

March 9, 2020

Annual Meeting

Good morning and welcome. My name is Claire Comstock, and I am President of your Board of Governors.

Now I would like to call this Annual Member meeting to order. Don DiBrita, Board Secretary, confirms that notice this meeting was mailed to all members within the timeframe required by our bylaws. Don also confirms that we do have a quorum which is defined as the presence either in person or by proxy of members having 50% or more of the eligible votes.

This is the last call for voting on the matter presented for member approval....is there anyone who is in need of a meeting ballot?

I now declare the polls for election of Board of Governors closed.

While we await the counting of votes, we will proceed to the agenda which includes a financial update by Debbi Berit as well as my operational update both of which we believe will be of interest to our members.

Before turning the podium over to Debbi, I would like to begin by introducing our Club's Leadership team.

Joseph Iafe, General Manager

Dan Newman, Director of Finance

TJ Shine, Golf Course Superintendent

Meg Stepanian, Director of Membership and Marketing

Ben Pittman, Head Golf Professional

Tom Funk, Head Tennis Professional

Justin Trent, Director of Food and Beverage

Brandon Wheelock, Executive Chef

Lisa Dillinger, Membership Services

Agenda

Call to order	Claire Comstock
Financial update	Debbi Berit
Committee updates	Claire Comstock
Election results	Claire Comstock
Q & A	

Seated on the dance floor are the members of your Board of Governors:

Greg Bonnell, VP and Chair of the Greens Committee
Debbi Berit, Treasurer and Chair of the Finance Committee
Don DiBrita, Secretary and Chair of the House and Entertainment Committee
Tom Hochworter, Chair of Tennis, Property, and Technology Committees
Mike Kennedy, Chair of Long Range Planning
Mike Meersman, Chair of Membership and Marketing, Executive Committee member
Mark Mitchell, Chair of the Golf Committee
Ron Rosselot, Chair of Grievance

As you know, our nine member Board of Governors has staggered 3 year terms. This year we thank Tom Hochworter and Greg Bonnell who complete their current terms at this meeting. My current term also expires at this meeting. Both Greg and Tom have served with commitment and dedication and represented you well through an important time in our Club's history. Please join me in a round of applause to recognize the efforts of these fine members.

Now I would like to turn the podium over to Debbi who has some impressive financial results for the first four months of the fiscal year to share with all of you.

ECC Financial Update

March 9, 2020

Debbi Berit, Treasurer

Good morning and thank you for attending our Annual Meeting. I am Debbi Berit, Treasurer and Chair of Finance Committee.

Today, I will be reviewing the financial results for the first four months of fiscal 2020.

I am happy to announce our membership numbers are up, driven by new golf members, and our balance sheet is healthy. Our Operating Income is significantly higher than budgeted for the first four months and our Capital Reserves are in line with our Reserve Study.

Director of Finance

Dan Newman

Finance Committee

Jeff Adair

Leo Au

Mike Lanciotti

Walter McCarthy

Ron Rosselot

Tom Young

I would like to thank Dan Newman, our Director of Finance, for his significant impact on our budgeting and financial reporting, as well as identifying and executing new ways to generate income and reduce expenses. He just celebrated his one year anniversary.

I would also like to recognize and thank the Finance Committee Members for all their hard work and dedication:

Jeff Adair

Leo Au

Mike Lanciotti

Walter McCarthy

Ron Rosselot

Tom Young

Membership

	02.29.20	02.28.19	02.28.18
Golf Equity	328	319	281
Sport Equity	45	49	49
Social Equity	<u>171</u>	<u>170</u>	<u>171</u>
TOTAL EQUITY MEMBERS	544	538	501
Annual Tennis /Honorary	26	24	23

As of Feb 29th, we have **544 Equity** members, 6 more than last year at this time. We added 9 new golf members and Sport reduced by 4. Our total golf membership currently sits at **328**, 3 above cap, with Sport at cap. Social increased by 1 member since last year.

We had 14 Trial Golf Members at this time last year. We eliminated Trial Memberships in season for this year.

We budgeted to end Fiscal 2020 with 329 Golf Members, 48 Sport and 178 Social, for a total Equity membership count of 555. After finalizing the budget, we reduced the cap for Sport to 45.

Balance Sheet

	02.29.20	02.28.19	10.31.19
Cash	2,692,282	578,891	2,789,114
Other Current Assets	1,008,266	899,161	632,853
Fixed Assets	<u>11,505,198</u>	<u>11,939,509</u>	<u>11,733,473</u>
Total Assets	15,205,747	13,417,561	15,155,441

Our balance sheet is healthy. Our cash position, at \$2,692,282, is up significantly to last year. Included in the cash is the \$1.5m term loan.

Our total assets are \$15.2 million vs \$13.4 million, up \$1.8 million to last year at this time.

Balance Sheet

	02.29.20	02.28.19	10.31.19
Deferred Dues	2,634,913	2,494,090	2,751,379
Other Liabilities	465,734	427,939	513,907
Member Bonds	338,250	354,750	344,250
Equipment Leases	374,404	330,149	286,549
Loan Balance	<u>1,375,000</u>	<u>0</u>	<u>1,500,000</u>
Total Liabilities	5,188,301	3,606,928	5,396,085

Our total liabilities are \$5.2 million, up \$1.6m to last year, driven mostly by the loan balance of \$1.375m. The balance of liabilities increase is attributed to higher Deferred Dues and Equipment Leases.

(Deferred dues comprise of pre-billed fees for 2019/2020 fiscal year, including operating dues, capital dues, mill river fees, bag storage and locker fees, handicap fees and trail fees).

Balance Sheet

	02.29.20	02.28.19	10.31.19
Total Assets	15,205,747	13,417,561	15,155,441
Total Liabilities	5,188,301	3,606,928	5,396,085
Total Equity	10,017,446	9,810,633	9,759,356

As you can see in this slide, with our Assets up \$1.8 million dollars and Liabilities up \$1.6m dollars, our total Equity at \$10.0 million dollars vs \$9.8 million dollars, is \$200 thousand dollars greater than last year.

Operations

	2019 Actual	2019 Budget	2018 Actual
Revenue	5,516,077	5,174,242	4,438,450
Cost of Goods	(695,020)	(650,621)	(567,912)
Operating Expenses	(4,740,469)	(4,521,582)	(3,860,010)
Operating Income/(Loss)	80,588	2,039	10,528

This slide is a quick recap of 2019 Operations to Budget and 2018 actuals.

Our Revenue was \$5.5 million, \$342,000 above budget, driven by higher Food & Beverage and Golf Revenues.

Our Cost of Sales were in line with our revenue increases.

The Operating Expenses were above budget, primarily from increased Golf Course Maintenance expenses as well as unbudgeted expenses with repairs to the tennis courts and fees associated with the GM search.

We ended the year with an **Operating Profit of \$80,588** vs a Budget of \$2,039 and the prior year \$10,528.

Operations

	2020 YTD Actual	2020 YTD Budget	2019 YTD Actual
Revenue	2,226,785	2,149,441	2,147,945
Cost of Goods	(348,822)	(330,612)	(297,666)
Operating Expenses	(1,606,705)	(1,635,922)	(1,562,598)
Operating Income/(Loss)	271,258	182,907	287,681

Year to date, through February 29th, Our Revenue is \$2.2 million vs a Budget of \$2.1 million, up \$77,344 to Budget. The increase in Revenue came from higher Golf and Food & Beverage Revenues.

Our Cost of Sales were in line with our revenue increases.

Operating Expenses were slightly below budget by \$29,217, mostly due to staffing being under budget due to open positions.

As a result, we generated \$271,258 in Operating Income for the first 4 months of the fiscal year vs a Budgeted Income of \$182,907, an increase of \$88,351.

This year's budget reflects a positive net operating profit of \$102,048; net profit after depreciation is \$3,748. We are actively funding annual depreciation in this as well as future years to ensure we have cash needed to replace aging capital assets as needed.

Capital

	2020 Projection	2020 Budget	2019 Actual
Capital Dues	843,626	841,200	822,159
Net Membership Contributions	63,800	53,300	242,650
Other Capital Income	110,613	32,039	49,839
Total Capital Income	1,018,039	926,539	1,114,648

As of the first four months of the year, our Capital Income, at \$1.0M, is projected slightly above Budget for the year, by \$92K. Included in this year's other Capital Income is \$80K of Operating Income from 2019.

Capital

	2020 Projection	2020 Budget	2019 Actual
Capital Expenditures	(236,427)	(140,500)	(142,666)
Lease Payments	(188,339)	(201,839)	(183,208)
Term Loan Payments & Interest	(319,267)	(334,037)	(28,729)
Total Capital Expenditures	(744,033)	(676,376)	(354,603)

Our budgeted capital expenditures of \$744,000 included \$236,000 for capital purchases and maintenance expenses and \$188,000 in Capital Lease payments. Our Capital Expenditures are above Budget due to \$100K in planned Capital expenditures from 2019 that rolled into 2020.

Capital

	2020 Projection	2020 Budget	2019 Actual
Beginning Capital Balance	785,115	607,647	25,070
Total Capital Income	1,018,039	926,539	1,114,648
Total Capital Expenditures	(744,033)	(676,376)	(354,603)
Total Capital Reserves	1,059,121	857,810	785,115
Balance Needed Per Reserve Study	<u>962,877</u>	<u>962,877</u>	<u>436,914</u>
Over (Under) Reserve Study	96,244	(78,836)	348,201

We began Fiscal 2020 with \$785K in our Capital account, an increase of \$177K to Budget.

The Capital Income is above budget by \$92K, which includes the \$80K Operating Income from 2019.

Capital Expenditures are over budget by \$68K, which includes the Capital Expense that rolled into 2020 from 2019. (Bulkhead on #14, Curb additions, Cart Paths #2 & #16, Retaining Wall #3).

The Total Projected Capital Reserves at year end are \$1,0M. The balance needed based on our reserve study is \$962K, which leaves us over the reserve study balance as of 10/31/20 by \$96K.

Operational Update

March 9, 2020

Claire Comstock, President

It's important for you as members to have good insight into the financial strength of our fine Club but as owners, we should also be attentive to the Club's operational health. As many of you likely did (or do) in your work or home lives, it's important to set goals and measure progress against them. Today I would like to share some of the key operational accomplishments over the last year. I trust you will be as proud as your Board is of the progress made.

Let's begin with Food and Beverage operations. Here the focus was on three areas. First, increasing seasonal dining hours of operation. We added Terrific Tuesday which features happy hour cocktail pricing and a fun comfort food menu at a highly affordable price point. We expanded Sunday Funday with a themed menu that offers a range of food options. Second, the team looked to strengthen dining operations. A new Mulligans floorplan, a fresh tabletop presentations, and staff uniforms as well as changes to the reservation system and policies all improve your dining experience. We are using new cooking techniques and have implemented a menu strategy that brings variety and freshness to our culinary offering. We added several events to the calendar: a monthly Chef's table, Comedy Nite, Casino Nite, and Fashion and Fizz to name a few. We are using our spaces differently for example hosting events on the back lawn. The result has been a 26% year over year increase in covers served and a commensurate increase in revenues. We are now a \$1 million food and beverage operation!

Golf Operations' top priority was to increase tee time availability to members. The tournament schedule was revamped to minimize peak time disruption and facilitate more open play. Guest packs and in season trial memberships were eliminated. We remain a very busy golf course experiencing a 37% increase in total rounds post renovation. Southwest Florida private courses average 26,000 rounds per year. Can anyone guess how many rounds were played here? 38,482!

Operational Update

March 9, 2020

Claire Comstock, President

Which brings me to Golf Course maintenance. Here the focus has been on post renovation—turf management, landscaping and the completion of projects that improve the course’s look and feel like the block wall and stairs on #3. We were not able to complete the bulkhead on #14 due to high water levels but anticipate doing this work this spring. In addition to the work done to maintenance facility like construction of a new concrete block pump house, replacement of the chain link fence and painting, this team also implemented a new Golf Course Maintenance Department Injury and Prevention Program. Not surprisingly there is a lot of work done behind the scenes as well. You heard from Debbi in terms of progress made to strengthen the Club’s financial position. One important addition worth mentioning here is our participation in a group purchasing organization that provides discounts on many golf course maintenance items like fertilizer and other chemicals. We also began using a “virtual credit card” to pay over 20 vendors. Guess what comes with that? Points, yes, just like we enjoy on our personal cards. And these points translate to a 1% cash rebate to the Club for all purchases. Since January these rebates have totaled \$1200.

When we look at external benchmarks, they are always expressed on the basis of what is called full member equivalents. In order to compare apples to apples across different classes of membership, clubs recast their membership levels by dividing operating dues by the number of members. So for us, our 544 memberships translates to 353 full member equivalents. Now we can compare appropriately to other clubs in our region. Let’s take a look at staffing. In season, we employ 65 individuals across all departments; that is one employee per every 5.5 full member equivalents compared to a regional average of 4.2. Attracting and retaining talent is always a challenge in our industry and of course it makes sense to strive to be an employer of choice. Happy employees equals happy members, right? We reevaluated and adjusted hourly wages for golf course maintenance labor and for wait staff as well. When it comes to total payroll per FME we remain 20% below the average. That’s ok as long as our wages are sufficient to attract the right talent. Realistically, we don’t compete only with other clubs. In many cases we compete with major employers like Amazon. For this reason, we must continue to make sure that our salaries and benefits remain competitive.

Operational Update

March 9, 2020

Claire Comstock, President

Committees are an important facet of “Club life” at ECC, providing vital member input in areas critical to the ongoing management and future growth of our Club. This is the time of the year that we ask our members to consider service. We have eight standing committees, and each is chaired by a Board member as required by our bylaws. In its organizational meeting following this meeting your Board will meet to select officers and committee chairs and will announce these results as soon as they are available. Please consider joining us in making ECC the best it can be.

In closing, and on behalf of my colleagues on your Board of Governors, we thank you for your continued support and for attending our meeting today. We trust that you will be as proud as we are of what our entire ECC management team and staff have accomplished on our behalf. Do take time to thank our employees often!

Before we proceed with questions and answers, I have been notified that the results of our vote on new Board members is certified by our secretary, Don DiBrita. Please join me in congratulating:

Bill Buhl, myself, Claire Comstock and Tom Spaeth.

Thank You