

**MINUTES OF THE ANNUAL MEETING
OF THE HILLCREST GOLF CLUB
DECEMBER 8, 2020**

The Annual Meeting of the Hillcrest Golf Club was held on Tuesday, December 8, 2020 at the Hillcrest clubhouse and via Zoom Meeting at 5:30 p.m.

Bryce Fauble, President, called the meeting to order. A roll call was taken and the following Board members were present either in person or via Zoom: Bryce Fauble, Michael Anziano, Marcia Bisinger, Jeff Thompson, Brian Dommer, Jesse Larson, Bill Warren, Bob Therrell and Britt Bassett. The following Hillcrest staff members either attended or were present via Zoom: Michael McCloskey, Amy Moody and Karen Gallegos.

Secretary Marcia Bisinger stated that between the electronic proxies, the proxies mailed in via paper, 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 voting and executing their proxies.

Bryce stated that a copy of the 2019 Annual Meeting minutes have been posted on the website for review. He asked if there were any revisions to those minutes and being none, Bill W. made a motion to accept the minutes as written, 2nd by Bob T. The motion carried and those minutes are to be filed. Bryce stated that the November 2020 Board Meeting minutes were posted on the website and available for review. He asked if there were any revisions and being none Britt B. made a motion to accept them as written, 2nd by Michael A. The motion carried and minutes were accepted as written.

PUBLIC PARTICIPATION:

This is the time set aside for members to ask questions, raise concerns, or give any ideas to the Board and the Hillcrest Staff, as well as discuss comments sent to the Board. There were 6 members attending via Zoom including the two recently elected Board members Elliot Fitz and Bill Gwinn. Bryce welcomed everyone and then relayed the email received from D. White on the difficulty of garnering tee times during the day. Bryce thanked Dick for his comments and suggestions, and mentioned that it was agreed at the last two meetings that potential solutions would be looked at during the off season.

GENERAL MANAGER'S REPORT: MICHAEL MCCLOSKEY

What a crazy year 2020 has been! I would classify our season as a “challenging success”. It has been a year unlike any other based on the challenges that Corona Virus has forced upon our business and our community. Hillcrest is one of the very few fortunate businesses to have thrived during the pandemic. Hillcrest saw a 32% increase in rounds of golf played vs. 2019, surpassing the 50,000 round mark for the first time in decades! According to the NGF, national rounds played in the U.S. YTD is at 10.8% higher than 2019. That is around 50 million more rounds of golf played in 2020! I am happy to see that Hillcrest supplied their 1% that growth.

COVID-19 was certainly a factor in making 2020 such a success for rounds of golf played, I believe we were poised to make a significant impact, regardless of a pandemic. Hillcrest has transitioned to a new business model that has shifted its culture from years past. A culture that is now welcoming, inclusive, creative, and buzz worthy. 2020, inflated slightly by the pandemic, has given us a glimpse of what our club can become in the future.

We garnered far more interest from customer demographics we have struggled to entertain in the past, women, millennials, first time golfers, families, and juniors. Our new dynamic pricing structure and new season pass offerings accommodated many. We entertained a significant increase in tournament participation, 28% higher than 2019. The HWGA had one of its most successful seasons in years in both membership and participation. We introduced and implemented the club's new software programs, finally providing the club with the datapoints

needed to framework our business decisions. We were able to conduct most of our instructional programming initiatives at a limited & safe capacity, including demo days, weekly golf clinics, and Junior Golf Camps. We enhanced our clubhouse environment by installing a NEW indoor simulator, new/inviting furniture, and a fresh coat of paint. We are proud and excited of all the accomplishments that came out of the 2020 season, but our greatest accomplishment was conducting all these enhancements safely and tactfully through the pandemic.

Endless gratitude needs to be given to my fellow team members in the golf operations, maintenance department, and the management team for making each day of 2020 such a success. It was one of the most challenging years we could have ever been dealt, our team met that challenge head-on each and every day. The team adapted to every operational change with positivity and an open mind. I am truly grateful for every team member on the Hillcrest Staff.

Moving forward, we are not perfect, and we know that. I have continued to use the analogy for what we have accomplished so far... "it's just the tip of the iceberg". The offseason gives the staff and the Board the opportunity to keep our focus on the future. We have many items to address, such as: 1. Future Tee Time Reservation Discussions 2. Weekly group booking procedures 3. Future of the Navajo Trail Open 4. Continued focus on Capital Improvements to name a few. The future is bright, and we look forward to continuing to bring more value to the community's golf course for both members and guests alike.

Thank you to all our members and guests for their endless support in 2020. Let's do it again!

Michael also gave a brief COVID-19 operations update highlighting that the Golf Shop and use of the new simulator will adhere to the new protocol. Candidates for the office manager position have been reviewed and there will be four interviews in the next 10 days. The KPI report was included as always in the Board's packet.

FINANCE MANAGER'S REPORT: AMY MOODY

- End of month cash balance is \$242K. Long term debt balance is \$953K.
- Total income is \$1.6 M which is 13% higher than budget. Operating expenses are \$1.6M which are 8% higher than budget. Net loss is \$42K which is \$67K less than the budgeted loss. Profit margin for merchandise is 39%. Food and Beverage is breaking even.
- Net cash provided is \$167K, including PPP debt proceeds of \$146K and \$21K from operations. Long term debt principal payments are \$117K.
- Revenues compared to Prior Year (PY) 2019 are \$133K higher than the same period last year. Amy showed a chart detailing the various line items and the % change from PY.
- Capital Expenditures –YTD capital purchases are \$97K. Dining room furniture was purchased in November for \$5K. The purchase of the gate is pending board approval because the bid exceeded the approved amount by \$2K.
- PPP/SBA Loan Update –Still no word from Congress regarding the simplified loan forgiveness process.
- Paid Sick Leave – Healthy Families and Workplaces Act (HFWA) – As of January 1, 2021, Colorado employers with 16 or more employees are required to provide paid sick leave. Employees will accrue one hour of sick leave for every 30 hours worked up to a maximum of 48 hours per year. During a public health emergency, up to 80 hours must be provided. Employees working under 40 hours per week must be provided two weeks of their regular hours.

In conclusion, Amy remarked she is looking forward to more robust reporting next year, monthly cashflow reports, and introducing KPIs as deemed relevant.

GOLF SUPERINTENDENT'S REPORT: KEN KIRBY via report

2020, A Year to Remember?

What a year it has been to say the least. As we look back on the 2020 season here at Hillcrest I think it is safe to say, it was one that we will not soon forget. The course opened for play on March 13th with the threat of at the time, a

potential pandemic on the horizon. That threat came to fruition on March 27th when the course was closed due to the looming health consequences. After a lengthy debate, we reopened on April 7th and I think we can say without hesitation that we never looked back. We recorded one of our best years ever at Hillcrest for number of rounds played, as well as number of days played due in no small part to our extended drought pattern. Dry conditions allowed the course to be open almost every day this season and full advantage was taken. As the season progressed the course continued to improve despite the lack of moisture and we continued to try and improve the players' overall experience both on the course as well as around it. Many subtle improvements occurred throughout the season to make this possible. Here is a short compilation that by no means details all of the improvements that took place.

- Range net was replaced at the bottom of the driving range for improved safety.
- Ten new trees were added to the property to improve safety and aesthetics.
- Several new sprinkler heads were added to improve overall turf quality between #14 and #16.
- Practice bunkers were renovated due to all the use they were receiving.
- Extensive tree pruning was done for aesthetics and also for cart lid safety around tee and green complexes.
- We added a new greens roller to our fleet which we believe helped make the greens as playable as ever. In addition, 2 new green mowers were added which aided this as well.
- Fertility program was amended to improve, not only the greens but the entire course making it more appealing.
- New custom logo tee markers were put out to help market Hillcrest Golf Club.

This list by no means covers all the improvements that took place, but should give players an idea that we will continue to make your experience a more memorable one. It has been, and will always be our mission to improve the quality of the course and the experience given to make it more enjoyable for all who play.

At this time, I have to give a HUGE shout out to the entire maintenance staff who worked tirelessly to provide the best possible conditions under the circumstances handed to us this year. Their dedication goes often unnoticed but requires acknowledgement from all, THANK YOU! Lastly, we have to say thank you to Karen Gallegos who will be retiring this year. She truly was the glue that kept us all together. Thanks to all our supporters as well. See you next season.

COMMITTEE REPORTS:

Golf Operations – Michael Anziano reported in addition to McCloskey's report that the set closure date of December 6 was adhered to in order to protect the course's ability to revive next spring. As reported, the club exceeded 50,000 rounds which is a huge accomplishment. There is still hope that merchandise sales will exceed those of 2019 despite the shop's limited hours of operation this season. The new Golf Simulator is open for business and all rules of indoor activity for the pandemic are being adhered to. The club will be open 6 days / week through the off season operating from 10AM – 6 PM.

NEW BUSINESS:

- **Approval of the 2021 Budget:** Brian D. relayed that Amy prepared after many hours of work the final budget draft. This budget process has been extensive and inclusive, including a 5 hour workshop attended by the Board and much input from the management staff. The Finance Committee met to review the budget and there was a lot of discussion on the proposed trail fee increases. It was agreed that \$4 for 18 holes and \$2 for 9 holes was appropriate and needed in order to fund future capital projects. The Club has a huge 2023 looming expenditure to revamp the cart paths. There is as well as a large amount of deferred maintenance that is upcoming in the next couple of years that the club needs funds for. The Finance committee would prefer not to finance all of this which has been done historically. Trail fees have been level for many years now. Brian also pointed out that the new lightning alert system expenditure was recommended to be moved up to 2021 as it's a safety concern. Green fees are being increased slightly and the summer season lengthened on both sides in line with the course utilization data. Season pass rates remain the same as 2019. Discussion ensued around the timing for the sale of the early bird pass from which Britt B. made a motion to run the early bird special from January 11 to February 11, 2nd by Brian D. motion carried unanimously by

show of hands. Britt B. made a motion to move the alert system expenditure into 2021, 2nd by Bob T. motion carried by show of hands. With the budget presentation concluded, Jeff T. made a motion to accept the revised budget, 2nd by Brian D. motion carried unanimously by show of hands. Brian D. then thanked Amy for a job very well done and it is appreciated.

- **Personnel Recognition:** Bryce spent the next few minutes talking about Karen Gallegos as she will be retiring this year after 28 years of service to Hillcrest. Karen is an amazing woman and has been involved in almost everything ongoing at the club during her lengthy service years. She was able to give Bryce the best advice from both a historical perspective and a day-to-day operational viewpoint which was greatly appreciated. She knows more people than play golf and seems everyone wants to speak with her. We are going to miss her for sure. As a token of the club's appreciation for her dedication and service, the Board has decided to offer Karen a lifetime membership to Hillcrest. We hope to see her in the future out frequently on the course. Great job Karen and THANK YOU for your invaluable contributions!
- **Approval of employee contracts:** Bryce said that all the remaining employee contracts are ready to be signed and delivered, needs Board approval. Marcia made a motion to approve the contracts, 2nd by Bill W.. motion carried unanimously by show of hands.

OFFICER REPORTS:

President: "2020 – The Year of COVID 19"

Bryce Fauble gave his report starting with some highlights from the 2020 golfing season:

The Board:

Three members were elected to the Board in November 2019: Sue Pierce, Steve Embry, and Brian Dommer.

Three Board member resignations were accepted and three appointments were made to fill these roles by the Board:

Bob Therrell, Jeff Thompson, and Britt Bassett.

The 4th Annual Board Retreat was held in March. The By-laws were updated to address the role of the Board Treasurer and the club Policies were updated to address new membership classifications.

Clubhouse:

1. Fresh Paint in the dining area was completed in December.
2. New Golf Simulator purchased and set up for use in the back of the dining room.
3. New dining room furniture put in place in November.
4. A new display case placed at the entrance of the clubhouse.
5. Signs and rules for mask – social distancing – hand washing according to the COVID 19 guidelines were put in place.
6. Free hand sanitizer and masks for members and guests were provided.

Course

1. Range and practice areas opened February 28th.
2. Play time opened on March 13th.
3. All activity shut down on March 29th due to COVID 19.
4. Course re-opened with COVID 19 guidelines in place on April 7th.
5. Clubhouse facilities remained closed until June.
6. New tee markers were implemented on all tee boxes.
7. Trees removed from tees 10 & 16 and greens 17 & 18.
8. Added trees to green 5 and fairways 8 & 10.
9. Due to lack of snow in the 2019-2020 winter, no cross-country skiing took place.
10. Two high school cross country meets were held in October.
11. Most of the club tournaments were held as scheduled and with better than normal attendance. The NTO and Chili Pepper were cancelled.

Thanks, and much appreciation to Ken, Will, Eric and the Grounds crew for keeping the course in outstanding condition.

Thanks to Michael, Bud, Brett, Karen, Amy and the clubhouse staff for the excellent service in the golfing operation. Thanks to the cart staff and Stan for keeping the carts clean and sanitized all season.

Thanks to the outgoing Board member Marcia for 3 years of excellent work as Board Secretary.

A heartfelt thank you to all the Board members, Bryce cited each one.

A warm welcome to returning member Jesse Larson and the new members Elliott Fitz and Bill Gwinn.

Lastly, to all members of the Club and the playing public thank you for your patronage through the year of COVID 19!

Secretary Report - Marcia Bisinger

Marcia thanked the Board for their hard work this year. This year has been an exceptionally difficult and challenging due to the pandemic. The entire staff and the Board have worked extremely hard and were successful in keeping the golf operations going at a high level of quality and customer service level.

Many thanks goes to the Grounds Crew, General Manager, Finance Manager, Office Manager and all the Golf Operations staff for their hard work and excellent results. Also, a big thanks to the membership for their participation and interest in all the club events. As stated earlier, the tournaments were a huge success.

Club had a total of 687 members for the 2020 season. We had 39 seasonal passes and 250 coupon pass holders. The numbers reported at the 2019 meeting were 590 members, 36 seasonal passes, and 338 coupon book holders

The Club's Policies were updated in 2020.

The Club's bylaws were also revised in 2020. Prior to acceptance of the new Bylaws, all members and pass holders were notified by email of the changes being considered and given the opportunity to voice any concerns. Copies of both the club policies and bylaws are posted on the bulletin board and also on the website under Members Corner.

The meeting time for Board meetings was changed to 5:30 PM each month including the Annual Meeting.

Treasurer Report – Brian Dommer

Summary

This has been a transformative year for this position. With the new member of the management team on board, Finance and Accounting Manager (FAM), the role and responsibilities of the Treasurer had to be evaluated and modified. This led to several policy changes. In addition, the Treasurer selected by the Board in November 2019 resigned shortly after the beginning of 2020.

Financial Activity Highlights (the FAM was the major architect of these activities)

- Established a line of credit with TBK Bank
- Monthly obligations were modified at the outset of the COVID shutdown
- Applied for and received a PPP loan from TBK. This should be forgiven sometime in the future
- Revised the 2020 budget to more accurately reflect operating activities
- Prepared the 2021 budget including a five-year capital expenditure plan
- Capital spending in excess of trail fee income including:
 - Driving range net
 - Simulator
 - Furniture and club house improvements
- A summary of Trail Fee Income and Capital Expenditures follows this report

Welcome to New Board Members – Bryce Fauble

Bryce welcomed the two newly elected Board members Elliot Fitz and Bill Gwinn as well as returning member Jesse Larson.

Adjournment

With no further business, Britt B. made a motion to adjourn, 2nd by Bill W. Adjourned at 7:05 p.m.

Respectfully Submitted, Marcia Bisinger, Secretary