

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS HILLCREST GOLF CLUB

Tuesday, January 14, 2020

The meeting of the Board of Directors was held at Hillcrest Golf Club on Tuesday, January 14, 2020. President Bryce Fauble called the meeting to order at 5:28 PM. A roll call was taken and the following Board members were present: Bryce Fauble, Marcia Baxter, Michael Anziano, Jessie Larson, Bill Warren, Bob Therrell, Steve Embry and Brian Dommer. Sue Pierce was excused.

The following Hillcrest staff members were present: Michael McCloskey, Karen Gallegos, Ken Kirby, Will Herz and Amy Moody.

MINUTES:

Bryce asked for any corrections for the minutes of the December 10 meeting. As there were none, Steve Embry motioned to approve them, 2nd by Michael A. Minutes were approved as written.

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. There were no public attendees. Bryce used the time to comment on the formality of Robert's Rules of Order for which he believed that the group did not need to strictly follow during meetings to keep an informal and friendly atmosphere.

GENERAL MANAGER'S REPORT: MICHAEL MCCLOSKEY

- Holiday sale resulted in \$14k sales at a lower margin than average of 23%. 2019 sales overall exceeded what was projected by 5%.
- A Four Corners golf professional meeting was held 12/11 at Hillcrest with 14 pros in attendance representing 8 clubs. 2020 tournament schedule was coordinated to reduce cannibalization. The Junior golf program First Tee was also discussed as the program has been revised removing county / state restrictions as before. This will open up events for the Four Corners golf community.
- ForeUp Software has been selected as the new Point of Sale system as the capabilities fit the club's needs the best of those evaluated. Staff training is underway by the company and the "Go Live" date is planned for February 7. A new POS system means added value for the business and for members – new website and email platform, improved online booking, customer portal where shop credits will be available, and better reporting for the business' key performance indicators. Cost is currently \$1,500 under budget. As the system is implemented, communication to members will be done.
- Training for the new World Handicapping System will be in Farmington and Michael and Bud will attend. Similar to the rule changes in 2019, Michael is planning email blasts to members and hosting in-season seminars to communicate changes to members.
- As of January 10, 93 season passes have been sold vs. 76 in 2019 for a similar period.

GOLF SUPERINTENDANT'S REPORT: KEN KIRBY

- All reels and bed knives for the fairway, greens, and tee units have been ground.
- The cross country ski track has been marked with stakes and is ready to go if snow will allow.
- New tee markers have been ordered and will be here mid-March.
- The greens are being monitored for ice accumulation and so far are in good shape. Monitoring will continue.
- 12 more trees have been removed to help limit any further damage to cart paths, as well as potential further conflict with respect to greens encroachment. This is part of the master plan to improve course quality. Replacing areas with more desirable species in the spring will be evaluated.

FINANCIAL MANAGER'S REPORT: AMY MOODY

- Amy reported that a meeting with TBK Bank on January 7th went very well and was a good outcome for all. It resulted in the club securing a line of credit for \$150,000 as well as being pre-approved for a \$50,000 loan for business opportunities if needed. TBK also reduced the interest rates on the two long term loans to 4.5% which will save the club \$3,000 in 2020.
- Cash balance as of 12/31/19 is \$73,021. Based on projected membership sales through March, cash needs will be met without borrowing funds. This is comparable to 2019 membership sales.
- Financial statements and related reports for YTD 12/31/19 are consistent with prior year reporting.
- An update was given on Financial Operations which detailed Amy's priorities and focus during December.
- P&L Analysis was handed out. Highlights included revenue is favorable \$114k over PY (prior year) excluding the \$49k rent revenue decrease. Course maintenance spending was \$19k less from PY. Capital expenditures increased by \$8k due to purchase of new handicap accessible front doors.

TREASURER'S REPORT: STEVE EMBRY

- Steve E. gave a written report which included some points that Amy had already covered.
- Additional work with Amy and Michael M. will be done on the budget addressing unfavorable variances and their effect on net cash as well as creating seasonality in the budget numbers in order to better manage actuals vs. budget.
- A Finance Committee meeting will be held in the next few weeks to start work on reengineering the financial reporting package.

UNFINISHED BUSINESS:

- Simulator Update: Michael gave a presentation on golf simulators – what they are what the market is for them. Included in the presentation was an investment analysis for Hillcrest to obtain one. Assumptions on initial and ongoing costs, fees to charge, utilization, etc. was prepared with the help of Steve E. and discussed in some detail. The analysis included the effects on the Food & Beverage operation and staffing. The space in the main dining area would work well and would promote a welcoming and exciting clubhouse environment as well as increase utilization of assets during the off and slow seasons. A plan of action if the club decides to go this route was laid out and included doing some consumer research via surveys to gauge interest from the public. There will be several companies exhibiting their systems at the PGA show which will help in getting more familiar and educated about them. The Board will review this opportunity in future meetings with a target if approved to have the simulator installed mid-October.

CONSENT AGENDA: APPROVED WITHOUT DISCUSSION

Bryce mentioned the Board Workshop is March 14 at Homewood Suites, starting at 8:30.

NEW BUSINESS:

- Bryce initiated a discussion on the need for an Executive Committee which would bring topics of discussion to the Board for consideration. After discussing the topic majority consensus was such a committee was not necessary and that ad hoc committees can be formed for topics that need Board investigation.
- Steve Embry presented his thoughts on a Strategic Management Initiative proposal for the Board to consider for 2020. He presented a detailed approach on the process used in other companies and organizations. This prompted a lively discussion on whether the Board should take on this process and look at its value or lack thereof. While it was generally thought by some that the process can result in a clearer vision and define an action plan of how to reach that vision, it was decided not to pursue it at this time. Reasons mentioned were that the last Board (s) have already done quite a bit of work on various aspects of the club's direction and are already moving forward. The Master Plan effort, expanded facility utilization, and the most recent business model change were named as a few initiatives. Other thoughts were that as Board members change, viewpoints on strategic initiatives change also. Budget and capital investment also remain deciding factors as well as the available time Board members are willing to make on such an initiative. It was agreed that Bryce and other Board members who have documents / plans from previous Boards forward them to Steve.
- Bryce mentioned that he will communicate verbally with Board members on topics needing input.
- Bill Warren gave a brief update on insurance matters, stating that he and Bryce are being informed as needed of any progress.

COMMITTEE REPORTS:

- Finance – Steve reported that he, Amy, and Brian are on the committee. A couple non-board members have also expressed interest to serve.
- Grounds – Bill Warren had nothing further to report beyond what Ken had already discussed.
- House- Karen Gallegos reported that spring cleaning is tentatively scheduled in the last half of February. She is working on getting the lockers ready for the season. The new front doors are in and after discussion it was agreed that estimates for putting our logo on the front door should be obtained.
- Tournaments – Jesse Larson had good news, all but one sponsors have committed again for 2020 tournaments. There is also interest from 3 other potential sponsors to support an event.
- Golf Operations – Michael Anziano is attending the weekly staff meetings. Topics for member surveys are being discussed.
- Policy / Bylaws – Bob Therrell has reviewed the current bylaws and reported there are some inconsistencies particularly around the duties of the Board Treasurer and the Finance Manager overlapping. As the Finance Manager position is new and it is still evolving, it will be prudent to wait to make any bylaw / policy changes.
- Junior Golf Foundation – nothing to report at this time.

ADJOURNMENT:

A motion to adjourn the meeting was made by Bill W. and seconded by Steve E. Meeting adjourned at 8:44 PM.

Respectfully submitted,

Marcia Baxter, Board Secretary