



## **Minutes 2018 Annual General Meeting**

**Thursday, November 29, 2018 at 6:30pm  
Ongwanada Resource Centre  
191 Portsmouth Avenue**

### **1. Call the Meeting to Order** at 6:55 pm by Leslie Jermyn – Chair

Attendees: Total 162, in person 100, proxies 62

The meeting will be audio recorded for record-keeping purposes. Kristine Barker, the KTC bookkeeper, will be attending the meeting as a guest. Presenters were asked to keep to their allotted time limits, and that a maximum of two minutes per question or comment is reasonable. Members were asked, if possible, to not ask questions more than two times per topic. The Chair will ask for two volunteers to scrutinize the elections who will then report the results to the Chair and the Secretary and the results then announced. The goal is to complete the meeting by 8:30pm. We will try to stick to the agenda and address questions to the item being discussed at the moment. One can always raise a hand and call for point of order or point of privilege at any time.

Leslie proposed that the agenda be changed in order to move the meeting along quickly, while being fair to all the candidates and everyone assembled in the audience to vote. Here is the outline: first - call the meeting to order, then receive the minutes of the 2017 AGM, then two reports: the Capital Project Committee Report and President's Report. Then we will do the election for the president. The president candidates will each have 20 minutes to do their presentation, make their pitch for the nomination, and answer questions. Then the ballots for presidents are filled out and counted. While the counting is being done, we will proceed with the Finance Committee Report. Then we will do the election for VP. Then we do the Treasurer's Report. Then we do the election for treasurer. Then the appointment of the auditors. Then the election for members-at-large. While these votes are counted, we will do Other Business - we have the Queen's University Tennis Club update. This item was requested after the agenda was circulated.

Q: Can the elections be done all at once? Some people will need to leave earlier.

It took us a lot of negotiations to get to this point. I hear you but this is the best that we can do

to move them up.

Q: Can I then become their proxy?

No.

Let's talk about the elections and the policy on how the elections will be run. This is both according to your by-law and also according to Roberts Rules of Order for running a meeting. Nominations from the floor can be made for each position. There has to be a nominator and a seconder. The person nominated has to be present and has to accept the nomination. Even if there is only one nominee for a position, they will have to be affirmed by you to be elected.

People who have reports and are also nominated for a position will include their election address to the members in their time assigned for their report. For nominees who have no reports, the chair will allow them to briefly address the members regarding why they would like to be elected.

One has to be present at the meeting to vote. Proxys are allowed by our by-law - each person can carry up to one proxy for someone else. One cannot leave the room and come back to vote. The reason why we are assembled here in person is that someone who is present may change your mind regarding who you are voting for.

The vote to approve the amended agenda was carried almost unanimously (the vote needed 2/3 consent to pass).

## **2. Receipt of the Minutes of the 2017 Annual General Meeting**

**The minutes were received.**

## **3. Capital Project Committee Report by Paula Loh**

The Capital Project Committee is comprised of: Paula Loh (Chair), Scott McNeely, Mark Nelligan and Dora Nomikos. All committee members are present should you have any questions for them.

The current committee was struck in May 2018 following a board vote in March to proceed with the Capital Project as voted at the 2017 AGM. The committee operated for four months until September 2018, when the Board voted to suspend payments for two months. The committee has terms of reference regarding its duties and authority. The committee has been working on the new clubhouse fronting on Napier Street and site improvements & upgrades, including an 8th court. Courts 4-6 are not included in this project. Focus on investment in the Club's long-term future – not a quick fix. We are looking at investing in the future, which costs a little more money but is more economical in the long run. We split this up into several categories:

- what is crucially needed now, which is in my opinion the replacement of the clubhouse;
- what will be needed in the near future;
- investments for future growth and longevity and investigating the best/proper way – do it once, do it right.

Number one priority for the Capital project is the Clubhouse. The Clubhouse is aging, many members feel it is unsafe, and every year of delay is more of a gamble that something can and will go wrong.

The Clubhouse design we want to make is:

- functional, accessible & welcoming – the current Clubhouse is not accessible, it is difficult for anyone in a wheelchair to get in (can't use the bathrooms, etc.);
- maximize the use of space for the one-storey footprint;
- use durable and long-lasting materials - this is a public space with up to 500 people on site on any given day. Things have to last a long time, and there are also building codes that require us to use stronger materials;
- we want to minimize ongoing maintenance

Infrastructure: We want to be flexible, this is key. If we do the whole project at once, a lot of people are afraid of a big number. Flexibility such as determining what part of the courts we want to do, how much at what stage, etc. It is all able to be phased in over time. This will depend on total financing available and the wishes of the membership as well as the Board as to what is eventually done.

The Clubhouse location will be fronting on Napier Street, which fits with our street address. We were formerly on Earl Street prior to that property being sold off. Having the clubhouse on Napier Street allows access from the street. It is also on the west side of the property which serves as a natural windbreak for prevailing westerly winds. It also provides increased security for staff, who will be visible to people at night and no longer stuck up on the second floor in a remote area where people cannot see what is going on, and increased security to see who is entering/exiting the club.

The floor plans are included in the Annual Report provided for the AGM. Service counter next to street entrance with a metal gate that can easily be pulled down; office space available next to it; open lounge area; changerooms with showers for both men and women; large open patio to the east and a large covered patio to the south (designated as Camp HQ when the camps are in session); wall of “cubbies” and multi-purpose camp office/kitchen; basement (storage & mechanical) and storage areas. Very little extra cost to install a basement since we have to dig to build a foundation anyway. Everything is flexible at this stage.

The cost of the current design is estimated at \$676,600. This estimate does not include: HST (which is fully refundable) and 12% contingency can be added for cost overruns. We have not taken this design out for tender. The estimate could be overstated as a lot of conservatism was built into the costing. This estimate does include: project management fees; concrete patio & metal roof (these are initially expensive but will last a long time and be cheaper in the long run); storage areas; demolition and disposal of existing clubhouse, and insulation, mechanical (HVAC).

Site improvements are planned for the following areas:

Specific to Courts 2 & 3 – install LED lights; remove concrete slabs and rebuild courts to current specifications

Specific to Courts 1, 7 & 8 - add Court 8 (new); remove concrete slab and rebuild courts to current specifications; add court curtains to separate the courts (there will be 17-18’ between each pair of courts to provide a comfortable buffer between those courts and install court curtains that can be used open or closed)

#### General Infrastructure Improvements

- install sub-drainage and surface drainage. We are not aware of any existing drainage on the site. Would slightly raise the height of the courts and modify the slope of the courts to drain towards the west instead of towards the south-east corner. Add surface drains underneath the fences between the courts. Sub-drainage would get rid of swampy area on lawn next to Court 6.
- remove encroaching trees and roots – they damage the court surface and perimeter fences; leaf litter creates safety issues when slippery and also increases daily and ongoing court maintenance
- replace perimeter fencing and make it higher - 14’ in height instead of existing 10’, to keep balls ‘in’

Costs and different options (without contingency):

1) Clubhouse Only	\$ 745,947
<i>or</i>	
2) Clubhouse + Courts 2 & 3	\$1,085,707
3) Courts 1, 7 & 8	\$ 268,258
<i>or</i>	
4) Clubhouse + Courts 1, 7 & 8	\$1,014,205
5) Courts 2 & 3	\$ 339,760
<i>or</i>	
6) Clubhouse + Courts 2 & 3 + Courts 1, 7 & 8	\$1,353,965

Phase One Option A: Clubhouse + lights on two courts  
ie. Clubhouse + Courts 2 & 3: \$1,085,708 (ie. \$1.1 million)

Phase One Option B: Clubhouse + 8th court  
ie. Clubhouse + Courts 1, 7 & 8: \$1,014,205 (ie. \$1.0 million)

We project KTC savings in Fall 2019 of \$550,000. Say we use \$500,000 as our downpayment (setting aside up to \$50,000 for unforeseen events or to start saving for our next phase). If we borrow \$700,000 (we can borrow more than that, but this is used just as an example) amortized over 25 years, the annual cost using a 4.57% interest rate to repay principal & interest is \$60,000 in the first year (and payments will decrease over time). This is based on our existing revenues of about \$90,000 per year.

This can also be supplemented by grants, which we are applying for. I am not

banking on the grants, because they are very competitive nowadays. Also definitely include fundraising – we have a conservative estimate from some professional fundraisers that we can raise at least \$150,000 to support this project.

All spending will be evaluated based on affordability. We are not trying to push anything through. A lot will depend on the incoming Board and what the Board is comfortable with, and what the treasurer will recommend.

In conclusion, our key points are:

- we are planning for the future. It is not a short-term fix.
- creating a long term plan (30-50 yrs);
- we have a vision for doing what has to be done, as well as long term growth;
- it will be done in phases, finances permitting;
- for the past 6 years many people have been involved in this project, contributed their knowledge and expertise, debated over other options, and consulted with professionals. There has been a lot of heavy thinking done to get us this far;
- the project is almost ready to go and the goal is to start construction next fall;
- we believe what we are proposing will enhance the club and keep it running for at least the next 50 years. Let's do it!

Q: How was the committee chosen? Why was not all the Board on the committee?

The Board already gets to participate - the Board is the final arbiter. The committee does the research and makes recommendations to the Board. The Board makes the final decisions. Sourcing committee members from the KTC membership brings to the committee people who have very good qualifications - a Board member cannot be an expert in all areas.

Q: Do you have any letters of commitment from financing agencies, Paula, or are you waiting for an ultimate mandate from the membership? We had a lot of discussions in the past with Infrastructure Ontario.

I have been in email contact with the IO rep this year to keep up to date and to ensure nothing has changed, but we have not pursued a formal submission this year. It is so tenuous right now; until we get a final yes/no that we are proceeding (at the Board level, most importantly). Jim Martin reported last year that we received an offer from a lender for \$1M. We were not prepared to accept the offer because it was a bank and only a five-year term, but Jim was saying that this was an indication of the confidence that lenders have in us.

Q: What are the interest rates from Infrastructure Ontario? How much are they projected to increase and is that interest rate fixed over a long period?

They do fix the rates. They offer terms up to 30 years. It is up to us to choose the length of our term. The current 25-year term rate is 4.07% and we should allow a ¼ % increase in the rate until we sign a contract. They offer cheap construction loans at

a lower rate than the long-term loan. It can be cheaper to take a construction loan and delay locking in to a long-term loan, depending on the direction that interest rates are headed and how quickly.

Q: How did the Board generally respond to your report?

We made a presentation. Mike Preston (Capital project designer) attended the last Board meeting and we presented the current design and reviewed the features. We received several questions which indicated that Board members understood the design. It seemed they liked it, there was not a dismissive response.

Q: In favour, or partially in favour?

I cannot comment on that since there was not a vote. It was intended to be an informative presentation.

Q: It would have been nice to envision year-round tennis courts. It is hard to envision in 50 years this club when there might be a possibility for indoor tennis in maybe 25 years.

Q: Thank you to the committee for the work they have done over the past 6 years and all the time, effort and money that has gone into this project so far. I wish it well.

#### **4. President's Report by Chloe Wilson**

I would like briefly to summarize my president's report, which I hope you've had a chance to read. I'll try to keep most of my available time for questions if anything is unclear.

I'd like to begin by thanking Board members for their efforts this year. Along with much discussion about the capital project, we managed a successful year of operations. Board members meet around a table to discuss the club's direction but we also roll up our sleeves to carry out many of the operational tasks which make the KTC the great place that it is. Balancing this workload (while still playing some tennis!) is no easy feat.

I'd also like to thank the many volunteers who helped out in a non-board capacity, doing things like maintaining our property, helping with socials, serving on committees, and closing the club in the just completed fall clean-up. We are fortunate to have so many members who find the time, skills and energy to keep our Club running well.

This year, the Board was consumed by one major issue: what to do about our nearly 100-year- old clubhouse. While we achieved some good things for the club, it was a challenging year for all of us. In my report, I outlined my views on the capital project as it is a very important issue for the club and dominated my time and energy as President.

We have spent 6 years on this project and have not come to a consensus on what to do. We have one project option on the table, that I believe is unaffordable, lacks strong membership support, and over the lengthy process has divided our board and confused our members.

Some of the key concerns I discussed in my report are:

- I believe the approval process of the project has not been effective and we do not have clear membership support for the currently proposed project, which constantly increases in scope and cost.
- the atmosphere surrounding the project at both Board meetings and AGMs has prevented us from making constructive decisions.
- I believe the project is unaffordable, unnecessarily putting us at risk of not having the resources to effectively run our club.
- and, the board has not conducted a thorough needs assessment and given members any viable alternatives that could similarly meet our needs at a more affordable cost.

The 1st appendix of my report summarizes the changing and uncertain project details that, I believe, demonstrate why the board has not been able to commit to it. This appendix also raises some of the questions that need to be answered before we can undertake any project.

One of these issues is discussed in more detail in the body of the report. I'm concerned about our existing operating model, in which we rely almost exclusively on volunteers. As president this year, I was better able to appreciate the amount of work and organizing that goes into operating our club. My major concerns are the onerous workload on some of our volunteers, and our lack of written procedures, which makes it difficult for people to clearly understand their roles and responsibilities, and to train new volunteers and staff.

This is important right now because I believe we need to plan for a future operating model before committing to debt that would preclude additional staffing costs.

The 2nd appendix of the report highlights the activities of a newly formed Renovation Committee.

Late in the year, the board approved the formation of a new committee that was authorized a budget of \$5,000 to investigate renovating the clubhouse. The committee met with Architect Jason-Emery Groen and worked with him to come up with ideas of what we could do with our clubhouse.

I don't want to go into great detail about the options that Jason-Emery suggested we could consider as they are preliminary and the board hasn't had a chance to look into costs or even to discuss which ones could potentially suit us well. Images of two concepts are shown in the appendix of my report along with more details. A very

scaled-back renovation concept, and an entirely new and much more modern clubhouse concept are shown.

The renovation committee also believes that a full renovation of our existing clubhouse could be possible, complete with layout changes for improved functionality, a new foundation and deck, insulation and heating, and the incorporation of an elevator to make our clubhouse accessible to all.

In my opinion, the real value of working with Jason-Emery was in the ideas he gave us. Jason-Emery got us thinking about creative ways we can address project issues.

For instance:

- We could consider a seasonal building that would keep costs down, whether we renovate or build a new building.
- We might not need an elevator, but can instead make an entire clubhouse accessible with the use of ramps.
- We could make use of modern technologies to create a blended indoor-outdoor space that could really entice members to make use of the clubhouse when not playing tennis.

The conclusion of my report outlined a possible path forward that, I believe, can be completed in a timely fashion. As I wrote there, I would envision the following process:

- Put together one or two additional options for our clubhouse and infrastructure that the Board has considered and supports.
- Outline the advantages and disadvantages of each option, including the costs.
- Carefully assess our finances and what we can afford. Set a maximum project cost that we will not exceed.
- Communicate fully and openly with members, gauge their opinions and incorporate feedback.
- Continue to refine the project until we find the right solution.

Many members and Board members are open to such an approach. This will not take us another six years to complete. I think that if we work together, take on a project that is smaller in scope and lower in cost, we can achieve this in no more than two years, particularly if we use professional project management.

I would like to address one question that was asked: What does the Board think about the project that the Capital Project Committee presented. It is a little bit hard to answer because the first time that we have really seen this is in reading the report. The Board has not had a lot of input on this project. The phasing options that were presented here are actually different than what was put in the annual report. So in my opinion the Board is responsible for making this decision and we did not have much



input in it this year.

Q: We had a vote at last year's AGM with 57% in support of the Capital Project. It took a whole year to find out that it was not continuing forward. I would like to know what will change this year in terms of how are we going to be kept updated because it felt the opposite of transparent.

I appreciate everyone's frustration with the lack of communication. It certainly was not the Board's intent but it was difficult when we could not agree on what to say in order to communicate from the Board. To be honest if nothing changes with the makeup of the Board, I don't see it going any differently this year. The membership needs to elect a different make-up of the Board, not necessarily a completely different group of people.

Q: How did you choose the designer?

Just through contacts. We had heard of him, he works for HDR, he is the design director at HDR which is a global firm with a local office in Kingston.

Q: What has he done that we might see?

I will ask my husband, Ben, he will know that a little bit better.

Ben: Every single one of our buildings.

Q: But they are antique buildings mostly? Can you give a concrete example?

Ben: The design for the Kingston airport, right now.

Q: You may know the answer to this question or you might want to defer to Taco, the treasurer. What are the sunk costs that we have invested in the capital project, such as paying designer Mike Preston, the engineer, underground studies, and various consultants that we hired? I have a number in my head but I am curious to know what the number is?

I have a number in my head as well but I will defer that to Paula as Chair of the Capital Project Committee as she just reported it.

Paula: In the Capital Project Report in the Annual Report there is a list of invoices in there that tabulates to about \$55K. Plus there were \$10K donated by your firm for civil engineering fees. That took us to the end of August. Since then we have \$5K retainer to Mike Preston for further design work. There is a \$5K allowance to the Renovation Committee. And there are around \$2-3K in civil engineering fees. So maybe \$70K all up, including the renovation committee.

Q: Over what period of time?

Q: Last year there was a vote in favour of the capital project going forward. How much money would have been saved if the capital project had gone forward last year or the year before? It seems that every year it costs more money.

I don't have the calculations right now. Do you mean in terms of lower interest rates and stuff like that? It is false economy to take on a project that is too expensive because you are in a rush to do it because you do not want it to get even more expensive. In my opinion it is unaffordable.

Q: What kind of costs are you thinking? If this option is too high, what is your limit?

I am not tied to any specific project. This project, moving the clubhouse, could still happen. The limit on the cost should be around \$1 to \$1.1M based on our savings, a \$600K debt and keeping some cash back. It would be a very clear plan of how long it would take to get to the final outcome. If we take out a \$600K debt, unless we start making a lot more money, I don't see how we can then take on more debt for another 25 years, if that is the term of the debt.

Q: Since we have elections every year, what safeguards can we put in place, once the vision is chosen that it will continue, whether it is you or another president? Because that has been the issue for the past 5-6 years.

The way, I see it, is that the Board has to develop a very strong case. So we arrive at something that makes sense that people can see a well-documented project and can agree to it. We are all a group of people and an idea can be turned over; if it is done consistently then it is not a great idea.

Q: Last year we got 57% in favour of the Capital project. What do you expect this year?

There are a few reasons why I don't feel that 57% was strong enough to move forward. One reason is that only one option has been presented and in a positive light. Members have never had other alternatives to choose from. I think the outcome would be different if we had other options available and more information. The last time it was approved the cost was \$1.3M and now I see here \$1.5M. We always talk about these approvals and when does the memberships' mind change when the project details change. The Board is responsible for approving the project and spending the money. The Board needs to feel confident that they fully understand the details and that the members understand the project. For me taking on that much debt when there is not that much support, is not in the best interests of the club.

Q: Once you get everything finalized, you are going to go to the membership for a vote. What would be your opinion of a solid vote of approval? What percentage?

I don't have a number in mind. To me, if the board has put three options together that are all endorsed by the Board whether or not each Board member agrees with the final outcome, but if they are all considered feasible by the Board, then to me it is whichever one the members choose.

Q: So if they choose one, what would be solid membership approval? 60%, 70%?

I don't think I have a specific number in mind for that.

Q: On November 29 last year at the first Board meeting you proposed a motion that 57% did not show sufficient support for the Capital Project and you shut down the Capital Project Committee. The Capital Project Committee could not start up until May of this year and then another motion in September shut down funding for the Capital Project Committee. Now you stand in front of us and say that the Capital Project Committee was only able to present stuff to the Board late in the game. How can you explain your actions?

I think I explained my actions when I discussed this whole approval and how I don't think the project is well understood.

Q: You specifically blamed the Capital Project Committee for not presenting stuff on time, yet you closed them down twice.

I didn't mean it was late in the game but, in general, in the whole project process, the Board has not been involved.

Q: Once you come up with other projects, how will you get some feedback? Are you planning on setting up some meetings?

It can start with more informal opinion gathering through polls to help us focus our efforts. Then a special meeting, and I don't think that should be too far in the future.

Q: Why was the vote done last year at the AGM? The previous vote was done online and over 200 votes were cast. Why was something like that not set up again this time, or why not set up something like that for the future?

I don't have an answer for that. I would consider online votes and getting the information out to many people with a lot of time to think about it. I like the idea of setting up forums for people to share ideas. And get as much of a vote out as we can.

Q: The Capital Project Report had two components: one was the clubhouse and not to wait another year, and the other to increase the capacity of available court time through lights, etc. When you saw the engineer/designer did you consider in the scope of that the clubhouse plus the increased court availability or was your additional work limited only to what was shown?

We just said we would like it here, but in discussion with him it was clear that he could design a building, or we could incorporate his ideas into any building, and put it on the lawn and then you could have the extra 8<sup>th</sup> court.

Q: The proposal that Paula presented had an infrastructure component – drainage, lights – which is really focused on maintaining and increasing the availability of court time, which is primarily why we all play tennis. In order to consider an apples-

to-apples comparison, I understand that your recent design consideration was only for the clubhouse. Will you consider in the future to have those two components?

Yes.

Q: The only options we have heard so far is where the club is right now. What is the intent of considering other options – will it be with that one focus or a broader vision, because you talk a lot about the cost. There might be other options that may be as expensive or even more, and would move the club away, combine with pickleball players, and provide a facility that is available 12 months of the year. That may be in the 50-year long term a better option.

I am open to hearing members talk about that. Nothing is really off the table but we would have to figure a way to gather opinions from the members. That is what I mean with informal polls.

Q: We have heard a lot about the different costs. But we have not really addressed the timeframe and how long this project will take. I think this will impact us more than the money and how long it will take to pay for it. How long will the project take and how many courts will be unavailable during the season?

Q: We have 500 members. 57% voted in 2017 in favour of the Capital Project – how many people voted?

After the AGM, a big focus of the Board was on the validity of the vote at the AGM. There was a lot of confusion and a lot of our procedures were not followed correctly at the AGM – it was an argumentative meeting. There is debate over what votes should have been counted, such as ballot box votes and proxys. Can I defer to Mike [Bartlett] for the number?

Mike: 43 voted in favour and 32 against.

### **Election for President:**

Election for president then took place. No other nominations were received from the floor. The presidential term is two years.

Election results for president:

Chloe Wilson - 92

Paula Loh - 68

Spoiled ballots - 1

## **5. Finance Committee Report by Mike Bartlett**

Members: Dave Reid, Taco Meuter, Chloe Wilson, Mike Bartlett. We all have financial expertise of one kind or another.

Formed in April under Club by-laws. The Board approved its Terms of Reference in May.

Role: Provides to the Board information and expertise for the good financial management of the club.

Finance Committee Actions in 2018 included: invested KTC savings in ladder GICs, interest income rose from \$3,600 in 2017 to \$6,600 in 2018. We developed Terms of Reference and various improvements in financial management.

We are in good financial shape. Review of KTC Financial Capacity: \$457,000 saved, operating surpluses (profit) and mortgageable property. This put us in a good financial foundation for whatever project we choose in the future.

What can we afford?

What did the KTC Treasurer say last year? Jim recommended in the Annual Report “Do not exceed moderate debt threshold of about \$700,000 long term debt (at 3.9% fixed rate). “That figure was based on the KTC’s 3 year average income and savings up to the fall of 2017. Included keeping back \$100,000. If we use Jim’s analysis using 2018 figures, the \$700,000 maximum debt falls to \$609,000. A couple of reasons for that: first, interest rates rose three times in 2018, and second we made a little less money this year. Under Jim’s calculation, but again using current figures, after our annual debt payments of \$41,500 for principal and interest payments on a \$609,000 loan, we would have a buffer of about \$5,900 after all expenses are paid and reasonable maintenance.

We make about \$93,000 before club improvements. Can we borrow \$609,000? The mean is \$93K over the past 7 years. However, the club’s earnings have varied in the past seven years from a low of \$82k to a high last year of \$105k. If we use the average of the softest two years from the past seven years, the club would be short \$5,800 and unable to meet debt payments of \$41,500.

If we want to just break even on those two softest years, we could only borrow \$520,000. If we borrow \$500,000 as a round number and keep back \$100,000 of our savings, this allows a total project budget for construction in fall/winter of 2019 of \$930,000.

What does that mean? It means we could have a budget of \$930,000 which has to include HST, for construction to be done next fall. The question becomes, “What improvements could we make to the club for \$930,000?” It is a prudent way of looking at borrowing because it covers our ability to repay the loan if we make only the amount of the two softest years in the last seven years.

We would still have the \$100,000 rainy day fund if we had a couple of really bad years over the next 25 years. Remember, if we take out a loan over 25 years, then we

are committing to pay back that money over the next 25 years, each and every year. We would also have to mortgage our property to do so, which means someone on the Board will have to sign for it. The lender can foreclose on us if we don't pay that money on time. We have also built into the figures a reasonable maintenance budget so we can keep our new and improved club looking nice year after year.

Is the Finance Committee being too conservative? Depends on your definition of conservative. We haven't pushed all the numbers in our analyses to try to make a \$1.6M project possible. Neither are we trying to minimize our capacity to take on debt. We're realistic. We want our club to survive the inevitable softer years to come in the next 25. But we also want to invest in improvements.

There will be risk, regardless of the project we take on.

Can we have a Phase Two? If we borrow as much as we can for Phase One then there will not be a Phase Two in the next 25 years.

Final thoughts but I am afraid there are no answers. We don't own the club – we're operating in trust for future generations.

Q: I have calculated the club's income and you get an average of \$96K over the last three years, which is what Infrastructure Ontario uses on the loan coverage of the ratio of 1.25, which means you can use 80% of that, which is \$76K, which will cover a loan of \$900,000 at the interest rates that Paula has indicated. Is it true that Tom Thayer, former Director of Finance at Queen's and former treasurer of the KTC, met with your finance committee to argue that your conservative way of setting aside huge reserves for maintenance and other things to reduce the income to around \$50K is not in line with any known practices?

Tom did meet with the Finance Committee. There are members that will say let's do the Capital Project that Paula outlined. But that does not change the financial reality, does not change interest rates, does not change our saving rate over the last seven years, does not change how the lenders will look at us. We can say whatever we want and people can be optimistic but that does not change reality.

Q: I am a bit surprised on your focus on the two worst years. In my understanding Infrastructure Ontario (IO) has only once foreclosed on a loan in its entire history. According to a message I just got from Tom Thayer, he is comfortable that IO would be more than happy to carry us for 5 years if we needed that support. Do you recognize this?

I spoke with a representative from IO a few days ago and he said before we can apply for a loan we need to pre-apply for a loan. It means that if you pre-apply for a loan that they can turn you down from applying for the loan. So how does a lender get such an incredible record for approving loans that get paid back? They probably weed out people from the beginning from even getting loans. There is no guarantee that we will get a loan from IO. If we cannot borrow from IO then we are looking to borrow

from the banks and their rates are higher and they charge fees. We would then have to downsize the project.

Q: What is the membership liability for individual members if the club is threatened with the debt being called?

None.

Q: Some people pledged a large amount of money, about \$200,000, to help save the indoor club several years ago. I know some people may not honor the pledge, but would a pledge affect the ability to borrow?

More cash in the bank affects the ability to borrow. Let me rephrase that a little bit, more cash in a bank allows you to make a greater equity contribution. But your ability to repay the loan is dependent on your annual profit. And more cash in the bank does not affect your annual profit.

Q: Have you ever considered the number of members may go up with the new building, rather than constantly going down with the old building? There is a lot of gloom in your report. Maybe the numbers may double in size.

I have not looked into the analysis of membership growth and revenue growth. I have taken the average of the last seven years. So that includes both good and bad years. But to come back to membership growth, that may or may not happen if we were to institute some operational improvements. Nothing has been put in front of the Board in the past 12 months on how we can grow the membership. Practically nothing has been put on the table in front of the Board regarding fundraising. Also we need to keep in mind that the lenders want to see a three-year track record. So if we figure out ways in 2019 to hopefully increase the membership then we start reaping the benefits in 2020, then in 2021 and 2022, before we can go to the lender and say here is our three-year track record of growing our membership and revenue.

Q: Perhaps you have not been conservative enough. A business cycle runs seven to eight years and it has been a good seven years. Over 25 years we are going to hit a low when an \$82K profit will look very good. We shall have seven lean years.

### **Election for Vice President:**

Elections for vice president then took place. No further nominations were received from the floor for the position of vice president.

David Stocks was unable to attend the AGM and his writeup to the members was read by the Chair:

I have enjoyed being the staffing coordinator the past number of years. A review is planned of the summer camps and junior lessons, with a goal of improving enrolment, procedures and skill development. I'd like to assist with this review. I'd also like to

continue the work we have started on the Parks and Recreation Master Plan. This is an exciting opportunity to promote, collaborate and improve tennis in the City.

However, it has also been a very frustrating year to be on the board. Committee and board members have the best intentions for the KTC but cannot agree on what should or should not be done. Personal opinions and bias, on all sides, has created a stalemate. As I'm not able to attend the AGM and can't really clarify any comments, I'll choose to say nothing and let you decide the direction the KTC takes.

Election results for vice president:

Mike Bartlett - 98  
David Stocks – 58  
Spoiled ballots - 3

## **6. Treasurer's Report by Taco Meuter**

It was a standard year. Some things went up, some things went down. Membership went up for the first time in three years; it may have been because we stopped increasing fees this year. There was a shift in the membership structure. A lot of families got memberships, which is the cheapest membership rate so that is why revenue for membership went up only slightly. Our income went down, mainly because camp income went down from last year. Last year was exceptionally busy, and also this year camp parents had less money because of the increase in the minimum wage which increased across all their purchases, so they had to make a choice between our camp and every other camp in town and they would probably choose the less expensive camps. Our income for camps revenue went down about \$13K, which is where all the loss in total income went this year. The money that we saved also went down. In the Annual Report it says it went down to \$74K this year but actually it was only \$53K since some invoices were due and paid after the September 30 year-end date.

It is very easy for money to fluctuate, as Mike indicated, and put us at risk.

Many people say our rates are competitive. But look at Quinte Tennis Club - they charge only \$200 for adults membership and they have clay courts and they have lights for all their courts. So our rates are not as good as we would like to think.

One of the problems we have is that every year there is a 25% turnover in membership (Bud Nelson explained that some of these numbers are due to student Fall members for the Queen's Tennis Team who then leave Kingston). There is a steady group of people who come back every year. What I have seen is others who join for two years, get a group together and then play on the public courts afterwards. They are even advertising for these kinds of games.

In 2010, camp revenue went up after introducing progressive tennis. In 2010, it went from \$45K to \$59K in 2013. In 2014, Paula changed the number of kids per instructor and the membership increased even more. The only problem was in 2015 we reduced the age of the campers. As a result we got a lot of younger kids. This might have ultimately resulted in



reducing our camp attendance this year. My recommendation this year was to increase the rates for the camps because I thought our camps are so good we will always be able to fill them but fortunately our fellow board member Nerissa Mulligan persuaded the board to keep the rates the same, otherwise we might have lost even more in revenue. So our revenue went down from \$44K to \$28K, which is more in line with what we had in previous years.

In the past three years we have had three different treasurers. As a result there has not been continuity from one year to the next. Every time when there is a new treasurer there is a steep learning curve and the experience and recommendations of the previous treasurer are overlooked. Today I looked at Tom Thayer's presentation for the 2015 vote we had for the capital project and a lot of what he did was exactly what I had done before and what we would do now. He took a five-year forecast and he put in the numbers. Instead of using 1.25, he used 1.4 for his debt coverage ratio, so he was conservative in his own way. But he wasn't aware of all the costs that our finance committee included this year. So a new treasurer initially relies heavily on what continuing board members tell him. Then the new season starts in April and there is no time for the new treasurer to do anything as you are then busy with the bookkeeping.

That is the problem with being the treasurer. So that is why after three years we are still struggling with the court booking system that we have now. That is one of the things that I want to change. We need a better booking software that integrates with our QuickBooks. Our bookkeeper disagrees with this because it will be more work. Kristine Barker responded from the audience to say that was not the reason why she disagrees. I also would like to re-introduce credit card payments because eTransfers take a lot of the treasurer's time to process. I want to continue with codifying the finance committee's terms of reference to be able to judge that a project is good value. I want to work on sensible capital improvements that improve the tennis playing experience.

The other candidate for treasurer, Mike Halinski, was then invited to briefly address those present.

Mike Halinski – I moved to Kingston in June and joined the KTC. It's been a pleasure meeting members and joining the community - thank you for the warm welcome. In return, I would like to play a larger role in the KTC as your treasurer. I have a strong numbers background with a degree in mechanical engineering, an MBA, and a PhD in management. Currently, I am an assistant professor at a business school in Toronto and consult for organizations across Canada on issues related to organizational change and work engagement. I have a good understanding of how organizations, as well as groups, speaking to Boards, change over time, what helps them change, and what are some of the barriers with regard to that. I also have some substantial experience with regard to major construction building development. I have worked on two different committees that have attempted to develop major construction projects. One of them had a budget of \$100 million and was successful. The other one wasn't successful; I actually learned more from the project that didn't work in order to see it succeed in the future.

I originally thought that being new to Kingston and the club was a weakness in running for this position, but after reading several emails over the past couple of weeks I think being new

gives me an objective view to bring to the Board. I think this is a strong advantage to my case in this particular situation.

Q: For Mike Halinski: I have no doubt as to your qualifications; I think you would be great. You have a full time job out of town. Do you have any concept as to how much work the treasurer's job is? This is a major commitment.

That was a big consideration because I do work full time. I met with Tom Thayer prior to tonight as I was also concerned about the time commitment. I learned that we have a bookkeeper, so I don't have to do the bookkeeping - that is probably the most time consuming aspect from the treasurer's perspective. I do have enough time to spend towards the treasurer's role.

Q: For Taco Meuter: You talked about the camps and the loss of revenue there and how they are a big part of our revenue. Has anything been done from a marketing effort to keep those programs going, to keep those kids interested? Perhaps send an email in the spring to the kids' parents to get them thinking about us? At least keep in touch with the parents from last year.

That is something that can be done but has not been done in the past 2-3 years. Before we used to go to the spring leisure show and get people to sign up there, but we did not often see direct results from that, so that is why we stopped doing that. But definitely it is a possibility. It is an email that can easily go out to all the parents.

Q: For Taco: Do we know how we are positioning the club in comparison to other activities in town? You said that we have declining revenues. Do you know where we are on that spectrum? For example, based on the cost that we charge and the quality of the service provided, are we in the top tier?

We are at the high end, if you are talking about the cost.

Q: You say that we are in the top tier but our revenues are declining. If our cost is high and the enrolment is low then what should we do?

Part of it is that we should re-energise the teaching. We used to have really good methods of progressive tennis. According to Nerissa, again, I am not sure if that has been continued.

Q: The challenge is why we are losing those kids?

It is not much that we are losing, it is that last year we had a very good year.

Q: But the club's revenue has declined and you said the camp revenue is a big part of the total club revenue, right?

Yes, it is fairly big. It was \$40K, something like that, and it went down to \$28K this year.

Q: For Taco: Using your numbers that you gave, there was a net decline of 10 in adults and

students, and a net gain of 38 in family kids. Why was the board not able to capitalize on this large increase in families and kids towards the junior camps? You said you reversed the decline but we had a decline of 10 in adults and students and a net gain of 38 in family kids, and yet our camps still did poorly. You didn't reverse the decline. Camp revenue dropped a lot.

Yes, we reversed the decline in membership and we reversed the decline in membership revenue.

Q: For Mike: If you are not elected would you be interested in working on the board as a member-at-large?

No.

### **Election for Treasurer:**

Election for treasurer then took place. No further nominations were received from the floor for the position of treasurer.

Election results for treasurer:

Mike Halinski – 79

Taco Meuter – 67

Spoiled ballots - 0

## **7. Appointment of Auditors by Taco Meuter**

Not only do we have to appoint the auditors, but we also have to approve the financial statements.

Comment: The financial statements in the Annual Report were a draft. The membership has not seen the actual financial statements.

They were a draft, but they are actually the same as the final statements. We picked them up today and I have them on my computer, but that is not useful to you at this moment. We can still approve them and say that the financial statements that the membership has seen are not the final financial statements.

**Motion to approve the financial statements as presented in the Annual Report, unaudited. Gill Turnbull moved and Igor Kozin seconded – carried.**

**Motion that Wilkinson & Company be reappointed as auditors for 2018-19 year at a fee to be negotiated by the treasurer. Gauvin Bailey moved and Graham Lord seconded - carried.**

## **8. Election for Secretary**

Nominations from the floor:

Gary Wilson – nominated by Igor Kozin and seconded by Julius Breza-Boski – Gary initially accepted, then withdrew his nomination following the nomination of Gill Turnbull.

Gill Turnbull – nominated by Doug Bowie and seconded by Mike Kelley. Gill accepted the nomination.

Gill Turnbull – unanimously affirmed as secretary

### **9. Election for Members-at-Large (8 positions available)**

Nominations from the floor:

Taco Meuter – nominated by Gregory Reid and seconded by Doug Bowie. Taco accepted the nomination.

Elena Personova – nominated by Igor Kozin and seconded by Donna Lounsbury. Elena accepted the nomination.

Can vote for up to 8 people. Can vote for less than 8, if desired.

Q: Point of order – how many voting members are there on the Board?

There are 12 voting members on the Board, including the past president (but this year there will not be a past president).

### **Results:**

**Viki Andrevska-68**

**Doug Bowie-95**

Julius Breza-Boski-32

**Jean-Francois (“JF”) Duplessis-80**

Hugh Geiger-24

Bob Goddard-55

**Taco Meuter-82**

**Nerissa Mulligan-77**

**Bud Nelson-104**

Elena Personova-62

**Heidi Traulsen-96**

Claire Tremblay-62

**Gary Wilson-90**

### **10. Other Business - Queen’s Tennis Club review by Emile Flavin**

The Queen’s Tennis Club (QTC) would like to make a presentation at the AGM to “put a face to the Queen’s Tennis bookings”, to say thank you to the club, and to introduce KTC members to next year’s QTC President. Emile Flavin (2018 QTC President) presented on the competitive team’s operations. This year, there were 30 competitive team members, each of which bought a fall membership at the club. They practiced 2-3 times per Men’s and Women’s teams every

week at the KTC at non-peak hours. This year was their first time hosting “home” matches at the KTC. The University of Ottawa (Sep 29) and Concordia University (Oct 13) each visited the KTC for competitive matches. QTC gives special thanks to the KTC for their support in this area. Zoe Sullivan, next year’s QTC President presented on the recreational group, which also operates at the KTC. They host one two-hour session per week on Saturdays at the KTC, and rent courts on an hourly basis. This part of the club aims to create an inclusive and engaging tennis environment for members of the Queen’s community regardless of playing level (includes alumni, faculty, staff, and students). They had over 100 people express interest but they could only take on 20 of them due to court availability. KTC members can reach the QTC at [tennis\\_club@gogaelsgo.com](mailto:tennis_club@gogaelsgo.com).

#### **11. Adjournment at 9:40pm**