ANNUAL MEETING

OF

OCEANSIDE GOLF AND COUNTRY CLUB, INC.

MONDAY, DECEMBER 4, 2017

COMMENCED: 7:05 P.M.
CONCLUDED: 8:07 P.M.

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BOARD MEMBERS PRESENT:

BILL MCMUNN, PRESIDENT

FRANK JOHNSON, VICE-PRESIDENT
MEMBERSHIP COMMITTEE CHAIRMAN

RICK BANKER, TREASURER
FINANCE COMMITTEE CHAIRMAN

MARY BENNETT, SECRETARY
TENNIS COMMITTEE CHAIRMAN

BILL TURNER, STRATEGIC PLANNING CHAIRMAN

MIKE KULZER, GREENS COMMITTEE CHAIRMAN

MARTY WHITE, GOLF COMMITTEE CHAIRMAN

BOB WILSON, DIRECTOR

ALSO PRESENT:

DAVID MAIN, GENERAL MANAGER

EVE BOWLING & MARIANNE STANLEY,
with BOLERJACK, HALSEMA, BOWLING & WHITE, P.A.

AND OTHERS AS MAY APPEAR IN THE TRANSCRIPT

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STENOGRAPHICALLY
REPORTED BY: BLYTHE RIGGS, RPR
COURT REPORTER AND NOTARY PUBLIC

P R O C E E D I N G S

MR. MCMUNN: Okay. So it is 7:05. I call the meeting to order. We -- Madam Secretary, do we have a quorum?

UNIDENTIFIED SPEAKER: Yes.

MS. BENNETT: I assume, yes.

MR. MCMUNN: The answer is yes. (Indiscernible). We checked. That's (indiscernible).

MS. BENNETT: (Indiscernible).

MR. MCMUNN: Okay. We do have a quorum.

MS. BENNETT: Listen, I just know my job is to count and do the (indiscernible).

MR. MCMUNN: Okay. Is there any objection to the transaction of business tonight because the meeting was not lawfully called or convened? Hearing none -- objection, the meeting is duly constituted for the transaction of any business that comes before it today.

First order of business we have is approval of the minutes from last year. I hope you looked on the web page. There's a few copies there. Is there a motion to approve the minutes --

UNIDENTIFIED SPEAKER: Move approval.

THE COURT: Thank you, (indiscernible).

Second?

UNIDENTIFIED SPEAKERS: (Collectively) Second.

MR. MCMUNN: Lots of seconds. Thank you. Anybody have any comments or suggestions? Hearing none, let's vote. All in favor say aye.

UNIDENTIFIED SPEAKERS: (Collectively) Aye.

MR. MCMUNN: Thank you. We're zooming along. The next I have is the audit report from our auditors and we have a duo somewhere -- where are they? Right in the front row. So we have Marianne Stanley and we have Eva, who is really a partner in the firm that is going -- one of the two, or both of them are going to do a tag team on the audit. So I'm going -- you're going -- Eva is going to do the tag team. Okay. It's your floor.

MS. BOWLING: Thank you. My name is Eve Bowling. Marianne Stanley is here with me tonight. We were working on the audit for your financial statements as of 9-30-17. We'd like to, first of all, start off by saying thank you again for letting us be of service to your organization. We've been a good partner to you guys.

We understand you had a transition this year with the controls that had been in place. You put good controls and things in place. And that transition we wanted -- we went to our board meeting on November 28th with the board and we commented on that, is that (indiscernible) controls are still good internal controls in place and we want to make sure you guys keep that. So with the transition we found no problems in the transition through 9-30-17. Controls are in place. Things were getting done as intended.

So I know that you guys have this financial statement, or maybe it was in the back, or maybe you didn't want to get that financial statement that was in the back. But these financial statement numbers are the same numbers that you had on your 9-30-17 financial statements. The only -- a couple of adjustments we made was for depreciation on a couple of prepaid asset items. So we made no changes to your financial statement.

And in the past, sometimes your financial statements did have a lot of adjustments, so you're accounting staff, along with Dave, made sure that we don't have any material adjustments to the financial statement, which is a very, very good thing, because what you do not want to have is surprises when you go to the annual audit.

So part of the financial statement that you may see in the back, or may get a copy of, is you have an unqualified opinion, which is the opinion that you want to have for financial statements, which means there are no qualifications on the financial statements to say they were misleading or not properly presented as shown.

September 30th -- the financial statement you have -- you should have, should have a dual-year comparison. So you have 2017 and then 2016. Okay. We put this on there just for your comparison purposes. Some people sometimes want to say, Can we put more years on there? Well, that would be good, but we don't have enough paper and the printer wouldn't be big enough to print it out. But you have two-year comparison, so that's a good thing.

And, so, a couple of highlights I want to point out. Of course, you guys all know that you have cash, and cash is broken down by operating cash and board imposed cash. And does everybody know what the differences are on this? Okay. Operating cash is just like that. It's the cash coming in from all your dues, minus all your expenses associated with running the club.

The board imposed items are for the capital charges. That extra amount that you pay every single month, that is going into a special account to be used for capital improvements, to be used for debt reduction and to be used to pay back funds for -- when people turn in their memberships. Okay.

So part of that audit procedure we have to go through and see what the components of those items are. And that's a big thing for us to make sure that if it's supposed to go in there, it went in there. If it's allowed to come out, it came out the right way. And that's part of the audit process that we look at that.

We also confirmed the cash. We confirmed some receivables. Not all receivables, but a sample of them. And part of that process this year we saw no impairment of those receivables, which means everybody's paying the receivables, minus a couple, for the most part on a very timely basis.

The other item that I want to bring out is that you guys have long-term debt. We all know that we had a fundraiser, for lack of a better word, and we're agreeing to pay back members for whatever they put in for their -- for the bonds, right? And so every year you have $150,000 that gets repaid back in a lottery (indiscernible). Those funds were handled this past year the same way and those funds were retired.

So as of September 30th, if I can point that out for you -- I've got to dig a little bit here to show you where that number is at. If you go back to the very -- page 11 of the financial statement, we have approximately -- at September 30th, 2017, you have approximately $900,000 in those promissory notes that you've got to repay. And that's going to be paid off through the year 2023.

Okay. Now, I'm going to skip around for a second, and I understand that you're going to -- we have -- the board has, or the membership has passed another fundraising effort in order to build a new building, do other capital improvements. Right now that was just passed. None of those notes have been funded yet, but that is something that's going to be scheduled to be done in the future. But that transaction, in theory, has not occurred yet because it's just in theory only right now.

Didn't have a financial statement impact. So if anybody is asking where's that five and a half million dollars in bonds we floated, well, you technically didn't float it. You technically just approved the ability to do that. Okay. Just want to bring that to everybody's attention.

So overall you can see your total assets are about $6.5 million versus last year's $6.25 million, an increase of about $300,000. And then your net equity went up about 270,000, so pretty well -- pretty much the same thing as far as the total asset increase was the net -- the net equity increase.

The next page, statement of activities. And I know people tell me I talk fast, so if I do, just slow down. And I see this lady over here, like, typing away on her little machine, and I'm sorry for that. On this statement of activities you have your revenues. Revenues overall increased about $62,000 last year. Okay. Revenues wouldn't comprise of revenues. Membership dues, the board imposed capital charge, food and beverage operations, golf course operations. So overall the net was up 62,000.

Of that, a couple of the areas were up -- up notably. One was the capital charge. That went up about 75,000. Okay. So that was because your increase in that. And then the food and beverage actually went down about 47,000. I think you guys got a big pot from when you redid your -- the bar area downstairs. And since that's something that (indiscernible) and I know you guys are working trying to get those revenues back up.

Expenses. Expenses went up 38,000 or about one percent. So, once again, you're holding the line pretty well. Of that, I think the area that had the most increase was the food and beverage operations. That went up about 67,000. So I think a lot of that happened near the end of the fiscal year, and I understand from -- subsequently, you guys have took a real good, hard look at some food vendors and trying to negotiate some better cost structures and looking at also your waste and that kind of thing that may happen in the kitchen.

So overall you had initiation fees. They went up about 48,000 last year. So you're still bringing in new members. Membership increase has been pretty steady. It went up a little bit, so that's a very good thing. We're not losing members like we did several years ago when we were just like, you know, kind of -- the economy was driven mostly because of that. But you're actually gaining new members, so that's positive.

So overall you can see your net increase in membership equity went up about $304,000. So that's everything together. That's membership dues, that's board imposed charge and that's also including initiation fees. From an operational perspective it's about a break even point when you compare your dues to all the operational expenses. So the increase there is because of your capital imposed charges and because of the maintenance, the initiation fees. Okay.

But, once again, very positive. We have been in the past -- some of these items we were, like, negative numbers and that's really bad in the membership when you guys are the ones that fund this. You guys are the ones who keeps -- you know, keep the operations going. So overall, once again, another -- another year of positive increases.

Okay. Next page you'll see is the capital membership equity chart. I'm not going to go through that, but, once again, it showed a net increase.

The other one that's most important to me is the statement of cash flows. If you look at the statement of cash flows in the middle of the page you increased about -- the net cash provided by operating activities was $842,000. In the past you've had some problems there, so very, very positive dollar amount this year, and it's increased from last year. So, once again, very positive ratios.

And then the rest of the page shows the amount you spend in property and equipment to refurbish equipment you may have had. I know that we had some new leases for some golf carts or -- and some maintenance equipment. And then also you paid back your promissory notes as well. That had to be used (indiscernible). So net overall cash is about 265. Very positive.

The rest of the financial statements that you have are notes. These are required things that us auditors have to put in your financial statement. They seem like they bore you to death, but they're there for a reason to help the reader understand what's happening with the financial statement.

These disclosures could change from year to year. This year the only thing that's a little different from the past -- those that are accounting junkies can maybe appreciate this. The (indiscernible) decided in their infinite wisdom if you had a -- an amount to float bond -- or to float stock -- I'm sorry. To float debt, that those prepaid charges had to be netted against the debt.

So the long and short of it is you had to use a new accounting policy for that, so when you get back into that note you'll see that that -- the promissory notes are less that deferred charge. That's the only thing we did. We didn't change any of your numbers, but we had a net there. And (indiscernible) that we were going to do.

On page nine is your cash and cash (indiscernible). Once again, it's a very important note that you guys can take a look at to make sure you know what's in there. You've got your capital expenditures fund. You've got monies that used to be called the building fund from last year. Debt service fund and certificate retirement fund. Those are the components of that, and you guys are building that for the future in order to, you know -- improve the building or have different structures being built.

The only other area that I'll bring up is that we -- in our board meeting we talked about the board imposed capital charge. That note kind of goes on for a long time. It was put in there by design so the membership can understand where we've been. So there is some -- some historical information in there. So it was not left there in error. It was left there on purpose in order to show the membership how our board -- the board imposed charge has been increasing over the years of what it was.

And the only other thing I'll bring up is in note 12. The note 12 talks about that you had a resolution where you passed the ability in order to raise funds for the future for the entity.

So, any questions on the financial statement? I know I'm really fast. I'm trying to hit the highlights. Okay. Seeing none, I'll run real quickly to -- we have two other things we had to issue. One is a management letter.

And the things of importance on the management letter is that we always challenge -- and the board will tell you this. We always challenge the board to make sure that you have, like, a fraud risk analysis. Where could the entity be subject to misappropriation of assets or theft, to say those words. But it can happen in any organization. Many of you guys own businesses and, you know, sometimes it can happen.

So we always challenge the board, because you guys are a small -- have a small accounting office, you have to make sure that you put good controls in place. Part of that is (indiscernible). Looking at bank reconciliations every single month. Signing off on that. Part of that is making sure that the financial statements are given to the finance committee and then given to the board of directors, because you guys have the fiduciary responsibility to make sure that those statements are reasonable and highlight some of those items that perhaps can -- you know, the outliers.

We, as auditors, come in and do a lot of predictive tests, so we're looking at high level things. But you guys are the first line of defense. And you guys, as well, to make sure you challenge the financial statements.

In that meeting I thought we had a very good discussion and since that time we've had some more discussion about what can -- else can we do in order to make sure the internal controls are solid and make sure that nobody is misappropriating assets.

The good thing about the club here, is that you guys don't accept cash. You can see some organizations that accept a lot of cash and it's hard to find cash. Here, we have a kind of captive audience with -- who we're billing, so we know what should be coming in, so now we've got to really kind of watch what should be going back out. And I think you do a good job of that and good oversight of the bank reconciliation process. And then also people signing checks on a weekly basis or, you know, biweekly basis.

The last thing that we did was a governance letter. Part of that governance letter was we bypass the staff on this and we give it to the board of directors. And we say, okay, board of directors, this is part of the audit and what we looked at was whether we had any disagreements with management, whether we had any material adjustments that were not made, and what were the significant accounting policies. And that letter has been issued and there were no unusual items in that letter, so I just wanted to point that out. Once again, required reporting.

So I went probably a lot longer than my five minutes, but I appreciate -- you guys have any questions? Comments?

I thank you, once again, for allowing us to be here. Marianne sat there, but Marianne is an integral part of what's going on on the financial statement. Dan (indiscernible) back there too, but we don't let Dan audit, so that's (indiscernible).

MR. MCMUNN: Thank you, Eva, very much. Good report.

(Applause.)

MR. MCMUNN: Is there anybody who hasn't turned in their proxy to vote? Is still holding it to make a decision? Anybody? Raise your hand if you are. We have one. Okay. Do you have any questions on anything that you want to ask so that you can fill it out?

UNIDENTIFIED SPEAKER: Yeah. I have a question (indiscernible) how come I -- you have to vote -- if you vote less than four directors (indiscernible). I understand why more than four, but how come you can't vote for less than four?

MR. MCMUNN: I'm not sure I hear that one, but David. (Indiscernible) I'm getting not only senile, but deaf.

MR. MAIN: We were asked that question two years ago, and the bylaws say that you shall vote for the number of vacancies that are currently posted. So we had to have interpretation at that time, an opinion from our -- our legal advice -- our legal adviser, our lawyer, and he told us that

that would invalidate the vote because of the word "shall".

MR. MCMUNN: Okay. Thank you. Any other questions? Anybody? Okay. Well, for the one person we have, if you could please fill out your vote and turn it in, I would appreciate it.

I'd like to -- I don't know if they're all here, but I'd like to introduce the candidates that -- and thank them. Let's call them one by one and I'll say something about them as a group, but I'll do it by the order of this -- that they were put on the ballot. Kathy Arnold, please stand up. Thank you. Kathy Arnold. Kathleen and I know (indiscernible) -- Kathleen (indiscernible). Kathleen. Thank you. Steve Farmer. I talked to him. There he is. Thank you, Steve. Gail (indiscernible). I've talked to her several times, so I know she's here. Thank you. And Joe -- I know Joe said he'd be here a little late. Is Joe here yet? Joe Mirante. Okay. He's not. If he comes in, we'll introduce him. Mike Randall. I think I just met him earlier. Thank you. Joe Smith. I talked to him. I know he's here. There is Joe Smith. Thank you. And Jim White, who I don't believe -- Jim White, are you here? I don't believe he's here.

Okay. As a group, thank you so much for offering to serve as directors. And our system -- there's an awful lot of good people, so if by chance you aren't selected, please apply next year, because we have an awfully (indiscernible). And it kind of -- our system kind of is discouraging to good people who run and we're looking at some changes, and I'll talk a little bit about that later, to accomplish that.

But thank you all for your interest in running. And I know we had a diverse and -- nominating committee. I'll mention that a little bit later, but we also have a diverse group of people that spread around an interest in the club. So, I think, that's great that we had that. So thank you again.

Let me look at my little notes and we can skip over some things. Okay. I'd like to introduce our directors and -- well --

UNIDENTIFIED SPEAKER: He voted.

MR. MCMUNN: He voted. Okay. All right. I will call the vote. Any objections? All in favor please say, aye.

THE BOARD: (Collectively) Aye.

MR. MCMUNN: Anyone opposed? Thank you. So the ballot is closed. And I'll introduce the teller committee. The teller committee is -- per the bylaws, Mei Ng, who everybody knows Mei. Our Mei, is on the committee. She is the principal person. Mary Bennett, per our bylaws, is our secretary, is on that committee. And then I have to appoint a member at large and Frank Annon who is from our finance committee. Frank. Frank is there. Come on, don't be shy. Frank will be overseeing --

AUDIENCE MEMBERS: (Collectively) Fred.

MR. MCMUNN: I was going to ask -- I was going to ask Frank to do it, that's why that slipped out. I was going to ask our judge, our retired judge, to do it, and he's not -- didn't come to the meeting. I apologize. One of my -- used to be one of my good friends over there. So would you -- you three are excused to go back and meet and tally the votes and you'll report back in a few minutes. Let us know. We'll either stretch it or shorten it (indiscernible).

Okay. I'd like to introduce our directors. The distinguished group sitting at the table. And I want to thank them for their work. First -- and in, actually, alphabetical order for our -- we have senior directors, people that are in their third year of service. And I want to thank them.

First one alphabetically is Rick Banker. Rick, raise your hand. Stand up, whatever. Rick is our treasurer. I think it's his second time at least for -- you can hold your applause (indiscernible) applaud in a second. But thank you so much this year for being our treasurer and -- yeah. Treasurer. And for serving. I think a couple of years ago you did that, or in a previous term. So thank you for your work with your committee and, again, great committee. You'll have a short report in a second.

The next one is K, Mike Kulzer. Where is Mike? Mike, you got to stand up. (Indiscernible). Thank you. Mike will give his report on the greens committee, which he worked on, but I want to thank Mike. He was sort of the -- even though he's the youngest guy, he was a senior statesman in a lot of ways. He's been on the board. Been around here since he was a little kid, right? I won't say diapers, but (indiscernible) and he was invaluable as we had our meetings, because sometimes we thought we had this great idea, found out that it was tried X years ago and it really was terrible, or once in a while was a good one.

And so he oftentimes helped us with the history of that and with some of the things that -- that went on. So we always called him our senior statesman and then let him tell us whether it was a good idea or not on a lot of our stuff. So thank you for all you've done and contributed for not only three years, but this year that I am most aware of.

And then our final is -- but not least, is Bill Turner. Bill is our -- in his third year. Bill is a past president also in a previous life, previous term. And Bill has been our strategic planning chairman for the last few years. And we're going to miss him in that capacity. Also, as a director. But Bill really worked last year, even the year -- well, he worked all the time, but last year in particular with the strategic plan. This year with the implementation of it. But -- and number crunching for what we're launching, which is the renovation, major renovation of the clubhouse. And keep us on track, making sure that we're funding our capital, looking at the budgets and everything. So in his wisdom from being around here and being on the board and everything, thank you so much for what you did.

We have only a few two-year directors, myself, which I will pass on and Mary, who is not here, who is our secretary this year. And then Peggy Farmer was also in our two-year class. As most of you know her unit was -- she was unable to live here and moved to Gainesville where she has a condo close to her kids and felt that she had to resign.

And Frank, I will talk about in a minute, but he filled in for her. But Dr. David Henderson was appointed by the board to fill that position for about -- I guess, about seven months or something of this year. The rest of the term. And then he's term limited out. I don't know if he's real happy about that, but he can -- we're hoping he'll apply next election time. But if he's here, I want to thank him, because he just kind of melded right in with a group that had already been together for a long time and gave us very good advice.

There's Joe, I believe. Thank you. Joe Mirante, one of the candidates.

And then we have our freshman class, which is a good one. We have Marty White down at the end who has been a member a long time, but he's just a freshman class this year. That's the way it works. And he'll be reporting on the golf in a second and we have -- let me look at my little notes here.

We have Bob Wilson, who is our assistant treasurer and -- thank you, Bob. On the finance committee. And Dave Henderson, of course, who isn't here. And I know I missed somebody.

UNIDENTIFIED SPEAKER: Frank.

MR. MCMUNN: Frank Johnson, yeah.

UNIDENTIFIED SPEAKER: Fred.

UNIDENTIFIED SPEAKER: Fred.

MR. MCMUNN: I thought maybe Frank -- I remember in high school he dropped the football. He had to carry it around for the week until the next game, and I thought that's what he has under his arm, but it turns out that's something else that caused that problem.

Frank has been -- been great because of his background. He's an accountant and then he decided to become an attorney. I don't know whether that was up or down, but he's both of those and he's been great. He filled in immediately to take over Peggy in membership. He was already on the committee. We had put him on the finance committee, because both he and Bob -- we wanted to have some people with good finance. And finance is a really good one to learn about the club, so we put them both on there so they would be trained this -- their second year to take over senior position. And he worked on that, so along with having a job (indiscernible) he's been on lots of committees and working very hard and always does it in a positive way. So thank you, sir. Sorry about your football injury.

Also, of course, I want to introduce -- I don't have to introduce him, because everybody knows him, David Main. If you would just stand for a second. It's my pleasure to work with David.

(Applause.)

MR. MCMUNN: Please, one big applause for all directors that have served, if you would.

(Applause.)

MR. MCMUNN: David -- David is our general manager. If you don't know him, I'd just be absolutely amazed. You had to have just joined about a minute ago. But he's the face of the club, runs the operations, works for the board. We've just had his review at the last meeting. Just finished it. And I will tell you we think he is one fantastic general manager. Told him so in his review and we want to keep him around here. He does a wonderful job.

And so, David, thank you for everything you do. And this year for keeping me on track and feeding me little notes when I go off cue. So I really appreciate it. Really made it -- and I knew David from last year as the finance chair and I knew him, but I have even a -- I have even a closer and better relationship having worked with him for a year. He's one heck of a good guy to work with and does a very good job and also supports the whole board and ourselves. So, David, thank you, sir.

(Applause.)

MR. MCMUNN: Okay. And then while we have the members here, I want to thank you. This year's Christmas offering for our employees was -- exceeded last year significantly, and that's great. Maybe next year even more. But thank you so much for you all who donated. There are going to be some very nice bonuses for our employees. And they really our are family and I know I try to treat them as a family (indiscernible). They're part of the family, so they're -- based on their length of service here and how good they are, they're going to get some very, very nice bonuses. And it's because of the extra money that you all contributed, so thank you so much. And you can ask your favorite one after the first of the year what the heck they bought with that nice bonus.

The next thing is a little bit of a short sort of overview, presentation. Obviously, this year when I joined the board I wasn't -- didn't want to be the finance chair when I got that last year. And I really didn't head off to be -- wanted to be the president, but because we were doing the renovations and because that was my background for 40 years that was the one that, A, interested me and I thought I could do a good job of doing that. So that's why I got involved in it.

You know, we had to solve -- and for you that have been the president, we had to solve our handicap problems. We have a real liability with slip and fall. We have a liability as our members, including all of us, get older. And every time I come in here -- not every time, but lots of times I see somebody trying to get up the stairs with a cane or a walker, whatever. So we solved that. (Indiscernible) permits. (Indiscernible) every time (indiscernible) calls for us, they put us further down on the list. And, so -- but I think we'll be getting our permits very quickly for all the handicap issues. They've asked for a few -- electrical stuff that we provided.

We improved -- we're going to improve the quality of this club. It's going to look new inside and out and all the things. You'll be very proud of the club and we're going to expand the services we have. A lot of rooms are going to be more expandable. Used for multiple functions. And, I think, everybody -- if you were there, you know what the plan is. There's a little one (indiscernible) in the lobby. We developed a budget of what it would cost and it's within what we're planning to do. We also instituted our member financing. That was kicked off at -- at the unveiling on the 13th, 14th. Whatever it was.

MR. MAIN: 14th.

MR. MCMUNN: Fourteenth. And, by the way, if somebody is here, we have forms there. If you haven't filled out a form and are interested in being a possible investor and purchasing a note, it's there. And if you want to meet with any of us to get more information, we will do that. The forms are over there.

But we're at about -- and so far people have turned in interest forms for about -- little under three and a half million dollars in a couple of weeks and we haven't been out talking to people. That's people that were prior investors or people that came to the meetings. So I hope you're interested. We do want to get to our goal of 5.5 million so we can do all of the improvements.

We also hired this year -- it was very important. Started last year. A golf course irrigation design person. I think Mike -- Mike, you're going to probably talk about the irrigation part --

MR. KULZER: Bill is, yeah.

MR. MCMUNN: I mean -- okay. Bill is going to do it, okay. So I won't get into too much, but we had -- as you know this year was very wet. Last year we had a real problem with it being dry in our irrigation system, so we wanted to design a system that would do a better job evenly between spreading the water and total coverage, but also when it is dry and we're reduced on water, to be able to turn off certain areas that aren't critical and still keep the major playing areas green. So that's something that has -- is being designed. We selected an architect and it's going to be a year -- the improvements for the club are going to start this coming year by spring or summer, depending which improvements. And that will follow a year later.

We, I think, did several things to improve communications. New menus, new things on. New ways of communicating with our membership. And they -- I've got a lot of positive feedback on that.

And really the one thing besides the renovation that really interested me was I wanted to see if I could set an example and try to lead the club where we all work together and we don't have issues. We've sometimes had issues in the past. And -- and that was my goal, by the time we left that we would have had a year of steady and positive performance. And that was made extremely easy because of the board members we have. We all worked together all the time. There was never any this against that. Everybody listened to everybody's opinion. We have a heck of a board and I applaud you all, because you made my life easy.

And we've all mentioned this. I look forward to going to the board meeting, and I don't usually do that, because everybody was there and we were all happy. We could come and go and we are probably better friends now that the year's over from working with each other.

So I just want to thank all the board members, and I want to thank everybody here for the year I had. I think we've raised the bar. I hope in the future year, and I'm sure we will, will continue to improve.

I mentioned about nomination committee and we had some -- we'd have to answer questions on the changes, but Chuck passed the baton to me on several things. One of them was the nomination process. And we went from where we used to have several years ago, I don't know how many, where you put up just the three candidates, whoever we had, and we voted them up or voted them down. And we switched sometime back to having the elections we have with multiple people.

And there's plusses and minuses with the (indiscernible). Just like tonight we're going to have some really good people that won't get elected and they may not run again. And that's a shame. And -- and we have a process that's quite a bit harder, so we wanted to get to the point where the club would trust what we're doing to get back to something similar to that.

And we had to do it in -- in little steps. We made a few last year and we made a few more this year. We changed the process for how we select the nominating committee. And we used that process this year voluntarily among the board and we had a very diverse nominating committee of people and we came up with a very diverse list of candidates. So, I think, it's already working with the bylaw -- we've had bylaw changes and that will be in the bylaws. It can be changed by the people.

We also -- there was some desire -- there was a difference of opinion, and we all finally agreed. Some desire we want to get the board out of -- of telling the nominating committee we don't like who you nominated. And there was a desire with (indiscernible) so that's why the one bylaw is in there about (indiscernible) majority if you want to eliminate somebody for cause. Not for just any reason.

We also took the bar down to ten percent. It was at 20 if you want to run somebody. And I'm hoping that maybe next year or the following year we can go to the elections where we -- where we --

people apply, we select the three best. If somebody doesn't like it, it's rather easy to run or run somebody. If you think it's not fair or it's stacked or anything, you can do that. And if -- if they don't get a majority vote, then, obviously, we would have to -- the club would have to put up another candidate. So you still have the ability to do that.

And I think we'll have just as good a system and I think -- well, I think, we'll have a better system. And -- and, I think, that's the way we need to go, but you can't go from where we were to that overnight. So we made the little -- pretty big step in between, but we're going to do it one more year. Chuck wanted to do it a lot sooner. He may have been right. I was a little more cautious on that, but I think we're getting there and we'll be working on it next year.

And thank you, members, for letting me be your president. I'm honored. I'd like to introduce our directors. We don't see the teller committee back, so, I guess, we got some more -- little more filler time while they -- they do that. I'd like to introduce our -- each of the directors to give a short report on their -- their avenue that they were the chairman of. And in the order we have it in here, I'm going to ask Frank Johnson to get up, please, as he is our vice-president and also the membership chairman.

MR. JOHNSON: Hello. Well, I want to thank Bill. He did a fantastic job this year, as well as all the rest of the board members and the outgoing board members, Mike Kulzer and Rick and Bill.

The membership committee had a very good year this year. Peggy Farmer was the one that got the ball rolling along with Carl Persis, the vice-chair. And they set a tone for the entire year.

We had a very successful golf membership drive where we had new -- a lot of new golf members. We also implemented a legacy policy that benefits the parents, as well as the children of current members where they get favorable membership terms. And the year finished off with us having, I believe, about currently 608 members, as well as a waiting list. So it's been a very, very good year. And I guess that's it. Thank you.

(Applause.)

MR. MCMUNN: There's nothing better than having a little waiting list. It just makes people want to get in more. Rick Banker, if you would give your report.

MR. BANKER: Well, Eve -- Eve Bowling made my report easy, but I can report the -- the stage of Oceanside is sound as Eve told you all. We had a really high-powered finance committee this year. It's made up of three CPAs, two former bank executives, one attorney with an accounting degree and the seventh man had a fin -- or an accounting degree and a finance degree. So we had a lot of high-powered -- high-powered financial brains on the committee. Mike Duranso was -- thank you, Mike. Made up -- I think, Fred Annon is a teller, is here tonight. Other committee members were Bill Armour, Eric Duvriese, Mark Blandford. Who did I forget? Frank Johnson. And Fred over here. So, anyway, we had a good year and the state of Oceanside, as Eve said, is very secure.

(Applause.)

MR. MCMUNN: At our board meeting, because we knew Mary would be out, I said, What are we going to say? We can't repeat what Mary said, but it was something like yahoo. We had a great year (indiscernible). I know that Joe came in and he was the vice-chair, so I don't know if you want to give -- it's a spur of the moment (indiscernible). Do you want to just mention tennis and a summary of this year?

MR. MIRANTE: Yeah. Facility is great. Best in the county. Membership is up and it does drive getting people to look at us. You know, golf is where we want to be, but tennis gets people looking. We are participating in and winning in county leagues and USTA national leagues. So, you know, the state of the tennis is great down on the front lawn.

MR. MCMUNN: Thank you.

(Applause.)

MR. MCMUNN: Marty.

MR. WHITE: All right. Golf committee. First, I want to acknowledge and thank members, Bill Sachs, Jim Smith, Gee Lowry, Annette Cower, (phonetic), Bert Kramer, Fred Phillips and Jim Meanyhan. And great job done by Chris Klinck and David Main. They attended every meeting. Guided us through some -- few speed bumps we had along the way. Nothing major.

We did have six major events from the Sally all the way through this weekend's club championship. We were blessed with weather for the most part. Everything went well. Increased the men's member/guest from 48 teams to 60 teams. We had more participants in every event, and I don't think anybody got left out that wanted to play. I want to encourage you all that -- to play in these things. They're a lot of fun. Gets us out. Gets you to meet new members, et cetera, et cetera. If there's no questions, that's all I've got.

MR. MCMUNN: Thank you, Marty.

(Applause.)

MR. MCMUNN: Mike Kulzer, do you want to go or do you want (indiscernible). Go ahead. Whatever you want to do.

MR. KULZER: Mine real quick? As the chairman of the green committee this year I'd like to thank Jill Stephens, Scott Myer, Joe Cower (phonetic) and Jeff Kulzer as our committee. And to thank David, who's always there. And Danny Alwyn, our superintendent, did a great job when we -- we had two hurricanes this past year and our golf course has gotten better and better. We're holding up very well with our irrigation system that's getting ready to be coming in in 2019. I won't talk too much about that, because that's Mr. Turner's strategic plan area, but just to thank everybody that plays here at this course. And we're very lucky to have Danny Alwyn and his crew that you all don't see. There's ten guys out there that work every morning at 4:00 in the morning to have that golf course ready for you by 7:30. So that's it. Group of unsung heroes out there. So thank you all very much.

(Applause.)

MR. MCMUNN: Bill.

MR. TURNER: It's always nice to follow your boss who steals all your thunder. However, good evening. First, I'd like to say Merry Christmas and a Happy New Year to all of you. It's a great year coming to a close and it's going to be even better as we go downstream. And I'd just like to -- he's covered quite a bit of it, but I'd just like to embellish a couple of points that I think are very, very important as you folks ought to be very, very proud of this organization in terms of where we've come from and where we're going.

And one is the initiation of a true long-range business plan. I've been here for 29 years and this is the first that it's ever been accomplished and done in a business-like fashion. And I say that and it's very important because what -- what was required -- and I had the pleasure of working on this for three years with three of the best presidents that I can recall. And that was a real pleasure to do and we've accomplished it. And the main thing is we've made it permanent.

All you in business and have the experience of corporate requirements to do a five-year plan, you work your buns off and it goes on the shelf and nobody ever reads it or even thinks about it when you go downstream. This time it's in the bylaws. And my committee is easy to introduce because it's whatever the board is. So it's where it ought to be in the organization to make sure that it happens and we plan and budget and we establish priorities in a business-like basis. So your money is under really, really fine control and plans as we go downstream.

Just to touch on a -- on a couple of points. First of all, we established some basic priorities. Number one asset that we have is, of course, the golf course. And golf courses run on water and hard work. And that was one of the first things that we have attacked. And Bill mentioned it, but I would like to say we're under contract with the engineering firm that's going to also be the manager of the project all the way through running the competition and the selection, the quality control and all the rest of it. We just had a meeting with them last week. An initial look at the approach. We're working very closely with Danny.

And I'll tell you, we're going to have a state-of-the-art system that's going to be as easy to operate as we can possibly make it and it's going to help us solve the problem that Florida is facing downstream and that is where's all the water coming from. And this is -- this is very important to us.

And, secondly, we've moved ahead. We are under contract with a renowned, I'll call it, designer of -- of facilities such as this to upgrade them. We had a meeting here. I hope a lot of you attended, while we discussed what's going to happen. This facility is going to be breathtaking when we get finished. And it's what we want. We want to be the supreme private club in the area, not only with the amenities and the wonderful things that we do here, but something that's going to go downstream and we're going to be very, very proud of.

So we are looking at the irrigation system to start work right after the Sally in 2019. Then before you golfers -- before you start screaming about what's it going to do, the way it's set up, the contractor will only be working on one hole at a time, so the course will constantly be open. We may have to detour around one hole, but the course is going to be open the entire time. So that's something.

And the facility -- and I wish you'd all go to the web site and look at the presentation that was made in terms of how to finance it and how to -- and it gives a timeline of everything. There's even a drawing of what we're going to do with this facility. You ought to all be tuned into it. If you have questions, you know, we're going to be talking to you and we're going to be bringing it up.

So I'm -- I'm leaving with mixed emotions. I've got to say it. A lot of people that hold these three-year jobs say, woo, I'm done. I tell you what, I've never had more fun. And it's such a pleasure to work with a board of directors. The leadership was just outstanding and the camaraderie and the ability to work and get things done, I tell you, it was a pleasure. And, you know, it's okay every -- every board of directors needs an old guy, so I filled that bill. Thank you.

(Applause.)

MR. MCMUNN: Bob -- Bob Wilson is going to come up and address sort of at large. He's also, as we said, our vice-chairman of finance.

MR. WILSON: I think that I'm the only director that didn't have a committee to chair and I think that was done by specific analysis. I think I was put on the finance committee to ask questions and play devil's advocate and, I think, I did a pretty good damn job of that.

But I'll also tell you that the other members of the finance committee did an excellent job as well. And as Rick said, under his leadership that -- that committee did its job this year and there were a lot of diverse thoughts and questions and it's going to be another interesting year this year and the following year as we move into this. But, regardless, I've enjoyed my first year on the board and we'll see where the next two is going to take us.

And I know Bill Turner, we're going to miss him. I think he could probably come back and do anything he wanted to do as far as the board is concerned. I know I've already asked him if he would do some things, but, regardless, thank you.

(Applause.)

MR. MCMUNN: Thank you. Now our Sally chairman, Chuck Graham.

MR. GRAHAM: Thanks, Bill. I hate to be the last one before the vote, so I'll be quick. The 2017 Sally was a terrific result. We had a full slate of golfers. We were $5400 above budget and we've, over the past three years, accumulated over $50,000 to fund the First Tee, so we're in good shape financially.

We're also in good shape in terms of players this year. We're ahead of budget to date. We've got 62 girls signed up already. Max is 102. We generally lose about 10 at the end, but we've got 62 to date and we're ahead of budget on advertising, as well as players. We do have a lot of spots open for the wine gala. Advertising, sponsorship, so we could use a little bit more help there, but so far we're in good shape.

The First Tee program kicks off in February with our first group of kids participating. We're looking for some volunteers to help. Chris has a sign-up sheet. It's going to benefit local schools. All the money stays here in the club. So it's our kids, the neighborhood kids in our club. Small group. And the time frame won't affect anyone's golf play. It will be similar to what we do with the girls at Seabreeze and Embry-Riddle for the golf teams. So it will be all scheduled and it shouldn't at all be a problem.

My team is Gana Dunlop, Greg Sullivan, Mike Kulzer. My vice-chairs. And the 92nd Sally kicks off on the 7th, which is Sunday with the Taste. The remainder of the week is the golf tournament and it ends on Saturday. So, again, good year and hopefully this year will be even better. Thank you.

(Applause.)

MR. MCMUNN: Thank you, Chuck. He has worked very, very hard on this and on the First Tee. It's going to be great when we see that kicking in. David wants to do something. Talk, but (indiscernible).

MR. MAIN: I'll be the last one before the vote, and I'll be really brief. But thank you again for giving me the opportunity to be here. My family and I love Ormond Beach. We're very happy.

And I want to thank the board. I want to thank everybody who served this year, especially Bill McMunn, who was a great president for me this year and made it a great experience. And I want to especially thank the outgoing board members and Rick and Mike and David Henderson and Bill Turner. And they've all done terrific jobs and you should be proud of all of them.

We have -- I won't cover anything that everybody else has already covered, but I think it was a good year. We stayed at 600 members and I think we're closing in on three straight years of being at 600 members, which, I think, says a lot about the club and the condition of it and where we're at and the desirability of it within Ormond Beach. So that's what we intended to do. We wanted to be the best product that was out there and be the place where people wanted to be and, I think, we've achieved that.

We have seven committees. Five meet every month and two meet sporadically throughout the year and then we have a board meeting, so you can imagine that there's a lot of meetings for me to go to. I try to make them all. My intent is to be at all of them, and pretty much we achieve that. But thanks to those committees who do a lot of work to help us deliver the product that we give to you each year. So thank you again. Love my job. Dilly, dilly.

(Applause.)

MR. MCMUNN: Are you going to be presenting, Mary?

MS. BENNETT: I don't know. Am I?

MR. MCMUNN: Yeah. Unless somebody else is. Why don't you work your way up here. One thing though that I should have said earlier, the three highest vote getters get the three-year terms. The fourth highest vote getter gets the one-year term filling in the last year of Peggy Farmer's term. If there's a flip, I brought a coin to flip -- there's no tie? We don't have a flip? Okay. There's no tie, so don't have to do that. That's -- that's how the board determined who would get the one-year term.

So, Mary, probably -- oh, one other. If you are elected, if you're here, which you hopefully are, and you're elected, there will be a meeting of the directors. The current directors are staying on, and you in the board room immediately after the meeting for an organizational meeting for a few minutes. You have to come, so please do.

MR. TURNER: Well, on behalf of the board of directors we would like to acknowledge and thank Bill for doing such a terrific job as our president this past year. He -- he has worked tirelessly on the long-range planning committee, strategic planning committee. Behind the scenes meeting with architects, contractors, members, local people. On and on and on.

And during the year we also had a few little challenges, little problems here and there. And we were all impressed with Bill's approach to problems. His pragmatic approach. And we managed, I think, to solve just about every one of them in a very satisfactory manner. And as Bob -- Bob Wilson described his leadership over the year was just a Herculean -- Herculean job. And with that, we'd just like to thank you, Bill, for a really fine job and all your very, very hard work and long hours.

(Applause.)

MR. MCMUNN: Thank you. Just once again (indiscernible) these guys are great and it was wonderful to work with you and I'm the one that should be standing, which I will. And thank you guys. And thank you everybody in the membership.

I least at tried. I left it out there on the field. I didn't do it somewhere else, so now I'm going to enjoy it. And if somebody's asked or they said, you know, we usually ride off in the sunset. Well, we got ourselves a motor coach and we're going to be riding off in the sunset.

MS. BENNETT: All right.

MR. MCMUNN: Mary, read the results of --

MS. BENNETT: I certainly will.

MR. MCMUNN: -- the ballots.

MS. BENNETT: I can, but I'd like to announce that -- we had 498 certificate holders eligible to vote. Twenty percent is a quorum, which would 100. We had 186 ballots cast.

(Applause.)

MS. BENNETT: Bylaws first? Shall I do (indiscernible). All the bylaws passed. I mean, I could read them individually, but they all passed.

Okay. I'm going to read them in alphabetical order. Not in the order of the votes received, or they could be, but they happen to be in alphabetical order anyway. For a three-year term is Kathy Arnold. If you'd like to stand. Another three-year term, Steve Farmer. Another three-year term, Joe Mirante. And I have to just say last night -- yesterday I went to the reunion concert down at the Daytona Playhouse. Our own Dr. M was playing. It was a fabulous event. If they ever do it again, it was -- well, y'all are a little young really, but those of us who were down here in the 60s and 70s, it was everybody that played at the local bars and it was a great, great, great concert.

Now, we do have a one-year term and that would be Mr. Jim Smith. And Frank -- I thank Frank Annon, who used to be known as Fred, and is Bill's very good friend. Now ex. And Mei for doing the ballots. And congratulations.

MR. MCMUNN: Thank you. Great group of directors. Is there any other old or new business to come before us? Hearing none, a motion to adjourn?

THE BOARD: (Collectively) So moved.

MR. MCMUNN: So moved. All in favor, please say aye.

THE BOARD: (Collectively) Aye.

MR. MCMUNN: Thank you all for coming.

(Meeting concluded at 8:07 p.m.)

REPORTER'S CERTIFICATE

STATE OF FLORIDA)
COUNTY OF VOLUSIA)

I, BLYTHE RIGGS, RPR, certify that I was authorized to and did stenographically report the foregoing proceedings; and that the transcript is a true and complete record of my stenographic notes.

I further certify that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

Dated this 18th day of January, 2018.

Blythe Riggs

Blythe Riggs, RPR
Court Reporter & Notary Public