

## ARUN YACHT CLUB

### MINUTES OF A MANAGEMENT COMMITTEE MEETING HELD ON TUESDAY 3<sup>RD</sup> NOVEMBER 2009

Present :	Nick Clare	(NC)	Commodore
	Barry Partridge	(B)	Vice Commodore
	Dick Holden	(DH)	Rear Commodore Sailing
	Michael Marston	(MM)	Treasurer/Company Secretary
	Ron Goldsmith	(RG)	Committee Member House Projects
	Paul Hughes	(PH)	Committee Member Insurance
	David Lindsay	(DL)	Committee Member Social
	Nick Rusbridge	(NR)	Committee Member/Training Principal
	<b>In Attendance:</b>		
	David Robinson	(DR)	In substitution for Ken Whitmore, Chair of Moorings Development Committee
	Sue Jenkins	(SJ)	Club Secretary

The meeting started at 7.00 p.m.

The Commodore invited David Robinson to address the meeting on the Business Plan for the Development of the Moorings.

DR reported that Ken Whitmore (KW) had compiled a résumé of issues raised at the previous Management Committee Meeting held in October. The Development Committee had met on Sunday 1<sup>st</sup> November and had now put together a Business Plan which sought to address most of the comments and concerns raised, and which assessed the financial viability of the scheme (as approved by the Littlehampton Harbour Board).

- The Development Committee was of the view that the scheme as approved by LHB was only marginally viable and could no longer be recommended to the Management Committee and the membership.
- However, it believed that a slightly extended scheme, which included the area fronting the Island, was viable and its revised proposals were on the basis of this revision.
- Previously the Island had been considered a liability as the Arun District Council had been thought to be providing moorings for commercial fishermen in this area. Over the past two years these fishermen have not made any progress in presenting a plan for their plans for this area.
- The Development Committee now believes this area should be kept by AYC, and is optimistic that the Council will now support the Club in agreeing to this alteration.
- There will be some extra cost in extending the scheme in this way, due to an increase in the amount of spoil which will need to be dredged to sea, but this was more than compensated for by the additional income that would be generated.
- DR told the Committee that this was the scheme now being presented to the Management Committee and at the Annual General Meeting on 22<sup>nd</sup> November 2009. DR invited the Management Committee to raise questions on these proposals.

Dick Holden raised a number of queries including:

- He had concerns regarding the commercial aspect of the port, and whether it was expected that the river would be turned into solely a leisure port, and if so, in the light of this would the new AYC moorings be able to compete with the charges raised by competitors.
- What is Plan B if inadequate funds are generated by the debenture scheme?

- Why is the debenture scheme considered the most effective way to raise the necessary funding?
- The proposals contained no costs or proposals for the marketing of the new moorings.
- The contingency of 5.5% of the total projected development costs appears inadequate.

DR Responded:

- He had no specific information on the future timing as to when commercial shipping would cease to use the harbour. It was believed that one company had a long term lease on a wharf upriver which meant that deep-water moorings could not be placed by others into the navigable channel of the river until such time as that usage ceased.
- If the current membership did not fully subscribe the necessary development costs it was intended to approach former members or other possibly interested parties on an identical basis. Subject to Management Committee approval, additional funds might be able to be utilised from the Club's reserves. A small element of bank loan might also be available as a last resort.
- A debenture scheme was considered to be the cheapest source of funding and had proved to be successful on a previous occasion.
- The Moorings Development Committee believed that it was for the Management Committee to deal with the marketing of the new, and existing, moorings.
- Ken Whitmore had dealt with all discussions with potential contractors and he believed that the contingency allowance was adequate.

Ron Goldsmith raised a number of queries including:

- He believed that if he endorsed the scheme then members would think that he supported the scheme, and he therefore felt that each individual member should make up their own minds.
- RG stated that he could not support the Project as he will not be on the Management Committee after the AGM and he felt that the new Treasurer and Committee should have their say.
- He enquired what additional fees needed to be incurred to take the programme further, such as legal fees, which were not mentioned at the 2007 EGM, and that he and members would like to know exactly how much the cost would be to the Club to take this forward, get legal advice, and other agencies' permissions. There was also the matter of Club funds being incorporated in the scheme (£10,000) and the subject of the £10,000 bond required by the Harbour Board for the project to advance.
- He questioned whether bringing the project nearer the river bank (the 2007 scheme was further out into the river) would mean more costs in the way of future dredging.
- It was reported that a number of members had called for an EGM to be held on a separate date from the AGM to discuss the project and to have the Business Plan for the Development of the Moorings explained at that time.
- He questioned who would run the scheme from start to finish.

DR Responded:

- In his opinion, it was the current Management Committee that needed to make the decision as to whether to endorse the Mooring Development Committee's recommendation that the matter be placed before the membership on the basis of the draft resolution now before it. That did not seek an unconditional decision to proceed with the scheme, but merely sought an approval to the principle with the final decision to be taken by the new Management Committee if, once all permissions had been obtained, competitive tenders received and adequate funding in place, they were of the view that the scheme was financially viable. He felt that the Management Committee needed to show leadership and take a difficult decision, which could have a major influence on the Club's future.

- Likely outstanding costs to be incurred was £2,345 to obtain approval from the Marine and Fisheries Agency, £50 for a revised approval from the Environment Agency, a contribution of £500 plus VAT as a contribution towards the Council's legal costs for the revision to the Club's lease and legal fees, likely to be between £500 and £750, for the Club's solicitor to deal with the new lease and to approve the draft Debenture Deed.
- He did not think it unreasonable for the Club to contribute £10,000 from its reserves as, under any commercial funding scheme, the borrower would be required to contribute up to 40% of the total cost out of its own resources.
- He believed that the Bond would only be held against any incomplete works at the completion of the project which created navigational problems and, until such time as we had seen the draft Bond document, he couldn't comment further.
- He confirmed that there would need to be more dredging in the main navigable channel than had been proposed in the 2007 scheme. However, it was his belief that Ken had thoroughly explored the various costs and that the allowance of £20,000 for water-based dredging had been provided by Shoreham Harbour based upon a site inspection and their previous knowledge of the harbour. It was unlikely that the on-going maintenance dredges would be more expensive than for the 2007 scheme.
- It was his opinion that the Business Plan should be circulated to the full membership, subject to any amendments needed as a result of the discussions at this meeting. On that basis, he believed that the Management Committee should agree to request the requisitioners of the EGM to withdraw their resolution.
- It was intended that Land and Water will take primary responsibility for supervising the scheme, but that he and Ken would project manage it on behalf of the Club, subject to receiving suitable indemnities.

In relation to the indemnity issue, MM stated that whoever is managing the project will have to be a Director of the Club and co-opted to the Management Committee for insurance purposes.

Nick Rusbridge made a number of comments including:

- He was reassured by DRs explanations and was able to see the financial viability.
- He felt that there should be a clear vision for the future of the Club to incorporate sailing, training, social facilities and that progress could not be made without this and change.
- NR thought that this was a once-in-a-lifetime opportunity for taking the Club forward into the 21<sup>st</sup> century and should be supported.
- He asked DR about the funding viability and the various options submitted, the optimum number of moorings to be let to break-even, if all berths are not filled.

DR Responded:

- He explained the number of berths available, how the costs per metre had been arrived at, the projected average length of boats and how it was planned to maximise space and income.

David Lindsay raised a number of queries including:

- He expressed his concern that there were a small number of very vocal racing members, whereas the Club is primarily a cruising yacht Club.
- He questioned the quotations, how many had been sought, and whether they will be correct when the project commences.
- He also questioned the fact that the 2007 EGM agreement stated that the Development would be self-funding, but that the present Development Committee is now asked for the Club to commit £23,300 from Club funds.
- Would it not be possible to ring-fence the scheme in a separate company?

DR Responded:

- The Club's Memorandum of Association set out the raison d'être for the Club and he believed that these proposals fell squarely within their remit.
- The costings had been put together by KW, who had attended many meetings with various contractors and that the figures presented are the best offered, but he could not comment on the margins contained within these quotations. Firm, fixed price tenders would be sought before any final decision was taken for the scheme to proceed.
- The contribution of £10,000 from reserves was simply a nominal contribution.
- The balance related to costs that the Management Committee had already authorised – NR added that it is simply the price of taking any business plan forward.
- The Bond of £10,000 is returnable and only held until the work is completed correctly.
- He explained that the proposal forms part of the land contained within the Club's Lease, and he could see no circumstances under which the Development could be ring-fenced by moving it into a separate Company. The debentures would need to be secured by a floating charge over the whole of the Club's assets.

Barry Partridge raised a number of queries including:

- He stated that the scheme being presented would need more regular dredging than formally thought.
- He questioned the number of tides for dredging, which he thought was inadequate.
- He questioned the matter of rates.
- He questioned the costs for installing water and electricity, which he thought had been under-budgeted.
- He questioned the amount of space left between boats on the new moorings.

DR Responded:

- Annual dredging of the deep water moorings had now been included in the current financial projections.
- The number of tides for the construction dredge had been discussed with the contractor and the number for annual dredges was considered adequate.
- The allowance for rates payable was believed to be reasonable based upon the Club's existing and imminent assessments.
- The original estimate of the cost of installing electricity and water had now been substantially increased and the current allowance of £7,000 was believed to be reasonable, but would be firmed up before any final decisions were taken to proceed.
- He stated that an allowance of 2 metres had been allowed between vessels, which was considered perfectly adequate for competent sailors.

Michael Marston raised a number of queries including:

- He questioned how many quotations had been sought for the project and had concluded that those presented were possibly too cheap for such a large project.
- He expressed his concerns that Club reserves will not be maintained, or indeed even kept, if the project proceeds.
- He stated that in excess of £100,000 had been spent on the Club marina for new pontoons in the past couple of years, depleting current Club reserves.
- He expressed his concern in letting new Club moorings as he felt that the Harbour Board and Strawberry Bay moorings would be less expensive and would be taken up first.
- He was concerned with the figures of comparable marinas and questioned why Thornham Marina and Wicor Marine had not been included.

- He questioned how much marketing would have to take place if there was inadequate uptake on the new moorings.
- He questioned the position if the appointed contractor failed and how much liability the Club would be accountable for.
- He stated that none of the costs of the Development had been included in the annual budget, which concerned him.

DR Responded:

- He believed that Ken had sought indicative prices from a number of contractors and emphasised that competitive tenders would be obtained before any final decision was taken to proceed.
- He believed that the positive cash flow would ease, rather than exacerbate, the rebuilding of the Club's reserves, particularly in the early years.
- Once new pontoons had been installed throughout the existing marina, there would be an opportunity to rebuild the reserves, with the only significant costs likely to be needed in the foreseeable future being for periodic dredges.
- He could not comment on the likely competition to come from any expansion of LHB moorings as the number and timing of those was not known. The rates adopted in the feasibility study were comparable to those currently charged by LHB, who frequently needed to raft outside and had no associated club facilities.
- He did not think that Strawberry Bay offered any challenge as theirs were not deep water moorings.
- Graham Langford had researched what he believed to be comparable moorings, but he would check on Thornham Marina and Wicor Marine and include them in the schedule before it was circulated.
- He believed that the level of marketing of the new and existing moorings were matters that the Management Committee should deal with.
- The financial stability of any contractor to be appointed would need to be assessed before any contract was entered into. Stage payments would be made and a suitable sum would be held back at completion for a snagging period. Construction costs are keen because the construction industry itself is quiet at present. If the project was deferred construction costs are likely to increase significantly in the not too distant future as the economy improves.
- He anticipated that the projections were conservative and that there would be a substantial annual surplus to the Club in 12 years time.
- Sailors prefer to have Club moorings rather than commercial ones such as Brighton Marina so that they can use a Club's facilities, such as bar, restaurant, showers, organised racing, cruising and social activities, etc.
- He believed rates for the projected moorings are competitive with the rafted moorings provided by such places as Hillyards – which are full, but expensive. AYC will provide more attractive and comfortable moorings.
- It was regretted that the additional costs to be incurred to secure the necessary pre-development consents had not been included in the budget, but the need for these had been known and the Management Committee had already approved them.

Paul Hughes raised a number of queries including:

- He stated that he had one major concern and that was whether all the projected berths could be let.
- PH questioned the number of contractors contacted and the competitiveness of these quotes.
- PH questioned again the commercial shipping aspect of the river.

DR Responded:

- The Moorings Development Committee thought it had taken a conservative approach by only projecting income for 50% of the berths for 6 months in the first year, for 75% in the second year and 90% thereafter. It also believed that it might be possible to increase the number of available spaces by one, but had budgeted on the lower number.
- He reminded PH that two or three quotations had been sought, where possible, for each item by KW.
- He stated that if the project goes to the next stage the funds must be raised and further tenders would be sought. He said that these are not the final contractors chosen and that the decision for choosing the final contractor will ultimately be made by the Management Committee.
- He reminded members that Littlehampton Harbour is still an 'open port' and could not comment on when shipping might cease.

Following these discussions, DR asked the Management Committee whether

- a. it would now agree to endorse the Business Plan and the resolution as proposed on the agenda for the AGM,
- b. approve distribution of the paperwork to the membership in advance of the AGM, and
- c. ask if those who have requisitioned an EGM will, if the preceding matters are agreed, withdraw their resolution.

DR read through the members' request as follows :

*"The undersigned would like to request an EGM to fully discuss AGM Agenda item no. 8. Proposed Development.*

*"We propose it is removed from the AGM Agenda until such time as full details can be circulated in advance for consideration by all the members"*

This request was signed by 29 members.

- a. Endorsement. Following a show of hands **it was agreed** that the Management Committee endorsed the Proposal and the Business Plan for Development of the Moorings.
- b. **It was agreed** to distribute all the paperwork to the membership in advance of the AGM.
- c. **It was agreed** that the members who had submitted the request for an EGM be asked to withdraw the resolution.

**It was also agreed** that DR should contact the Club's Accountant to scrutinise the draft Debenture Trust Deed and, if they approve it, contact a local solicitor, Simon Kenning of Warwick & Barker, for legal advice in connection with the Trust Deed and the new lease.

#### **Any other business.**

NC congratulated NR and PH for being awarded the Onboard Club of the Year for training. They were commended for achieving so much in such a short space of time.

The pre-AGM Meeting will take place in the Training Room at 2.00 p.m. on Sunday 22<sup>nd</sup> November.

The Meeting ended at 10.15 p.m.