

THE SALT POND GOLF CLUB OPERATIONS, INC.
BOARD OF DIRECTORS MEETING
October 15, 2010

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

Attendees:

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

Also present: Bruce DeForest, Superintendent, A. Whaley, Golf Pro., G. Buckley, SPHA President, and Wendy Parker, Finance Manager.

Acceptance of the Prior Minutes

The minutes of the September 17 Meeting of the Board of Directors were approved.

SUPERINTENDENT'S REPORT

Bruce DeForest reported that one of our key employees, Stan Grella, was injured in a motorcycle accident and he will be out of work for an unknown period at this point. The Board decided that he should be paid in full for the next pay period using all his available sick days. He will be one short for the pay period. Bruce will check to see if there is any disability coverage available to Stan. Once it's determined what the extent of his injuries are and when he can return to work a decision will be made regarding pay for the next pay period. Stan would not be required to use vacation days to cover the pay period until more information is available.

Anti-skid material samples for the top of the bulkhead at the tee box on Hole 17 to prevent slipping accidents have been examined and cost data is being sought. The material looked at should provide the protection needed.

Bruce noted that the saplings along Hole 4 between the tee box and the road were broken off. It looked deliberate to him. When the damage occurred is not know. Gerry Buckley will take the matter up with Loeda Stango.

The well hook up is started with completion expected by the end of the month.

The cart return sign at the Club House to direct players to the left around the Club House has not gone up yet. The staff will work to get it done.

GOLF PRO's REPORT

Art Whaley reported that October greens fees and cart revenue for the period in 2009 was \$14,100 and \$ 17,500 for 2010. The Pro Shop revenue was up as well by about \$200. All good news.

The Marketing Committee met and recommended that a \$100 gift certificate be offered to any member that brings in a new member in 2011. The Board approved the recommendation.

The Marketing Committee also recommended a new combined ad for Fall play – \$79.00 + cart fee for unlimited play for 1 month during November through February; the customer picks the month and pays up front. The second part of the ad recommended a local rate of \$29.00, including cart during November through February. The Board approved this combined ad after adjusting the Committee's recommendation for the one month of unlimited play to the figures shown above.

Art noted that on Columbus weekend there were 200+ rounds of golf played, but Birdies wasn't open. It might have presented an opportunity to sell off and reduce remaining inventory. Consideration will be given to the matter next year.

The Pro Shop e-mail list for e-mail blasts is being built. Bob Adams is entering the names into the master list. The list needs to grow to make it viable and consideration is being given to incentives for customers to leave their e-mail address. A drawing for a gift certificate will be considered. The first blast will go out soon.

FINANCIALS

Chuck Gularson reported that the Water Agreement with Topsail Village was finalized. It becomes effective as soon as the \$ 5000 contribution for the new Golf Course well is received. Under the agreement, Topsail Village will purchase irrigation water from the Golf Course for ten years at a 40% discount off the Bethany Beach published water rates. The invoice will be prepared in November each year, with payment due by year end.

Chuck Gularson reported revenue through September was \$634,071.30 against a budget of \$684,750.00, or \$50,687.70 behind. This represented reduction of the revenue shortfall by \$1302.43, some good news due to better weather in September and increased rounds played. Membership revenue and cart fee are still down significantly for the year. YTD expenses are \$572,185.57 compared to a budget of \$578,289.00, \$6,103.43 better than plan. Net income is \$63,060.27, compared to a \$108,816.00 budget.

The Club Balance sheet YTD shows cash and money market accounts totaling \$598,974.63, a reduction of \$53,875.95 from last month. Current liabilities equal \$46,946.96, also down from last month.

Chuck also took the Board an explanation of the depreciation calculations for book and tax purposes. The tax return depreciation will usually be higher because a different method

(double declining balance) is used for tax purposes. This is why available depreciation falls off more quickly for tax purposes. If no other assets were purchased from 2010 forward, using accumulated depreciation currently on the books, the Club would have sufficient depreciation available through 2013 before it would have to use accumulated tax loss carry forward to reduce taxable income.

The Board, however, reviewed its capital spending plans through 2016 (which includes \$30,000 as the TSPGCO contribution for roads) to assure that long term depreciation will be adequate. YTD, approximately \$50,000 has been spent on capital items and another \$50,000 will likely be spent before year end on the current plan. Chuck will be visiting with the auditors to determine if the irrigation well expenses incurred this summer can be capitalized rather than expensed. Additional follow-up will be needed on the new capital plan.

Wendy noted that, there will be no check signers available to sign pay checks for the next pay period. The Board approved authority for Wendy to sign the checks and to keep a record of what was done.

OLD BUSINESS

APPRECIATION PICNIC

The staff and volunteer picnic was held Saturday, Oct.9. The event cost \$318.00

GENERAL MATTERS

Bill Kester congratulated Bruce and his staff for the condition of the course, even though Bruce has been operating with reduced staff. It's in better condition than many of the courses in the area. The course responded well after the seasonal aeration. The soil pH is in balance and this helped the recovery.

The estimated cost for the revisions on the tee box on Hole 5 will be about \$4000.

Pro Shop supplies of Lance crackers and snacks will be purchased through sales at Harris Teeter and other area markets.

NEW BUSINESS

2011 PROPOSED BUDGET

Chuck passed out the proposed 2011 operation budget and capital spending plan. This will be taken up at a future Board meeting for review and adoption.

ADJOURNMENT

The meeting was adjourned at 1:30 pm.

Respectfully submitted,

J. Kennedy

Secretary