

## NEEDS REPORT II

### SECTION I. NEEDS BY YEAR

2014

-Toro Green Master Fairway (from 2015 to 2014)	\$48,000
-Forward Tees	4,000
-Line Coolers/Refrigerator	3,000
-Kitchen Dishwasher	7,000
-Ventilation Hoods Overhaul	6,000
-Upgrade Bar/Sun Room Area	50,000
-Repair Cart Barn Roof *	12,000
-Pictures in Dining Room	1,000
-Manager's Office Computer	500
-20 Qt Mixer for Kitchen	2,000
-Purchase Outstanding Certificates	10,000

Total Cost of 2014 Needs \$143,500

2015

-Sprayer Self Contained	\$29,902
-Large Blower Turbine	6,900
-Forward Tees	6,000
-Flat Top Oven and Grill	5,000
-Freezer/Beer Cooler Condensers	6,000
-Stove	7,000

Total Cost of 2015 Needs \$60,802

2016

-Forward Tees	\$6,000
-Irrigation Controls	84,000
-Golf Carts	300,000
-Alto Sham	3,500

Total Cost of 2016 Needs \$393,500

2017

-Forward Tees	\$6,000
-Misc Equipment	15,000
-Fryer	1,500

Total Cost of 2017 Needs \$22,500

2018

-Convection Oven	\$6,000
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Total Cost of 2018 Needs \$6,000

**TOTAL COSTS FOR 2014, 15, 16, 17, 18 \$626,302**

**SECTION II. Later Needs**

-Front Door Improvements/Landscaping	\$8,000
-Cart Barn *	109,000
-2 <sup>nd</sup> Water Heater	3,500
-Range Utility Cart	7,500
-Gas Tank for Cart Barn	5,000
-Freezer/Beer Cooler Condenser	5,000
-2 <sup>nd</sup> Large Ice Machine	6,500
-Alto Sham	3,200
-Final HVAC Upgrade	7,000
-Fryer	2,500
-New Roof on Clubhouse *	35,000

**TOTAL COSTS FOR LATER NEEDS \$185,200**

**TOTAL COSTS FOR 2014 THRU 2018 PLUS LATER NEEDS \$811,502**

### **SECTION III. WANTS**

- Lessen noise in Dining Room and Sun Room
  - traverse drapes
  - install sound panels on lower portion of dining room walls
  - install sound tiles on sun room ceiling
- Update Clubhouse Furniture
  - bar stools
  - bar chairs
  - remove coffee station
  - improve beer cooler front panels
- Shade over deck
  - drape sails over deck
  - purchase more umbrellas
- Keep the existing pole barn for storage, recreation area i.e. simulator
  - practice netting
- Cushions for deck benches
- Flatten Putting Green
- Include chipping area next to putting green
- Widen driving range and improve sand trap area
- New driving range balls
- Redo signage entering pro shop, bulletin board at entrance up the steps and into the pro shop
- IRGC sign at entrance into the parking lot
- Promotional brochures for IRGC in bars, restaurants
- Get community to promote the IRGC thru the Chamber, business organizations (i.e. Kiwana's)
- Promote "friendliest Club in the North" w/ membership, Board, Committee members using bumper stickers, etc.
- Handicap Parking on upper level of parking lot
- Pickle ball court on lower level of parking lot
- Wind Turbine for electricity and electric carts, solar panels
- Put doors on foyer closet
- Cover overhand over locker room and pro shop (drain/water deflector)

#### **SECTION IV. PRIORITIES AND OBJECTIVES**

- Provide monies to cover costs and unexpected costs for NEEDS thru 2018 .
- Select WANT/S that will attract new members, maintain the current membership and increase income for the Club: **Enhancing the Clubhouse interior** concentrating on the Bar and Sun Room area and lessening the sound levels throughout the Clubhouse fits this requirement
- Allow Club Manager and Staff along w/ the Board to identify other WANTS that will fit into the budget and will enhance the Club's income.

#### **SECTION V. POSSIBLE FINANCIAL RESOURCES**

- Assessment
- Raise Dues
- Clear Cutting Property
- Shooters Group
- Manhattan Group
- Endowments
- Capital Fund Project
- Volunteer Members Monies (i.e. Holes 4 and 17)
- Federal and State Monies thru Grants
- Refinancing (see attached report)

#### **SECTION VI. RECOMMENDATIONS**

That the Finance Committee approves and recommends the following:

- Consider Assessment as last resort
- Refinancing per THE ATTACHED MODEL beginning immediately, obtain Board approval at September 12<sup>th</sup> meeting**
- Raise Dues , **obtain Board approval at September 12<sup>th</sup> meeting**
- Develop a Capital Fund Project
- Identify individuals that would be interested in donating to the Clubs Needs and Wants, Endowments
- Engage the Shooters and Manhattan Groups to assist w/ Needs and Wants identified by the Club Manager, Staff and Board

## POTENTIAL MONIES THRU RECOMMENDATIONS

-Refinancing w/ given assumptions (current loan balance \$234,000 w/ \$400,000 loan)	\$166,000
-Other Monies available	
-Carts paid off as of 2/2015 (\$3,400 X 10 mo) (\$40,800 for 12 month period)	34,000
-Manhattan and Shooters Groups (annually)	5,000
<b>TOTAL MONIES AVAILABLE</b> (as of February 2015)	<b>\$205,000</b>

### What effect will this change have vs. our current mortgage?

Current Debt for Mortgage:	\$230,000 to be paid off in 9.5 years	
<b>Recommended Mortgage:</b>	\$400,000 to be paid off in 10 years	
Current payments	Monthly \$2,600	Annually \$31,200
New payments	" 4,000	" 48,000
<b>Additional Debt</b>	<b>Monthly \$1,400</b>	<b>Annually \$16,800</b>
(Mortgage 15 year	Monthly \$3,163	Annually \$37,956)
(Additional Debt	" \$563	" \$6,756)

Other possible financial resources should be pursued as soon as possible however dollars raised cannot be identified at this time.

Of the total monies available the Board is considering \$50,000 for the enhancement of the Bar and Sun Room area. We will also be faced w/ a payment of \$29,902 in early 2015 for the Self Contained Sprayer. The remaining \$125,098 should be held in cash on hand for potential costly repairs (i.e. irrigation system) into early to mid 2015 when a better picture of our finances are available. Additional NEEDS that must be purchased in 2014 may be purchased thru our present cash on hand, any profits and depreciation projections.

The Finance Committee does recommend that we continue to analyze these issues to better focus on future needs, wants and the financing of identified items.

## John Gibson's Report

- This presents my recent findings and thoughts regarding possible additional term financing from Citizens National Bank.
- IRGC current mortgage balance is about \$230,000. Monthly payments total nearly \$2,600 with interest at 4.75°/o. The entire loan is due on 11-15-2017 and will have a principal balance around\$167,000.
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- IRGC also has a cart loan with Citizens with monthly payments of nearly \$3,600 @ 4.75%. This loan is scheduled to be paid off by 2-15-2015
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- Looking ahead, interest rates are expected to increase. Any new borrowings will likely require a new mortgage by Citizens. A new mortgage would lock in a new five-year term. The maximum amortization for real estate loans is fifteen years. Citizens will require a new real estate appraisal. Their last appraisal dates to the 1990s. The cost to IRGC for the appraisal is estimated in the range of \$5,000 to \$8,000 which must be ordered by Citizens.
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- From my discussions with Citizens, IRGC's cash flow will support additional borrowings for capital improvements of \$150,000 to \$170,000. This would mean a new real estate loan of \$380,000 to \$400,000. It is assumed IRGC will continue to show break-even results or better. Also, the real estate appraisal will need to indicate a value of around \$500,000 or more. The bank will loan a maximum loan to value of 80%. Noteworthy, a higher real estate would not support more borrowing capacity. At this time, I expect a refinancing rate of 4.75°/o or in a range of 4.50% to 5.0%, depending on markets.
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- A new real estate loan of \$400,000 at 4.75% with a fifteen year amortization would require monthly payments of \$3,163 or \$4,000 if the amortization were ten years.
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- After a review of IRGC's real estate tax file, I calculate IRGC's taxable value for 2013 at \$383,000 and a state equalization value of \$388,000. If you double these values, a fair market value of about \$775,000 is implied. If a new appraisal reflects a market value significantly lower, and I think it will, we should seek a lower taxable rate early next year.

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