WATERFALL CLUB
TOWN HALL MEETING
JULY 3, 2019
Welcome

Today’s Agenda

• Thank you
• Presentation
  • Rob Hewlett
  • Seth Churi – Redwood Six
  • Bill Bergin – Golf Course Architect
  • Jim Ellis / Lynn Eade
• Question and Answer
• Focus Group Meetings
• Vote
Facility Improvement Campaign

Purpose

- Membership preference
- Introduce a proposal for improvements
- Vision for Waterfall Club
  - Playground for members and guests
  - Lakeview Lodge
- Maintain low dues payments
- Explain rationale of proposed payment method
- Receive input
  - Q&A after this presentation
  - Focus group meetings
- Vote on best menu of improvements
  - We want input to create the best possible plan
Facility Improvement Committee

Background

• Helped develop the proposed plan
• 7 individuals
• All are in our group of top spenders
• All golf members – social and golf considerations

• Member surveys were key
Facilities Improvement Committee
Waterfall Club
1105 Waterfall Drive
Clayton, GA 30525
June 22, 2019

Dear Waterfall Club Members:

The Facilities Improvement Committee was designed as a special purpose advisory committee comprised of active golfing and social members that have a high affinity for Waterfall Club and an interest in making our Club even better. From our very first meeting, it was obvious that ownership and management had put much time, energy and resources into developing ideas that if completed, the overall experience for all members will be greatly improved. Our purpose was to advise and not everything that was introduced was “approved”. Our committee looks forward to sharing the details at the Town Hall Meeting scheduled for Wednesday, July 3 at 10 am in The Lodge dining room.

We all enjoyed the process and are excited about the opportunity to take Waterfall to the next level. Management and ownership were genuinely interested in hearing the thoughts of the diverse and balanced group of members. The back and forth was healthy and productive. We feel that the plan, budget, and method of raising funds are all reasonable and necessary to accomplish our goals.

We have reviewed the details, budgets, and presentations, so we know they will be informative. The focus groups and Q&A document are available for those that would like a better understanding of the Facilities Improvement Campaign or prices; however, we are available as peer members should you have any questions or thoughts directed to us as your Facilities Improvement Committee.

Sincerely,

Facilities Improvement Committee (year joined)

Great News!

Site Overview
Great News!

Site Overview

[Image of site overview]
Great News!

Site Overview
Waterfall Club Improvements

Over the Years

- Overlook Restaurant
- Boat House / Dock
- Outdoor tennis court – resurfacing indoor courts
- Farmhouse Restaurant
- Hole 15 renovation
- Waterfall Grille
- Upgrades in food service
  - Quality of food
  - Quality of service
- Land around The Lodge
- Culture - Heart
Waterfall Club Improvements

Current State

- Dining chairs are still here
- Maintenance Issues
  - Every year – decide where to spend available money
  - Maintenance items deferred for years
- Sensitive to Dues increases
- Significant Improvements
  - Raise Dues substantially
  - Facilities Improvement Fee – Temporary for a specific list of upgrades
- Dues – cover operations and maintenance
Member Approval

Plans & Procedures

- Company bylaws - vote required
- Golf members pay for golf improvements
- Golf and Social members pay for “non-golf” improvements
- Two votes
  - Golf improvements
  - ”Non-Golf” improvements
- 60% positive vote is required
- Scheduled for August 16

- Seth Churi - Redwood Six
What is a Facility Improvement Fee?

- A Facility Improvement Fee is a common fee charged by private clubs to their members.
- Facility Improvement Fees are often charged monthly, quarterly or annually and can vary depending on the project plans of the club.
- The funds raised by a Facility Improvement Fee are dedicated to Capital Improvements.
- Waterfall is considering a Facility Improvement Fee for a five year period to finance golf and facility improvements.
Why is Waterfall Considering a Facility Improvement Fee?

- Club economics only support maintenance, not material improvements
- More than $2.5M invested in improvements/repairs over 6 years; has not enhanced member experience
- Club has an operational disadvantage relative to our competitive set
- Improvements are required to take the Club to the next level and position Waterfall for long-term success and stability

**Funding of Improvements**

*Overview*

---

Why is Waterfall Considering a Facility Improvement Fee?

- Club economics only support maintenance, not material improvements
- More than $2.5M invested in improvements/repairs over 6 years; has not enhanced member experience
- Club has an operational disadvantage relative to our competitive set
- Improvements are required to take the Club to the next level and position Waterfall for long-term success and stability
# Dues & Initiation Fee Comparison

*Waterfall Club vs. Competitive Set*

<table>
<thead>
<tr>
<th>Waterfall Club</th>
<th>Initiation Fee</th>
<th>Dues</th>
<th>Facility Impr. Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Golf</td>
<td>$32,500</td>
<td>$8,988</td>
<td></td>
</tr>
<tr>
<td>Social</td>
<td>$17,000</td>
<td>$3,900</td>
<td></td>
</tr>
<tr>
<td><strong>Lake Toxaway</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Golf</td>
<td>$60,000</td>
<td>$12,300</td>
<td>$14,500 (2016)</td>
</tr>
<tr>
<td>Social</td>
<td>$35,000</td>
<td>$7,100</td>
<td></td>
</tr>
<tr>
<td><strong>Wildcat Cliffs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Golf</td>
<td>$40,000</td>
<td>$12,100</td>
<td>$996</td>
</tr>
<tr>
<td>Social</td>
<td>$25,000</td>
<td>$7,260</td>
<td></td>
</tr>
<tr>
<td><strong>Cullasaja</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Golf</td>
<td>$55,000</td>
<td>$12,300</td>
<td>$2,500</td>
</tr>
<tr>
<td>Social</td>
<td>$27,500</td>
<td>$8,120</td>
<td></td>
</tr>
</tbody>
</table>
# Dues & Initiation Fee Comparison

*Waterfall Club vs. Competitive Set*

<table>
<thead>
<tr>
<th>Club</th>
<th>Golf</th>
<th>Social</th>
<th>Facility Impr. Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mountain Top</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Golf</td>
<td>$150,000</td>
<td>$18,000</td>
<td>$2,000</td>
</tr>
<tr>
<td>Social</td>
<td>$75,000</td>
<td>$9,000</td>
<td></td>
</tr>
<tr>
<td><strong>Wade Hampton</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Golf</td>
<td>$125,000</td>
<td>$20,137</td>
<td>N/A</td>
</tr>
<tr>
<td>Social</td>
<td>$25,000</td>
<td>$10,069</td>
<td></td>
</tr>
<tr>
<td><strong>Highlands Country Club</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Golf</td>
<td>$100,000</td>
<td>$12,658</td>
<td>$1,266</td>
</tr>
<tr>
<td>Social</td>
<td>$65,000</td>
<td>$8,229</td>
<td></td>
</tr>
<tr>
<td><strong>Sapphire Valley</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Golf</td>
<td>$62,000</td>
<td>$11,293</td>
<td>$1,694</td>
</tr>
<tr>
<td>Social</td>
<td>$18,000</td>
<td>$5,733</td>
<td></td>
</tr>
<tr>
<td><strong>Highlands Falls</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Golf</td>
<td>$37,500</td>
<td>$12,455</td>
<td>$1,200</td>
</tr>
<tr>
<td>Social</td>
<td>$20,000</td>
<td>$8,160</td>
<td></td>
</tr>
</tbody>
</table>
## Facility Improvement Fee

### Case Study

<table>
<thead>
<tr>
<th>Club Comparison</th>
<th>Lake Toxaway</th>
<th>Waterfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members Only Country Club</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Privately Owned Club</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Mountain / Lake Setting</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Second Home Community</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Similar Seasonality</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Affluent Membership - ATL is #1 Feeder Market</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Similar Competitive Set</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Facility Improvement Fee Common in Market</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Club Improvements Necessary</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Growing Membership Requires Improvement</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Lake Toxaway Country Club initiated a one time Facility Improvement Fee of $14,500 in 2016. The Facility Improvement Fee was implemented to finance a comprehensive clubhouse renovation project that included:

• Joining of two, out-dated buildings into one state-of-the-art facility inspired by a Lakeside Lodge theme
• Reimagined dining spaces, including a new casual grille with inside/outside bar service
• Expanded covered patio seating
• New entry hall with reinvented casual gathering areas
• Stand-alone Golf Pro Shop
Facility Improvement Fee

Case Study

Lake Toxaway Country Club - Results

• Net Promoter Member Satisfaction score improved from -1 to 52
• Net Income and corresponding reinvestment in club improved by 100%
• Membership enrollments increased from 8 to 22
• Initiation fees collected increased by more than $500K
• Club is now beginning a “Phase II” improvement project that includes a resort-style pool, outdoor pickleball courts and Kids Activity Center
Proposed Improvements

Introduction

Golf course improvements
• Practice area
• Fairway and hillside drainage
• Sand bunker renovation
• Improve playability

Lodge improvements
• Addition of bar in main dining room
• Kitchen addition
• Folding doors to outside
• Décor, paint and furniture

Athletic Center improvements
• Wellness/fitness expansion
• Aesthetic facade upgrade
• Portico upgrade and addition
• Décor, paint and furniture
Golf Course Improvements

Bergin Golf Designs

Bill Bergin – Bergin Golf Designs

- Great amateur player
- 4-year all SEC at Auburn
- Won Georgia amateur
- Professional player for 6 years
- Played in 3 US Open’s
- Played in 2 British Open’s
- Worked with Bob Cupp 1990 – 1994
- Started Bergin Golf Designs in 1994
- 25 Years as golf course architect
Golf Course Improvements

Bergin Golf Designs

Bergin enjoys successful career in golf, from player to architect

Bergin started playing golf when he turned 10 years old, but he was around the game earlier than that. Growing up in Maryland, he became a member of the local country club. His father played, his mother played, and his grandfather played—on weekends. There was a hill at the club that hid kids younger than Bergin out of sight as they played.

"We'd go up to the pool while my dad played," said Bergin. "My parents were very insistent that we follow the rules. For some reason that created a special feeling in me, and I have easily never lost it."

Once he became of age, he began playing and never stopped. Three years later, his family moved across the country to Indian Hills Country Club in Marietta. As a 13-year-old, this is where Bergin started to see his own potential.

"What time that was for a young golfer," said Bergin. "He had 10 years to age 15-16 that could shoot 75 or better. Bob Tway being the leader of the pack. It was a spectacular place for a young man to play golf because there wasn't much great competition."

The competitions is what helped Bergin get better. Being an all-sport club, he played soccer, football, and baseball. That summer Bergin went on a golf course with the slogan: "I stayed the game with the pros."

"Georgia is a great golf state," said Bergin. "I've always thought it has been. We started with Bobby Jones—how can you start better than that? The history of golf in Georgia is so strong."

A notable GSGA member who has made an impact in Georgia is featured in each issue.

GSGA NOTABLES

Bergin enjoys successful career in golf, from player to architect

Bergin was a good high school golfer, but wasn't great. He wasn't offered a major college golf scholarship, but was recruited by Clemson and Auburn. He attended the University of Georgia:

"They wanted me to come play, but I was going to try to pay my own way." He played on the Southern Conference team and had a solid record as an assistant. He then went on to become the assistant head coach at the University of Georgia, where he played in the Georgia Amateur Championship and later helped to coach the team in the Georgia Amateur Championship and the NCAA Championship.

"I had a lot of fun on the team, Bergin knew the scholarship money would be fixed up after graduation. As a freshman, Bergin was All-Southeastern Conference and he finished third in the Southeastern Conference and the NCAA Championship and the NCAA Championship.

After graduating from Auburn in 1981, the goal was to turn professional. Like high school, Bergin says that he gave up golf because he was competing in tournaments. The high school years included soccer and golf. Loved both, but he really loved golf.

Bergin has served in quite a few capacities in the world of golf. He has been a member of the Georgia Golf Association, the United States Golf Association, and the National Golf Foundation. He has also served as a director of the Georgia Golf Association and has been involved in various committees and projects.

The focus of Bergin's career has been on course design. He has designed courses in Georgia, Florida, and other states. His approach to course design is to create a challenging but fair course that is enjoyable for all levels of players. He believes in creating a golf course that is both aesthetically pleasing and functional.

"Georgia is a great golf state," said Bergin. "I've always thought it has been. We started with Bobby Jones—how can you start better than that? The history of golf in Georgia is so strong."

Each of my Georgia projects I take a lot of pride in because this is my state."
Non-Golf Improvements

Overview

• Athletic Center Building
• Fitness/Wellness Facility
• Lodge Building
• Improve our current facilities – not build new facilities
Athletic Center Building

Upgrades

• Rendering shows exterior facade improvements
• Concepts by Ronnie Davidson
• Improve the aesthetics as well as handle infrastructure issues
Athletic Center Building

Rendering
Fitness/Wellness Upgrades

Overview

• Architectural design by Mark Diedrich with Kuo Diedrich architects
• Use space from the existing spa and cart barn
• Includes two treatment rooms and a relaxation room with access to each of the existing pool locker rooms
• Quadruple the size of the current gym
Examples of Fitness/Wellness Upgrades

Rendering
Examples of Fitness/Wellness Upgrades

Rendering, Continued
Fitness/Wellness Upgrades

Plan

- Use space in the existing Spa
- Build into the existing cart barn
- Updated Spa will offer:
  - 2 massage rooms
  - 1 relaxation room
  - Access to men’s and women’s pool locker rooms
- Upgrade of pool locker rooms
  - Paint, flooring, countertops
  - Plumbing fixtures and furniture
Athletic Center Upgrades

Interior

• Décor, paint and furniture
• Flooring for reception and hallway to tennis courts
• Paint in indoor pool
• Pool furniture
• Back patio upgrade and furniture
• Pro Shop – paint and flooring
• Locker rooms upgrade – men and women
  • Paint, flooring, furniture, etc.
Lodge Upgrades

Overview

- Décor, paint and furniture
- New bar in main dining room
- Flooring – entire main level of the Lodge
- Renovation of existing bar and back-bar
- Folding door in bar to Stiles Porch
- Folding door beside new bar
- Kitchen expansion into Rabun Room
Facility Improvement Fee

How Will it Work?

• Two votes – 60% approval is required
  ➢ Golf members vote and participate in paying for all improvements
  ➢ Social members vote and participate in paying for non-golf improvements

• Start with total cost of improvements with contingencies

• Break down the FIF per member based on social or golf membership

• Example: improvements of $2,922,500 over five years
  ➢ Golf members pay approximately $1,975 per year for 5 years
  ➢ Social members pay approximately $750 per year for 5 years
  ➢ Provides approximately $255k for non-golf construction contingencies
Transparency

Overview

- All monies collected from FIF used for improvements
- New bank account opened
- Transparent reporting available for all members
- Any excess money used for additional improvements
Ownership Commitment

Overview

• We have no intention of selling Waterfall Club
• We all love it here – own nice lake houses
• Golf courses are not great investments
• Feel an obligation to protect this asset
• Plenty of liability without much of an upside
• Realize this plan adds value to the club
• Commitment - will not sell the club for the length of the Facility Improvement Fee plus 2 years
Ownership Commitment

Continued

• Ownership Group does not take money from Waterfall Club
• All available reinvested
• Financial statements reviewed
  ➢ James Ellis
  ➢ Curtis Eade – Lynn Eade
List of Improvements

$1,347,500

Golf Course

• Drainage
  ➢ 80 areas around the course
    o 20 areas with new catch basins
    o 60 with infiltration systems

• Bunker Renovation
  ➢ 38 total bunkers
  ➢ Raise deep bunkers
  ➢ Divert water around bunkers

• Playability of the course
  ➢ Reduce size of bunkers blocking access to greens
  ➢ Increase size of bunkers that can catch marginal shots
  ➢ Rebuild green surrounds to create more chipping areas
List of Improvements

Golf Course

• Rebuild Green #1

• Practice area improvements
  • Install net toward the top of the hill
  • Tilt target greens to see balls land
  • Place zoysia on target greens
  • Add target bumps at defined distances
  • Build more chipping area around practice green
  • Remove trees toward top of the practice area

• Tree removal
  • Remove various trees where necessary
  • Thin areas where needed
  • Open vista behind 17 green
List of Improvements

Wellness

$396,200

• Demo and construction of new space
  ➢ Gym, spa, group fitness and locker room access
  ➢ Flooring for gym, group fitness and spa
  ➢ Gym equipment
  ➢ Men/Women locker room renovation
  ➢ Beverage refrigerator
  ➢ Paint, décor and furniture
List of Improvements

$389,800

Athletic Center

- Façade improvement
  - Covered portico locker room entrance side of the building
- Décor, furniture and paint
- Flooring – reception to pool
- Back patio upgrade with furniture
- Pro shop upgrade – paint and flooring
- Pool furniture
- Men/Women locker room update
List of Improvements

Lodge

$534,000

• Décor, furniture and paint
• Flooring
• Addition of bar in main dining room
• Renovation of existing bar and back-bar
• Folding doors:
  ➢ Bar area to Stiles Porch
  ➢ Beside new bar in Main Dining Room
• Kitchen expansion into Rabun Room
Cost of Improvements

Summary

- Golf Improvements: $1,347,500
- Lodge: $524,100
- Athletic Center: $399,700
- Wellness: $396,200
- Construction Contingencies: $255,000

- NON GOLF TOTAL: $1,575,000

- TOTAL: $2,922,500
Cost of Improvements

Summary

• 5 years payments for improvements

• Golf members - $1,975 per year
  • $1,225 per year specifically for golf improvements
  • $750 per year for non-golf improvements

• Social members - $750 per year

• Dues Commitment – cost of living increase only
Schedule of Improvements

Golf Course and Facilities

• Golf Course
  ➢ Golf course renovation - majority of the upgrades this off-season
  ➢ Golf course improvements completed within the first 12 months

• Facilities
  ➢ Fitness/Wellness Center - opening of the 2020 season
  ➢ Athletic Center façade - opening of the 2020 season
  ➢ Athletic Center décor – may wait until winter of 2020
  ➢ Lodge upgrades - may wait until winter of 2020