
ASSOCIATION MEETING MINUTES

Association Kentucky PGA
Meeting Board of Directors Meeting
Date August 27, 2015
Location Golf House Kentucky

Members Present

Pete Garvey, Craig Heibert, Ralph Landrum, Barry Payne, Kelly Williams, Larry Ward and Colby Wollitz.

Members Present Via Phone

John Kells and Charles Whelan

Members Absent

Chris Osborne, Garry Nelson

Guests Present

Eileen Bock – PGA of America

Staff and Guests Present

Bill Coomer, Erin Horn, Steve McMillen, Barbara Peak and Chris Redle

Call to Order

President, Kelly Williams called the meeting to order at 5:10 p.m.

Approval of Minutes

The minutes from the July 23, 2015 Board of Directors Conference Call (which were previously distributed), were reviewed.

Craig Heibert made a motion to approve the minutes as written. Ralph Landrum seconded the motion. Motion carried (unanimous)

President's Report

Mr. Williams thanked everyone for their service. He welcomed Eileen Bock, Section Accounting Controller of the PGA of America and thanked her for joining the meeting and traveling from Florida. Garry Nelson is in our thoughts after the passing of his father. We also wish a speedy recovery to Chris Osborne as he has torn his retina.

Mr. Williams summarized Rick Murphy's national report. The PGA Championship was a wild success with the showdown between Jason Day and Jordan Speith. Deane Beman is the PGA's Distinguished Service Award winner and will be recognized at the Annual Meeting. Club Professional Brian Gaffney made the cut, providing a nice marketing rebound to some articles written prior to the Championship. PGA Headquarters continually works to push the value of PGA Professionals on a business and playing level. An email about Rule 14-1B (anchoring a putter) went out to the membership and is a valuable tool for professionals. There are new resolutions on the docket for the Annual Meeting to be discussed at the Fall Planning Retreat. Mr. Williams asked a for head count of those planning to attend this meeting November 10-13 in Florida. He stressed that everyone plan ahead and looks forward to getting together prior to the meeting to take advantage of golf weather.

PGALinks will “go dark” on September 9. PGA.org will not provide the search ability of Professional profiles that PGALinks did (due to privacy concerns), unless a Member updates his or her profile. He encouraged everyone to spread the word about this.

The Challenge Cup is Tuesday and the players are looking forward to the new format. There is 100% participation from all of the invitees. He gave kudos to Valhalla Golf Club, the KPGA Tournament Committee and former Committee Chair Chris Redle for accomplishing this.

The Golf House Kentucky Boards had a conference call last week and is operating very close to budget. There is still a slight decline in handicap revenues – which is very much in the forefront of discussions. There is a focus on new revenue streams. There were discussions about the future of the office building and anticipated maintenance. There is not currently enough cash on hand if something goes awry. Mr. Williams suggested the KPGA make an annual contribution of \$5-\$8,000 for capital improvements.

He encouraged everyone to plan for the Fall Retreat on October 27-28 at Golf House Kentucky. He appreciates everyone’s flexibility with the date change. Weather permitting, there may be an opportunity to play Valhalla Golf Club, in which case Chris Hamburger and Keith Reese will be invited to play along. Agenda items for that meeting will be outlined in the next 30 days. If anyone would like an agenda item added, he should let Mr. Williams or Mr. McMillen know.

Financial Report

The total operations cash on June 30 was 212,466 as compared to 251,048 on March 31. Specifically the account balances on June 30 were 162,337 (Operations Account) and 50,129 (Reserve Account). The Investment Account (Vanguard) was 588,511. As of June 30, there were Account Receivables of 4,125 primarily made up of sponsors. Accounts Payable as of June 30 was 32,571 and primarily made up of the invoice for GHK Shared services and prize purse for the Senior Match Play. Note: 90,000 was transferred from the Operations Account to the Investment Account (Vanguard) during the second quarter April (30,000), May (30,000) and June (30,000).

Second Quarter Net Ordinary Income was 45,699 as compared with the budget of 43,378 for a favorable variance of 2,321. Other Income for the Second Quarter were (3,016) making the Net Income for the quarter 42,683.

Second Quarter Ordinary Revenues were 160,869 as compared with the budget of 187,734 for an unfavorable variance of (26,865). Year-to-date Ordinary Revenues are 253,596 as compared with the budget of 282,668 for an unfavorable variance of (29,072). Year-to-date key variances are summarized on the Variance of Activities report. Significant variances include: 4800 Tournament Revenue was 31,340 less due to entries in events being lower than forecast and several events being postponed due to weather.

Second Quarter Ordinary Expense was 115,170 as compared with the budget of 144,356 for a favorable variance of (29,186). Year-to-date Ordinary Expense is 207,527 as compared with the budget of 248,304 for a favorable variance of 40,777. Year-to-date key variances are summarized on the Variance of Activities report. Significant variances include: 6500 Member Education Expense were 5,604 less due to fewer attendees at the Spring Meeting Conference and the actual food costs were less than budget. 7100 Tournament Expenses were 23,939 less due to postponement of several events and lower than forecasted entries resulting in lower variable costs.

Vanguard has made some changes to funds that have affected three of the KPGA's funds. As a result, shares in the Wellington Fund INV, Health Care Fund INV and Windsor Fund INV were automatically sold and reinvested into Health Care ADM, Wellington Fund ADM and Windsor Fund ADM. The recent challenges in the stock market caused the Vanguard account to take a hit, but this seems to be rebounding and as of yesterday, it appears all the money that was lost has returned. It was at \$588,000 at the end of the quarter. He referenced the report listing out all the stocks in that account.

The most recent Finance Committee Meeting was on August 19 at Idle Hour Country Club. They welcomed new (non-PGA) member of the Committee, Seward Totty and gave a brief bio on him. There was a discussion about both the KGA and KPGA retiring their debt on the building, the Foundation (501C3 organization) owning the building and how much rent is for the other organizations. The Committee would like to see a contract signed between the KGA and KPGA (could be a 5-15 period). Mr. Landrum would like everyone to think of some ideas of what the KPGA can show they bring to relationship to begin these discussions. There was a discussion about what the KPGA has to offer, what they commit to and possibly paying off the mortgage on Golf House Kentucky. The KGA is currently working on their five year projections and the KPGA should be doing the same. The 5-year plan of the joint body will be presented at the Fall Planning Retreat. The relationship between KGA and KPGA is good, just would like to have a formal written agreement as a safety net.

Craig Heibert made a motion to authorize Kelly Williams to approach amateur body about formalizing relationship between the KPGA and KGA. Pete Garvey seconded the motion. Motion carried (unanimous).

Williams will begin discussions in early September. The goal is to complete before the end of Jimmy Riddle's KGA Presidency. The KGA is meeting on October 29 and full KGA board approval will be necessary. There was discussion about capital improvements to Golf House Kentucky (governed by Kentucky Golf Foundation). There is currently a Building Restricted fund of \$10,000. Mr. McMillen noted he is doing research on the shelf life of the roof, HVAC system, parking lot, etc. to understand what long-term costs may be.

There was a discussion about donating to the Kentucky PGA Junior Tour for the 2016 season. The program has turned a corner and doing well. The KPGA made a commitment to fund up to \$5,000 in 2015 if there was a loss.

Kelly Williams made a motion to make a \$10,000 contribution as part of the 2016 budget in donation to the Kentucky Golf Foundation for junior golf activities (specifically sponsorship of the Kentucky PGA Junior Tour). If another sponsor donates greater than \$10,000 for 2016, the KPGA will remove their name from title sponsorship, but still contribute the money. Ralph Landrum seconded the motion. Motion carried (unanimous).

The Finance Committee is recommending an annual evaluation of risk tolerance. Vanguard has the ability to do this online. Funds can be rebalanced quarterly.

Pete Garvey made a motion to assess KPGA investments and rebalance funds quarterly with an annual review of risk tolerance. Craig Heibert seconded the motion. Motion carried (unanimous).

Mr. Garvey will collaborate with Mr. Toddy and the Finance Committee will meet two weeks prior to the Fall Planning Retreat.

Pete Garvey made a motion to approve the Second Quarter Financials. Kelly Williams seconded the motion. Motion carried (unanimous).

A short break was taken.

Mrs. Bock was introduced again and presented the Section Accounting Services Program.

The meeting went into an executive session excluding all staff after the presentation.

Ralph Landrum made a motion that the Kentucky PGA by January 1, 2017 implements National PGA's Section Accounting Services Program. Craig Heibert seconded the motion. Motion carried (unanimous).

Secretary's Report

Mr. Garvey announced the District 10 Presentations made by Mr. Williams and Mr. Osborne will be postponed until the first day of the Fall Planning Retreat. The vote will occur on the second day.

A new MSR cycle has begun and will end on June 15, 2018. He reviewed the changes made for the new cycle. Kentucky currently has 12 Class F PGA Professionals (1,003 nationwide). Privacy laws do not allow PGA to tell employer that someone is Class F. There are currently 15 terminated (for nonpayment of dues) Kentucky PGA Professionals (89 nationwide). There are 268 and 45 apprentices in the KPGA. Since the Spring Member Conference, there have been three new members, two new Certified Professionals and 12 new apprentices to the Section.

Executive Director's Report

Mr. McMillen thanked the staff for their hard work and dedication. The joint organization stands to meet its targeted budget (a \$16,000 loss) and will need the approved contribution from the KPGA at the end of the year. The Foundation is not doing well to budget. The Junior Tour will show a profit but the fundraising programs (PGA Reach Pro-Am and PGA Golf Day) are not doing well, due to lack of participation. The Building Loan (discussed earlier) is \$435,463.

A planned update to the website is underway to make it more mobile friendly and Google compliant. Talks with Talgrace continue to produce a better mobile app for consumers and professionals. Special projects currently in the works include a strategic plan of the joint body and Foundation, the Bluegrass Amateur Series events, and the signed agreement with Michaelis Events to be the exclusive marketer of Golf House Kentucky for events. During the Challenge Cup, there will be a meeting about the creation of a handicap scramble produced by the KGA but the funds will go towards the joint body. This will be similar to the old Oldsmobile Scramble and McGladrey Cup and launch in 2016. Another project is producing an online auction of member facilities (courses will donate rounds for players to bid on). Mr. McMillen has narrowed his search for an online auction company to two – looking at the best features at the best price. Digital Golf Pass has an increased relationship National and is marketing through PGA.com's database. They have also merged with Tee Time Golf Pass. Mr. McMillen will begin talks with them again soon. Future projects include club golf (also known as middle school and internal talks have been ongoing), online net handicap games and events, a 5K fun run and a Foundation annual campaign. Mr. Landrum inquired about a text service for events. This will be available through TPP next year.

Committee Reports

The Assistants | Apprentices Division Report stands as written.

Education Committee

Mr. Bevacqua and Nicole Weller will be speaking at the Fall Member Conference in Lexington. There was a discussion about issues with booking locations with large enough space (and increased expenses for nicer facilities) for Fall Member Conferences. It was determined to stay at the Marriott Griffin Gate for the near future and to be sure to convey to the membership why this change has been made. Mr. Landrum suggested the Education Committee look at facilitating more certification education opportunities to the membership (like those for U.S. Kids Golf, K-Vest, Trackman, etc.).

Player Development

Ms. Shafer's report stands as written. The extra PGA Junior League tournament series events will continue and the initial program was well received. We need to be patient with the Bluegrass Amateur Series. Indiana is interested in doing joint play days or a state shootout in the future. We need to better train golf professionals to entice women to play more golf. Ideas were shared on this subject.

Junior Programs

The Kentucky PGA Junior Tour is governed under the Foundation. Mr. Redle reported memberships were flat in 2015 (487 total members) but tournament entries were up 127. The average cost per player is \$16.27, so expanding the tour offerings will generate more profit. Budgeted labor was the biggest difference in the tour being profitable in 2015. Mr. Redle appreciates the support and backing from the Kentucky PGA. He thanked them for the donation motion passed earlier. The biggest challenge is staffing and the model set in 2015 will not work going forward. The facilities and staff were a huge help in the success of 2015. KPGA Members sending their students to the tour also helped greatly. Mr. Redle explained his informal, initial plan for future tour growth. 80% of facilities met or exceeded the expectations laid out for them in the Tour Contract. Mr. Redle will be focused on sponsorship in the off-season.

He reviewed the Middle School State Championship entry form and cost. This will be Sunday, October 11 (after the High School State Championship) at Quail Chase Golf Course's South and West Courses. This will be launch on Monday. He asked the Board to review and provide feedback on this form.

Tournament Committee

Kris Kleinsasser said the Section Championship is set to feature 44 Members at The Club at Olde Stone. There are three makeup dates from the spring including the Pro-Assistant at Hunting Creek (the sixth course contacted) on October 12. He presented the rough draft of the 2016 Tournament Calendar. The next Tournament Committee meeting will be September 21 at 9 a.m. at Golf House Kentucky. At this time, the calendar will be finalized. There was a discussion about the Pro-Assistant, Assistant Championship payouts and non-Pros playing in the Pro-PGA Junior League Championship. Valhalla will host the 2016 Kentucky PGA Championship. Mr. Kleinsasser asked that the calendar be reviewed and feedback given prior to the Retreat.

Old Business

There was none on file.

New Business

There was none on file.

Adjournment

Larry Ward made a motion to adjourn the meeting. Craig Heibert seconded the motion. Motion carried (unanimous).

The meeting adjourned at 10:15 p.m.

The next meeting is a conference call on September 24 with Conference Call Format