



Infrastructure Project

History

- Project started in 2014 after initial surveys were completed.
- Initial emphasis was on the installation of field drainage and sewer rehabilitation (installation of 29 manholes and foaming the entire system);
- Work on the field drainage and sewer phase of the project was substantially completed in June;
- Engineering design on roads required a topographical survey of the Park also completed in June;
- The Board reviewed the road conditions to determine the scope of work completed on August 22.
- September: Presented the scope of the project to the community.

Town Hall Meeting

The Town Hall Meeting presented the scope of the project and initial financing options.

Input from the community was directed at several primary concerns:

1. There are concerns with bank financing:
2. Alternative financing options should be sought
3. The scope of the project should be reviewed to save costs.

Town Hall Meeting

To reduce bank financing, alternative methods of financing considered were:

1. Present a bond offering to cottage owners and shareholders;
2. Explore the sale of leases for selected sites;
3. Issue preferred stock

The Board decided that two of the options: offer bonds and explore the sale of leases were the most viable options.

Town Hall Meeting

The Board also reviewed the scope of the project for opportunities to reduce the overall cost of the project. It was decided to:

1. Only replace sidewalks where there is an impact on drainage.
2. Remove the “no reveal” curbs from the project.

Result

By focusing on sidewalks that affect drainage, we were able to:

1. extract the replacement of sidewalks from Linden St west along the shoreline.
2. not remove the sidewalk on Elm Street (Preachers Row) or on 5th street.
3. not adding sidewalks on Poplar St.

Other Modifications

- Further engineering reviews indicated that additional drainage is required in the west end of the park.
- The additional cost was offset by the sidewalk modifications.

Projected Timeline

- March and April – remove existing sidewalks and install drains
- April and May – replace sidewalks and repair those sidewalks not being replaced (any sandstone removed will be retained and reused where possible)
- May and June – milling and repaving
- This timeline is dependent on weather or other factors
- **NO WORK WILL BE PERFORMED AFTER JUNE 28**

Sidewalks

- The contractor will remove any items that impede the installation of the new sidewalks or roads in front of cottages and retain for the cottage owner
- It will be the responsibility of the cottage owner to replace any removed items
- We recommend that if you have any fragile or items of special value that you remove and store them away from the construction area.

Paving

- Gate fees will not be charged to guests who are staying or renting during times when they are impacted by the paving on the east side and west side (season passes are not affected)
- Cottage owners should be aware that access to their cottage may be affected at any time during the construction period for a short period of time.

Total Phase 2 Cost

Base project	Estimated Cost
Herk Excavating	\$645,000
Engineering and Inspection (KEM and AEG)	\$65,000
Cost of Promissory Note Offering	\$25,000
Contingencies	\$15,000
Total Project	\$750,000

Financing the Project

Infrastructure Project	Cost	Cash	Amount Financed	Annual Payment	Term	Rate
Phase 1	\$384,942		\$384,942	\$35,396	20 year	6.75%
Phase 2	\$750,000	\$300,000	\$450,000	\$57,272	10 year	5.00%
Total Annual Payment				\$92,668		
Annual Revenue				\$104,300		
Total Project cost	\$1,606,974					
Cost per Cottage owner	\$10,785					
Paid in 2015/16	\$1,400					
Remaining	\$9385					
Years to pay @\$700	13.50					

Notes

- 1. Amortized over 20 years, current financing plans will pay off Phase 1 in 10 years.*
- 2. Total Project cost = Full project cost with estimate of Phase 2 including legal fees, engineering fees and finance charges.*
- 3. Overall costs may be modified if cottage owners elect to pay their full fees in a one-time payment.*
- 4. If more than \$450,000 in Notes are sold, the balance will be applied to the Phase 1 loan*
- 5. If less than \$450,000 in Notes are sold, the balance will be covered with our loan from Buckeye at 6 $\frac{3}{4}$, 10 year term.*
- 6. Cash includes a combination of about \$100,000 from the Infrastructure Fund and \$200,000 from the Operating Fund.*

Subordinated Unsecured Promissory Notes

1. Sold in \$5000 increments
2. 5% of annual principle balance
3. Distribution of Interest and Principal paid annually.
4. Does not replace need for Cottage owners to pay annual \$700 assessment fee.
5. Excellent vehicle for us to finance the project without a bank and without collateral.
6. Note holders receive a competitive return.
7. Official offer to be made in March 2017.

Subordinated Unsecured Promissory Notes

Year	5%Note			Ending
	Total	Principal	Interest	Principal
	Payments	Paid	Paid	Balance
				\$5,000.00
1	\$636.36	\$395.34	\$241.02	\$4,604.66
2	\$636.36	\$415.55	\$220.81	\$4,189.11
3	\$636.36	\$436.82	\$199.54	\$3,752.29
4	\$636.36	\$459.17	\$177.19	\$3,293.12
5	\$636.36	\$482.67	\$153.69	\$2,810.45
6	\$636.36	\$507.35	\$129.01	\$2,303.10
7	\$636.36	\$533.32	\$103.04	\$1,769.78
8	\$636.36	\$560.61	\$75.75	\$1,209.17
9	\$636.36	\$589.28	\$47.08	\$619.89
10	\$636.81	\$619.89	\$16.92	\$0.00
Total			\$1,364.05	

One-Time Assessment Payment

- Cottage owners will pay the first half of the 2017 infrastructure fee and a one time payment option will be developed this fall when the project costs are determined.
- The one-time fee will be discounted to exclude the cost of financing but must be grossed up to cover the extra federal tax we will owe on that revenue.
- The one-time fee will be non-refundable and non-adjustable.
- One time payments will assist by reducing finance charges

Leasing Additional Lots

- This option is being presented to the shareholders where a vote in favor of 60% of the total shares is required for approval.

**Buy Linwood Notes!!
Early and Often!!**