

EXPANSION & CLUB IMPROVEMENTS

FAQs

What changes to the Club are there if we expand?

There will be an additional singles and doubles court tagged on to court 5 and the current doubles court. The entire club will have a facelift (inside and out) with expanded downstairs lounge area by the doubles/singles area, larger gym and updated upstairs lounge and kitchen. Depending on budget, we are hoping to get an upstairs patio, juniors lounge, Pro's office and steam room in the women's change room. Our HVAC systems, etc. will also be brought into this century.....!!!

As we go through the process with West Van, we will also look at additional parking options – or at the very least, more lighting along the rugby field.

Is it really going to happen this time?! And if so, when?

Well there are no guarantees in life (and especially not politics!!!) but we are about half way through a new approval process with the District of West Vancouver (DWV). We received unanimous Council approval to proceed with the next phase prior to the election and five of seven have been re-elected, including Mary-Ann Booth who is now the new Mayor.

We still need to go through advisory body reviews, public consultation, site specific reviews and building permits. However, with our debt financing (Vancity see below) in place, we feel confident that we should have final approvals in place within 6-12 months. Don't forget, this will be our FOURTH expansion – we have done it before, we can do it again!!!

How long will it take, and will the Club have to shut down – if so, what happens to my dues?

Ideally the construction period will be about 5-6 months, during which time the doubles court and court 5 will be unavailable for a few weeks and there will be occasional closures of other areas of the Club. When we have a better idea of the construction schedule and the necessary closures we will review dues to reflect the lack of availability. For example, if the doubles court is closed for a month (hopefully it won't be that long), we would look at reimbursing doubles only members for that month's dues.

We will look to other Clubs to see if we can “borrow” their facilities – for example Hollyburn's doubles court but honestly, it is unlikely to happen but we will try!!

How much is all of this going to cost and where does the money come from?

The estimated cost is \$1.6m which will be funded by \$360,000 that we already have in term deposits and our operating account plus donations of \$400,000-600,000 (more on that below before you panic!!) The balance is funded by Vancity (\$640,000-\$840,000 depending on level of donations). Our financing offer from Vancity is based on donations received of \$400,000.

How can I make a donation or contribute?

We are registering with Squash Canada – donations will be made through them which will generate a tax receipt with the same tax treatment given to charitable donations. This is a HUGE plus for all of us and we should have confirmation of this by the end of November!! This will be set up for 2019.

Also, did you know you can donate publicly traded securities in kind, you don't pay capital gains that have accrued but you DO get a taxable donation on the full amount?! Your financial advisor can help you on this one 😊.

We will need help by forming a Fund Raising Committee – please let us know if you have ideas, suggestions, or ideally have just won the lottery and have lots of spare cash!!!

How will we pay for the expansion – we don't want a huge increase in our dues?! How many new members do we need?

We estimate that we will need a total of 100 new “full” members or equivalent – hence the strong push on the membership drive. However, 80 of these new members will come post-expansion and we will need to have these signed up within the first 10 months. As you may have noticed – there is a TON of new construction around us (460 units opening in 2019 and 100's more to follow) so we do not foresee a problem with getting people in the front door. Our membership is down slightly currently so 100 new members with two additional courts is workable using both Evergreen and other squash clubs “member per court” estimates. Members will still be able to access courts.

In the year of construction, there will be a 12% increase in member fees. After that we project approximately a 2% per year increase in dues which offsets cost of living increases we have built in of 3%. Note the projected operating costs reflect a large facility BUT with more efficient HVAC, lighting, etc. The 12% increase may seem high in year one, BUT our facility will be AWESOME and our dues still very manageable (we hope) for our members. Monthly payments hopefully ease this increase too.

Just prior to, during and after expansion, we will increase the initiation fee for new members to \$1,000. We will offer financing on this to make it more manageable. This will bring in \$80,000 for those joining AFTER construction so say \$8,000 per year averaged out.

So let's look at the WORSE case scenario in only getting \$400,000 of donations which means \$840,000 in financing:

Current operating costs:	\$184,000 (this includes 5% increase for expanded club)
Current dues revenues:	\$192,000 + 12% = \$215,000

- Repayments (including a cushion for increased interest costs) are \$127,000 per year approx. over and above our regular operating costs
- We have an average turnover in members of 10 per year (ie. 10 leave, 10 come in) so this will generate \$10,000 per year
- From the new members, we will have \$80,000 in initiation fees received, so say \$8,000 per year

Revenues:	Existing Members	\$215,000
	New Members (100)	\$80,640
	Initiation fee (new)	\$8,000
	Initiation Fees (10 pa)	<u>\$10,000</u>
		\$313,640
Expenses:	Operating	(184,000)
	Loan	<u>(127,000)</u>
	Net	\$2,640 excess

If we get \$600,000 in donations, loan repayments go down to \$100,000 leaving us with an additional surplus of \$27,000 which is obviously preferable.....!!!

OK – so what next?

We are going to have two open houses where members can come and ask questions. This will be followed by a General Meeting where all eligible members can attend in person or send a proxy vote for them. The vote will be to approve the expansion subject to meeting the following conditions:

1. District of West Vancouver has given full approval with a License to Occupy or Lease for a minimum of ten years.
2. Financing is in place with a minimum ten-year term (already done)
3. Securing a fixed bid price prior to taxes not to exceed \$1.6m
4. Minimum of \$400,000 raised in donations
5. New membership goals are being met

There will be a separate email coming in the next few weeks that will give the dates and times of the open houses and General Meeting. It will also provide information on Proxy Voting as this is new for all of us – it is awesome though as it means more voices get to be heard in the future of our Club!

Are there any risks if we can't pay for the loan or DWV decide to take back the land?

If we can't pay for the loan for some reason, members are not personally liable for any debt or liabilities. Vancity will seize the property and its assets and likely appoint a receiver to run it or sell it on their behalf.

If DWV decide they want to redevelop the land before the expiry of our tenure (License or Lease), we would work with them to relocate the Club and facilities at their expense. In the unlikely event that we are shut down prematurely, we are currently negotiating a buy back arrangement that reduces in value each year to reflect the reduction in the loan outstanding over time. This buy back will firstly pay off all liabilities (Vancity) and secondly, a reimbursement structure for those that donated to the expansion.

What if we go over budget on the construction or there is a labour shortage that negatively impacts the construction time?

We will only accept a contract that is at a fixed price and with a reputable company that has strong access to the labour market. We also have a contingency amount of \$130,000 built into the \$1.6m and the items mentioned earlier in para one than can be eliminated as needed.

Other questions? feedback@evergreensquash.com