to be “under construction” for 2021, but members will have access to playing the course. We anticipate the rough grass to grow in during the first year and the fescue to grow in over 2 to 3 years. The areas under construction will be roped off for almost the entire season and played as “Ground Under Repair”. Achieving the long term playability and the improved appearance of the course will take 2 to 3 years, but the end result will be a more playable course with reduced maintenance costs.



Other GCA Non-Golf Related Projects

In conjunction with the Blue 9 Renovation, a number of other non golf related projects are being considered to continue to enhance the overall experience of our members. The recommendation to the Board of Governors is to allocate \$225,000 to other non golf projects. A list of the potential projects is as follows:

- Paddle court renovation including resurfacing of courts and possible replacement of a court
- Pickle ball courts
- Refurbishing of pool and golf snack bar bathrooms
- Other enhancements to the pool experience

The Board of Governors will select the non-golf projects for implementation over the next three months based on member feedback.



Project Cost Estimate & Sources of Funding

The cost estimate for the renovation of the Blue 9 Course and other non golf related projects at CGA is approximately \$2.0 million which would be funded by the 2020 Operating Surplus, Member Assessments, Fundraising Activities, and increasing the GCA debt by \$1.0 million in conjunction with the refinancing of our current loan.

<u>Blue 9 Renovation - Estimated Costs</u>		<u>Sources of Funding</u>	
Blue Course Bunkers	\$ 350,000	2020 Operating Surplus	\$ 300,000
Tree removal	\$ 150,000	Other Contributions through Fundraising	\$ 200,000
Ground Preparation & Finishing	\$ 531,000	Member Assessments	\$ 500,000
Topsoil	\$ 225,000	Loan (15 Year Fixed at 3.99%, 25 Year Amort)	<u>\$ 1,000,000</u>
Seed/Fertilizer	\$ 14,500		
Irrigation Enhancements	\$ 300,000		
Ropes/Stakes	\$ 4,500		
Permanent Bathroom	\$ 60,000		
Contingency 10%	<u>\$ 122,400</u>		
Total Golf	\$ 1,757,400		
Other Non Golf Projects	<u>\$ 225,000</u>		
Total Estimated Cost	\$ 1,982,400	Total Sources of Funding	\$ 2,000,000

GCA Debt Refinancing

Given the current economic environment, the availability of financing at favorable rates will allow GCA to refinance its current loan from 4.25% to 3.99% and increase the loan principal by \$1.0 million. The loan would be fixed at 3.99% for 15 years with a 25 year amortization schedule.

In summary, our current loan will be refinanced from \$1.6 million to \$2.6 million and the monthly debt service payment will be neutral. Given our current membership levels, there will be no change in the monthly debt service charges paid by the members.



GCA Member Assessments

Another component of the overall financing strategy is a “one-time” Member assessment. The last Member assessment over \$1,000 at GCA was in 2006. The levels of assessment have been adjusted to reflect differences in member class. Golf and Sports Members have the option of paying the assessment “upfront” or paying it over the subsequent 12 months including a small financing charge. The “one time” Member assessment is currently expected to be billed in January, 2021. The following chart shows the Member assessment by Member class.



Member Type	Up Front	Monthly
Full Family/Individual (all ages)	\$1,750.00	\$150.00
Full Family/Individual Senior 65	\$1,750.00	\$150.00
Golf Full (all categories)	\$1,750.00	\$150.00
Social Full w/ Golf Priv Comprehensive	\$1,750.00	\$150.00
Full Family/Full Individual Senior 70	\$1,100.00	\$100.00
Inactive Senior	\$1,100.00	\$100.00
Social Full w/ Golf Priv Senior 70	\$1,100.00	\$100.00
Sports (all ages)	\$ 575.00	\$ 50.00
Sports Senior 65	\$ 575.00	\$ 50.00
Sports Senior 70	\$ 350.00	\$ 31.00
Social Dining (all ages)	\$ 100.00	n/a
Social House	\$ 100.00	n/a
Social Dining Senior 70	\$ 60.00	n/a

Other Contributions Through Fundraising

In addition to the refinancing of the GCA loan and the Member Assessments, \$200,000 of the funding for the Blue 9 Project is expected from future contributions related to fundraising activities.

Examples of these fund raising activities include:

- Capital Raise Fundraising Party in the spring
- Member Donations
- Memorialization of members on the new Blue 9



GCA Member Voting Requirements

In accordance with the GCA Bylaws, Member Assessments in excess of \$1,000 within a 12 month period require Member approval. In addition, Members are required to approve any additions to debt in excess of \$750,000. Approval of the Member Assessment and GCA additional debt requires a majority (50.1%) of voting members.

The GCA Board of Governors has reviewed and approved the Blue 9 renovation plan as presented.

Accordingly, the Board of Governors has scheduled a formal member vote on the plan as presented. The details of the member voting process are as follows:



GCA Member Voting Process

The membership vote on this plan will take place on Wednesday December 2 between 1 and 5 pm in the Club foyer.

Absentee ballots may be requested by e-mailing Vote@golfclubofavon.com, ballots must be received back by the Club no later than 5:00 pm on Wednesday December 2.

Voting members receive 1 vote per family.

A special meeting of the membership will be held on Wednesday December 2 at 4:00 pm in the ballroom. Reservations will be required and limited to the first 20 members (per current restrictions). All others are invited to attend via Zoom (a link will be sent out to all voting members). Please email Jennifer Ford at jford@golfclubofavon.com to secure an in person reservation.

The Board of Governors is requiring a 2/3 affirmative vote to pass.



Timeline of Approval Process

The timeline for the approval of the project and related Member Assessment and increase in GCA debt is as follows:

