



Avon Valley Golf & Country Club

Minutes of the 44th Annual General Meeting, March 29, 2015

Call to Order and Introductions

In the absence of President Ross MacLean, Treasurer **Blaine Rooney** as **Chair** called the meeting to order and asked for a moment of silence in honour of members, friends and family who have passed away.

Upon continuing he noted the unfortunate need for the multiple rescheduling of the AGM again this year as contributing to the shortfall in attendance. He then indicated that Bob Purcell would be returning in his second year as Immediate Past President, that Board members Phil McNeil and Paul Reynolds would be standing down and that we had a full slate of candidates for election. He introduced Craig Martin, recently appointed as Office Administrator, then called upon Paul Reynolds to outline procedures re voting and questions from the floor.

Paul first confirmed with Kirk Stephen, chair of the Registration Committee, that there were 3 shareholding Directors in addition to the 22 shareholders in attendance, also that three valid Proxies had been registered making, making 28 possible votes in all. Consequently, 15 votes (i.e. 50% + 1) would be required for passage on all measures except the By-law amendment which requires 20 (i.e. a 2/3 majority, rounded up): he went on to outline protocols for discussion from the floor, reminding everyone who speaks to first state their name to facilitate composing the Minutes from the voice recordings. He later outlined the usage of the pink & blue voting cards, also the role of the Registration Committee which votes the registered proxies in accordance with the instructions they contain on the 4 items they cover: he also noted a By-law which requires the Committee to vote proxies in the negative on any amendments to the matters covered by the proxy's instructions.

Minutes of the 43rd Annual General Meeting held April 6, 2014

After asking for questions, concerns or comments on the Minutes of the 43rd AGM with none forthcoming, Paul then called the **vote** on acceptance of these: the motion **carried** (with all proxies in favour).

Nominating Committee Report and Election of Directors

Blaine reviewed the Committee's Report as found on the Notice/ Proxy form, which also summarized extraordinary measures that had to be taken once it became clear that insufficient nominees had been identified by the January 15 deadline. Paul explained that the decision to continue was in itself the implementation of the "emergency situations" By-law as amended at the 43rd AGM (which enables the Board to act in areas exclusive to Shareholders when necessary, then seeking approval at the subsequent AGM). Shareholder Tom Calkin **moved** that Shareholders approve the use of the emergency situations By-law in resolving the nomination shortfall situation, seconded by (**inaudible**); the motion **carried**.

Paul then called for a motion to elect the slate of candidates on the Nominating Committee Report as Directors for the 2015-16 term: shareholder Tom Calkin **moved** election of the slate and the motion was **seconded** by Rob Jeffers: the motion **carried**, (all proxies in favour): it was noted that the new Board assumes office at the end of the meeting.

President's, Directors and General Manager's Reports,

Blaine led off this item by reading through the **President's report** outlining the challenges being presented by increasing competition on the one hand, and on the other, the phenomenon of declining interest in traditional Club membership among an ever larger segment of the golfing public: Avon Valley has some solid advantages (location, weather, peak conditioning) but must constantly work aggressively to keep even- indicating: he noted an upcoming presentation would outline our current realities in more detail later in the meeting, together with some potential options to consider.

Paul then reviewed the **Vice-president's** report, which fundamentally elaborates all the things we can be proud of at Avon Valley and which invites us all to do what we can, one-on-one, to share this experience with friends and acquaintances who have not so far "had the pleasure".

Brad's then went over his **General Manager's report**, which provided an analysis of the increasing age and decreasing spending on the part of our membership and initiatives being undertaken taken (outside events, the green fee 5 & 10-packs, increased cart-deal marketing etc) to minimize the effects of this. He noted the expansion of the cartpath network

will provide a payoff over time. He ended by reminding shareholders of his desire to hear their suggestions at any time on how to increase revenues or on any other matters affecting our operations.

In the absence of the respective Directors, Paul then briefly reviewed the *Match, Membership, and Junior Development reports*, all of which were self-explanatory in the document, answering the few questions that arose.

Coming next to his *Publicity report*, Paul began by asking Brad to overview the bulletin board situation as outlined, which he did- noting that this in conjunction with other initiatives, this resulted in one of the best year ever in ad revenues. Paul then reviewed the section dealing with the newsletter survey, calling for discussion on the matter. Shareholder Tom Calkin expressed the view that the *Avon Go Round* remains important to the Club as a useful way of knowing what goes on in the course- citing the articles, pictures and his subsequent discussions with Brad on the location of the new carpath as an example. He believes the newsletter should be continued, perhaps in a different delivery format (reduced printing, more electronic distribution), whereupon Paul outlined current practice in this regard- this is already being done, and there is a fairly comprehensive archive of back issues on the website. Kirk Stephen suggested reducing the frequency of publication from four to six weeks, noting that keeping print issues as handouts for visitors is in his mind an essential feature to continue. Paul also pointed out that the newsletter is actually a revenue generator in a small way, with ad sales raising more than double the printing costs. It was confirmed that with Paul standing down, someone would have to take over ownership (the new Director of Publicity and/or volunteers, with support from staff). Tom Calkin volunteered, not quite tongue-in-cheek, to submit two articles. Keith Aucoin suggested putting together a team of interested parties to assist in the various aspects of production: this will be pursued.

Financial Documents

Blaine then moved to a review of the *Financial Documents*, beginning with the *Statement of Operations and Change in Net Assets* as found on p. 3 of the **Audited Financial Statements**. Summarizing from the Treasurer's Report he pointed out that it takes \$1.2 to \$1.3 million annually to run the Club, that for the first time in memory we operated at a loss (exceeding \$41K) and that this is largely the result of shortfalls due to declining membership (-\$43.5K) and shortfalls in Food & Beverage (-\$51.7K); he reviewed the "plus" areas, mainly advertising, green-fees and outside tournaments, and continued with a quick overview of the trends from recent history. He notes that most of our shortfalls are in line with overall industry phenomena, meaning in short, that the challenge for the Club will be to work 'smarter'.

He then outlined the allocation of expenditures between cost centers as indicated in the report, explaining the rationale, and pointing out the transparency and ease of reference of the format introduced last year. Overall costs run to c. \$1.24 million, of which the net shortfall is as mentioned above. He noted that total costs were actually lower than last year- with some unexpected costs resulting from weather (storm Arthur), and many other being fixed or rising (taxes, fuel, power).

He pointed out that revenues are essentially flat, that expenditures have risen & will continue to do so, and that membership numbers will not likely recover given industry realities. Increased revenues from green-fees and outside tournaments are essential in this environment. There was some discussion on the trends disaffecting the food & beverage revenues, and questions on items (salaries, for e.g.) that Blaine responded to in reference to the tables. Brad addressed other questions on costs of maintenance and related, such as fertilizers. Brad also reported that per his networking with other Clubs, we're one of the very few Clubs where revenues are more 'flat' than declining.

Blaine then reviewed some of the fixed costs (leases, lease payouts and the mortgage etc): a shareholder indicated that he failed to see how the Club was in a 'healthy' position as noted by Blaine, who referred to the overall view- for example, given the number of rounds played by members, if we were to increase dues by less than \$2 per round per member, we'd be very comfortably in the black this year, which is far from going under: members are also underspending in food & beverages and a turnaround there could also put us in the black.

There followed questions on the current sources of outside revenues and on the available options for increasing these, possibly by allocating more times for green-fee play by reducing members' access to prime-time bookings- one shareholder suggested the Club could possibly be more aggressive in this regard if the approach were to be properly 'sold' to the membership.. Blaine postulated that a graduated membership may be worth examining (play more, pay more) but we're not at that stage yet. Brad reviewed our current booking practices in terms of member vs. green-fee play, noting what other courses are doing (racing to the bottom). He then examined changes in our cost items over the years. He also reviewed our own rate changes over the past season, indicating that our need to be competitive is of prime concern in setting our prices. There was also discussion on the declining use of the food & beverage services by our members- as contrasted with players in outside tournaments: this seems to be a recurring theme.

Noting that the budget is for presentation/ discussion and not shareholder vote, Blaine then reviewed the **Operating Budget** for 2015-16. Comparing the included projections against last year's actuals, he quickly summarized the revenue items, indicating that in some cases prices will have to be raised to achieve the indicated projections, even though these are lower than last year's. For example, even though rates are minimally up, overall membership is expected to drop, resulting in the lower figure. There was a question on depreciation which Blaine explained by noting that equipment has a nominal lifespan and is depreciated annually until disposed of. He then quickly reviewed various expenses, generating some discussion on a recent Property Valuation Services decision which will increase the Club's property taxes by about \$3K (unless the district municipality grants an exemption, which is not likely). Blaine continued his line review leading to the bottom-line projected loss of \$19K. Brad noted that this does not entail any cash loss, also that the shortfall could be offset by the equivalent of signing up 15 new members or a few more outside tournaments.

As part of the discussion on additional ways to increase revenue, Tom Calkin raised the possibility of constructing "advance" tees to be placed well ahead of the current forward tees to increase the playability of the course for current & potential players who would make use of such a feature, leading to an increase in business. Tom volunteered to serve on a Committee to move this along. Keith Aucoin also indicated that we should be looking at a variety of initiatives like this to attract new business, and suggested an article in the *Avon Go Round* could be used to survey readers on changes that might generate revenues.

There was a final question on this item dealing with the gas cart column: Blaine explained that the reason for displaying this in this manner was to better show actual costs associated with the carts as an allocation from Pro Shop.

With discussion on the Reports concluded, Tom Calkin **moved** adoption of the President's, Directors' and GM's Reports and the Financial Documents as presented (including the *Audited Financial Statements* although as a professional product this is not subject to vote): the motion was **seconded** by Lorraine Purcell, and **carried**. (For the record once again, there was no *Capital Budget* presented this year).

Re-appointment of Auditors

Blaine Rooney then **moved** the re-appointment of the firm of Morse Brewster Lake of Berwick, NS as the Club's Auditors for the 2015-16 fiscal period: the motion was **seconded** by shareholder Keith Aucoin and **carried**.

Proposed By-law Amendment: reduction of the number required for quorum

Paul then presented the proposal to amend the By-law quorum requirement from 50 shareholders in attendance, to 30: Paul began by reviewing the history of both last year's and this year's attempts to convene the AGM's: quorum was not attained on the first viable attempts to convene each year, and when it was finally held (on the 3rd scheduling each year), there were even smaller numbers of shareholders in attendance. He offered the view that it probably had much to do with the time of year, when unsettled weather can be expected- however, he noted another By-law requires the meeting to be held during the month of March. He indicated his personal hesitancy to reduce in any way the role of shareholders in the Club's governance but pointed out the inevitability of this. Shareholder Tom Calkin raised the possibility of defining quorum as a combination of attendance and proxies, citing a recent experience he'd had with another organization. Paul indicated that these proposals could be looked at, but pointed out that the only matter that could be decided on today was either to accept or to reject the proposal as written: if there was interest in pursuing other potential ways of adjusting the quorum, the Board could form a committee (including shareholders) to do so, but any change would be two years away from coming into effect. Kirk Stephen reminded attendees that 38 people attended March 22 and that the approach should be to set the quorum at 30 and to move in any different direction (including proxy use) from that point. Kirk then **moved** that the proposed amendment reducing the quorum requirement from **fifty** shareholders to **thirty** be adopted as presented: this was **seconded** by Rob Jeffers and the motion **carried**.

President's Presentation on Revenues

Blaine then did a slide-by-slide review of the referenced presentation, first delivered by President Ross MacLean during the wait for quorum on March 22. The presentation presents revenue & expense trends over the past seven years. Dues are up 23% over the 7 year period (avg. 3.3% per year) but this is more than negated by the decline in membership. In 2014, the rounds played by members equated to 75% of all rounds played with members contributing 43% of the total revenue of the Club. Guest revenues for food & beverage services are increasing, and those from the membership use are falling: Even Men's Night event, traditionally a food & beverage mainstay, has drastically fallen off in terms of kitchen revenues. Brad reported that his calls to his colleagues in at the Truro and Ken-Wo courses revealed that they have a similar experience. Initiatives like the 'nine & dine' were mentioned as possible solutions among others. A shareholder noted that

food & beverage revenues seemed to fluctuate more than other line items over the years, but Brad could only speculate on the reasons for this.

Continuing, Blaine reviewed green fee and weekend revenues, pointing out re weekends that the ones with the lowest revenues were those coincident with member tournaments. He also pointed out the revenues from outside events, noting that these have become absolutely essential to the Club: later, he noted that outside events are booked as package deals, with power carts and meals included. He moved on to the slide showing what the competition (Brunello) are doing as possibly the next trend in where the industry is going: no traditional memberships as such but offers of flexible/ shareable rounds packages with power cart sharing included. Other slides reviewed the continuing advantages of membership including some actual price reductions (power carts), some plans on some minor changes to generate revenue (9-minute intervals, possible on-line booking for available green-fee slots, more "nine-&-dine" type events). In sum, we need to hold the line on expenses, take a hard look at what membership entails and think of doing certain aspects of our business differently, all while continuing to prepare for what an increasingly competitive future will bring.

Call for New Business

In response to the Chair's call for any new business from the floor, shareholder Tom Calkin *moved* a thanks to the Directors, Pro Shop and maintenance staff for their high level of dedication, hard work and communication, all of which are greatly appreciated by the membership: the motion was *seconded* by Keith Aucoin and *carried*.

Shareholder Troy White then raised a question on whether or not it would be possible for the Club to introduce a form of limited membership at a lower cost, with a control on the number of rounds that could be played. Brad indicated that this would have to be considered. Troy went on to propose a few options for dues which boiled down to packages which would reduce the price per round as the number of rounds purchased went up. Blaine indicated he played 30-35 rounds a year, representing an averaged cost per round of about \$35: a shareholder indicated she played 100, representing a per-round cost of \$11.50, leading to much floor discussion including options introduced by another Club that as it was not properly prepared for and led to a member exodus- indicating care and consultation are required. A shareholder pointed out that he knows of people who buy multiple passes at a variety of courses for use all season, another indicator of the changing expectations of newer players. Without losing sight of Troy's question, shareholder (Keith Aucoin) proposed assembling a group of interested shareholders to generate ideas on how to attract business: this will be followed up.

Acknowledgements

Blaine expressed the appreciation of the Club to departing Board members Paul Reynolds and Phil McNeil for their services to the Club over the years.

Destruction of Proxies

The **Chair** then called for the motion to approve the Board's destruction of the ballots and proxies within the next 30 days: this was *moved* by Tom Calkin, *seconded* by Lorraine Purcell and unanimously *passed*.

Adjournment

With no further business, the **Chair** called for a motion to adjourn: this was *moved* by Keith Aucoin without secondment: the motion *carried* and the meeting adjourned at approximately 4:25 PM

Approved:

<i>Original signed by</i> _____ Blaine Rooney, Chair	<i>Original signed by</i> _____ Paul Reynolds, Secretary
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