

BOARD OF DIRECTORS MEETING
April 16, 2010

The meeting was called to order by Vice President Dick Crawford at 12:00 Noon in the Community Center.

Attendees:

Board Members present: R. Crawford, C. Gularson, J. Kennedy and M. Sewald
Also present: Bruce DeForest, Superintendent, Art Whaley, Head Golf Pro, G. Buckley, SPHA President and Wendy Parker, Finance Mgr.
Also present: Fred Chicone and Pat Milstead

Acceptance of the Prior Minutes

While the March 19 Meeting of the Board was unofficial because a quorum was not present, the Minutes were approved for information purposes.

GOLF PRO's REPORT

Art reported that membership renewals were running behind, a cause for some concern; and Pro Shop revenue MTD in on target. The membership short fall will require phone calls to prior members to spur renewals. The Marketing Committee had discussed the membership situation and suggested that it start earlier.

The Marketing Committee also developed a special promotional ad for placement in the Coastal Point newspaper offering \$3.00 off cart fees with the ad. Art also showed the Yellow Book ad suggesting because of the size and the black and white color it did not stand out. A color ad can be purchased for \$27.00 a month more that will make the ad stand out. Total cost for the year would be \$153.00. After consideration, the Board tabled the proposal until such time as the Marketing Committee could review the matter.

Art continues to look for suitable caters. He spoke with Diane Turner about 2-3 events and her pricing is better than others contacted for the same functions. He has several tournaments with an expected 60-80 golfers plus guests for lunch. He was directed to use the Birdies staff as much as possible once they are trained and have operating experience. He was given approval to use Diane Turner for his first event in May.

Cart boys will return for the season. Three veterans (CT, Ben and Billy) will return. Three more are needed.

The reaction to the new carts has been good, but they still need the Salt Pond logo to be applied. Bruce will get that work done.

Art asked for confirmation that his traditional clothing allowance (\$500.00/yr + 3 events/yr) was approved. Wendy confirmed that it was in the budget. The Board confirmed the arrangement.

Rest room cleaning was also discussed. The Pro Shop rest rooms are cleaned by the shop staff. The outside rest rooms at Birdies were cleaned last season by the SPHA contractor at \$20/cleaning. The Board agreed that the Birdies rest rooms must be cleaned regularly. Art is to contract with the SPHA club house contractor to clean the Birdies rest rooms whenever the clubhouse bath rooms are cleaned.

Superintendent's Report

Bruce DeForest reported that a new pump control system may be needed in the irrigation pump house. The system is not operating correctly – it trips off line - and they can't seem to find why. Delmarva Power has been asked to assist, but have not responded to date. A new controller could run \$7-8,000.

The new well project is progressing. The necessary permits are being sought.

The Learning Center nets are up. The damage done in last year's storms was repaired. However the green carpeting needs a thorough cleaning or it will rot and have to be replaced. Contractor prices are about \$500 to clean it. Bruce will speak to a resident who was in the carpet business to see if he would be willing to clean it if the Company buys the chemicals.

The Hole 10 bulkhead is getting worse. It's hard for the mowers to mow the area because the ground has sunk so much. Bruce has asked J&J Bulkheads to inspect it and give him a quote.

A new part time, seasonal maintenance employee has been hired. This brings employment to five and may need one more, but Bruce will make due to this staff for now.

The stop sign at the Pro Shop and Clubhouse intersection will be installed shortly.

The maintenance staff has been asked to clean up and cut grass in the area of the Topsail single family homes. Wilgus Property Mgmt., the Topsail property manager, has asked for the assistance and will pay for the service.

The Hole 5 drainage issue appears to be solved and the matter is closed.

Dick Crawford asked that Bruce consider adding yardage markers (100 yards to the green) for Holes 3, 5, 8, 14 and 17. Also it was suggested that the yardage to carry the water be considered for Holes 12, 16 and 18. Bruce will follow up.

FINANCIALS

Chuck Gularson reported that YTD revenue was \$83,176.26 against a budget of \$63,800. As noted last month, however, about one third of this revenue, is a membership carryover revenue from 2009. Even with that, revenue is about on target. YTD expenses are \$137,558.89 compared to a budget of \$131,484. Part of the over run on expenses is due to the payment of necessary chemicals in January, earlier than the budget called for.

The Balance sheet through March 31 shows total assets of \$1,715,981.34 against total liabilities of \$97,221.23.

Delinquencies were reviewed. There are only three homeowners who have not paid some or all of the golf course purchase special assessment. Collection efforts are underway through outside counsel. One party has offered a payment plan that was rejected and a counterproposal made. Judgments will be sought against all three, if necessary, to protect the SPHA interests if acceptable payment plans cannot be agreed upon.

OLD BUSINESS

2009 SNACK BAR OPERATION

Payments due from MAC Catering to the Golf Course amounting to \$3982.81 continue unpaid. TSPGCO's outside lawyer has been informed that Mac Catering is no longer being represented by counsel on this matter, so the Board opted to try another direct contact to see if any settlement could be reached. Art will contact Caryn MacIntyre to see if anything can be worked out.

NEW BUSINESS

BIRDIES SNACK BAR 2010 OPERATION

Dick Crawford introduced Pat Milstead, the 2010 Birdies manager. With Dick Crawford and Charlie Smith she will add staff and finalize the menu offering.

Several people have already been interviewed and identified as possible candidates.

The menu will be kept simple for startup and added to later depending on demand and the staff's capabilities.

Dick Crawford will prepare an operations manual.

Pat, Dick, Wendy and Chuck will meet to work out the accounting details for operating the business.

Board members were asked to examine the possible perks for Birdies employees as additional incentive to work in the Snack Bar and comment back to Dick.

CHANGING THE FINANCE MANAGER'S POSITION FROM INDEPENDENT CONTRACTOR TO AN EMPLOYEE

Wendy Parker had asked to become an employee of the Company, rather than an independent contractor back in March, but because of a lack of a quorum at the March meeting, the matter was deferred. The proposal was discussed and the Board was satisfied that the change was cost neutral to the company. Wendy will have her pay set so that the cost to the company is the same as when she was an independent contractor. Based on the discussion, the Board unanimously approved the change. Wendy will go on the payroll starting April 26, 2010.

PROCESS FOR SELECTING AND RETAINING THE TSPGCO BOARD OF DIRECTORS

Background: There are currently five Directors with no term limits. The Golf Club Board has been appointed by the SPHA Board in June each year for a one (1) year term. Each Director is in their second year. The major legal requirements are that each Director must have a Delaware liquor servers' license, a criminal background check and a driving record check by the DMV.

Proposed Director's Tenure: The Board of Directors shall remain at five members. A minimum of two Directors' shall be SPHA Board Members to serve as liaisons to the SPHA Board. The Golf Club Board Members must be residents of the Salt Pond Homeowners' Association and in good standing. The President of the SPHA Board will be an ex officio member of the Golf Club Board with no voting rights.

Each Director serves for a three year term. To initiate the three year term limit, two current Directors' shall be replaced after one more year (in June, 2011) and the other three after two years (June, 2012). A summary of when each current Director's term ends is as follows:

Current Directors:

- 1 – 2011 (Kester)
- 2 – 2011 (Crawford)
- 3 – 2012 (Gularson)
- 4 – 2012 (Kennedy)
- 5 – 2012 (Sewald)

These Directors and terms shall be approved at the June, 2010 SPHA Board Meeting.

The three year rotation shall continue in the future. The Golf Club Board shall provide the SPHA Board recommended candidates for the expiring Directors' slots in May of each year. The SPHA Board shall evaluate these recommendations and offer other candidates if others are available. SPHA recommended candidates shall be evaluated by the current Golf Club Board. The final candidates for expiring Directors' slots shall be approved by the Golf Club Board and be submitted to the SPHA Board for a vote and final approval at the June SPHA Board meeting. Directors, whose term is expiring, may be considered for reappointment.

Election of Officers. The officers of the Golf Club Board will be elected by the Golf Club Board each year immediately after the Board is approved by the SPHA Board. If the officers change, the ABCC and financial organizations must be notified.

Replacement of Candidates who resign before the term ends. The Golf Club policy will be a same as the SPHA Board policy. The Golf Club Board can appoint replacements without SPHA Board approval (this is the same as the SPHA Board being able to replace SPHA Board members who resign without homeowner approval to complete a term).

Directors who are not doing their job. SPHA's only policy is to consider replacement if a Board member does not attend three consecutive Board Meetings. The Golf Club Board will follow this policy at a minimum. Any more detailed policy shall be developed by the Golf Club Board and will be presented to the SPHA Board for approval.

Upon approval of these changes by the SPHA Board of Directors, the Company By-Laws will be amended to conform to the changes.

DELAWARE UNEMPLOYMENT TAX

Wendy reported that she is still trying to obtain information on why the Company unemployment rates rose to 6%/employee on \$300,000 worth of wages paid. The tax is paid on the first \$10,500 of salary per employee. Three seasonal employees were laid off at the end of the 2009 season and they applied for unemployment compensation.

Apparently, if the Company rehires laid off workers, it can apply to the DE Unemployment Compensation Bureau for a credit. Now as soon as DE Unemployment Comp. is notified of a layoff, it charges the Company account \$10,500 for the full benefit for the employee. If the former employee is rehired before the full entitlement is paid out, the Company can get a credit for any remaining balance. This process, while it will reduce cost, apparently, will not reduce the tax rate.

NEW IRRIGATION WELL

Topsail Village has agreed to participate in the cost of the new well in return for discounted irrigation water rates for ten (10) years. A contract will be drafted to memorialize the agreement.

CAPITAL FUND BANK ACCOUNT

Wendy is proposing that the Company set up a new bank account with reserve earmarks to delineate between operating and reserve funds. The Board agreed. Wendy will follow-up with a specific recommendation.

ADJOURNMENT

The meeting was adjourned at 1:56 pm.

Respectfully submitted,

J. Kennedy
Secretary