

**MINUTES - KTC Executive Meeting**  
**February 15, 2017 @ 7:00pm**  
Chloe's home

**Present:** Viki Andrevska, Doug Bowie, Julius Breza-Boski, Rick Donaldson, Paula Loh, Graham Lord, Jim Martin, Dave Stocks, Gill Turnbull, Chloe Wilson

**Absent:** Sam Faris, Bud Nelson

1. **Meeting called to Order at 7:00pm**
2. **Review/approve minutes of meeting from Tuesday, January 17, 2017**

Minutes were approved with one change.

3. **Junior Camp Committee – report; set Junior Camp rates for 2017** [see Appendix A]

All five options/proposals from the Junior Camp Committee were discussed. We agreed to implement Options 1 & 2 with regard to fees. We will not restructure the afternoon sessions, but will modify activities on an ad hoc basis as required by weather conditions. We will look into creating a “water activity” on site for cooling off during hot days.

**Motion: Doug moves and Jim seconds to raise the morning half day non-member rate of the junior camps to \$175 and to reduce the afternoon half day rate to \$150 (member rate of \$155 and \$130, respectively). The current maximum enrollment of 16 for morning half days will be adjusted after the first 3 or 4 weeks of camp. Carried.**

4. **Set Membership rates for 2017**

Jim observed that our current savings for capital improvements are only at a moderate level, and that substantial funds are required to support the upgrade of all aspects of our club on a continuing basis. It was suggested to increase the rates for 2017 at the cost-of-living as a reasonable option, in line with accepted government practices and typically between 2-3%. There is currently a large gap between the Early Bird rate and the Regular rate, so the suggestion was made to increase the EB rate by 2.5% (ex. Adult rate changes from \$314 to \$322) and the Regular rate would stay the same (ex. Adult \$368).

**Motion: Jim moves and Julius seconds to increase the rates for all Early Birds by 2.5%, Regular to stay the same. Carried.**

5. **Club Logo – selection** [see Appendix B]

Multiple options were considered by board members over the past three weeks. A final design was selected from a sheet displaying twelve variations. The designer will now finalize the design, such as tidying up the depiction of limestone and removing the word “in” from the text.

**Motion: Chloe moves and Gill seconds to select the design option ‘j’ . Carried.**

## 6. Club Manager Committee – next step

The Committee will distribute a spreadsheet prior to the next meeting with general tasks that make up the operation of the club. The sheet will have names assigned to each line and they would like board members to estimate the time they spend on these tasks. They are getting the list from the table of contents that Bud started for the operating manual and refining it. This can be used to help guide the decision on hiring a club manager and also what his/her role would be. Later it could be expanded into a full operating manual if we wanted to go that route, but that is outside the scope of this committee.

## 7. Governance - by-law revisions

We have received an updated version of the by-law from the QBLC. Graham pointed out that we should receive consensus by the summer time, so that we can present the by-law at the Annual General Meeting. Graham distributed a list of questions for board members to consider while reviewing the by-law. Board members are asked to respond with their comments by email, copying all board members.

Preliminary discussion occurred on the following aspects:

6.05 - include the same information as noted in 3.06, that a motion is lost if the vote is a tie

Conduct on the court and other club rules should be updated.

7.01 and 7.02 - all good

3.01 Annual Meeting – according to the by-law, financial information should be available 21 days prior to the meeting. This is currently not possible if we continue to hold the AGM in October. It was suggested we think about it, and bring options/proposals to the next meeting.

2.01 – Membership term for Voting Members is proposed to be from April 1 until March 31

5.05 d – “of the voting members” is probably a typo and should be “for the voting members”

There was discussion as to how many board positions a member may be nominated for.

**Motion: Chloe moves and Julius seconds that a member may be nominated for up to two positions on the Board. Carried.**

## 8. KCVI 225

Dave provided information that KCVI turns 225 years old this year and that the school is celebrating on the last weekend in September (Sep 28- Oct 1). As part of the festivities they would like to host a tennis reunion drop-in on the afternoon of Saturday, Sep 30<sup>th</sup> for alumni and staff. The school will also be running basketball, volleyball, and other sports. They would like the use of Courts 4-6 for approximately two hours from 2-4pm. All members support this request.

## **9. Capital Project – report [see Appendix C]**

Bill Cannon, Gord Lee, Paula, and Jim met on February 9 with Bob Keene of Infrastructure Ontario (IO) to discuss financing options and to receive updated information, as the last meeting with IO was held in June, 2015.

Jim has made arrangements with a Geophysics professor to investigate the club's site as part of a class project. The students will begin with ground penetrating radar (GPR), a non-destructive test to measure underground layers that vary in density and composition. The students made an initial site visit on February 10 and will return in late February or early March. Jim has spoken with the Civil Engineering department to provide other free services and will follow up on this.

By March or April all members of the Board should have a clear understanding of the Capital Project. The options to financially support the Capital Project should be presented and explained to Board members at this time. Infrastructure Ontario (IO) would like to be the first lender, with regard to collateral. They are becoming more conservative for all borrowers.

Gord Lee did research in 2015 regarding borrowing from the major banks. The banks typically issue 5-year terms and a loan is renegotiated after the 5<sup>th</sup> year. IO offers up to a 25-year term. Interest rates at the banks are approximately 1% higher than IO. On a \$900,000 loan this would represent approximately \$9,000/year in additional interest costs. Gord and Bill support the benefits provided by IO. Jim feels more members of the Board should be represented on the Finance Committee.

**Motion: Jim moves and Rick seconds to add Gill, Doug and Graham to the Finance Committee.**

**Doug moves and Graham seconds to defer the motion. Carried.**

## **10. Treasurer's Report [see Appendix D]**

The Treasurer's Report was discussed. Jim recommends that online payments be made by e-transfer and cheque instead credit cards in order to reduce operating expenses.

Phases of the capital project were presented in the report, with some consideration given to prioritising them. Gill said that The Landings rented a 1,500 square feet portable about 13 years ago for \$3,000/month. We first need to make a decision on the scope of the capital project and then finalize the financial aspects.

Jim will do the financial part of the capital project and submit to IO and the banks for consideration, then report back to us.

**11. Set next meeting date and location - Tuesday, March 28<sup>th</sup> at 7:00pm. Gill will host.**

**12. Other Business - none**

**13. Adjournment at 9:44pm**

## Appendix A

### CAMP OPTIONS/PROPOSALS FOR 2017

2016 Rates (per week):

Members: Full Day \$245  
Half Day \$140

Non-members: Full Day \$265  
Half Day \$160

Note: The large majority of campers are non-members so \$265 and \$160 are the effective rates. These rates are in line with what other summer camps such as the Queen's Sports Camps and the Ottawa Tennis and Lawn Bowling Club charge.

Camp capacity per day is 40.

The morning half day is limited to 16 and is basically at 100% capacity all summer.

The afternoon half day runs at about 66% capacity all summer (after the first week)

The full day is at capacity for the first 3 weeks and runs at about 65% after that.

**Objectives:** To increase afternoon attendance.  
To increase overall August attendance.

**Options:** 1. Raise the morning half day rate to \$175 and reduce the afternoon half day rate to \$150. (\$155 and \$130 for members.) This would amount to a small net increase in overall rates while providing a financial incentive for afternoon sign-ups. I don't think this rate increase is large enough to deter morning sign-ups and the discount may attract more campers for the afternoons. I don't see much down side in trying this.

2. Remove the cap of 16 on morning half days after the first 3 or 4 weeks (or raise it to 20 or more). This won't address the afternoon shortfall but might help to fill up the mornings (which are at approx 65% capacity.)

3. Create an August discount for full day campers by raising July rate to \$280 and lowering August rate to \$250 (from \$265). (\$260 and \$230 for members.) This would be essentially revenue neutral.

4. A number of parents mentioned afternoon heat as a deterrent. So restructure the afternoon sessions to take some – or all – of the kids to the Winston field for the first half of the afternoon sessions where it might be cooler for other sports activities. It's not clear that this would increase attendance but might make the afternoon sessions more enjoyable, although there's no water and not much shade at Winston. There's more shade at Churchill Park but it's a little farther and means crossing two busy streets.

5. Numerous parents requested a “water activity” for the hot days. Rick has suggested that we (ie. he) might be able to rig up a hose and shower arrangement on the swing structure which would create a sort of homemade splash pad or “water feature.” Worth looking into. The younger kids would probably love it. Wouldn’t necessarily generate more sign-ups but might make the afternoons less hot and more fun.

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## Appendix B

Club Logo – option ‘j’



## **Appendix C**

### **Report on the Capital Project by Paula Loh to the KTC Executive** February 15, 2017

#### **1. Meeting of the Finance Committee with Bob Keene of Infrastructure Ontario, Thursday, February 9**

All Members Present: Bill Cannon, Gord Lee, Paula Loh, Jim Martin

Using past estimates for capital upgrades, Jim did a rough estimate that a total of \$1.8 million is needed to upgrade all aspects of the club's infrastructure, including Courts 4-6. The aspects that are considered to be of high priority are upgrades to Courts 2 & 3, renovation/construction of Courts 1, 7 & 8, and construction of a new clubhouse. These three areas are estimated to cost \$1.2 million.

The club could sustain a maximum loan of \$900K, based on an interest rate of 4% over a 25-year term, per Jim. Infrastructure Ontario (IO) recommends adding 25 basis points per year to current borrowing rates when planning a project that is 18-24 months into the future.

IO has loaned \$8 billion in funds and not one loan has failed. Several organizations have had difficulties and needed help with their payments for a while. A major advantage offered by IO is the ability to lock in lending rates for a period up to 25 years. ie. financing costs will not go up, whereas revenues will (due to inflation). Banks commonly offer 5-year terms (occasionally 10-year terms) and interest rates can rise substantially over a 25-year period.

IO now lends up to 60% of collateral value (it used to be 80%). The club's only collateral is the land, appraised at \$2.2 million in September, 2013. We are unable to split the collateral assigned to the loan, unless the land were to be severed into different lots (not recommended). A second loan, if needed, could be taken against the property, but this would require the permission of IO.

The club has no existing line-of-credit. One could be established with another lending organization prior to signing a long-term loan, in order to provide for potential financial needs in the future. A line-of-credit is secured through a General Security Agreement (GSA). Bob reminded us that this, and any other debt, would be added into the calculation of our debt service ratio to determine our ability to repay a loan to them.

If we plan a multi-phase project, we can apply for a loan by phase or for the whole project. If a multi-phase project will be completed within a reasonable amount of time (ex. 3 years) then Bob advises that we apply for funding for all aspects of the project at the same time. We would only draw funds as required. Phase 1 would be financed at their short-term construction loan rate (currently 1.93%; it has been historically around this low level). We can then lock into the long-term loan at the end of that phase (currently 4%) or wait until Phase 2 is completed (depending on whether lending rates are climbing or dropping).

We don't have to use the entire value of the loan if we don't need it. Also, if we are still in the construction phase, the construction loan can be repaid in full at that point instead of signing

a long-term loan. For example, if we decide that we don't want to proceed with all phases of the project, or we cut back on some of the aspects within a phase, then we are not committed to taking out any or all of the long-term loan.

### **Action Items**

1. Apply for a preliminary assessment, which takes 2 weeks to process. The IO underwriter will provide a basic terms sheet which can then be presented to the membership for approval, as needed.
2. Submit the full loan application. The processing time for the full application is now 2 months, significantly shorter than two years ago. Provide a business case – they will evaluate our established membership levels, fees, and assess a reasonable growth from them, based on historical trends.
3. Have our land appraisal certified to confirm the original appraisal value. This can be done by the original appraiser (Andrew Grace).

### **2. Site Investigation by 4<sup>th</sup>-Year Queen's Geological Engineering students**

We are seeking information on the composition and integrity of the concrete and asphalt base underneath Courts 2 & 3.

Jim has made arrangements with a Geophysics professor to investigate the club's site as part of a class project. The students will begin with ground penetrating radar (GPR), a non-destructive test to measure underground layers that vary in density and composition. The students may also conduct some drilling of core samples, time permitting.

The students made an initial site visit on February 10 and will return in late February or early March. The project must be completed by the end of their semester in April.

## Appendix D

Kingston Tennis Club

Treasurer's Report

Feb. 15, 2017 Board Meeting

### 1. Cash

RBC (operating bank account)	\$	5.6 K		
Tangerine (building fund) Savings		170,9 K	1.25 %	Jan. 5 to Apr. 5, 2017; open
GIC		100.0 K	1 % - \$ 1 k	due Sept. 21, 2017; locked-in
Total	\$	270.9 K		
Reference	\$	283.5 k	Sept. 30, 2016	Year End

### 2. Payment Options 2017

**Payment not at Clubhouse:**

**e-transfer** (on-line)

**cheque**

Least costly way to collect KTC revenue, available to all. E-transfers growing in use.

**Payment at Clubhouse** (point of sale):

**debit**

**cheque**

**cash**

**Debit** comes with a fee for KTC, continued for customer convenience.

**Credit card** discontinued: high cost for KTC (about 2.5 to 3 % per transaction). This will save several thousand \$, provided no impact on sign-ups or purchase activity.

(Meeting: Paula, Doug, Bud, Gill, Kristine, Jim)

**Online payment** was evaluated: has fees, difficult to make available for all. So: no.

### 3. Tangerine Building Fund Account

Savings rate increased from .35% to 1.25 % on January 5 for 3 months in response to request, based on competitive rates. Will seek to repeat April 5. Worth \$ 1.5 k if achieved over a year. Funds still liquid – needed to fund RBC operating account if low. High cash inflow coming soon.

### 4. Property Tax Reconsideration Requested

Property tax (now \$11 k per year) has risen quickly at KTC and more increases forecast in next 4 years due to significant increases in MPAC assessment. A reconsideration request was submitted to MPAC on Feb. 12, 2017 based on lower increases in value in residential market. Board member input requested on comparable property transactions.

### 5. Quick Books (Accounting Software) On-line

KTC accounting software placed online. Access: Paula, Kristine (bookkeeper), Jim, and later auditor. Historic banking records linked electronically to Quick Books. Previously Treasurer was only point of access to QB. Fees similar to before.

Note: President and Treasurer have on-line access to cash. Cheque signing authority with President, Vice-President, Secretary, Treasurer. Bookkeeper does not have cash access.

### 6. Progress on Financial Plan



Financial statements of last year and last 4 years with Treasurer comments provided to Board in January – these give financial context within which KTC 2017 actions are taken and financial outcomes considered. Heard from almost all – thank you.

*Italics – outstanding items.*

Revenue:

- Membership - discussions with Bud took place
- Junior camps – discussions with Doug, Dave, Sam took place earlier
- Lessons – *Sam's input sought*
- Guest Fees – discussions with Bud took place
- Parking passes – discussion with Paula took place
- Clubhouse Sales – discussions with Gill took place
- Donations – email exchanges with Viki on ideas, proposal.

Shared Costs:

- Advertising – email from Chloe on ideas, proposals.
- Financial charges - credit card fees eliminated , RBC suggestion to increase bank fees being resisted (Credit Union fees would be nil for KTC)
- Insurance – *no action yet*
- Office Supplies – *Julius input sought*
- OTA fees – *Bud and Jim to examine*
- Professional Fees – *no action yet*
- Property Taxes – reconsideration just filed
- Repair and Maintenance – *Doug, Rick await Capital Plan – see below*
- Software Expense – *Jegysoft , Paula*
- Transportation – negligible
- Utilities and Communication- *no action yet*
- Interest – higher saving rates requested where possible, achieved

**Financing** - Risk and Finance Committee (Paula, Bill Cannon, Gord Lee, Jim) met with Infrastructure Ontario rep- Paula will address. Graham Lord discussed encumbrances, collateral with Jim.

**Capital Projects** - Gill, Bud, Jim met several times, Paula & Graham joined.

- Attachment A: capital projects listed – in data that is 1 or 2 years old . They are in bundles – Central, North, Clubhouse related, South. There is more on this list than KTC can afford right away so priorities/timing are necessary. But it is valuable to know the full amount, recognizing that the surpluses KTC is making are needed to fund this.

- Attachment B: capital project sequencing and options are listed. Preliminary observations on financing are indicated. There is more here than KTC can take on right away. Financial simulations are required.

Collateral: the 1<sup>st</sup> lender KTC takes on will seek to acquire all Napier St as collateral. KTC collateral is worth 2 to 3 times more than KTC can service with cash flow alone. Real estate is KTC's most valuable financial asset and consideration needs to be given to how quickly and in what manner this collateral is made available given that a series of financings over a long period of time is possible and KTC having access to collateral through time is desirable.

After the Feb. 15 Board meeting I expect a multi-year Financial Plan can be created and shared.

## ATTACHMENT A

**Capital to Replace All Surface Assets (in 2015-6 Cdn 000 \$ , excludes inflation and currency variation)  
From KTC 2015-6 files + "factor" estimate for Cts 4,5,6 USE: SCOPING ONLY as APPROX. 10-Feb-17**

<b>Central</b>	<b>Courts 2, 3</b>	<b>With Lighting</b>	<b>Clubhouse Demolition</b>	
• Remove concrete pads	2 @ 25	50	* old clubhouse	20
• Rebuild courts	2 @ 30	60		
• Reinstall net posts	2 @ .5	1	<b>Temporary Clubhouse</b> -rent	tbd
• Painting	2 @ 4	8		
• Lighting		100	<b>New "Modest" Clubhouse</b>	
• Fence	east	8	* Soft Costs	75
	north	10	* Hard Costs 1 story	
	south	10	2,000 sq. ft. @ 250 / sq. ft.	500
• Pedestrian gate	east	1	furniture, contingency	100
• Ped, maintenance gate	south	3	<b>Total, new "modest" clubhouse</b>	<b>675*</b>
• Covered bench	1 @ 4	4		
• Court extension	west	5	*@ Nov. 19, 2015 4,000 sq. ft. 2 story	
• Tree removal		tbd	clubhouse hard costs	1,076
	<b>Total Courts 2, 3</b>	<b>260</b>	- cost reduction of 401	
<b>North</b>	<b>Courts 1, 7 and new 8 (no lighting)</b>		<b>South</b>	<b>Courts 4, 5, 6 (factor estimates)</b>
• Remove concrete pad	Ct 1 @ 25	25	* Remove concrete pad	3 @ 25 75
• Rebuild courts	Ct 1 & 8 @30, 7 @25	85	* Rebuild courts	3 @ 30 90
• Reinstall net posts	Ct 8 @ 2, 1&7 @1	4	* Reinstall net posts	3 @ 1 3
• Hitting Wall	west	20		
• Painting	3 @ 4	12	* Painting	3 @ 4 12
• Prewiring	all at 10	not included		
• Lighting	150	not included	* Lights- remove, replace	150
• Fence	east	8	* Fence	east 8
	north	10		north done

	south	5		south	10
	west	8		west	8
• Ped. Gate	south	1	* Gates – already done		
• Maintenance Gate	west	2			
	south	2			
• Benches	2 @ 4	8	* Benches	2 @ 4	8
• Tree removal	west	5	* Tree removal	west	5
• Court curtains	2 @ 2.5	5	* Court curtain	2 @ 2.5	5
• Court extension	west	5	* Court extension		5
<b>Total Courts 1, 7, new 8</b>		<b>205</b>	<b>Total Courts 4, 5, 6</b>		<b>379</b>

**TOTAL 260 + 205 + 20 + 675 + 379 = 1,539 + 200 hst = 1,739 error margin: +/- 30%**

## ATTACHMENT B

**KTC Capital Sequencing \$ 000 Cdn 2015-6 All estimates approximate, incl. hst, excl. inflation**

Summary	Feb. 10, 2017	Cost	Cumulative Cost	Financing
A Courts 2, 3 with lighting		294	294	cash
B Pause	C add to A			
D North – cts 1, 7, new 8, demolish/portable		255	549 + port	cash /debt
E Pause	F add to A + D			
Alternative # 1				
G New clubhouse		763	1,312	
H Courts 4, 5, 6		428	1,739	
Alternative # 2				
H Courts 4, 5, 6		428	977 + port	cash/debt
G New clubhouse		763	1,739	
Alternative #3				
I Courts 4, 5, 6 Lights only		170	719 + port	cash/debt
G New clubhouse		763	1,482	
J Courts 4, 5, 6 – rebuild		258	1,739	

Affordable near term                      Possibly affordable near term                      Do later ?

### Discussion of Sequence and Options:

**A courts 2, 3 with lighting** - “showcase” courts – first seen on entrance and in front of clubhouse (either existing old clubhouse or new clubhouse) – need new surfaces more than all courts – possibly a better longer lasting court if concrete pads removed (being evaluated) – add lights (they too may need subsurface without concrete pads, being evaluated) –action responds well to May 2016 Capital Survey (Question: does court subbase need a “settling time” before asphalt applied? With compacting – no?)

Construction Year 1 Fall \$ 285                      Paint Year 2 Spring \$ 9                      Total \$ 294

Financing: fund with KTC \$ 283 cash on hand plus new inflow. But, forego having \$ for KTC contribution to larger construction project which, if with institutional lenders, require KTC “equity” .

**B pause** - save funds for next project (required if spent money on hand on A). Get member input.

**OR**

**C add to A** – arrange combined financing and approvals commitment. Select either North (preferred) or South, discussed here: Argument for why courts 1, 7, new 8 are higher priority than 4, 5, 6 . Courts 1, 7 need replace/rebuild sooner and court 8 expands capacity allowing for more membership (75 more members . Courts 4,5,6 are in the best shape of all though improving their lighting is desirable . A complete rebuild of courts may be appropriate before new lights on 4,5,6 would be installed.

No lighting or pre-wiring included in 1,7, new 8 as lighting 2,3,4,5,6 is enough and lights on 1,7,8 would be too close to neighbours on north. Old clubhouse is demolished. A temporary portable clubhouse facility is leased and placed in the new clubhouse location.

**D north – courts 1, 7 + demolish clubhouse + new 8 + temporary portable clubhouse**

Year 2 Fall \$ 218 cts + 23 demolition (excl pre-wiring 11, lighting 170) . No clubhouse in winter. Construction of courts 2, 3 and 1, 7, new 8 all in same Year 1 is disruptive – spread construction over two seasons . Year 2 Fall courts 1,7 new 8 , move fence west, demolition.

Year 3 Spring \$ 14 paint

Year 3 Spring/Summer: temporary portable clubhouse \$ tbd

Cumulative spending : “A” 294 + “D” 218 + 23 + 14 + temporary = \$ 549 + temporary ; without pre-wiring (11) or lights (170).

Financing: 30 to 40% KTC / 60 to 70 % Lender split means \$ 165-220 / 329-384 . KTC uses \$ 165-220 of \$283 cash on hand leaving \$ 63- 118 plus net cash inflow over 2 seasons and takes on 329-384 debt. *KTC has financing capacity for this.*

**E pause** – after 3 years of construction, pause , use portable clubhouse , save funds for next projects. Get member input. If **pause** here, use temporary clubhouse. Lender in place could restrict options.

**F no pause, add to A + D from:**

alternatives **1 G new courthouse H courts 4,5,6**

**2 H courts 4,5,6 G new clubhouse**

**3 I courts 4,5,6 new lighting G new clubhouse J rebuild 4,5,6**

Of these alternatives # 3 part I – courts 4,5,6 new lighting is affordable near term in addition to the foregoing in a sequence.

Year 4 Fall 170 Cumulative spending 719 + portable. Financing: KTC 216- 288 cash/ 431 – 503 debt.

Alternative #2 part H – all aspects of courts 4,5,6 is possibly affordable near term.

Year 4 Fall 414 Year 5 Spring 14 Paint Cumulative 977 + portable . Financing: KTC cash 293-391/ 586-680 debt.

Modest clubhouse is largest discrete project and takes spending level to a challenging area of 1,312 in Alternative 1 G . Financing 394 – 525 KTC cash / 787 – 918 debt ( 900 is near max.) KTC cash from 283 on hand plus 4 seasons to save 111 to 242 is possible. Spending numbers will be higher with inflation. Do later ? Need to do forward looking cash flow and debt capacity analysis including cost inflation, court 8 revenue, changes in costs to examine this and any more challenging cases like this.