



TOWN HALL MEETING

Irrigation Project Proposal

Silver Springs Golf and Country Club | September 19th, 2024



AGENDA

- Current Irrigation System Status
- Project Assessment Approach
- Proposed Irrigation Project
 - Design and Cost
- Contracting Plan
- Impact to Member Play
- Financing Plan
- Member Communications
- Shareholder Vote Information
- Q&A



PROJECT OBJECTIVES

- Deliver a modern and efficient irrigation system that **enhances course conditions, turf health, and member experience**
- Reduce the **impact on member play** during irrigation construction
- Minimize the **financial burden on members**
- Enhance our **water stewardship** efforts
- Signal our commitment to **continual improvement** and investing in our Club



PROJECT BACKGROUND

**FALL
2023**

Initial
Shareholder
Vote

**WINTER
2024**

Facility
Improvement
Fee Initiated

Project Team
Initiated

**SPRING
2024**

Updated
Project Plan
and Ongoing
Due Diligence

**SUMMER
2024**

Master Plan
Release

Open House

President's
Address

**FALL
2024**

September
Town Hall

Member
Engagement

Shareholder
Vote



PROJECT APPROACH

- 1 Focus on the irrigation system replacement as a **standalone project** and the Club's most important capital project priority
- 2 Establish an **integrated project team** to lead the efforts
- 3 Capture and **incorporate key learnings from the 2023** project
- 4 **Leverage existing committees, staff, external experts, contractors, and learnings** from other clubs' projects
- 5 **Engage members** and fully communicate plan



PROJECT TEAM & RESOURCES

1 Core Project Team

- Rod Maier, Jim Screaton, Jim Wolfe, Carson Ackroyd, Jennifer Gies, Eric Thorsteinson

2 Core Project Resources

- Lance Morris, Russel Ens, Maddy Roland, Randy Hunter

3 Supporting Committees

- Greens Committee, Finance Committee, Membership Committee, Board of Directors

4 External Parties

- Frank Russell (Irrigation Consultant); Gary Browning (Course Architect)
- Irrigation Contractors
- Golf clubs with recent irrigation system replacement experience



CURRENT IRRIGATION SYSTEM DEFICIENCIES



CURRENT IRRIGATION SYSTEM DEFICIENCIES

Failing Components

Includes valves, joints, piping, and heads

Poor System Performance

Poor, uneven, and inefficient water distribution

Increasing Costs

Repairs, maintenance, and supplementary watering

Increased Water Consumption

Average annual use is 29 million gallons (110 million liters) per season



CURRENT IRRIGATION SYSTEM DEFICIENCIES

Discontinued Components

Difficult to source and differing replacement components

Insufficient Isolation Valves

Limits the ability to complete simple repairs without significant disruptions

No As-Built Diagrams of the System

Without accurate diagrams, locating and addressing specific issues becomes challenging and delays repairs



NEW IRRIGATION SYSTEM SYSTEM BENEFITS



NEW IRRIGATION SYSTEM BENEFITS & DESIGN

Greater Efficiency

Greater system control to improve water distribution, uniformity, coverage, and different watering needs

Reduced Water Consumption

More precise control can reduce water consumption by 12-18%.

Lower Operating Pressure and Maintenance Costs

Lower operating pressures reduces wear-and-tear of the system and power requirements

DESIGN COMPARISONS

Components	Current System	Proposed System
Typical # of sprinkler rows per hole	1-2	2-3
Total sprinkler heads	541	983
Sprinkler head throw	100+ feet	75-85 feet
Operating pressure	110-120 psi	105 psi



NEW IRRIGATION SYSTEM BENEFITS

Improved Turf Health, Playability, and Aesthetics

Significantly improve the overall health, playability, and aesthetics of the course by maintaining healthier and more consistent turf

Efficient Resource Allocation

Increased focus on fit-and-finish rather than maintenance and repair of system

Quicker Issue Resolution

Our current system lacks an accurate As-Built drawing, making it difficult to locate and resolve issues. A new system will eliminate these delays

BEFORE



AFTER



PROPOSED IRRIGATION SYSTEM COST ESTIMATE

Estimated Project Costs:
\$3.2MM

- Estimate includes:
 - 15% contingency
 - 3% escalation
- Total project cost has been reduced by \$475,000
- No course enhancements included in this project

Cost Estimate	Current Proposal	2023 Proposal
Irrigation System (materials & construction)	\$2,605,000	\$2,500,000
Course Enhancements	-	\$367,000
Project Management & Consulting	\$80,675	\$205,000
Escalation at 3%	\$100,000	Included below
Contingency at 15%	\$389,550	\$580,000 <i>(includes escalation)</i>
Total	\$3,175,225	\$3,652,000

**Note: These reflect cost estimates prior to word of contract.*



CONTRACTING PLAN & IMPACT ON MEMBER PLAY



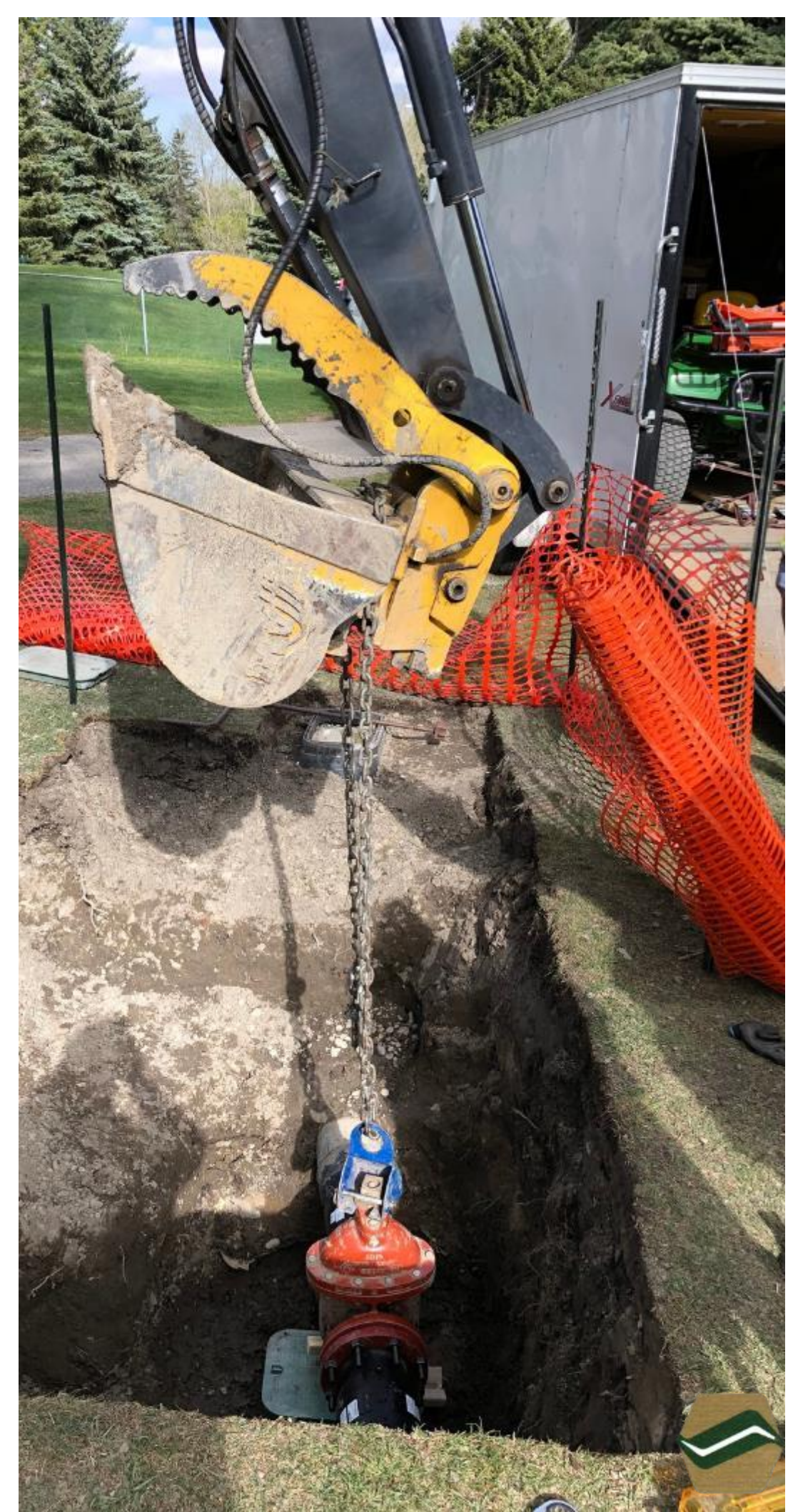
IRRIGATION CONTRACTING PLAN

Contractor Engagement

- Four preferred contractors identified; most available for 2025 start, one for 2026
- Low-impact and directional drilling methods available through contractors

Next Steps If Approved

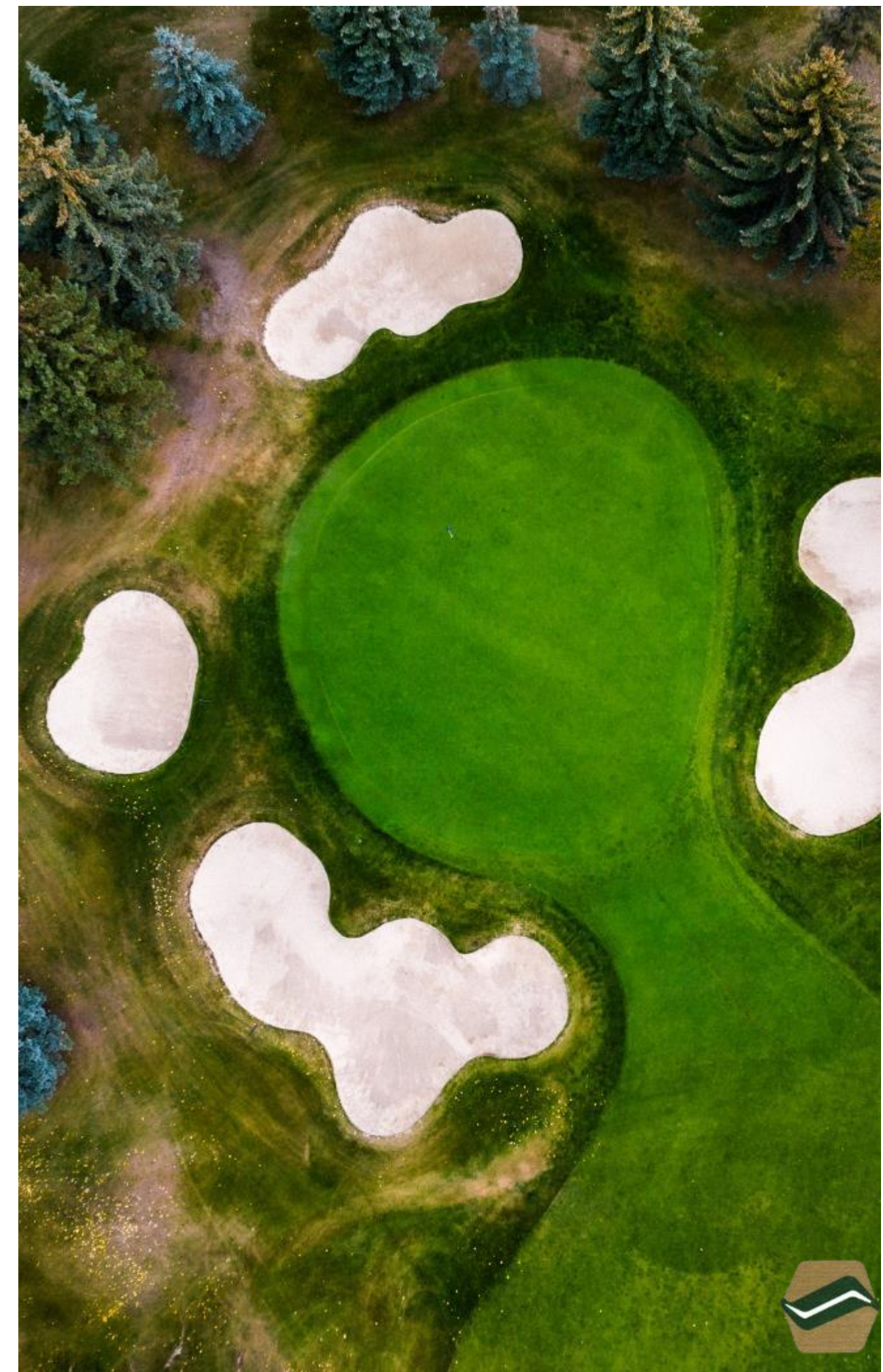
- Issue Request for Proposal (RFP) post-vote
- RFP will clarify costs, timing, and execution
- Establish RFP team to manage the process
- Consider pre-purchasing irrigation equipment



IMPACT ON MEMBER PLAY

Maximizing member play is a critical factor in evaluating irrigation construction options.

- **Goal:** Maximize the number of playable holes during construction.
- **Target:** 18 holes in play for the majority of the construction period.
- **Only 1 hole out of play at a time** (9-day duration, pending contractor verification).
- **Use Short Game Area** as a temporary 19th hole during disruptions.
- **No additional cost premium** for maximizing playability included in project estimates.



IMPACT ON MEMBER PLAY

Two-Season Option

- **Project Duration:** Conduct construction from August 1 until mid-late October over two seasons
- **Course Disruption:** Full play from start of season to August 1 (*excluding any early season impacts from prior year work*)
- **Hole Closures:** One hole out of play for ~9 days at a time
- **19th Hole Utilization:** Short Game Area will serve as a temporary replacement for closed holes
- **Project Schedule:** Tight project schedule with limited contingency unless an earlier start date is selected

One-Season Option

- **Project Duration:** April to mid-late October, completed in one season
- **Course Disruption:** Expect interruptions throughout the season, except during Club Championships week
- **Hole Closures:** One hole out of play for ~9 days at a time
- **19th Hole Utilization:** Short Game Area will serve as a temporary replacement for closed holes
- **Project Schedule:** Tight timeline, but allows for a longer construction window than the Two-Season Option



FINANCIAL OVERVIEW



FINANCIAL PROPOSAL

Structure, finance and report the irrigation replacement project as a **standalone project**

Project Cost Breakdown: 50% financed by bank debt, 50% from club equity

- **Proposed Debt:**
 - Interest rate: 7% with 15-year term
 - Recommend 2 years of available debt servicing surplus over the first 4 years of the project
- **Proposed Club Equity Funding Sources:**
 - Current Facility Improvement Fee
 - Shareholder Assessment



PROPOSED DEBT

- **Current debt:** \$1.7M from clubhouse renovation, \$750K line of credit (\$350K applied)
- **Borrowing capacity based on appraised value, existing debt, and serviceability:** \$1.8MM – \$2.0MM
- **Assumed irrigation project debt:** \$1.6M
- **Remaining borrowing capacity for future projects or emergencies:** To be determined
- **Higher debt will increase debt servicing costs**

Debt Level	\$1,600,000	\$2,000,000
Annual debt payments	\$107,000	\$133,000
Annual interest payments	\$112,000	\$140,000
Annual debt servicing	\$219,000	\$273,000

- *Debt servicing for \$1.6 MM is \$220,000 per year*
- *Assume 7% interest rate and 15-year term*



PROPOSED CAPITAL FINANCING PLAN

1 Shareholder Assessment

- Each shareholder pays a maximum assessment of \$1,500
- \$500 per year over 3 years

2 Facility Improvement Fee

- Provides ~\$400,000 per year in capital reserve
- Continue as \$50/month per shareholder, and proportionate amounts to remaining members

Irrigation Financing Plan	
Total Irrigation Project Cost	\$3,175,225
Debt service costs (assume 4 years coverage at \$200,000/year)	\$800,000
Total costs to be covered	\$3,975,225
Financing Sources	
Current FIF – 4 years at \$400,000 / year	\$1,600,000
Debt	\$1,600,000
Balance: funded by Assessment	\$800,000



COURSE ENHANCEMENTS

- Club enhancements (inclusive of golf course enhancements) will be **funded through our annual capital investments**
- Currently spent **\$800K - \$1MM** on ongoing improvements
- **Examples of improvements include:**
 - Hole #10 - #11 stair replacement
 - Cart path improvements
 - Tree Management Plan
 - Range upgrades
 - Carpet replacement
 - Turf care equipment



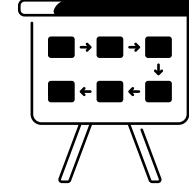
MEMBER COMMUNICATIONS



Dedicated Project
Webpage



Updated Irrigation
Videos



Storyboards at the
Turn



QR Codes on
Tables/Posters



Personal
Communication with
Board Members



Written Email
Updates / Reminders



Shareholder Package
Release



SHAREHOLDER VOTE

Booklet and Voting Proxy Released

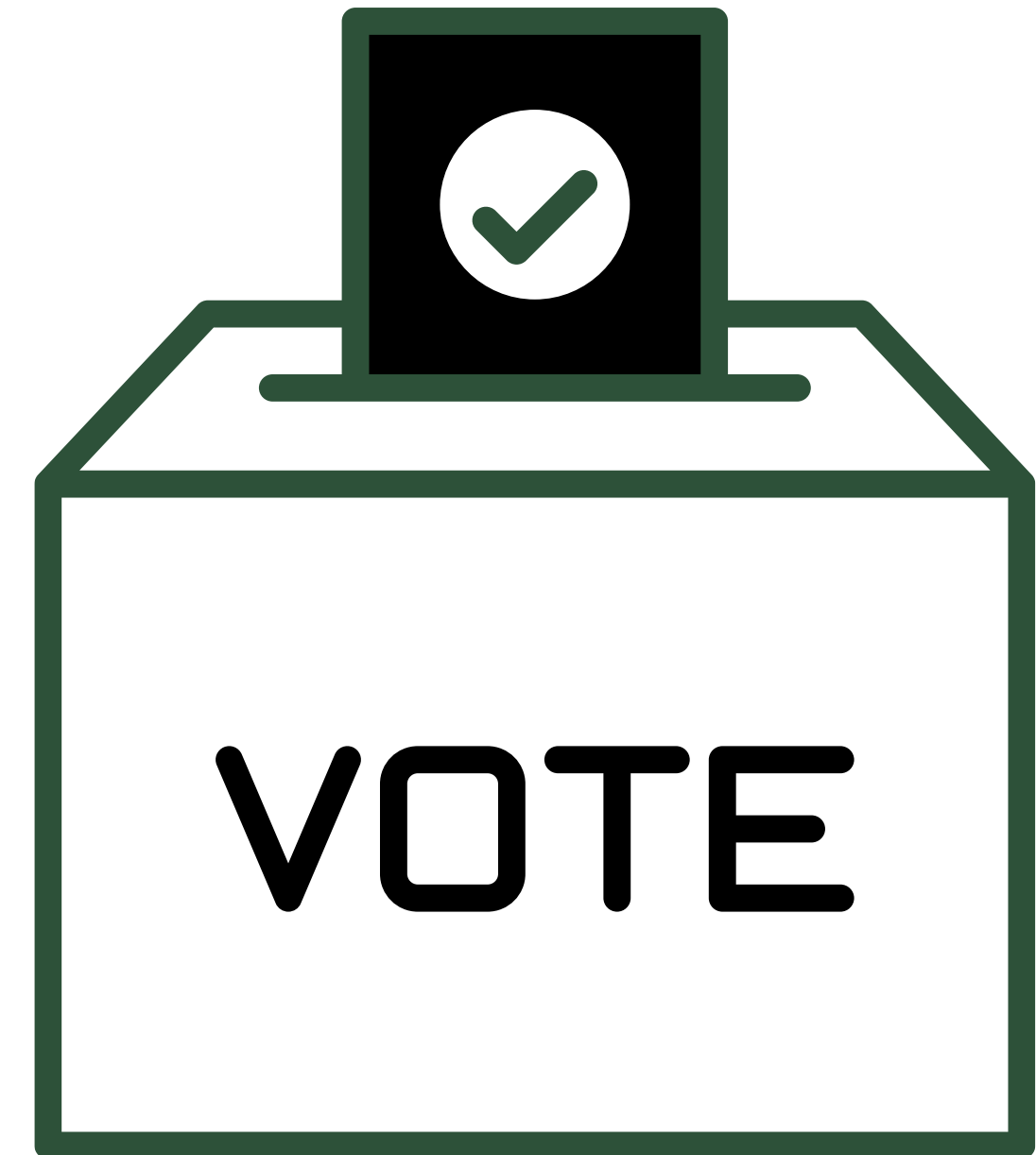
- Week of September 30th

Ways to Vote

- Online or in-person

Shareholder Special Meeting

- Thursday, October 17th



It is critical that all shareholders are informed about the project. If you have any inquiries, we encourage you to reach out to a Board Member or Management at anytime or visit our project webpage to learn more.



SUMMARY & LOOKING AHEAD

- Investing in our aging irrigation system is **vital to maintaining the member experience and long-term sustainability** of our club.
- The updated proposal **reduces the financial impact to members** and is focused on minimizing **disruptions to members** during construction.
- We encourage all members to **understand and participate in the voting process**. If you have any questions, please contact a Board Member or the General Manager.

Our Club Vision: To be the club of choice by enriching our members' lives through exceptional service, outstanding course conditions, and a culture of inclusion and continuous improvement.





THANK YOU/ Q&A

