

**MINUTES OF THE ANNUAL MEETING  
OF THE  
HILLCREST GOLF CLUB  
NOVEMBER 14, 2017  
DRAFT**

The Annual Meeting of the Hillcrest Golf Club was held on Tuesday, November 14, 2017 at the Hillcrest clubhouse at 7:00 p.m.

Jack Morrison, President, called the meeting to order. The following Board members were present: Doddie Abeyta, Mary Kay Aigner, Michael Brennan, Bryce Fauble, Michael Brennan, Susan Atzman and Paul Wilson. Jim Morehart was excused.

The following Hillcrest staff members were present: John Vickers, Ken Kirby and Karen Gallegos.

There were 14 Hillcrest members present.

The Board Secretary, Paul Wilson stated that between the proxies mailed in (164) and those members present, there was a quorum for any business decisions that require a vote by the membership. We want to thank the membership for mailing in their ballots and proxies.

Copies of the minutes of the 2016 Annual Meeting were passed out to the members present. Michael move to dispense with the reading of the minutes with a second from Bryce. Motion passed. After time to review, the minutes were accepted as presented.

## **I. REPORT OF OFFICERS:**

**A. President:** Jack gave a special thank you to the retiring Board members Mary Kay Aigner, Bryce Fauble and Bob Therrell for a job well done and also thanked the ongoing Board members for their contributions and support.

Jack thanked:

- John and his staff for a good job of taking care of the members on and off the course.
- Ken and Will and their staff for their extraordinary work and stated that the course is in the best condition ever.
- Karen for her continued work as Office Manager
- And of course, Jim Vickers who was always there willing to help. He will be sorely missed.

Here is a list of some of the projects or items that were accomplished this year:

- The course opened mid-March.
- We experimented switching the front and back 9 holes in the fall of 2016 and after a survey of the members, the decision was to leave the course as is.
- Membership fees for Full, Spousal and Family increased.
- Coupon Books increased with an added expiration date of the end of season 2018.
- Junior and College memberships did not change and Trail Fees did not change.
- The Hillcrest scorecard were updated based on the 2016 CGA and CWGA course ratings.
- New Tee signs were purchased with the Trail Fee income.
- We ran Mother's Day and Father's Day promotions offering 10 Coupon Book



### **III. Treasurer Report for 2017 Annual Meeting**

#### **General**

To better help members understand the nature of the business at Hillcrest I'd like to clear up a number of misconceptions I have heard over and over. The current business structure divides the operations of Hillcrest into two pieces. There is Hillcrest Golf Shop LLC, owned and managed by John Vickers, referred to herein as "the shop"; and there is Durango Municipal Recreation, Inc. doing business as Hillcrest Golf Club, herein referred to as "the club". The shop is a for profit operation, the club is organized as a non-profit operation.

The Board of Directors was formed in 1964 to "manage the affairs of the club". It is the board's responsibility to provide maintenance, materials, equipment and improvements to the operation. The board hires personnel to carry out these tasks. We currently employ Ken Kirby, Will Hertz and the grounds crew to care for the course and Karen Gallegos as office manager. Her main duties include maintaining the books, memberships and major repairs to the clubhouse. All other employees are employed by "the shop". The board has employment contracts with Ken Kirby, Will Hertz and John Vickers. Ken and Will's contract runs through 2018 and John's contract runs through 2019.

"The shop" has jurisdiction over the pro shop, food and beverage, range balls and carts. This means all revenue, expenses and risk associated with those operations are borne by the shop. "The club" has jurisdiction over the membership fees, green fees, storage fees and any other revenue that is not shop revenue and is responsible for payroll for its employees and maintenance of all infrastructure at Hillcrest. This includes maintaining the club house, out buildings, equipment needed to maintain the course, irrigation system, seed, fertilizer, fencing, cart paths, etc., that comprise the operation at Hillcrest.

"The shop" is obligated to pay "the club" \$84,000 per year for the right to run Hillcrest Golf Shop LLC at Hillcrest Golf Club. The \$84,000 is designed to cover overhead. For instance, utilities (electric, water, garbage, etc.) minor repairs and maintenance to the club house and kitchen. Additionally, the range is considered part of the grounds and is maintained by "the club".

The board has the responsibility to ensure the vision and mission of "the club" are a reality. I know from serving just one year as your treasurer, this board is highly committed to providing a top quality golf experience for all members and guests. "The shop" is highly committed to making the mission and vision a reality as well. "The shop" focus is customer service, quality amenities such as food and beverage, a well-stocked pro shop, carts and range balls. As a team we hope to exceed expectations of members and guests who belong to or visit Hillcrest. Please always feel free to comment to the board about your experience as we continually work to improve our operations. Ultimately, the buck stops at the board. We are here to serve you, the members.

As an FYI, the Articles of Incorporation, Bylaws, Purchasing Policy and Hillcrest Golf Club Policies are all available in Karen's office. As a member you are entitled to read any of these documents.

#### **Financial Notes**

Generally, when discussing the financial results, comparisons are made to 2016 or prior year (PY). This is the best indicator of changes in the business. Unless stated otherwise, information is year to date (YTD) through October 2017. Additionally, Hillcrest Golf Club is referred to as "the club" throughout this and other reports.

#### **OVERALL RESULTS**

Revenue has surpassed PY by ~\$85K or 11% YTD. This is exclusively due to the prior board's decision to raise rates on green fees, memberships and coupon books for 2017. Without this increase the club would have had to make significant cut backs or have been at very low cash levels going into 2018.

Expenses are tracking virtually unchanged from PY. A big thank you to Ken Kirby, Grounds Superintendent and Karen Gallegos, Office Manager for managing their budgets in a prudent manner throughout 2017.

#### **DEBT**

The club currently carries \$845,000 of outstanding loans. The interest and principal payments on these loans are \$175,000 per year. We are current on our loan payments through October 2017 as well as all short-term liabilities. The club enjoys excellent credit and maintains a line of credit with First National Bank for \$150,000. It is always the hope of the board to manage the business in a way that does not lead to undue debt loads.

## **Capital Spending**

Cap spend is divided into two pieces. Spending on the club house and spending on the course. The club house will spend ~\$12,000 on capital improvements for 2017. Significant items are a new furnace on the south side of the building and a conversion of all the club house lighting to LED. This was done in conjunction with a rebate program offered by LPEA and is discussed at length elsewhere in committee reports.

Course cap spending is ~\$18,000 YTD, however, there are plans to purchase two badly needed top dressers before year end that will bring total course capital spend to ~\$35,000. Other significant items are LED lighting for the maintenance building, new tee box signage and fencing replacement.

It should be noted we have gotten by for many years without significant reinvestment back into the business, notwithstanding the course renovation and equipment loan 5 years ago. The equipment to maintain the course originally cost approximately \$1,000,000. Most of this equipment is 10-30+ years old. It goes without saying to replace old equipment with updated or new equipment is going to be a significant expenditure for the club. We are blessed to have a grounds crew that is both conscientious and mechanically inclined. They are able to get far more life out of a piece of equipment than most courses. The board is well aware of the ticking clock and is considering all options to ensure our members and guests continue to enjoy a quality course that is beautiful, affordable and sustainable.

## **Cash Flow**

Cash flow is probably one of the most important metrics for a business like the club. We have forecasted cash at the end of 2017 to be approximately \$180,000. While this is \$35,000 more than we started with in 2017 it is about 17% less than historical levels in 2014-2015. An analysis will be done in the next few months to determine ideal as well as minimum cash levels needed for the club.

## **Outlook**

We anticipate a challenging year in 2018. While operations should be robust and similar to 2017 we have the challenge of an aging clubhouse, aging course equipment, aging cart paths and fencing to name a few. We have already budgeted for a significant increase in capital spend for 2018. Two of the mowers purchased 5 years ago are nearing the end of their useful life. Ken feels it is prudent to trade these in while we can get some residual value out of them and purchase two new "rough mowers". This will be a net outlay of ~\$100,000 at the conclusion of the 2018 season.

It is the responsibility of the board to analyze and prioritize capital spend. The board plans to prepare a formal reserve analysis that will give us hard numbers regarding what we should be reserving (saving) today for spending tomorrow. This analysis has never been done at Hillcrest, however, the board feels it is critically important information for decision making going forward.

The board is committed to moving Hillcrest into the future in a financially solvent manner while maintaining a beautiful, affordable and sustainable golf course.

## **IV. Grounds Superintendent's Report: Ken Kirby**

After a relatively short ski season the back 9 was reopened for play on March 11<sup>th</sup> to begin the 2017 season for Hillcrest followed by the front 9 March 15<sup>th</sup>. As the season progressed, the greens were aerated on April 24<sup>th</sup> and 25<sup>th</sup>. Going into spring, the course continued to improve into what we feel was one of the finest ever for the condition of the golf course. Some of the improvements made were as follows:

- New tee signs were added to the course.
- The addition of several trees throughout the course as part of an ongoing removal and restoration tree program.
- Sand was added to bunkers to help insure consistency and a defined edge was added this fall to help improve not only appearance but also improve playability.
- The slash pile from the renovation was removed to improve the aesthetics down the left and right of #10 and #18.
- The trim was repainted on not only the cart barns but also all the restrooms on the course.
- As part of the infrastructure restoration, several hundred feet of fence was repaired and replaced this fall along #6 down to the corner of #5. This project will continue on for the next several years as monies become available.

This list does not cover every improvement but does give some insight into our efforts to continue to improve everyone's overall enjoyment for not only the game of golf but also their time spent at Hillcrest.

We also throughout the course of the season had the pleasure to host not only the Women's fall preview, but also the

Men's preview in September and October. Both tournaments went well and we received many compliments for the condition of the course. We look forward to hosting next spring's super regional for the women's golf team May 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup>.

At this time I would like to thank everyone on our crew for doing an outstanding job this season during some trying times throughout the year. Their dedication to the job helps provide all players with what we hope is a memorable experience each and every time. I would also like to thank John and his staff for all of their efforts at the clubhouse in supporting our efforts but also, providing good service to the membership and the public as well.

Finally, I would like to thank all the players who supported us during the 2017 season. You are the reason we do what we do. We are already looking to the 2018 season and hope to see you here. Last but not least, a BIG thanks to all the Board members for all of their efforts this year.

## **V. Golf Professional's Report: John Vickers**

John stated that we had a great season with positive feedback from the membership and guests. The Pro Shop improved their quality and consistency of service. Here are some statistics for 2017:

- Girls Gone Golfing was a success with about 100 ladies attending
- Junior Golf Program had about 110 participants in early June and the Advanced Program had 30 players. Emphasis was on learning the game, golf swing and etiquette on the course.
- The Navajo Trail Open did not have a full field but the tournament was successful with funds going to scholarships through the Junior Golf Foundation.
- The Chili Pepper had a full field and many good comments.
- The Hillcrest Tournaments had mixed levels of participation and thanked Mary Kay Aigner for a great job in organizing the events.
- Non-Hillcrest tournaments were a great source of revenue for the Club and Pro Shop.
- We hosted 2 collegiate events – Men's and Women's tournaments and next spring we will be hosting an important women's event.

John thanked the Board, Ken and Will and their staff and Karen. He also thanked his staff and that they will continue to try to improve their service in 2018.

A special thanks to his dad, Jim Vickers who was a mainstay here at Hillcrest.

## **VI. Miscellaneous:**

Approval of the 2018 Budget.

Doddie moved to approve the 2018 budget with a second from Mary Kay. Motion passed

## **VII. Election Results:**

The new Board members are:

Ryan Cleveland

Bryce Fauble (reelected)

Terry Swan

(The above are all three year terms)

Jack congratulated the new Board members.

With no further business, the Annual Meeting was adjourned at 7:25 p.m.

Respectfully submitted, Karen Gallegos, Office Manager



