

SALT POND GOLF COURSE OPERATIONS, INC.
BOARD OF DIRECTORS MEETING
November 20, 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

Acceptance of the Prior Minutes

The Minutes of the October 16, Meeting of the Board were approved.

Superintendent's Report

Bruce DeForest reported that the storm damage from the recent Nor'easter was minimal. The course lost some trees, some minor damage at the Learning Center with mold on the matting and some netting panels on the hitting range will have to be replaced. The mat cleaning in the Learning Center is out for bids.

Gerry Buckley noted that there was tree damage at the Beach Area. Two trees came down on the kayak racks damaging the rack. Gerry asked that the trees be taken down. Because this is within the Conservation Easement, Chris Brown of Ponds and Wetlands will be asked to assist with the marking of the trees that are to be cut before the cutting takes place. Bruce agreed that his staff will cut and clear the area after Brown marks the appropriate trees.

Bill reported that a homeowner in Topsail Village questioned cutting grass on the 15th Hole within the Conservation Easement area. Apparently she would like less grass cut. Again Chris Brown will be asked to look at the area in question and offer his opinion as to what can be done.

The Hole 5 drainage problem remains unresolved. The Salt Pond Plaza contractor was planning to complete the work after the storm, but the ground continues to be too wet for the heavy equipment required.

Likewise, the electric hookup for the sign at the entrance of Cedar Neck Road and Bethany Loop has not been completed. The SPP contractor is aware of it.

GOLF PRO's REPORT

Art Whaley reported that revenue as of November 19 was approximately \$6100 against a budget for the month of \$9800. The Nor'easter reduced revenue by an estimated \$1500. Hopefully the Thanksgiving weekend will close the gap.

The Lance cracker products will no longer be delivered to the Pro Shop. They can be ordered on-line or purchased at BJ's. It will be cheaper to buy them thru BJ's.

Art has heard that Nutter's Crossing, Beach Club and OC Yacht Club will close for the winter till March. There may be others. Art will keep tabs on it. The Salt Pond will remain open and hopefully pick up some play that would have gone to other courses.

The proposed 2010 rate schedule was presented for review. The proposal will be studied further at the next Board meeting.

The Marketing Committee will meet in early December to plan advertising strategy for 2010.

Art requested more out of bounds stakes for holes 7, 8 and 10. Bruce will take care of them in due course. Jim Kennedy suggested "mandatory cart path only" signs for all holes to help keep carts off the course. Bruce will investigate.

It was noted again that SPHA will charge TSPGCO a fee of \$50 use and cleanup of the SPHA Club House for small tournaments. TSPGCO will be responsible for the set up and cleanup in such cases.

Dick Crawford reported that the VFW is planning a Spring tournament likely to be held at the Salt Pond. Art will follow-up with the VFW coordinator to assist with the preparations. The VFW golf group was invited to play in the Jack Tighe group on Fridays if they so choose.

FINANCIALS

YTD operating revenues through October were \$688,485, or \$26,625 behind budget. Total income YTD is \$700,287, \$40,872 behind budget. YTD expenses through the same period were \$608,842, or \$42,970 behind the budget. Therefore, Earnings before taxes YTD are \$91,445, \$2099 better than budget.

The October income variance was \$4,957 behind budget, driven largely by the YTD shortfall in green and cart fees. However, expenses for October were also behind budget, \$9,319, so income for the month was \$4,973.

Cash on hand through October is \$641,728. The final payment on the golf club purchase is \$200,000 plus interest. That final payment will be made in December.

Wendy reported that 19 homeowners are past due on the final golf course assessment payment that was due Nov. 11. \$40,975 is in arrears. The second notice letters will go out on Dec 5, the end of the 30 day grace period.

The proposed 2010 budget will be presented to the Board at the December meeting.

OLD BUSINESS

SNACK BAR OPERATION

Payments due from MAC Catering to the Golf Course amounting to \$3982.81 continues unpaid. The matter is in the hands of the TSPGCO lawyer for collection. MAC Catering has also engaged a lawyer and is disputing the business arrangement and proposes resolve the matter by both sides walking away from the balance due. The lawyers letter has been referred to the TSPGCO lawyer. The Board recommend to the SPHA Board that MAC Catering be barred from further use of the Salt Pond facilities.

FINAL PAYMENT ON THE GOLF COURSE PURCHASE NOTE

Bob Valihura continues to follow-up with Sussex County regarding its refusal to change the name of the owner until a new plat of the Salt Pond golf course is filed. Bob recommends that the final payment not be made until this matter has been successfully concluded. It is the Board's hope to close the purchase with the final payment in December.

CAPITAL EXPENDITURES

The Board discussed whether it makes sense to continue to refresh the golf cart fleet 10 per year or to lease a new fleet of 30 carts for 3-5 years. Leasing the fleet would conserve cash but adversely impact the P/L. After discussion, it was decided that until the Board has more experience running the business, this subject will be tabled until next year at the earliest. The plan for 2010 is to acquire 10 used carts will continue as approved.

The plan to install a concrete wash pad for washing equipment is underway. Bruce is collecting bids. Inquiry will be made to see if the price of the concrete pour will be affected by the time of the year. In other words, it may be better to wait for warmer weather.

EMPLOYEE PERFORMANCE

Art reported the he has spoken to all his counter employees about performance overall and, in particular, telephone answering procedures. Starting in March he will hold weekly meetings to review and reinforce performance matters such as familiarity with proper fees and telephone procedures.

Art was also reminded that he was to prepare a one page summary sheet of all applicable golf related fees for the entire year.

NEW BUSINESS

GOLF COURSE DUMPSTER CONTRACT

Moor Disposal holds the current contract for the GC dumpster. SPHA is seeking bids for renewal service and it appears that the GC dumpster could be included at a reduced price. The Moor contract requires 60 days advance notice of cancellation. Mary Davis is coordinating and will be requested to include the GC dumpster contract in the new proposal.

BIRD BANGER

A complaint was received from a Salt Pond homeowner about the banger noise. It has proven to be an effective goose control measure and the Board agreed its use should be continued with notice to the community that it is in use.

BANK FEES

Wendy reported that the PNC Bank fees are a continued drain on the operations resources. She recently met with an account rep from PNC to discuss this. It turns out that PNC is ready to launch a small business sweep account that will reduce overall costs. TSPGCO will participate when the account is launched.

ADJOURNMENT

The meeting was adjourned at 1:35 pm.

Respectfully submitted,

J. Kennedy
Secretary