
ASSOCIATION MEETING MINUTES

Association Kentucky PGA
Meeting Board of Directors Meeting
Date December 2, 2012
Location Hurstbourne Country Club

Members Present

Gary Bebelaar, Pete Garvey, Ralph Landrum, Brad Morrow, Garry Nelson, Chris Osborne, Chris Redle, Steve Shafer, Mike Thomas, Blake Watts, Kelly Williams

Members Absent

Guests Present

Mike Ahrnsbrak, Jack Barber, Darrell Crall, Ken Morton, Sr.

Staff Present

Erin Bell, Bill Coomer, Kelly Newland, Steve McMillen

Call to Order

President, Chris Osborne called the meeting to order at 6:34 p.m.

Approval of Minutes (Apr-26 & Aug-23)

The minutes from the October 17, 2012 Board of Directors Meeting, which had been distributed prior to the meeting, were reviewed.

Garry Nelson made a motion to approve the minutes. Chris Redle seconded the motion. Motion carried (unanimous)

President Report

Mr. Osborne thanked the special guests in attendance for the Board Meeting and the Fall Member Conference. He highlighted the events at the PGA Annual Meeting. The PGA introduced their new CEO, Pete Bevacqua; new COO, Darrell Crall; new President, Ted Bishop; new Vice President, Derek Sprague and new Secretary, Paul Levy. The race for Secretary showed the system is alive and well in the PGA of America; each candidate ran on his or her own beliefs and not on what other candidates were lacking. This was very enjoyable to be part of the process. The KPGA said goodbye to good friend, Allen Wronowski, whose term as Presidency ended. The KPGA is excited about the appointment of Darrell Crall to COO, he has strong support from our Section.

Another positive experience stemming from the PGA Annual Meeting was the opportunity for the KPGA to reflect on the 2012 season. Mr. Osborne (with the assistance of Ralph Landrum) created a list of the KPGA's numerous accomplishments this year. He thanked the staff, Executive Director and Board for wonderful job in challenging times, especially with the loss of a key staff member. The key accomplishments included, 1) financial audit, which assured the strength of the KPGA, gave direction to the Executive Director and can put members of the KPGA at ease knowing the books are correct, 2) creation of a traditional chart of accounts and financial reports, 3) transparency of financials, 4) attendance at two annual meetings, 5) hosting District 10 meeting, 6) updating of bylaws, 7) creation of governance policies, and 8) adoption of Key Performance

Indicators. The Board should be proud of this accomplishment and golf in Kentucky will be better because of it. More important, this was all accomplished with an expected positive cash flow.

Mr. Osborne shared his thoughts on the Golf 2.0 initiatives. He believes this is an exciting time to be a PGA Professional; even the unenthused professional can easily get involved. The KPGA has embraced Golf 2.0 and board members are conducting some of the initiatives; but it is their job to get all KPGA members and apprentices involved. This is a great opportunity and the full gamuts of initiatives need to be supported.

Mr. Osborne highlighted PGA Golf Day, which funded shrinking programs in the KPGA. He also promoted PGA Junior League, which is a great way to get everyone involved by bridging the gap between those involved in Golf in School programs and junior tour players. He mentioned there was a good discussion about PGA Junior League in the recent KGA-PGA, Inc. Board Meeting. That association is in full support of how to get golf in schools and believes it is time to grow the game through junior golf. He was happy to report that the relationship with KGA-PGA, Inc. is strong and this great joint body understands that professionals are stewards of golf.

Finance Report

Kelly Williams thanked Steve McMillen for his implementation of the 2012 drafted budget while handling the loss of a key staff member, hosting the District 10 and attending two annual meetings. Mr. Williams was pleased to report the KPGA is projecting a positive net income for the year.

The Board should also be commended for this positive year, where profits will be just under those shown last year. Those who attended the first annual meeting spent \$18,000 (which was about \$12,000 after reimbursement from National). The Board made an effort to be fiscally responsible at the second annual meeting, spending only \$9692 (which was about \$4,000 after reimbursement from National). This made a large difference in the profits shown in 2012.

The KPGA is more transparent than ever before with a traditional chart of accounts that are easy to follow, concrete and set in stone. Although there have not been many questions presented to the Board concerning the financials in the past, Mr. Williams feels more prepared than ever to answer any questions that may arise from members.

Mr. Williams thanked Garry Nelson for balancing the KPGA investments better allowing the KPGA to be more stably positioned for the future. This position will continue to be monitored in the future.

The first year of PGA Golf Day proved successful by bringing in revenues of \$65,000. Chris Redle did a good job generating excitement at his facility. The funds from this program are currently in the KGA-PGA, Inc. books until they close. From there, a percentage of that profit will be moved over to the KPGA books. The total net of these profits is \$31,000. The charities designated by the Professionals participating in the PGA Golf Day have received their money.

Brad Morrow asked Jack Barber to share the successes of the PGA Golf Day program in the Indiana Section. Mr. Barber explained this program was successful early, hit a plateau, and now has begun to fall off. With so many PGA programs, the Indiana Section had difficulty trying to find people interested in contributing to various initiatives. They have now identified five programs to follow. Mr. Barber is disappointed that the success of that particular program has not produced consistent results, but he feels that any money raised is good.

Ken Morton, Sr. shared the Northern California Section also has a Foundation to aide professionals. The idea behind this foundation is to host a large charity golf event, which brings in money. All funds are then held until they reach \$250,000, at which time they will be dispersed appropriately. The Foundation is currently at

approximately \$100,000. That Section also hosted PGA Golf Day for the first time this year and rose about \$30,000-\$40,000. He complimented the KPGA for their efforts and believes every section should have a foundation.

Darrell Crall shared his 16-year experience with the North Texas Section. The unique challenge in this area is the Section competing with major market professional sports (Dallas Cowboys, Texas Rangers, etc.). The Section began to incrementally build their pot by also implementing five different programs (from hosting a junior tour event to large club fundraisers), which helped build brand recognition. Their efforts grew from 200 children at one small event to 300 events and \$2,000,000 in revenues. The money helped do three things: benefited the PGA Professional, helped the Section foundation, and identified other worthy causes that were grander than youth activities (such as cancer research). Having corporate CEOs recognize PGA Professionals for their charitable efforts, allowed the brand to grow exponentially. The Section had the good fortune of consulting on a corporation's fundraising event that resulted in future revenue sharing.

Mr. Crall was very excited to hear about the KPGA's foundation involvement and encourages the KPGA to contact the North Texas Section to learn more about their cause marketing initiatives.

Mr. Landrum asked what fundraising efforts were being put in place for the upcoming PGA Championship at Valhalla in 2014. Mr. Williams and Mr. McMillen are in preliminary talks with the PGA and there will be more information at the first of the year. Last week, Mr. McMillen and Mr. Osborne met with new Tournament Director, Brett Sterba, to understand the KPGA's role in the Championship. The Championship will bring good overall public relations to the KPGA and presents a huge opportunity. The KPGA will receive \$25,000 for its duties in addition to fundraising opportunities for the KPGA Foundation. Mr. Crall assured the Board this opportunity will not cause any financial strain on the KPGA, and the PGA is willing to help in any way. Gary Bebelaar asked about how the event is subsidized. Mr. Crall will check on the exact number for 2014, but the Senior PGA Championship was \$12,000 and the Ryder Cup was \$30,000. A portion of the Wanamaker tent will be partitioned off, nicely decorated, and reserved for section hospitality. This reduces costs for air conditioning and other fixed costs. This was done at the 2012 PGA Championship and Mr. Crall suggested contact the Carolinas Section for more details. Mr. Ahrensbrak also suggested speaking with the Gateway Section, who has been instrumental in the new funding model called PGA Reach. Mr. McMillen recently spoke with Earnie Ellison about how this model can be adopted to work in the Louisville market.

Garry Nelson made a motion to approve the financial report as presented. Ralph Landrum seconded the motion. Motion carried (unanimous)

Mr. McMillen presented the 2013 Budget. This budget has been drawn up in a very conservative fashion. He looked at all revenue sources and built the budget based on: historical data, future events that will affect historical numbers and slightly scaled all of these estimates down. Revenues and expenses appear down because of this conservative approach. He likes to micromanage line items to know the exact number in spots, where it is applicable. He explained how the budget report reads and pointed out notes that are referenced on the chart.

The 2013 Budget features revenue projections \$507,255 (a \$46,760 difference from the 2012 Year End Estimate). The projected expenses are \$473,451 (a difference of \$44,533 from 2012 Year End Estimate). This creates a bottom line of \$33,804. This is good revenue for a nonprofit organization. Whether this number should be higher or lower is an important question for the Board to ask themselves.

He reviewed several line items:

- Membership dues have not been raised for several years and an increase is not necessary at this time. The KPGA has the lowest dues of any Section.
- Membership numbers have decreased based on historical data.

- Member Education Dues rose by five dollars (which must be approved) and annual attendance numbers are based on historical data.
- Marketing Programs does not include the Tee Pass program for 2013. The Vendors Association dues are included in this line item at the same rate in 2012.
- PGA Championship Funding will not become a significant line item until 2014.
- Meetings Reimbursement is based on reimbursement for attendance at the Executive Director's Conference (one person), Leadership Conference (four people), and the Annual Meeting (four people).
- Partnerships Revenues include monies for royalties (American Express, PGA Authentic, Pepsi rebates, etc) and sponsorship of member conferences and education programs. These items have been in different accounts (Tournaments) before and that is not where they belong.
- Entry forecast was not increased even with the Kentucky Open at Olde Stone because there is not enough historical data to allow accurate forecasted increase.
- Professional Expenses will decrease without an audit being conducted in 2013, which is a nice savings.
- Travel expenses have decreased because staff's travel expenses will now be shared among the family of organizations.
- Committee and meeting expenses include four board meetings and a strategic planning retreat. This also includes the Member Conference Business Meetings, which were coded with education in the past. This change should allow the Education Committee to bring in headliner speakers.
- Member Education expenses have risen as part of the philosophy to schedule headline speakers for the Spring Member conference.
- Marketing Expenses have increased due to the one-time expense of the digital properties project.
- Tournament expenses are based on historical data, which shows they account for 98% of revenues.

There was a brief discussion about how the registration fees are allocated for the member conferences.

Gary Bebelaar made a motion to approve the 2013 budget as written. Chris Redle seconded the motion. Motion carried (unanimous)

Committee Reports

Tournament

Steve Shafer made a motion to approve the December 2 version of the tournament schedule as written. Gary Bebelaar seconded the motion. Motion carried (unanimous)

Steve Shafer made a motion accept the adjustments to the tournament rules and regulations as presented. Chris Redle seconded the motion. Motion carried (unanimous)

Mr. Shafer presented new Pace of Play Guidelines. The guidelines define out of position, creates custom time par for each course and provides for communications and training.

Steve Shafer made a motion to adopt the Pace of Play Guidelines as presented. Garry Nelson seconded the motion. Motion carried (unanimous)

Mr. Shafer presented a new policy for Kentucky Open alternates. The former policy allowed alternates to show up on site and order was determined by lot. The presented policy provides for setting the order and publishing it the Friday before the championship begins. The top three alternates will have practice round privileges.

Steve Shafer made a motion to adopt the Kentucky Open Alternate Policy as written. Chris Redle seconded the motion. Motion carried (unanimous)

Mr. Shafer presented changes to the Kentucky Senior Open format. The new format eliminates net scoring and creates two gross scoring divisions, Open, and a 60+ division (Super Seniors) who will compete from a separate set of tees. The Committee believes this will improve pace of play and allow for better distribution of prize money. It was noted, those over age 60 can declare to play in the Open division if they desire, but have to play from the same tees.

Steve Shafer made a motion to accept the format changes to the Kentucky Senior Open as presented. Kelly Williams seconded the motion. Motion carried (unanimous)

Mr. Osborne thanked Mr. Shafer and the Tournament Committee for their time and efforts.

Junior Golf

Kelly Newland spoke about his first year with Golf House Kentucky. He really enjoyed his first season and coming back to his home state, it has been a rewarding experience. He thanked everyone for the warm welcome back and their patience during his first year.

Mr. Newland reported membership entries were up 13% in 2012, but overall entries were down slightly. This is mainly due to mandatory membership to play in the spring series events. Mr. Newland's main goal in 2012 was to enhance relationships with parents of junior tour participants. It is important to get those parents comfortable with him. This is difficult because there have been three different directors in the recent past. Mr. Newland believes he made strides towards this goal in 2012.

Mr. Newland announced the KGA-PGA, Inc. Board approved in November the new name of the junior tour as the Kentucky PGA Junior Tour. This name change a result of the change in relationship with Pepsi will encourage PGA member to be more involved in events held at their facilities and promotion. Mr. Newland is excited about this name change and believes this along with some other key changes will bring new energy to the tour and make it stronger.

In addition to the new tour name, the other planned changes include; new scheduling model, regionalizing events, and focus on relationship building. The state will be divided into six regions: Western (One), Louisville (Two), Northern Kentucky (Three), Lexington (Four), South Central (Five), and Eastern (Six). In 2013, there will be 18 summer events: five in Regions Four and Two and four events in Regions One and Five. The tour will move to these regions at different times, rather than stay in one region for a concentrated period. Because Regions Four and Five have grown significantly, a focus has been placed on bringing events to Regions One, Two, Four, and Five to build a well-rounded schedule. These events are in addition to the PGA Qualifier and the Kentucky Junior Amateur. Mr. Newland and his staff are hard at a work on booking these events and many phone calls have been made. Approximately 14-15 of the 18 events has already been schedule for 2013.

Executive Director Report

Mr. McMillen discussed the stage setup for the Fall Member Conference. This new look: allows for a cleaner, elevated stage (much like National's), will allow Directors to still have face time with the audience, reserves seating for past presidents and allows award winners to be displayed more prominently. Mr. McMillen is excited to see how the new setup will be received. He reviewed the meeting timeline: beginning at 8 a.m.; a break at 10 a.m. (30 minutes) for fellowship time, vendor time and the Assistants/Apprentices Division meeting; 12:00 Awards Presentation; Lunch from 12:30-1:30; a "talk show" stage set up for the Education Program with the moderator walking around and a 3 p.m. break.

Mr. McMillen provided an update on the digital properties project. The new website development is going well and a tentative launch date is scheduled for January 15. The site will feature a clean, magazine-style look and will be personalized for each association while combining Kentucky's Family of Organizations. An interactive membership search list will be utilized to assist in keeping information current and there will be a directory of

member clubs available. In addition, launching on January 15 will be the mobile APP and the bi-weekly email sent to those with an active Handicap Index.

Mr. McMillen gave an update on the Corporate Partners Program. Pepsi and PNC have orally agreed on sponsorships, have loved benefits that are offered and Mr. McMillen is hoping to be off to a positive start with these two companies. He reported Humana has a slight interest in the program, UPS is not interested, but may be able to provide grant money for growth of the game initiatives, LG&E is a good potential partner, and there are still about 40 prospects.

Mr. McMillen updated the Board on the Growth of the Game staff position concept that has been discussed during the year. It is the right time and place to take advantage of such an opportunity, but details still need to be completed. More important, the KPGA will have to take the lead and subsidized the position the first couple of years to make it work in the budget.

Mr. McMillen discussed the Rule proposal on prohibiting anchoring during a stroke. He shared he attended a conference call hosted by the USGA's Mike Davis regarding the technical aspects of the Rule proposal. The USGA believes anchoring is not a stroke and the change would protect the integrity of game by maintaining a golfer makes an arm controlled motion when making a stroke. The USGA does not have statistics showing anchoring provides an advantage and the USGA does not believe this will negatively affect growth of the game. Mr. McMillen reported there is a ninety-day comment period, which the USGA is asking for feedback from golfers and allied organizations. He urged everyone who feels passionate about the Rule proposal to email feedback to feedback@usga.org, but only after fully reviewing the USGA's published information. Mr. Crall echoed this sentiment because the PGA wants to maintain a good relationship with the USGA. He stated in early to mid January the PGA will send out with a second survey on professional's feelings about this subject. This topic was discussed in length and a straw poll was taken to determine how those in attendance felt on the issue. The poll showed unanimously everyone in attendance is opposed to the Rule proposal.

Mr. Williams asked about fiscal monies available for grants to use for growth of the game programs. Mr. Crall reported that monies are not available during for this fiscal year. However, there is a possibility in the new fiscal year (July 1, 2013) funding could become available. Mr. Crall encourages the KPGA to leverage current their assets and he is willing to help in that area. Mr. McMillen shared growing active handicaps accounts with individuals would be one of the ways to help fund such initiatives.

District 10 Report

Mr. Ahrnsbrak thanked everyone for having him, saying it is a pleasure to come to Kentucky. He acknowledged the District 10 Meeting held in Kentucky provided the best candidate forum he has been a part of and thanked the Board for an excellent, special, and memorable weekend. He gave a special thank you to Steve Shafer and Mike Thomas for hosting golf events during that weekend.

Mr. Ahrnsbrak will highlight the Annual Meeting and will take a straw poll about the anchoring ban at the Fall Member Conference. He does not want the anchoring ban to become too large of an issue.

Mr. Ahrnsbrak reviewed a statistic sheet on how Kentucky stands versus other Sections, which will be distributed at the meeting. He commended the KPGA's efforts in junior golf and urged everyone to get involved with Performance Trak. He is pleased a small Section has such a phenomenal impact on junior golf.

Mr. Ahrnsbrak shared his recent golf course tour at Valhalla, where the greens look phenomenal and the golf course looks great. Head PGA Professional, Keith Reese, and Superintendent, Roger Meier are excited about the renovation, as are the members. He also mentioned a Task Force has been created by the PGA of America to analyze the properties at Port St. Lucie.

He welcomed Mr. Crall and Mr. Bevacqua to their new roles in the PGA. It has been a difficult year and the PGA is excited to have these gentlemen onboard. He thanked the number of PGA employees who stepped up to make sure everything ran smoothly without a formal leader in place in 2012. He believes the new employees are very knowledgeable and passionate and the PGA is moving from a culture of protecting assets, to one that wants to serve its membership and Sections.

PGA COO Report

Mr. Crall thanked everyone for asking him to attend this meeting. He reported the PGA is undergoing a cultural change and will be asking the PGA Professional what they think. The PGA wants the feedback of its Professionals and has asked them to never stop being constructively critical. He praised the new CEO, Mr. Bevacqua, whose skills may be different from his own, but their styles are similar and they will blend. The new management group (President, VP, Secretary, CEO and COO) will now be five people instead of the two (President, CEO) team model used in the past. This will allow a good consensus on ideas, before presenting them to the Board. The PGA is looking to assess all departments and staff, so everyone can thrive in the correct chairs and positions. There will be change, but not for the sake of changing. The plan through the next five years is to assess the environment, economy, professionals, and balance asset maintenance with growth. More important, there will be a focus from the staff on enhanced member services. Mr. Crall is thrilled and humbled by his new position and cannot wait to work with the PGA membership.

Committee Reports

Assistants/Apprentices Division

Mr. Redle is excited to see three individuals are running for positions on the Assistants/Apprentices Division Board. The election will be the main item of business at the Fall Member Conference.

Membership

Mr. Landrum submitted his report as written.

Golf 2.0

Mr. Landrum submitted his report as written. He is looking forward to Mr. Crall covering Golf2.0 more in depth.

Education

Pete Garvey welcomed the guest speakers to meeting. He is anticipating a wonderful education program at the Fall Member Conference with many topics to cover and a large number of attendees. He thanked the Education Committee members: Craig Heibert, Brad Morrow, and Tennyne Ohr for all of their time and efforts. Mr. Garvey reported the Education Committee would conduct three winter workshops. These seminars include a private club roundtable workshop, a public facility roundtable workshop, and a teaching workshop. He thanked Mr. McMillen for budgeting more money for speakers for the Spring Member Conference. This will allow for a headliner speaker such as Hank Haney, Bob Rotella, Dave Stockton, or Michael Breed to speak to KPGA members and apprentices. The Committee is also planning a fall Teaching Summit that would highlight top KPGA teachers. The summit will be held in October and targets assistants who are teaching novices. Mr. Garvey received many compliments from the Board on the Committees hard work in bringing a quality program to the Fall Member Conference. Mr. Redle asked the Education Committee to involve the Assistants/Apprentices Division on education. There was a brief discussion about the fees associated with the Winter Workshops.

Special Awards

Mr. Nelson submitted his report as written. He will remind the attendees at the Fall Member Conference of the December 17 deadline for Special Award Nomination materials.

Sponsorship

Brad Morrow submitted his report as written and asked Mr. McMillen to provide comments.

Mr. McMillen shared a few changes were being made to the KPGA sponsors program, which will create consistency, allow vendors to choose the level they are most comfortable and stress long term relationships. McMillen shared a marketing document that will be used to start the conversation with vendors.

Mr. Morrow complimented Mr. McMillen on the good work he does in Corporate Partners meetings. Both gentlemen urged the Board to assist in finding good contacts to further this process along. Mr. Crall offered his insight, suggesting non-endemic sponsors do not want marketing assistance; they want access to PGA Professionals.

Mr. McMillen also reported two sponsors most likely will not have paid for their sponsorship at years end. To avoid this in the future the billing structure will be reviewed and possibly be changed to require vendors to pay in advance of their events to ensure purses are being funded with earned monies not anticipated monies.

Guest Address

Jack Barber said he is very honored and humbled to assist with the program. This is his first trip back to the Kentucky Section since leaving and moving to Indiana.

Mr. Morton shared his enthusiasm for being a part of the KPGA Fall Member Conference, as he has been dedicated to PGA education since 1978. He believes in the philosophy of using best practices from Professionals nationwide and is looking forward to the roundtable discussion to generate new ideas. These types of settings are where Professionals get the best ideas. He believes strongly relationship building is important to success and rebuilding the game of golf. He also credited Dawes Marlatt, the PGA of America's Director of Education on the incredible strides he has made with PGA education. He complimented the PGA Board for their new direction and the surveys conducted. He also shared how his facility, Haggin Oaks, has roots to Idle Hour Country Club in Lexington.

Old Business

Governance Documents

Chris Redle made a motion to approve the Governance Policies as presented and to become effective Jan 1, 2013. Garry Nelson seconded the motion. Motion carried (unanimous)

Chris Redle made motion to approve the bylaws as presented with the "flip" in the Assistants/Apprentices Division and to become effective immediately. Garry Nelson seconded the motion. Motion carried (unanimous)

Garry Nelson made a motion to approve the Key Performance Indicators as presented and to begin being tracked and reported on Jan. 1, 2013. Kelly Williams seconded the motion. Motion carried (unanimous)

New Business

Spring Member Conference Date/Location

Mr. Osborne announced the 2013 KPGA Spring Member Conference is being planned for February 25 in Lexington.

The Board recognized and thanked Mike Thomas for his leadership over the past 20 years in various positions with the KPGA and the PGA of America.

Mr. Redle reported his examination of the District representation was on hold until after the elections. After the elections, he will meet with each District Director to review the logistics of creating new district boundary lines.

Adjournment

Brad Morrow made a motion to adjourn the meeting at 10:15 p.m. Kelly Williams seconded the motion. Motion carried (unanimous).