



OCEAN PINES ASSOCIATION, INC.
BOARD OF DIRECTORS' SPECIAL MEETING
Tuesday, January 27, 2015
9:00 AM, Country Club

PRESENT: Dave Stevens, Jack Collins, Marty Clarke, Pat Renaud, Tom Terry, Sharyn O'Hare and Bill Cordwell.

ALSO PRESENT: Bob Thompson, Art Carmine, Teresa Travatello and Michelle Bennett, 2 members of the press and 3 Association members.

Call to Order – Dave Stevens called the meeting to order at 9:10 am with the Pledge of Allegiance.

Mr. Thompson handed out the budget books to the Board; he stated this year's B&F budget sessions went well; Mr. Carmine handed out summary pages to add to their books.

Budget Book Review, cont'd:

Tab 21- Yacht Club

Mr. Clarke asked about the increase in payroll. Mr. Thompson answered the increased business will result in increased payroll, but we are trying to dial the number down; a larger facility, learning curve with being in the new building. Mr. Carmine explained the payroll costs and full time employees. Mr. Collins asked Mr. Thompson and Mr. Carmine if they had to cut this budget again would it be the restaurant or banquet side. Mr. Thompson & Mr. Carmine replied restaurant but they have cut this twice already. Mr. Thompson said the goal this year is to bring the payroll costs down to 37-38%; better training is one way to do that. We didn't have time last year for proper training or organization because the building was finished just in time for the Memorial Day opening. Mr. Stevens said if we are more efficient, etc, why are we adding employees. Mr. Thompson stated with the amount of banquet bookings so far he feels it is justified. Mr. Collins asked how many employees are returning and where are we with replacing the manager. Mr. Thompson answered there is no way to know which / if any employees will come back given the seasonality of the business; he was hoping Lynda would stay on as manager but he doesn't believe she will; she will help with hiring the new manager. Mr. Stevens believes this is a very shaky budget; even with hiring an experienced manager, they won't be experienced with our Yacht Club. Mr. Thompson said Chef Tim is now in his second year and is the senior management position for the back of the house. Mr. Clarke believes our wait staff is grossly overpaid; they are overpaid hourly but lowest compensated via tips. Mr. Terry said the budget doesn't control tips but if we lessen their hourly pay we most definitely will lose them to other restaurants. Mr. Terry said if 15 more employees are needed then it is

what it is. Mr. Cordwell said you cannot run a good establishment with fewer employees. Mr. Renaud said he had been to the YC and seen too many employees but last Sunday noted considerably less employees. Mr. Collins asked should we close the club for certain periods of the year to create a greater efficiency. Ms. O'Hare does not believe closing is the answer. Mr. Collins asked if the propane number takes into consideration of the current environment of gas prices. Mr. Thompson answered yes it does. Mr. Collins asked if there is potential savings in electric by talking to supplier about buying/selling energy by installing solar panels. Mr. Thompson stated they have looked into that. Mr. Terry asked about renting parking spaces from Pines Point Marina to increase the number of tables at the Yacht Club. Dennis Hudson spoke to Marlene Ott, the County may open to that; he believes Mr. Thompson is stuck with having to provide standard service but we need to raise the revenues. Mr. Stevens believes we have to cut expenses to meet revenues. Mr. Terry stated we are subsidizing the YC at \$1-\$2 per month per property owner, it is an amenity. Mr. Stevens never had a problem subsidizing amenities but should not be open ended. Mr. Renaud believes inconsistent food quality results from not enough help. Ms. O'Hare asked about the baby changing tables, the sound deafening issues upstairs, an additional fire pit, ceiling fans for outside and sports package for TV. Mr. Thompson answered; those were not included as the budget is already strained. She would also like to see more wooden chairs around the fire pit. Joe Reynolds commented this is the same situation we've had for years, we don't know how to run this facility. Mr. Clarke believes a Board voted to be a smoke free campus. That Board included John McLaughlin. Mr. Thompson will research that. Mr. Stevens asked if the hurricane shutters were included in the construction costs. Mr. Thompson answered no. Mr. Collins asked the difference between an outside service bar and the Tiki Bar. Mr. Thompson believes an outside service bar would be the most efficient to service Staff only. Mr. Terry believes the fans would help with the fly issue we had last year; also believes another fire pit should also be included, fans would be #1 priority, the fire pit #2. Ms. O'Hare also believes the big screen TV should be a priority. Mr. Cordwell stated the NFL Sports package was approx \$7500 last year. Mr. Terry would like to see the fans, fire pit and TV added back into budget. Mr. Stevens said add fans to the budget as well as fire pit; Mr. Thompson should just get the TV. Ms. O'Hare asked about the sound issues upstairs.

Tab 22- Marinas

Mr. Terry asked if there was money included to jumpstart the new Harbor Master location. Mr. Thompson replied yes. Mr. Stevens asked how many slips were vacant this past year. Mr. Thompson answered 8 or 9, 6 of which were purposely left open for YC customers. Mr. Stevens asked how long we have had open slips. Mr. Thompson and Mr. Carmine answered about 3 years; but they expect all to be rented this year. Mr. Clarke asked about the payroll increase. Mr. Carmine said last year there were some issues, we were closed off and on, this year we would not have those issues. Mr. Collins asked about

utilizing the Water Taxi. Mr. Thompson will look into it. Mr. Terry said we need to let boaters know we have tie ups available to visit the Yacht Club. Mr. Terry asked about the Capital for Marina bathrooms. Mr. Thompson replied we would epoxy the floors which are now plain concrete.

Tab 23- Reserve

Mr. Collins asked about operational deficit recovery. Mr. Carmine explained this is to wipe out prior retained earnings losses. Mr. Renaud asked why some the interest entries are negative. Mr. Carmine answered the balance of the reserves is negative. Mr. Clarke stated the majority of the deficit is booking the IRS liability. Mr. Stevens said the bylaws dictate how the reserves are spent. Mr. Thompson said this way is much more transparent. Mr. Clarke would like to see the roads depreciation collected and put into roads; that coupled with the Casino money would fund the roads program, Mr. Clarke suggested increasing assessments to cover the total (\$500 k) roads program. Mr. Thompson explained we have a 15 year road replacement program in place. Mr. Clarke stated we need to have a reserve study done; put the roads depreciation in the roads reserve account. Mr. Clarke requested an engineer tell us how to replace the roads. Mr. Thompson stated the Board needs to give him direction if they want to change the current program. Mr. Thompson explained the process to evaluate our roads. Mr. Clarke wants to add \$37.68 to assessments to cover the roads program. Mr. Clarke asked how many years we have not included the golf drainage program. Mr. Thompson replied this would be the second year. Mr. Clarke believes we should start funding this but not bruise the golf program again for a year or two before actually starting the project. Marty suggested including \$350,000 in the assessment; he also wants to eliminate the 5 year funding plan. Mr. Collins asked could we reallocate part of the 5 year fund assessment to the roads & drainage programs. Mr. Terry reminded them the 5 year funding plan is needed to pay for the YC. Mr. Clarke then read part of the referendum material, which he believes does not say that. Mr. Stevens says he believes it was clear the money would come from the 5 year funding plan, which would have to be continued to pay for it; he doesn't think some assets are depreciated properly; he believes we need to continue the 5 year plan; he wants someone to come audit the historical reserves. Mr. Terry said it was clear we were using the 5 year funding plan to pay for the new YC. Mr. Stevens said Mr. Terry's statement is accurate but the fact we were borrowing from ourselves was not clear at the time; how did the reserve account balance get so high. Mr. Collins believes we need the reserve study. Joe Reynolds stated this is a political issue; it was decided we take the money from Members in advance for future projects. Mr. Cordwell said it is for future projects like the Country club, Beach Club etc., major projects! Mr. Terry believes a reserve study should be done to answer some of our questions, Mr. Clarke asked what our biggest asset? Mr. Carmine answered roads. Mr. Clarke stated we are collecting 50% which is twice as much as the national average for reserves. Mr. Stevens says we cannot solve these issues in 1 budget meeting, we do need to make changes but it won't happen overnight. Mr. Stevens wants to re-address at a

Board meeting. Mr. Thompson will schedule meeting with Fire Dept. to review their budget then BOD will schedule a meeting for their response to Mr. Thompson.

Tab 24- Capital

Mr. Thompson distributed the information on the electronic sign, to add to budget books as another item considered but not included. Mr. Carmine will add pool covers to Aquatics budget. Mr. Clarke asked if the money for the Reserve study is included. Mr. Thompson said no, it was an oversight, how much does the Board want to budget? Mr. Clarke suggested \$35,000. Ms. O'Hare asked the cost of taking sign plans etc. to the County for approval. Mr. Clarke said very little. Mr. Terry said placing the informational signs somewhere other than Rt. 589 or the entrances, may change County approval. Mr. Clarke asked Mr. Thompson the projection cost for submitting a plan to the County. Mr. Thompson replied approximately \$500. Ms. O'Hare asked Mr. Thompson if there was anything else not included he would like to include. Mr. Thompson answered no. Ms. O'Hare would like to revisit the list of things not included after the Board has made changes and sees the new budget. Mr. Collins asked if the carryover items will affect the assessment. Mr. Carmine stated not the first year; depreciation would start when the asset was completed. Mr. Stevens stated the difference in what was depreciated and the replacement cost would affect the assessment.

Public Comments: None

Media Comments: None

ADJOURNMENT

The meeting was adjourned unanimously at 2:04 pm.

Respectfully submitted:
Pat Renaud, Secretary