

## **MPFC Called Board Meeting Minutes, November 1, 2011**

### **I. CALL TO ORDER AND QUORUM DETERMINATION – BOARD PRESIDENT**

President Steve Hawkins called the meeting to order at 5:00 PM declaring that the required quorum was present at the Meadowlakes Municipal Building in Totten Hall, 1777 Broadmoor, Meadowlakes, Texas. Members present were: Steve Hawkins, Dave Dostal, Dale Fixsen, Donnie Zavala and Patti Wray.

### **II. PLEDGE OF ALLEGIANCE – PRESIDENT**

President Steve Hawkins led the audience in the Pledge of Allegiance.

### **III. APPROVAL OF MINUTES OF October 7, 2011 CALLED MEETING**

President Steve Hawkins asked for a motion to accept the minutes from the October 7, 2011 meeting as written. Dale Fixsen made a motion to accept the minutes. Dave Dostal seconded the motion. The motion carried by unanimous vote of Board Members present.

### **IV. HFGC STATUS AND ACTIVITY REPORT – GM/COO JEFF WILSON**

Jeff reported on final financials for FY 2011. This should be very accurate and it is what we will turn over to the auditors. Total revenue for the year was \$998,543.67. We were 4.35% over budget in revenue. We had a very good revenue in the restaurant but we also were way up in outside green fees and cart rental. We were down on membership but made up for it in outside play. General and administrative expenses were \$116,385.61 which was over 11.09% of what we had budgeted. President Hawkins asked about expense lines, do we have any contingent expenses in any way associated with this document? Do we owe anyone any money other than this, no fees owed to you? Jeff is owed \$6,200.00 for the year. Jeff does not know how to show this income owed him because it is a payroll item. The President said this is a contingent liability and you have to have a provision for that in your statements. After further discussion the President asked the Treasurer, Dale Fixsen, to work with Jeff to get this done. The President told Johnnie Thompson that we may need his help before we turn this over to the auditors. President said \$6,600.00 needed to be added to our losses. He does not want to see any accounting that does not reflect our outside contingencies whether it is Jeff or anyone else. The problem is we are creating a payable that does not reflect our finances. In the future if we have problems like that, bring them to his attention and he will get Dale to work with Jeff. The President said the reality is when we have a document with a \$26,000.00 loss and we have another \$6,600.00 outstanding, we cannot do that. The President asked Jeff when he gets this done that he send it to him and he will respond and circulate it to the Mayor and Johnnie.

Pro Shop expenses were \$258,261.55 and we had budgeted \$234,680.00. We were over by 10.05%. Maintenance expenses were \$383,620.28 and we had budgeted \$356,700.00. The majority we were over was for irrigation water. We spent \$20,000.00 more on water than budgeted and that was \$19,000.00 over what we spent on water last year. Food and Beverage expenses were \$223,300.17 and we had budgeted \$207,550.00. We lost \$2,700.00 in the restaurant this year. There was some discussion on the operating expenses for the restaurant. Jeff estimates operating expenses to include utilities, propane, licenses and permits and things of that nature costs \$18,000.00 annually. President has an action item on Restaurant Alternatives and he just wanted to have a concept of what those yearly operating expenses were.

Jeff reported under General Operational expenses we had a \$26,000.00 loss and added to it the contingent liability and we are looking at a \$32,000.00 loss for the year. Of that we paid \$30,000.00 in loan principal and \$1,200.00 in capital expenditures for a total of \$31,200.00 in total operational expenses.

Jeff reported that we started the month with \$40,039.86 and had inflows of \$73,341.95 with outflows of \$85,670.46. Ending cash was \$27,711.35. We ended September of last year with approximately \$24,000.00. We are looking at a loss for October of \$4,000.00. Keep in mind that we spent \$17,500.00 in annual insurance payments in October. Cash on hand as of yesterday was \$11,500.00. Jeff reported on the CD's we currently have and when they will mature. President said we will be cash positive for a few days, what will that grow to? Jeff said by Monday we should have \$22,000.00 to \$24,000.00 in the bank. We have payroll Monday of \$10,500.00 to \$10,700.00. A discussion was held between Jeff and the President about inflows and outflows for the month. We should have approximately \$16,000.00 at the end of the month. The President cautioned that that is pretty tight. Jeff said in December we will start to see expenses go down and revenue go up because of the restaurant. President asked Jeff how he will manage this to make sure we are able to meet our minimum employee liabilities. Jeff said it has been going on for three weeks and we have absolutely no discretionary spending and everything spent has to be approved by him. On the maintenance side we do not have anything this time of year. Jeff has cut back some of his staff; we are down to 3 and ½ guys on the maintenance crew (3-full time and 1-half time). Jeff has taken over running the Pro Shop for a couple of extra shifts during the week to reduce payroll expenses there. Susan only has extra people when we have parties.

President asked if we were paid up with the City? Jeff reported everything was paid by the end of the month and is accounted for in the outflow for the cash liabilities. President said it will be hand and mouth until we get through this tough month. He will stay in close contact with Jeff. The biggest payments we have each month are cart rental payment of \$2,400.00, equipment lease is \$6,300.00 and payment to the City is \$3,000.00. We will get an \$875.00 irrigation subsidy. Health insurance is below \$2,000.00 a month. Utilities should be lower this month. The water bill went from \$7,300.00 to \$3.60 this month. Jeff said we should be able to get by with affluent

water through March. April or May we may need irrigation water. This year we did not use water until June and spent \$26,000.00 so that is the scary thing.

The President would like a weekly cash forecast from Jeff and wants him to distribute it to the Board members so that if we have to take extra ordinary measures at least we will have a little lead time. The President says we can look back on this and he is not too crazy about losing \$32,000.00 and spending \$20,000.00 more than we thought we would on water but that was a conscious decision and he was part of that so if there is a challenge to that, he is the right guy to see.

Jeff reported one bright side and that is rounds played. Total rounds were up 364 from the previous year, total rounds were 2371. Outside play was up. We got a new family membership on Saturday. Jeff has spent time with another couple who are buying a home on Slick Rock. They will be winter Texans for the next couple of years and then will retire here. Winter Texans are arriving today and two came in early October who paid the annual plan. More are headed here in December and January. We have lost more members and the counts are now 43-singles, 40-couple, 9-family, 20-medical plan, 6-non-residential, and 33-social. Of the 39 life members, 18 are paying trail fees or gold member fees. Not counting medical and social we have 98 full-time members. Donnie Zavala pointed out this is where we are headed with members by lowering our prices like we did. President said we need to look at this on a later agenda.

There was a discussion about the negative equity and any auditor notes regarding it last year on our audit report. Our Treasurer, Dale Fixsen, has talked to the auditor concerning that and they have no problems regarding it. The President was concerned that this negative equity would impact our insurance rates but Dale does not think so.

Jeff gave the Board Members a calendar of events for the restaurant for November. Jeff is getting more calls daily for special events. The buffets on Sunday are marginal but we are not losing any money on them. The Halloween party had 36 people in attendance. There was a limited menu so it was order as needed.

There were no further questions for Jeff.

## **V. ITEMS FOR ACTION/DISCUSSION – PRESIDENT**

### **A. ACTION/DISCUSSION: PROPOSAL FOR DECORATING COMMITTEE**

Patti Wray read a proposal she received via email to the Board: “Linda Wier, Karen Sarcione, and Monja Caughron have volunteered to serve as the designated Decorating Committee for the Hidden Falls Golf Course. Tillie Harmon has agreed to serve as a resource person. The committee would work with the PFC via Jeff and the City via Johnny on all refurbishing and decorating projects involving the interior and exterior of

PFC Facilities. Volunteers will assist in completing proposed projects unless paid personnel are required. We ask that the PFC Board approve the formation of this committee as soon as possible". Patti opened the item up for discussion. Jeff thinks this is a good idea and he wants to make sure that Susan is kept in the loop on this because she has a lot of pride in how she presents the restaurant. A motion was made by Dale Fixsen to accept this proposal. The motion was seconded by Patti Wray. The motion carried by unanimous vote of Board Members present.

#### **B. ACTION/DISCUSSION: WATER AUDIT**

The President said he and Jeff had a discussion about the last water bill from the City for \$7,200.00 irrigation water and this prompted this item. There were questions of how much water was applied, where did it come from; effluent versus other, how do we track it, how do we make sure we are putting out what we said we would put out? That we are using water judiciously and how are we tracking it? The President wants us to understand where water is coming from and where we are spending money. President is not worried so much about discrepancies but how do we track this in the future to have a good audit trail. What could happen is that we get less water next year and it will be more expensive. The President asked Jeff to put this together. The objective behind this is to know what processes we have in place to know where water is coming from, how much it is and how are we going to use it judiciously. A discussion followed about Site Pro reading and meter reading of our water usage. We do not have access to the actual meter reader which is inside the water tower to compare it to the Site Pro readings. The President asked Jeff if he trusted the new meter? Jeff said Jaime does. After further discussions, the President asked Johnnie if he agrees there are two pieces to this, how much hits the lake and how much hits the golf course and if we have limitations on water, and he is sure we are, he just does not know what they will look like. We have to be able to track that water. We need to start thinking about what that solution is. Donnie Zavala feels that the City should provide us with our own water meter as they do provide for every household in the community. If we are responsible for it we should have a meter there where we can look at it and have access to it. The President thinks we have a couple of months to figure how we go about this and figure it out and where we need the audit track. The President asked Donnie Zavala to lead this; he will work with him on this.

#### **C. ACTION/DISCUSSION: GOLF RATE FEES**

President said we need to consider and talk about making our fees competitive with who we are competing with here locally. The President thinks we should start with outside play. A discussion was held about outside play and should we have a water assessment fee. Jeff feels we need to start with outside play first before adjustments are made to membership fees. The President asked Jeff to put an analysis together that says how we are going to make this up and think about it from the revenue side, how are we going to make up some deficits that we are going to face? If Jeff needs help with this assignment the President will help him with this.

#### **D. ACTION/DISCUSSION: TOURNAMENT PLAY**

A discussion was held about creating more tournament play as that also brings in more revenue for the bar and restaurant. Suggestions were made to Jeff for a city championship or tri-county tournament rather than a club championship. Also discussed was for Jeff to look at the internet and find organizations and send them mailers to solicit tournaments. The President wants to keep this on the agenda and keep talking about it because it is revenue, revenue, revenue.

#### **E. ACTION/DISCUSSION: AUDIT OF COO COMPENSATION**

The President said there was a request to audit the COO Compensation called by Johnnie and the Mayor and asked if the meeting took place? Johnnie said the request was his. The request was to link payments to activities associated with them. The President asked Dale Fixsen to go ahead with it and get the information requested put in a format where we can respond to it and get it off to the requesting party.

#### **F. ACTION/DISCUSSION: RESTAURANT ALTERNATIVES**

The President had an inquiry from a realtor who has a client who is interested in exploring renting the restaurant and bar here in Meadowlakes. He told them we would consider it and told them the process. The process is that we could consider it and put provisions together but before we could sub-lease it the City would have to grant their approval. There are two ways to go about this, we can see if this is real and if there is something to it. We can do a preliminary discussion and if it becomes something that is more than an inquiry we would request City participation early rather than later. The President will send a formal request to the Mayor to tell them what we are doing and if the City will agree to participate. There was a discussion with the Mayor, Johnnie and the Board concerning the pros and cons of sub-leasing the restaurant and bar. The President made a motion to continue to explore this and before we do anything we are well versed of what takes place and he will lead this charge. The motion was seconded by Dale Fixsen. The motion carried by three "yes" votes by Board Members Dale Fixsen, Dave Dostal, and Patti Wray and a "no" vote by Board Member Donnie Zavala.

#### **VI. CITIZEN COMMENTS (limited to 3 minutes each speaker; 15 minutes total)**

Mr. Jake Strohman spoke and said this is the first meeting he has attended and it looks like we are doing a good job and we have his vote of confidence and so is the Pro Shop. There are a couple of things and I've made some suggestions. Some of them have been used and some have not. You will not offend me if you do not use my suggestions. So whenever you get comments from me, evaluate them. If I give you a comment I usually have a fix for it. If you find you do not want to do it that is all you have to say. I do not want any excuses. We do not need excuses. We can evaluate things and it is up to you guys to evaluate things so I notice we have been getting a lot of excuses when people have made complaints and stuff, some off the wall. For instance, there was a complaint about sewage being sprayed on people on the golf course. They came back to us that they were purging the lines. You do not purge the lines on a holiday when

no one is around so there was no purging of the lines and that was an off the wall comment. It was not legitimate and you are just going to make people angry. That is some of the things that I see going on out there. They are taking care of them. I am from the old school of continuous improvement and the only way you are going to get improvement is to get feed back. I would encourage everybody, golfers and everybody, to give feed back and it's a complaint unless there is a fix for it. If you get a comment and someone is just griping it is not a legitimate comment; you have to have a fix for it. The other two things I would like to talk about. I do not think it is right that the City dumped that \$300,000.00 debt on us and I think that the City should be paying for that. I do not think the PFC or the golfers should be paying for that. The other thing I see is the problem with water and you are always going to have a problem with water. The easiest solution is to get with Marble Falls and this is the City. The City should be getting with Marble Falls and we should have one sewage treatment plant and it is ridiculous to have two sewage treatment plants and all the O&M costs. If you got in with Marble Falls you would have plenty of water to operate your golf course. So, I think that is the area you should be looking into. The City should be going to Marble Falls and we should be getting rid of that sewage treatment plant because it is costing us a lot to maintain that when there is one right down the street that probably does a little better job of treating and it also has lines very close and it would not take that much to run lines to the City of Marble Falls and is all I have to say.

Mr. Wayne Thelen spoke and will only talk a couple of minutes as everyone wants to go home. Number one is this sewage thing. I didn't know that the City of Meadowlakes is charging the PFC to put their water on the course, is that right? The President said no, they are not charging us to put effluent on the course. If we buy lake water we pay the City just like homeowners do. Wayne then asked if effluent water is free? Jeff said it does cost money to put it on the golf course and that is one of the reasons the City gives us a subsidy on water usage. Wayne asked if this meter thing we were talking about was for lake water? The answer was yes. Number two, revenue, revenue, revenue is what I hear. Jeff, why can't you have a special rate for golfers from Austin to play this course if say they live with a 40-mile radius? Jeff replied the non-resident fee is \$111.00 for a single and \$121.00 for a couple if they live outside the 654 or 657 zip code. Wayne asked if you could do this, establish a radius and do like \$100.00 for a membership, waive the initiation fee and put it in the Austin American Statesman and other papers in the surrounding newspapers. Have a nice ad costing \$500.00 and I can pretty well assure you that I have a son in Austin who will talk to his buddies and this is unbelievable that we can play Meadowlakes for \$100.00 a month if I was a member when I go to Balcones it cost me \$300.00. We'll drive over here and get four guys to drive here every Sunday to play. I'd like to see if you check this out. Just a suggestion, a nice ad in the Austin paper and another ad in local paper to let the local residences know we are alive out here. They probably don't know that they can play here. Number three, tournament play. What is wrong on Monday's having a resident/pro tournament? All your resident pros are off on Monday. I have seen it happen before and they look forward to that. If you could establish that one Monday a month I think our local members would say that is fine, we love to see those pros come in here and play. Donnie, you have had this before and I think it would create good revenue, it gives them something to do and

they would spend money. That's all I have.

**VII. DECLARATION OF ADJOURNMENT OF MEETING – PRESIDENT**

The President declared the meeting adjourned at 6:20 PM.

**THE PUBLIC IS INVITED TO MPFC BOARD MEETINGS**

We, the undersigned authorities, do certify that this Notice of Meeting was posted at Meadowlakes City Hall and outside the security gate, convenient to the public, on Saturday, October 29, 2011 at 5:00 PM and remained so posted continuously for at least 72 hours immediately preceding the day of said meeting.

**APPROVED:**

/S/ Steve Hawkins  
**Steve Hawkins, Board President**

**DATE:** January 16, 2012

**ATTEST:**

/S/ Patricia Wray  
**Patricia Wray, Board Secretary**

**DATE:** January 16, 2012