

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

Tuesday, July 9, 2019 draft

The regular meeting of the Board of Directors was held at Hillcrest Golf Club on July 9, 2019. President Michael Brennan called the meeting to order at 6:00 PM. A roll call was taken and the following Board members were present: Michael Brennan, Marcia Baxter, Michael Anziano, Jim Morehart, Bill Warren, Bryce Fauble and Jack Morrison. Susan Atzman and Jesse Larson were excused.

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

MINUTES:

Michael asked for any revisions to the June minutes. As there were none, the minutes are to be filed.

PUBLIC PARTICIPATION:

This is the time for members to ask questions, share concerns or give ideas to the Board and the Hillcrest staff as well as highlight emails received since the last meeting.

One email received asked about having sand available between holes 9 & 10. It was mentioned that sand is currently available in the cart barn between holes 6 & 7. The grounds crew will look at getting a sand container between 9 & 10, as well as evaluating having a station with pre-filled bottles there for next season.

A member in attendance complimented whomever made the "H" in the flower beds by the practice putting greens. That was done by Eric Dunn. She said thanks for establishing an HWGA tab on the website and also putting chairs / benches on the range (both ideas of Michael M.).

Bryce relayed a member's comments who could not attend the meeting. They are appreciative of the attitude, appearance and professionalism at the Golf Shop this year, highlighted the wonderful job the grounds crew has done, and glad to see the men's locker room is cleaner than ever before. They also wanted to say thanks to the Board for the wonderful job they are doing and for hiring Michael M. who is a "gem".

GOLF PROFESSIONAL'S REPORT: MICHAEL MCCLOSKEY

- The initiative this year to revamp the Junior Golf program is going very well. The second camp is full with 40 participants, and the 3rd camp is already sold out. The Fialas are donating their time supporting juniors in the "what's next" informal initiative for those who have been through the camp and meet all requirements. The junior league has 11 participants and their first meet is Saturday July 13 at Riverview.
- The July 4th golf shop sale was a huge success doing \$11,560 worth of sales.
- Number of rounds and revenue figures for June were presented noting that this is the first month there is a fair comparison with 2018 as there were no anomalies. Rounds, cart rental, driving range, and food & beverage revenues were all up vs. 2018. The only segment lower was merchandise sales for which the bookkeeping methodology with respect to shop credits has been changed which may affect comparative results. Michael is very encouraged by these overall numbers and plans to look into margins as time allows.

GROUNDS SUPERINTENDENT'S REPORT: KEN KIRBY

- The removal of the pump station by #1 green has been completed.
- The line leak behind #16 green has been fixed. It was a ½" poly pipe.
- The lower range ball net will be in need of replacing in the not too distant future.
- The crew is waiting on 2 more trees to be delivered / planted.

TREASURER'S REPORT: SUSAN ATZMAN via written report

- Again, the financials will have a new format and it will be hard to compare some items to prior year as these line items are new due to the change in business model.
- Detailed financials were not available due to the internet issue at the club the last couple of days.
- The unfavorable variance in revenue from prior year is not alarming as we are now gaining ground in the areas which matter – green fees, carts, range, merchandise and F&B. Also, \$17k revenue in June 2018 was due to events that are no longer relevant, such as the NCAA tournament and golf shop rents received. Business is strong and our cash position is allowing us to address deferred maintenance.
- Maintenance is running under ~8%. Labor is flat vs. prior years and all other categories are favorable.
- Golf Operations repair & maintenance is above prior year by ~\$14.2k. Plenty of deferred maintenance is being addressed and there are many onetime expenses such as pest control, kitchen hood cleaning.
- Overall net income for June YTD is \$185k which is \$45k less than the comparable 2018 figure after deducting estimated cost of sales of \$140k for 2018 (figure missing in prior years). We are picking up expenses in 2019 that did not exist or were not our obligation in previous years. Books have not yet been 100% from the NTO either as of 6/30/19
- Cash at end of June has increased ~\$12K over May 2019.

UNFINISHED BUSINESS:

- #1 PUMP STATION / TRANSFORMER: Paul Wilson gave a synopsis of the removal of the pump station, highlighting that it would have needed improvements as much of it was in disrepair and could ultimately become a safety concern. He then presented a proposal for restoration of power to the fountain pump which was detailed and amounted to a cost of \$2,900. This would not include the cost for LPEA to put in a new transformer and pedestal plus engineering. Cost to get an estimate is \$300 from LPEA which would be applied to any work done if the project went ahead. Discussion ensued on the merits of the fountain and it was generally thought that the fountain on #1 was not a main reason people come to play at Hillcrest. Ken K. also noted that the fountains are normally shut off in July anyway due to low water levels. Taking into consideration these factors, the Board agreed not to pursue restoring power at this time, considering the total cost could approach \$10k. Michael B. thanked Paul for his work which is much appreciated both in removing the old equipment and evaluating a new system.
- NTO: Michael McCloskey presented an overview of the financials from the Navajo. Net profit from the tournament would be around \$7,759 if all the shop credits are redeemed. Bryce brought to our attention that Hillcrest received good publicity with three articles in the Durango Herald and there are many qualitative benefits that result from the NTO in addition to monetary benefits. There was discussion around an appropriate sponsorship amount to the Junior Golf Foundation by Hillcrest as well as what was written in the memorandum of understanding with them. Bryce made a motion to donate \$3,600 to the HJGF, 2nd by Jim M. Motion carried by vote of 4 for, 2 against. There was a request for Jim M. and Michael A. to obtain a reconciliation from the foundation of funds received and spent.
- FACILITY USE POLICY DRAFT: Michael B. summarized for the Board some additional thinking concerning its completion. It will take quite a bit of time and effort to complete and implement, so suggested the

topic get tabled for the time being letting the GM decide on how to handle any requests this year. Board members were in agreement.

CONSENT AGENDA- none

NEW BUSINESS:

- **NOMINATING COMMITTEE:** Michael B. reviewed the role of the nominating committee for new Board members, and thanked Bryce F. for his hard work on last year's committee. It would be ideal for the committee to target candidates with the skillset that will be needed for next year's Board. Terms ending are Jack M. (term limited so cannot run), Susan A. and Jim M. Michael A. and Bill W. volunteered to be on the committee and will meet with Bryce and Michael B. to review the process with them. The slate has to be submitted for approval at the September meeting latest.
- **RENEWAL OF LOC:** Karen mentioned that our line of credit with TBK Bank expires end of August. They are offering a variable rate 2 year extension for fee of \$950. Discussion ensued on how often we have used the LOC, and whether or not it would be prudent to let it lapse and then shop around when we needed one. The Board was in agreement to let it lapse.
- **LATE SEASON PASS:** Michael B. mentioned the Board needs to vote on whether to have a late season pass again this year. Rate is \$325 and starts August 1st if we do the same as last year. Bill W. made a motion to keep it the same as 2018, 2nd by Jim M. Motion carried unanimously.

COMMITTEE REPORTS:

House: Bill Warren reported the internet service has been down for two days. Karen relayed that Brainstorm has very little local presence anymore and CenturyLink puts the fault on Brainstorm. A technician was not able to come out for these days. Consensus was to start investigating other carriers as the service level is not expected to improve.

Finance / Golf Ops / Grounds / Tournament / Policy / Junior Golf: Nothing further to report.

Calendar Items: Next Board Meeting is at 6PM Tuesday Aug 13. Jack M. will run the meeting in Mr. B.'s absence.

ADJOURNMENT:

A motion to adjourn the meeting was made by Bill W. and seconded by Bryce F. Meeting adjourned at 7:35 PM.

Respectfully submitted,

Marcia Baxter, Board Secretary