

BOARD OF DIRECTORS MEETING
THE MONARCH AT ROYAL HIGHLANDS, INC.
August 14, 2020

A meeting of the Board of Directors for The Monarch at Royal Highlands, Inc. was held at 9:00 a.m. in the Crown & Shield. Those present: Dick Sjogren, Steve Ryan, Ann Carter, Esther Patterson, Vince Laverghetta, Bob Keating and Bill Ortvals, Therese Buono and Steve Bryan. Craig Misch, General Manager, Terry Stephenson, Course Superintendent, Lisa Applewhite F/B Manager, Crown & Shield, were also in attendance.

President – Dick Sjogren

Dick Sjogren called the meeting to order. The Minutes of the July 24, 2020 meeting were approved.

Superintendent's Report – Terry Stephenson

- Bushhog down; parts coming 8/20.
- Fertilized and did pre-emergence on fairways/tees last week.
- No luck on hiring new employees; only received 3 applications so far.
- Spot spraying goose grass on greens.
- Working on early order programs for next year course maintenance, ie, cricket control, etc.
- Liquid fertilizer on fairways/tees.
- Took the birdhouse down to be painted.
- Continuing to watch over the trees in #16 fairway. Discovered a big hole and not sure what it is or how it got there but turned the dirt over to see if it reappears. Put some liquid fertilizer around base and cut the root ball to promote growth.
- Lightning arrestors have been delivered and will be installed as soon as possible.
- Terry will replace the red stake at the 100-yard marker on #6.
- Terry put the white out of bounds stakes back up on #16 green.

Manager's Report – Craig Misch

The golf department was up \$7286 vs budget and \$8710 vs last year's sales, directly related to a huge increase of outside play. Expenses in the golf department came in slightly over budget, \$508 but under last year by \$1438.

Maintenance department was over budget in expenses by \$17,338 and over last year's expenses by \$8558. Most of this overage was because of two expenses that we had which were not budgeted for. DriJect for the greens and fertilizer for the fairways. We are spending money to better the course; I believe it was the correct thing to do.

Food and Beverage department came in with sales exceeding budget by \$2008 and over last year's sales by \$2174. Expenses in food and beverage came in over budget by \$1619 but less than last year's

expenses by \$269. All things considered, another good performance by the Food and Beverage department.

Overall, as a business, we missed our net income budget number by \$5737, but beat last year's net income by \$10697. Year to date net income is up \$22,452 over budget and an astounding \$59,515 over last year.

Craig reviewed a new software application called foreUP to replace Golf Now. He will be giving the Board a short TV presentation at the next Board meeting for review and discussion and will have a comparison between the two.

Craig mentioned his concern about the shortage of golf carts available for the number of players who are frequenting our course. These months are supposed to be our slow months and already we are running out of available carts, and he is concerned about expectations come November. Some courses are charging an extra \$10 to ride solo in a cart; others are installing plexiglass between the seats. Craig said we are not in violation of the governor if riding together, and Steve Bryan recommended sending a letter to our members to encourage doubling up in golf carts as long as they are comfortable with the idea.

The new air conditioning has been installed. We have some electrical issues (for example, breakers, etc) which will add a small additional cost.

Building and Grounds Report – Bob Keating

Cart path behind #14 green going down the hill is washing out. Terry tried coquina and rocks, but that did not work. He will buy some fast-acting concrete and Bob and John Buono will do the repairs.

Bob and Steve Bryan looked at the washed-out area on the road near the maintenance shed. We are considering a steel pipe/plate to let the water run under the road.

Will also look at the pipe near the maintenance shed which needs covered.

Vice President – Vince Laverghetta

The Long-Term Plan is supposed to be a management tool, but the previous plan has failed in estimating where our needs will be. Vince suggested that we consider some sort of long-term plan that specifically looks at capital needs for the future. He will get with Terry, Craig and Dick to develop a plan for the next 3-5 years out.

Finance and Audit - Therese Buono

Therese has been learning how to put documents on the Golf Now website and how to send emails along with many other activities. At this point she has been observing and next week she will start

learning hands on so that she can update at any time that Ann is unable. There is Ann's backup which was asked of us to do by Vince Laverghetta at a board meeting a couple of months ago.

Secretary – Esther Patterson (nothing to report)

Treasurer's Report – Steve Ryan

Treasurer's Report				
<u>Account</u>	<u>Account Type</u>	<u>Bank</u>	<u>APY</u>	08/12/20 <u>Balance</u>
Cash - Operating	Checking	BB&T	0.00%	110,500.92
Petty Cash	Currency	Office Safe	0.00%	1,400.00
Capital Reserve	Checking	BB&T	0.25%	25,647.16
Ford Interest Advantage	Note/Checking	Ford Interest Advantage	1.25%	35,381.64
Non Operating Investment Account	Cash	Raymond James	0.00%	-
Non Operating Investment Account	Institutional MM	Raymond James	1.00%	233,514.98
Cash Balance as of 08/12/2020				406,444.70
Change from 07/24/20 Report				(38,878.42)
BB&T Loan	Monthly On 28th...\$10,101.43		4.80%	892,686.06
PPP Loan				129,675.00
Personal Note	Monthly on 1st...\$2191.00		6.00%	142,721.16
Monthly Lease Payments				5,039.28
Accounts Payable				14,932.39
BB&T Credit Card				346.62
Cash Balance 08//12/2020				406,444.70
Cash Balance 08/09/2019				168,024.81
Difference				<u>238,419.89</u>

- Reduction in cash was due to two payrolls occurring.
- Interest rates have been corrected to current rates.
- Capital Reserve has been reduced \$10,100 for air conditioner.
- Check issued for roof and gutters on 8/3 in the amount of \$26,1919 has not cleared yet.

Talked to Grant Tribble about their 3-month CDs at 1 ½%. The return on a \$50K investment would only be \$23.

Membership – Bill Ortvals

Resigned: Brenda Watson General Membership - eff 8/31/20

Medical (16): Bev Race
Harry Taylor
Tom Campbell
Richard Taylor
Tom Christie
Len Vieira
Ann Carter
Tom Lawrenson
Jackie Klein
Sally Tubbs
Bob Gravatt
Kathy Sjogren
Martha Wolff
Karen Brondyke
Jim Parker eff 6/15/20 (should have been included in earlier report)
Marge Parkinson eff 8/1/20

Off Medical: Judy Keating eff 8/8/20

Golf – Steve Bryan

Men's Shoot Out will be held on August 23rd at 2:00 PM. Results from previous 3 weeks will be published with the finalist names: 9 low net players and 1 low gross player. Current plan is to have a "Dollar Dog" cookout and offer regular sized hot dogs for \$1.00 each to players and spectators from 11:30 to 1:30. Hot dogs will be foil wrapped "to go" so no inside seating is required. Beverages will be sold from coolers on a Beverage Cart and offered for sale during the Shoot Out on the golf course. Bar service will be available prior to and after the Shoot Out while hot dogs are sold. A flyer will be sent out Thursday, August 20th with details to generate interest and hopefully bring out spectators.

Couples Labor Day Step Back Scramble is currently on the Golf Calendar for Monday, September 7th with an 8:00 AM shotgun start. Menu for lunch to be determined. Mulligans will be available prior to the round 2 for \$5.00. Signups for the event will be published and in the lobby on Monday, August 24th.

Steve will meet with the Golf Committee members to start the planning process for the 2021 calendar.

Communication – Ann Carter

The numbers from the Crown & Shield from July 23 - thru August 12 are as follows:

Note – Numbers include take out and dine-in meals including the total revenue dollar.

7/23– Thursday Dinner Special (1/3 Rack BBQ Ribs & Chicken - 9) 20 Lunches, 17 Dinners=\$676
 7/24- Friday Dinner Special (Seafood Combo -23) 30 Lunches, 70 Dinners=\$1,716
 7/25- Saturday Dinner Special (Liver & Onions - 13) 17 Lunches, 32 Dinners=\$869
 7/26 – Sunday Dinner Special (Ground Beef Stuffed Peppers -7) 26 Lunches 17 Dinners=\$625
 7/27- Restaurant Closed
 7/28– Tuesday Dinner Special (Meat Lasagna - 16) 17 Lunches,33 Dinners = \$754
 7/29 – Wednesday Dinner Special (Pot Roast -12) 23 Lunches, 31 Dinners = \$926
 7/30 – Thursday Dinner Special (Sliced Beef Tenderloin - 15) 37 Lunches, 32 Dinners=\$1,254
 7/31 – Friday Dinner Special (Seafood Scampi -24) – 37 Lunches, 93 Dinners=\$1,988
 8/1 – Saturday Dinner Special (Meatloaf -10) 23 Lunches, 40 Dinner - \$1,050
 8/2– Sunday Dinner Special (Shepherd’s Pie - 6) 25 Lunches, 15 Dinners=\$457
 8/3 – Monday Dinner Special (Chicken Cordon Bleu -2) 1 Lunch, 8 Dinners = \$117
 8/4 – Tuesday Dinner Special (Liver & Onions -29) 21 Lunches, 63 Dinners=\$1,259
 8/5 – Wednesday Dinner Special (Jerk Chicken - 3) 20 Lunches, 14 Dinners=\$534
 8/6 – Thursday Dinner Special (Spaghetti & Meatballs - 13) 33 Lunches, 43 Dinners=\$1,134
 8/7- Friday Dinner Special (Seared Ahi Tuna -10) 36 Lunches,54 Dinners=\$1,591
 8/8- Saturday Dinner Special (Ground Beef Stuffed Peppers -1) 36 Lunches, 17 Dinners=\$784
 8/9 – Sunday Dinner Special (Grilled Swordfish Steak -8) 17 Lunches 16 Dinners=\$529
 8/10- Monday Dinner Special (Baked Turkey Dinner -20) 16 Lunches, 27 Dinners=\$600
 8/11– Tuesday Dinner Special (Salisbury Steak -24) 13 Lunches, 47 Dinners = \$935
 8/12 – Wednesday Dinner Special (Baked Cod W/Lobster Sauce-13) 22 Lunches, 33 Dinners = \$994

For the period through 7/23 thru 8/12 (14 business days 77 pizzas were sold= 5.5/day

Dinner & Lunch Specials for the second half of August are:

Sundays – Served with your choice of a cup of soup or dinner salad

August 16- Corned Beef with Cabbage served with boiled potato & carrots \$13.99

August 23– Ground Beef Stuffed Peppers with choice of side \$12.99

August 30- Baked Turkey Dinner with stuffing, mashed potatoes, gravy & vegetable \$13.99

Mondays – Served with your choice of a cup of soup, or dinner salad

August 17- Pot Roast with mashed, gravy, & vegetable \$14.99

August 24- All you can eat garlic butter mussels with choice of side. \$14.99

August 31- Salisbury Steak served with mashed potato, onion & mushroom gravy & vegetable \$12.99

Tuesdays – Served with your choice of a cup of soup, or dinner salad

August 18- Lobster Mac & Cheese served with a breadstick 15.99

August 25- Pot Roast with mashed, gravy, & vegetable \$14.99

Wednesdays – Served with your choice of a cup of soup, or dinner salad

August 19-1/3 Rack BBQ Ribs and Chicken with French fries & Coleslaw \$16.99

August 26- Meatloaf served with mashed potato, gravy, & vegetable \$12.99

Thursdays - Served with choice of a cup of soup or dinner salad

August 20 – Ground Beef Shepherd's Pie \$13.99

August 27– Chicken Cordon bleu served with starch & veg. \$14.99

Fridays - Served with choice of a cup of soup or dinner salad

August 21–Bacon wrapped Sea Scallops served with starch & vegetable \$18.99

August 28- Seafood Scampi \$16.99

Saturdays – Served with your choice of a cup of soup, or dinner salad

August 22- Liver & Onions with bacon, mashed potatoes, gravy & vegetable \$12.99

August 29 - Corned Beef with Cabbage served with boiled potato & carrots \$13.99

August Lunch Specials

Coconut Shrimp Basket \$11.99

5 Shrimp & Fries, Served with sweet Thai chili sauce

Grilled Bratwurst \$ 8.99

On a hoagie roll with sauerkraut & side of spicy brown mustard

Pastrami on Rye \$10.99

Grilled rye bread, swiss cheese, grilled onions & mustard

Served with 1 side

Southwest Chicken Salad \$11.99

Mixed greens, black bean and corn salsa, tomato, mixed cheese, fried chicken.

Served with chipotle ranch

Southwest Chicken Flatbread \$ 9.99

Mixed cheese, grilled chicken, black bean & corn salsa & chipotle salsa

Beer Battered Chicken Sandwich \$10.99

Beer battered chicken breast, served on a Kaiser with lettuce, tomato & choice of 1 side

Philly Cheese Steak Panini \$11.99

Shredded beef & Provolone cheese with onion and peppers and mushrooms

Choice of 1 side

Communication Notes:

I have been very persistent trying to get our emails back to working order. I was finally able to get with a Golf Now employee that understood the issue we were encountering. It was determined we have 3,100 plus emails that were referred to as “non-engaged customers”. I went through a process that was explained to me by sending an email only to that distribution and anyone that opens the email will automatically be reinstated into our system and will receive emails in the future. If they wish to unsubscribe, they can do so, but must understand if they do unsubscribe, ALL emails will be blocked so

people need to be cautious. This will mean we will have over 5,000 in the distribution knowing it will be less as many will unsubscribe for various reasons.

Also, the Icon and information on the website for the Long-Range Program has been removed. It will be reinstated when it is made up to date.

The Birthday Bash which has been monthly on Saturday evenings will now be on Sundays. Because of Ann's concern of it being on a different day, particularly Sunday, and football season in the fall, she told the Board she would do a survey of the group to see if there would be an interest. She will be coming back to the board with the results.

LIAISON

Question:

I have a question! I believe when we joined back in 2013, the pond areas on 4/8 holes were cut back and cleaned up, maybe it was 2014! Either or!

I believe, at that time, we had contacted the conservation folks and they're the ones that did it for us! Don't think at that time, they charged for it!

Both of these water areas are really looking pretty bad!

Can someone check into the FL Conservation cleaning them up??

Thanks, it sure would make our course look a bunch better!!

Answer:

Areas surrounding the golf course and waterways within are subject to the rules of St. John Water District and we need to be cognizant of their requirements when maintaining the golf course.

Question:

The rationale used to explain why we put \$50,000 into the Raymond James account does not make sense. At 2%, we will earn \$7,000+ over the 7 year life of the loan. If we were to have added the same \$50,000 to our 08/01/20 personal loan payment, we would have saved \$18,671.57 in interest over the life of the loan, and the loan would be paid off in only 4 years and 5 months. To me, this is clearly a better use of the members cash.

I have attached an amortization schedule that can be transferred to any computer that has excel. It is an excellent tool for assessing the impact of payments to any loan. The sample I have attached shows the impact of \$50,000 added to the 08/01/20 payment. To change any of the payments, simply click on the squares, enter a new number and hit save.

Capital reserve

There is no need to keep the capital reserve in BB&T. Why not put it where it can earn more interest. Money in FIA can be used by transfer to BB&T or by using a check from FIA. There is never more than a one-day delay, and, normally, there is no delay. I think we can do the same with Raymond James, but I am not sure of their rules. I think we should close that account immediately.

PPP loan

What is the progress in closing the PPP loan? I know it is correct to call this loan a liability, but it needs to be settled quickly to let us plan for release of the excess cash.

Operating cash

The operating cash still needs to be reduced promptly. Please put most of it somewhere it can earn some interest or reduce our liabilities that cost us interest. Waiting six months to make these simple decisions just costs us money we cannot afford to lose. For instance, waiting 6 months to put \$50,000 into the personal loan reduces the savings we could have made by \$1,877.47. Delay is expensive!!

FIA

By the way, I think the FIA interest is now 1.4% for accounts over \$50,000.

Answer:

We do not dispute your numbers and if our only purpose was to reduce debt your ideas would be one way to go, however as we stated in our answer at the previous BOD meeting paying off our capital lease would be a better idea. We stand by our answer from the last meeting which was:

“We have serious concerns about what business will look like when we are “In Season” (Nov. – April).

Yesterday (7/22/20), there were 10,249 cases of Covid-19 and 173 deaths in Florida. Most experts are saying things may be worse in the Fall. There is no guarantee that people will come to Florida if the state does not get things under control. At this point our Canadian Members are not allowed to enter the US and we do not know when or if that will change. We feel that the money we have at this point will carry us through however bad things get. We normally make about \$180,000 during those months and lose about \$170,000 the other 6 months of the year. Those are the budget numbers for this fiscal year. Our job as the BOD is to plan for the continued success of the Monarch Golf Club, which is what we are doing, and with circumstances as they are at the present time we are being very prudent with our finances. Or as they sometimes say: “We are keeping our powder dry”.

If reducing expenses is our target, we need to review our Capital Leasing which is our highest interest rate.

We will re-evaluate the financials about six (6) months down the road.”

Nothing has changed to convince us that our business will not be in serious difficulty this fall. In fact, Dr. Redfield who is the Director of the Center for Disease Control stated that this fall could be the worst in the last hundred years. There have been over 1,000,000 case of Covid-19 and over 20,000 deaths since our last board meeting. If it does not improve there is a good chance you will be happy that we did not take your advice. We still intend to reevaluate our position in six months.

We are prepared to submit the paperwork to gain forgiveness of the PPP loan, and as soon as BB&T and SBA allow it to be submitted, it will be done.

FIA is not FDIC insured.

The BOD understands that the Liaison Question Procedure is designed to allow a person to remain anonymous if they desire, and we respect that. Dick Sjogren would be willing to discuss this with you in person, at your convenience, if you were interested.

Question:

I, along with other people that frequent your restaurant, have noticed the bushes along side the building. They are beautifully manicured and look very nice. Is this work being done by our Maintenance Staff or is another company taking care of them? Whomever is doing it is doing a wonderful job and want you to know to keep up the good work.

Also, the new pump building that was just made was beautifully done. Hats off to all those that were involved.

Answer:

We have made an agreement with CEPRA whereas we mow the ball field and they take care of our bushes around the club house. This is a win-win for all concerned.

Thank you for your kind comments.

Question:

Last Saturday after playing golf, I went in the C & S for lunch. After sitting there for a bit, I noticed there were a lot of people in the restaurant.

I understand it's a shot gun start and that everyone comes in at the same time, but a lot of men were standing or sitting around waiting to get the results of the day, particularly the black & gold tee guys.

Many were not wearing masks and social distancing was not happening. It concerns me to the point that I will not be able to lunch there on Saturdays until the problem can be addressed. I felt very uncomfortable and do believe, even though I did not do a head count, there were more than 60 people there.

I also noticed Lisa was attempting to do a headcount, but because of so much movement, it made it impossible for her to do that. I also noticed another member doing the same. There were 3 bars in Orlando that got shut down because of the lack of social distancing, I would hate to have that happen to us.

Please see what can be done to avoid this situation.

Answer:

This is being addressed immediately. The Black Tee & Gold Tee guys will take turns by going to the patio to determine the winnings. This will start immediately and will eliminate the large groups mingling. It is to be noted we have never had more than 52 in the restaurant at any given time which is within the maximum allowed with the 50% capacity.

President - Dick Sjogren

The restaurant will be open for breakfast and lunch only (no dinners) on Sundays starting September 6th.

Dick is working on the budget for the next fiscal year.

Meeting adjourned at 10:30 a.m. Next Board Meeting will be held at 8:30 a.m. at the Crown & Shield on Friday, August 28.

Respectfully submitted,
Esther Patterson, Secretary