

THE SALT POND GOLF CLUB OPERATIONS, INC.
SPECIAL MEETING OF THE BOARD OF DIRECTORS
October 19, 2010

The Special meeting was called to order by President Bill Kester at 4:30 pm in the Salt Pond Community Center.

Attendees:

Board Members present: W. Kester, M. Sewald, C. Gularson, R Crawford and J. Kennedy.
Also present: Gerry Buckley, SPHA President

**THE PURPOSE OF THIS MEETING IS TO CONSIDER AND ADOPT THE
CAPITAL IMPROVEMENT PLAN FOR TSPGCO FOR THE YEARS 2010 – 2016**

Wendy Parker presented her position on the booking of the well motor replacement cost in a memo to Gerry Buckley that was shared with the Board. In her opinion, the cost must be expensed on the Company's books.

Chuck Gularson related his conversation with the Company's auditor regarding the question of whether the \$12,000 expenditure for the irrigation pump motors could be properly capitalized on the books of the Company. In summary, the auditors opinion was that the most conservative approach would be to expense the total cost, however, because the motor is such a high percentage of the total motor/pump combination needed for operation of each well, that the amount spent to replace the motors could be capitalized, but on a short depreciation schedule of say 3-5 years, if approved by the Board.

The Board also discussed the amount of the contribution the Company would make to the SPHA as its part of the road repaving project. The \$30,000 amount was generated by calculating the square footage of the SPHA roads that directly feed the Golf Course operation times the estimated cost of the project per square foot. There was further discussion about whether a larger amount should be contributed and the Board agreed, that the Course capital funds needs to spend on matters directly related to the Golf Course operation.

REFORMING THE BOARD IN JANUARY

Chuck, also indicated he had further thoughts on the realignment of the Company's Board beginning in January since the Board's Executive session on the subject on Oct. 15. He proposed that Bill Kester resign as President and as a Board member effective Jan 1, but remain as a non-voting, ex-officio member. Fred Chiccone would be appointed to fill out his term thru June and assist Chuck Gularson as Treasurer. Jim Kennedy would be elected President and Max Sewald would become Secretary. There was no consensus.

The Board also discussed the idea of sending all SPHA Board members copies of the future minutes for their information, to avoid speculation by the SPHA Board as to actions undertaken by the TSPGCO Board. The Board agreed that future copies of the Company minutes will be sent to the SPHA Board after the minutes are finalized.

The meeting concluded with the unanimous adoption of the following resolution:

Resolved:

- a) Since the well pump motor replacement cost of \$12,000 is over 50% of the of an entire new pump and motor combination for the irrigation wells, and further, because the Company's outside auditors, after consultation, have indicated that this cost could be capitalized rather than expensed, the Board directs the pump replacement cost of be capitalized on the financial books of the Company; and
- b) The 2010 – 2016 Golf Club Capital Improvement Plan presented and discussed at the October meeting of the Board is adopted as presented, including an expenditure of \$30,000 for the SPHA road repair project in 2011. A copy of the Plan is attached.

ADJOURNMENT

The meeting was adjourned at 5:30 pm.

Respectfully submitted,

J. Kennedy
Secretary