

THE SALT POND GOLF COURSE OPERATIONS, INC.
BOARD OF DIRECTORS MEETING
October 16, 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., Wendy Parker, Finance Mgr. and Gerry Buckley, President, SPHA
Homeowner present: Fred Chiccone, President Top Sail Village

Acceptance of the Prior Minutes

The Minutes of the September 18, Meeting of the Board were approved.

Superintendent's Report

Bruce DeForest thanked the Board for the appreciation party. The Golf Club employees appreciated it.

Bruce reported that the aeration of the greens and fairways was completed on the entire course.

The lights for the golf course sign on Cedar Neck Road have been purchased by the Salt Pond Plaza (SPP) Committee and were ready to be installed by the Salt Pond Plaza developer. His electrician planned to install the lights, but found that there was no power at the sign so he left without installing the lights. The matter will be brought to the Committee's attention. The Committee will be reimbursed for the cost of the lights by TSPGCO.

The SPP developer completed the hook up of the storm water connection from the plaza retention basin to the Salt Pond on the forth hole, but the corrective renovation work along the fifth hole fairway still has not been done. The matter will be passed on to the SPP Committee.

The outside pool house was not winterized by the SPHA pool contractor, so it was done by the Club maintenance employees. Gerry Buckley noted this and will have that item added to the contractor's contract for the future.

Bruce reported that the current golf cart fleet is 1997 vintage and the used replacement carts currently on the market are all 2007 models. So far, the available carts are a pewter color rather than white. The carts are priced at \$2800 each. The Board discussed the color change and decided that the white would be better, but we can live with the pewter if white carts do not

become available. The Board reauthorized the replacement of 10 carts. Bruce also noted that some of the remaining 1997 carts will need battery seat replacements and the Board authorized the purchase of 10 of them.

Bruce has looked at the cost of acquiring a full new fleet of leased carts for comparison purposes. A 54 cart fleet would cost \$4146 per month for nine (9) months for six (6) years. Additionally, it is likely that batteries would have to be replaced in years 4-6. At the end of the initial lease period, the Club could opt out of the lease or renew for three more years at a reduced price. Bruce was asked to obtain a formal proposal, but the initial reaction by the Board was that the lease option would likely negatively impact cash flow.

Additional safety signs have been installed on cart paths to warn against walking, etc., during golf course hours.

GOLF PRO's REPORT

Art Whaley reported as follows:

Rates for the November to February period are recommended to be as follows:

| | |
|-------------|-------------------------------------|
| Mon – Thurs | greens fee + cart - local - \$22.00 |
| | regular - \$25.00 |
| Fri – Sun | greens fee + cart – local - \$25.00 |
| | regular - \$29.00 |

An ad for these rates will be prepared for publication in November. The Nov/Dec budget for advertisement is \$300 per month. Art will have the ad prepared and will share it with the Board before it is run. The Board approved the winter rates as presented.

Art reported the golf play for the month to date was running ahead until the rains came and reduced playing time.

The 2010 budget forms are being circulated and need to be completed and returned in late November.

Chuck Gularson noted the need to utilize the e-mail member contacts for direct member marketing. Art will work up a proposal, but will need some help to send the e-mail out. Gary Clip will be asked to help create the list.

Art was asked to prepare a one page sheet for the '09 year showing the complete fee structure employed during the year. He is to include an analysis of the ads run and the coupons used, etc. to give a better picture of what worked best.

The Board had further discussion about the “Starters” position. Given the number of people that will be required to staff this position seven days a week, the cost is getting prohibitive. The matter will be tabled for now.

FINANCIALS

YTD operating revenues through September were \$662,991.60, or \$21,668.40 behind budget. The revenue shortfall continues as a result of reduced membership (-\$3,966.67) and cart and greens fees (-\$22,972.18). YTD expenses through the same period were \$555,317.31, or \$37,357.69 behind the budget. Therefore, YTD earnings, including depreciation, are \$107,674.29, \$15,689.29 ahead of budget.

Looking ahead to the balance of the year, projected year end revenue is \$717,345, \$37,378 behind budget. Expenses are projected to be \$719,287, \$31,593 behind budget. The result is earnings after depreciation a loss of \$1,954. Before depreciation, YTD earnings are projected to be \$96,093.

The golf course operations do not have a cash reserves budget account established. The 2010 budget will include a provision to start building a replacement reserve to help ensure there is sufficient cash available to operate the business on an on-going basis.

Wendy reported that \$49,275 has been collected toward the third installment of the golf course assessment. \$177,849 is still due. The final installment must be paid on or before November 5.

The Board discussed as part of its on-going campaign to control costs, the advisability of keeping the pro shop open when the weather is bad. The Board concluded that the Golf Professional is responsible, and must use his judgment whether to stay open or not. All employees must be sensitive to cost containment.

OLD BUSINESS

SNACK BAR OPERATION

Payments due to the Golf Course amounting to \$3982.81 continue unpaid. The Board authorized Bill Kester to write a final letter to Mac Catering demanding final payment before the matter is handed over to the TSPGCO lawyer for collection. As a concession, the letter would allow payment of \$3249.21 within ten days and the balance by November 15. Failure to do so will result in the immediate acceleration of the entire past due amount and the debt would be subject to collection. Further the Board agreed as an additional penalty for non-payment, to recommend to the SPHA Board that Mac Catering be barred from further use of the Salt Pond facilities.

NEW BUSINESS

FINAL PAYMENT ON THE GOLF COURSE PURCHASE NOTE

TSPGCO's attorney, Bob Valihura has recommended that SPA be contacted informally to see how SPA would like to handle the payoff of the Mortgage Note held by SPA to finalize the purchase of the golf course. Once we know their wishes the Board can set up the process for making the final payment of \$200,000 plus accrued interest.

In a related matter, Bob Valihura obtained the filed copy of the golf course deed and has forwarded it to the SPHA. Sussex County has refused to change the name of the owner until a new plat of the Salt Pond is filed as well. Bob is of the opinion that a new plat is not required and he will follow-up with Sussex County to see that the recorded deeds are logged in with the owner's name changed from SPA the SPHA. He recommends that the final payment not be made until this matter has been successfully concluded.

REPAIR OF THE CEMENT WALLS TO THE CART BARN

Dick Crawford is seeking additional bids for the repair of the cart barn walls. The contractor who started the job earlier this year is nowhere to be found. Since it appears that completion only involves additional painting, Bruce volunteered to see if his employees could do the work. Gerry Buckley will seek an additional bid from the contractor repairing the indoor pool.

ADJOURNMENT

The meeting was adjourned at 1:30 pm.

Respectfully submitted,

J. Kennedy
Secretary