

Waterlefe Community Development District

Golf Committee Minutes

May 17, 2018

Present: Tony Tierno (chairperson), Tony Maddaloni, Ted Cole (Vice Chairperson), Barbie Brand, Bill Shopovick, Bill Gratsch, Scott Ellsworth, Bill Stasiuk, Audrey Bilotti, Bill Vernal and Jeri Haibach.

Absent: Tom Conrad and Herb Krasow. A quorum was established.

Other Attendees: Steve Dietz (Golf Course GM), Matt Hill (Head Golf Professional), and Janice Reed (Golf Course Director of Membership & Marketing) and Chuck Gregory (MPOA Board Member)

Call to Order: Meeting was called to order @ 12:00 PM by Mr. Tierno.

Minutes: The minutes from the April 12, 2018 meeting was unanimously approved.

Public Comments: After a request by the chairperson, there were no public comments.

Superintendent's Report (Threatt):

- The Golf Course Superintendent provided the Committee with his quarterly report on the activities that have taken place on the golf course and the work to be performed during the first maintenance shutdown. In general, the Superintendent is content with the conditions on the golf course. The issues on certain greens and tees were discussed in detail. It was noted that these issues are being addressed and it is anticipated they will be resolved during the summer. No other major concerns were noted.
- The biggest project that will be focused on during the first maintenance shutdown will be to correct the drainage issues in the third fairway. Other drainage issues will be addressed later this summer during the second and third maintenance shutdowns.
- The Committee commended the Superintendent for the excellent work that he and his staff have performed and for the excellent condition of the golf course

Golf Course Operations:

Financials (reported by Dietz):

- March, 2018 EBITDA was reported to be a profit of \$96,288 versus a budgeted EBITDA profit of \$72,079. This resulted in a favorable variance of \$24,209. Revenue was favorable to budget by \$45,950 which contributed significantly to the positive favorable EBITDA profit. There were unfavorable variances in Costs of Goods for both the Grille Room and the Pro Shop. Both issues were related to product mix. Pro Shop salaries were slightly over budget due to incentives. The Maintenance Department's Combined Expenses were unfavorable to budget due to significant course projects that were completed by the staff. The Pro Shop experienced slightly higher costs versus budget for various reasons that were not significant.
- Year to date, EBITDA is now favorable compared to budget by \$7,859 through March, 2018. March's positive results eliminated the unfavorable YTD EBITDA that was created in previous months. Contributing to the positive YTD EBITDA were positive YTD Revenues and favorable Combined Expenses.
- March's rounds were favorable to budget by 48. Total YTD rounds are unfavorable to budget by 987. A majority of the unfavorable rounds are from public play (759). Despite unfavorable YTD rounds, total YTD revenue per round exceeds budget by \$4/round and total memberships have exceeded budgeted memberships. Additionally, members were billed a Capital Assessment of \$100 in March. All of these factors have contributed to our YTD favorable revenue variance.
- **A copy of the Monthly Financial Summary for March and year to date financial data are located at the Waterlefe Community Website.**

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- March generated positive cash flow of \$44,012 which was caused mainly by the significant EBITDA results. The cash balance as of March 31, 2018, was \$394,539. The year-end (9/30/2018) cash balance is projected to be approximately \$120,000. This reduction in year-end cash is due to the normal summer losses that are projected for the balance of the fiscal year along with the cost of the planned summer maintenance and CapX expenditures. The Capx expenditures now include the improvements to the driving range which is discussed below under Capital Projects in the Maintenance section of these minutes. Should this projected cash level create a problem with the payment of normal golf course operating expenses, it was agreed to request a short term loan from the CDD.
- April's rounds and revenues are anticipated to be on budget.
- As of the date of the meeting, May, 2018 total rounds and revenues were comparable to budget.

Marketing & Sales (reported by Reed):

- As of the meeting date, Passport Membership decrease by 3 to 140. We currently have 39 non-resident Passport Memberships. We have earned 31 new Passport Memberships during this fiscal year.
- Summer Memberships continue to increase. Currently we have 36 membership, both couples and single, with continuing interest. The addition of River Club privileges to the Summer Membership program has proven to be a positive value.
- Work continues on the new permanent golf sign for motorist driving south on Upper Manatee River Road and a temporary sign on the north side of the Fort Hamer Bridge. Permits are being secured for these two activities. The process, although slow, is generating momentum.
- The golf course is working with the MPOA and the CDD to develop pointed marketing regarding the Waterlefe Community and its many amenities within the Philadelphia metro area. The purpose of this activity is to test the ability to increase the interest in Passport Memberships among new Waterlefe residents .
- Work continues on developing a video of the golf course with a drone. When completed, this video will be placed on our website.

Pro Shop/Grille Room (reported by Dietz & Hill):

- Matt Hill reviewed the program that the Pro Shop intends to implement at the beginning of the next golf season regarding golf cart requirements that are used under our Trail Fee program. This program is intended to address safety issues that may apply to modifications that Passport Members are making to their golf carts. The addition of larger tires is an example of the concerns that will be addressed. Larger tires can cause faster speeds. The Golf Committee supported the program presented by the Pro Shop and a motion was made to accept their proposed new policy. This motion was unanimously passed. A copy of the approved policy can be obtained at the Pro Shop.
- The Pro Shop staff is continuing to develop plans for a summer golf event to raise money for improvements to the driving range. More details to follow.

Maintenance (reported by Dietz):

- The 2018 capital projects were reviewed. Steve Dietz has copies of the summer maintenance schedule for these specific projects.
- A motion was made by the chairman regarding the planned bunker repairs this summer. It was stated that due to the improvement in cash flow and the funding commitment from the CDD, all of the bunkers should be redone this summer, not half of the bunkers as originally planned. The motion was unanimously passed.

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- New locks for all the comfort stations will be installed during the first maintenance closing this spring. An email will be sent to the residents regarding their ability to obtain the related codes for these locks.
- Steve Dietz reviewed the bids that have been obtained regarding the installation of mats at our driving range. The bid that was recommended was for \$60,000. It was noted that the current cash flow analysis should allow the golf course to complete this project this summer. Should cash fall below what is needed to cover normal operating costs, it was suggested that any shortage would be covered by a short-term loan from the CDD. The Committee agreed that this improvement would be a significant benefit to both existing Passport Members and would help in obtaining new Passport Members. A motion was made to proceed with this project subject to the CDD's agreement to fund any yearend cash shortfalls. The motion was unanimously approved.

Financial Subcommittee (reported by Tierno):

- Steve Dietz presented a preliminary 2018/2019 Budget to the Committee. This budget did not have any input from the Operations Committee regarding course projects and capital expenditures during the budget period. The discussion centered on projected revenues, membership and department expenses. In general, there were no major issues noted with what was presented. Each Committee member was asked to review the budget prior to the June Golf Committee Meeting and send their concerns and comments to Steve Dietz. A final budget will be developed by Steve and sent to all the Committee Members prior to the June meeting. At that meeting the 2018/2019 Golf Course Budget will again be reviewed and a final approval will be requested so that it can be presented to the CDD Board for their approval. The Operations Committee was asked to provide Steve with data on maintenance projects in order to develop a complete budget for the June meeting

Legal Subcommittee:

- No report

Fact Finding Subcommittee (reported by Tierno):

- Tony Tierno provide an update on the Memorable Fund/Charitable Foundation project. He noted that a review was conducted by the firm Batts, Morrison, Wales & Lee regarding our ability to form a charitable foundation for the golf course that could receive tax deductible contributions from individuals. These contributions would be used to improve the golf course. It was explained that no precedent could be found during the firm's review that would support our circumstances. The firm recommended that a request be made to the IRS for a ruling on our situation. The cost of this process was noted to be in the neighbor of \$28,000. After discussing this matter, the CDD agreed to table this issue and asked the Golf Committee to attempt to determine how much value (dollars of contribution) could be expected if we were to receive a positive ruling from the the IRS too form a charitable non-profit trust for the golf course. A copy of the review developed by the above noted firm is available from the General Manager.

Communications Subcommittee (reported by Stasiuk):

- No report

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Golf Operations Subcommittee (reported by Shopovick):

- The Operations Committee was asked to update the Five-Year Capital Project Report in order to help finalize the 2018/2019 Golf Course Budget. The Committee suggested that the resurfacing of the bridges at holes numbers 14 and 15 should be the prioritized projects for next year's budget. This information will be used by Steve Dietz developing the final Golf Course Budget. The cost of this work is estimated to be \$140,000. As previously stated, the Committee was asked to develop a list of repair projects that would be included in the developing the 2018/2019 budget.

WMGA (reported by Ellsworth):

- No significant reporting issues.

WWGA (reported by Bilotti):

- No significant reporting issues.

It was moved and agreed to adjourn the meeting @ 2:15 P.M.

Respectively submitted on June 10, 2018 by:

Tony Tierno, Chairperson