

## EL PASO GOLF CLUB MINUTES November 14, 2018

### CALL TO ORDER:

The regular board meeting of the Board of Directors of the El Paso Golf Club, Inc. was held on the above date at the clubhouse. The meeting came to order at 6:00 pm. Present were directors: Aaberg, Arends, Berry, Fulop, Heitz, Koth, Schulkins, Snider, and Young. Directors Homan and Rackauskas were present via a conference call. Employees present: L. Vance. No guests present.

### SECRETARY'S REPORT (Berry):

The board reviewed the minutes of the previous board meeting – the minutes were approved on a motion by Young and seconded by Heitz.

### TREASURER'S REPORT (Schulkins):

Schulkins reported the following – ***all figures are YTD as of October 31, 2018 and compared to 2017:***

- Golf Course:
  - Total income is down from 2017 by \$40,986. (We collected \$12,269 in insurance from tree damage in 2017)
  - Dues are up \$438.
  - Cart rentals are down \$6,612 and cart cards sales are down \$5,040.
  - Green fees are down \$10,772.
  - Initiation fees are up \$150.
  - Project costs are down \$5,694.
  - Net income is down \$19,081. (2017 was down \$31,419 from 2016)
- Pro-shop:
  - Total income is down \$474.
  - Cost of goods sold is up \$1,563.
  - Payroll expense is down \$408.
  - Net Income is up \$541. (2017 was up \$35,275 from 2016)
- Restaurant:
  - Total income is down by \$33,316.
  - Beer sales are down \$20,963, liquor is up \$1,158, wine is down \$1,483 and pop is up \$1,497.
  - Food sale are down \$14,235.
  - Cost of goods sold is down \$7,961.
  - Payroll is down \$1,662.
  - Net income is down \$30,906. (2017 was up \$3,803 from 2016)
- Miscellaneous:
  - Total Net Income is down \$49,446 from 2017
    - Net Income for 2017 was up \$7,659 from 2016
  - At the end of October we had \$16,157 in the bank.
    - At the end of October 2017 we had \$63,733 in the bank.

The treasurer's report was approved on a motion by Heitz and seconded by Aaberg.

**The committee reports were given as follows:**

GOLF COURSE – Grounds & Equipment (L. Vance / Harris / Arends):

- Course winterized; blew out irrigation pipes.
- Planted ~20 trees.
- New tee for #17 (white).
- Hill on #16 cleared out.
- New traps look good, not holding water – we have a great crew!

HOUSE – Restaurant, Pro-Shop & Social (L. Vance / Buster / Duncan / Fulton / Heitz / Rackauskas):

- *Restaurant & Clubhouse:*
  - No meeting; need to replace carpet – looking at carpet tiles.
- *Pro-shop:*
  - YTD, through October 29,764; 2017 – 31,661.
- *Social:*
  - Gobbler Open – 24 people.
  - Club Christmas Party, Thursday 12/13/18.

PLANNING, PERSONNEL & MEMBERSHIP (L. Vance / Fulop):

- Membership: dues invoices will go out in December.
- 1x1s with staff (6):
  - Overall, year was busy and good.
  - Some staff do and some do not have a relationship with the board.
  - All acknowledged revenue was down for the year.
  - Talked about hiring for the future.
  - Morale is upbeat and positive.

GENERAL MANAGER REPORT (L. Vance):

- Sales Tax – do not have to break out tax; at bottom receipt need to put “Bar Tab”.

OLD BUSINESS:

2019 Budget Discussion:

- We have done well over the years and have been fortunate to be able to pay for equipment and other projects without loans. Our current mortgage started at \$1.3 million, and over 14 years we have been able to pay down over a \$1 million of that loan.
- In order to finish out 2018, we will need to borrow \$50,000 on a short term loan as we discussed at the October board meeting.
- In addition, as we discussed potential budget items and concerns, it has been determined we need cash flow and money to cover expenses and needed projects. With that said, we plan to get a refinance/cash-out loan.
- Income increases for the 2019 Budget:

- *Dues* – Family +\$50 (now \$1,050); Single +\$25 (now \$775); under 35, Y type memberships for family and single did not increase; other memberships stayed the same.
- *Greens fees and cart rentals* – 18 holes +\$4 (now \$31); cart rentals 18 holes +\$1 (now \$14); total 18 hole round now \$45. 9 holes +\$1.50 (now \$15); cart rentals 9 holes +.50 (now \$7.00); total 9 hole round now \$22.
- *Cart shed* – +\$25 (now \$350); *Trail fees* – +\$25 (now \$350, gas; \$300, electric).
- *Restaurant/bar* – food and bar items will go up appropriately based on COG and sales.
- *Full time staff salaries* – adjusted to include insurance allotments; salaries capped at this time for senior staff. Total increase for minor adjustments – \$3,125. No bonuses for 2018.
- Refinance/cash out details:
  - Current loan balance is ~\$330,000, with a current monthly payment of \$7,871.
  - Plan to refinance/cash out for a total of \$500,000 for 10 years at 5.85% rate, with a monthly payment of \$5,600 (cash out will be ~\$170,000).
  - The cash out will cover costs for needed projects, tax audit payment, repayment of short term loan to cover balance of 2018, and provide us with a potential surplus (~\$60,000) at the end of 2019 to avoid additional loans.
  - The difference in loan payments will provide us an additional annual cash flow of approximately \$27,200.
  - Potential surplus could be earmarked for specific projects as appropriate.
  - Projects/costs estimates: 2019, \$125,250; 2020, \$10,250. No projects or purchases will be done without committee and board approvals. Normally plan to do inside projects during the winter, so the carpet would be one of the first projects.
- Questions/comments:
  - L. Vance: should have money after 2 years that we can save or possible pay more down on the loan.
  - Homan: what impact will the increases bring? Schulkins: approximately \$20,000 on dues.
  - Rackauskas: membership numbers are a concern; how long could we hold off for a bit or do an LOC instead? Need to increase revenue.
  - Heitz: Don't think we can wait on the carpet for another year, need to replace now.
  - Arends: we are not doom and gloom like other clubs; our workforces is great, and outings definitely help. We need to focus on marketing our club more.
  - Aaberg: agree with Arends; we need to figure out how to increase our revenue. Need to also use reply all on our emails, to keep the communications to all board members.
  - Homan: after listening to the discussion, if we need the projects and cash flow, go get the loan.
  - Young: think we should wait a year if possible, and maybe get only batteries and computer for the pro shop.

Overall, board is in general agreement on both the proposed 2019 budget and the refinance/cash out option for additional cash flow and projects.

**MOTION**, by Heitz, seconded by Arends, to move forward with the refinance/cash out loan for \$500,000; **Approved 9 – 2**. (Y: Aaberg, Arends, Berry, Fulop, Heitz, Homan, Koth, Schulkins, Snider; N: Rackauskas, Young)

**MOTION**, by Heitz, seconded by Schulkins, to approve the 2019 Budget as discussed; Schulkins will send out a final budget with the new numbers for the refinance/cash out mortgage loan; **Approved 11 – 0**.

NEW BUSINESS:

- Homan: proposal from subdivision to consider a blended tee box (e.g., white/red). L. Vance and Arends will look at it when we need to change the score cards. L. Vance talked to CDGA, they will help with the new rating. Grounds committee will also review further.
- Property tax: Koth – think we would fall within the open space basis and should go with other properties with like kind pen space. Need an appraisal first, then we could file. Think we will need to check on a few other details. L. Vance will follow-up on the letter sent to state rep.

GENERAL COMMENTS:

- Berry: Thanks to everyone for a great discussion and meeting tonight. We covered a lot of information and accomplished a lot.

NEXT BOARD MEETING:

- No meeting in December; next Meeting: Wednesday, January 9, 2019 at **6:00 pm**.

The meeting was then adjourned at 7:38 pm on a motion by Heitz and seconded by Fulop.

Respectfully submitted,

*Jill Berry*

Jill Berry, Secretary