

EL PASO GOLF CLUB MINUTES

September 18, 2024

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 5:00 pm.

Present were directors (at Clubhouse [C]; via Zoom [Z]: Aaberg [C], Homan [Z], Marten [C], McCullough [C], North [C], Rarick [C], Tria [C], Walker [C], Weldon [C] and Young [C].

A group of stockholders/members had requested to be present & speak at the meeting tonight. At the end of the board minutes are the emails submitted by Rich Gaffney on those requested to attend, the agenda, & the actual stockholders in attendance. Below is the General Discussion recap of this group. This group had requested permission to meet for one hour.

GENERAL DISCUSSION ADDRESSING THE GROUP PARTICIPATION:

6:00-7:00PM

Marten gave a brief summary of the request sent by Gaffney and that we welcome the opportunity to have an open discussion with those concerned & in attendance. A roll call was conducted to document those in attendance. s.

- Gaffney addressed the room with a brief recap of his background in finance & involvement as a stockholder & past board member. Gaffney stressed that this was to be a very cordial meeting with the board to ask questions & voice concerns.
- Marten began the meeting by telling of the boards meeting & plan to use the IPGA as a recruiter for our General Manager position. He told about this process which is in the Search Committee notes below. Concerns were brought up that we have had 2 managers in a short amount of time & it was explained that is why we have chosen this avenue for this position.
- Other discussion of many new employees hired since Vance has been gone and these people have been put into these positions with no one person to consult with or get training from so there has been a large learning curve for them & the membership on what all have been used to in the past.
- Financials were discussed & we announced that Mounce had resigned from the board. He has a lot of priorities now & all these administrative board positions are taking huge amounts of time since staff has turned over. We also explained the CPA firm has struggled with our new software. This was an issue through the entire last year when new software was loaded, a new manager started & we lost all history & could not even get critical current information needed. Upgraded software was installed by this company in April this year & everyone is a new user on it so a lot of struggles have continued, especially in the financial area to find the reports or a way to get new reports that the CPA firm needs.
- Food & Beverage discussion on the COS being very extreme & concerning. Questions regarding if inventory was being conducted and pricing in line with costs. Inventories have been

kept up & are being done monthly. When Phillips & Sehwel were hired they conducted a very thorough "house cleaning" of food & beverage product and did have a lot of old that had to be thrown out of storage & freezers. Inventory took a large hit through this process. Much discussion on the areas lacking this year with food & beverage menu & food consistency. Responded that a new menu has been presented and pricing adjusted. Staff needs better training & that has been a struggle with department heads changing this year. We have hope that Phillips is beginning to get this under control, but again we just lost most of our summer help & some main kitchen people are no longer here.

- Gaffney brought up the balance sheet & some of the numbers on it that need updated. Many of these have not been changed for years & need a thorough revamp. Gaffney is going to get with McCullough & discuss this & other financial questions in further detail.

- We talked about the loss of income in F&B this year, a high part time payroll & the cost of the unexpected items we have had to replace, along with the new irrigation expenses are extreme this year. Marten reported that we had to spend close to \$285,000 this year on irrigation & clubhouse equipment. This was way more than budgeted & explained further in the board regular minutes.

- General discussion to watch & have more than one person look at emails & posts that get sent out was recommended.

- Grounds budget was discussed & told that department is within or under their budget. Some suggest possibly more help on the grounds to do more detail work on the course would go a long way & it was suggested that cups are changed more often. It was also reiterated that we now have most equipment replaced with a lease for the upcoming years and that will help with a lot of time that was spent on repairs and general labor using the old equipment that many times was broke down.

- Discussion took place on benefits to new members that join. We have insisted that Schuerman begin posting weekend openings so other people have the opportunity to use those times. This must be initiated by the pro shop & is very important to instill to the membership as well.

- It was also asked about doing more events for the young members, new members or others who like to participate. Rarick suggested he would get together with some of these members for suggestions and investigate what we can offer next year. S.

- It was asked what the long-term vision for the club is. The board responded that we are members also & only want what each & every member wants. A club with a great golf course & restaurant that we can all support & is successful. We hope to get a strong GM that can take control & lead us into the vision we all have. We also stressed that we welcome volunteers & help from the membership. It takes the membership to support the club & it is crucial that we all do so.

- In closing we stated that we were very appreciative Gaffney took the approach to attend a meeting & invite other members. We have had many, many struggles & welcome any constructive discussion and comments. We are all members; we have a great club & we want to keep improving and be the best value in the area.

SECRETARY'S REPORT: North

- The minutes were sent via email to everyone previously. Motion was made by Young to approve and seconded by McCullough, approved by the board.

SEARCH COMMITTEE REPORT: Weldon

- Weldon reported that Ryan Holland from the IPGA came to the club on Tuesday, 9/17, to present to the board what they would provide in conducting a search for a GM for EPGC. Weldon, Marten, Aaberg, McCullough & North were present for the presentation.
- The scope of the search they provide is the entire US. They use various ways to advertise & pull from many recourses. These include the PGA, IPGA, CCA, CCMA, LinkedIn, Indeed, and many other avenues.
- They would work with us on our specific criteria and make suggestions on an average compensation package that they would research for our area & specific requirements.
- This is a process they begin with us & have total involvement until we make a final selection. At the time the person would start would begin a 2-year guarantee to fulfill the position. If the person we hire is not a good fit, from their prospective our ours, they will be replaced until we have the right employee.
- Holland gave many examples of other clubs they have placed, the different criteria recommended by location logistics, the involvement & process.
- He stated the fee for this for a higher end club would be approximately \$30,000 & had indicated ours may be in the \$20,000 range. After more discussion & the fact that if we do the final stages that include the candidate in person & the IPGA via zoom we could drastically reduce this fee. If we require an IPGA representative to be present the fee is higher since this can involve many trips for them back & forth. When we agreed to this scenario the fee was reduced significantly to \$10,000.
- After discussion of our failed attempts to hire a GM or Club Manager & our limited resources to advertise the position, everyone agreed this would be the best solution.
- The decision was to email all board members the final proposal and we will vote by email on proceeding. This is something we will do asap since time if of the essence.

TREASURER'S REPORT: McCullough

- Please see attached financials through July 2024 year to date & budget comparison.

COMMITTEE REPORTS:

ADMINISTRATIVE: Marten

- Yvonne Sehwel, our recent hire for F&B did not show up as scheduled on Monday for a small outing. Several people were attempting to text & call her since Friday. She texted back to Marten & Sandy on Monday that she had quit.
- Micheal Phillips, who was hired the same time as Yvonne, & has been working more in the kitchen area, has stepped in & is covering all F&B at this time. He also stepped in when Conley left & offered any support or assistance needed.
- Reminder that our budget process will be coming up & needs to get started soon.
- Will remain monitoring the F&B areas & making decisions based on attendance & weather & if needed close earlier. Need to work on hours for the upcoming months in this area also.
- North also reported that she is trying to get a process in place for who has privileges to post on our website, Facebook page & send emails. Would like to get a list of all club

emails that are in use & get control of passwords for emails, computers, club software, etc. There have been many employees over the last 20 months & this needs to have more controls in place.

GOLF COURSE – Grounds & Equipment: Young

- The course is suffering from lack of rain currently. The irrigation has continued to have leaks & constant repairs are taking place. Some underground pipes have had many previous repairs to them & Gene is cutting the old repairs out & installing new pipes instead of joints & more connections as these are found.
- Aerated last week doing a knife cut & sanded & everything was playable immediately after. Greens are looking good.
- Are still having a few glitches with the Rainbird system but getting better with time. Some overwatering has occurred.
- Will start tree trimming & fairway bunker work. Also plan to fill areas with dirt & sod as needed.
- Much discussion on cups being changed. Will discuss this with Weiser since there has been a lot of member feedback on this also. Possibly a schedule of Tuesday, Thursday, Saturday & Sunday.
- Some new tee markers are needed for next year.
- The rest of the leased equipment will arrive next week.
- Have started getting rid of scrap & junk & cleaning up the shop area inside & out. Sold the old flatbed for \$400
- Looking at fuel prices. If we change providers we may need to get different tanks from them, something to consider when pricing.

HOUSE – Restaurant, Pro-Shop & Social: Homan

- The social committee is planning some NFL Sunday events to begin September 29th. They are working with Mike to have food & drink specials.
- Other events will be looked at also.

PLANNING, PERSONNEL & MEMBERSHIP: Rarick

- Rarick has taken over this committee & is doing research on dues, green fees, cart fees, etc. from other nearby clubs & courses.
- He is also planning to talk to other members over the fall & winter on other initiatives &/or events or programs we might want to consider.

100 YEAR ANNIVERSARY: Aaberg

- Last meeting for the committee coming up this week.
- Will discuss using the end of season open house to sell any leftover merchandise & possibly have some raffles with some merchandise &/or cash drawings.

GENERAL DISCUSSION:

- Nothing new to discuss. Trying to deal with all areas of club operations since we are without a manager.
- Rounds of golf for this month, 3229 members, 1048 guests, & 356 for outings reported by Schuerman.

NEXT BOARD MEETING

- Future Board Meetings:
 - October 16
 - November 20 (tentative) - budget approval
 - December – none planned
- Other Significant Dates
 - EPGC 100 Anniversary Event – possibly during end of Member Appreciation

The board went into executive session at 7:45pm

The board meeting adjourned at 8:10pm on a motion by Young and seconded by Aaberg, board approved.

Respectfully submitted,

Sally North

Sally North, Secretary

Email to Walker from Rich Gaffney on agenda & attendees for 9/18/24 board meeting:

ATTENDEES EMAIL RECEIVED:

Roger,

I am attaching the information for the September board meeting which I will attend. I am bringing the following people to offer their thoughts about these questions. This is a recap of all that our group has talked about and would like to get input from the board. I understand you agreed to one hour of the board's time

I am bringing:

Greg Harris

Tony Haas

Rex Newman

Jerry Mattson

Mike Evans

Doug Arends

Pat Ferrill

Larry Weaver

Frank Smith

Carrie Leathers

Ron Wilsey

Beth Keaerfott

Dennis and Lisa Hocker

Mr. and Mrs. Colmoni (sp)

Julie Baird

The following are actual attendees at the meeting: Rich Gaffney, Greg Harris, Lane Vance, Tony Haas, Mike Haas, Jerry Mattson, Ken Colmone, Lisa Hocker, Dennis Hocker, Steve Young, David Voigts, Larry Greene, Carrie Leathers, Becky Wilson, & Ron Wilsey,

AGENDA EMAIL RECEIVED:

September 9, 2024

To: The EPGC Board of Directors

FR: Member's committee

RE: Financial review/ Questions /Concerns for September Board Meeting

Following is a list of questions and concerns regarding the Club. We are aware we will have at least one hour of time to present and discuss our concerns at the September Board Meeting for EPGC.

We are requesting a serious discussion and response to these questions and concerns. A response of "we are working on this" is not a fair response in this case; we would like real answers with a plan.

Thanks very much for the time and allowing us to attend the meeting.

Rich Gaffney

FINANCIAL STATEMENT:

Balance Sheet-

Under Depreciable assets of \$2.3 Million; is this the grounds only? Buildings and other improvements are separate. Ground is not depreciable.

What are improvements of \$664,000?

What is included in buildings of \$737,000?

Closing costs under fixed assets should be removed.

Do we really have \$918,000 in Machinery and equipment?

What is included in Accounts Payable?

What is Stockholder Equity of \$391,000?

When was the last appraisal of the assets of the club?

Do we still borrow operating funds in the spring?

How is current debt structured? What is debt service of Mortgage and operating note?

Income Statement-

You are approving 60 day old info in July. Why?

Was there a physical inventory taken when Lane left? When Rick left? When Melissa Left?

Is there a complete inventory taken every month?

What was the date of the last complete physical inventory? Who did it?

This is very important in not only calculating your real COGS but to do inventory control and loss prevention.

For May: States Dues up \$231,750, if all dues are to be paid by 3-15 how could this be?

How could COGS be up \$16,101 when sales are down? If you are doing proper Inventory this can't be the case.

How could Beverage COGS be down \$1,200 ? same as above.

How could revenue be up \$271,000? Based on what? All other income areas are down..?

For June: Total Cost of goods sold is 60% which seems to be very high. Explain please.

Year to date: All dues should be paid and the funds mostly spent. We have less than \$100K in cash in the bank that is unencumbered

We need to gain almost \$300,000 in income to cover maintenance expenses and the operating note in the final 6 months. This does not include any other expenses or continued loss in restaurant.

It was stated in the July minutes we could draw \$125,000 more on the Line of credit as well as move to principal only on the mortgage. What are your thoughts on this?

See the June 30, 2024 recap attached for the month and year to date.

Questions and concerns

This is a list of concerns and questions from this group representing a portion of the membership we are not looking for a debate since these are the feelings of the group.

MEMBERSHIP

Members feel like second class citizens when we should be before anyone else. We were told to basically not come in if we had an opinion about how the club is operated.

A recent contact stated that for September 7th we have two class reunions and seating will be extremely limited for members. This is another suggestion to stay away to members.

Someone needs to review all communication to the membership and think about what is being said "before" it is sent out.

Is there a code of conduct now?

Walk us through Disciplinary action against a member for suspension or reprimand.

Does action include calling police?

Does any employee or manager have the authority to invoke a code of conduct?

Explain the real benefit to a new member over a public green fee player (Excluding permanent tee times, Cart shed, One day per week set aside for members only). Why would anyone want to join and pay membership dues when they could play any time they want to anyway?

We have had several Sundays when the majority of member cannot play regular golf.

Will you raise the dues next year? How will you justify this if you decide to?

Is there an age limit when dues are permanently fixed? (70)

PRO SHOP

Consider Increasing green fees and cart rental fees right now?

Has anyone done a survey to determine where we stand in the market?

Rethink outings? Pricing and management of participants. We have a very poor reputation in the public right now. How many outings will not be back next year?

There is no one tracking pace of play on weekends. We need to have a ranger on the course periodically instead of hanging around the pro shop. Designate a "Ranger" cart. Fix the online tee time system. Members should be able to book times easily without a fee.

Manage permanent tee times better. There are times unused every weekend.

Is our junior golfer program up or down this year? These are our future members.

Cart return should be relegated to the rear of the cart shed not at the front door of the club.

Consider larger doors in the back of the shed to pull clean carts in the rear of the building.

(This has been suggested many times in the past)

RESTAURANT

What are we? Are we a Restaurant with a Golf Course or a Golf Course with a restaurant?

We are in the customer Service business and right now we are doing a poor job. Restaurant is down and losing money and is being run poorly. What is the plan going forward?

Many complaints about food and service. What is the plan?

Current COGS is out of line. (Too high)

How many managers do we have / need? What does each do?

Create a "signature" dish. One that people would want to visit our restaurant for.

Treat members and guests with respect and demand the same.

Consider replacing furniture ours is outdated and old.

Work hard on quality service we don't have it now. Train wait staff to follow up with guest frequently and not just hang around the bar and text.

Consider periodic reviews from members to see how we are doing

Periodic Member sampling of dishes. (We missed getting members back into the club when we changed the menu. This was a mistake)

Are there Holiday parties booked already? How will we handle them?

GROUNDS

General condition of the course needs to be as close to pristine as possible. It isn't now.

We have the skills and equipment to do it why aren't we?

Sand traps still need much work. Edging and raking daily.

Replace tee markers with new ones. Ours are old. Put sand buckets back out.

Mow, set cups, move tee marker every day.

There is much bragging about the flower beds being nice but they need some real work.

We should improve the club entrance and put out some nice decorations.

Staked off areas on # 15 both sides of the bridge and at the exit of the fairway on # 16 have been that way for months. When will this be fixed?

Also area at the bridge on # 11

There is water in the grass bunker near the green on # 10 and has been there for months.

When will the bunker mess on # 14 be fixed?

Fix cart paths and take away traffic cones.

Consider hiring a full time mechanic.

There appears to be inconsistent mowing of Greens and fairways.

Does the grounds chair and superintendent take trips around the course periodically to take notes and make changes?

GENERAL

Consider closing the club to members only Friday evening until Monday morning and guests only. This offers a small advantage to the membership over green fee players at minimal cost and opens tee times for members.

What are limitations of Managers in all areas? What is their approval limit for action regarding the operation of the club? There doesn't appear to be anyone steering this organization.

What is the vision for our club going forward? Go public, Go private? Sell it? Do you know the cost of doing any of these things? Which do you prefer? Which will you do? When will you put the garage code units on the members cart shed as promised 60 days ago?

Budget to actual needs include winter months.

Improve hiring practices. Your history is not good. No one knows if an employee will work out when hired but you need to take immediate action on any bad hire instead of waiting.

100 year Anniversary should have been a better celebration it was a flop. At what cost? It doesn't appear we have priorities and or accountability at any level at the club. All we hear is what we can't do, how about the membership hearing what you can do?

The Board needs to be more transparent to the membership and be less secretive in their dealings. You work for and answer to us.

There is time to do everything at the club we just need to leverage our resources and then manage them. Look towards the membership for help instead of hiding and being secretive. This will take more work and involvement by the board.

We believe our club is in peril and we need to change with the times and do some forecasting for our future.