

**Germantown Athletic Club Advisory Commission
Minutes
Tuesday – June 7, 2011**

- Members Present:** Chairman Stephen Wilensky, Mr. Rob Ayerst, Mr. Phil Clark, Mr. Bill Erskine, Mr. Clint Hardin, Mr. Harold Steinberg and Mr. Garth Thompson and Mr. Larry Williams
- Members Absent:** Alderman Ernest Chism, Ms. Dee Dee Dunehew
- City Staff Present:** Mr. Phil Rogers, Ms. Carrie Corbett, Mr. Curt Cromis and Ms. Debbie Powers
- Guest:** Ralph Gabb – Finance Director

Call to Order

Chairman Stephen Wilensky called the June 7, 2011 meeting to order. The meeting was held in the Great Hall Conference Center.

Approval of the Minutes

Chairman Wilensky asked for a motion to approve the minutes. Motion to approve the amended May minutes as presented was made by Mr. Clint Hardin and seconded by Mr. Garth Thompson and all were in favor.

Introductions:

Phil welcomed the Club's new Marketing and Sales Coordinator Carrie Corbett who transferred from GPAC to the Club. Phil expressed how excited he was to get Carrie with her vast experience with social media. Carrie expressed she is thrilled to be here and for the opportunity to work with the Club and discussed her experience in marketing and knowledge of the City and working within budgets.

Club Reports:

Phil opened the Club reports thanking all the members who volunteered and worked the Chill N Grill cooking hamburgers and hotdogs that day. He also acknowledged Mr. Ayerst who was kind enough to stay the whole day.

Phil explained that the Club did not offer a discount this year on the application fee for the Open house, but we did offer a special summer package through September 18. Phil then turned it over to Curt to discuss the finances.

Curt explained that Phil and he had instituted a summer type membership package, which allows them to track the contracts for the summer and outdoor pool time. The Club added 285 summer type memberships at an approximate \$77,000.00 as of June 6th. He has estimated this is about 5.5 % up from last year. We are still selling these summer memberships but he expects these contracts to stop selling by next week due to the fact they end September 18th and there is no proration on the contracts.

Phil explained that last year on the day of the Chill N Grill we took in approximately \$18,600.00 that day, but we discounted the application fee and the monthly membership was spread out over the months and the members were allowed to terminate their membership that day for the 60 days notice requirement. This year we did not discount the application fee and we set a short term summer package beginning May 14 through September 18. The application fee was paid in the package; therefore as an incentive if the members decide to stay we will give them the last 2 weeks of September and when they sign up, month to month or for six months or a year, they do not have to pay that application fee again if they do it within the 60 day grace period. Phil added obviously he doesn't want to lose those members, and with the package setup it is easy to track those members for marketing. Realistically he doesn't expect to keep 75% of those memberships. He stated these members are short term summer members for a reason. But it allows us to track our summer memberships for comparisons and track our retention of summer memberships.

Curt added that even though we did not take in a lot of revenue on the day of Chill N Grill, we did take in about \$15,000.00 on Memorial Day which was up from \$3,500.00 taken in last year.

Curt explained the financial handout he had for the Ten Months Ending April 30, 2011. He explained Club revenues reported were \$2,831,110.00 compared to budgeted \$2,662,231.00, a variance of \$168,879.00. If you look at last year at this time we had reported revenue of \$2,500,786.00, a variance from this year of \$330,324.00. Also Club expenses were \$2,851,995.00 compared to budgeted \$3,219,086.00, a savings of \$367,091.00. Compare this to last year's expense of \$2,741,261.00 a variance of \$110,734.00. But he added that even though we show a favorable amount of savings in expenses for April, the Club is expecting to exceed their budget with the additions they have added to the budget for the flooring and renovations in the fitness and racquetball area.

Phil introduced Ralph Gabb, the City's Finance Director. The Commission had requested last month for Mr. Gabb to come to explain how the City budgets their depreciation and capitalization in their reports.

Mr. Gabb thanked the Commission for inviting him. Mr. Gabb explained that depreciation basically works if you are going to extend the life of an asset over a period of time you can depreciate the expense. He added that the flooring and renovations downstairs is going to extend the life of the building and it will cost approximately \$130,000.00 and he plans to add that to the depreciation line item extended over a 7 year period. Questions arose about when this will hit our depreciation. Mr. Gabb responded any project included in depreciation has to be completed in the fiscal year it is added. The dehumidifiers should be depreciated in the FY11 budget if everything goes as planned.

Mr. Ayerst asked how expenses are accounted for each month.

Mr. Gabb said typically you try to match revenue with expenditures in the appropriate month.

Mr. Hardin added you are always better off if you look at year to date when you are looking at your budget. Mr. Gabb added that Sherry Rowell is very good at searching for expenditures that need to be included in that month.

Mr. Steinberg questioned how the salaries for the staff were budgeted? Were they all budgeted under administration or were they broken down to percentages for each area?

Phil stated that anyone whose job was related to recreation will be budgeted to recreation and anyone in aquatics will fall under aquatics. Also anyone working with fitness and instruction will fall under recreation expenses.

Phil reminded them that we are about to spend about \$132,000.00 that was not put in the budget for new flooring and renovations in the fitness area and racquetball courts and this will affect those favorable numbers we now show in our expense reports.

Phil reminded the members beginning Friday, June 24 we will close the fitness area for the next 3 weeks and move all that equipment to court 1. On the 20th the wall for the human sport room will be knocked out. The weights will not be available during renovations. As we unload the new equipment and set it up, we will load the trucks with the old equipment for return. Our old lease with StarTrac states we are responsible for shipping the equipment back by July 15 and all equipment is to be in working order and anything that isn't we are responsible for repairs.

Discussion among the commission members included concerns about the Club being responsible for equipment not in working order because we do not have parts needed to get repairs done. The Commission members suggested we have our legal department for the City look over our contract and see what we can do. Curt reminded them we have a lease agreement with one company and a repair agreement and warranty with StarTrack, and the problem lies with the repair agreement with StarTrack. Phil agreed to go back to the City on the legal agreements and see if we have anything to protect us.

Chairman Wilensky asked the Commission members if there was a motion on the floor to meet again in August due to all the renovations the staff and Phil would be busy with in July.

Mr. Clark made a motion to forgo the July Meeting and seconded by Mr. Hardin and all in favor.

Mr. Hardin requested Curt send an email with the financials for the month of July.

Phil asked the Commission Members to look over the Business Plan handout he shared with them to give them an overview of what his vision plan is for the Athletic Club. He asked them to get with him if they had any questions or concerns about his plans.

Updates on the Club:

- Parking lot renovations- Work on the Exeter side begins this month. The Great Hall side and the Athletic side are two separate projects and may overlap each other.
- Athletic News - recall on pool drains because of too much suction. Our drains are on the list, but because we have multiple drains with several pumps we are not required to replace our drains.
- Malfunction on the Dehumidifiers - we had a leak in the internal wall plumbing that was re-used. The connector broke and dumped several 100 gallons of water in the pool observation deck and leaked on carpet around the backside of that wall.
- Locks in the men's locker rooms - members are locking the lockers to keep other people from using lockers. This makes it look like we have a lot of locks not working but that isn't always the case. Management is now going through each night and unlocking the lockers, seeing if any are malfunctioned and cleaning out anything left.

Mr. Ayerst said he has found open lockers not working. Phil said if the locks aren't working it is because the battery is not working. When members keep the lockers locked all the time it runs down the batteries faster.

Mr. Clark suggested we phase out the digital locks and go back to the regular lockers and let the members bring their own locks. Phil agreed and said he has already met with staff on getting bids and phasing out these locks.

Mr. Ayerst asked about the power outage on Monday. Phil explained Memphis Light Gas and Water had a brownout which caused problems with our air conditioning and computers, but everything is up and running now.

Adjournment:

Meeting Adjourned