

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

Tuesday, January 15, 2019

The regular meeting of the Board of Directors was held at Hillcrest Golf Club on Tuesday, January 15, 2019 at 6:00 p.m. Michael Brennan, President, called the meeting to order at 6:03. A roll call was taken and the following Board members were present: Michael Brennan, Bryce Fauble, Marcia Baxter, Susan Atzman, Michael Anziano, Jim Morehart, Bill Warren and Jessie Larson. Jack Morrison was excused.

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

MINUTES:

Michael asked for any corrections for the minutes of the December 11, 2018 meeting. As there were none, Bryce F. made a motion to approve as written, 2nd by Jim M. Minutes were approved and to be filed.

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 questions from attendees.

- Michael Brennan commented that an email was received that it would be nice to have discounts for the range. The Board is replying to all emails addressing members' comments.

GOLF PROFESSIONAL'S REPORT: MICHAEL MCCLOSKEY

- 2019 Rules of Golf – Michael explained that the rule changes for this year were the most aggressive ever with main objectives of being more user friendly, increasing pace of play, and replacing outdated rules. He is planning on up to 4 hands-on seminars for educating golfers. Free rule books have been ordered.
- Michael presented his merchandising business plan detailing his initiatives, merchandise display and visibility ideas, and sales goals. He will be ordering merchandise the week of Jan. 22 at the trade show.
- Payroll is up and running with The Payroll Department (locally based). Training is completed with Karen G. and Will H.
- Email for the club is in the last stages of converting to an exchange domain so that staff will have individual email addresses and can use Outlook for scheduling and administrative purposes.

GROUNDS SUPERINTENDENT'S REPORT: KEN KIRBY

- Cross country skiing opened up December 29. It has been very busy and many comments received from users appreciating the opportunity to use the course for skiing. Donations have been generous.
- Equipment is in good shape.
- Moving snow has been an ongoing activity.

TREASURER'S REPORT: SUSAN ATZMAN

- Overall income was down 4.3% vs. budget for FY2018. The main drivers were loss of Golf Shop rental income of \$35k and a decline in green fees. Green fees would have a ~\$20K+ loss if not for ~\$11K of outside tournament contributions offsetting the total miss. Coupon books and memberships also missed budget contributing to the overall decline in revenue of 4.3%. Course expenses were virtually flat to prior year and under budget by ~\$27K or 5.6%. Admin expense was over budget by ~ 22.3% and over PY by 25.4%. This over spend was driven by ~\$14K of transition expense and \$3K in professional fees that were not budgeted. Clubhouse expenses were below prior year and budget by ~6.7% and 2.3% respectively. Primary drivers were lower repair and maintenance costs and cessation of Pro salary reimbursement in August.
- Cash on hand at 12/31/2018 is ~\$235K vs. \$179k at 12/31/2017. The positive impact to cash despite missing budget was the net contribution of ~\$60K from taking over golf shop operations from August 21 thru year end and reduced capital spend, as we leased new rough mowers in September instead of purchasing outright.
- Golf rounds for 2018 were interesting. Public play during prime time decreased ~16% while twilight play increased ~55%. There was also a 7.4% reduction in coupon redemptions. It was opened to discussion to surmise the cause/s of these incongruent trends. Nothing definitive was concluded.
- Michael B. initiated a discussion about appropriate cash levels and Hillcrest's tolerance for borrowing going into the new year. Susan A. presented a top-level debt analysis and provided benchmark data on debt to equity ratios of other industries for comparison. A lively discussion ensued with the group concluding we do have leverage for additional debt, however, a more detailed analysis should be done prior to any significant borrowing.

UNFINISHED BUSINESS:

- **CART LEASE:** The lease was received and reviewed in detail with conclusion the terms were fairly standard. McCloskey reported he gained some small benefit to the original package offered. Bill W. made a motion to approve the cart lease as presented, 2nd by Bryce F. Motion carried by show of hands unanimously. Jim M. pointed out the need to take into consideration the cost of a new lease in 4 years which will not have the \$50K equity benefit from our current cart trade-in. Essentially, Hillcrest has a reduced lease commitment over the next four years because of the trade-in carts we purchased from the prior pro. At renewal time in four years our new lease commitment will be at a higher amount. Jim M. wanted it to be clear to all that the current lease payment commitment was artificially low due to the aforementioned events. Discussion ensued on how to account for the reduction in lease payment due to the trade-in value of the old carts. The conclusion was nothing will be done from a formal accounting perspective as there is no GAAP treatment for the reduced payments, however, we all agreed it was important to memorialize the events and results for future boards.
- **CART PATH REPLACEMENT:** Michael B. led a discussion on the options for cart path improvements / replacement. The gravel path along the right side of the range was highlighted as one which should be taken care of due to its visibility and high use. It was also pointed out that doing all the paths may not be the best option since the Master Plan has some of the paths moving due to other changes. There is an option for levelling and resurfacing which costs ~\$70k which was discussed. Michael will continue exploring options and tightening up bids/estimates for work so that a more informed decision can be made by the Board in the future.

- **RANGE FEE PROPOSAL:** M. McCloskey presented a range ball machine proposal and described the advantages & features of these machines. The location proposed is by the door of the cart barn which is rarely used. He provided quotes from the two major companies offering these machines as well as pricing proposals for balls based on other area courses. Discussion ensued about range passes and prices. Susan A. made a motion to approve the purchase of the ball machine in the less expensive proposal, 2nd by Jesse L. Motion carried unanimously by show of hands. Susan A. then made a motion to approve the range ball fee structure as proposed with the addition of a rate for juniors, 2nd by Jim M. No further discussion and the motion carried unanimously.
- **FEBRUARY DISCOUNT PROGRAM:** Sale and usage of coupon books was discussed. New coupons have to be ordered and the expiry date as well as when they could be used was debated. Bill W. made a motion to set the expiry date for new coupons to be end of 2019 with no restrictions on when they can be used as far as peak vs. non-peak times. Motion 2nd by Bryce F. and carried by vote of 6 for and 1 against. It was agreed that the discount membership program be available during February payable with cash or check. Member dues paid with credit card are not eligible for the discount.

NEW BUSINESS:

- Michael B. reported that the Master Plan Committee of 2013 has been reconvened and met on 1/15. General consensus is to not change the character of the course but to focus on course improvements including reconfiguring the practice area. The committee will meet again 2/18.
- **Benevolence Requests:** Michael B. gave brief summary of how requests have been previously managed and that there is no process in place for making the decisions. After discussion the Board decided to give the responsibility to Michael McCloskey for consistency and he will include it in his monthly Pro's report.
- Jim M. brought up the passing of Rick Kern and addressed what the Club could do. It was agreed the Club will make a \$1,000 donation in his name and coordinate donations from members.
- Jim M. reported he went to the HJGF meeting. They were pleased that a Hillcrest Board member was in attendance and also delighted on the NTO agreement outcome.

COMMITTEE REPORTS:

Budget/Finance: Nothing further to report.

House: Bill Warren reported new entry codes for the Kangaroo cart storage rooms were completed. A freshening of the clubhouse will be done 1/22-24. Painting, kitchen repairs, decks and furniture to be power washed are just a few of the items to be addressed this season.

Grounds: Bryce has met with the crew and monthly meetings with Will are planned.

Tournament: Jesse Larson, Mike Goen, and Michael M. have met and have some ideas on how to change the tournament structure so as not to affect member play as much. They have a goal for increased participation.

Memberships: No report.

Policy: Michael B. reported the committee is working on updating the bylaws. There are not any urgent changes required. Michael M. reported he is working on club and employee policies.

Marketing: No report.

CALENDAR ITEMS:

- "Painting Party" planned for January 22-24 and all members welcome to help.
- Bylaw work session scheduled for 1/25.
- Master Plan Committee work session planned for 2/18.
- No February Board meeting, next meeting is March 12 at 7PM.
- Reminder was given that the Board retreat is March 16 all day. Alternate venue was discussed.

ADJOURNMENT:

A motion to adjourn the meeting was made by Bryce F. and seconded by Jim M. Meeting adjourned at 9:35 PM.

Respectfully submitted,

Marcia Baxter, Board Secretary