

HSC Board Meeting Minutes

September 16, 2020

Hanover Seaside Club 6:00 p.m.

6:00 PM

1. Call to Order – Meeting called to order by President Jan Sheppard. Directors present were Cher Pridgen, Clark Whitman, Elise Beall, Ernie Alexander, Armistead Boyd, Mackie Hughes and Dan Harris. Absent was Andrew Walden. Also present were guests Peter Bourne, Bo Wessell and Brett Riggs.

2. Adoption of Agenda – Agenda approved

3. Adoption of minutes – Approved with changes

4. Manager’s report – Peter reported 137 nights rented for the month of August yielding revenue for rentals of $9,000. 263 guests for breakfast and 455 guests for dinner averaging 10 for breakfast and 33 for dinner. No parties or events in August due to Covid. Labor Day weekend, all rooms were rentals, some entire weekend, some a couple of nights. Friday night prime rib we had a total of 70 orders, 15 to go and 55 in dining room. Members are enjoying the prime rib so we plan to serve it on a regular basis. Garrett is doing a terrific job. Tuesday dinners are starting to be more popular also. Elise reported a $1,437.00 profit on dinners for the whole summer. She said this is testament to Peter and Garrett’s hard work. They are both doing a phenomenal job and we are all so appreciative. Dan Harris spoke and praised Peter for how well he is doing and that members continue to sing his praises. He said this summer was a blessing in disguise because it gave Peter an opportunity to learn and fine tune his procedures and be ready for a very busy summer next year.

5. Secretary-Treasurer report – Clark reviewed the August Balance sheet, pointing out the 3 new checking accounts we were required to open per our loan agreement with First Nation Bank. A general checking account, money market account and a construction account for 605 activity. August unused dining room minimum was $42,000. The balance remaining in this account at the end of October will be moved to an income account. August Income statement shows a year to date positive of $8,300 This is fueled by initiation fees collected and positive food costs in the dining room. The monthly CPA review by Jackie Casey was positive with 1 concern of small missing credit card receipts for dining room food purchases. Peter and Garrett are working on making sure all receipts are turned in. She also reviewed the proposed Budget and found we need to add an item for taxes due on interest we earn on our money market account. Clark has added this item and it is included in the proposed budget you all received.

6. Committee reports

a. Finance Committee –

Budget for 2020-2021: Club Treasurer, Clark Whitman, presented the proposed Budget. He explained that the Consolidated Budget was developed from reviews of the Operations, Facilities, Housing, Social and Financial Committees of their respective General Ledger accounts responsibilities. Due to the uncertainty of Covid 19 issues, the committees were asked to develop their budget requests on a “conservative normal year basis”.

He then led discussion on each section in the Budget. Revenue accounts, Cost of Goods accounts, General Expenses and Depreciation accounts.

Revenue accounts: Member’s dues development was explained. Dining Room Minimum development was explained. It was pointed out that included in the Rental Income account group is the $116,695 projection for rental from the new 605 Duplex. Clark explained that all budgeted accounts related to the 605 Duplex matched the projected numbers we provided the banks involved quoting on the 605-financing package. Total Revenue of $775,171 was accepted.

Cost of Goods accounts: The COGs accounts are lower than last year’s budgeted. Elise Beall explained that the Operations committee used a 70% of food and lodging revenues and costs. A 50% of prior budget was used for Events and Parties revenue and costs. Total Cost of Goods of $98,458 was accepted.

General Expenses: Elise Beall pointed out that the Salaries for Club Manager and Food Service Manger included a 5% increase. A raise for returning experienced hourly staff was included with the estimates for other staff wages. It was decided that Security Wages should be set at $2,500. It was also decided to reduce Computer expenses by $2,500 to be set at $21,500. It was explained that the Facilities accounts section is being reorganized by work activity using the department number concept available in the Jonas software. The Facilities expense accounts were accepted as budgeted . The remaining General Expenses including Merchant Services, Insurance, Interest, Professional Fees, Office Supplies and Utilities were discussed and were accepted without change. Total General Expenses of $551,916 were approved.

A Net Profit before depreciation of $124,797 and Depreciation of $88,332 results in a Net Profit after depreciation of $36,465.

A Capital Expenditure Request of $1,060,880 was review and accepted.

Both the project 2020-2021 Budget and the Capital Expenditure Request will be presented to the Regular Membership at the Club’s Annual Meeting on October 24th for approval.

b. Social Committee – N/A

 c. Facilities Committee: Bo Wessell hopes the Board will let Peter approve invoices and keep Facilities expenses updated. Bo will help people understand his spreadsheet/budget process.

 d. Governance. Elise discussed the Constitutional changes to be presented. Because the meeting will be held in the parking lot, we are only presenting changes for a few items.

1) The first two changes address the terms of office. A Board member can only serve 3 years. If someone completes a term, he or she can run again but an only serve 2 years of the term. We looked at how the US Constitution handles this. If a Board member serves less than half of a 3-year term, they can run for a full term of office. This affects Article 1, Section 3 and Article II Section 5.

2) The pandemic has shown us that we must have a way to deal with the annual meeting in an emergency situation. The pandemic has affected our ability to have a meeting inside this year. October is still hurricane season. We have learned that we need to have a way to either postpone the meeting or have an alternative type of meeting. The Committee discussed what might happen if the Board does not hold a meeting and does not reschedule it. The Constitution provides that 25 Club members can petition that a meeting be held if the Board does not do its job. This affects Article IV, Section 2. During discussion, the Board changed the verbiage to read, “In the event of a State of Emergency, Governor’s Executive Order, or Force Majeure the meeting may be postponed or held in an alternate manner as determined by the Board.”

3) The last change proposed covers taking in new members. The Governance Committee elected not to change the Constitutional limits with regard to the number of members in the Club. We propose that we add the sentence, “When Constitutional limits allow addition of members, preference will be given to children of current members.” This affects Article V, Section 3. During the discussion, it was noted that we do not have to select a member’s child; simply that we will consider the relative of a member first.

The proposed amendments passed unanimously.

e. Security Committee - no report

f. 605 Committee: Construction has begun on the duplex. Pilings are being driven. We are on schedule at this time. We did need to make changes to the contract. First, we added storage areas to the parking level to store beach chairs, surfboards, etc. Due to a Wrightsville Beach ordinance, we will not be able to have the elevator stop on both floors. Ernie created a spreadsheet for the timeline so that we will know when we have to have decisions made for the builder. These decisions include paint colors, flooring, etc. An interior subcommittee has been formed to work on this. This committee includes Jan Sheppard, Elise Beall, Nancy Noel May, Kim Edwards, and John Gray.

Also, we had to address problems that affect construction due to the pandemic. Construction costs are changing every day. Builder Frank Lewis wanted us to agree to an Escalator Clause that stated that he can’t be held responsible for material changes in excess of 2%. We compromised by signing a Lump Sum contract. We added extra monies to cover the costs overall but we felt the Lump Sum contract would be in the best interest of the Club. We should be fairly well-protected. The Builder paid for permits and the initial material out of his pocket and trusted us to pay him back.

Jim Cushing, from EW Godwin, worked with the builder and pre-purchased a good subset of materials up front. It cost us more money but, overall, it allowed us to move the escalator clause. Jim Cushing has done a great job of telling us what material costs may be going up. Also, Godwin’s is storing our lumber so that it is not sitting on site.

g. Operations – Will discuss during Executive Session.

h. House – no report

 i. Covid -19 Task Force: The Task force continues to meet. Executive Order 163 went into effect September 4 and lasts through October 2. In the previous EO, children under 11 were exempted from wearing masks. With the latest EO, the age dropped to age 5. Mass gatherings indoors have increased from a limit of 10 and to 25. Gatherings outdoors have been increased to 50 people. We don’t feel that we need to make changes to what we are doing at the Club at this time. We are not taking bookings for small parties or gatherings.

7. Old Business

 a. Nominating committee: The Nominees are

President – Jan Sheppard

Vice President – Elise Beall

Secretary-Treasurer – Brett Riggs

If no one is nominated from the floor, they will be elected by acclamation. Three people are running for Board positions:

Cher Pridgen

Peggy Anderson Russell

Jake Wessell

How will we handle nominations from the floor? The person nominating someone will have to call in.

Executive Orders require that people stay in their cars. People were out of car walking around before/during meeting.

8. New Business

Annual meeting:

1. Agenda. This agenda was based on the year that we had the parliamentarian to make certain that it is in sync with Robert’s Rules of Order. We are trying to make the meeting short since people will be sitting in their cars. We moved the election of officers and the Constitutional changes to allow teller committees to count votes while meeting still in process. There will be two Teller Committees to count the secret ballots so we will have to ask for a number of volunteers. In order to vote on the approval of the agenda, etc., we will give out flags that can be held out of the car window. Someone will take up flags when the meeting is over. We will ask volunteers to stand in the parking lot to count flags if a vote is held that is close.
2. Letter to members. Jan will change verbiage for amendments and send the document for Clark to include in the mailing. The address list has been updated. Elise asks that we upload the address list to Constant Contact. The mailer includes the letter and the Constitutional changes. The budget, the financials and the minutes from last year’s meeting will be on the web site.
3. Parking lot activities. Someone will check in the member(s) who arrive and ask that they move their car to the Waynick end of the lot. There, we will take the sheet with their name on it and give the member(s) voting a ballot and a flag. Dan Harris has a tent that we can put up in case it rains.

4) Other.

a. Board members will make their phone numbers available again in case a member wishes to speak. All Board members plan to attend.

b. Clark plans to talk with each of the last four Secretary-Treasurers about the proposed budget in case there is something we need to mitigate. The Board members feel like this budget is clear.

c. We will add a line in the letter to state that people with no computers can request a copy of the financials or the budget from the Club office after October

Adjourn to Executive Session

Executive Session Discussion

The Board discussed Staff bonuses. They also approved that Robert McIver and Steven Jeremias be moved from the Seasonal Membership Category to the Regular Membership Category.

Return to Regular session

Meeting adjourned

Respectfully submitted,

Clark Whitman

Clark Whitman

Secretary/Treasurer