

KINGSWOOD GOLF CLUB BOARD OF DIRECTORS MEETING
September 16, 2024

Meeting was called to order at 5:00 PM at the Kingswood Clubhouse.

In attendance were Board Members Dave Lynch, Tom Cayon, Bill Barton, Jeremy Fuller, Woody Peirce, Laura Spellman, Candace Tordonato, Jeff Lucht, and Tina Antonucci.

MOTION: Motion was brought forth by Bill Barton to accept the July Board of Director minutes. Motion was seconded by Jeremy Fuller. All were in favor, motion passed unanimously.

TREASURERS REPORT: Jeff Lucht

SUMMARY

Golf-related profits were strong in July and August and have been more favorable on a year-to-date basis than both 2023 and our expectations for 2024. The favorable year-to-date golf-related results have been primarily driven by a 19% increase in greens fees, cart and range revenue from 2023. Restaurant operations have been a significant and larger-than-expected drain on these favorable golf results, but the combination of the two is still profitable in 2024 and more profitable than we projected in our budget.

Overall results for 2024 are somewhat depressed relative to 2023 though, due to the incremental losses incurred in restaurant operations in 2024. We have historically incurred losses in restaurant operations even with outside proprietors, as rent payments did not fully cover the cost of building maintenance, depreciation and property taxes. With us being forced into operating the restaurant ourselves in 2024, we expected and have seen increased losses relative to prior years.

JULY RESULTS VS. BUDGET

July results were strong with net income of \$150,000, exceeding our budgeted net income of \$110,000 for July by \$40,000. The \$40,000 favorable variance for July was driven primarily by:

- Golf-related and administrative expense results that were about \$67,000 better than expected,
- Partially offset by restaurant results that were \$27,000 worse than expected

AUGUST RESULTS VS. BUDGET

August was also profitable with net income of about \$98,000. This fell short of our budgeted net income of \$112,000 for August by \$14,000. The \$14,000 unfavorable variance for August was driven by:

- Golf-related and administrative expense results that were about \$30,000 better than expected,
- More than fully offset by restaurant results that were \$44,000 worse than expected.

AUGUST YEAR-TO-DATE (YTD) RESULTS VS. BUDGET

August YTD net income was \$251,000, exceeding our budgeted YTD net income of \$188,000 by \$63,000. This \$63,000 favorable variance consists of:

- Favorable golf-related and administrative expense variances totaling \$153,000,
- Partially offset by restaurant results that were \$90,000 worse than expected. On a YTD basis, the restaurant has lost \$110,000 vs. a budgeted loss of \$20,000.

AUGUST YEAR-TO-DATE (YTD) RESULTS VS. PRIOR YEAR

August YTD net income of \$251,000, is approximately \$57,000 below last year's August YTD net income of \$308,000. This \$57,000 decrease consists of:

- An approximate increase in golf-related net income vs. last year of \$32,000,
- More than offset by a \$89,000 decrease in net income from restaurant operations

Dave Lynch added the following:

- Our revenue stream ends October 31. Weather-permitting, this will be the first year we remain open the first two weeks of November. During November-March, we still have expenditures

albeit at a reduced level, such as a Grounds crew of 2 ½ people, Kristy's salary and health insurance, and maintaining heat in the Clubhouse and Pro Shop.

- The budgeting process occurs in October/November and is finalized in December. The BOD does not change the budget but oversees/manages it with the department heads taking into account any revenue shortfalls.
- The Balance Sheet in January 2020 had a cash position of \$113,000 & capital reserve of \$40,000. At the end of August, our Balance Sheet had \$351,000 in cash & capital reserve of \$163,000. We are still in good position after investing \$250,000 in cart paths.
- He's proud of the Board's accomplishments the last several years of investing in the Club while living within budget and not spending money we do not have.
- At the fiscal year end, we will have a small profit with good cash position/reserves for unforeseen expenses and no debt.

MOTION: Motion was brought forth by Bill Barton to accept the Treasurers report as presented by Jeff Lucht. The motion was seconded by Jeremy Fuller. All were in favor and the motion passed unanimously.

COMMITTEE REPORTS:

FINANCE: Tom Cayon – No report as Tom just took over as Chair.

GROUNDS: Bill Barton

I met with Alex on Thursday, here are the salient points. Alex is in good shape with staffing to complete the fall projects. Those include aerating and seeding the areas adjacent to the cart paths. He is waiting for this drought to end as our irrigation doesn't generally get to all the areas. An urgent issue is the drainpipe that goes across 14, from the end of the pond across the fairway toward 16. We are seeing the same failure as we saw on 16 last year. We ended up replacing that at a significant cost. Sinkholes are starting and looking into the pipe, the base is eroded. Alex brought an expert in, and he believes we can thread a pipe up thru the existing pipe if we do it soon (this fall) if we wait until next year, it will probably have to be replaced, estimate is about \$29,000. Another important issue is the carts. I know we have a plan to turn back our 2017 carts and get 9 new ones. Alex was given a proposal from the cart company to supply 63 new carts on a 7-year lease, those carts would have the upgraded seats and could allow modules for GPS, Cart position so that the pro shop knows where the carts are and who is slowing play, with the ability to send a message to "GET GOING". When Alex reviewed the numbers with me, it seems the lease proposal is quite similar in expense to replacing carts yearly. So, I am asking that the financial people sharpen their pencils and see how this may work, keeping in mind we will still have many 2018, 2019, and 2020 carts that often need attention, (if we don't replace them all) like brakes, batteries and bag covers for rain. We all know the Velcro ones don't work anymore. Moving on, Alex pointed out to me that what could be a great view from the 13th tee of the Ossipee mountains is obscured by the trees at the top of 17 on the left. He feels they should all come down which will help grow grass on 17. Speaking of trees, so many spruce around 13 to the right and 15 top left are dead. It's time to remove those before they come down on the greens. And finally, we will pull up the old cart path on the right of 4, starting mid-October.

After Board discussion, Bill will have Alex obtain a formal quote for the culvert repair on 14.

Golf cart discussion:

- Dave confirmed it was not too long ago we had 2005-2007 carts. The operating budget reflects lower cart maintenance since our carts are newer. Also, less down time & less labor time.
- Bill pointed out we have seven-year-old carts now he feels we are charging top dollar for - \$26.

- We agreed to establish a sub committee to investigate/research new carts with new technology, to answer many questions/concerns:
 - If a lease, who maintains the carts? If we are required to have a maintenance contract, it would be subject to interest charge.
 - If GPS, what is the additional cost? Does the course need to be mapped?
 - 7 years from now, we'll have 63 old carts & need to replace all carts. Maybe a shorter lease term of 3-4 years?
 - Should we wait until more cart paths are replaced before investing in new carts?

GOLF: Laura Spellman & Dave Lynch

Dave asked Jeremy Fuller re: status of the additional range targets. Jeremy believes Kristy ordered them. Dave will follow-up with her and check in re: budget for the remainder of the fiscal year. Dave introduced Laura as the new chair, with Dave as her assistant. Jeremy met with them to hand over the reins. First committee meeting will be early October. Bill Barton asked that Ladies Play Night (LPN) be evaluated re: what the membership gets out of it vs. how the course is tied up. His wife Barb paid \$475 for the program (greens fees & lessons). When Jeremy first came on, he did look at Monday vs Thursday revenue & found Thursday's revenue was higher due to LPN. He added we need to consider food & bar revenue from LPN also. Discussion followed re: violation of the agreement that LPN not play the back 9. LPN was created to encourage ladies to become members, but there are some who are still not members after 7-8 years in LPN. Bill mentioned the bigger issue of working members who can't play Tuesday, Wednesday, or Thursday after work. Jeremy countered there is a 2 ½ hour window when the course is closed, but once that window passes you can play the back 9 Thursdays. Tom Cayon pointed out the difficulty of scheduling Two Ball matches due to the course being tied up three consecutive nights. Tina Antonucci advised she is a strong supporter of LPN & would not be a member if it weren't for the program, but suggested we look at limiting the number of participants & open up tee times for day play who already can't play both Twi nights. Tina suggested looking at the number of ladies who have become members & the number of ladies that play additionally as day play. She suggested opening LPN to spouses/significant others of members first, then to the public if slots remain.

HOUSE: Candace Tordonato

Dave introduced Candace as the new chair & reported she is attending the weekly Friday morning meetings. Additional conversation tabled until New Business.

MEMBERSHIP: Jeremy Fuller

Dave introduced Jeremy as the new chair. Jeremy reported the Fall \$300 member drive is under way. He will report the number of new members next meeting. Dave suggested advertising around Thanksgiving & again early Spring for gift certificates towards memberships. Dave pointed out the tee marker revenue is available for Membership & Marketing to use for advertising. Laura Spellman advised Jeremy in the spring to visit inns & motels to remind them of the discounted golf rate available to their guests. Bill Barton played with two people in their 30's in the Huggins golf tournament who aren't happy at the new Ridgewood & asked how we get the word out to that demographic. Dave suggested a sign at the end of the road since motorists need to slow down for school & now construction. Tina relayed her conversation with a new member who felt she didn't receive a lot of communication re: the leagues, etc. when she was added to her husband's membership. With Nora busy with the restaurant, this may have slipped through the cracks since Laura always made sure a welcome letter was sent. Tina suggested a committee covering a range of demographics, so we can roll out the red carpet welcoming new members individually & personally with a one-on-one meeting with a friendly face. Dave clarified that Denise Gallagher maintains the membership list, not Nora, due to the multiple membership categories and the stock component. Jeff Lucht pointed out he ends up on mailing lists of courses where he has made tee times. Jeremy will investigate utilizing those emails we collect at tee time booking for membership marketing.

MARKETING: Woody Peirce

Woody reported with Nora busy with the restaurant, the Course Guide booklets didn't get out this year. The Course Guides were raising \$11,000-\$12,000 at a cost of \$2700-\$3500.

Items to investigate accomplishing in the offseason are:

- listing The Sand Trap as a restaurant on Google,
- getting The Sand Trap on Google Maps, and
- registering the domain name The Sand Trap.

Dave reminded us Nora is returning to Marketing in the off season & will be able to work on these items & the Course & Member Guides. Discussion followed whether members missed the printed Member Guide vs. the cost involved. The plan to create and email it to the Members was postponed due to taking over the restaurant. A current electronic copy is on the Members Only page of the website. Members can print it if they prefer a hard copy.

MOTION: Motion was brought forth by Bill Barton to accept the committee reports as presented above. Motion was seconded by Jeremy Fuller. All were in favor, motion passed unanimously.

OLD BUSINESS: None

NEW BUSINESS:

- **Restaurant Plan Going Forward**

Dave reminded the BOD the revised plan for running the restaurant ourselves had a conservative \$366,000 revenue estimate based on Aaron Morrissey's revenues before he left. We will fall short of that as our current total revenue is \$204,860 through September 12th. The fact we will not achieve that number is the #1 problem, not getting enough people to eat here is the second problem. Labor-wise we are way over budget. The going rate for cooks was \$30/hour (higher than anticipated). Last year we lost \$62,000; this year to date we lost \$109,000. Increased losses are due to labor costs & not enough people eating here. Less people are eating here than were when JP ran the restaurant. The ugly truth is it's a tough environment for restaurants right now; big chains are filing for Chapter 11. If we want to be open 7 days a week from 11am-8pm (staff opening/prepping at 10am & kitchen closing at 7pm), 10-8 is 70 hours minimum. If we don't have two sets of crew, there is a lot of overtime. Candace spoke with James and Kim Friday; they are willing to come back next year but would like some changes including not working nights regularly. We didn't have a lot of people because we didn't do a lot of marketing, but it wouldn't have necessarily been better as we didn't have enough staff. We still felt it took a little too long to get a meal, but this was a common problem with prior purveyors. We need to come up with a new club-run restaurant model. Bill played at a Keene area course recently with a counter-service restaurant open for breakfast & lunch only. We need to put numbers on paper for a similar model and get back to the roughly \$50,000 historic restaurant subsidization. Dave stated it is not in the best interest of Kingswood to keep a full-service restaurant going for the sake of members that want it, including him, when our primary selling point is our course. If we're losing money with the restaurant, it's money we can't put into the course. Bill pointed out if we don't run a restaurant, we're going to run into problems with people bringing their own alcohol. Tina pointed out we'll lose the camaraderie of socializing and belonging to a club feeling. Dave is committed to a new plan with reduced labor & a reduced menu. Jeremy reminded us in the spring he wanted a 3-person model, one working the counter, one making sandwiches, one on the cart with all disposable plates/silverware so no dishwasher needed. He feels that model, like Beaver Meadows', lowers our costs significantly. Laura pointed out that we have a grill, but we don't use it. Dave advised we have historical data for food & beverage sold this season and for the three prior purveyors. For the new model, Dave will recommend no dinner entrees and no dinner hours, except Ladies & Men's Twi and Thursdays & Fridays, since Saturday and Sunday nights

have been terrible. Laura asked for thoughts on implementing a food minimum since we previously had a minimum. Dave advised Aaron got rid of it since members always pestered him asking their balance on their minimum & he felt people wanted to eat at his place, so the minimum was no longer needed. In the off-season, Denise will look at the cost to add the technology for members to check this in real-time. Jeremy feels we could lose members over a minimum. Dave stated dues are \$2600 plus \$200 capital fee. If we lose 10 members, that's \$28,000 in revenue. Conversely, if we don't have a restaurant, we may lose 10 members. Bill proposed running the restaurant Tuesday through Saturday, so there is no overtime. Dave pointed out with 10-hour days for 5 days that's still 50 hours. Jeremy feels we need to change the restaurant now so we stop losing money. Restaurant hours have already been reduced starting in October. Dave advised Nora has been doing all she can to stop the bleeding by not replacing the wait staff. She is filling in & the bartenders are taking counter orders. Jeremy suggested a cashless system to reduce workload & speed things up. Dave advised a food minimum could slow up the accounting. Denise worked more than 3 days a week with setting up the restaurant, not only for the restaurant system, but also for the Human Resources component. She wants to return to 3 days a week next year. Dave encouraged all of us to discuss a minimum with other members. He has spoken to several members who are favorable & all have their own variations on it, such as \$50 a month, only food, both food & beverage, etc. Dave pointed out it costs significantly more to be a member at Birch Hill, formerly Ridgewood. We can remind members that part of the membership here is supporting our restaurant as we collectively as a membership decided we want a restaurant. Outsourcing tournaments to caterers is troublesome. Jeff asked if we need to stay open for dinners if we institute a minimum. Dave felt we wouldn't need to. Dave also feels a discussion with the kitchen staff would be beneficial as it may not be more difficult to offer fish & chips vs. a fried chicken sandwich. Jeremy stated we're heading back to more options which equals more cost by having to have more talented kitchen staff. Tina pointed out fewer choices should speed up prep & service time. Laura pointed out Indian Mound has a very limited menu. Tina added they have several specials also. Bill spoke with the Huggins kitchen staff who are willing to help if we go with a counter model. Bill feels we can move to a limited counter model, before needing a minimum, then expand to add more services as time goes on. Bill suggested running a restaurant 4 days a week, and a counter service model 3 days a week. In closing, Dave stated we can come up with a better restaurant plan moving forward with the knowledge & experience gained this season, especially that labor is a major challenge. Bill reminded us the restaurant isn't a problem, it's an opportunity.

- **Kingswood Road Repairs Plan (for Intersection of Maintenance & Cart Barn Driveways)**
Dave reported Kingswood Road Association (KRA) has agreed to pay 50% of repairs. KRA paid Norway Plains (NP) for a plan. We own the road & KRA has a right of way; KRA owns beyond the intersection. Dave Avery reviewed the plan & gave some excellent feedback. NP's plan included a catch basin in the middle of the intersection which Dave felt would just clog with debris. He suggested a straight culvert instead; two other individuals Dave Lynch spoke with agree. NP's plan included an 18-inch culvert; we've amended to a 24-inch culvert. The plan is to excavate & put in the culvert this fall, then wait to pave until spring or later. The total for this phase is \$50,000-\$60,000 of which KRA will pay for 50%. KRA's original excavation & paving quote was \$60,000-\$80,000 for the intersection to the cart path on 1 which is another 100 feet of pavement. The whole road should really be done at once. We're hoping to kick that can down the road 3 years, unless KRA wants to pay more than 50%. When the intersection paving is done, we will look at other paving repairs such as asphaltting around the large rock at the exit of the upper parking lot. Dave will have Alex look to verify the rock is too large to remove. At October's meeting, Dave should have project formal quotes for a BOD vote.

- **Other New Business**

Dave stressed to the Board the Club has to hire a General Manager because we're not going to find another President who will put in the amount of time he has the last few years. Jeremy wants to make sure we are financially planning for a General Manager. We consciously postponed hiring a GM this year due to taking over the restaurant operation. Dave credited Rick Ward with doing a great job budgeting conservatively & not being overly optimistic. Dave also credited many prior presidents and board members for their help, including Bill Antonucci who has given him a lot of history over the years.

The next meeting will be held on October 21, 2024 in the Kingswood Club House at 5:00 PM.

Motion was brought forth by Bill Barton to adjourn, motion was seconded by Laura Spellman, all were in favor, motion passed unanimously. Meeting adjourned at 7:03 PM.

Respectfully Submitted,

Tina Antonucci
Secretary