

THE SALT POND GOLF COURSE OPERATIONS, INC.
BOARD OF DIRECTORS MEETING
July 17, 2009

The meeting was called to order by President Bill Kester at 12:00 Noon in the Community Center.

Attendees:

Board Members present: W. Kester, C. Gularson, J. Kennedy and R. Crawford
Also present: Bruce DeForest, Superintendent, Art Whaley, Head Golf Pro., and Gerry Buckley, President, SPHA
Homeowner present: Fred Chiccone, President Top Sail Village

Acceptance of the Prior Minutes

The Minutes of the June 19 Meeting of the Board were approved.

Superintendent's Report

Bruce DeForest reported that during the Fourth of July holiday demand exceeded golf cart availability because we decided not to replace batteries in ten carts as a cost control measure. In view of that, five more carts have had their batteries replaced at the rate of \$600 per cart. This should satisfy the course cart requirements through Labor Day.

The dead trees on Holes 8 and 18 have been cleaned up.

Sussex County Conservation District representatives met with Salt Pond Plaza Committee Members Rich Polk and Michael Headman concerning the ongoing complaint regarding the final grading on the fairway on Hole 5 and advised the matter should be referred to the contractor for resolution. The SPP Committee will notify the contractor.

In a related environmental matter, Bruce noted that the conservation easement signs were placed ahead of the survey pins on Holes 14 and 15 and is making mowing more difficult around the signs. Bruce was asked to contact SPHA Ponds and Wetlands Committee Chair Chris Brown to determine if any relief is possible.

The pressure pump in the pump house had to be replaced, but we have not received the bill for the new pump yet.

Bruce noted that in the past the course has replaced the oldest golf carts each year to make sure that carts would be available. He recommends the Board continue to replace ten carts a year at approximately \$2300 to \$2400 per cart per year. Chuck Gularson pointed out that money had been provided in the 2009 budget for ten carts. Bruce will look to replace ten carts

with 2005 model year carts coming off lease from other courses. The Board also agreed to have Bruce look at the cost of upgrading these carts with retractable club covers.

We have entered the dry season and the weakest well is faltering. This means that the new well will have to be drilled before next season.

There was a major irrigation leak on Hole 16. A temporary fix was implemented until that broken pipe could be permanently fixed.

Bruce reviewed the administration of the maintenance vacation policy. Currently the policy is no vacation during the main season. He wants to change the policy to spread six days of vacation as follows: two days per month over the months of June, July and August. Only three people are affected. Bruce will continue to coordinate the vacation schedule. The Board approved the change.

In a related personnel matter, Bruce asked about staff merit increases that are usually given at this time of year. He has money in the 2009 budget for this purpose. These increases will range from \$0.25 to \$0.50 per hour. The Board agreed to review the specific recommendations that Bruce is to prepare.

Bruce also noted that the beverage cart girl is not showing up regularly. When she is working she concentrates on the back 9 holes. At lunch time she is being pulled off the cart to help serving lunch at Birdies. Bruce objects to this practice. He has two other people identified to work the cart. Bill Kester he would look into this with Karen MacIntyre.

GOLF PRO's REPORT

Art reported as follows:

He has received numerous compliments regarding the condition of the course. This is a tribute to Bruce and his staff.

Member ship increased by eight last month under the 10 play limited membership program, including on such membership that upgraded to an individual regular membership. On this basis the ad for this program will run for another month. Art has also received numerous requests to allow multiple people to punch the card. The Board approved to keep the program as is for this year, but review possible changes for next season. Art will be responsible to make a recommendation for 2010.

So far there have been 12 players who have taken advantage of the key card ad from local hotels. The ad continues through year end. The Marketing will review the effectiveness of the ad at the end of the year.

Art brought in a new beverage product for possible sale in the pro shop and at Birdies. Its premixed combo lemonade – iced tea that costs about \$1.00. The supplier requires a minimum

order of eight cases. Art was asked to pursue the product to get cost data for the Board to consider.

FINANCIALS

Chuck Gularson reported that YTD operating revenues were \$275,565.02, or \$40,249.98 behind budget. The revenue shortfall is mainly a result of reduced membership (-\$21,800.22) and cart and greens fees (-\$15,887.18). YTD expenses through the period were \$318,296.93, or \$35,148.07 under budget. When considering depreciation expense of \$49,022.32, the Net Operating Income was only behind budget by \$5,101.91.

The projected total for depreciation at year end is \$98,000. This will result in an operating loss of about \$35,000, but a positive cash flow of about 468,876. So there will be no taxable income for 2009. Loss carry forwards on tax returns will keep the tax liability at zero for years to come.

The main business season is in full swing. Month to date revenue is running ahead of budget. The business of this course is made in July and August. With revenue YTD still behind and expenses also behind, emphasis must still be on cost control.

OLD BUSINESS

SNACK BAR OPERATION

The slow compliance with the Birdies operating contract by Mac Catering is causing problems including the preparation of time sheets, completion of the W4 and I9 forms, copies of the server's liquor license and late payment of soda receipts. All of these matters are being addressed.

STANDING WATER ALONG HOLE 14

A homeowner along the 14th fairway reported an odor coming from the standing water in the drainage ditch along the fairway. Chris Brown had the SPHA environmental consultant, Envirotech, check it out and it was reported that not too much can be done. There was no noticeable odor when it was checked. Water will usually accumulate in this ditch. An effort will be made to determine if the drain pipe under Drake is clogged. If it is it will be cleaned out.

SOFT SHELL BRIDGE

The gap between the Soft shell bridges and the road surface remains and will be filled in this fall after the busy season.

RANGERS

The volunteer course Ranger program seems to be working well. Every effort is being made to keep up the speed of play, particularly when the course is crowded.

NEW BUSINESS

MODIFICATION OF THE BIRDIES OPERATION CONTRACT

In meetings with Mac Catering regarding the operation of the snack bar YTD, it was agreed that to assist the operator, the revenue split would be modified to allocate 29% to the operator, paying the beverage cart operator at the higher hourly rate (\$.25) and reducing the June rent to \$400. This is one of the continuing steps being taken to try to keep Birdies operating for the remainder of the season.

In a related operating matter it was agreed that Salt Pong Golf Club will get \$4.00 for each small bottle of liquor sold and Mac Catering would set its sale price accordingly.

PICNIC FOR SALT POND GOLF CLUB EMPLOYEES

Bill Kester proposed that the Board consider planning an end of season picnic for the Club employees and their families. About 60 people would be involved. The Board agreed to plan for an event in September.

CLEANING OF THE SPHA CLUB HOUSE AFTER GOLFING EVENTS

It was discussed and agreed that cleaning of the SPHA Club House after golfing events must be priced into the cost of the event or tournament. If a caterer is used the caterer will be responsible for set up and clean up.

HANDICAP FLAGS

Art was directed to acquire additional handicap flags for use by players needing assistance to drive on the course during play.

ADJOURNMENT

The meeting was adjourned at 1:30 pm.

Respectfully submitted,

J. Kennedy
Secretary