SYLVANIA COUNTRY CLUB
SECOND CENTURY CAMPAIGN

MARCH 2014
Agenda

• Planning Program
• Existing Challenges
• Master Plan
• Initial Improvement Program
• Costs & Funding
• Next Steps
• Questions & Answers
Board of Directors

• Michael Rashid, President
• Daniel Steinberg, Vice President
• Thomas Gallup, Treasurer, Finance
• R. Hal Nichols, Secretary
• Bret Clark
• David Grossman
• George Mancy
• Daniel McKernan
• Thomas Schlembach
Long Range Planning Committee

- Tom Blank
- Bret Clark
- Thomas Gallup
- Larry Moon
- Bob Morgan
- Tom Pletz
- Debby Schaefer
- James Schaefer
- Thomas Schlembach
- Jim Strasser
- Boris Gradina, CCM – General Manager
McMahon Group, Inc.

• Strategic planning and long range planning consultants for private clubs
• Founded in 1983, over 1,600 engagements at private clubs of all sizes and types
• Representative Clients Include:

Regional
• Birmingham Country Club
• Country Club of Detroit
• Dayton Country Club
• NCR Country Club
• Scioto Country Club

National
• Baltusrol Golf Club (NJ)
• Bellerive Country Club (MO)
• Oakland Hills Country Club (MI)
• Oakmont Country Club (PA)
• Winged Foot Golf Club (NY)
PLANNING BACKGROUND
“SCC is an inviting private club offering outstanding social and recreational facilities and activities that meet the year-round needs of members, families and guests.”
The Master Plan

- Identifies long-term roadmap for facilities
- Highest priority improvements that fit within affordable financial structure implemented in Initial Improvement Program
- Additional phases evaluated by members and take place as finances and resources allow
- Benefits:
  - Identifies effective solutions
  - Prevents continually redoing same areas
  - Responds to changing desires
  - Consistent facility quality
  - Orderly and cost-effective facilities management
Planning Steps

Mailed to You:
1. Facilities Briefing Booklet
2. Opinion Survey to gather your input on plans and priorities
Planning Steps

- McMahon Group will report survey results back to Committee and Board
- All results will be published for members
- Based on member input, plans will be reviewed/revised and a proposal could be presented to members
- Member voting would take place on any recommended improvement plan
Planning Goals

• Reach consensus on long-term plan for our facilities and services
• Increase value and relevance of SCC membership experience
• Keep with SCC tradition
• Improve and align facilities to make SCC family-oriented country club of choice in northwest Ohio
Membership: The Ultimate Social Network!

• Facilitate interaction
  – Members seek balance between careers and family, work and play, time and money

• Serve changing lifestyles
  – Casual dress and attitude
  – Evolving dining trends
  – Good health and active living
  – Families
Lifestyle Trends

**Time Constraints**
Provide services and programs attractive to today’s busy members and their families.

**Health & Wellness**
Offer facilities that satisfy members’ desire for health, fitness, wellness and active aging.

**Women Members**
Women impact major household decisions:
- Social
- Family
- Financial

**Personal Connections**
Promote member relations and networking by providing facilities that frequently bring members together.
EXISTING CHALLENGES
Existing Challenges

- We are primarily a golf-oriented club
- Golf course has flooding issues
- Course irrigation system is aged
- Clubhouse facilities are tired and inefficient
- Pool in poor condition and has exceeded its useful life
- Paddle court beyond repair, unsafe and removed
- Hard tennis courts beyond repair and need to be relocated
Course Prone to Flooding; Aging Irrigation System
Outdated Facilities
Pool & Racquet Facilities
In Poor Condition
Poorly located and worn tennis & platform courts
THE MASTER PLAN
Master Plan Items

• **Clubhouse**
  – Upgrade and improve flexibility
  – Renovate Bar/Lounge
  – Add full-service bar to Grille for casual dining and socialization
    • e.g., CIAO, Mancy’s, Revolution Grill Style
  – Add fitness center/studio
  – Renovate 19th Hole
  – Expand Kids’ Camp area and tween/teen area activities
  – Improve traffic pattern from bar to patio
  – Replace carpet
Master Plan Items

• **New Swimming Pool Complex (Aquatics Center)**
  – Rebuild swimming pool
  – Renovate locker rooms
  – Upgrade food/beverage service facilities with anticipated tie to tennis
  – Renovate bathhouse

• **Golf Course Improvement Master Plan**
  – Flood remediation and redesign for Holes #1 and #2
  – Continue with cart path improvements
  – Renovate and expand practice facility
  – Maintain Tree Management Plan
  – Initiate staged irrigation system replacement

• **Paddle Tennis**
  – New location and new courts
Master Plan – Site Plan
Initial Improvement Program
Initial Improvement Program Items

• **Update Member Dining**
  – Redesign Grille
  – Add full-service bar to Grille for casual dining and socialization
  – Improve traffic pattern from bar to patio

• **New Swimming Pool Complex**
  – Rebuild pool
  – Renovate locker rooms
  – Upgrade food/beverage service facilities with anticipated tie to tennis
Golf Course Improvements

• Retain services of professional golf course architect
• Evaluate options to best allocate course funding
• Potential projects:
  – Flood remediation and redesign for Holes #1 and #2
  – Continue with cart path improvements
  – Initiate staged irrigation system replacement
Improvement Program – Bathhouse Floor Plan

Legend:
- Indicates Existing Conditions
- Indicates Circulation
- Indicates Service Functions
- Indicates Private Functions
- Indicates Member Functions
- Indicates Fitness Functions
- Indicates Demolished Site Features

Rebuild/Repair Pool & Deck In Existing Footprint

Women's Locker Room 310 s.f.
Girls' Locker Room 130 s.f.
Family Change 30 s.f.
Indoor/Outdoor Pool Cafe 575 s.f.
Boys' Locker Room 100 s.f.
Lifeguard/Towers 60 s.f.
Storage 565 s.f.
Layout of the Pool
Improvement Program – Lower Floor Plan
Layout of the Grille Room
# Initial Improvement Program

## Cost Breakdown

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Bar &amp; Grille</strong></td>
<td><strong>$441,730</strong></td>
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<tr>
<td>Construction</td>
<td>$159,800</td>
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<tr>
<td>Furnishings, Fixture &amp; Equipment</td>
<td>$186,550</td>
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<td>Fees</td>
<td>$42,710</td>
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<td>Contingency</td>
<td>$52,670</td>
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<table>
<thead>
<tr>
<th><strong>Pool Area</strong></th>
<th><strong>$1,684,000</strong></th>
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<tr>
<td>Construction</td>
<td>$1,503,360</td>
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<tr>
<td>Furnishings, Fixtures &amp; Equipment</td>
<td>$116,100</td>
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<tr>
<td>Fees</td>
<td>$26,130</td>
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<tr>
<td>Contingency</td>
<td>$34,340</td>
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</table>

| **Golf**       | **$800,000**  |

| **TOTAL COST** | **$2,925,730** |

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*Note: The figures are in USD.*
FINANCIAL PLAN
Funding Plan

• 3 Pillars
• No Major Assessment
• Investor protection/consideration
• Cost Structure to support operations and capital improvement
Funding Plan

• Relies on member lending
• Strengthens relationship with core group of members/investor
• Reduces cost of funding improvements
Funding Plan Details

• **Offering Amount:** $2.5M (min.) - $5M (max.)

• **Ownership Format:** Limited Liability Company (LLC)
  – LLC is a stand-alone, separate entity serving as a lender
  – Investors buy membership units in LLC
  – Operated by independent Board of Managers made up of at least 3 people elected by LLC investors
Funding Plan Details

• **Investment Unit:** $20K
  – Max Units per Member: 25
  – Spouses are eligible

• **Eligible Investors:** Must be current SCC member, spouse **AND** “Accredited Investor”
  – “Accredited Investor” defined for individuals as either $200K individually or $300K with spouse, of annual income, or $1M net worth exclusive of home
  – IRAs and Qualified Plans can invest
Funding Plan Details

• **Offering Period:** May 1, 2014 – June 30, 2014
  – Board has option to extend through July 30, 2014
• **Investment Funding Date:** Around August 1, 2014
• **LLC Loan:** LLC will loan funds to SCC at fixed interest rate of 4%
  – Note will be amortized over 25 years with 10-year balloon payment
  *Fair rate of return
    - parked cash, CD, treasury bonds
  *Emotional/recreational rate of return
    - Enjoy your investment-pool/dinning/golf
Funding Plan Details

• **Security:** Second mortgage on Club’s property

• Protect on upside and downside
  – Location, location, location
Funding Plan Details

Capital raised in excess of project cost will go to paying down first mortgage term bank debt

• Other funding conditions will be in place prior to closing of offering
SCC will initiate a Facilities Improvement Charge (FIC) which will be segregated from dues and payable monthly to LLC beginning with July 2015 dues payment.

Transition period -- Your investment Appreciates

$20,000 note 8/1/14 = approx. $20,800 7/1/15
Funding Conditions

1. Club must obtain approval from a substantial majority of all SCC members to adopt FIC

Minimum number of responses required to be valid

At current membership, FIC will provide 105% of required FIC to service $3M over 20 years

*All membership classifications will be surveyed
Funding Conditions

2. Offerings must be subscribed to at least $2.5M before any funds are disbursed
Funding Conditions

3. Third party administrator will be manager of LLC and will oversee disbursement of loan proceeds as work is completed in accordance with approved budget

4. Administrator will collect mortgage payments from SCC through monthly lockbox arrangement and will distribute proceeds to unit holders quarterly
Funding Conditions

4. Total number of FEMs must be at least 240 at time of funding

5. SCC cannot take on a new mortgage debt without approval of lender

6. SCC shall always keep 1 quarter’s loan payment in escrow with SCC lender
## Cost/Membership Classification

<table>
<thead>
<tr>
<th>Membership Classification</th>
<th>Dues</th>
<th>FIC*</th>
<th>Total Monthly Cost</th>
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<tbody>
<tr>
<td>Active</td>
<td>$450</td>
<td>$75</td>
<td>$525</td>
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<tr>
<td>Senior</td>
<td>$250</td>
<td>$65</td>
<td>$315</td>
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<tr>
<td>Centennial Senior</td>
<td>$350</td>
<td>$65</td>
<td>$415</td>
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<tr>
<td>Intermediate</td>
<td>$352</td>
<td>$50</td>
<td>$402</td>
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<tr>
<td>Non Resident</td>
<td>$338</td>
<td>$65</td>
<td>$403</td>
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<tr>
<td>Junior Golf</td>
<td>$235</td>
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<td>$260</td>
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<tr>
<td>Widow</td>
<td>$200</td>
<td>$20</td>
<td>$220</td>
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<tr>
<td>Social</td>
<td>$215</td>
<td>$60</td>
<td>$275</td>
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<tr>
<td>Social Intermediate</td>
<td>$145</td>
<td>$60</td>
<td>$205</td>
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</table>
Cost/Membership Classification

• This dues structure and FIC allocation accomplishes the following
  – Dues/Fees more accurately reflect Club amenities that are available to each classification
  – SCC membership competitively with other full service clubs in area
Facilities Improvement Charge

• With this dues structure, we would be able to support operations and depreciation and make funding other planned facility improvements possible such as:
  – Completion of golf course irrigation system
  – Tennis facility improvements
  – Paddle tennis courts
  – Fitness facilities
  – Other clubhouse improvements
Facilities Improvement Charge

• Charges starts with July 2014 statement
• From July 2014 – June 2015, charge will be called “Transitional Period Charge” (TPC) and could be used for operations if necessary
• Starting with July 2015 billing, TPC would cease and FIC would be used to repay indebtedness to LLC
Facilities Improvement Charge

• At Board’s discretion, max aggregate FIC to be paid on monthly basis to LLC will be capped at $25K/mo. plus administration fee

• Based on current membership, FIC would pay off note in about 20 years

• **When we attract 35 new golfers and 60 new Social members, we would be able to pay off note in under 14 years**
  – Assumed new members acquired by July 15, 2016
Qualified Investments

• Investment Units in new LLC can be purchased individually or with IRA or retirement plan dollars
• We will help to facilitate investment through an IRA by partnering with custodian that can handle this type of vehicle
• Members who are interested should check with their retirement plan’s administrator as to whether or not their plan can invest
• Using these dollars could be advantageous as these are funds members may not be accessing until later in their life
Qualified Investments

• This outline is not an offer to sell securities
• Being delivered solely to persons believed to be “Accredited Investors”
• Offer of interests in proposed LLC can be made only upon receipt by potential investor of confidential private placement memorandum regarding such investments
Next Steps
## Potential Schedule

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Booklet &amp; Survey Issued</td>
<td>March 31, 2014</td>
</tr>
<tr>
<td>Survey Due</td>
<td>Mid-April 2014</td>
</tr>
<tr>
<td>Review/Revise Plan (As Needed)</td>
<td>April – May 2014</td>
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<tr>
<td>Member Voting</td>
<td>Late May 2014</td>
</tr>
<tr>
<td><strong>(If Approved)</strong></td>
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<tr>
<td>Project Final Planning</td>
<td>June – September 2014</td>
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<tr>
<td>Pool Work Begins*</td>
<td>September 2014</td>
</tr>
<tr>
<td>Bar &amp; Grille Work Begins</td>
<td>January 2015</td>
</tr>
<tr>
<td>Bar &amp; Grille Work Complete</td>
<td>March 2015</td>
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<tr>
<td>Pool Work Complete</td>
<td>May 2015</td>
</tr>
<tr>
<td>Golf Flood Control</td>
<td>TBD</td>
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</tbody>
</table>

*Groundbreaking for pool anticipated for day after 2014 pool season ends and is expected to be completed for 2015 season*
Summing Up

• Lifestyles and member expectations have changed

• Improvement Plan invests in course while upgrading key facilities
  – Pool
  – Pub and Grille

• Success in these areas will position SCC to attract new members
THANK YOU FOR LISTENING
YOUR QUESTIONS ARE WELCOMED

PLEASE RETURN YOUR SURVEY AS SOON AS POSSIBLE