

Monarch Golf Club Equity Members' Meeting

Golf Cart Fleet

February 20, 2023

Golf Cart Fleet



Lease



Purchase using equipment
loan



Purchase using 2nd mortgage
to consolidate loans (explain
long-term strategies)



Vote on purchase or lease
for fleet

Lease Option

	Quantity	Term	Cart per Month	Cost per Month
Yamaha with lithium	46	5 years	\$110	\$5,060
Total cost of the lease \$303,600				

Current fleet lease payment is \$2,700/month

Purchase Option

	Quantity	Term	Cost per Cart	Total Cost
Yamaha with lithium	46	N/A	\$7,850	\$361,100
Total purchase cost \$361,100				

Purchase Option – Equipment Loan

Payment due upon delivery on November 1, 2023

Interest cost on equipment loan at 7% for 7 years - \$96,697

Monthly payment of \$5,450 for 7 years

Resale value is estimated to exceed interest costs

Provides flexibility for replacing cart fleet in the future

Financing Options for Equipment Loan

Principal amount	\$361,100
Interest rate	7%
Term	7 years
Monthly payment	\$5,450
Total interest paid	\$96,697

Pros and Cons of Equipment Loan

Pros

- Incurs the lowest amount of debt
- Loan payoff in 7 years

Cons

- Insufficient cash flow to meet balloon note due in September 2024

Future Capital Requirements

Item	Estimated Cost
Cart fleet	\$361,100
Pump station loan	95,000
Cart path renovations	80,000
Driving range	40,000
Cart barn roof	25,000
Restaurant equipment	40,000
Golf course equipment	233,900
Grand Total	\$875,000

Second Mortgage

Item	Cost
Principal amount	\$875,000
Interest rate	5.75%
Term	20 years
Monthly payment	\$6,143
Total interest paid	\$599,375

Pros and Cons

Pros

- Builds a cash balance in excess of \$800,000 by September 2024
- Provides leverage in negotiation of mortgage merger with the ability to payoff balloon note
- Freezes mortgage interest rate at 5.75% for 20 years
- Reduces monthly mortgage payment from \$12,292 to \$6,143 effective 10-1-24

Cons

- Total long-term debt of \$1,560,000 on 4-1-23 and \$835,000 on September 2024
- Current total long-term debt is \$799,935

Ford Interest Advantage Interest Rates

01/31/22	0.65%
06/30/22	1.36%
09/30/22	2.50%
12/31/22	4.25%
02/13/23	4.50%

Interest Rate Increase 3.85% in 13 Months

Cash Flow Estimates

Cash balance 1-31-23	\$330,000
Proceeds from 2 nd mortgage	870,625
Interest earned 4-1-23 thru 9-30-24	62,460
Cash earned by operations	252,000
Reduction in lease expense	80,000
Increase in mortgage payments	(104,430)
Payoff of pump loan	(91,580)
Purchase of cart fleet	(361,100)
Cash balance 9-30-24	1,037,975
Balloon note payoff 9-28-24	(547,132)
Cash balance 10-2-24	\$490,843

Recap

Lease option

Purchase with equipment
loan

Purchase with second
mortgage

Vote to purchase or lease cart
fleet