

## **BITS & SPURS PROPERTY – INTRODUCTORY PLAN**

**JUNE 2008**

There has been a lot of mis-information and rumors circulating through the membership the last couple of months about the sale of the Bits & Spurs Arena. We, the Bits and Spurs Board, want to address these rumors and provide the membership with accurate up-to-date information on where our club is financially, and what the proposed plans are for Bits & Spurs Riding Club.

First of all, we want to apologize for the perceived lack of communication prior to now. Plans for relocating the club have been an issue of discussion several times over the last 18 months, but not everyone can make, nor are you required to make, every board meeting, and that has left many club members feeling uninformed.

Our club owns free & clear 4.29 acres (2 parcels) in which the arena sits ½ on one parcel and ½ on the other. Our property value has increased 292% since 2002 while taxes have increased almost 164% from 2002 to 2008. Our membership has decreased and our show attendance has decreased. Our membership dues and our show fee's have increased, but not nearly enough to keep pace with the increased cost of owning our facility.

After our bills for 2007 were paid, our general fund had approximately \$1,642. Not nearly enough money to cover the 1<sup>st</sup> half of our 2008 Property Taxes (\$3,741) due on April 1<sup>st</sup>. If it weren't for the Insurance fund, and the Division Fund Reserves, we wouldn't have been able to pay our property taxes on time.

### **Why did we decide to put the property and arena up for sale?**

The Bits & Spurs Property is valued for Tax purposes at \$732,400. Today's market rate for our property as a whole is \$800,000 possibly higher if the market turns around. Our club is in a position to sell our current property and relocate to a density fringe / agricultural R10 zoned location and build a covered arena facility useable and rentable year-round. The board has discussed our options, and made the decision to put Bits & Spurs arena property up for sale to test the market.

- Does this mean we are going to sell the property to the first person whom meets our asking price?
  - No! The sale of the property would require a vote of the membership! At this time, we are exploring our marketability and value so we can make plans for the next step.

A rough business plan has been prepared (see Business Plan) to support the initial offer for sale. On paper it looks feasible that we as a club can pull off a relocation and end up with a large rentable / revenue generating facility with ample room and parking (10 acres). The

business plan will need to have the values refined to support further steps towards the sale and purchase of a new facility.

Have we researched other alternatives?

- Dale Ashenbrenner (2005 president) tried to achieve tax-exempt status, but that would require charitable status, which we are not.
- We held an arena fundraiser last September, and only 22 people attended and we only raised \$400, which is not enough.
- Our existing arena needs \$10,000 (Materials only) of renovations, and we do not have the money. Even if we could raise the money, those whom show up at every work party are tired, and do not have the time or the energy to keep doing all the work.
- Our club needs a new tractor (\$10,000-\$25,000), our existing tractor has not been running this spring, and Ivan has spent over 12 hours working on it and re-wiring the electrical system on it. (Thank-you for donating your valuable time)

We've had some suggestions from our membership:

Member(s) suggested that we borrow \$350,000 and build a covered facility to lease and use.

- First of all, a loan requires someone to take responsibility for the debt in the name of the club! Is one of our members willing to take on that responsibility and risk their credit rating for the clubs benefit?
- Second, our property isn't large enough to have enough parking for larger shows, and the usable area is already being utilized.

Member(s) brought up that the club held benefit shows a few years ago and raised lots of money for the club.

- Good idea, we need volunteers to organize those benefits shows, and activities.

Member(s) suggested we go to the county and ask for a review and roll-back of our property taxes.

- Justina Miller our current secretary talked extensively with the county and unless we dispute the current stated value of our property (which we do not), then we have no tax exemption options.

### **VOLUNTEER'S NEEDED!**

We need members to not only make suggestions, but also help implement viable suggestions.

We understand that all our members work fulltime and have family obligations to attend to on a daily basis. However, it takes a lot to keep the club going between grounds and building maintenance along with running the shows each month. We need to get more participation from our members to help to keep the club running strong. We would like to remind the membership that this is a non-profit club, and there are no paid jobs or positions. Everyone

really needs to work together for our club to succeed, which has not been happening in the last several years. We do not want to beg our members to participate on workdays or to help at the shows each month we want it to be something the members want to do to help the club. We will begin holding workdays shortly to work on doing improvements for the club. Just a little time goes a long way and any help would be appreciated!

At this point we need member volunteers for the following important activities:

- Arena Fund Raising Committee
  - Fund raising activities to help pay Property taxes for 2008
- New Facility Planning Committee – At this point we are still looking for volunteers to join the committee from the Show and Dressage divisions. We will need to do further:
  - Feasibility studies
  - Budget refinement
  - Planning activities for new facility
  - Member recruitment to help with site development

The following pages are is an introductory plan. This plan explains the numbers for the sale of existing property, purchase of new property, the costs of getting the new facility ready for use, and an estimate of income from operations after the new facility is built and operational. The plan will progress once we get our “New Facility Planning Committee” firmly in place.

We are a member owned and operated non-profit club. Of all of the equestrian clubs in this area, Bits & Spurs is the only club to own property worth enough to really improve its future and grow. We are in a position to significantly influence the future and longevity of our club for our children and ourselves, we simply need to work together towards a common goal.

We value our members, and we need you to be part of our future. If you have any suggestions, ideas, or would like to volunteer to help at the shows, or have a special skill that can be useful on workdays, please contact us at the following e-mail, and volunteer to help, attend a board meeting, or send your ideas.

[webmaster@bitsnspurs.org](mailto:webmaster@bitsnspurs.org)

e-mail a board member (see web site)

Thank-you!  
2008 Bits & Spurs Board

# Bits & Spurs Riding Club

## Proposed Cost of Relocating Club

<b>Proceeds from Sale of Current Property</b>	<b>\$ 800,000</b>	<b>\$ 900,000</b>
Realator Fees		
Selling Agent	\$ 12,000	\$ 13,500
Purchasing Agent	\$ 24,000	\$ 27,000
Other Closing Costs	\$ 3,000	\$ 3,000
Sales Tax 1.5%	\$ 14,240	\$ 14,240
<b>Net Proceeds from Sale</b>	<b>\$ 746,760</b>	<b>\$ 842,260</b>

<b>Option #1A Property Purchase</b>		
<b>Density Fringe 10 Acres</b>	\$ 120,000	\$ 120,000
Feasibility Studies and Permitting 5%	\$ 6,000	\$ 6,000
<b>Arena - Fully Enclosed</b>	\$ 400,000	\$ 400,000
Drainage, Parking, Fencing & Misc	\$ 100,000	\$ 100,000
Tractor	\$ 25,000	\$ 25,000
Misc Equipment	\$ 25,000	\$ 25,000
Cook Shack	\$ 25,000	\$ 25,000
<b>Cost of New Site &amp; Arena</b>	<b>\$ 701,000</b>	<b>\$ 701,000</b>
<b>Remaining Balance From Relocation</b>	<b>\$ 45,760</b>	<b>\$ 141,260</b>

<b>Option #1B Property Purchase</b>		
<b>Density Fringe 10 Acres</b>	\$ 120,000	\$ 120,000
Feasibility Studies and Permitting 5%	\$ 6,000	\$ 6,000
<b>Arena - Covered</b>	\$ 355,000	\$ 355,000
Drainage, Parking, Fencing & Misc	\$ 100,000	\$ 100,000
Tractor	\$ 25,000	\$ 25,000
Misc Equipment	\$ 25,000	\$ 25,000
Cook Shack	\$ 25,000	\$ 25,000
<b>Cost of New Site &amp; Arena</b>	<b>\$ 656,000</b>	<b>\$ 656,000</b>
<b>Remaining Balance From Relocation</b>	<b>\$ 90,760</b>	<b>\$ 186,260</b>

<b>Option #2A Property Purchase</b>			
20 Acre R-10 Parcel	\$ 300,000		\$ 300,000
Feasibility Studies and Permitting 5%	\$ 15,000		\$ 15,000
<b>Arena - Fully Enclosed</b>	\$ 400,000		\$ 400,000
Drainage, Parking, Fencing & Misc	\$ 100,000		\$ 100,000
Tractor	\$ 25,000		\$ 25,000
Misc Equipment	\$ 25,000		\$ 25,000
Cook Shack	\$ 25,000		\$ 25,000
<b>Cost of New Site &amp; Arena</b>		<b>\$ 890,000</b>	<b>\$ 890,000</b>
<b>Sub-Division of 20 Acre Parcel &amp; Sale of 10 Acres</b>			
		<b>\$ 200,000</b>	<b>\$ 200,000</b>
<b>Remaining Balance From Relocation</b>		<b>\$ 56,760</b>	<b>\$ 152,260</b>

<b>Option #2A Property Purchase</b>			
20 Acre R-10 Parcel	\$ 300,000		\$ 300,000
Feasibility Studies and Permitting 5%	\$ 15,000		\$ 15,000
<b>Arena - Covered</b>	\$ 350,000		\$ 350,000
Drainage, Parking, Fencing & Misc	\$ 100,000		\$ 100,000
Tractor	\$ 25,000		\$ 25,000
Misc Equipment	\$ 25,000		\$ 25,000
Cook Shack	\$ 25,000		\$ 25,000
<b>Cost of New Site &amp; Arena</b>		<b>\$ 840,000</b>	<b>\$ 840,000</b>
<b>Sub-Division of 20 Acre Parcel &amp; Sale of 10 Acres</b>			
		<b>\$ 200,000</b>	<b>\$ 200,000</b>
<b>Remaining Balance From Relocation</b>		<b>\$ 106,760</b>	<b>\$ 202,260</b>

# Bits & Spurs Annual Budget

## New Facility

### Income & Expenses from Operations

<b>Annual Income</b>	<b>Estimated Memberships</b>	<b>Budgeted Annual Fee</b>	<b>Total</b>
<b><u>Membership</u></b>			
Single	40	\$ 50	\$ 2,000
Family	210	\$ 75	\$ 15,750
<b><u>Arena Rentals</u></b>			
	<b>Rate</b>	<b>Rentals</b>	<b>Total</b>
Daily Rate - Weekend	\$ 350.00	20	\$ 7,000.00
2 day Rate - Weekend	\$ 700.00	5	\$ 3,500.00
Daily Rate - Weekday	\$ 200.00	15	\$ 3,000.00
Hourly Weekday Rate	\$ 25.00	175	\$ 4,375.00
<b><u>Haul-in Fee's</u></b>			
Per non-member Horse	\$ 5.00	3000	\$ 15,000.00
<b><u>Damage Deposit</u></b>			
Per show	\$ 500.00		\$ -
<b>Sub-total</b>			<b>\$ 50,625</b>

<b><u>Divison Incomes to General Fund</u></b>	<b>25% of Net Income</b>	<b>Total</b>
Games Divison Income	\$ 4,000	\$ 4,000
Show Division Income	\$ 4,000	\$ 4,000
Dressage Division Income	\$ 700	\$ 700
<b>Annual General Fund Income</b>		<b>\$ 59,325</b>

<b>Annual Expenses</b>		<b>Total</b>
Property Taxes	\$ 10,000	\$ 10,000
Utilities		\$ 19,800
Power	\$800 per mo	\$ 9,600
Garbage	\$200 per mo	\$ 2,400
Porta Potty's	\$500 Per mo	\$ 6,000
Water / Misc	\$150 per mo	\$ 1,800
Insurance	\$200 per mo	\$ 2,400
Maintenance	\$ 10,000	\$ 10,000
Misc	\$ 5,000	\$ 5,000
<b>Annual General Fund Expenses</b>		<b>\$ 47,200.00</b>

<b>Net Annual Income after Expenses</b>	<b>\$ 12,125.00</b>
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