



**TRAVELERS COUNTRY CLUB  
8520 85<sup>TH</sup> AVENUE  
CLEAR LAKE, MN 55319**

January 2017

Subject: Pool Replacement Project

To All Shareholders:

The subject of replacing our swimming pool has been discussed for the better part of the past 12 to 15 months. This discussion has become an important topic for several reasons not the least of which is the probable cost as well as the fact that our pool was constructed in the Spring of 1975 making it 41 years old. The average useful life of a pool is 25 years. Our neighboring parks have both updated their pools in the recent past. TCCOM recently refurbished their pool, originally built in approximately 1978, at a cost of \$200,000. In 2011 Carefree CC replaced their pool (originally built in 1981) and added a kiddie pool and hot tub for an approximate cost of \$400,000.

The costs notwithstanding, there are several reasons why a new pool is necessary:

- a.) the pool shell and the supporting infrastructure such as the pipes that run under the clubhouse, the pumps and filters are over 40 years old;
- b.) we do know that the state of Minnesota is considering additional requirements for swimming pools, such as advanced drain systems; possible handicap access such as zero entry or lifts;
- c.) having a deep end (9 feet) means more water to heat and to chlorinate and the depth does limit full use to fewer members;
- d.) currently we have issues with edge tiles falling off, likely caused by the expansion and contraction experienced in spring and fall;
- e.) we have significant voids in the fill under the concrete deck, which has been estimated at \$46,000 to remove the deck, fill the voids and replace the concrete (without a guarantee that the pool would not be affected);
- f.) if we replace the pool we can move support equipment such as the heater, pumps and filters closer in proximity to the pool which will save money.

Over the years we have incurred expenses to update the drain, rebuild the pumps and replace the heater two or three times. Then in 2009 we spent \$24,000 to install the "un-blockable drain", install tile on the pool edge, sand blast the stainless steel sides, sand blast the bottom and install a blue diamond finish, and the purchase of a winter cover. Further, in 2010 we spent an additional \$9,078 to sand blast and resurface the pool deck. Even with this

work, much of which has been required maintenance, we have a pool that is over forty years old. During the summer of 2016 we have had to deal with sand and gravel introduced into the circulation and filtering system which has resulted in damage to one of the pumps. The affected pump will no longer start pumping water without having to be primed. Our heater has had to be repaired this summer and we experienced some difficulty finding the necessary parts due to its age. At this time everything else appears to be functioning properly. We are not aware of any additional problems other than the voids that exist in the fill under the concrete deck, and of course the continued aggravation caused by the edging tile coming loose, falling off and needing to be glued back in place.

What we need to see happen is that we become proactive and develop a plan to replace the pool with a completely new one. Why? The primary reason is that if we should experience a catastrophic failure with the pool equipment or the pool infrastructure, and because of that equipment failure be unable to use the pool until repair or replacement, we could be without a pool for a very long time. This could be as much as a full season or more. We have learned that it takes a long time to schedule a commercial pool builder, to develop the construction design, obtain the necessary approvals and permits from the state and the county, and then construct a new pool. Given our current situation there really is no alternative but to go ahead and initiate a project to build a new pool and have it available May 2018.

After the Members Meeting May 28, 2016 your Board of Directors chartered a Pool Committee consisting of several directors and a number of shareholders who volunteered to determine needs for a pool, obtain bids for constructing a pool, evaluate those bids and identify a company to build a replacement pool for TCC. This dedicated group of people spent considerable time identifying options and/or variables for a new pool which were:

- a) pool size (current size is 20' x 50')
- b) considered a pool design using a liner
- c) inclusion of a "kiddie pool" and a "hot tub"
- d) salt water pool vs. standard chlorinated pool
- e) mechanical or pneumatic (manual) pool cover (separate from the winter cover)
- f) heat pump vs. propane heater
- g) requirements of the Americans with Disabilities Act

The pool size chosen is 25' x 55' with a 3' to 7'6" depth. With this size the shallow end will gain approximately 5' more in length. The committee did consider a larger size but learned that the equipment costs (pumps, filters, and heaters) doubled for pools larger than the size chosen.

Of all the quotes we did receive, two of them were based upon the use of a pool liner. Neither one could be considered because the state (MDH) would not approve their use for a pool in our park.

The options for inclusion of a "kiddie pool" and a "hot tub" were reviewed and due to the costs were determined to be too expensive. For example, the cost for a 'kiddie pool' with a depth of 18 inches was estimated to be \$25,700. A design option for the pool to provide "kiddie" space through the use of a ledge at the shallow is being considered. This design option will need the approval of the state if we are to include it.

The possibility of having a salt water pool was investigated and found to be unworkable for an outdoor pool in our Minnesota climate. Had we had an indoor pool or were located in a warmer climate it could have been an option.

The need for a pool cover was reviewed and the determination was made that it is a necessity for our pool to keep in the heat overnight and to minimize polluting the water with leaves, dust and other foreign materials. The question that needed an answer was whether to purchase a pneumatic or automated mechanical pool cover and the choice was to procure an automated one.

The choice of equipment to heat our pool was between heat pumps and propane heaters similar to what we currently use. Again our location in Minnesota tended to influence the choosing of the propane heaters as they would be the most effective and efficient in our current locale.

The requirements of the Americans with Disabilities Act have to be seriously considered when designing our pool. One very specific option that must be provided for is the possibility of a chair lift in the foreseeable future. While it does not appear to be specifically required at the outset we must include provisions in the design for adding a lift when it becomes a requirement.

After establishing the requirements for our pool the members of the committee began to review quotes received from several pool construction companies. In fact, there were four specific quotes reviewed and considered. There were three companies contacted who chose not to bid on our project leaving the four that were considered. In addition to the design and construction of the pool, one option that was offered by all the bidders was to secure separate contractors to perform the demolition and removal of the old pool and decking. There were three companies whose quotes were considered by the committee. Ultimately we decided to have the pool construction company provide for the demolition simply due to the high degree of coordination and communication required.

There have been a myriad of related tasks and/or work items identified that all contribute to the scope of the project as well as the cost but are not directly included in the construction of the pool itself. Some of those items are removal of the existing pool, decking, and fencing; gas line hookups and the venting of the heater; electrical hookup of the pool equipment and grounding of the pool structure; preparation of a 151' long 10' wide driveway dug to a depth of 6" and with class 5 packed in place; installation of 225 linear feet of chain link fence per state code; installation of a 10' x 10' shed for sheltering pool infrastructure equipment; and the concrete pool decking with a deck drainage system.

The Pool Committee recommended acceptance of the proposal received from Quality Pools, LLC of Lakeville, Minnesota. The Board of Directors has accepted the recommendation and is in the process of finalizing a contract to accomplish all the necessary work to install a new pool in place of the existing 40-year-old pool structure. The cost of the bid amounts to \$245,128.25. The cost of the pool and related engineering and travel costs is \$154,250.00 and the sum of the costs for all related and supporting tasks is \$90,878.25. Additionally, plans for any major construction project such as our pool replacement must allow for any contingencies that may be encountered. Your Board of Directors has established that a figure of 10% be used as the contingency allowance.

Given that the estimated cost of the project is \$245,000 plus, our contingency allowance will need to be \$24,500 giving us a total estimated project cost of \$269,600.

As has been reported before there will be approximately \$95,000 available in TCC funds at the end of 2016 leaving an estimated \$175,000, at a minimum that may need to be borrowed and paid back over a period of time. We have already been in contact with Sherburne State Bank about obtaining a construction loan for the pool project and their response has been positive. Your board is working hard trying to determine what the total project amount will be so that we may advise the shareholders the total amount of assessment and what the payment schedule may be. For example, if we were to borrow \$200,000 for a period of 3 years at a rate of 4.75% the individual assessment will be \$1,000. Repayment can be defined in a myriad of ways, but for simplicity of record keeping we suggest one payment per year (for three years) in the amount of \$365.49 which includes principal and interest. Of course the option of making a one-time payment in the amount of the total assessment prior to the start of the project will eliminate the need for paying any interest. Further, if we determine the amount of money needed is less, we will borrow less.

Much remains to be defined, but we are ahead of the curve for planning this project and we are in good financial shape, all of which allows us to attend to this important task of maintaining our swimming pool asset. We will make every effort to have the details worked out by the Annual Membership Meeting in May 2017. At that time, we will provide you with the details of the assessment; such as the amount per share, the interest rate, the length of time for repayment should that option be chosen, and the due dates.

It goes without saying that if the pool replacement does not happen, Traveler's Country Club of Clear Lake will be risking the loss of an entire season (or more) of swimming when the pool and/or its infrastructure fails. Imagine the negative impact this would have on our membership and our sales campaign. As was stated earlier in this letter the lead time for the scheduling of a commercial pool construction company can be a year or more, and of course the cost of construction will only increase as time passes. All the members of your board are requesting your wholehearted support for this project.

Thank you very much,

TCC Board of Directors