

Minutes of the Monthly Meeting of the Hillcrest Golf Club Board of Directors Tuesday January 19, 2021

The regular monthly meeting of the Hillcrest Golf Club Board of Directors was held via Zoom video conferencing. President Brian Dommer called the meeting to order at 5:30 PM January 19, 2021. The following Board members were present: Bill Warren, Bob Therrell, Brian Dommer, Britt Bassett, Elliott Fitz, Jeff Thompson, Michael Anziano, and William Gwinn.

Excused absences: Jesse Larson.

The following Hillcrest staff members were present: Amy Moody, Ken Kirby, Lindsay Mattison, and Michael McCloskey.

A. FINANCE MANAGER'S REPORT

Amy Moody presented some highlights from the 2020 year-end financial report she provided as part of the full board packet.

At the end of December 2020, the cash balance was \$170K and the long-term debt balance was \$942K (including the PPP loan of \$146K which is expected to be forgiven).

The list of six items included in the \$96.5K of capital expenditures for 2020 was discussed.

TBK Bank has received word that a simplified loan forgiveness process for PPP loans under \$150k will be available soon. They will let us know when the application for this is available. A brief discussion of the next PPP loan program was held with the general consensus that Hillcrest will not request a 2nd PPP loan.

B. MINUTES

President Dommer asked if there were any revisions to the December minutes. Bill Warren moved to approve the minutes. The motion was seconded and approved without dissent.

C. PUBLIC PARTICIPATION

This is the time set aside for members to ask questions, share concerns or give ideas to the Board and the Hillcrest staff. No members were in attendance.

D. GENERAL MANAGER'S REPORT

Michael McCloskey presented the following details from the report he provided for the monthly board packet.

1. Indoor Golf Simulator

The general response has been that all are excited that we have purchased and installed the simulator. The simulator was first opened on December 6th but was not advertised in any way because of covid code red. The only traffic was by word of mouth. In first 20 days, the simulator had 30% occupancy. In last 20 days, occupancy has been at 90%! We are excited to see the use and revenue that should cover the capital expense in a few years. We also expect more food and beverage revenue because of the simulator usage. This appears likely to be both a good financial decision as well as an "optical" decision that will help show off golf club facilities. All look forward to implementing ideas to

enhance the indoor experience as well. So far all but 2 transactions have been from club members. No complaints yet on lack of simulator tee times. Some early discussion was held on how long to keep the simulator open this spring.

2. Hillcrest 2021 Calendar

We have completed the 2nd draft of Hillcrest events, including tournaments. A meeting in early February with the 4-corners tournament reps to compare calendars will be held (via zoom). This will help set the calendar so that by the Feb board meeting, the calendar may be finalized. Our largest tournament is the Navajo Trails Open. As of now that is scheduled for a new date - the last weekend of August rather than June. One reason for this is to allow 2 more months to get past the pandemic. Another is that the San Juan Open (Farmington) has changed their dates to early September. Keeping these two events back-to-back increases participation. The Rocky Mountain Open (Grand Junction) will be held the 3rd week of August, so that may also help attendance by having three tournament weekends in our area lined up. The Junior Golf Foundation, a major beneficiary of the Navajo Trails Open, has been notified that this new date is likely. This date will require that the Club Championship date be changed.

There is a new plan underway to institute a new season-long Men's League.

3. Office Manager Transition

A welcome to Lindsay Mattison to her first board meeting. She was able to work with Karen Gallegos (retiring) for about a week to help this transition. We are all excited to have Lindsay on our team and look forward to her new ideas. Lindsay will primarily be working Mon-Thu. (Amy works Sun-Thu.)

4. Off Season Initiatives

a. Tee Time Booking

An evaluation will start in February of data related to the difficulty in booking tee times and the rush to book them at 5pm. Several board members volunteered for an ad-hoc committee to look into this issue. Some at-large members may also be invited to the committee. Michael will contact this group in the next week or two.

b. Merchandise Planning, Special Orders, Marketing

The annual golf merchandise show is now being done via zoom rather than the normal Miami show. This will occur next week.

We are putting together a new Special-Order Platform to help customers see and track their orders online. This will replace the previous 3-ring binder tracking method for special orders.

Discussion of Hillcrest branded projects and marketing opportunities (such as stay and play) have been started.

c. Policies and Procedures Manual

Work is underway on improving the policies and procedures.

d. Staff Recruitment and Retention.

We have had very good retention, but will need some new staff each year. Brett is working with a PGA intern program as another way to find candidates.

5. Season Pass Sale

Our first ever on-line sale of Season Passes for Hillcrest is underway. Board members provided a trial of the method. Far more passes have now been sold within the first week than last year. Several have come in-person to purchase their membership. Membership revenue is a key item in club finances. A suggestion was made to note new members and welcome them in some way.

6. Key Performance Indicators

Some final KPIs for 2020 have been compiled. One is that more than 52,000 rounds were played at Hillcrest in 2020! That increased play brought in \$100k more revenue than expected, which was important because of the revenue missed from cancelled tournaments. Merchandise ended up only about \$16k less than 2019. Revenue per round was down somewhat as ancillary purchases by members was down. Operating cost per round in 2020 was improved over 2019. Tee time utilization was above 81% for every day of the week and every month after March. Round mix was remarkably similar between 2019 and 2020 in that for both years, members comprised 57% of all rounds played. There were more Daily Fees than Punch Passes in 2020. The split between 9- and 18-hole rounds remains about 50-50. Play mix by time of day shows member play most heavily in the morning. For example, 71% of all 9am tee times are by members.

E. GOLF SUPERINTENDENT'S REPORT

Ken Kirby presented details on the report he provided for the board packet.

Enough snow was available so that the cross-country ski track was opened on 12/30, but with no new snow it had to be closed on 1/4. During those few days, incoming revenue was over \$500. New snow today was groomed and will be evaluate tomorrow to determine if the cross-county track can be opened again (note, it was opened).

The planned bathroom remodel project started 2 weeks ago. One has been completed, and another is close to completion. The remodels will likely come out a bit below budget. Eric Dunn started back on 1/4 and is concentrating on bathroom remodel. Touchless faucets are being installed.

Tree removal is ongoing, particularly for large cottonwoods. Two pines removed by 18 that were shading and impacted the green. As weather permits, five more tress will be removed. Working with City, maybe half a dozen will be replanted.

There is a new dirt pile to the left side of #3 fairway. This is because of a city water line failure required a dig and repair job. The hole will not be able to be refilled until spring. Fortunately, this in a rough area and not in a fairway.

It is shocking how dry the course had become until this snowstorm. Course took a beating last year between drought and heavy play.

The next project to be started, as weather permits, will be the concrete tee line by the driving range.

We are now 15th in line to get the new gate put in. To get in their queue, we had to put down 1/2 the payment. This gate is needed as too much random traffic is driving in by the maintenance shop area, including some partiers driving onto the range!

A good quality 2nd hand backhoe has been located. It was evaluated favorably by a mechanic. We will probably complete the procurement near the end of January.

A question came up regarding City water allotment reductions if drought continues. This is not expected, but depends on if drought gets worse. A flow meter has been added to the pipeline that serves us and the Smith Sports Complex.

F. COMMITTEE REPORTS

Committees did not meet in the last month. Michael Anziano provided a written Golf Operations Committee report to the Board via email.

President Dommer made the following committee assignments:

- Finance Committee - Elliott Fitz and chaired by Bob Therrell
- Golf Operations Committee - Jeff Thompson and chaired by Michael Anziano.
- House Committee - chaired by Britt Bassett.
- Policy Committee - chaired by Bill Warren.
- Tournament Committee - chaired by Jesse Larson.
- Grounds Committee - chaired by Bill Gwinn.

An email will be sent to all club members letting any who are interested know they are welcome to participate in a committee. President Dommer requested that the Board chair notify the full board when any committee meeting is scheduled.

G. UNFINISHED BUSINESS

1. New Internet Project

It is getting near the end of the 90-day period Century Link said it would take before construction started (Feb 1st). Frustration has been expressed in getting in touch with them to get any updates. Hillcrest staff will stay persistent in continuing to push the project.

2. Solar Project Update

An ad-hoc committee looking into this met today to discuss the possibility of adding a solar photovoltaic (PV) electrical generation system to offset Hillcrest's electrical utility bills.

One local developer, SolarWorks, proposed two arrays, a roof-mount on the clubhouse and a ground-mount by the pumphouse. Total install costs for these would be several hundred thousand dollars.

As Hillcrest is a 501C4 organization, it cannot take advantage of the Investment Tax Credit (ITC) nor accelerated depreciation that is available to commercial entities. So, even though the golf course would eventually save money because of bill reduction from a PV system, the payback is too long without the commercial incentives.

The alternative is third-party ownership which means a tax-paying entity owns the PV system and Hillcrest would purchase electricity from them under a long-term contract with an option to purchase the system after the ITC and depreciation benefits have been utilized.

The ad-hoc committee advised SolarWorks and another developer of the need for third-party ownership if we are to go ahead with such a project. They will do more research and provide proposals.

H. NEW BUSINESS

1. Board Schedule

The meeting schedule for 2021 has been provided to the directors. Board members should look at this schedule, in particular the March work session, and alert President Dommer of conflicts.

2. Check Signing Authority

A motion was made by Bob Therrell to change the authorized check signers for Hillcrest's TBK Checking account as follows:

Remove: Bryce Fauble, Marcia Baxter and Karen Gallegos

Add: Lindsay Mattison - Office Manager, Bob Therrell - Board Treasurer, and Britt Bassett - Board Secretary.

The motion was seconded and passed unanimously.

3. Check Signing Schedule

A rotating schedule for every two weeks in 2021 has been provided to the Directors who are authorized to sign. If a director is not available during their weeks to sign, please arrange for another to be available.

4. March Work Session

Some initial ideas for topics were presented by President Dommer. This session is tentatively scheduled for the first week of March.

5. Capital Expenditures

The quote for the Maintenance Shop Security Gate was slightly higher than the amount already authorized.

Bill Warren moved to authorize up to \$15k to put in a security gate for the maintenance shop. The motion seconded and passed unanimously.

New blackout blinds for the simulator area have been suggested for aesthetics as glare on simulator has been annoying during mid-days. The simulator experience during daylight is not as good compared to evenings because of this glare. Cost of blinds is surprisingly high. The \$4,500 quotation is likely a competitive bid and includes measurement and installation labor. Discussion was held on wanting the simulator experience to be positive, so if blinds improve this, they will likely encourage the popularity of the simulator to continue.

Britt Bassett moved to authorize the staff to procure and install the blinds so long as the cost is less than \$4,750. Motion seconded and passed unanimously.

I. UPCOMING CALENDAR ITEMS

The next board meeting will be Tuesday, February 16, 2021 at 5:30pm.

J. EXECUTIVE SESSION

At 7:36, Bob Therrell moved to go into executive session to discuss General Manager goals. The motion was seconded and passed unanimously.

K. ADJOURNMENT

Bill Warren made a motion to adjourn the meeting. The motion was seconded, passed unanimously, and the meeting adjourned at 8:05 PM.

Submitted by Britt Bassett, Board Secretary