

**MINUTES OF THE ANNUAL MEETING
OF THE
HILLCREST GOLF CLUB
NOVEMBER 13, 2018
DRAFT**

The Annual Meeting of the Hillcrest Golf Club was held on Tuesday, November 13, 2018 at the Hillcrest clubhouse at 7:00 p.m.

Jack Morrison, President, called the meeting to order. A roll call was taken and the following Board members were resent: Doddie Abeyta, Marcia Baxter, Michael Brennan, Bryce Fauble, Susan Atzman, Jack Morrison, Jim Morehart and Paul Wilson. Ryan Cleveland was excused.

The following Hillcrest staff members were present: Randy Kahn and Karen Gallegos.

There were 11 Hillcrest members present.

Bryce Fauble gave the report for the Board Secretary, Paul Wilson. Bryce stated that between the email proxies and the proxies mailed in (total 178) 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 2017 Annual Meeting were passed out to the members present. The Minutes of the 2017 Annual Meeting were accepted as submitted.

REPORT OF OFFICERS:

A. President:

- Jack gave a special thank you to the retiring Board members Doddie Abeyta, Paul Wilson and Michael Brennan for jobs well done. Michael spearheaded the Transition and Doddie also assisted in the Transition plus organized the Electronic Voting for the Board election. Paul was the Grounds Chairman during this year of drought.
- Jack thanked Ken Kirby, Will Herz and the Grounds crew for their tireless work during a very dry year. The course was in great shape throughout the season.
- He thanked the Pro Shop crew and kitchen crew for all their work this year and especially those who stayed through the transition. A special thank you to Randy Kahn who stepped in as temporary manager.

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

- The year started out pretty mild with Early Bird discounts extended through February and no change in fees except Kangaroo Storage.
- Michael and his “volunteers” (about 25) spruced up the clubhouse with new paint and built additional Kangaroo and push cart storage in the men’s locker room. This fall we also added 4 more Kangaroo storage spots in the telephone room. Michael painted our logo in the clubhouse entrance – great job! He and Bryce painted the cart shed doors in their spare time.
- The idea of electronic voting for the November election was introduced and Doddie made it a reality for this year’s election. This will save countless hours of work and money for the Club.

- Ryan worked with Animas Marketing to improve our web site (including a video) and is updating Facebook.
- Mike Goen volunteered to be the Club's Tournament Chair this year and did an excellent job including a full summary of each tournament for future reference.
- We continued to support the Adaptive Golf Program and this year there were over 100 in attendance for the end of year banquet.
- We continued working on replacing the exterior fencing which is a long term project.
- The NCAA Women's Division II Regional Golf Tournament was held May 7-9. Fort Lewis coordinated the tournament with Ken Kirby and Grounds. It was very successful.
- We offered Mother's Day and Father's Day coupon book specials – about 139 coupon books sold.
- The drought this year had an impact on the course but Ken and his crew did an excellent job.
- We have updated the Club's By-laws a couple of times this year to accurately reflect the changes that have been made such as electronic voting, reading the minutes at meetings, etc. plus some additional revisions brought about because of the transition. These updates will be voted on at the regular Board meeting which include revisions of some of the duties of the officers and Board. Thank you Jim Morehart .
- Speaking of the transition, John Vickers gave notice at the April Board meeting of his resignation effective as of August 20, 2018. The Transition Committee headed by Michael Brennan and with a lot assistance from Doddie Abeyta and Susan Atzman prepared a plan, executed the plan and the 3 final candidates came and met with the Board, staff and members. The final selection is Michael McCloskey from Lake Tahoe NV. This plan also included combining the Club operations with the shop operations. In other words a reorganization of Hillcrest Golf Club.
- Randy Kahn was hired as the interim manager of the pro shop to help with inventory and staffing needs.
- We replaced the old range balls with new balls this fall.
- We will have a new cart fleet this next spring.

We want to thank all the members for their input and patience during this past year and we are looking forward to great things happening in 2019.

B. Secretary: Bryce Fauble reported for Paul Wilson, Club Secretary. Bryce thanked the Board, Grounds staff and Pro Shop staff for their hard work and the membership for their interest.

Bryce reported that the Club had a total of 559 members for the 2018 season with 83 being new members. We also had 34 seasonal passes. We had 421 coupon book members. The numbers reported at the 2017 meeting were 579 members of which 107 were new members and 32 seasonal passes. We had 429 coupon book holders

The following are policy changes in 2018:

- Closure of the course will be the first Monday of December of each year. Policy will continue to include that any course opening during this time will be at the discretion of the Golf Course Superintendent.
- No non-golf related events will be held at the Hillcrest clubhouse.
- 2018 tournament credits will be carried over to the end of the 2019 season.
- By-law changes:
 - Changing the By-laws to incorporate electronic voting for the Board election.
 - To change from reading of the minutes for the Annual Meeting and regular meeting to allow the minutes to be reviewed.
 - Remove the option that the Golf Professional may also be Superintendent of the Grounds.
 - That the Board of Directors shall adhere to a Code of Ethics.

- Proposed By-law changes (to be voted on at the regular November Board meeting):
 - That two signers are required on all Hillcrest checks (this has been the practice but not formerly in the By-laws.)
 - Proposed language allows the Board more flexibility in appointing another Board member (other than the Grounds Chair) to direct the work of the Grounds Superintendent.
 - The Board will be responsible for setting the rates for carts, range, pro shop merchandise and food and beverage in addition to setting the rates for greens fees and memberships.
 - The new model for the Pro will be to manage the golf shop for the Club as well as manage carts, range and food and beverage.

C. Treasurer Report for 2017 Annual Meeting

Financially it was the year of unexpected events:

John Vickers gave his resignation and left the business August 20, 2018. This resulted in a \$144K payment to him for the buy-out of his assets. We used our Line of Credit to exercise the buy-out while planning to pay down or pay off the debt by year end depending on overall results.

The resignation and subsequent opportunity to restructure the finances of the business resulted in additional revenue and additional expenses for the club. These will be detailed at year end and reported in the January meeting and minutes. Overall this change is a positive for the financial health of Hillcrest.

It was necessary to lease two new mowers in September 2018 as our old ones were costing too much time and money in repairs. We had planned to purchase two new mowers at year end, however, because of the maintenance issues we moved this up several months. With the buy-out payment of \$144K it was necessary to lease the new mowers for 5 years at a total lease cost of \$135K. This includes ~\$20K of interest over those five years.

Overall revenue results are somewhat disappointing in terms of greens fees. We will be down from PY by ~2-3% or ~\$8K. While the \$8K decline may seem somewhat benign on ~\$260K of greens fees, the fact that the business not only didn't grow in 2018 but actually declined is troubling. It is our plan with a new General Manager in place and more focus on customer service we will grow the business in 2019. Memberships, storage and handicap fees were all up slightly to the prior year.

Operating expenses are expected to be flat to prior year at 12/31/2018.

Capital spending for 2018 will come in significantly under budget as we leased the mowers we had planned to purchase because of the \$144K unexpected buy out. The cash was still used just in a different way than planned.

Current cash levels are at 10/31/2018 are ~\$314K. At 12/31/2018 we expect a decline to ~\$100K. The \$214K decrease will be used to pay off the line of credit of \$144K. The LOC was used initially to cover the buyout. The other \$70K will be the net usage for operations and debt service through the end of the year net of any cash earned.

D. Miscellaneous:

None

E. Election Results:

The new Board members are:

Michael Anziano

Michael Brennan (reelected)

Bill Warren

(The above are all three year terms)

Jack congratulated the new Board members.

With no further business, the Annual Meeting was adjourned at 7:15 p.m.

Respectfully submitted, Karen Gallegos, Office Manager