

# **Chambersburg CC – Fall 2022 – Fall 2023**

## **Club Capital Projects Plans – Frequently Asked Questions**

### **Q: What are the Club's current plans for irrigation system replacement?**

A: Last year, the Club contracted with a certified irrigation designer to design, bid and ultimately manage the replacement of our aging system. The complete plan calls for a modern HDPE system, including new pump station, wider coverage and increased number of irrigation heads to improve and insure the viability of the playing surfaces for the next 30+ years of the Club. The Club solicited bids from 6 leading golf course construction firms, and while specifics are still being refined, current costs for the entire project will likely land around \$2-2.5M and construction is anticipated to commence in the fall 2023.

### **Q: What are the Club's current plans for tee box renovation?**

A: The Club will allocate funds as part of this 2023 project to strategically renovate, repair, and install new tee boxes. This may include the installation of a number of forward tees and as well as widen, leveling and re-grassing current tee locations. All tee boxes will not be enhanced, rather the club will prioritize making the largest impact for the most members with the capital available. Current budgets call for up to \$500,000 to be available for this tee box enhancement effort.

### **Q: Why is CCC Friends III launching now as the Club is not planning to undertake these projects until Fall, 2023?**

A: The reason being that the Board must make some 'long lead decisions' now (securing dates on a contractor's schedule, and securing of over \$500,000 in irrigation system materials that have supply chain timing constraints) and the Board does not feel that it can do so without knowing that it has access to the funds (Friends III Club Loan) when they are needed.

### **Q: Will these renovations require a shutdown of the Club?**

A: No. The irrigation installation is targeted for the fall of 2023, with the course remaining open for play with 1-2 holes closed at a time for installation. The irrigation phase should take 6-8 weeks, with minor disruptions to play. Teeing ground renovations will likely follow the same plan, with 1-2 holes closed, but the remaining facility open for play. Temporary tees may be used until the new tees are available for play.

### **Q: Why does the Club need to replace the irrigation system?**

A: The current system has outlived its useful life. Parts of the current PVC piping system are 50 years old, leading to frequent leaks, breaks and failures that continue to jeopardize the future of the golf course. The current layout has approximately 400 irrigation sprinkler heads vs the nearly 1,000 in the designed project, for our over 170 acres of golf course area. Additionally, the current coverage areas are generally limited to tees, fairways and greens. The age and condition of our system constrain coverage area due to water pressure limitations that the piping and sprinkler

heads can safely handle. The new system will allow for future improvement, a more reliable quality of turf and insure your maintenance team will focus on the entire facility, not just repairing a “down” irrigation system. Many Clubs view irrigation systems as an “insurance policy” for their playing surfaces.

**Q: Will we see a visible impact from this project?**

A: Yes & No. Much of this project is below ground with nearly 1,000 sprinkler heads and nearly 15 miles of HDPE pipe all buried below the surface. What you will see is the quality of turf and the grounds being much improved for years to come. No longer will we have many labor hours directed to repairing breaks, they can be focused on improving other areas of our facility. However, the tee box renovations will be a very visible and appreciated upgrade.

**Q: How does this fit with the Davis-Fazio Course Design?**

A: While not specifically addressed, the new irrigation system will be future compatible with any future renovations and/or changes to the layout. The current capital plan does not call for any routing or major design changes to the current layout of the golf course.

**Q: Are there other capital needs or projects the Club is considering?**

A: At the present time, there are no known other capital expenditures exceeding \$100,000 in the short term. The Club continues to plan and budget for future capital expenditures annually as we recognize with a 25 year old club house and a 50 year old outdoor pool facility, future spending needs will continue to arise.

**Q: How will the Club pay for this?**

A: Proceeds from the CCC Friends III (CCCF3) Offering, combined with current cash on hand, are the intended sources of funds for these capital improvements.

**Q: Can the Club’s operation support this increased debt?**

A: Current projections for operating income have the Club supporting this project with a coverage ratio over 2.0. The Board intends to remain fiscally conservative for the duration of CCCF3 7 year loan, with a goal of reducing outstanding debt upon completion of the term.

**Q: Will members be assessed for this project?**

A: No, there are no plans for capital assessments.

**Q: Will the Club hold a cash balance for future needs?**

A: Yes, the club intends to hold back significant cash reserves for future unknown needs.

**Q: What happens if the Club defaults on the loan, does CCCF3 end up running the Club?**

A: If CCCF3 becomes the owner of the property, it must sell it (investors will not be involved in running a Club). The by-laws of CCCF3, just like those of CCC Friends I & II, will specify that it MUST sell the property if it becomes the owner. That does not prevent some of the CCCF3 investors from raising the necessary money and ‘buying out’ those who do not want to remain

invested, HOWEVER the buy-out price must be a competitive offer, hopefully at least equaling the amount invested plus accumulated interest.

**Q: If I invest in CCCF3, can I lose money?**

A: Yes, as with any other investment. If CCCF3 takes over the ownership of the property, and subsequently sells it, it is possible that the property will sell for less than the loan amount. Based on the current appraisals, it appears that the value of the property has a significant worth but the sale price would be dictated by the then-current market, and consequently be less than that needed.

**Q: Are the terms and details different in CCCF3 vs. CCC Friends II?**

A: Generally no, however, there are minor changes with one difference being that using the escrowed funds will await the Club's request for Friends III to make the Club Loan, during which time the investor will be paid market rate interest on their investment based on the 12 month US T-Bill rate less bank fees. As of August 22, 2022, the 12 month T-Bill rate of interest is 3.29%, thus an estimated +/-3% rate after fees is a reasonable expectation of rate of return.

**Q: How can we support this project?**

A: Members who are interested in supporting this capital improvement plan are encouraged to review the CCC Friends III Private Placement Memorandum to determine if they'd be interested via that investment vehicle. Additionally, donations and gifts to the Club are welcome to help offset project costs.

## **ACTION ITEMS**

**What if I have more questions, who should I contact?**

- Club specific – Jameson
- CCC Friends III – Jameson/Rick
- Personal Investment advice – your financial advisor

**If I'm interested in getting involved, what are the next steps?**

- From PPM, complete the Subscription Agreement and fund the investment
- Investment funding escrowed at Orrstown Bank, paying +/- 3% interest until escrow is broken next year
- Wait for CCCF3 to break escrow and the 7 year – 6% investment begins

**What is the timeline?**

August 2022 – Information disseminated to membership

August – October 2022 – Fund escrow account from Subscription Agreements

October 2022 – Escrow funds earn a market return

<sup>3rd/4th</sup> Quarter 2023 – Close CCC Friends III when funds are needed for capital project

