

THE SALT POND GOLF COURSE OPERATIONS, INC.
BOARD OF DIRECTORS MEETING
May 15, 2009

The meeting was called to order by President Bill Kester at 12:30 pm in the Community Center.

Attendees:

Board Members present: W. Kester, C. Gularson, J. Kennedy,
R. Crawford and Max Sewald

Also present: Bruce DeForest, Superintendent, Art Whaley, Head Golf Pro., and
Gerry Buckley, President, SPHA

Homeowner present: Bill Loschmann

Acceptance of the Prior Minutes

The Minutes of the April 17 Meeting of the Board were approved. In the future all TSPGCO Board meetings will begin at 12 Noon.

Superintendent's Report

Bruce DeForest reported as follows:

Bruce reported the second occurrence of an unleashed dog going after a maintenance person cutting grass along the twelfth fairway. It was recommended that a letter be sent by the SPHA business office to record the offense.

Bruce noted that the final re-sodding in front of the tee box on hole 5 was being done at the time of the meeting. the openings in the new culverts have had grates installed on the entrance end, but that grates were still needed on the discharge end to keep small children out of the pipes. The Salt Pond Plaza Committee will be asked to follow-up with the contractor and the developer regarding the grates.

As additional follow-up to this work, the staff will back fill a spot in the Montone's back yard near the 6th tee box that has settled into a depression. Bruce noted that the work will take about half a day. He was to schedule the work in the next few days, weather permitting.

Jim Nist has requested, in a letter to SPHA Buckley, that an area east of the pump house near his property be cleaned up. It will need some compost and planting of grass. The work will be scheduled as soon as possible.

There was a homeowner report of odors coming from the pond at hole 13. Bruce reported that it has been treated to eliminate the odor.

Bruce also reported on maintenance items to be completed as follows:

The approach to hole 17 was widened.

Repair for the bridge between holes 5 and 6 was planned (they haven't done it yet), filling in the gap between the bridge surface and the roadway. The bridge at hole 12 will be repaired as well.

The irrigation wells will be flushed with an acid solution to clean out the screens. The flush water will then be properly disposed of.

The toilet cleaning process at Birdies will be improved by hiring the current cleaning service to thoroughly clean the rest rooms twice a week for \$ 20. The Pro Shop staff will continue to clean and service them the other days as before.

GOLF PRO's REPORT

Art reported as follows:

The ad copy for the approved special rates were reviewed for the 10 play program and limited membership. The membership ad will run from May 15 to June 1 and the 10 play ad will run starting June 1. The wording for these ads was to be modified in accord with the Boards discussion.

The Marketing budget is currently \$7000 under budget due a drive to reduce cost by changing advertisers. The committee expects to be under budget for the remainder of the year.

While the membership revenue YTD is running behind it has picked up \$18,000 so far this month and he expects to gain another \$ 11,000. He will continue to follow-up with previous members to seek renewals.

The Opening Day Tournament has 56 golfers registered (36 members and 20 non-members) for play with two extra for the lunch. He recommended that each player receive a \$5.00 gift certificate for a potential cost of \$440. This approach was followed with the National Guard Tournament and there was a 10 fold payback on Pro Shop merchandise as a result. The proposal was unanimously approved.

In another proposal to benefit non member SPHA homeowners in good standing, it was recommended that the 18 hole greens and cart fee be priced at \$41 for the owner and his/her guest This is a \$5.00 discount. The proposal was unanimously approved.

Due to the increase in the number of players interested in couple's golf, he recommended a cut off time for registration each week as the Wednesday before Thursday play. In the prior week there was a record crowd and play was significantly slowed. The proposal was approved.

The Coke soft drink prices were established for the season at \$1.75 for Coke products and water and \$2.00 for Poweraide.

FINANCIALS

Chuck Gularson reported that YTD operating revenues were \$116,748.90, or \$28416.10 behind budget. The shortfall is a result of reduced membership and cart and greens fees revenue. However, total expenses are \$18,5034.30, or \$17,085.70 less than budget. Other income is running behind by \$4,612.42. As a result, YTD total income is behind by \$11,330.40. The major income months begin with the Memorial Day weekend. We need a break in the weather to get back on track.

As of the April 30, there \$ 647,713.44 in cash in the bank. Total current assets are \$673,317.75. Total assets equal \$1,642,916.42. The final payment on the note due at the end of the year is \$491466.

In view of the revenue shortfall, Chuck has directed each of the operational managers to review all discretionary items and reduce costs by postponing or eliminating expenses wherever possible until further notice.

OLD BUSINESS

SNACK BAR OPERATION

Birdies will open for the season on May 20. The snack bar will be open for the holiday weekend with full operation to begin June 1.

PAYMENT OF THE 2ND INSTALLMENT OF THE SPECIAL ASSESSMENT

Jim Kennedy reported that he and Chuck had met with Ellen Feinberg to begin the collection process for the five homeowners who had not paid their second installment of the special assessment. Under the terms of that assessment, failure to pay the next installments accelerated the remaining payment so that the full amount is due.

NEW BUSINESS

NEW PRO SHOP COUNTER ATTENDANT

A new Pro Shop counter attendant was approved for hire at the new reduced rate entry level starting pay of \$8.50 per hour. This addition will actually result in a salary savings due to the lower rate. The person hired comes with counter experience from Bear Trap Dunes.

ELECTRIC RATE STUDY

Max Sewald reported that he had completed a study of the electric rates being charged for golf course operations by current suppliers and has concluded the course could save as much as \$6595 and an additional \$3172 could be saved from SPHA charges by switching from Delmarva Power as a supplier to Washington Gas Energy Services, Inc. If the switch with a one year contract is approved the new rates could become effective starting July 15. After discussion, the Board unanimously approved the switch.

Additionally, Max was asked to determine if there were opportunities to offer rate savings to individual homeowners.

STANDARDISED EMPLOYMENT APPLICATION FOR THE GOLF COURSE OPERATIONS

Bill Kester presented a possible standard employment application. After discussion on a number formatting changes to improve the form, further discussion was tabled due to lack of time to properly study the matter. The Board agreed to finish the review by e-mail.

COURSE RANGERS

Bill noted that new names are being added to the list of available volunteers. While he believes that additional rewards for those participating, over and above the logo shirt, no conclusion was reached.

The evening Ranger program was also discussed. Bill Loschmann noted that those volunteers would follow the same guidelines as the daytime Rangers as they provided night time security around the course. There are currently 10 volunteers for this duty. The Board decided to consider the matter further before approving this program.

FLOOD INSURANCE

Chuck reported that flood insurance for the maintenance buildings would be available for approximately \$1400 per year. Bruce noted that high water has never been a problem in that area, so after additional discussion, the Board agreed to continue for at least one more year without the insurance. The matter will be reviewed next year.

IRRIGATION WATER FOR SPHA AND THE VILLAGES

Chuck presented a detailed analysis of the irrigation water supplied to SPHA and two Villages (Schooner and Top Sail) in the past. This water comes from the golf course wells and is currently supplied at a 40% discount to the rates charges by Bethany Beach. When the new well is operational in 2010, Chuck recommends that the discount rate be continued for 10 years, provided there is up front cost sharing by those Villages in the cost of the new well which is currently estimated at \$33,000. The SPHA discount would continue without a requirement for up-front cost sharing. If the Villages not to participate in the cost sharing, then the discount would reduce to 10%.

DISSOLUTION OF THE CORPORATION KNOWN AS “THE SALT POND GOLF CLUB, INC.”

Jim Kennedy reported that at or about the time of the closing on the purchase of the Golf Course for SPA that a not for profit corporation know as “The Salt Pond Golf Club, Inc.” was set up to purchase the golf course assets. Before the closing, outside legal and accounting advice was that a for profit company was needed, so a new entity was established – “The Salt Pond Golf Course Operations, Inc.” – the current operating company, wholly owned by SPHA. The former company was never formally activated, but it was still liable under Delaware law for a \$25 per year franchise tax. To eliminate that cost and future liability, the company was formally dissolved, effective May 11, 2009.

ADJOURNMENT

The meeting was adjourned at 1:55 pm.

Respectfully submitted,

J. Kennedy
Secretary