

SALT POND GOLF COURSE OPERATIONS, INC.
BOARD OF DIRECTORS MEETING
December 18, 2009

he 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, M. Sewald, 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 November 20, Meeting of the Board were approved.

Superintendent's Report

Bruce DeForest thanked the Board for payment of his 2009 contractual bonus and for the gift cards to his staff.

The maintenance staff completed the cutting and chipping of damaged trees at the Salt Pond Beach Area which resulted from wind and water during one of the several Nor'easters this fall.

With the Board's approval, Bruce is ready to repair the bridge near Hole 10 before the end of the year. The Board unanimously approved the project.

The Hole 5 drainage problem remains unresolved, as does the electric for the sign at Central Ave. The Salt Pond Plaza contractor was planning to complete the Hole 5 work after the storm, but the ground continued to be too wet for the heavy equipment required. The Salt Pond Plaza Committee has been advised and the contractor will have to come back when the ground is not so wet. The electric supply problem will also have to be corrected. Bill Kester noted that the person in charge of seeing that all work is done was under the impression that the work had been completed.

Bruce also reported that seven of the oldest carts have been sold with the potential for the sale of several more. Some were sold with batteries and some without. The goal is to sell a total of 15. There is a better return to the golf club when carts are sold with batteries so they strive to sell them that way wherever possible.

As previously authorized, Bruce will purchase eleven used carts as soon as they become available. These will be 2008 models and will be green in color.

GOLF PRO's REPORT

Art Whaley also thanked the Board for his contractual bonus and the counter employee's gift cards.

The Delaware Women's Golf Association dues for 2010 of \$100 were approved for payment by the Board.

In an effort to increase tournament play at Salt Pond, among other efforts, Art will contact Paul Stutts to see if he can induce him to move his church related tournament from Cripple Creek to the Salt Pond. It's a nine hole tournament usually run in August.

The Marketing Committee met in December to plan advertising strategy for 2010. They are examining the rates for the Beachcomber weekly newspaper to get more Ocean City exposure. In Sussex they agreed to continue ads in the Coastal Point. Those ads will include a 10% of coupon for a round of golf. The hotel key card ad did not generate enough return to warrant renewing it for 2010. That program will run through May under the '09 ad buy. This will free up about \$3500 for other ad buys for 2010.

A general membership letter will be prepared for delivery in January. Additionally, a more personal letter will go out the 2009 members to ask them to re-join in 2010. In a further effort to gain new members, an e-mail blast will go out to those who have played in the past asking them to become members as well.

The 2010 rate schedule was discussed again and approved with the changes presented by Art to the Board. Member rates for 2010 will remain the same as approved by the Board.

FINANCIALS

YTD operating revenues through November were \$697,325 and other income was \$12,134 for total YTD income through November of \$709,459. YTD expenses through the same period were \$650,047 for a total YTD Earnings before taxes through November of \$59,385. When the December budget is added to the November YTD figures, the projected year end income would be \$717,428, or \$37,297 behind budget. Total projected year end expenses would be \$698,217, or \$52,663 behind the budget. In summary, projected Earnings before taxes would be \$19,114 or \$15,366 better than budget.

However, as of year end, Chuck projected that the yearend profit before tax will be around \$3,000 compared to the original budget of \$3,800. We will need some decent weather through yearend to meet these numbers.

Cash on hand through October is \$713,345. The final payment on the golf club purchase of \$200,000 plus interest will be made in December.

Wendy reported that 15 homeowners are still past due on the final golf course assessment payment due Nov. 11. The second notice letters went out and anyone who has not paid by year end will be turned over for collection.

The proposed 2010 budget was approved unanimously by the Board with a recommendation that the SPHA Board approve it as well. Total income is planned to be \$732,420. Total expenses will be set at \$723,319 with a before tax profit goal of \$9,101.

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 resolving the matter by both sides walking away from the balance due. The lawyer's letter has been referred to the TSPGCO lawyer. The Board recommends to the SPHA Board that MAC Catering be barred from further use of the Salt Pond facilities.

WATER BILLINGS FOR 2010

Water is supplied from the TSPGCO well to SPHA and some of the Villages for irrigation purposes. Under the 2010 water supply rate schedule adopted by the Board, the Villages will be billed at a 10% discount to the Bethany Beach water rates and SPHA will be billed at a 40% discount.

NEW BUSINESS

GOLF COURSE DUMPSTER CONTRACT

Moor Disposal holds the current contract for the GC dumpster. SPHA sought bids for renewal service and it appears that the GC dumpster could be included reducing the cost from \$220 per month to \$120 per month. The Board approved the switch in trash haulers, effective Jan. 1.

BIRDIES OPERATION FOR 2010

The Board reviewed the lack of operational performance of the snack bar for the past two seasons and concluded that operating through a contractor is unsatisfactory. In 2010 the Board agreed to operate the snack shop with its own employees, keeping the menu simple and limited. At least an on-site manager will be required to be on duty during normal operating hours. Other employees will also be needed to support the operation during the season.

Resumes will be sought from interested persons and will be sent to Art for review. To generate interest Art will prepare an article for the January SPHA Newsletter outlining the duties. Dick Crawford will act as Board liaison. The approved rates for the Manager are \$10 per hour and staff at \$7.50 per hour. Operating hours will be 8-5 daily. A beverage cart person will also be sought.

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. In Wendy's opinion the fees are still too high. She will canvass other banks to determine if cheaper rates are available.

AUDITORS FOR 2010

Chuck reported that he has solicited bids from three auditing companies for the 2010 audit of the golf club books and a review of the SHPA books. PKS, the past auditor, bid \$8000; Somber & Associates bid \$3000 for the golf club and \$3000 for SPHA; and Jefferson bid \$10,000. He was confident all three are highly qualified, but on the basis of the bids, he recommended engaging Somber & Associates for the work. The recommendation was unanimously approved. Chuck will recommend that the SPHA Board also approve this engagement.

ADJOURNMENT

The meeting was adjourned at 1:35 pm.

Respectfully submitted,

J. Kennedy
Secretary