

BUDGET & FINANCE MEETING MINUTES

10-23-2019

Attendees: Dick Keiling (Chairman), Bob Kessler, John O'Connor, Jeff Knepper, Brian Reynolds, George Solyak Non-Committee: Doug Parks (Board Liaison), Colby Phillips, and Steve Phillips; Greg Ellison

- Added Northstar update to agenda
- Minutes approved from 9/25/19 and 10/9/19
- September Results Summary: Positive operating fund variance of \$58K (Rev. \$48.4K & expenses under budget \$9.4K). Positive YTD operating fund variance is \$518K (Rev. \$461K & Expenses \$57K).
 - Yacht Club was the significant contributor for the monthly positive revenue with a positive variance of \$72K.
 - Yacht Club Wages & Service/Supplies expenses for the current month are under budget by \$29K and YTD they are under budget \$22K. YTD actuals are also \$22K lower than the prior year for the same period. This is very good performance considering our revenue volume is up \$369K over last year. Team discussed at length the good performance at the Yacht Club and Beach Club.
 - Marketing for Yacht Club was discussed. B&F will review for proper assignment as certainly some costs have a direct benefit on the Banquet business. May also need some marketing dollars when Terns Grille opens.
 - The "Other Costs" category for the Yacht Club is \$170K unfavorable YTD. This is composed of the Matt Ortt Bonus/Profit accrual. YTD we are well accrued for this while in 2018 we just started to take a position beginning in September.
 - Of the Racket sports Pickleball revenue is \$8K or 32% over budget YTD. In addition, it is \$8K or 31% over prior YTD revenues for the same period. Together, Tennis & Platform Tennis are \$7K below budget and \$2K below prior year actual.

- Overall Aquatics has a YTD Net Operations Loss of \$25K. A portion of this is explained by *some* Coupon revenue being recognized at Beach Parking, which has a favorable YTD revenue variance. YTD Membership revenue is unfavorable by \$16K and Total Expenses are favorable by \$17K.
- Overall YTD Combined Golf Net Operations is a positive \$254K and \$31K ahead of budget YTD. This \$254K will be reduced over the off-season period.
- Tern Grille with scaled back operation has YTD positive Net Operations of \$22k and \$11K favorable against budget.
- Beach Club YTD has positive Net Operations of \$161K and \$32K favorable against budget. Steve will check on how Beach Club banquets are being reported, which may not be broken out from food and beverage.
- Beach Parking has YTD positive Net Operations of \$322K with a \$47K favorable variance against budget.
- Marinas have a YTD positive Net Operations of \$269K with a \$50K favorable variance against budget.

Overall Reserves are \$1.4M higher than the beginning of the year after contributions from assessments and Casino Fund transfer. Spending on our four major projects, bulkheads, and roads will increase significantly reducing this balance.

Ocean Pines cash and investments as of 9/30/19 is a \$15M. This is \$1.6M higher than 9/30/18. This will be reduced by the upcoming capital spending mentioned above. We will be evaluating how to invest the current fully insured promotional money market account we have with Union Bank when it expires in a few months.

It was mentioned that a lease needs to be drawn up for the new Craft Building with considerations for donations the Craft Club gives back to the community.

Northstar project proceeding well with no variances from budget. Northstar personnel have been on hand for 3 weeks in October during are live start up

month. We did a soft go live. Next month we will have them on hand as we do the first closing in the new system. Much work and training are currently going on.

Dick Keiling to participate in bank reconciliation signoff that has been ongoing.