

THE SALT POND GOLF COURSE OPERATIONS, INC.
BOARD OF DIRECTORS MEETING
November 21, 2008

The meeting was called to order by President W. Kester at 12:32 pm in the Community Center.

Attendees:

Board Members present: W. Kester, C. Gularson and J. Kennedy
Officers present: R. Crawford, Max Sewald
Also present: Bruce DeForest, Superintendent, Art Whaley, Head Golf Pro.,
Wendy Parker, TSPGCO Finance Manager and Gerry Buckley, President, SPHA
Homeowner's present: Fred Chiccone, Pres. TopSail Homeowner's Assn.

Acceptance of the Prior Minutes: The Minutes of the October 17 Board Meeting were approved.

Superintendent's Report

Bruce DeForest opened his report by seeking guidance on the wording for the safety signs to be installed on golf course cart paths to warn about the dangers of walking on the paths during normal golf course hours. The Board approved signs saying "For Your Safety, We Recommend No Walking, Jogging, Biking.... During Normal Golfing Hours"

It was reported that there were no smoke detectors in the Pro Shop, Snack Bar or Learning Center. Golf Course personnel will order the smoke detectors and install them as soon as they come in.

Bruce noted that the port-o-john on Hole 14 has drawn comments over the years and he offered a possible solution for the future. The new structure, if installed, would be a self contained fixed structure bio unit. He did not have any cost data, but intended to follow up and offer the structure for future consideration.

The netting for the SkipJack Homeowner's Assn. is planned to be installed on Tuesday, November 25. The surplus netting had previously been offered by TSPGCO and accepted by SJHA to reduce the incidence of stray golf balls hitting the building next to the beige tee box.

Bruce reported that a new rough cutter unit for cutting tall grass was budgeted for '09, but he is changing his mind about the size of the unit. He now believes we will be better off with a smaller machine and then buying a spray unit for the same budget amount. He also noted that he is working on a swap of an aerator for the Jacobson 511 rough cutter. He will also look into selling the snow plow since we no longer have a truck large enough to mount it on.

Bruce also reported that he and Jim Kennedy met with our Worker's Comp. carrier represented and guided him through the open recommendations, including the installation of a eye wash in the golf cart battery charging area and a flammable product cabinet in the shop and produced a copy of the Employee Hand Book. He assured them that everything was now in order.

Bruce was complemented on the clean up on Hole 16. It looks great.

GOLF PRO'S REPORT

Art reported that women members had requested that the course obtain a membership in the Delaware Women's Golf Association. The application fee is \$100.00 plus \$25.00 per person. This will permit our women golfers to play at other Assn. courses at a reduced fee. Art commented that he was not sure the Salt Pond can qualify because it is an executive length course, but he will explore the membership requirements and report back.

He reported that the Marketing Committee had met on Nov. 13 and formulated a number of recommendations including, the mailing of membership letters in January, timing and location of ads and placement of the rate cards and membership brochures. The Committee made two specific recommendations for formal approval. The first was a program for existing members to receive a \$100 gift certificate if the member brings in a new member. This proposal was unanimously approved by the Board. The second proposal was to have special events such as a "star spangled day" periodically for fire fighters, policeman, National Guard members, etc., at a reduced rate. This proposal was also unanimously approved by the Board.

The rates for 2009 were revised slightly by the Marketing Committee, and the rates were approved as represented.

Art noted that an effort is being made to develop an up-to-date e-mail list for the golf course membership.

Board members suggested that Art consider a Christmas sale in the Pro Shop and that we all encourage gift certificate holders (approx. \$3000 are outstanding) to use them before yearend. Art will begin calling those with outstanding certificates asking them to redeem them before Jan.1. He was also asked to put together a recommendation for additional tournaments for next year.

FINANCIALS

Chuck Gularson reported that operating revenue for October was \$30,871.60, approximately \$5478.40 behind budget. YTD, total revenue was \$735,256.95, compared to a \$756,920.00 budget.

Net income for the month was a loss of \$39,693.29. YTD, income was a positive \$61,499.25. Cash flow is still positive at \$124,412.25 YTD. To assure that there will be enough cash to carry the operation through yearend and into the spring of 2009, Chuck recommended that all unnecessary spending be curtailed. The Board agreed and ordered all expenses through yearend be curtailed.

Current assets total \$735,460.05, of which \$535,000.00 is invested in laddered CD's. Total cash in the money market, petty cash and checking accounts is \$200,460.05. The balance due on the loan to purchase the golf course (not due until January 2010) is \$694,260.27, so nearly all of the last note payment is currently in the bank before the second and third assessment installments are paid.

Of the 133 installment payments due on the 2008 installment of the golf course special assessment, 96 homeowners have already paid \$179,000. 38 homeowners still have to make payments by the end of December.

HOMEOWNER'S FORUM

Fred Chiccone raised a question about a special membership rate for owners and a special rate for part-time residents. Bill Kester said there has been no consideration of the special rate for homeowners up to now. He also said that while a special rate for part-time residents has been discussed it is not being pursued at this time. However, what has been initiated is that all Salt Pond owners do get the benefit of the locals' rate now (even if the owners live out of town), and a special rate for a trial membership is in place and might be expanded, and the Salt Pond owners can bring out of town guests to play at local rates.

OLD BUSINESS

SNACK BAR OPERATION

Chuck provided an analysis of the Snack Bar operation for 2008. Liquor revenue was \$ 1422.00 for the partial year the liquor license was in place. Expenses and payroll amounted to \$2425.24 for a net loss of \$1003.24 to the Salt Pond.

Net profit for the food portion of the Snack Bar operation was \$ 9,134.79 all of which the Salt Pond Golf Club Board agreed could be retained by Luna Tuna, the operator. Diane Turner claims she still did not make the amount of profit she anticipated. While the original TSPGCO budget was to have a small profit for the year, which did not happen. It turned out that the arrangement was not a good deal for either side. Bill and Chuck stated that the operation could be changed next year to be profitable for the Salt Pond and financially good for the operator.

Looking ahead to operation in 2009, another vendor has come forward and expressed interest in operating the snack bar next year. Karen McIntyre has experience operating the Sea Colony snack bar and has indicated she would offer a different menu if she were

operating Birdies. Board members will meet with her on Dec. 9 to determine if her services would work in our situation.

SALT PONDA PLAZA UPDATE

The storm water discharge easements have been finalized. SPHA is waiting for corrections and/or additions to the exhibits attached to the easements.

SNACK BAR PAINTING

Dick Crawford reported that the painters will be back to finish the Snack Bar and Learning Center painting as soon as weather permits.

NEW BUSINESS

MEETING WITH PKS

Chuck reported on the meeting he and Jim Kennedy had with the company's accounting firm, PKS. There was a detailed discussion of the recommended method for transferring golf course assets from SPHA to TSPGCO. It was recommended that SPHA retain the land and lease it back to the golf course along with the Pro Shop. All the other operating assets would be contributed to TSPGCO by SPHA as additional paid in capital. The documentation to complete these transactions will be prepared and presented to the SPHA Board for approval and implementation.

PEPSI/COKE CONTRACT STUDY

Max Sewald reported he has made contact with representatives of both companies and representatives will meet with him here to review a possible contract. The winning bid will be based on price and a commitment to keep vending machines stocked and operating.

ADJOURNMENT

The meeting was adjourned at 1:50 pm.

Respectfully submitted,

J. Kennedy
Secretary