



Subscriptions Motion - 2022 AGM

As mentioned during last year's AGM communications it was the intention of the Management Committee to bring a subscriptions proposal to the Members at the January 2021 AGM. The Management Committee deferred this proposal for a year to allow the Covid-19 environment to improve to allow more interactive engagement with Members.

Subscriptions proposal

Accordingly the Management Committee intends to bring the following proposal to Members at the January 2022 AGM:

The proposal involves a €100 increase for Ordinary Members in 2022 and again in 2023. This increase is then applied across the other membership categories on a pro-rata basis e.g., an increase of €50 applies to Veteran Members in 2022 and again in 2023.

The purpose of proposing an increase now for both 2022 and 2023, is to spread the cost of what is a €200 increase for Ordinary Members over two years rather than applying the full increase in 2022. It also gives Members certainty on the cost of their subscription for the next two years.

The table below indicates the proposed subscriptions increase across the various categories of Membership for 2022 and 2023.

Member	No. of members	Subscriptions		
		2021	2022	2023
Ordinary	604	915	1,015	1,115
Veteran	223	445	495	545
Five-Day	109	595	655	715
Lady Associate	7	490	545	600
Junior	200	120	135	150
Student	70	200	220	240
Intermediate	74	365	405	445
Pavilion	53	175	195	215
Overseas	33	570	630	700

The main category of Membership impacted by this proposal are the Ordinary, Veteran and Five Day Members with the additional subscription income from these Members to the golf club in 2022 being:

Ordinary Members - €60,400
 Veteran - €11,150
 Five Day - €6,540
Total - €78,090

If the proposal is adopted by the Members at the AGM then in 2023 the additional subscription income from these Members is €156,180. At that stage the total subscription income for the club will be €1m approx. in comparison to €800k for the year ended 31 October 2021. As mentioned below it is anticipated that the cost base of the golf club will be higher in 2022 and future years.

Why is the subscription increase required?

The purpose of this note is to outline to Members why the Management Committee believe this increase is necessary.

Firstly, it is important to clarify the subscription increase is not required to pay for any aspect of the irrigation project. The funding for this project is outlined below.

The additional income is required for the following reasons:

- Based on our 2021 turnover profile since 1 October the golf club no longer qualifies for the Employee Wage Subsidy Scheme. This scheme greatly assisted the golf club during 2020 and 2021. In 2022 the golf club will bear the full cost of wages/employers PRSI. Further recovery of green fee income during 2022 will assist with covering some of this cost.
- As mentioned during the 2021 AGM, the golf club expects the cost of renting the course (€90,000 p.a.) and the practice ground (€15,000 p.a.) to increase during 2022. The landlord was seeking to increase the course rent from €90,000 p.a. to €145,000 in respect of the period from 2017 to 2022. Following extensive and productive engagement with the landlord it is agreed there will be no increase in the period from 2017 to 2022, in return for rent increases for the course and the practice ground in the period from 2022 to 2032. Members will be informed of the details of the final agreement with the landlord when the agreement is signed with the landlord. Instead of having a rent review every 5 years (as required under the terms of the lease) the agreement will be for a 10-year period which provides greater certainty to the golf club of the cost of renting the course and practice ground up until 2032.
- Like all businesses, the golf club is exposed to inflationary increases across all overheads during 2022 (e.g., wages, rent, utilities, insurance etc).
- The Management Committee intends to bring proposals to Members on some essential repairs/maintenance on the club house during 2022. Details will follow in due course when the works have been costed.

Also, the Management Committee intends to bring a proposal to Members on refurbishing the ladies and gents' toilets/showers.

The Management Committee will endeavour to share the scope of these works and related costings with the Members in advance of the AGM.

With regard to items, under the Constitution any capital expenditure in excess of €100,000 requires the approval of Members at an AGM / EGM.

- Funds are required to make some changes to the pro shop area to extend the footprint out into the current reception area to allow the new Professional to carry out the functions of the front desk area e.g., check in for golf etc. These interim arrangements have not been costed yet, but they are not expected to be significant. The proposed changes to the layout of the shop and the scope of services that will be

provided by the Professional will be circulated to Members in due course. As the new Professional will be paying a royalty of 10% to the golf club on the sales of all crested products, it is in the club's interest to expand the footprint of the current shop. Based on the experience of some other golf clubs, it is our expectation that the Professional will become a net contributor to the golf club (i.e., the royalty payment to the golf club should exceed the cost of the retainer paid by the golf club to the Professional).

- As mentioned below, the Management Committee wish to end the next financial year (i.e., 31 October 2022) with sufficient "free cash" buffer to fund the golf club during the winter of 2022/2023 before subscription income is received in the Spring of 2023. This removes the requirement for the Members to approve the club borrowing from Ring Fenced funds (as was the case during the winters of 2020/2021 and 2021/2022).

Timesheet management

As always it is important the golf club constantly reviews timesheet management to ensure all Members have access to the course.

The golf club's strategy as regards green fees remains the same as previous years. The following are the key principles:

1. Visitors are more than welcome to visit the golf club, but first and foremost County Louth Golf Club is a member's club.
2. Green fee income is an important subvention towards the costs of the club and assists with keeping subscription prices to Members as low as possible. So the club always wants to generate strong green fee income, but from as few visitors as possible. Over the last few years increases to green fee rates have achieved this. Also given the presentation standards of the course the Management Committee believe the course commands a premium green fee rate. A premium green fee rate keeps income high and footfall low.
3. Allocate visitors to tee times where the demand from Members to that tee time is low.
4. Timesheet management is constantly reviewed to ensure Members have access to the course, especially during the peak green fee season from April to October.

These principles are adopted with regard to any 2022 green fee bookings.

Since the onset of Covid the course is experiencing unprecedented demand from Members. More Members are seeking to play golf more often. This is a positive development for the golf club. As a result, the Management Committee have decided that the club remains closed for new Ordinary Member applications. This will be reviewed again during 2022. The club remains open for new Five-Day Member applications.

Cash position at 31 October 2021

Subject to the accounts for 31 October 2021 being finalised, see Appendix 1 for a summary of the projected cash position at 31 October 2021. On an overall basis the golf club's finances are robust and the golf club is fortunate to be in a healthy cash position.

As approved by the Members, to fund the irrigation project the funds in the Ring-Fenced No. 1 account will reduce to €840k (under the Constitution this is ring fenced for the purchase of course lands only) and the balance of cash required for the irrigation project will be funded from the No. 2 accounts (this is the account that collects all entrance fees). This includes the loan repayments.

The golf club is unable to access any of the funds in the No. 1 or 2 accounts to pay for day-to-day expenses, or for the refurbishment of the ladies and gents' showers/toilets which many Members wish to see refurbished to a higher standard.

The first account on the list is the free cash account for day-to-day expenses. As expected, this account will reduce to nil in January 2022 until the 2022 subscriptions are paid.

One of the key reasons for the subscription increase is to leave the golf club with more free cash at the end of 31 October 2022 to leave a greater cash buffer during the winter of 2022/2023.

All Members are asked to consider this proposal favourably and should feel free to raise any queries with the Management Committee. Please send all relevant queries to our General Manager Liam Murphy (liam@countylouthgolfclub.com) or myself (neilmacmahon@gmail.com). Alternatively, you can submit a handwritten note to the front desk marked for our attention.

Yours sincerely,

Neil McMahon
Hon. Treasurer