

# Sovereign Harbour Yacht Club Limited

## Minutes of the Annual General Meeting Sunday 26<sup>th</sup> November 2006 Held in the Clubhouse

The meeting commenced at 1104 with 94 voting members out of a total of 119 members present with Commodore Brian Goodger presiding.

The Secretary read out a series of administrative notices defining the conduct of voting procedures, the terms of business of the meeting and the opportunity for informal discussion at the close of the formal proceedings.

### 1. Chairman's Welcome

The Commodore welcomed members and said that he was encouraged to see a substantial number of members wanting to participate in the business of the Club.

### 2. Apologies for Absence

Apologies had been received in advance of the meeting from Paul Brown, Phil Brown, Andrew & Meryl Scott and Mike Walsh. Further apologies were submitted from the floor in respect of Alan Costello, Charles Crone and Gary Mead.

### 3. Approval for Minutes of the Previous Meeting

The Chairman recommended to the meeting that the minutes of the 2005 AGM be approved and taken as read. This was proposed by Nick Jordan and seconded by Rona Jordan and the motion was carried by a large majority.

### 4. Matters Arising

There were no matters arising.

### 5. Commodore's Report

The Commodore's report was read by the Secretary. The Commodore recalled that it had been a momentous year for the Club. He sited the move to the new

building and the rapid growth of the Club, both in terms of the membership and particularly the level of complexity in its operation with the addition of the function facility which was an important plank of the business plan.

He conceded that special difficulties had been experienced with the catering arrangements which had undergone a number of changes. This had been a steep learning process but a working solution was emerging with the recruitment of professional and experienced staff headed by a General Manager and aided by a modern till system. The Club's directors could now concentrate on implementing the business plan and be less immersed in administrative details.

The Commodore expected that the future year ought to be its best year yet with a sound business plan in place which has received the endorsement of the Board which had been nominated for the Members' approval.

He concluded by thanking members of the Board for their hard working contribution over the year, particularly the Long Term Planning Committee for seeing through the building development. He gave a special mention to Peter Gooch and his company for facilitating the project, at a cost which the Club could manage financially. Finally, he wished to thank the Members for their continuing support through a time of change.

## 6. Treasurer's Report

Copies of the Accounts for the period ended 30 September 2006, having been previously posted on the Notice Board, were also available to Members attending the meeting.

Peter Olden started his report by addressing the profitability of the Club, prefacing his remarks by reminding members that the previous comparative period was 16 months. He said that the financial health of the Club had been impacted by a difficult transition to operating in the new building.

He noted that income had been strong across all major categories, particularly subscriptions. However profitability, after depreciation of about £5K, was well down on the previous period. He sited three main areas contributing to this situation, namely:

The mortgage on the building and the accrued interest on Members' debentures, amounting to some £31K.

The increase in administrative expenditure of £12k, and particularly the restaurant activity, which showed a net loss of £21K. The disappointing performance in this latter area, he put down to a poor level of gross margin and an unacceptably high labour cost. Recently, though, this degree of loss had been arrested, while the ongoing model for the catering operation was being developed.

Turning to the Balance Sheet, Peter drew attention to the large increase in the value of assets caused by the new Club House. In relation to the cash flow, he warned that the position was tight until subscription renewals came through. The position would be supported by drawing down the HT White loan which had always been part of the projections.

Peter then referred to the financial future which he acknowledged was particularly challenging. A business plan with the full backing of the Board had been generated and this was supported by the Bank. This was designed to deliver a pre-depreciation profit of £15K. The plan rests on an increase approved by the Board for full membership to £132, with other membership fees rising in proportion. The food franchise currently being developed, which, while not expected to generate a large income, would deliver to the needs of the membership without being loss-making. Targets have been set for the function suite which is expected to become a commercial success and, generally, management of targets set for each of the individual streams of revenue would be allocated to named directors. A tight reign would be kept on costs and capital expenditure.

With reference to the auditing of the financial statements, Peter expressed his appreciation for the hard work and attention given by Greg Penfold of Messrs Humphrey and Co. He also wished to pay tribute to the generosity of those who had made donations along with their subscriptions. And finally, he was pleased to announce that the Club was benefiting from the services of an excellent book-keeper, John Taylor, who represented an important strategic move for financial control of the business.

Peter Vaughan queried the margin on the bar account, noting that the net margin would be 18% and not 45% as given on the I. & E. Account. Peter explained that 45% represented the Gross Margin.

Stanley Hamilton asked how the performance of the restaurant would be improved. Peter said that negotiation was currently in hand with one of a number of possible franchisees for the catering service. The terms of a new service contract would raise a modest fixed sum with a commission element based on turnover. There would be an option to raise greater revenue in succeeding years if profitability allowed. He stressed that the emphasis would be on reliability and simplicity where menus were concerned. John Males commented that he took some satisfaction in noting that he had presided over such a system ten years ago.

Chris Jeffries asked if there was a need to make any further significant investments in galley equipment in the coming year. It was suggested that there may be a need to provide a hot cabinet and an industrial microwave.

With no more questions, the motion to adopt the accounts was proposed by Mike Opreshko and seconded by Chris Jeffries; the motion was carried by a clear majority vote.

John Crone wished to record a vote of thanks for the effort which Peter Olden had expended in delivering sound financial guidance to the Club.

The appointment of the auditors was proposed by Rona Jordan and seconded by Elaine Robinson and was carried by a clear majority vote.

## 7. Board Motions (i)

The Secretary, Guy Steven, introduced a resolution, tabled by the Board, *“to amend the Memorandum & Articles of Association to comply with the legislation which would allow the Club to register as a Community Amateur Sports Club (CASC).”*

He explained that the principle benefit of this would be eligibility for mandatory relief from 80% of the Club’s non-domestic rate liability. Whilst he conceded that this may only amount to a saving of £3000 under the current valuation, this could change, and the Club needed to benefit from all available financial assistance. Guy identified sundry other advantages such as the ability to enter the Gift Aid Scheme and favourable treatment in respect of CGT, Corporation tax and possibly even Inheritance Tax.

Guy then proceeded to explain the effects of each of the series of clause changes and additions which would be necessary to give effect to the change in the Club’s constitution required under the rules for registration, noting that they had been accepted as suitable by Revenue and Customs. The full terms of the amendment was set out on a separate sheet, copies of which were available for all present to follow the explanation. The salient changes which would need to be accepted were:

That the objectives of the Club should be stated in community terms.

That qualification for membership should expressly rule out all forms of discrimination.

That membership should not be barred to people, who are not known to existing members, through the need to obtain member sponsorship.

That members, who have their membership withdrawn under the terms of the Articles, have a right of appeal to the membership as a whole.

That the dissolution clause is redefined to favour Charities, other CASC’s or the RYA.

Questions and comments on the proposal were then taken.

John Cousins asked how the interviews would be carried out, what parameters would be used and how it would be possible to discriminate against criminals.

Guy replied that interviews were already arranged to admit Social Members with a panel of two directors and this system appeared to be working well. He suggested that we could not, even under the present system, be sure that criminals are not admitted but the interview process would be an efficient filter. The Club could legitimately refuse membership on the basis of a candidate being likely to behave in a way which could be prejudicial to good order. Brian Goodger was not aware that any yacht club had suffered any disadvantage through registration under the scheme.

Trevor Algar wanted to know how it would be decided under which category of membership new members would join. This would be evident at the interview, if not before.

Julian Caddy expressed concern that the Club could be drawn into litigation through the need to provide crewing experience. Guy explained that the Club would only be acting in an agency role between providers and users of crew places and would therefore not carry a liability.

Derek Allison suggested that the scheme did not represent a significant saving and could present future problems relating to accusations of discrimination with the associated costs. This was the trade-off which the members were being invited to assess.

Alan Knapp asked if anyone, so far interviewed, had been refused. No one had so far been refused.

A comment was made that the Club already had obligations in respect of anti-discrimination legislation, and so, incorporating such provisions into the Articles made little difference.

The motion was proposed by Liz Loveday and seconded by John Lewis-Cook; it was carried by a two thirds majority vote of 64.

## 7. Board Motions (ii)

The Secretary, with the Chairman's permission, introduced a further amendment to the Articles, stating that in order for it to be debated a two thirds vote in favour would be needed. The substance of the motion, that:

*"The current officially appointed Coxswain and Second Coxswain of the Eastbourne all weather lifeboat who shall be accorded the same rights and privileges as Ordinary Members"*

be incorporated into the categories of membership, was explained.

A motion to debate the issue was carried by 71 votes.

Guy Steven referred Members to this amendment which was printed on the reverse of the sheets, already distributed with the details of the previous Board motion. He reminded members of the existing concessionary arrangements for Lifeboat crew membership. Under these, the Coxswains had been accorded Honorary Membership which required renewal each year and did not give entitlement to the full range of Ordinary Members' rights. By providing a special category of membership for these two individuals, the benefits they enjoyed before the Club was incorporated would be restored.

Paul Metcalf proposed that this category of membership be extended to the Deputy Second Coxswain.

A vote was taken on this amendment to the substantive resolution which failed, having only 24 votes in favour.

Derek Allison was concerned that the lifeboat crews could be politicised by the exercising of voting rights and the present arrangement did not present a problem.

Elaine Robinson wished to emphasise that this change would merely give back the rights which existed before the Club became a limited company.

Tina Scott believed that giving the lifeboat coxswains a vote could cause Social Members to be justifiably aggrieved since their membership did not carry this right.

At a vote, the motion was carried by 65 in favour with 12 against.

## 8. Election of Officers and Directors

The Secretary outlined the procedure for the election of the Officers of the Club, stating that two elections would be conducted as a secret poll while the unopposed nominations would be decided on a show of coloured voting papers by simple majority. He referred the members to the table of candidates on the sheets provided and called for any comments or objections before proceeding to the process of voting.

Chris Jeffries said that the votes for the opposing candidates would amount to little more than a 'beauty contest' if the candidates were not permitted the opportunity to address the meeting. The Secretary was able to reassure him that this would be permitted.

Derek Allison said he detected a schism within the Board and that they should have decided in advance, between themselves, on a single nomination for the various positions.

### **Election for Commodore:**

A secret poll between Brian Goodger and Robert Morris

Robert Morris addressed the meeting by indicating that he had enjoyed carrying out successfully several of the important Officer positions of the Club and had contributed to both the racing and cruising activities. He therefore felt it was appropriate for him to assume the position of Commodore as the next step.

Brian Goodger referred to his Commodore's report, in which he had set out the plans for the year ahead which he felt well equipped to tackle. He acknowledged that this meant a further year in the same office, but not to do so had never been a rule of the Club. And so in the interests of continuity he was the better candidate to direct the unfinished business.

A secret poll gave the following result:

Robert Morris: 40 votes      Brian Goodger: 54 votes

Brian Goodger was duly elected as Commodore

### **Election for Vice Commodore**

One nomination, Elaine Robinson

Proposed by Trevor Algar and seconded by Roger Whicker

Motion carried by 73 votes in favour

### **Election for Rear Commodore (Sail)**

A secret poll between Charles Erb and Philip Brown

Phil Brown was absent and his prepared statement was read by Ewen Summers. He began by regretting that the circumstances were not ideal to make his bid to stand for office while not present in person. He felt the Club would benefit from bringing key personnel into its management with new ideas and impetus, soundly based on previous experience. He detected a groundswell of opinion which indicated that he would therefore be best suited to the role. Having given a résumé of his management experience, both in the working and social environments, he referred to his contribution to the activities of the Club as quizmaster and member of the Social Committee. He aimed to build on the work of his predecessors and to deliver, with a passion, a variety of initiatives including the hosting of more regattas.

Charles Erb declared that his main interest was in sailing and that whilst it was said that racing was the beating heart of the Club, he viewed cruising as the 'breathing lung'. It was his aim to generate greater participation in this area and to work with the power section in a joint approach to enhance cooperation; he would support his challenger in doing so, if not elected.

The result of this secret poll was initially notified as a significant vote in favour of Phil Brown, however, as this result was being delivered the tellers realised that a counted group of votes for Charles Erb had been wrongly placed on a pile of voting papers for Phil Brown.

A recount gave the following result:

Phil Brown: 47 votes Charles Erb: 47 votes

A second casting vote was given by the chairman in favour Charles Erb

Charles Erb was duly elected as Rear Commodore (Sail)

#### **Election for Rear Commodore (Power)**

One nomination, Geraldine Opreshko

Proposed by Nick Jordan and seconded by John Lewis-Cook

Motion carried by an overwhelming majority

#### **Election for Immediate Past Commodore**

Nomination, John Crone

Proposed by Ewen Summers and seconded by Mike Opreshko

Motion carried by an overwhelming majority

#### **Election for Treasurer**

One nomination, Peter Olden

Proposed by Trevor Algar and seconded by Mike Booty

Motion carried by an overwhelming majority

#### **Election for Secretary**

One nomination, Guy Steven

Proposed by Elaine Robinson and seconded by Mike Opreshko

Motion carried by an overwhelming majority

There being no directors due for election, the Commodore announced that the meeting was formally closed at 1255.

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#### Informal Discussion

The Secretary read out a proposal, submitted for consideration at the meeting by Stella Morris "that all future Commodores and Vice Commodores should be a current boat owner of the type of boat that is relative to the current activities of the Sovereign Harbour Yacht Club."

Stella explained that the Club's leader should be a boat owner so that they would understand more clearly the needs of the Club Members.

Chris Thorpe was firmly of the opinion that any Member with the necessary support and time should be eligible for the Commodore's job regardless of their status as a boat owner. The same view was shared by several other contributors.

There was a demand for greater communication between the Board and the membership. It was suggested that a quarterly meeting could be arranged at which there could be an exchange of information. Chris Jeffries said that communication was key to effective management of the Club; he admitted to discovering this to his cost in the past year.