



Special Membership Meeting Minutes

Sunday, November 22, 2015

3:00-5:00pm

Memorial Hall, Kingston City Hall

1. Call to Order: 3:03 p.m. Bill Cannon, Chair

Introductions: Paula Loh, Eric Davies, Mike Preston, Tom Thayer, Lynne Hanson

2. Motion to approve holding the membership meeting with less than 20 days' notice:

Paula moved, Tom Thayer seconded, carried unanimously

3. Presentation of Capital Project:

a) Paula Loh

- A question from floor was whether members could propose an amended motion. The answer was no, only friendly amendments would be permitted, nothing substantive.
- Members were advised of the electronic vote, to be explained at the end of the meeting.
- The history of club and a film were discussed prior to addressing the needs of the club going forward. There was a meeting 3 years ago, with a motion passed to relocate the clubhouse, and demolish the old clubhouse. There have been many problems with the old clubhouse – it is a deteriorating wood structure, with old wiring, it is inaccessible, not up to code, and has had a leaky roof and rotten deck in the past. There are holes in the ceiling of the men's room, a mouse problem in the kitchen, and no insulation, so it is cold in spring and fall.
- The options looked at by Capital Project Committee were then reviewed – renovating the old clubhouse, considering the size, location, layout of a new clubhouse, choosing a designer, and further considering aesthetic appearance, cost and financial risk. An environmental assessment was done this past week in anticipation of demolition; we have paint with lead, arsenic, and some asbestos. Finally, renovating the old clubhouse would also be quite costly, but without similar benefits of a new clubhouse. We need to renovate for employees, and to foster a younger generation of tennis players.

- We now have zoning approval to build 20 feet closer to Napier Street, which will allow us to widen Courts 2 and 3 and make room for the new clubhouse. There would be 2000 square feet on each of the ground floor and main floor, and the stewards would now be on the ground floor, visible as you enter and exit. We would also have a lounge, men's and women's change rooms each with two showers, and an accessible washroom and showers, all on the main floor. We will also have to put in an elevator for the second floor because of code requirements. On the second floor will be an all-purpose room, mainly for the summer camps. We can also use it for board meetings and social events. There will also be an administrative office where we can store documents, as they are currently in various members' homes. There is a small kitchen upstairs, and a small lounge as well.
- Mike Preston was chosen by the Board as the designer for the project in May, 2014.

b) Mike Preston

- Mike Preston reviewed his experience (mostly residential), and showed some slides of his recent work, including the Ivy Lea Club in the Thousand Islands. He then showed multiple slides of the proposed project and reviewed various design features.
- Looking at the design for the new clubhouse, he noted that the shape is fairly boxy and rectangular to limit the footprint. The materials proposed are white wood siding guaranteed for 50 years, with stone at the base, a red metal roof and darker windows for contrast. There will be an electronic gate to one side to allow access to the courts when the clubhouse is closed.
- Mike started on this last November, and concluded in June of this year.

c) Eric Davies

- Eric Davies reviewed his familiarity with the club as a member over the past 30 years, and as a parent whose child attends tennis camp in summer. He is also a local builder and was consulted by Taco Meuter, Anees Karmally, and Doug Bowie to advise on the project. He joined the Executive two years ago and has served on the Capital Project Committee.
- Eric reviewed the budget for various soft costs (some already incurred), including an architectural survey, property survey, site plan, phase 1 environmental site assessment (looking for possible contaminants), designer fees, 3-d renderings, and accounting fees to obtain financing from Infrastructure Ontario (so that we can get locked-in low interest rates). Eric noted that his firm will pick up the cost of the civil engineer (working on the site plan), in the range of \$10,000 to \$15,000. There was also a cost to get the minor variance, which went over budget because of the City's recent issue of on-site parking. There will also be a tax to tap into the sewer system.
- On the hard costs, for the building itself, it should come in at around \$900,000 (the elevator should cost around \$50,000 - included in clubhouse construction cost),

\$50,000 for furniture, \$50,000 for kitchen appliances, \$25,000 for landscaping. It all adds up to around \$1,076,000, including a 5% contingency fee.

- In addition to this, there will be costs for court lighting, moving fences and courts. These also went out to tender to three large companies, and they chose the least expensive of those quotes, which came in at \$190,000 firm. The demolition of the clubhouse should be about \$20,000, \$10,000 for electronic systems, and then a \$20,000 cost for repainting the courts.
- The grand total for the project is \$1,548,000.

d) Tom Thayer

- Tom reviewed the financing so that club members can answer the question, “Can we afford it?” We have \$183,616 on hand, \$101,865 in projected net cash inflows for 2016, and KTC may be eligible for up to \$150,000 in a Trillium grant. The loan will finance around 60-80% of the cost of the project. We would borrow from Infrastructure Ontario (IO), and IO feels very positively toward the whole project. IO loans to municipalities, colleges, universities, and sports facilities, all non-profit. They have very good rates and will commit to 25 year funding, currently at about 4%.
- In order to have sufficient cash flow to cover this loan, the KTC’s annual net cash inflows should be at least 140% of the annual loan servicing costs (i.e., 140% of the blended interest and principal repayments – just like a standard home mortgage).
- Tom explained his assumptions and various projections, analysing the numbers from a pessimistic, neutral and optimistic perspective. If we don’t get a Trillium Grant, then that is more problematic and will slow up the project. The risks are not getting the Trillium grant, higher construction costs, cash inflow decreases, or an increase in long term interest rates. His conclusion is that if we get a Trillium grant, then things look good to go ahead with the entire project - our cash inflow is very stable, and increases in interest rates are very unlikely.

The following motion was put to the membership, to be voted on electronically over the next 7 days, moved by Paula Loh on behalf of the board, seconded by Eric Davies:

Proceed with the capital project as outlined in the presentation to the membership of November 22, 2015:

- *New clubhouse*
- *Eighth court*
- *Widening and lighting of courts 2 and 3*

All aspects of the project will be completed simultaneously if total funds allow, otherwise work will be done in stages as financially feasible.

Chair Bill Cannon called for friendly amendments, none forthcoming.

4. Paula explained the electronic voting procedure, and assured that votes are confidential.

5. Question Period

- One question was whether the big increase in membership in the past few years is something that is likely to continue. Tom responded that we don't know for sure, and acknowledged that membership might drop if fees go up. We will be increasing our court capacity by 20% so that may help. Bud Nelson (former Membership Director) observed that we have done very little advertising over the past few years, and if we did so, we could probably increase membership substantially.
- One person observed that the demographics show an older membership with a decline in junior enrolments – is this something we should be worried about? Tom noted that revenues are actually going up as we can now have a higher camper to instructor ratio. Dave Stocks noted that the Court Usage Committee is going to look at court usage patterns (i.e., rate of play, doubles, singles, etc.) in connection with this issue.
- One member asked if we would consider changing the scale of the project, given concerns about cost. Paula answered that that is not desirable because the current project suits our needs, and the current proposal is not exorbitant.
- If you have to phase in the project, will that have an impact on the quotes for cost? Eric Davies replied that in his professional opinion, the cost should not go up because the different components were costed out separately, so there were no economies of scale in doing them together.
- Is the front door wide enough? Mike Preston replied that it is a double door with a 7 foot wide opening, which will be wheelchair accessible.
- Another member suggested that we have a few other options, following on the previous suggestion to have a scaled-down project, because there is a lot of risk and it may handicap us from doing other things in the future. Paula responded that the committees have considered these questions and set out what they consider to be the most viable option, especially in light of the deteriorating condition of the current clubhouse.
- One member asked whether we could have a forum on the website and extend the voting time for at least two weeks. There was no “buy in” from the Executive re this suggestion.
- One member asked whether we would need to double our staff. Paula responded that the stewards actually currently have a lot of free time on their hands (once the season is underway), and much of their work might be reduced by new on-line self-serve facilities.
- One commenter on the financial projections noted that the KTC does not actually have the full 20% down payment on the Project in the bank now, and asked whether or not we should use the whole property as collateral for the loan. What happens if the KTC defaults on this mortgage? Who is responsible – the Board, the members? The Finance Committee asked Infrastructure Ontario about this, and IO said that – with the precautions it takes prior to its

loan approval - only one of its borrowers had ever defaulted, and IO reassured us that, if the KTC ever ran into trouble, IO would work with the KTC to ensure that we won't default.

- One member asked whether a delay in beginning the project would be a problem in terms of club usage; Eric Davies replied that there may be some inconveniences to members, for example, closing a bit earlier in the fall and starting up later in the spring.
- One member asked about whether the property tax increase has been underestimated; Tom responded that he had spoken to MPAC, and the property will be assessed again in 2016, when there will be no new building on the property. For dates after the new clubhouse construction, Tom acknowledged that his figures could possibly be a little light, but noted that his projections for doubled property taxes over 5 years (from current \$8,000 to \$16,000 annually) would seem to make allowance for this.
- One member said that we should explicitly consider the possibility that we might lose the club, and Tom replied that this is always a possibility.
- One member indicated that we can tolerate some degree of risk and asked what is the best estimate for the project? The conclusion of the presenters is that this is a manageable and viable project.
- Another member thanked the members for all their work and observed that this is an important step in a legacy for the younger generation.
- One member asked about the additional elevator cost, and was told that it has already been included in the current cost estimates.
- One member asked about an indoor court and Paula replied that the Executive's mandate was confined to a new clubhouse, per the 2012 resolution by the membership, so they did not go beyond that.
- One member asked whether we are concerned about the City developing new courts, and if that will affect our membership. Paula and Chloe Wilson have been trying to meet with the City, but we do not have an inside track on those plans at this point. Eric observed that we offer our members different services and will appeal to a different demographic. There will be increased cleaning and maintenance costs, but this should be covered by higher membership fees. The member noted that we need a new clubhouse and the design is spectacular, but it might perhaps be good to slow down a bit. Paula responded that we can't really afford the delay timewise unless we want to put the project back another year.
- One member asked about whether we have a solution to the parking problem. The City rejected angle parking, but we are working on getting permits for next year. We will only have street parking (no on site parking is required), but the question is how much it will cost us. This will be negotiated over the winter, and it is an unknown right now.

- One member asked about the court lighting – if we don't remove the old lighting on Courts 4, 5 & 6, will that be a problem for the City, alongside the new lighting? Paula responded that we won't receive approval until the site plan application is submitted, but the City's only concern is that the light is confined within the property. The member also asked whether we would have to have an elevator if we rebuilt the old clubhouse, and Mike responded that you might not have to have an elevator if it is just renovated, but if you tear down and rebuild, you would have to have an elevator.
- One member commented that it would be a real problem if the membership went up to 600, because it is difficult to get a court now, and it would be impossible with higher membership. We will also need more staff to run the new clubhouse, and we need to be more conservative in our financial projections. [There was no opportunity for a response as we had to vacate the meeting room.]

6. Meeting Adjourned 5:27 p.m.