



BOARD OF DIRECTORS MEETING MINUTES

May 28, 2021 8:00 am

In Person at Continental Country Club and via ZOOM

CALL TO ORDER/QUORUM – Dennis Mayfield called the Board Meeting of May 28, 2021 to order at 8:01 am.

Directors in attendance in person: Dennis Mayfield, Tim Hansen, Randy Burton, Alisa Carlson, Ed Gussio, John Harrington, Rissa Henderson, Bob Van Peurse, Dave Wilder, Frank Medina

Directors in attendance via Zoom video conference call: Charlie Alfano

Staff present: Skip Thompson, Ivy Sampson, Nicole Ellman

With 11 Directors in attendance in person and via Zoom video conference a Quorum was confirmed and the board meeting could proceed.

INTRODUCTION OF NEW STAFF MEMBER – Ivy Sampson

Ivy Sampson introduced Nicole Ellman as the new Controller who will be responsible for the accounting duties for the club.

APPROVE MINUTES FROM SPECIAL BOARD MEETING (4/28/21)–Frank Medina

MOTION was made by Ed Gussio to approve the minutes from the Special Board Meeting of April 28, 2021 as presented. Motion was seconded by Randy Burton. Motion was approved unanimously.

APPROVE MINUTES FROM BOARD MEETING (4/23/21)–Frank Medina

MOTION was made by Dave Wilder to approve the minutes from the Board Meeting of April 23, 2021 as presented with a correction of the number of club members shown in the Membership update to 386 (was incorrectly shown as 486). Motion was seconded by Tim Hansen. Motion was approved unanimously.

Frank Medina requested that Ivy Sampson upload both sets of approved minutes to the club website. Ivy indicated that this function will be taken over by Nicole Ellman from this point forward.

Board Meeting was suspended at 8:20 a.m.

CALL TO PUBLIC – Dennis Mayfield – Membership Legal Consultation – Attorney
Brandon Kavanagh

Prior to the presentation, a discussion took place amongst the Directors as to the reasons and need for consultation with an attorney regarding the membership policies.

Upon completion of the Board discussion, Dennis Mayfield introduced Brandon Kavanagh, Esquire who was invited to present the specific conditions required for organizations to be considered 501 C7 – Social Clubs with tax-exempt status. Mr. Kavanagh offered the following:

- IRS – Spending after-tax money to recreate the way you want to
 - No one owns or has equity in a 501 C7 Social Club - you own a membership
 - New members “buy-in” to be part of a group for social purposes
 - Requires limited membership – cannot be open to the public
 - Outside visitors can be invited to participate in social activities as a way to defray some of the costs
 - When members leave the club, they surrender their membership back to the club
 - The club can decide to refund a portion of the “buy-in” to departing members upon sale of the membership to a new member
 - The refund amount is determined by the club and may not necessarily be the exact amount originally paid for the membership.

Ed Gussio inquired of Mr. Kavanagh if in his opinion, AVGC was in conformance with the IRS requirements for 501 C7 – Social Clubs. Mr. Kavanagh indicated that in reviewing the AVGC By-laws he found that the club is not in violation of the tax-exempt status, but some of the wording regarding “Equity Member” (should be “Voting Member”), “Certificate of Ownership” (should be “Certificate of Membership”) and others should be revised to more accurately reflect the requirements of a 501 C7 Social Club.

Ed Gussio indicated that the club is currently using a market-based method for establishing the sales price of new memberships. Mr. Kavanagh indicated that doing so is not in violation of the IRS regulations, but the refund amount (minus any amounts retained by the club for on-going club expenditures) needs to be based on 1/400th of the book value of the club.

Board Meeting reconvened at 9:15 a.m.

MOTION was made by Dave Wilder to form an Ad-Hoc Committee to review the club by-laws and other club documents (including those housed on the website) to clarify the language that the Board and Staff should be using in the sale and redemption of memberships for the club. Motion was seconded by Tim Hansen. Motion was approved unanimously.

COVID-19 UPDATE – Charlie Alfano

Charlie offered the following COVID update:

- An e-mail was sent out on May 14th to all members indicating that the CDC has removed the requirements for fully vaccinated individuals to wear masks and socially distance. AVGC COVID committee has decided to allow vaccinated members to go without masks in the Clubhouse and Golf Shop. Any unvaccinated individual will still be required to wear a mask in these locations.
- We are currently in Phase 3 (Moderate level of COVID Transmission risk) as described in the Golf Committee Recommendations for Club Operations.

Ivy Sampson indicated that staff that has not been vaccinated are being told that they should continue to wear masks, whether indoors or outdoors while providing services to club members. Ivy also noted that as an employer, she can ask for proof of vaccination if individuals chose not to wear a mask.

FINANCE COMMITTEE – Dave Wilder

Referencing the April 2021 Financial Report distributed by Ivy Sampson prior to the meeting, Dave Wilder noted that membership sales are \$101k ahead of budget, Food & Beverage are \$50 ahead of budget (\$9k ahead of last year) and Golf Shop sales are \$17.7k ahead of budget. Dave also noted that the application for forgiveness of the \$115k Small Business Association PPP loan has been approved.

Ivy Sampson noted that 4 members have not paid their 2021 dues and their privileges have been suspended as of April 1st. One of these members has committed to paying the dues. Action by the Board to revoke the unpaid memberships will be necessary in June if they still remain unpaid.

Ivy Sampson noted that the roof project is complete and paid for. The overage in House expenses is due to the unbudgeted costs of providing electricity and covers for the television sets that were install on the front and back patios.

Frank Medina made a **MOTION** to approve the April 2021 financial reports as presented. Bob Van Peurse seconded the motion. The motion was approved unanimously.

Dave Wilder made a **MOTION** to add Nicole Ellman as an approved signatory on all Club Bank accounts. Tim Hansen seconded the motion. The motion was approved unanimously.

CONTINENTAL BANKRUPTCY UPDATE – Dennis Mayfield

Dennis indicated that he had been contacted by Jon Held, president of Continental Country Club Board of Directors to inform him that Continental will be selling the golf course. AVGC has the first right of refusal to acquire CCC as well as the 2nd half of the FGMC. Rissa Henderson noted that one of her main concerns is the disposition of the Reclaimed Water Contract that CCC has with the City of Flagstaff. As second tier users of the reclaimed water purchase from the City through the CCC contract, AVGC should explore the possibility of

taking over the water contract with the City. Bob Van Peursem suggested that the cost of acquiring the other half of FGMC would be approximately \$400k. Ed Gussio inquired if there is a formal time period for AVGC to respond and if a formal notice will be forthcoming about the sale of the CCC Golf Course.

Ed Gussio made a **MOTION** to assemble an Ad-hoc committee to investigate the potential purchase of the Continental Country Club Golf Course. Randy Burton seconded the motion. The motion was approved unanimously.

Ed Gussio to chair the committee with Bob Van Peursem to also be included as part of the committee. Tim Hansen suggested that Club Members with expertise in real estate also be invited to be a part of the committee.

FGMC UPDATES – Bob Van Peursem

Bob indicated that the course is in rough shape due to the extremely dry summer, fall and winter, with a very cold and windy winter compounding the course problems. The course conditions are monitored daily, with the need to blanket some of the greens to bring them up to course standards. Blankets to cover all greens next winter will be purchased this summer.

A full maintenance crew has been hired, but attendance has been spotty. The crew does not appear to be as committed as in prior years.

GREENS COMMITTEE – Bob Van Peursem

Bob Van Peursem indicated that the Planning and Construction sub-committee has taken the course renovation plans prepared by Architect Mike Gogal and narrowed down the priorities for improvements that will be recommended. The committee is putting together a price for the scaled back course remodel plan. There is also a plan to put together a video of the proposed updates to better inform the membership of the course renovations that are being considered. Tim Hansen noted that timing and duration of construction as well as construction sequencing is also being investigated by Mike Gogal and the sub-committee. Bob Van Peursem noted that Mike Gogal has installed a sample cart path replacement material on Hole #2 that is made up of compacted Aggregate Base with a binder material. The potential path replacement material does not deflect golf balls (high bounces) like the current asphalt paths and requires less maintenance. Bob Van Peursem indicated that a letter describing the proposed course renovations is being drafted to inform members of the proposed improvements. Randy Burton suggested that a shorter version of the letter be sent out with a link to the full letter describing the needs and details of the proposed renovations. An e-mail with a link to the letter as well as a link in the weekly Mountaineer Newsletter were also recommended.

MEMBERSHIP COMMITTEE – John Harrington

John Harrington indicated there is lots of unrest within the membership regarding the membership transfer/initiation fee. Certain members feel that the Board of Directors has not done their due diligence with respect to this issue. A second meeting to discuss the matter is

scheduled for June 9th. Ed Gussio indicated that members who have voiced their opposition to the recommend changes need to be included in the meeting.

Ivy Sampson indicate that we currently have 388 full voting memberships and 14 associate memberships, bringing the total to 402 members. There are also 9 Preview memberships that have the first right of refusal to purchase a membership when it becomes available. Skip Thompson noted that previous board action had approved the sale of up to 25 Preview Memberships. Alisa Carlson stated that the Preview memberships are a great additional revenue source for the club. Rissa Henderson indicated that if Preview Memberships are being sold, they should be included as part of the by-laws. With membership currently exceeding the maximum number of 400 (by 2 memberships) the need for Preview Memberships was discussed.

Tim Hansen made a **MOTION** to freeze the sales of Preview Memberships. Randy Burton seconded the motion. The motion passed 10-1 with Alisa Carlson casting the dissenting vote.

Dennis Mayfield requested that the Membership Committee determine if the club by-laws are being violated by offering Preview Memberships.

Tim Hansen left the meeting at 10:40

HOUSE COMMITTEE – Charlie Alfano

The House Committee discussed several issues at it May meeting:

Rissa Henderson noted that a food tasting event had taken place with 10 to 12 members included to sample the new food items on the menu and service provided by staff. The results of the event were positive and it was decided that a second event was not needed.

Alisa Carlson stated that a local wood carver had been approached about carving a giant golf tee with the Aspen logo on the remainder of the tree trunk (adjacent to the putting green) that was left after the wind storm toppled the tree top. The cost to do the carving would be approximately \$800. Tim Hansen inquired as to how long the root system would last and how long would the carved tree be viable. The carver treats the remaining tree to make it last longer, but Alisa was unsure as to how long the root system would last. She indicated that she will get more information on the longevity of the root system.

Charlie Alfano noted that the House Committee has consulted with experts regarding parking of vehicles off of the paved parking lot. According to the experts, the vehicles damage the edge of the parking lot. The House Committee is recommending the placement of boulders along the edge of the parking lot to deter vehicle parking off of the paved surfaces.

Charlie Alfano made a **MOTION** to adopt the House Committee recommendations to place boulders along the edge of the parking lot at a cost of \$400 to \$500. Rissa Henderson seconded the motion. The motion passed 5-1 with Bob Van Peursem casting the dissenting vote; Dennis Mayfield, Dave Wilder, Ed Gussio and Randy Burton abstained.

A subsequent review of the vote on this motion regarding the number of votes needed to pass according to Robert's Rules of Order and the Aspen Valley Golf Club By-laws revealed that this motion did not secure the needed majority of 6 yeas and therefore the motion does not pass.

GOLF COMMITTEE – Randy Burton

Randy Burton stated that the weekly RAZZ events will begin on Wednesday, June 9th. It has been suggested that the RAZZ start at 1:00 pm to allow members to have lunch at the clubhouse prior to starting the event. The use of Golf Genius is also being considered to provide real-time scoring and allow members to see the scores from home. Ivy Sampson noted that the club is purchasing the full Golf Genius package which will allow for many more applications throughout the year.

Randy Burton indicated that the pilot for group play is underway and being monitored for effective use of the tee sheet and minimization of TBD's that go unused. Other groups are showing interest in using the same system.

Randy Burton stated that sign-ups for the Presidents Cup are open. He also noted that the Member/Pro event has been scheduled for Friday/Saturday, October 8th and 9th.

Randy also noted that the Golf Committee and the Pro shop are monitoring the removal of unfilled TBD's at the appropriate time. Shawn has contacted Jonas to fix the system to automatically remove TBD's 72 hours prior to tee times if not filled with an actual golfer. Currently, Pro shop staff are having to manually remove the TBD's each day.

Randy stated that the club will be conducting a Glow Ball tournament to benefit the Boys and Girls Club. Tim Hansen will be the commissioner for this event.

GENERAL MANAGER UPDATE – Ivy Sampson

Ivy reported on the following:

- A draft audit of the club financials is currently under review
- The Small Business Administration \$115k PPP loan was officially forgiven on May 5th.
- Langley Van Noy Martin is currently conducting golf clinics. She has also begun a program to pledge donations for play through the season to benefit the Arizona Women's Golf Association to build better girls golf programs in High Schools.
- With the relaxation of COVID mask and social distance policies, requests to conduct private events at the Clubhouse are starting to ramp up.

ACTION LIST REVIEW – Frank Medina

The following items need to be updated:

- Skip Thompson indicated that golf cart refurbishment had taken place and can be removed from the list.

OLD BUSINESS – Nothing this period

NEW BUSINESS - Nothing this period

Board meeting adjourned at 11:40 am.