

April 21, 2017

To the NOVA Community:

Congratulations on an amazing short course season! I hope you are well-rested from Spring Break and excited about what's to come over the next few months. We are looking forward to the Swim-a-thon tomorrow and the awards banquet at Cobblestones on May 26<sup>th</sup>. Of course, we are also gearing up for some fast long course swimming!

I'd like to take this opportunity to update you on the status of our 50-meter pool expansion project. For two years, we have been working diligently on this process: meeting with banks, consulting with architects and builders, engaging our landlord and Henrico County. Many times we seemed to be on the brink of having definitive information to report, only to have something change or to discover that we were in need of more information. We believe that it is important to keep our membership informed, even if we don't have a final decision, and hope that this update brings you up to speed.

For a detailed chronology of the expansion project over the past few years, please see the attached appendix. To refresh your memory, we kicked off the 50-meter pool expansion project in mid-2014. The expected completion cost was estimated at \$7 million, to be financed through a combination of club funds, borrowing and fundraising. As we began to commit the resources necessary to produce detailed cost estimates, we learned that the overall project expenses would be higher. We have worked with the architect and general contractor to create a more affordable design, as well as with the county and our landlord to bring the scope more within our financial reach.

An accurate current estimate of a scaled down, 50-meter indoor pool on our site is \$8.9 million. This reflects recent tightening in the construction and credit markets, plus associated project costs. At this cost, the project would be difficult, if not impossible, to achieve in the near term. Given our current ability to borrow and to contribute club funds, we would be left with a need to raise an additional \$2.4 million, on top of the \$1.7 million in pledges that we have already received.

Raising another \$2.4 million through fundraising is not realistic within our time frame. While we appreciate the financial support from the NOVA community, we must compete with other worthy organizations for Richmond's limited corporate philanthropic dollars. In addition, the Board cannot jeopardize the strong financial health of NOVA by over-leveraging the club through imprudent borrowing.

So...where does this leave us?

Our demand for increased water is greater than ever. The success and popularity of NOVA is at an all-time high, both in our competitive program and in our lessons program. We do not want to turn people away, as it remains our mission to

positively impact our community through the sport of swimming. Additionally, we firmly believe that our families deserve the enhanced training and competitive environment of a 50-meter pool.

Our clear preference is to expand at the current location; however, we continue to explore all options to meet NOVA's needs. These options include:

- Building a 50-meter pool at our current site with an alternative structure
- Phasing the project by starting with a 50-meter outdoor pool at our current site and later enclosing it
- Expanding on a different site

The Board and staff continue to work diligently to finalize a solution. We are united in our mission to expand our capacity, while not endangering the future of NOVA. All pledges are kept in a separate account and are designated 100% for the expansion project.

We will provide on-going communication to our club membership as we near a final decision. We expect to provide that in 90 days. In the meantime, please do not hesitate to reach out to me or to any of the other board members with questions or feedback. Complete contact information can be found on the website.

Thanks for your patience as we endeavor to do what's best for NOVA.

Andrea Wassmer  
NOVA Board President  
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## APPENDIX

### 2014

- Developed initial project scope with staff, Board and pool consultants
- Selected Moseley as the architect and Willmark Engineering for civil work
- Total capital cost estimated at **\$7 million** (excluding project costs: professional fees, permits, etc.)
- Formed Capital Campaign Committee and kicked off the fundraising effort

### 2015

- Raised \$1.7 million in pledges through July 1<sup>st</sup>, including \$500,000 from *The Sharp Foundation*
- Invested in the next phase of architectural drawings with Moseley
- Refined pro-forma financials and met with multiple lenders to obtain financing commitments
- Filed *Plan of Development* with Henrico County
- Site costs increased by \$1.5 million over original estimates, due primarily to more stringent environmental regulations recently enacted
- Revised total capital cost estimated at **\$8.5 million** (excluding project costs)

### 2016

- Selected Hourigan as general contractor via Request for Proposal (RFP) process
- Hourigan received bids from sub-contractors and presented a revised capital cost estimate of **\$10.9 million** for the pool and building as originally designed
- Petitioned Henrico County successfully for reduced parking requirements at the Gayton Road site
- NOVA Board worked with Hourigan, Moseley, and Willmark to scale down the 50-meter facility design to a more affordable level (no mezzanine level, community room, bulkhead and coach offices)
- New capital estimate for the 'no-frills' design at **\$7.6 million**
- Requested final approval from our landlord (Wilton) for expansion project

### 2017

- Hourigan provided updated project costs and construction costs
  - Prices have increased by 5% due to market changes
  - Remaining project costs estimated at \$800,000
- Met with our lender to understand the impact of current credit environment
  - Interest rates have increased, negatively affecting our ability to borrow more than \$4 million
- Negotiations continue to progress well with Wilton
- Fully loaded cost estimate is now **\$8.9 million** for the scaled-down design at Gayton Road