

THE SALT POND GOLF COURSE OPERATIONS, INC.  
BOARD OF DIRECTORS MEETING  
December 19, 2008

The meeting was called to order by President W. Kester at 12:30 pm in the Community Center.

**Attendees:**

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

**Acceptance of the Prior Minutes**

The Minutes of the November 21 Board Meeting were approved.

**Superintendent's Report**

Bruce DeForest opened his report by thanking the Board on behalf of all the Golf Course employees for the yearend distribution of cash bonuses or gift cards.

He also noted that the safety signs for golf course cart paths to warn about the dangers of walking on the paths during normal golf course hours have been ordered.

Bruce discussed the Envirotech pond maintenance proposal for the Hole 18 pond, looking at the general provisions and the provisions for the application of chemicals as part of the pond maintenance program. Bruce believes that his team can handle some of the general work and he was to contact Envirotech directly to discuss the work proposal and to see if some of the cost for the proposal can be reduced. Additionally, he reported that the safe landing area for Hole 18 can be seen from the tee box. More of the surrounding brush on the hole will be cleaned up, but rain has slowed the work.

The bridges on Holes 5 and 6 have been re-decked. Asphalt patching leading to the decks will be added in the spring.

Annual golf cart repair is well underway. Half of the 54 carts are done. More batteries than usual are being replaced due to their age. The cost is approximately \$600 per cart to replace all six batteries. We will not know till the maintenance is complete whether or not any new carts will have to be procured.

Bruce also noted that the Hole 16 clearing is complete and the contiguous homeowner has paid for the work; the Snack Bar and Learning Center painting is complete; the clearing of the dead trees on Hole 5 is complete.

New greens flags are needed and the Board approved the design recommended by Bruce which includes a blue/green boarder on a white background with the Salt Pond logo in the middle.

The new well scheduled for drilling in 2009 will have to be relocated, according to Bruce because the proposed location is actually on private property.

Bruce met with the Ponds and Wetlands Committee representatives to see how they might cooperate for the cleanup of the Salt Pond beach area. As a result it was determined that golf course employees will be able to do the cleanup work and plan to start early in the new year.

### **GOLF PRO's REPORT**

Art also thanked the Board for the yearend bonus.

He noted that the 2008 volunteers who helped with golf course activities made a real difference in its operation and are to be congratulated.

He reported that the Marketing Committee had met on Dec. 5 and agreed on a letter to the membership and discussed a possible 10 round package deal for homeowners.

Art is also looking at establishing a women's golf committee to plan tournaments. The first tournament might be a ladies invitational tournament that Marilyn Adams is interested in coordinating. The Delaware Women's Golf Association (DWGA) application is being pursued.

Art reported that he and Max Sewald have met with the Coke and Pepsi marketing people to determine which company will offer the best deal for soft drinks for the coming year. Max will discuss the details later in the meeting.

The marketing plan for '09 is being developed. A new National Guard tournament will be held in April.

As an additional idea, Chuck Gularson proposed two free rounds of golf for Salt Pond Homeowner's or any member of their family as long as the homeowner is not delinquent on any current assessments. The rounds could be used only during the period January through March or September 15 to December 31. Art supported the idea. After discussion, on motion made by Chuck to adopt the proposal, seconded by Dick Crawford, The motion was unanimously approved by the Board.

Max proposed exploring a partial membership for people who don't want a full membership as part of the round of ten plays. This will be explored.

## **FINANCIALS**

Chuck Gularson reported that projected year end operating revenue was expected to be approximately \$783,557. This includes a one-time \$32,000 paid by SPA at closing. Total expenses are expected at \$780,830, yielding an operating profit of \$2727. Adding in depreciation the cash flow will be positive at \$68,325. These projections assume that December will come in on budget or close to it.

In 2009, lower expenses are expected to just about offset the \$32,000 income of 2008.

As of the November 30, there are \$535,000 in CD's, \$249,000 in the money market and \$53,000 in the checking account. The total is \$838,000. The final payment owed to SPA is \$699,000. Based on these numbers, Chuck proposed making another \$100,000 payment toward the principle owed, plus \$9,000 in up-to-date interest for a total of \$109,000. After discussion, on motion made by Chuck and seconded by Jim Kennedy, the Board unanimously approved the motion.

Chuck reviewed the proposed 2009 budget, noting the income is projected to be \$754,723, expenses of \$751,109 for income of \$3413. Depreciation is projected at \$70,200, yielding a positive cash flow of \$73,200.

Commenting on these projections, Chuck said while we may add some membership growth and a growth in tournament income and perhaps some increase in merchandise sales, it is not likely we can squeeze much more income out of the golf course operation.

After discussion of the budget, Chuck moved and Max seconded the adoption of the 2009 Budget as presented. He also noted the budget proposal does not include a provision for the pond 18 maintenance, but it can be included with minimal impact on the bottom line. At Board unanimously approved the budget.

## **OLD BUSINESS**

### **SNACK BAR OPERATION**

Bill reported that he has had e-mail communication with Karen McIntire regarding the contract for next year. He will circulate the contract draft when he receives it.

### **SALT PONDA PLAZA UPDATE**

The storm water discharge easements have been finalized and are awaiting signature.

## **COKE/PEPSI CONTRACT STUDY**

Max Sewald gave the details of the meetings with the marketing people at Coke and Pepsi regarding a new contract. While both companies offered rebates, but Coke offered the best at \$2500 per year for a 3-5 year contract. The rebate includes \$1000 of free product and \$1500 in cash. Max recommended that we take the free product in water (est. 92 cases or 2200 bottles) and when sold at \$1.50 per bottle the profit would be \$3300 per year. There additional discounts for the CO2 canisters, cups and bags used in the Snack Bar and the product to be stocked in the vending machines. The price break applies at a minimum order quantity of 10 cases with greater discounts above that. The next overall price increase would come in Feb '09, but stable for the year. Additionally, Coke will replace the two vending machines at the pool with new machines and the soda fountain in the Snack Bar.

Coke will also supply banners, signs and sponsor some tournaments with free product.

After discussion, Chuck moved and Bill seconded that the coke offer be accepted. The motion was unanimously approved.

## **GOLF COURSE ASSESSMENT COLLECTION EFFORT UPDATE**

Jim Kennedy reported that the lien on the single delinquent payor of the golf course assessment has been filed. Collection efforts will commence later.

Chuck reported that for the next installment that was due this month, 16 homeowners were delinquent. Notice of default letters will be sent later this week notifying owners of the imposition of the applicable penalty and accelerating the entire amount due.

## **VFW GOLF**

Bill reported that a effort is being made to move the VFW golf play from the current Monday to possibly Thursday. It means getting the women or the couples golf play to move to another day. Bill is gathering feedback, but so far it appears that the couple's golf group would be willing to move.

## **NEW BUSINESS**

### **BID TO REPAIR THE CART BARN WALL**

The cart barn wall is in need of repair, but after discussion it was determined the wall repair is not critical and it can be differed.

### **EXPANSION OF THE BOARD FROM THREE TO FIVE**

After nearly one year of operation, Bill Kester recommended that the TSPGCO Board be increased from 3 to 5 to broaden out the participation. The Company Bylaws permit the Directors to amend the Bylaws at any time with the consent of the sole shareholder, Salt Pond Homeowner's Association. Bill explained that when the original company was set up, the number of directors was set at three for the sake of expediency to get the company organized and operating. The plan then was to expand the Board later. Bill believes the time is right to do that. The following motion was made by Chuck and seconded by Bill:

Resolved, that the Board of Directors of The Salt Pond Golf Course Operations, Inc. be increased from three to five, effective January 1, 2009, upon the approval of the sole shareholder, Salt Pond Homeowner's Association, Inc.

After discussion, the resolution was unanimously approved. The recommendation was to be presented to the Salt Pond Homeowner's Board at its meeting immediately following this meeting for concurrence. The recommendation includes appointing the current non board officers, Dick Crawford and Max Sewald, to fill the two new Board positions.

### **RANGER PROGRAM**

Dick Crawford recommended taking a fresh look at the entire ranger program for 2008 to see what worked and what didn't to suggest improvements for '09. The Board agreed.

## **ADJOURNMENT**

The meeting was adjourned at 1:55 pm.

Respectfully submitted,

J. Kennedy  
Secretary