

MMGC Annual Member Meeting

Sept 24, 2022, 4:30 PM



Current Board of Directors (year term expires)

Betsy Kalmeyer, President (2023)

Mike O'Leary, Vice President (2022)

Cheryl Johnson, Secretary (2024)

Paul Ablonczy Treasurer (2024)

Kevin Dycus (2023)

Kerry McNair (2023) – resigning, position open

Bruce Kelly (2023)

Lake County Commissioner representative: Sarah Mudge

AGENDA

2PM – Groundskeeper Revenge Scramble

4 PM – Light Dinner

4:30 PM Annual Meeting

1. Welcome and Call to Order
2. Approval of 2021 Annual Meeting minutes
3. State of MMGC
 - o Katy
 - o Melissa
 - o Betsy
4. Recognitions
5. Board of Directors vacancies/applications
6. Member Input – Priorities for MMGC
7. Member Q & A
8. Adjourn

Annual Meeting Minutes

Sept 30, 2021

MMGC Board of Directors

Betsy Kalmeyer - President	Dan Houtchens
Mike O'Leary - Vice President	Kevin Dycus
Tracey Lauritzen - Treasurer	Bob Tait
Cheryl Johnson - Secretary	

Members Present: Member sign-in unavailable, estimated to be about 20 members present in addition to Board members

Agenda

1. Call to order – 6PM
2. 2020 Annual Meeting minutes approved
3. State of MMGC - Craig

1. Financials

Golf, until recently, has not been a good business to be in. After the economic travails of 2008, the game saw player participation drop by 30-40% over the course of the next several years. Thousands of courses closed – many of them small, rural courses serving a limited market. MMGC survived, albeit in some years by a margin as thin as the cover of golf ball. Then came Covid and an upsurge in people moving to Colorado and the high country. After nearly a decade of declining or static revenue, MMGC set a revenue record in 2020 and again in 2021, topping \$400,00 in gross revenue each year. Daily revenue in 2020 increased dramatically due to several factors, not the least significant being Covid. Drought – which also means good golf weather – was another 'culprit' that contributed to 2020's remarkable improvement. 2021 saw a good deal less 'good golf' weather, and Covid was not as prevalent early on, so our daily revenue slipped as we might have expected. Still, it has been only by ~10-15% compared to 2020 – an amount easily explained by the wetter weather. The daily fee drop was more than offset by an increase in membership revenue of nearly 50%, from ~44K in 2020 to ~65K this year. Concerns about having “too many members” did not fully materialize, although we did see some days with a busy golf course and revenue that did not equate to what we would expect given the volume of play.

Our current financial picture shows MMGC with cash in hand of \$207,040 and short term liabilities and expected year end expenses of ~\$50,000 along with a long term liability of \$131,000 (the EIDL loan). This is a far cry from the negative cash position we faced going into the 2020 season after a decade of financial struggle. And, it represents a possible return to consistently more 'profitable' operations. For historical perspective, in 1993, the year before I became the GM at MMGC, our gross revenue was ~\$80,000. This increased to ~\$360,000 by 2007. We were able to take on a significant debt of \$407,000 and added ~\$250,000 in cash to replace our failed irrigation system. Had we not taken this action, we likely would not be discussing the future of this golf course today.

2. Staff

Our staff this year has done an amazing job of working through a busy season with multiple challenges. Many of those challenges stem from the widely recognized labor shortage and demands from guests and members alike. I would like to personally extend my deepest thanks and gratitude to Maggie Handegard, Katy Crook, Gaetin Martines, Crislyn Anderson, Kianna Kruger, Conner Lenhard, Evan Kirsten and Josh Mooney. I would be remiss if I did not also thank Sean Cooper, who has volunteered time to help keep our cart fleet operating at full capacity.

3. Wage compression

With Colorado's minimum wage now at \$12.20 / hour and the actual “going rate” for starting wages more in the \$14-\$15 / hour range, we face a relatively new phenomenon now being called “wage compression”. This refers to the wages paid long time employees, which simply cannot move upward in the same fashion as starting wages without having a very significant financial impact on a business – especially a small business such as MMGC. Our employees have only one fringe benefit – free golf.

4. Water use and agreements

The ongoing drought took a bit of a break for us this year, as we saw frequent light rains. Still, we utilized close to all of our 43 acre-foot use allocation this year after two consecutive years having to lease additional water due to allocation overruns. We had to identify and use a new source, as our typical 10 acre-feet of short term leased water from the Pueblo Board of Water

Works was not available this year. Our replacement source was the Derry Ditch #3 water right owned by LCG, which was recently adjudicated after a lengthy legal and engineering process. As far as I know, MMGC was the first user of this important addition to lake County's water rights inventory. Thank you Commissioner Sarah Mudge for suggesting this source and working with us to gain approval for its use. Patting ourselves on the back a little, I note that as GM, with the support of the Board, I have been involved in County water matters for many years. I believe this activity has positioned us well in the eyes of local authorities. Our other sources are 20 acre-feet of Twin Lakes water leased through LCG and their agreement with Aurora, a donation of 4.2 shares of Twin Lakes water from members Tom & Patty Wrenholt and 1 share of Twin Lakes water from member Cherie Hahn.

5. Irrigation loan

We were able to utilize a low interest/long amortization SBA EIDL loan from the federal government to cover many of our operating expenses this season. This allowed us to use saved capital from 2020 and revenue in excess of expenses from 2021 to pay off the remaining ~\$210,000 principal on our long term irrigation loan. This was a significant achievement. Thanks to our Board for pushing to see this accomplished, and of course to our staff for showing up to operate the business and maintain the golf course so that we could again have a remarkable revenue season.

6. Clinics and Lessons

Board Vice-president Mike O'Leary has been providing lessons and clinics at little to no cost – with a focus on youth golf – for several years. This year, his adult clinics drew up to 20 participants and the reviews were very positive. He was able to obtain a grant from the LCCF and a donation from MMGC to support his efforts, which he provides as a volunteer. Thank you “Coach O'Leary” - your contribution to golf and MMGC's success is greatly appreciated. Gaetin Martines, our 3 time Club Champion, also offers lessons and club repair/regrip services.

7. Course improvements

We are engaged in adding sand to bunkers and performing a full assessment of irrigation sprinkler heads and valving at this time. The red/white and black tee boxes on #4 were built (or rebuilt) and opened for play in mid-September. We obtained a “new” fairway mower early in the season, resulting in improved quality of cut (a major player in turf health) and far fewer mechanical issues. Increased fertility, an emphasis on developing a moss control program – and of course excellent staff work along with the blessing of frequent precipitation - also contributed to what we often heard described as 'the best shape the course has ever been in'. We successfully held two in-season turf diseases in check, and increased control of broad leaf weeds such as dandelion and critters like the pocket gopher, meadow vole and ground squirrel.

8. New challenges

Staffing and wages were mentioned earlier, and will continue to be a significant challenge. Changes at the management level may also play an important part of planning for 2022 and beyond. Community and regional growth – along with a re-discovered 'play in the outdoors' culture – will bring increasing development pressure. Winter activities have blossomed from a single person dragging borrowed implements with a personal snow machine to the burgeoning volunteer-driven operation that is the LCCSC today. The challenge here will be for two separate entities engaging in two disparate operations to continue to cooperatively meld the activities of both into this one facility. Happily, the vision of a year around facility has come to pass. We operate on county owned land, though we are decidedly not a county entity. What planning for recreation that occurs at the County level will need to be matched by an equal effort to plan for the future within our membership and representative board if MMGC wishes to remain the unique 'walk in the woods' we have enjoyed for so many years. For MMGC, the matter of member vs. non-member rounds and revenue may present a complicated issue if play levels remain as they have or increase. We have an inquiry in to our tee sheet/POS/ website provider “Tee snap” so that we can accurately determine the ratio of member to non-member rounds and revenue this year. This is an important component of our operation, because daily fee play accounts for ~75% of our revenue, and membership sales ~25%. Thus, if the ratio of member play to daily fee play leans too heavily towards the members, our revenue can be severely impacted. Given the growth in memberships from 2020 to 2021, and the growth in the community, attention needs to be given to the revenue generating potential of each user group.

9. Member Q & A

- Communication to members, email news and online voting procedures were described
- Board of Directors vacancies/applications
 - Application process with Board interviews and selection as per By-Laws described
- Volunteer opportunities and work completed

4. Meeting Adjourned 7:30 PM