

**HSC Board Meeting Minutes**  
**August 28, 2019**  
**Hanover Seaside Club 6 p.m.**

1. The Aug 28 Board meeting was called to order at 6:00 PM by President Jan Sheppard. Members attending were Jan Sheppard, Armistead Boyd, Tom Cheatham, Dan Hickman, Mike Pridgen, Andrew Walden, Janet Warren, and Mark Wilson.
2. Adoption of Agenda. After brief discussion, the agenda was adopted with the following amendment. There will be a short executive session to discuss a personnel matter. No votes or actions will be taken in executive session. Tom Cheatham moved for approval of the amended agenda – Dan Hickman seconded the motion. Motion passed.
3. Approval of July minutes. Mike Pridgen moved that the July minutes be adopted as presented. Tom Cheatham seconded the motion. Motion passed.
4. Manager's Report. Victor Brown. Victor reported that attendance at Friday night dinners was strong and meal revenue numbers were increasing but so was the price of food and labor. He said that there were fewer complaints about food during July-August and many compliments to balance complaints. There had been a few minor accidents – scrapes and jelly fish stings, but nothing major. We are selling fewer parking passes, but have taken in \$1875 for June, July and August to date. Fixtures continue to experience minor breaks. Victor has had to replace minor parts like toilet handles.
5. Secretary Treasurer's Report. Dan Hickman handed out the June P&L and Balance Sheet. He reported that the Club, as predicted at the annual meeting, is operating at a loss – but that we have sufficient operating cash to cover all expenses for the remainder of this year. The Club has significantly less income this year due to reductions in rental income and lack of initiation fees while dues income remains static. In discussion regarding membership, Janet Warren reported that we were still near the 760 Constitutional cap, and that many of the older members were moving to frozen or reduced/deferred dues classes. This reduces income but may free up some space for new members once we get below the 760 cap for members. Dan Hickman pointed out a Constitutional flaw regarding how members are counted. Page 4 of the Constitution conflicts with page 5 regarding how we are to count older members in reduced payment categories. Dan also discussed the preparation requirements for the October annual meeting. Documents to be mailed to members for the annual meeting will have to be finalized and assembled by mid-September.
6. A. Finance Committee Report. Dan Hickman reported that the Finance Committee had prepared a list of options regarding how the Club might address the income shortfall. Several courses of action were discussed ranging from increasing dues and fees, taking in more members, and further reductions of expenses if possible. It was noted that a Board can amend fee structures in a few cases, but that the authority to increase initiation fees, annual dues, and amend member caps is a power reserved for regular members at called/annual meeting. **Everyone agreed that the Club should continue to be operated in such a manner as to sustain the quality and culture of the Club while ensuring that members got maximum value for every dollar invested in our great Club.** The discussion on specifically how to proceed was tabled until later in the meeting.  
  
B. Operations Committee Report. Tom Cheatham reported that the Operations Committee was hard at work completing edits of the Employee Handbook. They expect to have a final draft ready soon.  
  
C. Facilities Committee Report. Mark Wilson reported that numerous small items were being addressed around the Club and that the Committee had completed a Hurricane Plan in the event it was needed this year or in the future.  
  
D. Governance Committee. Mackey Hughes absent. No report.  
  
E. Security Committee. Mike Pridgen reported that the security around the Club was improving and that the Committee had met all its goals for 2019.

F. Auxiliary Building Committee. Armistead Boyd. According to the Constitution, the Board is the “Building Committee.” To assist the Board, President Jan Sheppard has appointed an Auxiliary Building Committee to advise the Board. The members of that committee will be; Armistead Boyd, Jake Wessell, Ernie Alexander, John Cockrum, and Jim Cushing.

7. Old Business. There was some discussion about how and what items to dispose of, or store from the damaged 605 property. No motions were made.
8. New Business: No discussion
9. Next Meeting is to be held on September 19, 2019.
10. Executive Session: The Board went into executive session to discuss a personnel matter. After coming out of executive session it was noted that no votes or actions occurred during the executive session.
11. Continuation of 6-A discussion: The Board returned to the thorny discussion of how to address the income shortfall facing the Club. Options were presented, modified and reviewed as **the Board searched for the balance that insured the solvency of our Club while maintaining the quality and culture that members expect.**

From that lengthy general discussion the following motions were made and passed.

- A. The HSC club will continue in FY 19-20 with the same dining room minimum as in FY 18-19.
- B. The Club must increase fees for food by approximately 15% and room prices by 20% beginning November 1, 2019. This in order to catch up and offset rising food, fuel, and labor costs.

The Board unanimously passed following motions to be presented at the annual meeting for Member approval.

- C. For adult children coming into the Club, there are currently 12 different categories/rates of initiation fees ranging from \$1000 to \$4000. The Board is recommending that we simplify these 12 different rates to a single rate for all adult children under age 26. The new initiation rate for children will be \$2500 and is the same rate for everyone. (\$2500 is the median between 1000 and 4000). Effective November 1, 2019.
- D. The initiation fee for new members coming into the Club will be set at \$10,000 effective November 1, 2019.
- E. The Board reluctantly recommend a \$75 dues increase. (Minimum needed to get back into the black) Other combinations of dues increase and/or taking in new members will offered as alternative courses of action at the annual meeting including.
- F. The Board recommends decreasing the cap on seasonal members by 40 and increasing the cap on Regular member by 40. The objective is to increase the pool of members available to serve on the Board or committees without increasing the overall cap of 760 members. The resulting ratio will be 460 Seasonal Members and 300 Regular Members.

12. The August 2019 Board meeting was adjourned at 9:30 PM.

Dan Hickman, Secretary Treasurer, 2019