



Financial Aspects of the Irrigation Project

Improving our Links, Modernising our Club & Enhancing our Environmental Footprint.

Topics to discuss

1. Financial considerations
2. Assessment of the landscape
3. Cash summary
4. Project cost and funding proposal
5. Cash reserves still ring-fenced
6. Membership status / loan repayments
7. 2022 subscriptions motion
8. Risk management
9. Overall conclusion

Financial Considerations

1. Is the project of strategic importance?
2. Are we allocating capital to the right project?
3. Has tendering led to an understanding of the costs?
4. Can the club manage the project costs?
5. Have we sought to reduce costs and project risks?
6. Will the funding of the project pose serious financial risk for the club?
7. Has the project been subject to rigorous debate and due diligence at Management Committee level?

Assessment of the landscape

1. Covid – second black swan event in 12 years
2. Ireland still expected to grow in 2021 and 2022
3. Government can still borrow cheaply
4. Household savings are at record levels
5. Costs of doing business only going up !
6. Strong demand for green fees in 2022 and for ordinary membership
7. 2021 subscription renewals very positive
8. The club is in a strong position and the future is positive

Cash Summary

Cash resources as at 31 May 2021			
Cash on balance sheet	Purpose of account	At 31 October 2020	At 31 May 2021
Cash at bank	Free cash to fund day to day expenses	143,149	494,000
Cash in Ring Fenced No. 1 account	Purchase course lands	1,222,687	1,222,687
Cash in Ring Fenced No. 2 account	Any capex above €100k approved by Members	266,893	446,000
Debtors Ring Fenced No. 2 account	Any capex above €100k approved by Members	70,819	86,000
		1,703,548	2,248,687

Project Cost and Funding Proposal

Project cost: €1,276,818

Funding sources:

Ring fenced No. 2 a/c	€446,000
Ring fenced No. 1 a/c	€383,000
Bank loan	<u>€447,818</u>
Total	€1,276,818

Bank loan – In discussions with two Banks. Written loan approval received, terms/conditions to be negotiated. Some security may be required, depending on the type of finance availed of.

Cash Reserves Afterwards

Ring fenced No. 1 a/c	€839,687
Ring fenced No. 2 a/c	<u>€86,000</u>
Total	€925,687

Note – above excludes free cash account used to pay day to day expenses. As at 31 May 2021 this account had €494,000. These funds will be spent before the end of the year and they get replenished in 2022 when subscriptions of €740k are invoiced and paid.

Loan Repayments

Loan amount €447,818

Estimated loan/interest repayments p.a. over 7 yrs €72k
(current estimate)

Funded from cash in the Ring Fence No. 2 a/c (new
entrance fees)

Year 1 should be pre-funded - €86,000

2023 entrance fees required to pay year 2

Ordinary membership

1. Closed for new applications pending a review of numbers, timesheet management, pricing
2. Constitution has a limit of 620 (594 currently)
3. 6 live applications, 10 intermediates expected to convert to ordinary members in 2022
4. 18 ordinary members expected to transfer to veteran status in 2022
5. 28 positions available from 2022

Member Numbers / Entrance Fees

Membership statistics		2021	2020	2019	2018	2017	2016
Entrance fees		200k	251k	86.5k	67.7k	93k	96.6k
Ordinary members		594	569	553	540	564	557
Veteran members		209	212	232	241	234	237

2022 Subscriptions Motion

1. Flagged at the 2021 AGM
2. Management Committee propose to bring a motion at the 2022 AGM
3. €100 increase in 2022 and €100 increase again in 2023
4. Further information will be shared with members in advance of the 2022 AGM
5. Management Committee believe this is the extent of any increase for 2022 and 2023

Risk Management

1. Management Committee challenging the project team
2. Comprehensive member engagement process
3. Cost reduction – use of own labour
4. Supply risk – purchase orders issued after SGM to lock in prices, out of a main contract price of €975k the estimated amount of materials at exposure to price increases is €250k-300k
5. Funding not reliant on green fees
6. United club – 2/3rds majority required so we only move forward together

Overall Conclusion

1. Strategic project
2. Extensive research and widely tendered
3. Pricing opportunity (€250k) with some supply risk
4. Cost control during project – no variances
5. Funding model of 65% cash and 35% debt
6. Ample cash resources still reserved
7. Debt repayments should not stretch the club
8. Identification of project risks
9. Future financial benefits will accrue to the club

Irrigation System County Louth Golf Club

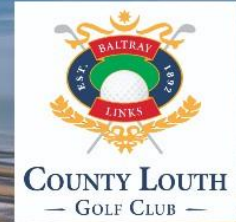
AQUATURF SOLUTIONS LTD - RAINBIRD EQUIPMENT

SUMMARY SHEET from DETAILED BILL OF QUANTITIES

	MATERIALS	INSTALLATION
1 Water storage & supply	€72,710	€15,846
2 Pumping system & House	€44,211	€7,094
3 Mains Pipework & Fittings	€57,738	€89,327
4 Main Line Valve Assemblies	€9,313	€2,799
5 PE Control Cable	€18,765	€5,421
6 Greens, Surrounds and Approaches	€104,503	€43,035
7 Fairways	€153,675	€79,680
7a Bunkers	€9,416	€3,132
8 Tees	€74,732	€33,532
9 Walkways and Carries	€93,544	€35,505
10 Control System	€36,383	€6,158
11 Sundries		€1,752
12 Preliminaries		€15,695
13 Discount* for commitment by 16 Jul	-€39,016	
SUBTOTAL OF ALL SECTIONS :	€635,974	€338,976
Installation (brought across) :	€338,976	
TENDER TOTAL	€974,950	
CONTINGENCIES :	€100,000	
DESIGN & SUPERVISION FEES :	€30,000	
GEOPHYSICAL SURVEY :	€20,000	
TOTAL PROJECT PRICE excl VAT :	€1,124,950	
VAT @ 13.5% :	€151,868	
TOTAL PROJECT COST :	€1,276,818	

Notes:

- * Discount above is agreed based on contractor being able to confirm purchase orders for materials before end July 2021
- Detailed Bill of Quantities is available for inspection in the clubhouse on request to General Manager -



Thank you!

"The truth is: the natural world is changing. And we are totally dependent on that world. It provides our food, water and air. It is the most precious thing we have and we need to defend it."
Richard Attenborough