

Vaquero

2025 Annual Meeting



Agenda



- ✓ Welcome & Introduction
- ✓ President's Report
- ✓ Golf Course Report
- ✓ Chief Financial Officer Report
- ✓ Election Results

Q&A

Current Board of Directors



Mr. Patrick Barley, *President & Golf Committee Chair*

- ✓ Mr. John Gallagher III, *Vice President & Finance Committee Chair*
- ✓ Dr. Brian Flowers, *Secretary*
- ✓ Mrs. Dusti Kuehne, *Membership Committee Chair*
- ✓ Mr. Ashley Buchanan, *Fitness & Racquets Chair*
- ✓ Mr. Brent Russell
- ✓ Mr. Jim Wilkinson
- ✓ Mr. Jim Lentz
- ✓ Mr. Rich Goode

Membership Committee



Mrs. Dusti Kuehne, *Director & Chair*

- ✓ Dr. Brian Flowers, *Director*
- ✓ Mr. Jim Lentz, *Director*
- ✓ Mr. Jim Wilkinson, *Director*
- ✓ Mrs. Tiffany Autrey
- ✓ Mrs. Venus Belcher
- ✓ Mrs. Nancy Graves
- ✓ Mr. Damian Gomez

Golf Committee



Mr. Patrick Barley, *President & Chair*

✓ Dr. Brian Flowers, *Director*

✓ Mr. Brent Russell, *Director*

✓ Mr. Rich Goode, *Director*

✓ Mr. Mike Bevill

✓ Mr. John Blair

✓ Mr. Carl Bunch

✓ Mr. Damian Gomez

✓ Mr. Trip Kuehne

✓ Mr. Chad Patton

✓ Mr. Zach Perry

✓ Mr. Mike Rawls

✓ Mrs. Karen Stewart

✓ Mr. Travis Garren

Fitness & Racquets Committee



Mr. Ashley Buchanan, *Director & Chair*

- ✓ Mrs. April Gallagher
- ✓ Mrs. Torsha Tomlinson
- ✓ Mrs. Rhonda Gruenewald
- ✓ Mrs. Megan Brady
- ✓ Mr. Victor Sansone

Nominating Committee



Mr. Patrick Barley, *President & Chair*

- ✓ Mr. Brent Russell, *Director*
- ✓ Mrs. Kenda Bevill
- ✓ Mr. Jim Batjer
- ✓ Mr. Paul Bischler

Vaquero



President's Report
Patrick Barley

State of the Vaquero Club



The Club has NEVER been stronger!

- ✓ Full Membership with 353 Golf members and 66 Social members
 - ✎ 46 on the Golf waitlist & 13 on the Social waitlist
 - ✎ Current initiation for Golf \$325k and for Social \$100k
- ✓ Completed the 2nd season for our new golf course and continue to receive fantastic reviews from raters
- ✓ The Club Financials have never been stronger, with \$89M in total assets, \$6M in the capital reserve account, and we have reduced total debt to \$11M

Vaquero is the strongest it has ever been as we enter our 25th Anniversary, but there is still work to be done

Vaquero Board Goals for 2024 / 2025



- ✓ **Conduct a Membership Survey**
- ✓ **Conduct a Full Asset Analysis**
- ✓ **Finalize a Long-term Strategic Plan for Vaquero**
- ✓ **Work with the General Manager to elevate the member experience at Vaquero**

2025 Membership Survey



✓ Completed the survey in March of this year

The survey was distributed to all members with valid email accounts and offered via hard paper copy. The response rate yields a **statistically valid representation** of the entire membership with 99% confidence and a margin of error of 4.5%.

✓ Total Surveys Sent Out

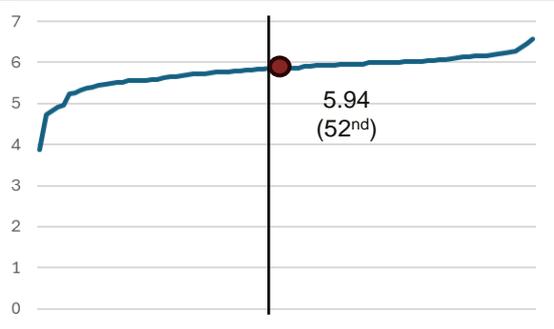
- 775 Members
- 410 Captured Responses
- 53% Completion Percentage
 - *Club Benchmarking Surveys typically receive between a 50-60% response rate*

Distribution dates:

February 17th, 2025 – March 12th, 2025

Overall Satisfaction

Overall, I am satisfied with my Club experience.



| Question/Area | 25th Percentile | 50th Percentile | 75th Percentile | Vaquero Club Result |
|----------------------|-----------------|-----------------|-----------------|---------------------|
| Overall Satisfaction | 5.6 | 5.9 | 6.0 | 5.94 |

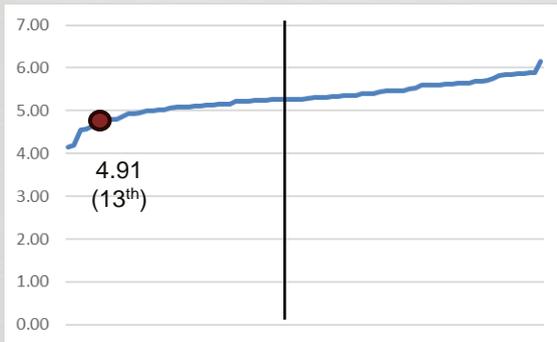
The Club is doing well with receiving over 90% satisfaction, but the lower average tells us that members think the Club is doing "good," not great or excellent, meaning we are not currently meeting our members' expectations.



| % Who Disagree | Neutral | % Who Agree |
|----------------|---------|-------------|
| 3.6% | 2.0% | 94.4% |

The goal going forward is to push the percentage of members who somewhat agree to less than 20%. Best-in-class is to have over 35% selecting strongly agree and less than 5% selecting a negative score. We want to focus on moving members who somewhat agree to push higher on the scale.

Overall Value



| Question/Area | 25th Percentile | 50th Percentile | 75th Percentile | Vaquero Club Result |
|---------------|-----------------|-----------------|-----------------|---------------------|
| Overall Value | 5.1 | 5.3 | 5.6 | 4.91 |

I receive good value for the cost of my membership (dues & fees)



| % Who Disagree | Neutral | % Who Agree |
|----------------|---------|-------------|
| 20.2% | 7.5% | 72.3% |

We have seen the value proposition being challenged more since the pandemic because clubs have increased their dues higher more recently than historically and increased prices for goods and services. With this comes higher expectations, causing members to question more often what they are spending for the member experience.

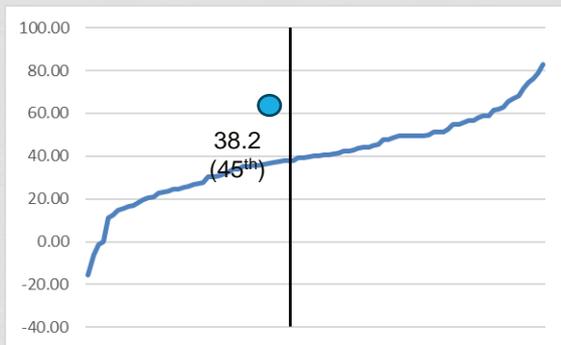
For value, the goal is to have over 25% of members strongly agree to fall within the top 25 percentile of clubs, as well as having fewer than 15% who believe they are not receiving value.

Net Promoter Score

On a scale of 0 to 10 (with 0 being the lowest and 10 being the highest), how likely are you to recommend Vaquero Club to family and friends?

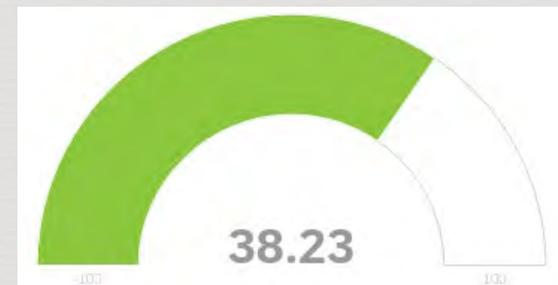
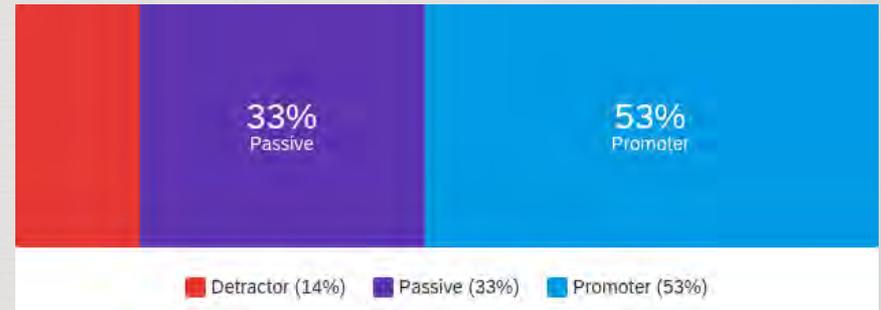


$$\text{NPS} = \% \text{ thumbs up} - \% \text{ thumbs down}$$



| Percentile | Score |
|-----------------|-------|
| 25th Percentile | 27.4 |
| 50th Percentile | 40.2 |
| 75th Percentile | 50.9 |

Vaquero Club Result



Vaquero Club received a Net Promoter Score of 38.2

2025 Membership Survey



Key Take-aways from the Membership Survey

- ❧ **F&B** - Members want improved consistency of service and food delivery as well as improved speed of service
- ❧ **Golf Operations** - need to focus on improving the merchandise selection and the overall aesthetics of the golf shop, and consistency of the member experience on the driving range
- ❧ **Golf Maintenance** - The golf course received scores well above the industry, aside from comments about the coastal/rough.
- ❧ **Improved communication from the Board**

2025 Vaquero Asset Analysis



Sources of Money

Uses of Money

Operating

Operating Dues

Ancillary Fees (F&B, User Fees, Guest Fees, etc.)

Overhead (G&A, Buildings Operation, Fixed Charges)

Services & Amenities (Golf, Tennis Pickle Ball, Spa & Wellness, Fitness, Other)

Capital

Initiation Fees, Recurring Annual Maintenance Dues, Assessments, Sale of Assets, Other

Asset Maintenance and Replacement

Asset Expansion - Increased Capacity, Services & Amenities

2025 Vaquero Asset Analysis

CB recommends minimum Maintenance Dues of 3% of total assets per year to meet obligatory capital needs

This recommendation is why Vaquero implemented the Annual Maintenance Dues in addition to the Annual Operating Dues

Obligatory Capital (Maintenance)

- Repair and replacement of existing assets.
- Depreciation = past cost. “Matching depreciation” is not enough
- Assets cost more to replace than when originally acquired, and fully depreciated assets in use will need to be replaced
- Past and existing members are obligated, not future members

The source of Obligatory Capital is recurring Maintenance Dues

Aspirational Capital (Growth)

- Expand existing assets (clubhouse expansion, ladies locker room)
- Add new assets (retail facility)
- Adding new amenities – pickleball, nail salon / hair bar, etc
- Current and, even more so, future members are responsible
- Aspirational Capital should have a return on investment – capital income is the return

The source of Aspirational Capital is Initiation Fee Income and Debt

2025 Vaquero Asset Analysis Summary

Asset Inventory, Useful Life and Replacement Cost Assessment

- 965 Line Items (> \$2,500 in value, 3 or more years of useful life)
- Total Replacement Cost 2025 – 2044 = \$72 Million
- \$86 Million including Tax and Contingency
- 2024 Depreciation Expense = \$2.4 Million

Replacement Costs

| 2025-2029 | | | | |
|------------------|--------------------|--------------------|--------------------|--------------------|
| 2025 | 2026 | 2027 | 2028 | 2029 |
| \$123,497 | \$3,349,955 | \$1,737,591 | \$2,019,845 | \$2,130,886 |
| \$10,189 | \$276,371 | \$143,351 | \$166,637 | \$175,798 |
| \$12,350 | \$334,996 | \$173,759 | \$201,985 | \$213,089 |
| \$146,036 | \$3,961,322 | \$2,054,701 | \$2,388,467 | \$2,519,773 |

Period

\$11 Million

| 2030-2034 | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2030 | 2031 | 2032 | 2033 | 2034 |
| \$1,748,687 | \$2,116,145 | \$1,881,180 | \$3,141,115 | \$2,231,477 |
| \$144,267 | \$174,582 | \$155,197 | \$259,142 | \$184,097 |
| \$174,869 | \$211,615 | \$188,118 | \$314,112 | \$223,148 |
| \$2,067,823 | \$2,502,342 | \$2,224,495 | \$3,714,369 | \$2,638,722 |

\$13 Million

| 2035-2039 | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2035 | 2036 | 2037 | 2038 | 2039 |
| \$3,126,410 | \$2,466,045 | \$3,111,600 | \$4,094,583 | \$2,270,421 |
| \$257,929 | \$203,449 | \$256,707 | \$337,803 | \$187,310 |
| \$312,641 | \$246,605 | \$311,160 | \$409,458 | \$227,042 |
| \$3,696,980 | \$2,916,099 | \$3,679,467 | \$4,841,844 | \$2,684,773 |

\$18 Million

| 2040-2044 | | | | |
|--------------------|--------------------|--------------------|---------------------|--------------------|
| 2040 | 2041 | 2042 | 2043 | 2044 |
| \$2,605,980 | \$6,552,412 | \$3,181,215 | \$21,529,728 | \$2,965,599 |
| \$214,993 | \$540,574 | \$262,450 | \$1,776,203 | \$244,662 |
| \$260,598 | \$655,241 | \$318,122 | \$2,152,973 | \$296,560 |
| \$3,081,571 | \$7,748,227 | \$3,761,787 | \$25,458,904 | \$3,506,821 |

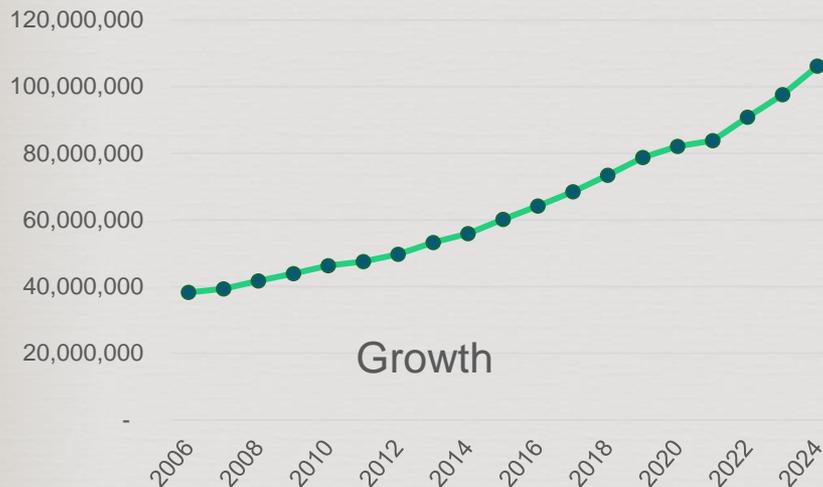
\$44 Million

2025 Vaquero Asset Analysis

Net Worth Over Time: The Most Important Financial Metric

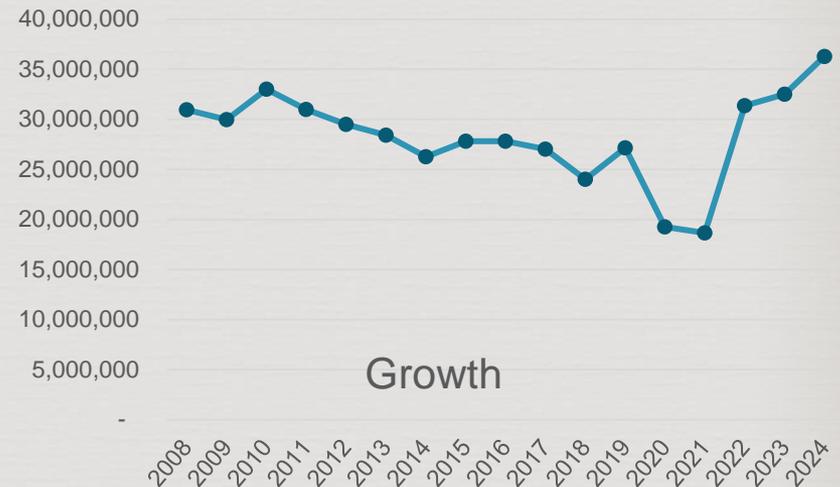
CAGR 5.8%

Country Club of Virginia - Net Worth



CAGR 1.0%

Vaquero Club - Net Worth



- Best-in-Class clubs invest heavily over time
- Net worth (aka members' equity) increases **Consistently**
- Initiation fees increase **Consistently**

Annual Maintenance Dues



- ✓ Vaquero has more than **\$80 million in physical assets** - facilities, grounds, and amenities.
- ✓ The **Annual Maintenance Dues** ensure we can **protect, preserve, and reinvest** in these assets today and into the future.
- ✓ These funds are **separate from operating dues** – they are dedicated solely to **maintain current assets**.

Annual Maintenance Dues FY25

Large Ticket Items of Spend



v CLUBHOUSE:

\$330k – Beginning of HVAC Unit Replacements

\$144k – Clubhouse Wood Flooring Replacement

\$114k – Front Entry Project to Clubhouse

\$100k – Replacement of Banquet Equipment

\$73k – Insulation Project

\$35k – Loading Dock Gate

\$22k – Patio Screening & Comfort Stations

\$18k – Water Softener Installment

\$11k – Ladies Locker Room/Fitness Shades Installed

Annual Maintenance Dues FY25

Large Ticket Items of Spend



✓ **GOLF COURSE:**

\$330k – Drainage Project

✓ **RESTAURANT:**

\$100K – Replacement of Banquet Equipment

\$32k – Replenishment of China, Glass, and Silver

✓ **POOL:**

\$100K – Replacement of Pool Furniture & Cabana Covers

\$8k – Replacement of Pool Pizza Oven

Maintenance Dues FY26



v GOLF COURSE:

\$98k - RO Membrane Replacement

\$154k - Surface Drainage for Fairway Enhancements

\$150k - Trees for Golf Course

v CLUBHOUSE:

\$219K - Replace Aging A/V System

\$78k - Replace Clubhouse Hot Water Heaters

\$48k - 18 Ton HVAC Unit Restaurant Bar

\$11k - Ladies Locker Room HVAC Chiller

Maintenance Dues FY26



v RESTAURANT:

\$30k – Replenishment of Glassware & Silverware

\$26k – Double Oven Replacement

\$37k – 8 Burner Stove Top & Griddle

v RANCH HOUSE:

\$14K – Pizza Oven & Grill

Long-term Strategic Plan



✓ Long-term Strategic Plan has been put on hold pending the hire of Vaquero's next General Manager

- ✧ **Member Survey** – Completed but additional feedback desired for future capital improvements and enhanced member experience priorities
- ✧ **Asset Analysis** – completed and will serve as a guide for financial priorities and use of annual maintenance dues

Will begin work on Long-term Strategic plan when new GM is in place

General Manager Search Update



✓ Formed Search Committee in June:

Patrick Barley; John Gallagher; Brian Flowers; Dusti Kuehne

Interviewed three consulting firms

- ✓ ☞ Have not formally engaged a search firm, but have identified the firm we will engage if needed

✓ In the interim we have engaged Mike Abbott as a consultant

- ☞ Original “architect” of the Discovery service model and 1st GM at Vaquero
- ☞ Will help source and interview potential GM Candidates - 4 interviewed
- ☞ Will work with the existing leadership team to elevate member experience

General Manager Search Update



Initial areas of focus for Mike Abbott:

- ☞ Golf Operations – Consistency of outside services
- ☞ Retail – Spinning retail out from under Golf Operations and set up Retail as an independent operation
- ☞ F&B – Review under used assets and create new experiences – “Seasonal Breakfast at The Ranch House”

After the initial three areas of focus, Mike will identify other areas of the club to focus on with the leadership team

- ☞ F&B
- ☞ Member experience opportunities

Vaquero



Golf Course Report

Matt Weitz



Vaguer

ANNUAL MEETING OF MEMBERS

Agronomy Report 2025

2025 Agronomy Report

1) Weather Analysis

- 3-year Summer Weather Comparison
- Plant Disease & Pest Challenges

2) Greens Performance & Health

- Data July & August
- Root Structure & Thatch Layer

3) Course & Grounds Improvements Projects

- Tree Care Program
- Fairway Drainage
- Landscape Improvements

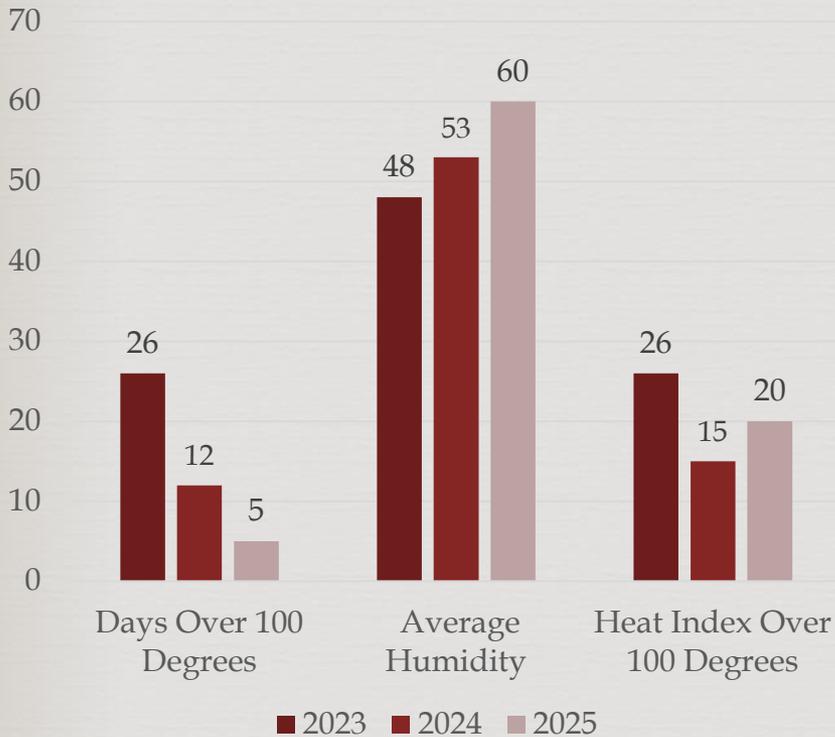
4) 60 Day Outlook

- October Performance Goals
- Continued Course & Grounds Improvements
- November Greens Aerification

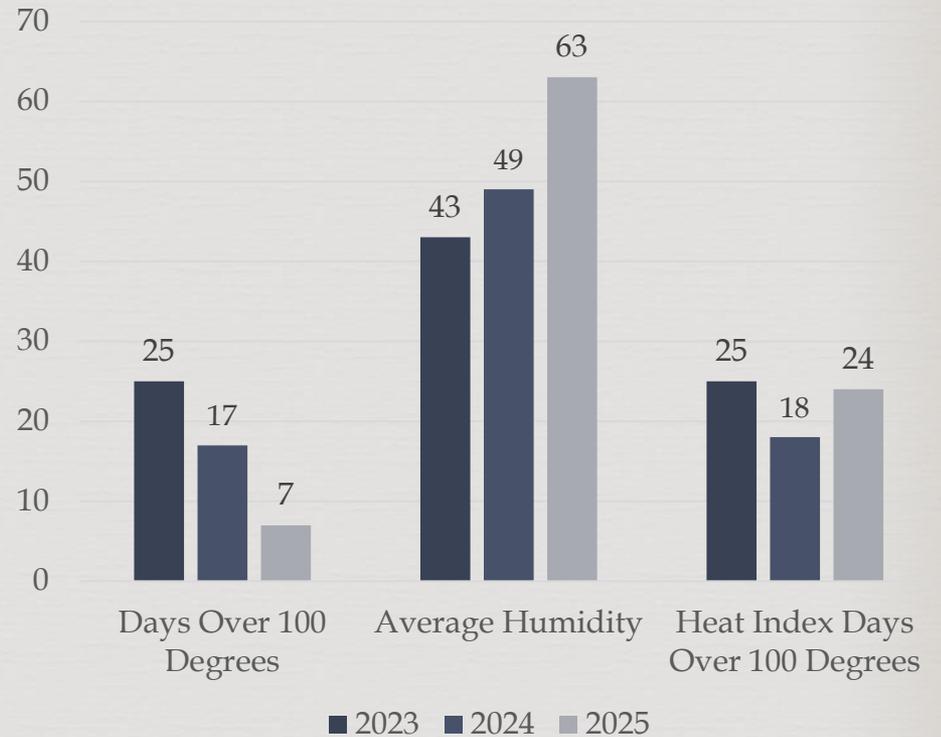
Weather Analysis

2023-2025 Comparison

July



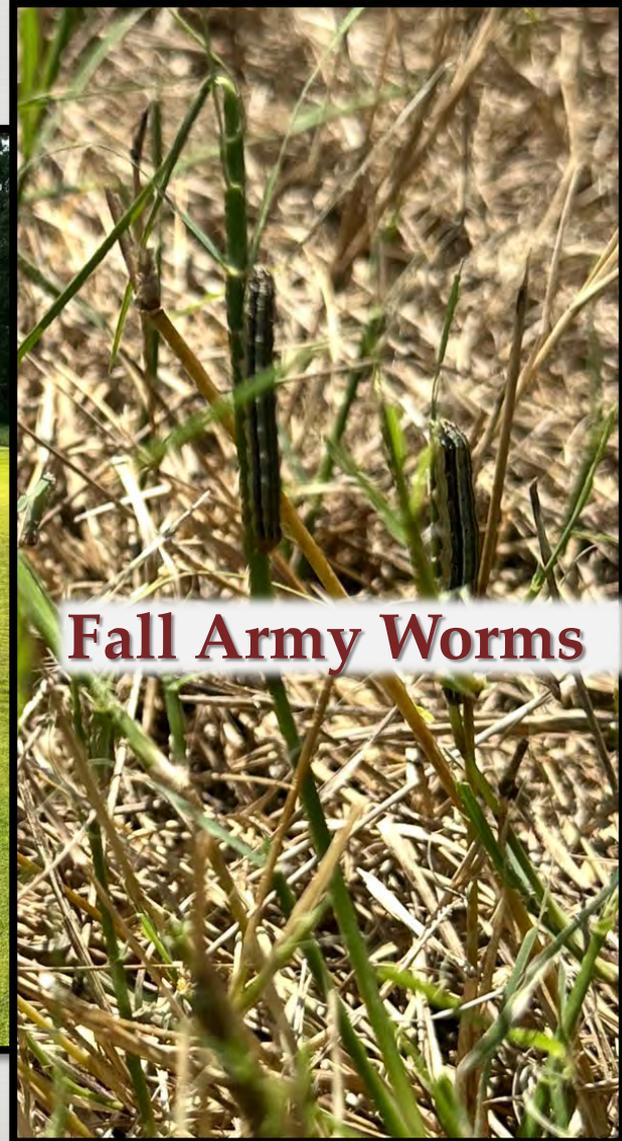
August



Disease & Pest Challenges



Fairy Ring



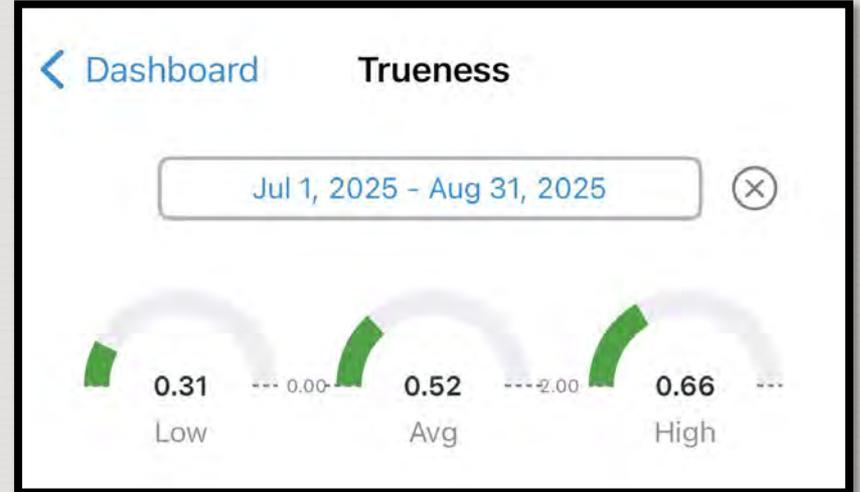
Fall Army Worms

Greens

Playability & Performance

July & August Target Data Points

- † Green Speeds: 11.0-11.5
- † Trueness: Below .100
- † Smoothness: Below .300
- † Firmness: .390-.400



Greens

Plant Health & Maturation



Course & Grounds Improvements

Tree Care Program

- Much needed pruning, fertility, & pest treatments
- Weather experienced in 2025 brought forth new pest and disease pressure
- Meeting with Andrew Green this fall to further advance locations of new plantings



Course Improvements

2" Fairway Drainage



**McDonald & Son's Installed 2" Fairway
Drainage on Holes 1,3,6,7,8, & 12**

Course Improvements

Bunker Solutions Trial #5 & #7



Grounds Improvements

Landscape Improvements



60 Day Outlook

Fall Target Data Points

| | |
|-----------------|------------|
| † Green Speeds: | 11.5-12.5 |
| † Trueness: | Below .100 |
| † Smoothness: | Below .300 |
| † Firmness: | .350-.370 |

Kafka Path Installation

- † Continue to address traffic edges & walk paths

Bunker Detail

- † Depths, trimming, compacting steep faces, replace top layer where silt builds over time

Course Detail Work

- † Polish the grounds and golf course for fall member events

Tree Planting & Replacements

- † Continue to invest in course beautification

60 Day Calendar of Events:

| | |
|------------------------------|---|
| October 9 th | Sadie Hawkins |
| October 16-18 th | Campeon |
| October 26 th | Halloween Open |
| November 7-8 th | Battle of Vaquero |
| November 11-12 th | Practice Putting Green Aerification |
| November 13 th | Ladies Closing Play Day |
| November 18-20 th | Greens Aerification (<i>Golf Course Closed</i>) |

Thank You



Vaquero



Chief Financial Officer Report

Chad Williamson

OPERATING RESULTS FOR FY25

| | FY2025 | FY2025 | |
|--------------------------------|-------------------------|-------------------------|--------------------------|
| | Actuals | Budget | Variance |
| Revenue - Non Dues | \$8,984,157 | \$7,937,132 | \$1,047,025 ✓ |
| Cost of Sales | \$2,767,322 | \$2,395,710 | \$371,612 |
| Gross Profit - Non Dues | \$6,216,835 | \$5,541,422 | \$675,413 |
| Dues Revenue | \$15,474,973 | \$15,482,040 | (\$7,067) |
| Gross Profit | \$21,691,808 | \$21,023,462 | \$668,346 |
| Payroll & Related | \$12,517,796 | \$12,124,120 | (\$393,676) |
| Operating Expenses | \$6,703,330 | \$6,128,867 | (\$574,463) ✓ |
| Occupancy Expenses | \$2,333,498 | \$2,508,041 | \$174,543 |
| Club Fixed Costs | \$21,554,624 | \$20,761,028 | (\$793,596) |
| Club Operating Income | <u><u>\$137,184</u></u> | <u><u>\$262,434</u></u> | <u><u>-\$125,250</u></u> |
| <i>Interest Income</i> | \$473,027 | \$274,000 | \$199,027 |

- Golf Guest Fees
- Golf Merchandise
- Retail Wine

- Golf Course Maintenance
- Paper Supplies
- Legal & Professional Fees

FY26 BUDGET to FY25 ACTUALS

| | FY2026 | FY2025 | |
|-------------------------|-----------------|------------------|-------------------|
| | Budget | Actuals | Change |
| Revenue - Non Dues | \$8,597,782 | \$8,984,157 | (\$386,375) |
| Cost of Sales | \$2,587,363 | \$2,767,322 | (\$179,959) |
| Gross Profit - Non Dues | \$6,010,419 | \$6,216,835 | (\$206,416) |
| Dues Revenue | \$16,315,692 | \$15,474,973 | \$840,719 |
| Gross Profit | \$22,326,111 | \$21,691,808 | \$634,303 |
| Payroll & Related | \$13,200,892 | \$12,517,796 | \$683,096 |
| Operating Expenses | \$6,562,289 | \$6,703,330 | (\$141,041) |
| Occupancy Expenses | \$2,506,318 | \$2,333,498 | \$172,820 |
| Club Fixed Costs | \$22,269,499 | \$21,554,624 | \$714,875 |
| Club Operating Income | <u>\$56,612</u> | <u>\$137,184</u> | <u>(\$80,572)</u> |
| Interest Income | \$413,339 | \$473,027 | (\$59,688) |

- Golf Operations
- Retail Wine

- Wage Increases
- Additional Staff
- Enhanced Benefits

Balance Sheet as of 6/30/25

| | June 2025 | June 2024 |
|-----------------------------------|-------------------|-------------------|
| Cash - On Hand | 13,868 | 6,930 |
| Cash - Operating | 13,402,526 | 12,083,556 |
| Cash - Capital Reserve | 5,914,490 | 5,559,074 |
| Cash - Golf Course Fund | - | 33,906 |
| | ----- | ----- |
| Total Cash | 19,330,884 | 17,683,466 |
| Accounts Receivable | 3,710,424 | 3,415,957 |
| Inventories | 933,283 | 616,786 |
| Prepaid Expenses | 421,317 | 403,371 |
| | ----- | ----- |
| Total Other Current Assets | 5,065,023 | 4,436,113 |
| | ----- | ----- |
| Total All Current Assets | 24,395,907 | 22,119,579 |
| | ----- | ----- |
| Total Other Assets | 93,750 | 108,952 |
| | ----- | ----- |
| Net Fixed Assets | 58,103,336 | 58,700,332 |
| | ----- | ----- |
| Total Assets | 82,592,993 | 80,928,863 |
| | ===== | ===== |

Balance Sheet as of 6/30/25

| | June 2025 | June 2024 |
|--|-------------------|-------------------|
| Liabilities | | |
| Accounts Payable | 578,370 | 1,638,939 |
| Taxes Payable | 284,229 | 275,330 |
| Accrued Expenses | 3,506,762 | 3,535,140 |
| Deferred Revenues | 30,468,883 | 28,926,315 |
| Notes Payable - Clubhouse | 6,860,209 | 7,877,113 |
| Notes Payable - Golf Course | 4,447,637 | 4,989,802 |
| Notes Payable - Comfort Station | 263,787 | 511,968 |
| | ----- | ----- |
| Total Liabilities | 46,409,877 | 47,754,606 |
| Membership Deposit-Equity | 61,138,795 | 62,387,595 |
| Retained Earnings | (29,213,337) | (31,314,065) |
| Current Year Profit/Loss | 4,257,658 | 2,100,727 |
| | ----- | ----- |
| Total Member's Equity | 36,183,116 | 33,174,257 |
| | ----- | ----- |
| Total Liabilities & Member's Equity | 82,592,993 | 80,928,864 |
| | ===== | ===== |

Q1 Forecast – Ending 9/30/25

| | Q1 FY26 | Q1 FY26 | |
|-------------------------|--------------------------|--------------------------|-------------------------|
| | Forecast | Budget | Variance |
| Revenue - Non Dues | \$1,893,362 | \$1,752,239 | \$141,123 |
| Cost of Sales | \$605,923 | \$525,907 | \$80,016 |
| Gross Profit - Non Dues | \$1,287,439 | \$1,226,332 | \$61,107 |
| Dues Revenue | \$4,076,834 | \$4,078,923 | (\$2,089) |
| Gross Profit | \$5,364,273 | \$5,305,255 | \$59,018 |
| Payroll & Related | \$3,391,290 | \$3,354,664 | (\$36,626) |
| Operating Expenses | \$1,628,278 | \$1,581,116 | (\$47,162) |
| Occupancy Expenses | \$748,072 | \$769,769 | \$21,697 |
| Club Fixed Costs | \$5,767,640 | \$5,705,549 | (\$62,091) |
| Club Operating Income | <u><u>-\$403,367</u></u> | <u><u>-\$400,294</u></u> | <u><u>(\$3,073)</u></u> |
| Interest Income | \$163,608 | \$127,547 | \$36,061 |

CAPITAL RESERVE FUND

| | | |
|--|------------------------|---------------------------|
| | Balance 7/1/24 | <u>\$5,559,074</u> |
| Net Increase from Membership Transfers | | \$951,250 |
| Net Decrease from Waitlist Deposits | | (\$84,300) |
| FY2025 Land | | (\$140,843) |
| FY2025 Building Improvements | | (\$649,326) |
| FY2025 Golf Course/Land Improvements | | (\$618,487) |
| FY2025 Equipment | | (\$755,902) |
| FY2025 Furniture & Fixtures | | (\$191,765) |
| FY2025 Technology | | (\$100,209) |
| FY2026 Capital Dues Collected | | <u>\$1,945,000</u> |
| | Balance 6/30/25 | \$5,914,491 |

CAPITAL SPEND FY2025 NEED TO UPDATE WITH FY2026 Figures

| | |
|--|----------------------|
| Capital Reserve Funds 6/30/24 | \$3,479,074 |
| FY2025 Capital Dues | \$2,386,500 |
| Capital Funds (FY2025) | \$5,865,574 |
| Membership Transfer - July Refunds | (\$520,000) |
| Repair & Maintenance | (\$1,325,800) |
| New Capital | (\$295,400) |
| Golf Course Equipment | (\$693,000) |
| Comfort Station Note Payment | (\$250,000) |
| Total Capital Spend (FY2025) | (\$2,564,200) |
| Refundable Deposits | (\$220,000) |
| Projected Capital Reserve - 6/30/25 | \$2,561,374 |



Vaquero

Election Results

Thank You



Q & A Segment