

MISSION VALLEY GOLF AND COUNTRY CLUB
MINUTES OF THE ANNUAL MEETING
MONDAY NOVEMBER 8, 2021

President Jack Onofrio welcomed the members and stated that he hopes we will not meet by Zoom again. The meeting was called to order at 5:00 P.M.

Secretary Peggy Ricklefs announced the Proof of Annual Meeting and moved to accept the minutes, as posted, of the Annual Meeting of November 26, 2020. Sue Onofrio seconded the motion which passed. Mrs. Ricklefs announced the names of the three candidates for three year terms on the Board of Directors. The candidates are Pat Cangero, Steve Day and Hilda Lyons.

Board of Directors Members: President Jack Onofrio, Vice-President Tom Grover (absent), Treasurer Steve Day and Secretary Peggy Ricklefs. Members: Sherry Baker, Pat Cangero, Fred Binder, Steve Day and Rob Harkins.

COMMITTEE REPORTS:

MEMBERSHIP: Sherry Baker. Mrs. Baker thanked her Committee for their time, energy and effort for the year. We began the year with Equity Members at 282 and ended the year with our magic goal of 325. Mrs. Baker thanked Dawn Pentesco, our Membership Director, for her hard work and dedication to the Club. We currently stand at 325 Equity Member which includes 4 Corporate Members and 10 Lifetime Members. We currently have 33 applicants on the Equity wait list. Our 55 and under Membership total 50 and we have put a cap on this and will have a wait list for this category as well. The current Social and Sport Membership totals 157 which represents an increase of 57 members since July of 2020. The focus will be on retention and managing the full membership. Mrs. Baker then thanked the Membership and welcomed all the new members.

GOLF: Fred Binder. Mr. Binder thanked the Staff and members of his Committee. He gave a tribute to Karen Korf for her Handicap knowledge and stated looking for her replacement. The motorized carts should be delivered by December. Range balls are a manufacturing problem but will be solved. There are delays on the golf clubs as well. The new golf bag tags have been well received.

GREENS: Pat Cangero. Mr. Cangero thanked his Committee. We are now aerating and sanding the greens with our own machinery. There is a new rain canopy installed. Mr. Cangero thanked Rob Harkins for his time and help in refurbishing the push carts. Our Hole Markers are in the same style as the Legacy Trail and look great. Mr. Cangero then presented a slide show of pictures of the golf course. He thanked the WGA for their contributions for the beautification of the course with colorful flowers.

TENNIS: Rob Harkins. Mr. Harkins thanked his committee and Dave Emmons and his Staff for an outstanding year of tennis at Mission Valley. Lisa White, our Pro, has added several new programs and events to the Tennis Program including clinics by GIGI Fernandez and Nick Bolletteir, Saturday Cardio Tennis, Pop Tennis for members who like pickleball and many more activities. Congratulations to our Ladies 3.5 team who were Champions of the social fall league. Mr. Harkins reminded the membership of our recent capital expenditures in 2019 that have paid dividends in new tennis memberships representing over half of the 154 social memberships. This year we have refurbished our courts, purchased new furniture for player and spectator seating, added new umbrellas for shade, and added

an ice/drink station at our tennis pavilion. Overall, it was a very successful year for tennis at Mission Valley.

HOUSE: Kelly Jo Drewery. Mrs. Drewery thanked her committee for their time and effort into making the Mission Valley experience a pleasant one. We had maintenance issues and they are now resolved. There has been Staffing difficulties, but with the help of Lyn Plummer, they are being resolved. We welcome suggestions on new entertainment ideas for future events. Reservations for dinner are important for staffing and food purchase supply. Please participate in your Club's activities.

LONG RANGE CAPITAL PLANNING: Tom Grover. Mr. Slusser reported for Mr. Grover. Mr. Slusser thanked the Committee for their participation and serving on the committee. There is \$600,000.00 in the Capital Budget this fiscal year to pay for things like the Mortgage, golf cart leases, and golf course equipment leases. After those payments \$245,000.00 remains for "discretionary spending". Replacement of A/C unit, kitchen equipment, computer equipment and multiple other projects are funded with those funds. Big projects last year include The Players' Patio 1st phase of the paving, kitchen A/Cs and appliances. Member donation contributed \$68,000.00 to capital projects. The majority of this funded The Players' Patio. The WGA has given for the beautification of the course with flowers. Reserve accounts began several years ago. Recently the reserves paid for the cart barn roof replacement. The sprinkler system will need replacing in the future and will be costly. A reserve fund already exists for that project. Capital reserves grew from about \$100,000.00 to over \$400,000.00 this past year. Our by-laws say we cannot return Capital Account Funds back into Operating Funds once transferred. A comprehensive 10 year and beyond asset replacement schedule has been developed. We now must fund the infrastructure spending that looms.

FINANCE: Steve Day. From a financial perspective, our Club had its best year in over a decade. Many Capital projects were completed, there was outstanding growth in membership and we currently have a healthy waiting list for equity and for other membership categories. The Club added substantially to its much needed balance sheet reserves (approximately \$400,000.00 at 7/1/21) as a result of funds generated through signing up many new members, lifetime members and by beating its operating budgets by substantial margins. The Club was in a position to benefit from the pandemic in terms of membership. This was possible since the Club was ready at the right time- this due to the work in prior years of many members and prior directors/officers whose efforts put the Club in this position. In the current year, the Club is very strong and it is expected to meet its budgets and perhaps do even a little better.

However, Members must be aware that in the current fiscal year the Club will not be able to replicate the outstanding operating performance of the year just ended. This is simply because we started the current year with a full membership and as such, will not be able to achieve last year's performance in terms of membership growth. Accordingly, under its current operating model we cannot expect the Club to add substantial additional reserves to the balance sheet – which reserves are to be used for replacing long term assets – the critical infrastructure off of which the Club provides the experience our Members demand.

Historically the Club has not billed its members fees adequate to fully cover the cost of the depreciation expense of its long term assets. Rather, the Club has dealt with long term asset replacement in arrears – raising funds after related problems were already affecting operations. This is a perilous strategy, rife with the risk that funds are needed at a time when they may not be available. But this was never really the Club's strategy. Rather, it was a response to difficult conditions subsequent to the Real Estate crash

in 2009, one of the effects of which was golf clubs, such as ours, began to compete for membership growth almost exclusively on the basis of minimizing annual dues. Operating in the “survival mode” did allow the Club to make it through this difficult period, but only when taken together with discrete fund raising events, such as previous assessments, a one-time cash settlement relating to a property dispute, increasing debt on the Club’s balance sheet and other non-operating cash transactions with members – such as donations.

The Club’s success over the last several years has brought it now to a position of financial health and strength. It is appropriate to look forward now and consider how we will leverage that success to ensure a better, healthier and more stable future for our Club. There exists now an opportunity to take Mission Valley Country Club to the “next level”. We can achieve this by moving forward with a new operating model which allows the Club to accumulate the funds needed for reserves that will be adequate to proactively manage long term capital asset replacement and enable the Club to bridge an unexpected economic downturn that negatively impacts membership levels. We must protect the Club’s vital critical long term assets.

The Long Term Capital Planning Committee has diligently studied and prepared a detailed analysis of the Club’s Capital Assets. This analysis considers when these assets will likely need to be replaced and has captured this data in a spreadsheet which looks out over the next ten to twenty years. The analysis estimates the reserves the Club needs to accumulate in order to protect the interests of the Club’s Members.

Accordingly, as your Treasurer, I have recommended to the Board of Directors the following: Beginning the next fiscal year (July1, 2022) all levels of membership should be billed an additional amount per month comprising a Long Term Capital Replacement contribution. The related funds will be accumulated separately in a restricted account designated to be used only for Long Term Capital Asset Replacement. Those funds cannot be used to pay for operating expenses without a vote of the membership.

1. Members should consider that these billings are exactly like Homeowner Association capital reserve payments or cash that is kept in reserve to pay for a house roof or a pool to be replaced – these are reserves we all already keep for ourselves, whether actively or passively.
2. My recommendation as to the amount of these billings is as follows:
 1. Equity Members - \$40.00 per month, including Lifetime Members
 2. Corporate Membership- \$40.00 per month
 3. 55 & Under Members - \$30.00 per month
 4. Social Members - \$20.00 per month
 5. Winter Seasonal Members - \$80.00 per month
 6. Summer Program Participants – an additional \$100.00 added to the fees currently charged

Taking these steps should allow the Club to achieve the following:

- Over time, an increasing level of financial stability which will make our Club more resilient to unexpected economic impacts.
- Better protect the interests of the Club’s Members.
- Allow the Club to use future results exceeding budget to repay Bank debt earlier, thus lowering operating expenses from interest.
- It will make our Club more attractive to new members over time since we will possess a strategic advantage over our local competitors.

MANAGEMENT REPORT: Doug Slusser. We are in a good place. Our goal was to be a Private Club and we have achieved that goal. We have staffing challenges, wage pressure and the yearly one dollar per hour minimum wage increase mandated by the state of Florida. Competition from neighboring course is likely to increase. We want to ensure Members have access to tee times when you want them. We will try to maintain 2 Tee starts (going off 1 and ten at the same time). We have initiated ACH program where you can have your Club bills automatically deducted from your checking account. With our aging infrastructure we need to look to the future. All Clubs face this problem. It is the way we handle it that matters and can set Mission Valley apart. Mr. Day's proposal is timely and makes sense. It does not overly burden any group of Members and is proportional to each group's usage. Management supports the plan.

RECOGNITION OF RETIRING COMMITTEE MEMBERS: Jack Onofrio. Mr. Onofrio recognized the retiring Board Members being Pat Cangero, Steve Day and Peggy Ricklefs. He thanked them for their service to the Board. Then he asked Mrs. Ricklefs to give the results of the election.

NEW BOARD MEMBERS: Mrs. Ricklefs announced the new Board members as Pat Cangero, Steve Day and Hilda Lyons. She welcomed them to the Board.

With no further business the Annual Meeting adjourned at 6:15 P.m. Eastern Time.

Respectfully submitted
Peggy Ricklefs
Secretary