

DRAFT

Willamette Sailing Club General Membership Meeting Minutes: June 25, 2020

By Arjan Duyvestein

Call to Order at 6:30 pm (Online Meeting)

Attendees: John Gridley (Commodore), Geoff Fanning (Vice Commodore), Mike Rees (Fleet Captain), Christine Stamper (Treasurer), Thom Block (Acting Port Captain), Mitchell Burke (Interim Club Manager), Arjan Duyvestein (Secretary), Members (33 online participants at 6:30pm) - Given current membership numbers a quorum constitutes 25 votes or more.

General Membership Meeting

John Gridley welcomed and opened WSC's first virtual General Membership meeting.

Approval of 2019 October General Membership Meeting Minutes

John made a motion to approve the meeting minutes from the Oct. General Meeting 2019. 2nded. No discussion. Vote occurred online through Zoom Poll. Minutes were unanimously approved. (30 votes received from 39 attendees.)

Officer Reports - John Gridley - Commodore

State of the club - Departure of Club Manager

2019 was a very challenging year. Much energy was spent in 2019 trying to get the clubhouse up and running, starting new programs such as Happy Hour, and trying to re-engage the members after being without a club house for a long time. For our club manager, many of these new activities, managing member activities, spending time hands-on during happy hour, and managing a new chef, took away from his responsibilities to manage the financial health of the club. Brandon expressed concerns during his exit interview that there weren't enough successes for him to point to at the club, and felt it was time to move on.

State of the club - Departure of Head Coach

Turnover from Michael Cornew sailing coach came as another surprise. Michael moved to Seattle and took a job with US Sailing to be a Siebel coach, which was a position he felt he couldn't pass up. We were sorry to see him go and wish him well.

State of the club - Finances

Financially the information coming from the club manager last year reported positive news for 2019. The board's 2019 goal for hospitality was to break even, in an effort to re-engage members and prevent costs from becoming a burden to the members. However, now that the final numbers are coming in, 2019 on paper lost \$48,700 Dollars due to several large items, including the theft of \$25,000, a \$16,000 hospitality loss, \$33,000 higher insurance premiums for the club house, a membership accounting system that still included resigned members that were being invoiced, and a write-off for several years of bad debts totalling \$32,700.

A financial committee was formed to review the finances and to help restructure some of the financial aspects and monitoring of the club. Christine headed this up with the help of past commodores, managers, Bill Conerly, Geoff Fanning, Dave Jursik, Mark Sandifer and others. Recommendations from this committee have resulted in updated financial policies, and better checks and balances to help prevent future fraud. We've hired a new bookkeeper Shanon, from CGRA, who has been working with Christine to get the books updated and reconciled.

We also have had to revise our 2020 budget expectations due to the Covid-19 pandemic situation and the limitations brought about by the county's limitations with regard to social gatherings. Some programs have been canceled for 2020.

Dave Jursik worked with our insurance carrier to reduce insurance costs by \$16,000 per year.

The theft that occurred with our chef resulted in the deactivation of all club owned debit cards, and per our new financial policy, credit cards with spending limits were applied for and issued to some of the staff.

Q: Would the club's insurance premium be less if we did not have liquor licence?

A: Most of the reduction in insurance premium was the result of a devaluation of the club house from 1.3M to approx. 1M. The actual construction cost is closer to 0.8M. The insurance premium would be reduced by a negligible amount if we did not have a liquor license. David Jursik explained that the definition of our 'premises' in our liquor license could be changed to allow consumption of personal alcohol.

State of club - continued

One of the next steps for the board this year may be to restructure the current management system of the club. Many other sailing clubs utilize a Program Manager, who is there to

exclusively manage the membership of the club, and a Sailing Director who manages the sailing programs. Both positions usually answer to the board and create a lot less overlap between the two more equal positions. Our current Program Director position falls under that of the Club Manager.

Staff

Mitchell has been doing a great job stepping into the Club Manager's shoes after Brandon's resignation that included no notice. Matt Berger has also been a tremendous help doing a lot of research during this Covid situation and helping to reset the programs for this upcoming summer. Drew Ehlers has also done a great job stepping into the Head Coach's position to help run the remainder of the HS program together with Claire Siegel after Micheal's resignation. (Members commented in the ongoing 'text chat', to thank Mitchell, Matt and Drew.)

Finances - Treasurer - Christine Stamper

Initially rewrote the financial policy document for the club. Stepped in to the role of treasurer near the end of last year. Shannon is getting close to getting the 2019 books closed and into shape. Financial numbers presented will be finalized over the next few weeks, (with minor changes) but numbers being presented are close to final. Final numbers will be published in TT.

Income in 2019 was good at \$672K and exceeded expectations. Membership income was a bit lower than budgeted, due to clean up of the membership roster. Moorage exceeded budget. Hospitality income was triple the budget. Programs exceeded budget.

Unfortunately expenses in 2019 also exceeded budget expectations. Several categories ran much higher expenses than expected. 2019 includes a write-off of \$32,000 in Bad Debts which accumulated due to overstated membership income in previous years which was erroneous and uncollectable. LTS expenses were slightly over budget. Hospitality expenses were much higher than expected but in proportion to its income. The Youth program expenses actually came in much lower than budgeted. Occupancy which includes property taxes and mortgage payments were also higher than expected. The theft in 2019 also hit the bottom line at approx. \$25,000. The total loss for the year including write-offs is \$48,000.

New Finance Policy,

A new policy was written and adopted at the end of last year after the theft was discovered. Christine's sister who is a CPA was instrumental in helping develop this policy. Measures

include expanded bookkeeper role, greater separation of duties, debit cards have been cancelled and now using credit cards instead (with adjustable limits per person), online access to accounts were reestablished and unused bank accounts have been consolidated.

Cash on Hand

Cash on hand has gone down twice in the recent history of the club, once for starting the club house design/construction and again in order to finish the club house several years later. Cash was used in lieu of using the construction loan, because inactivity on the loan caused it to be converted to a regular mortgage earlier than expected. The net worth was not affected since our mortgage is also lower than planned. Cash on hand should go back up this year although not as much as originally planned due to Covid-19.

Updated Covid 2020 Budget

Board and Finance Committee have spent many hours replanting the budget under the new Covid rules. Many of the budget numbers voted on in the October 2019 GM for 2020 are having to be adjusted. Both income and expenses needed to be adjusted.

Dues and Moorage are holding strong. Program income from LTS took a big hit due to club closure from March to July. Total budgeted income for 2020 is projected to be \$520,000 and total expenses are expected to be \$474,000. The originally approved budget for 2020 showed \$125K of net income. Total net income for 2020 in this revised budget (including income of 20K from the Cares Act) is expected to be \$75K.

Q: Does this budget include planning for the balloon payment on our mortgage that will be due several years from now?

A: There will be a summary of our mortgage later in the meeting, but we have a 10 year loan with a fixed interest rate for the first 5, after which it resets for another 5 years. Final balloon payment of approx \$427,000 is due in 2027. If we continue to make our payments on time and show profit on the books, we expect to be able to refinance the balloon payment at that time.

A motion was made to adopt the revised budget as shown and seconded. No further discussion. 44 members present during this vote. Vote results: Unanimously approved.

Officer Reports - Port Captain - Jeffrey Sher & Thom Block

After almost three years, Jeffrey has stepped down as Port Captain for personal reasons and asked Thom to take over the position. Thom has been taking over some of Jeffrey's duties already and has planned the first work party tomorrow. Motion was made to make Thom the active Port Captain. 2nded. There was no further discussion. 47 Members were present during the vote. Vote result. Unanimously approved.

Work-hours have been extended till September. State of the Docks are good, especially with the addition of the McCuddie's Dock.

Fleet Captain - Michael Rees

Club racing has restarted on June 1st. There should not be any gatherings taking place on shore or on the docks before and after. Social distancing measures should be upheld while on the grounds including the wearing of masks. Participation has been high. Al Morris may or may not happen. The group campsite at Yale Lake is still closed, but individual / day use facilities are available. Mike is hopeful that Al Morris will happen this year (in August) but puts the chance at about 50/50. The NOR has been posted with that in mind. If it is allowed to proceed, most likely the event will be limited to a certain number of registrants.

Q: How can you have a large group camping event and still stay safe during the weekend?

A: If the public health situation makes this event unsafe then Al Morris will not happen. The event will only proceed if it can meet the limits and regulations from the campsite itself, the county and public health authority.

Office Report - Secretary - Arjan Duyvestein

Taking advantage of the current slow period and staff absences, we've undertaken a spring cleaning of the office computer files, creating a new filing system, and reorganizing existing files. Due to the hard drive crash in 2018 which was deemed unrecoverable, we may be missing valuable files. Arjan requested any one with copies of important historic files that may be on personal computers to please forward those.

Call for historic imagery of the club. Anyone having fun or historic images of the club they want to share or make available, please forward those to Arjan. Some images might be worth hanging in our new club house.

Q: Are the current files from the office backed up online?

A: There is a current manual backup, and we will be working on getting that set up to be automated and online.

Hospitality has historically not made a profit since 2009 and actually ran small deficits each year. Hospitality income and expenses for 2019 were both dramatically larger than any previous know years, but still ran a deficit. For 2020, hospitality will look for volunteers to a much greater extent to hopefully break even or even run a small profit.

Fleet Reports - Lasers - John Sturman

It has been a relatively active winter with many people joining the laser fleet and participating (while social distancing). CGRA has lent us some equipment to track boats during the race which has been fun and informative. West Coast sailing is no longer selling used lasers, so if interested in used lasers, contact the laser fleet for some good resources. CGOD regatta may take place in late July in the Gorge, again depending on the Covid situation.

Bill Symes and Rob Hodson sailed in the Australian National World Laser Regatta, where Bill won his division.

Lido 14 - Geoff Fanning

Club racing has restarted and there were about 10 boats on the water last week.

Day Sailers - Ben Cornett

Day Sailer fleet has been growing it's members this year and restarted fleet racing on Wednesday evenings. There are about 8 to 10 boats taking part in racing each night.

Thistle fleet - Michael Rees

Because the Thitste takes 3 people to sail, it may take a bit longer for this fleet to become active again (due to social distancing requirements). Several sailors from WSC were planning on going to the Nationals in Cleveland but that event was cancelled. Memorial Day in Eugene as well as Vancouver Lake and Yale lake were also cancelled. The hope is that AI Morris will happen and include a big Thistle showing there. A few boats have been showing up at club racing on Wednesday nights.

HS & Youth Sailing - Mitchell Burke & Matt Berger

HS racing team was cancelled for Spring. Claire and Drew did a great job picking up the HS training with online classes and such. HS summer training is back up and running in a smaller

fashion. Youth LTS has been cancelled due to the number of kids that would be at the club each day. Adult sailing classes will take place on weekends, and private lessons will be held on Friday's.

The entire summer LTS program was cancelled, refunded and then rescheduled with mini classes and some racing activities to focus on smaller groups that can maintain Covid guidelines. Mondays are completely booked. We will have a HS 420 team and HS Laser team. We will be adding a green team to Opti's and HS teams in July to feed into the regular teams. Four weeks of Community Sailing will be added this summer together with OYSF. Kids will spend the morning building a boat and then the afternoon sailing.

Dredging Update - Mark Sandifer

Dredging area has been expanded slightly over previous years. We'll need to dredge to an elevation of minus 7 feet. John Gordon has been doing a lot of work on preparing the permits for this activity. Permit package was submitted in early June and the permit is expected in mid September which will be close to the window when these activities need to take place. Spoils are able to be deposited in the Ross Island lagoon. The expected costs totals approx. \$400,000. Dredging under the club house is crucial as the club house does not want to ground out.

Q: Where do the facilities need to move to?

A: This has not yet be determined, but the docks could be anchored downstream or could be moved to the inside of the Ross Island lagoon. These moving/towing costs are part of the total cost.

Q: How sure is it that the permits will be obtained in time for dredging this year?

A: This has been a moving target for a long time, and we are optimistic but can not guarantee September approval. Agencies don't see an issue at this time.

Q: If permits don't come through in time, would the permit be good through next year?

A: Yes.

The Oregon Yacht Club will be dredging in July. WSC has been coordinating with them which has resulted in a slight cost reduction for both clubs.

Q: Will the areas at the club where keel boats are moored also be dredged?

A: Yes.

Q: Will the clubhouse also be moved? And who will do that?

A: Yes, it will need to be moved, but we do not know yet who will do that.

Q. How many weeks will dredging take?

A: Actual dredging will take approx. 3 weeks but it will take time before and after to get the facilities moved and relocated.

Q: Will this shut down the docks?

A: Yes, you'll not have access to the docks during this time. Boats will be removed from the docks first. It is also likely that you will not be able to launch during these operations. The clubhouse will also not be available.

Q: Will members be charged for the month that dredging will take place?

A: Yes, this is a normal part of the operations of the club and moorage and dues will be invoiced.

Long Term Financial Overview - Bill Conerly

Between the poor financials from last year and the Covid situation in 2020, the long term planning offers less than usual information for making short term forecasts.

2019 was a bit of a slap in the face, but we've seen similar things like this in our history before. Financial policies in place are very solid and should help keep the challenges from 2019 from re-occurring.

Commercial loan will include a balloon payment in 2027 of approx. \$427,000 (\$602,000 on slide is incorrect). As long as payments are made on time and financials are good, we don't expect any issues with refinancing at that time.

Reserves are not separate accounts but are funds that are earmarked for certain activities. Dredging reserve is funded by income at an expected rate of 50K per year when net profit allows. Club house completion utilized \$206,000 of this reserve making the cash on hand insufficient for dredging. We will likely need to borrow money to complete the dredging and several members have expressed willingness to lend the club these funds. A rate could be configured that would be beneficial to both club and lender.

Q: Is the total amount that we need to borrow to dredge and run the club house is 43K?

A: No, this is how much the cash on hand is short in order to pay for dredging but we also need operating capital to run the club month to month.

The club can take out a loan to cover this shortage. However we also have a large Account Receivable balance of 80K of invoices are overdue, so if members were to pay their invoices on time it could actually come a lot closer to solving this cash shortage.

Q: Will the Club do a cash flow analysis to see what is needed?

A: Yes, it will be done and has a high priority.

Q: Does the club have a minimum cash on hand balance they do now want to go below?

A: We do not have a policy for this, but there will be a minimum that will be retained based on the cash flow analysis.

Q: Have the terms of the note to the member willing to loan money been decided?

A: Terms have not been drafted yet. There was some discussion about this last year. Any terms negotiated with any lender will be open for review by the membership.

Q: Could we switch to using "cash accounting" methods in lieu of "accrual accounting"?

A: This was asked of our CPA in the past, and this is not allowed/recommended.

Q: If we stay with the accrual accounting method, should we have a statement of cash flow also?

A: Yes, Christine will be helping to create that in the near future.

Q: Should reserves be held in a separate account?

A: In the past this was not felt to be necessary, but with the current situation it is something that will be explored to help track additions and subtractions.

Q: At other yacht clubs a certain percentage of the membership's dues is allocated to dredging, is that an option for WSC?

A: Yes, we do a similar thing at WSC where the expected dredging cost is divided by 10 years to establish the annual planned dredging contribution. This is similar for other large financial outlays such as boats.

Q: What is the timeline for marking the decision to move forward with dredging or not? What is at stake for missing the permit window?

A: The permit will be good for at least two years. The work window is in October each year due to fisheries. If the permit is not issued in time, dredging will need be postponed till 2021 but we will do everything possible to have it take place in 2020.

Q: Would it help financially to ask members to pre-pay as much of their 2020 dues and moorage

Membership

Membership currently stands at 195 Regular, 16 Midshipmen, 56 Youth, 35 Senior and 28 Inactive members. Membership has grown over the last few years with a slight drop in 2019 which is largely due to clean up of the membership roster.

New members present were sworn in.

Hospitality Minimum

Hospitality minimum of \$50 approved last year will be waived for 2020 due to the Covid situation and the fewer events that will take place this year.

Good of the Order

Michael Rees - Nominated Cedar Morra for taking the Club Lido out in about 30 knott winds, on a day when the Lasers cancelled their race, and wound up breaking the mast! The mast was fixed by buying a replacement lido and using it for parts.

Dave Jursik - Nominated Guy La Salle for sinking (and raising) his Chinese Junk. Guy's Junk spent several weeks under water, was raised by himself, and is floating again prominently at the club.

The membership voted on these two nominations. Results were 50% 50%. Since we have two I Goofed jackets, it was decided to let the vote stand and each will reverse the right to wear the jacket at upcoming social events.

Meeting Adjourned 8:53pm
