

EXECUTIVE & FINANCE COMMITTEE MEETING
JANUARY 6, 2010

Chairwoman Holzheimer Gail has called an Executive & Finance Committee Meeting for Wednesday, January 6, 2010 at 6:30 PM in the Euclid Municipal Center Council Chamber.

AGENDA

BILLY CASPER GOLF PROPOSAL FOR BRIARDALE GREENS GOLF COURSE

Members Present: Gilliham, Scarniench, Jones, Minarik, O'Neill, Langman, Holzheimer Gail
Excused: Wojtila, Van Ho

Councilman Gilliham moved to excuse Councilman Wojtila and Councilman Van Ho. Councilwoman Scarniench seconded. Yeas: Unanimous.

Others Present: Mayor Cervenik, Law Director Frey, Finance Director Johnson, Recreation Director Will, Clerk of Council Cahill.

Mayor Cervenik – Thank you for holding this meeting tonight. It was back on October 26th, we had an Assets Committee meeting and I discussed my intent and willingness to go out and find a professional management firm to run the golf course and it was met by agreement by the Assets Committee at that time. As we discussed that evening, we formed a selection committee to receive the RFP's and to make a judgment and recommendation to city council so that we could begin early in 2010 with this new firm.

As I explained that evening, some of the reasons that I felt that was necessary is as we were going through the 2010 and 2011 budgeting process which we've got a little ways to go yet, but as I looked at the Enterprise Fund, I noted that if we continued going as we were going in 2009 with the Golf Course, we would run out of cash before most likely the end of February. As it turned out, unofficial numbers, we lost probably close to \$88,000 for 2009.

So I had to reduce personnel from that time forward. We have kept Sticks Bar & Grill open Wednesday through Sunday. November proved to be an amazingly warm month for November for northeastern Ohio and we did have some golfing done. The two employees that were running Sticks also handled the golf operations at that time. We had all the normal fertilization, fungicide and applications applied to get us through the wintertime as was done. That brings us here tonight.

Our selection committee was made up of Jack Johnson, he's the Finance director and he was not appointed only because he was the Finance Director. Back in 1993 Director Johnson actually ran the golf course, we were experiencing some serious problems there and Jack Johnson was appointed by then Mayor David Lynch to run the golf course and to implement a number of strategic accounting safeguards and controls and operations. He did quite a good job of that. We also had Rose M. Allen, representing the Golf Commission, the 5 member commission that you appoint some of the members as well as the administration. Frank Dempsey is a semi-retired business person and consultant. He served as a liaison between myself and the Golf Course Commission for a number of years. I've also used Mr. Dempsey for other consultation matters with various operations of the city. I have great trust in his financial and his ability to solve problems and look at things with an open mind. Certainly Madeline Scarniench, our councilwoman who is also the Chairman of the Assets Committee was on that committee. To a certain extent because of other obligations we also had Law Director Chris Frey. That was the selection committee.

We received 4 RFP's. We received an RFP from Alliance Eagle, SSB Golf LLC, KemperSports and our recommendation which is before you tonight is Billy Casper Golf. There was one other firm that we had one day set aside in the RFP for interested parties to come to the Golf Course and that was November 16th. It wasn't mandatory but we assembled personnel from the golf operations, food operations, maintenance, as well as, our motor maintenance people there and people from Recreation maintenance because they all share a little bit in the operation of the golf course. To one, answer any questions that the proposers might have and number two, to let them examine or tour any other parts of the golf course that they felt they needed to see. One additional firm Davey Landscaping was going to team up with Franklin Golf, was at that meeting, but they did not submit an RFP. We did have 5 firms that were actively involved. We actually had four RFP's. SSB Golf, LLC did not attend that meeting on the 16th, but again, as I've said, it was not a mandatory meeting, it was just a meeting to help these companies understand Briardale. We took them out to our pumping stations, the maintenance building. They looked at the various equipment we had in the maintenance building and pumping stations. Really I think the meeting lasted nearly close to two hours and we felt it was a very positive meeting.

We received the RFP's. Went through a grading process. The committee reduced the four RFP's down to two preferred, which was KemperSports and Billy Casper Golf. We asked both of them to come in from out of town and be interviewed.

Both of those interviews lasted approximately 2 hours and when all was said and done, it was unanimously felt that we should present to you the proposal of Billy Casper Golf. This whole process has taken a little bit longer than I wished it had, however I think the process we've went through, as we've went through with Shore, Lakefront and other procedures and projects we've done, was very helpful and beneficial in coming to what we feel is the right decision.

We're here tonight to listen to a presentation from Billy Casper Golf. It is a very interesting presentation and after the presentation they will be open for questions and any concerns you may have. To my right is Mike Cutler who has been the point man with us and he's going to be giving a lot of the presentation. Right next to him is Bob Geppert. They've been out I think 4 times to the City of Euclid, three times to the course and then tonight. In fact we went to lunch at the course this afternoon. Many of you have requested the Power point presentation and if it is okay with you I would like to turn it over to Mike Cutler to begin.

Mr. Cutler – I appreciate the Committee having us here tonight so we can discuss our thoughts, our vision for Briardale Greens and what we've done that's been successful at other facilities and what we intend to do at Briardale to improve the results.

Little bit about our company. We are named after Billy Casper, one of our founders, won three major championships. We operate more municipal golf courses than anyone else. We operate 70 nationwide. We play 3.7 million rounds of golf annually. What's not up there that's important and very pertinent, we are privately owned, so we don't have Wall Street money, we don't have outside investors telling us, hey you need to go do this. We like to get involved where it makes sense and we can be successful.

Secondly, because we're privately owned, we've been able to invest a lot of money in creating systems platforms processes. Essentially build the best mouse trap so that we can achieve results that no one else in the industry is achieving.

We operate over 100 facilities nationwide, predominately most of them are on the Eastern seaboard. The blue dot in Northern Virginia represents our corporate headquarters. The red dots represent our regional offices throughout the country. Our regional offices are comprised of our regional operations manager, agronomics marketing individuals so they can be on the ground and close to the action. They're the ones that will be providing some of the support and direct oversight at the property level.

Here are some of our Ohio facilities. Longaberger Golf Club as you can tell by the basket logo. We've been operate that number one public golf course in Ohio. Valleywood, daily fee facility outside of Toledo. Heatherwoode Golf Club, we operate through the City of Springboro outside of Dayton. The City of Cincinnati, we operate their seven facilities and we have been for the last eight years.

The City of Cincinnati recently in their annual report talking about what was going on at their golf courses, said this about our company. Very telling: addressed oversupply and stagnant demand; created a revenue culture; quality, value and experience; volume-driven marketing without compromising price or value.

How did we do that and how did this report, what was this based on? These results, the red bar represents the results by a prior operator who you interviewed. The blue represent our results, apples to apples over the last seven years. You can see a million dollar growth in six years, no rate increase.

We've had immediate growth with our systems and processes. Chicago Park District, that's six golf courses, one driving range, we operate for the City of Chicago. We just recently took over in 2009. Again, the red bars represent the other company. The blue bar represents BCG. This is not reflective of a rate increase or a large capital investment. This is going in there, putting in our people, putting in our systems and doing what we do. It's about a 30% increase in rounds and 27% increase in revenue, staggering.

Bent Creek Municipal Golf Course in Florida, I use this to represent what I call smart growth because a lot of companies may say oh we're going to grow rounds, we're going to do this or that. It is all about not only growing rounds, but growing the revenue. As you can see here, they grow at a similar rate.

What you can expect from us, what we think you need at Briardale. It is really three parts. It is the people, getting the people right so you can exceed customer expectations and have managers that are focused on really driving the operations growing revenue. Secondly, on the operations side, you've got to get the golf course in as best condition possible so that you can exceed expectations and win the price value proposition. On the food and beverage side, there's an opportunity to improve bottom line performance, improve margins.

The last part is, what's your experience with the flat revenue, declining revenue, that's not unique and that's not unique because nationwide courses have increased, the number of competitors has increased. The numbers of golfers hasn't grown in the last eight years. Couple that with what's going on in the economy, it is critical in order to be successful that you have to win the first two and then be able to market specifically to each individual golfer you have and get them out to your property and then retain them in order to grow.

On the people side, this is our Guest Vision Statement. This is the core of what our ACE training is. Prepare to create fun and enjoyment, positive attitude is my responsibility, create loyal guests with my actions. Those are job responsibilities, one, two and three, for each and every staff member at the facility. Job number four maybe washing carts, or job number four maybe checking in golfers. Job number 1, 2, 3 is right there, each and every day. That as a reference provides the backbone for ACE, our Guest Experience.

We went out and invested a significant amount of money and we hired customer service experts, CSE, they work with Nordstrom's, they work with Marriot, to help us refine and design our training program and platform so that we could ensure the guest experience was the best it could possibly be each and every day. Because, if you think about it, what's unique about the golf business is your customers spend more time with your lower paid employees, or have more interaction with your lower paid employees than they do with your highest paid employee at the facility level. It is kind of backwards. So what you want to do is ensure each and every employee understands the standards and how to interact with the customer. That's what ACE provides.

We went through and looked at 11 interaction points, touch points, that you could have with each and every customer, whether they call into the golf shop or making the turn or walk off the 18th green. What the proper way to handle that is, potential scenarios in which to handle it. We had fun with it, we also created a DVD, spoofed it, where here's what you don't do. This is our training program. Different modules set up. First one is from Billy himself talking about a company in our culture and then it is tied to a specific golf course. Next one might be for maintenance. But they specify and touch each one of those touch points. So everyone understands how to create that fun and enjoyable experience. It is not just here's a handbook, read it, okay, you got it go. It is ongoing, constant training.

In order to reinforce that, we try to get as much feedback as possible. We set up placards where people can call in and offer comments and suggestions, e-mail forms, soliciting feedback. What's really neat about the comments and suggestions is once they call in, a wave file is created and it is sent automatically to the manager on site, to the regional manager and to the senior VP who oversees the regional manager. All three know what's going on and they can reach back to the customer, find out what their suggestion is. Sometimes the customer just wanted the opportunity to provide input. Let's say it was a negative experience, it gives the opportunity for the individual to turn it into a positive. Rather than that golfer just going away frustrated.

Finally we mystery shop all of our golf courses, twice a month, in season, to make sure we're getting the result we expect. We use these mystery shops, not just to check the box, but, I don't know if you can see it, we've included some samples for review, but commentary. You use that commentary to celebrate the successes in staff meetings and also to reinforce corrective behavior with the staff of, this is what we need to do better. Post them by the time clocks. Part of our manager on site incentive and Bob's incentive, our regional manager's incentive, is tied to our mystery shop scores because we know if we get it right at the course level of dealing with the customer, we won half the battle.

The other half of the battle we need to win is the marketing side. This is our easy links, our tee time system that we use. 24/7 you can call in and make a tee time over the internet. What's really critical is we use this to sell our inventory and maximize the number of golfers we can get to the facility. What I would point to here is you notice a full tee sheet, and the data information for golfer #2. We collect data for all of our golfers that play our golf course so we can track their behavior, track their playing habits and understand because when you market to someone, you just don't want to send out a shotgun blast. If Madeline is playing three Tuesday in a row, I want to send her something encouraging her to play on the weekdays, not something specific to the weekends, it doesn't make sense, or vice versa.

We use that to be very specific in how we market. We think the data is so critical that part of the incentive again for our managers on site and our regional managers is tied to achieving 85% of data collection. Because we can then use that data to market.

I talk about knowing your golfers. New golfers, knowing who the first time players are and how you treat them, what message do you send them. Who your top golfers are, those might be easy. What the system allows us to do is the initiators. The initiators are the people that make your tee times. 25% of your golfing population account for 75% of your players. You've got 25% of the people call up and make the tee times and bring other people with them, each time. So you want to treat those people, the initiators and send them a message slightly different than you send a message to golfer three that they're bringing that week, or golfer number four. This system allows us to track it and do that.

Our at-risk golfers. It allows us to track the velocity of which a golfer plays at. Again, Madeline, I referenced you playing three Tuesday in a row. Well she doesn't show up on the 4th Tuesday and then she doesn't show up on the 5th Tuesday. All of a sudden a red flag goes off in the system and notifies Bob, notifies our manager on site. When she doesn't show up on the 6th Tuesday an offer is automatically sent to her to get her to come back. In this instance, if she didn't show up by

the 8th week, we would reach out to her to find out what happened, see if we could correct that mistake or invite her back and get her to come back to the facility.

How do we do that? We do that through GuestTrac. GuestTrac is our database platform that minds that tee sheet. It sits out there and tracks the playing characteristics of each and every golfer, tracks their velocity and automatically sends messages, warnings, indications to our managers on sight and regional managers and our marketing managers so we understand what is going on with each and every individual. An example of this and this is relatively simplistic but you look at Whisper Creek and the breakdown of the number of rounds played by your guests. What's interesting here is 84% of your individuals playing that golf course are playing at five times or less. The idea with GuestTrac, the idea with our retention marketing is to get the individuals in box one that are only playing one time, move them over to box 2-5, or the group in box 2-5 the 3,600 people, get them to play more times. What that amounts to is if we could get golfers that are playing five times or less, they're playing somewhere else. If you get them to play your golf course, half of them, just one more time, that's 4,000 rounds, it is huge. That's how we've been able to produce the results that I showed you.

Here is an example of one of the relevant messages. This is customized for each golf course, predetermined based on the playing characteristics. This was for a low volume player, I believe they played one time already. Their playing characteristics showed they were going to play one more time that year so we sent them out an offer asking them to play three more times and then they got a free round, but they had to play it within a certain time period. Essentially we're getting them to play two more times than they normally would have.

For our new guest, the next day, you'll get this e-mail in your inbox and it will thank you for playing and it will invite you back. Automatically sent out, it shows up.

High Volume guest, we have found the best way to treat them is they want to be part of the solution, they want to be on the team, they want to provide input. They don't necessarily want an offer, they want a thank you note, a personal phone call and the opportunity to provide input.

I have spoken about retention side, increasing rounds through growing the amount of spend with the customers that you already have. With golf the way it is, you still have to go out there and have to acquire new customers. How do you do that? You do it through value offers and you get them into GuestTrac, you get them into the system. Or you go ahead and you create programs which we found to be very successful to get them involved, utilizing your facility and playing a game of golf, whether it is seniors, juniors, opportunities for them to come play and use your facility. Women in golf is one that has been very successful for us in Chicago.

In Chicago we went ahead and we did WIG, Women In Golf, classroom style. Our whole concept was, the biggest barriers for women not playing was they didn't have anybody to play with, they didn't have friends, they didn't have the right equipment, they didn't understand the game and they were comfortable. Those were the four big barriers. So we looked at it, we looked at what the industry was doing and we said, forget what the industry is doing. We've got to address those four barriers and if we don't, we're just not going to be successful. We had about 250 women attend our first session and it started out where it was classroom style so they understood the etiquette of the game so they were comfortable. So they understood nobody cares how many shots it takes you, all they care about is the pace of play, the people behind you or the people in front of you. You have every bit of right to be out there as other individuals. A light went off and we went over some of the other etiquette and then we set up, learned on our vendors and we were able to procure clubs for the women, shoes, a dozen balls and a glove for \$129 introductory price and they got six classes to come learn. Got them out there, by the end of the classes, we had individual groups playing three holes, six holes, with their group, so there was a comfort level. What we found is we've had women stay with it, they actually accounted for 2,000 rounds last year, this group and it has grown. We have more and more women trying to participate. We know have WIG 1, 2 & 3 sessions in Chicago. It has been very successful.

Personal story is I had a lady come in from one of those sessions and she said, great day today Pro and I said, oh, what happened, how'd you do? I had 11 riders today. I hadn't covered that in the WIG session, so 11 riders? Yes, I was able to ride my cart 11 times today after I hit the ball. I was like yes, sure. She was having fun with her friends, she kept up, it was a good experience.

The other aspect of that is, we are competing for time with the families with soccer, basketball. We have to create opportunities for kids to come out and play with their parents, however we can to get them out to the facility. That means junior programs, father/son; father/daughter; mother/son; mother/daughter; parent/child tournaments. Just create opportunities for them to come out there and have sessions for them to learn.

Last part on the marketing side is, PR. Essentially that is positive word of mouth. Buffalo Communications and adjunct of Billy Casper, it is our PR firm, focuses on golf courses in Golf Lifestyle.

Here's an example, P.B. Dye, just outside of Washington, D.C., we took it over in March 18, 2008. It's reputation was being one of the hardest golf courses around, not a great reputation as you can imagine. We went ahead and Buffalo Communications got this article written Beauty and the Beast, to die for to come play, was a cover story. They leveraged their contacts to get this article in the

June publication of Pro n Hackers, a Washington area publication. July and August, were their best months ever. The course had been open for 9 years. That's just an example of one of the things we have the ability to do, an add on from Billy Casper Golf. That is Buffalo Communications, getting positive press, free press, word of mouth, creating articles for the press to get the exposure out there, top of the mind awareness.

On the operations side, food and beverage, it is all about revenue opportunities, identifying them and making sure you're able to be more profitable in doing so. There's no sense by trying to grow the top line by \$50,000 if none of it goes to the bottom line. So it is managing your margins, smart growth. Identify opportunities for growth.

Here's an example of some of the daily fee facilities that we operate on a larger scale and we operate facilities municipally anywhere from snack shops to \$1 million in food and beverage revenue, runs the gambit. But we do well in food and beverages, optimizing the performance of it and increasing the margin, increasing the bottom line.

On the course, presentation, it has to be great. Tee, greens, fairway, to exceed the customers expectations, that's a given. But we like to address then, the next step is the peripherals. The plantings, the amenities around the tee markers. The 150 poles to provide clear direction, signage, so the customer, golfer understands where he is going.

I'm happy to say that all of our Billy Casper Golf Courses are enrolled in Audubon. Half of them are certified. The reason that's important is these are good, solid agronomic practices. Whether it is water conservation, energy conservation, habitat management, just good, solid agronomic practices that everyone should be doing.

One of the other benefits of Billy Casper is we do \$3 million plus in capital improvements a year and we do it in in-house, whether it is bunker renovations, enlarging tee boxes. We're able to come in there and do things at a significantly reduced rate for what it might cost to do outside of house or bid it out. As owners, we understand the importance of maximizing the bang for the buck. There's a limited amount of resources to go around and improve the property. You've got to figure what's going to provide the best return on investment and then maximize each dollar spent.

Here's an example of improving the food and beverage restaurant area at one of our facilities, finding a significant uptake in revenue. We offer the buying power of 100 plus. All the savings are past down to the club. So whether it is improved pricing, improved terms, improved percentage discounts, we're able to pass along a significant savings to each one of our clubs and it is all pass through, cooperative buying.

Why us? We're in Ohio. We do more municipal golf than anyone. We've got a very successful track record of doing so. Then on building the better mouse trap to getting better results that we showed you, the ACE, no one else has got it. The GuestTrac marketing technology, no one else is doing it and that's how we're able to get the results where others haven't. Thank you very much.

Councilman Langman – Ms. Allen, Mr. Dempsey, during the presentation from Kemper and Billy Casper, besides the financials, what jumped out at you that made Billy Casper the clear choice? If both of you could comment on that, I would appreciate that.

Mr. Dempsey – I believe there's a number of factors. Prior to going into the meeting, there were things that I personally had in mind. One of which is I wanted a winner out of the box. I wanted someone who had a good track record as far as success. I wanted someone who had worked in a similar climate as far as municipality or city-type golf. I wanted someone who had what I call a systematic approach. The systematic approach had to do that they were knowledgeable and successful in marketing and management and finance and accounting and that they had a team approach. They were easy to work with and their success rate was very high.

Another factor I looked at was the reputation in the marketplace and their successes elsewhere. I'm familiar with the Chicago Park District, very familiar since I'm from Chicago and they had a very high success rate there. They've been there but a year, year and a half. They had a very good reputation in the Cincinnati area. So, going into the discussion with them, I wanted to know what strengths they would bring and what kind of turn around timing we were looking at. I was also very interested in the flexibility of their management as they proposed to us as being able to work in our climate, in our market, amid the economic conditions that exist today. Those were the ideas that I had in mind and I also was very much interested in their organization and systematic approach was key in order to approach the needs we had at Briardale.

Ms. Allen – There were a number of things that I looked at in terms of making a decision about who should manage Briardale. That is, there are areas of Briardale that needed to be addressed, such as attracting new golfers to the area. Attracting tournaments and other things and in the presentation which you've already seen, there was clear evidence that this was a company that has worked with

municipal courses and has done some of the things that we need to have done in order to bring Briardale being a much more successful municipal golf course.

One of the other things that hasn't gotten a lot of attention, but it is something that can certainly be an asset to Briardale is the fact that they have had some experience with First Tee. First Tee is a program that gets young people involved in golf. If you start teaching young people golf early enough, particularly at Briardale, they'll probably grow into it. In this area, particularly the way things have changed in Euclid, is a great area that would be able to increase the participation of golf here in Euclid by starting with the young people that will grow into it and bring some of their friends into it.

The fact that this was one of the companies that mentioned addressing some of the issues of women who play golf. Many times the focus is on the male domination of golf, but there are a number of women and leagues that play at Briardale and there are women who have issues with whether or not they've been able to enjoy golf as much as they could.

Those are some of the factors that contributed in addition to what Frank has already said that helped to weigh heavily toward Billy Casper Golf.

Councilman O'Neill – Our weather is very similar to Chicago being that we have a significant amount of downtime. What ideas do you have for the course during the winter months? I know last year we were trying to explore people doing some cross country skiing to residents, things of that nature. Of course the beverage and food aspect, do you plan on keeping that open, keeping that running? That's one question. The other one is, the golf course is an asset to the city. How do you feel the golf course, I know your job is to improve the golf play, increase the golf play, but how do you feel that could impact the businesses in the City of Euclid? Could you somehow use that to help local businesses? Your thoughts on that.

Mr. Cutler – This is very similar to the climate in Chicago. As far as the downtime, we have golf courses where we allow cross country skiing. It is an amenity of the city and it should be utilized as that as much as possible. So I would encourage people to come out and use this cross country skiing. If we had the Grill open that particular day, let's say it is a Wednesday or Thursday. Maybe it would be hot cocoa or get groups out there where we might generate a little business. That way they could use the amenity. What we've found is we've been able to increase play and more people will come into play. There is an impact on usage around the town at the businesses whether it is, maybe it is restaurants, bars, gas stations, hotels. We've had cities build golf courses, two of them we've been involved with, more or less, revitalized the town and has been successful. One of the to save the Borough, that was the headline and they did.

Councilman O'Neill – My thoughts were in the winter because of the downtime, do you plan any special events weekend? I'm not a golfer but I did stay at a Hotel 6 one time. But a golf show, a weekend show, Friday, Saturday, Sunday where you would bring the first time golfers or the women out to try to, maybe some clothing, bring the vendors out to have some type of golf weekend like in February which is typically a very, very dead month. Keeps people active and their mind on the game, brings them out, brings them to the course. Your thoughts on that?

Mr. Cutler – We've had trunk shows where they can come and look at some of the apparel with the vendors and get an idea of what is coming and if they'd like to special order some items, help stimulate sales there. We've also, the WIG, I referenced kicked that off in February, March, a couple of sessions indoors, the first couple sessions to wet the appetite knowing that the season was around the corner. Then having the ability to hit outside undercover is fantastic. Anything we can do to help program or create interest or give people a reason to come out, we want to do that. That's half the battle, you want to stay top of the line.

Councilman Gilliam – The question of the Sticks Pub and Grille. Currently it is used as a restaurant and a bar, but do you see a potential for multi-purpose uses for that particular entity and if so could you give us some ideas?

Mr. Cutler – There's going to be some opportunity to do some banquet business. At some of our facilities that have pavilions similar to what you have, we've used that space, whether it is having a band out, a pig roast with community, selling tickets, raffles, getting them to come out, tie it into a nightlight golf tournament which frankly Briardale would be perfect for. Not a lot of up and down, you don't have to worry about losing anybody out there.

That type of thing. We've also been able to dress those up a little bit and use them for functions on Saturday afternoons when typically golf is slowing down, whether it is a reception, wedding, we've done that some, depending on the demand. Those are some of the initial opportunities that come to mind. Obviously I'd like to sit down some more with Rick and discuss that with him and identify that better but those are things that we've done at other places that have been successful.

Councilman Gilliam – In other areas you talk about bringing in new individuals to feel comfortable about golf and to get interested in golf and you mentioned the WIG program to be very successful. Have you had at any of the other courses that you manage an opportunity to recruit ethnic minorities of any ethnicity and promote their interest in golf as well?

Mr. Cutler – Yes, actually in Cincinnati, a close by example, we run about 400 inner city children through the program there at one of our facilities. So we've been very successful in going out in the community. It starts not only creating an awareness but you've got to go into the schools and make sure they're aware and cognizant and create excitement. Whether it is whatever race, they just don't realize, golf is transcending the ethnicity so to speak where it is now becoming, people are losing site of it and you've just got to create awareness in the schools.

Councilman Gilliam – I appreciate that because I think the sport is actually color blind but I think some individuals just don't have access to it. My concern was, what particular steps could you take to just provide the access to gain the interest and put the responsibility on our youth that aren't doing anything to find out about a viable option.

Mr. Dempsey – We were talking about incentives to use to get persons interested. You talked about free type programs, free instructions and maybe you want to expound on that?

Mr. Cutler – One of the things we do is offer free clinics for juniors and set up structure times so they can come out. Free clinics for adults once a week so they can come out and be exposed to the game and provide them equipment to hit golf balls and understand what's going on. One of the other programs we do at all of our facilities, depending on the usage of the facility is kids play free under 12, kids play free at all the facilities. Anything we can do to get people to come out and be exposed to golf, we try to do.

Councilwoman Jones – Mr. Cutler, I just have a few questions based on the presentation we just saw. You mentioned the ACE training, is that onsite training and how long of a training program is that?

Mr. Cutler – It is ongoing. We mandate that everyone becomes ACE Certified every year. Then there are training sessions that are revisited, refresher courses on a quarterly basis with each individual. Before someone works on our golf course, interacts with a customer, they must become ACE certified. We want to make sure we're putting our best foot forward and it is at the course level.

Councilwoman Jones – Would the training be customized based on the golf site or do you have just a basic generic training for everybody?

Mr. Cutler – We have the basic generic base line training program and then we adjust it depending on the golf site. For instance in the first module where Billy talks about our company, we're also going to talk about Briardale and the City of Euclid, so there's some education there and they understand they're part of a bigger organization. Then we try to customize some of the training specifically to more specific items.

Councilwoman Jones – Regarding the database system you mentioned, as far as collecting data for golfers. Is that an isolated system that will be at Briardale or will that be linked to wherever your main location is?

Mr. Cutler – It is actually warehoused in Houston, TX in a large air conditioned room. The data at the course level is kept at the course level but it is also uploaded into our corporate database. This system goes and mints that data. All the golfer data for Briardale will be kept at Briardale and will be accessible to Briardale, in fact you all own the data. We could do anything you want with the golfer information for Briardale.

Councilwoman Jones – The feedback information that you would receive from the different golfers as far as the number of times they play or maybe complaints, whatever. Would you generate a monthly report on what these complaints are so that the city council, whoever, can review those and make some recommendations as far as how to resolve them?

Mr. Cutler – Absolutely, we're very transparent. We share the mystery shop. You get to see every comment. We have no problem with that. We encourage that. We want your input. We want you involved.

Councilwoman Jones – You mentioned mystery shop. Is that like a secret shopper?

Mr. Cutler – Yes.

Councilwoman Jones – Is that a service that you do that or is that something that's part of your company?

Mr. Cutler – That's a service we have contracted with for our golf courses. That is in the budget we provided that expense, so there's not an additional expense for it.

Councilwoman Jones – You mentioned about the reservations that I can go online and make a reservation for a tee time. Is there a penalty if that person doesn't show up for that reservation time?

Mr. Cutler – It depends course by course how we want to set that policy. Some courses there is no penalty. Some courses they charge the credit card, whether it is \$15 for not showing up for tee time. That's a course by course basis. A lot of it depends on the mentality, so to speak, of how the golfers have already been trained in the region. If everyone else in the region is not charging a penalty or you're going to discourage people from making tee times. It is evaluated course by course. Most important thing, even if you don't charge, is if you can get them to give you their credit card, create an onus with the customer of sense. So there's a sense that they're going to show up even if you don't charge it. That's very helpful.

Councilwoman Jones – My last question, you mentioned a lot about communicating to golfers as far as sending e-mails and things like that. What about golfers who don't have e-mail access?

Mr. Cutler – We also do direct mail pieces. Obviously we prefer e-mail because it is no cost essentially but we do direct mail drops to those individuals as necessary.

Councilwoman Jones – That would be included?

Mr. Cutler – Yes.

President Holzheimer Gail – One quick data question before we move on, you don't share your data with anybody else do you?

Mr. Cutler – No. That is your data. It is discreet to you all and we do not sell it, we do not share it, we let the customer know.

President Holzheimer Gail – Can somebody ask not to receive e-mails?

Mr. Cutler – Yes, they can opt-out.

Councilman Langman – Gentlemen, going back to your example with the Cincinnati Recreation Commission, I noticed the first year you managed after taking over there, there was a drop in revenue. Can you explain what happened there and is that a general trend as you establish more method of managing?

Mr. Cutler – Reeves golf course flooded that year. There was an excessive amount of rain in 2003 and one of the golf courses was shut down for a partial year.

Councilman Langman – So generally, when you take over you can increase revenues the first year?

Mr. Cutler – Yes sir.

Councilman Langman – Is that with or without raising green fees?

Mr. Cutler – Everything I showed you was apples to apples, oranges to oranges, no rate increases. Our budget does not reflect rate increases. Again, it is about increasing volume and doing it without sacrificing price.

Councilman Langman – Did both of you gentlemen tour the course?

Mr. Cutler – Yes.

Councilman Langman – So you know that most of the course is bracketed with homes. Homes that were there before there was a golf course.

Mr. Cutler – Yes sir.

Councilman Langman- As you can imagine, sometimes you have errant shots that damage adjoining property. What procedures would you put in place to address complaints from adjoining property owners?

Mr. Cutler – We provide the opportunity for them to reach out to our general manager on site, or he addresses it directly if he knows or is aware of it right away. Then, with that, we will have established in conjunction with the city, how you would like it handled. Whether it is a broken window, replacing it. Or, it's at the golfer themselves is solely responsible for it. So we take our direction from your lead as to how you would like that handled. But obviously you're not going to be very successful if you're not a good neighbor.

Councilman Langman – I like to hear that because we do have some complaints and sometimes response in the past hasn't been quite at the highest level.

Mr. Cutler – The most important thing is to communicate back and then look at if there are areas where planting a tree may help prevent that, or repositioning the tee box so instead of angling it at the houses, it is pointed away from the houses. Granted there is only so much you can do but there are measures you can try to take to prevent that.

Councilman Langman – Will there be written procedures as far as booking bands and when they play and how late they go and so forth?

Mr. Cutler – Yes sir.

Councilman Langman – I look forward to seeing that. I have a question about your management structure because I notice that both of you gentlemen are not based in this area. How does that work with the actual onsite manager?

Mr. Geppert – Our regions are set up so that what we'll have onsite will be a general manager who reports to a regional manager, me for example. I'm on property probably every six weeks at a minimum. In my particular case, I actually live in a motor home and travel to my golf courses on a daily basis and I live wherever I'm at. Right now I live in Canfield, Ohio managing a golf course down there. When I'll be here, I'll be living here for whatever time I'd be here.

I get a daily report from the golf course telling me all of the labor expense, all of the expenses and all of the revenue on a daily basis. That goes to corporate and myself. We're in contact by e-mails. Your question is, I don't think there's any point in time there's a lack of understanding of what's happening at the golf course. We also have a regional marketing director that's available that comes on site and a regional agronomics that will come on site and consult in anyway we want. The key is, the guy on property who is the person who is going to respond to all of the needs of the guest is really the most important person for us. That's what we're supporting.

Councilman Langman- Have we made that hire yet?

Mr. Geppert – We have not made that hire yet. Very honestly, we don't have a job yet. We would like very much to have this job and we will go look for the guy and we will find the guy that will give us, or girl by the way, sorry that's pc, just an old man. But we want to find someone that can provide all of the things that we talked about and that is absolute number one for us.

I will tell you a story. When I was at the golf course I met the Mayor. As we walked out of the clubhouse and over to maintenance, we walked across the parking lot and a gentleman was putting his clubs in the car and leaving. Mayor walked over and thanked him very much for being there, shook his hand and walked back to me. I looked right at him and said, you've had ACE training haven't you? He said, yes, it's easy. Good example of what we're about and why it is important. I promise you it is Billy Casper's number one focus. Golf is not why people play. It is a social event, people have fun and we need to make sure that we understand that.

Councilman Langman – From your initial visit to the course, what are your initial impressions of it, strengths, weaknesses, etc.?

Mr. Geppert – I like the golf course. It sets up very well. My industry historically has abused the golfers and beaten them up and made them feel bad about their game. The toughest golf course in the world and everybody talks about it and then what they do is go play a golf course where they can score. This is a nice, straightforward, well-designed golf course that you can play and enjoy it everyday. That's a good municipal golf course. The P.B. Dye that we refer to that we referred to that is the toughest golf course, it is tough getting people to come back because they don't want to do it, once a year, great, beat myself up and then go play another course. The course is very nice.

I would like to do some things with your range. I believe the range is underutilized and hasn't been maintained well. I love your facility, the clubhouse, sets up well, has a great little food and beverage, looks out. You can do parties and banquets and anything. The course is very well set up for a municipal set up, very pleased. Now it just needs to be marketed and pushed and treated well.

Councilman Langman – So you have no qualms that this course can be competitive with public courses in the area?

Mr. Geppert – A good example, can it be competitive with Augusta National which is the course we always use in talking? No. Augusta National's budget \$4-\$5 million a year? No. The point is, can it be competitive with the courses in this area, in this price range? Absolutely, no question about it.

One of the questions you asked, this course is a reflection of the City of Euclid. We need to give you the best possible reflection that we can so that people will understand that this is Euclid's golf course, this is really nice, people come here and have a good time, are well treated, that's what Euclid is all about, that's important. I know it is important to you and we need to make sure that's translated throughout the golf course when people arrive, especially from outside of Euclid.

President Holzheimer Gail – One of the things in your proposal it talks about creating an annual plan, then would be approved by the City and that includes the budget and a capital plan and an agronomical plan. I know we don't have a contract yet, I would like to get an update on where we are with those negotiations. Would you talk about when would we expect that? To the Law Director, the approval of that, when it says the owner, does that mean the City, Council approves it each year? In terms of oversight, what is the Golf Commission's role? I'm throwing out a lot of questions but I'm interested in when that plan might come about, the approval process and where we are with those issues.

Director Frey – I'll try to remember all of them and answer them and I'm sure the Mayor will fill in where I've forgotten it. We have had preliminary discussions on the contract. In fact we spent some time today going through some of the issues that we need to clarify or further expand. Councilman Langman this evening pointed out issues with evening events and damage claims and so forth. We have to make sure we have provisions in the agreement for that and other items. We are working on the contract. I think my boss is telling me we're going to have that to you in time for the Council Meeting on the 19th, that's our goal. If not, it will certainly be here for the first meeting in February, but our intention is to have it to you for the 19th.

As far as the Golf Commission and the role, I know the Mayor was clear that the Golf Commission has a role in representing the golfers, representing the administration and part of the review process. I would assume plans, like the capital plan and the grounds and so forth, those are all things they would review as part of the discussion whether there is a formal recommendation that would come to the administration and council, I guess we would have to figure that out.

Certainly City council is going to have to approve the appropriations. The budgeting process, the timing maybe different depending upon when the plan is put together but it is, the city council must approve the budget. I don't know if that was all of the questions or if there was something I missed there?

President Holzheimer Gail – I guess to Mr. Cutler, I wanted to hear more about the process to come up with the annual plan and when that might be in place. You talked about a personnel strategy in here, is that the number of personnel and the types that will be part of that? Or is that all still being worked out?

Mr. Cutler – No that strategy is what we believe. Obviously when we do these budgets, when Bob and I look at the facility and provide the pro forma, we've already started the annual plan, if you will. As far as an annual plan that addresses specifically the agronomic and capital recommendations, in the budget, you'll get a final one within 45 days of starting. On the capital side, we've already had some thoughts, some money needs to be spent on the range. Irrigation needs to be addressed, some drainage and that is stuff we can do in-house. I think all of them will be rewards reaped. As far as the budget, we feel very good about it.

President Holzheimer Gail – This might be repetitive, but I want to make sure everyone is on the same page. The course will always be the city's course. This is a management contract. The monthly management fee can be paid for through the enterprise fund, that will not come out of the general fund, is that correct?

Mayor Cervenik – As in all respects, this is an enterprise fund. Any money that is needed for capital improvements due to the capital improvement plan, unless city council sees otherwise, will come out of hopefully the profits that will come from this change in management. It is the city's course. There's other options to go where you may lease the course to these individuals, we get a flat fee or something like that. We did not feel that was in our best interest at the time, because it is our course and it is a great asset to the City of Euclid. Basically what we're doing is having someone manage it. We own it and as you go through their proposal they talk about the budget. It is still our final decision on budgets, procedures and all of that; personnel as well. I will be part of the personnel process. Obviously I'm going to definitely defer to their better judgment because as you've seen in their report, they are very successful. Part of the change for doing this is to get a successful group to make our course much more profitable. The course is owned by the citizens of the City of Euclid. We'll continue to do so and we certainly hope a lot more citizens will take this change, provided we have your support, will golf there, eat there or do other things there.

Another important thing was asked about different types of activities. One of the first things that Mike talked about with me is we have to have a real close relationship with your Recreation Dept. to do different things. I firmly do not believe we've had that up until now. Maybe it is my fault, maybe it is all of our faults, it doesn't matter, it is my fault because I'm the Mayor. Kathy knows there's things she can do with a management company that is open to ideas and different activities that can be done on that golf course for our youth, elderly and everybody in-between. There are many, many advantages here, but it is our course.

President Holzheimer Gail – I just want to make sure everybody is aware of that. I think it is important that people know the personnel that are slated to come on. There will be a full time general manager, a full time golf course superintendent, one full time mechanic, up to six full time hourly laborers whose hours will vary depending on the season. In addition to that, one full time head professional, up to 2 ½ full time hourly assistants. In addition to food and beverage, custodial, starters, cart attendants.

Some of the questions and concerns I've heard about have been the ongoing maintenance of the course, the long term capital improvements. Are we going to make sure the equipment is repaired? You feel you have enough staff as you have slated in your proposal to make sure the course, not only will be taken care of on a daily basis, but for doing all the things that need to be done for the long term. Maybe you could talk about some of those type of activities that are part of your daily regime or regular regime, maybe not daily.

Mr. Cutler – We do property assessments on a regular basis, usually every six months in order to understand the needs and ties into our evaluation for capital dollars to be spent. So that we understand whether it is an HVAC, the timeframe for that, this is the expected useful life, this is when we need to look at replacing and we can start earmarking and allocating funds for such. Painting of the interiors, things we do in-house in the wintertime. We have the staff. We have the ability to do it. We can touch it up, clean it up, some of the exterior stuff, same thing. The mechanic and superintendent doing work on the equipment to go ahead and get them ready for the next year, wheel grinding, sharpening of blades, oil changes, the whole gambit that we run through in order to make sure we're geared up and ready to go each and every year.

President Holzheimer Gail – I do want to get back to the oversight, in terms of monthly reporting. We might as well talk about it now.

Mayor Cervenik – The contract calls for minimum monthly reporting. I'm quite sure that at least the first six months of the first year are going to be much more than that. As to the Golf Course Commission, they need to, and this is no criticism of the commission, but they need to be involved in those meetings and they need to be involved in other strategic planning meetings as well. That's what the Golf Course Commission was set up for. To the best of my knowledge, the last meeting of the golf course commission was, and I could be wrong, but I think it was in April 2009, it might have been May. It needs to be a monthly meeting. Maybe Council needs to look at having some remuneration for their meetings because they need to have a little more responsibility. We put these committees together and we appoint members to those committees and if we tell them we don't need to meet, that sort of tends to make people not wanting to be involved. It is my intention to have the Golf Course Commission very much involved. If this is past, hopefully next week, I will contact each and everyone of the Golf Course Commissioners and have them come in and determine if they are willing to continue to serve. If not, whether it is your appointment or my appointment, we will have a full ward,

and they will be very, very much involved. Finance Dept. will be very much involved in making sure that all the accounting safeguards are taken care of. There will be a separate LLC form by Casper to run our golf course. We will have access to the bank account. We'll be able to check deposits, expenditures on a daily basis and online, just as we can do now. All of the work and recording will be done by the employees of Casper Golf.

President Holzheimer Gail – When you say monthly reports, I'm assuming that will go to the Golf Course Commission, to the administration and to Council as well?

Mayor Cervenik – Yes, absolutely.

President Holzheimer Gail – I know our chairwoman of the Assets committee will probably hold regular meetings to review the progress.

Mayor Cervenik – I think it is very important, especially this is something new for us and it is why it did take a fair amount of time to select a firm and to really think about it. We probably could have gotten it done sooner, but we just wanted to make sure we felt right and we're making a good decision here and I firmly believe we are. So, it is going to take more participation from City Council, Golf Course Commission and the administration. I think you're going to see a great change.

Councilwoman Scarniench – A couple of statements. As the only non-golfer, the only golf club I've ever picked was at putt-putt and I wasn't very good at that, that sat on the committee. I was very comfortable with Billy Casper. I'm even looking forward to going out there and trying to learn the game.

It was interesting the procedure we used. We've been doing this successfully right now. We've done it with the lakefront, we've done it with Shore, we've done it with the solar panels; the grading system. There was no way, it was done very well, Director Johnson put that together. There was no way to not do this correctly. When it came down to everything and we all discussed it and we came up with the two top qualifiers, what was interesting was both of them being out of town, came to Euclid before any of these even started. They went to the golf course on their own to check it out before anything was ever asked for, which really impressed me.

The day that they came in, was even more impressive because as you've said, I'm a stickler, I want to make sure that what we're doing is moving forward. Mr. Cutler has absolutely no qualms, the management, coming to the meetings, talking to us, being part of it. That's the whole thing here for me. He's excited about having the golf course commission. I see this being a real win/win situation and when all is said and done that day, I was very impressed and I'm even going to try it this year.

Councilman Gilliam – To the representatives of Billy Casper Golf, either one of you can answer. In previous situations where you are awarded contracts to manage municipal golf courses, has it been a normal business practice to recommend or import people from your own organization to run the courses? Or, do you actually open up the hiring practices so that citizens that live in the city can have an opportunity to apply for positions that their qualified for?

Mr. Cutler – We open up the hiring practices. Please understand, we don't show up with a bus load of people and unload them and say okay, here we go. So we try to get as many people from the community working at the golf course to begin with. As far as some of the management positions, we open that up, we have internal candidates that we're going to be looking at. But that doesn't mean if there's a better external candidate that we don't hire them.

Councilman Gilliam – My only concern was that it was an open hiring, that was my only concern, thank you kindly.

President Holzheimer Gail – Do I understand you've made the commitment to interview staff that we have had in the past at the golf course?

Mr. Geppert – Absolutely. You have to understand a local employee has knowledge that an internal candidate of ours, does not have. So most of the people have got to come internally. You couldn't show up with a bus load of people and try to run a golf course that takes care of this community. The question is to find the very best person in that. I will tell you right now, we do not pay very much. We are known for being very frugal. That's how we run municipal golf courses.

Councilman O'Neill – To the Mayor or possibly Director Frey, if you could briefly touch on the pay structure, if you're ready to talk about that, what Casper Golf will be getting paid and then break it

down to what they're responsible for payment for and what the city's responsible for; such as the lease agreements we have on certain equipment, how that's going to be paid. Could you touch base on that?

Mayor Cervenik – Those will be expenses included in the operating budget of the golf course. The debt service that you approved recently and the debt service on the building will continue to be paid by the Bond Retirement Fund. The leases on the new equipment are included in the pro forma budget that you have already and will continue to be done that way.

Councilman O'Neill – The employees obviously will be employees of Billy Casper Golf, not employees of the City of Euclid, and all social security and everything is worked through you folks and taxed and all that is through you people right?

Mr. Cutler – Yes sir.

Councilman O'Neill – No liability to the city as far as the employee aspect.

Mr. Cutler – No sir.

Councilman O'Neill – Before you take over running the course, will you do an inventory on not only the equipment but take a look at damage inventory on the houses that have been struck in the past and do a damage assessment, maybe photograph homes that have been damaged prior to you running the course. Obviously there are homes that still have damage on them, so you're not assuming liability for something that's already there.

Mr. Cutler – Yes sir. We will go ahead and document the existing damage so that we understand what we're inheriting and then go ahead and inventory the equipment so everyone has a good baseline.

Councilman O'Neill – It gives you an opportunity to maybe plant some trees and avoid any future damage with claims. As we progress with our lakefront development and hopefully the marina, being a boater myself but not a golfer, there are boaters that do golf and hopefully you're a destination for people from other parts of Lake Erie. I'm just wondering as time progresses and the lakefront development progresses, you folks reach out to the boating community and say hey put your golf clubs on a cart, we'll come get you. Because you're right down the street.

Mr. Cutler – Any opportunity, there's another revenue opportunity where we could go ahead and whether it is shuttle them up, so we can get more golfers, absolutely.

Councilman O'Neill – Thank you. Thanks for coming, I appreciate it.

Councilman Langman – Looking over their conceptual marketing plan, actually the season is coming up pretty quick. When do you expect given this process to bring on the course general manager?

Mr. Cutler – Once we're given the green light so to speak, and this is approved, we will be advertising the position immediately. Start collecting resumes and try to start interviewing as soon as possible. Bob as the Ohio Regional Manager will be the first general manager. He will be here onsite in lieu of us having someone here. It is probably a minimum from when you say, or we get the approval to say go, it is probably 25 days at a minimum to where we're going to have a candidate and say let's go and them in place.

Councilman Langman – If I understand you correctly, Mr. Geppert will kind of handle that situation and get everything up and running until you bring in a hire?

Mr. Cutler – Yes sir.

Councilwoman Scarniench – I asked that question today and I said if we approve this and the contract says they start February 1st, they'll be here, so they'll be ready to go day one with the process of getting things started.

President Holzheimer Gail – Very quickly we need to be in touch with leagues and outings.

Mr. Geppert – Absolutely, that is the key.

Mayor Cervenik – Mr. Eberhardt put together the whole list of leagues and telephone numbers and contact numbers and we will be doing that immediately so that they have an assurance.

Mr. Geppert – We'll also put out a public relations release because people will be interested and want to know and call in and find out. We've done this and we expect that people are going to be nervous; oh my gosh, you're going to raise the rates, and all sorts of things. We'll want to be there to answer all of those calls and make sure everyone is comfortable with what we are doing.

Councilwoman Minarik – Very impressive. We lost \$88,000 this year. We owe money on the golf course clubhouse, we did improvements last year. The revenue you say increased, but I'm sure you're taking a big chunk as well. When do you think that the Enterprise Fund will be able to start paying the debt down that it has borrowed, that we'll be making enough money, that you'll be generating enough revenue?

Mayor Cervenik – The legislation that city council passed did not require and it was asked that the golf course not be required to pay that debt, that will be paid out of general obligations. What we hope to happen is in very short order, if you look at the projections it can happen, we will start being able to generate sufficient revenues to make improvements to the course, in addition to the ones that have already been funded through the general obligation debt of the city.

Councilwoman Minarik – I've forgotten that. Wasn't the clubhouse, that was supposed to be paid off through the Enterprise fund, correct?

Mayor Cervenik – To the best of my knowledge, the legislation was never passed, it was discussed and the legislation that was passed was for the financing did not include that and there was no additional legislation presented.

Councilwoman Minarik – That's good news.

Mayor Cervenik – That is sort of why we're trying to do things, as they mentioned and Kathy mentioned and Council has mentioned, cross country skiing and things like that to make it more than just a golf course, to get non-golfers there and to do that so it was more than, so the general public would enjoy more than just golfers.

Councilwoman Minarik – Back to your projection, one of those courses you had talked about, the revenues increased 27%. Was that net revenues back to the owner of the golf course, or that's just how much the revenues increased because considering what you're going to be putting into this, I'm really impressed with your database system, that is very awesome. Is that proprietary?

Mr. Cutler – Yes, the only one in the industry and we're killing it. To answer your question, I believe you're referencing Chicago Park District golf courses, 1-18 hole, 5- 9 hole golf facilities and a range. What I can tell you, is not only did we increase the revenues by 27% but we also increased the bottom line. We operated it for less than our prior competitor.

President Holzheimer Gail – Mayor, do we know how many total rounds of golf were played last year? I have some questions that Councilman Wojtila had e-mailed. A lot of them have to do with the specific agreement. I don't know if we want to touch on some of those tonight or what until you're finished with the agreement?

Director Frey – If possible, I'd like to get those questions to make sure in the discussions on the contract we make sure we discuss each of those. I think that would be more appropriate.

Director Will – For 2009 9 hole equivalent was 35,118 rounds.

President Holzheimer Gail – If I'm looking at your pro forma correctly you're anticipating 31,000, or you're basing your budget on 31,000 rounds?

Mr. Cutler – We actually count rounds differently. Kathy said 35,000 9 hole equivalents. We actually count it as starts whether they play 18 holes, 9 holes or 13 holes at twilight. That's a start, so we're counting that at 31,000 starts; which as I heard Kathy's number, that would equate to I believe the numbers I saw in figures was about 25,000-26,000 actual starts, was it 27 yeah.

President Holzheimer Gail – So you're anticipating a jump in year one?

Mr. Cutler – How about 16%?

President Holzheimer Gail – I do want to allow for public questions if there are any.

Councilwoman Scarniench moved to suspend the rules to go beyond the 1 ½ hour time limit.
Councilman Gilliam seconded. Yeas: Unanimous.

President Holzheimer Gail – If there is anyone in the audience that would like to ask a question or make a comment, you may do so? Seeing none, any additional questions or comments from the Golf Course Commission? Ready for an expanded role?

Ms. Allen – Expanded role, I would say yes, definitely and I did hear the Mayor mention something that is a little more of an incentive as well. But one of the things that I didn't bring out when I was addressing Councilman Langman's question and one of the other things that hasn't really been mentioned much is Billy Casper Golf also brought up the concept of rewarding frequent golfers. One of the ways of getting people to play more golf is to reward them for every time. I participate in a program that's run through the MetroPark Golf program. So many rounds of golf that I play, or so many dollars that I spend, I get an additional round of golf. By using that type of mentality with trying to bring more people out to play golf, it will certainly be able to increase the number of rounds of golf that we hope to see. If someone has that approach to it, it means that they are looking out for doing what it takes to have more activity at Briardale and have more people participating. That is something that is really important because every major company of some sort is going towards a reward program, frequent flyer programs, frequent shopper programs and that is something that is going to help Briardale move forward.

Councilman O'Neill – It is my understanding that probably the cheapest thing you could give away is free golf when it comes to golf. Your expenses are constant, you know what it is going to cost you to fertilize, cut grass, whatever, maybe not throwing in a cart but certainly giving away 9 holes of golf for someone who plays quite frequently is something I'm sure you folks take into consideration as part of your marketing. Yes, believe it or not golf is probably the cheapest thing to give away.

Mr. Cutler – As long as you're giving it away at the right time frame.

Councilman O'Neill – And they're going to come back and have something to eat and drink too.

Mr. Geppert – Not at 8:30 Saturday morning.

Mr. Cutler – That's the most expensive thing you're going to be giving away.

Councilwoman Jones – I have one question about the hiring, since the employees will be employees of Billy Casper, the city won't have any participation in the hiring process, it will all be your staff that will be doing that?

Mr. Cutler – We will be doing that. As far as the key hires, the key positions, we are going to bring candidates forward and then we'd like the Mayor's input on the candidates. These are the final 2-3 that we recommend, what is your input, what are your thoughts, so the City will have involvement in that process. I'm not expecting the city to have an involvement in every cart attendant we hire. But as far as the key positions, as Bob mentioned, they're direct reflections, this golf course is of the city, we want your input.

Mr. Geppert – If you have a candidate, let us know. There's no secret room I've got back there and let me tell you, good candidates are hard to find, we work very hard at that. The key will be finding the right candidate for this particular job.

Councilwoman Jones – My other question is I would assume that some of the employees will be seasonal?

Mr. Geppert – Most of the employees will be seasonal.

Councilwoman Jones – Do you hire new staff come the next season, or do you just carry these?

Mr. Geppert – It is very interesting. Most of the seasonal staff, are working for a number of different reasons. One, either they are college kids and they are working, or they are seniors. We like hiring seniors very honestly. They have a wonderful work ethic, they really like being able to work on a golf course and have some meaning. I can tell you story after story on seniors that are just doing magnificent jobs for very little money. The seasonal staff are usually 12-15 hours a pay period so

they're doing it for a particular reason. Maintenance staff, those seasonal people will generally take the winter off, collect unemployment and then come back, knowing that this is the job for 10 months of the year. But the golf-side are generally part time staff.

Councilwoman Jones – For the maintenance one, seasonal employees, when they come back, will they have a position when they come back the next season? Or do you have to go through the hiring process?

Mr. Geppert – It is strictly a legal issue, because we have to do the paperwork over again. I have to do a new I9, that's all just requirements. But they will know they will have a job when they leave, they'll know they're coming back. They're just seasonal and for two months we just don't have work for them.

President Holzheimer Gail – Next steps from this point: we're anticipating legislation with the agreement at the next council meeting hopefully?

Mayor Cervenik – It is our intention, you mentioned to have it at the next meeting because it is really imperative as some of the council people understood and mentioned that we need to get rolling on this. A couple of things, the contract you received although it says in the proposal it says 5 year contract, in that 5 year contract, there will be a no fault cancellation ability after the third year, to discontinue this for no reason at all. During that first three years, if there is non-performance, there is automatic termination. The other item would be \$5500 a month and if we renew after 3 years, we had talked about and we will have all this finalized in the contract, having that monthly fee increased by 3% in year 4 and year 5. Then we're still working on the incentive. One of their proposals wanted 10% of the gross. We feel more comfortable on doing something with the net. We're working that out with bond counsel and I will inform you before you get the contract because they're non-taxable bonds, we can't give someone a reward for the net. So we have to come up with another formula. Director Johnson looked into defeasance of the bonds and I'm not going to even explain what it is, but it doesn't work, it would cost us much money to defeasance the bonds and it is a whole process, where then we could go by the net. Director Frey talked with Gigi Benjamin from Calfee today and they said they would certainly be able to come up with a fair and equitable settlement and that will be presented to you as well. I know there was some concern that it was a five year contract that it might be too long, so we adjusted for that reason.

President Holzheimer Gail – Is there a renewable period after that?

Mayor Cervenik – Yes.

President Holzheimer Gail – One of Councilman Wojtila's questions was if by some chance there is a loss, who is responsible for that?

Mayor Cervenik – We are responsible for the loss. We are hoping, just as we were this year. We are hoping and if the pro forma comes true, luckily we won't have to worry about that. On the other end, if there is somewhat of a loss, there isn't any incentive payment either. As I said, we had close to \$90,000, we don't have final adjusted numbers yet, but close to \$90,000 this year and that is very frightening. That is far, far too much.

President Holzheimer Gail – In addition to the legislation, then Council would approve the budget and the annual plan once it is submitted, which you estimate about 45 days after the contract?

Mayor Cervenik – Yes, which means you may have to approve a temporary budget and then approve their final budget because we have to have all budgets approved by April 1st.

President Holzheimer Gail – I think that's most of Councilman Wojtila's questions, but I'll make sure Director Frey has those as well.

Councilman Langman – Law Director Frey, I just want to make sure I understand the structure of the contract. If we go ahead it would be for the initial three years and during that initial time period, they can only be terminated if they do not perform up to whatever the standard might be, is that correct?

Director Frey – The initial term would be five years. There would be provisions that would allow termination for cause at any time in that five year period. There would be a no fault mutual termination clause after three years. So if the city decided while this has worked well but we want to develop a residential community on the property, we could terminate the agreement. Of if Casper said, you

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know what, we decided we're not going to be in the cold weather markets and we want to concentrate in Arizona and Florida, they could terminate the agreement. So there would be a no fault provision after three years.

Councilman Langman – But during the initial three year, what is for cause?

Director Frey – That is what we'll have to define. It could be a lack of performance but we have to define those terms

Councilman Langman – That's still under negotiations.

Director Frey – Absolutely. We had a preliminary discussion. We've got a lot of work to do between now and a week from now.

Councilman Langman – Think I think we should let you go and let you do it.

President Holzheimer Gail – We appreciate your time and look forward to working with you and look forward to having the agreement at the next council meeting.

Councilwoman Scarniench moved to adjourn. Councilman Gilliham seconded. Yeas: Unanimous.

Meeting adjourned.