



Narragansett Boat Club
Board of Governors Meeting
November 15, 2023 7:00 pm
Hybrid

Board of Governors members present in person: Meaghan Delaney, Matthew Eriksen, Jonathan Haisman, Michael Hamilton, Q Kellogg, John Mulligan, Chanika Phornphutkul, John Ryan, Eric Watne, Kristi Wharton

Board of Governors members present via Zoom: Susan Burgoyne, Bradley Werntz

Board of Governors members absent: Andrea Arena

Other members present in person: Eva Goodman

Other members present via Zoom: Daniela Roop

Meeting called to order at 7:00 pm

Announcements (Kristi Wharton):

- Discussion of sending in reports to Secretary for distribution to the BoG before the meeting. Agreed to ask for them by COB Friday before the Wednesday meeting. Meeting materials would be sent to the BoG late Sunday or early Monday.
- The Minneapolis Rowing Club got in touch to ask about our governance process. They have contacted about 30 clubs. We will share our information, and Kristi has asked them to share with us what they learn from this process.
- The Strategic Plan ends next month (December). Kristi will be putting together a Strategic Plan Committee to start the planning process.
- Kristi has asked Anne Fleet and Ira Garber to co-chair the Nominating Committee, and they have agreed.
- Work continues on the website re-design. Jeremy (Takeoff Design), along with Dan, are working to migrate the website over to WordPress and the financial aspect of club activities is being made functional on the website. After this is completed it will be handed off to CE Werntz for work on the overall design.

Approval of October minutes (Kristi Wharton):

- Suggested change in wording to clarify that the vote was to approve to re-invest \$100K in the Treasury Direct account in a 3-month Treasury bill (move, not remove).
- All in favor with suggested change.

Secretary's Report (Q Kellogg):

See attached Secretary's report.

- Two new members are proposed. All in favor.

Treasurer's Report (Michael Hamilton):

See attached Treasurer's report.

- Discussion about paying down the loan from Webster Bank. We can pay down 10% annually without penalty. We have cash reserves to do so for 2023. We can pay off another 10% in 2024. Every 5 years we have the opportunity to pay the loan off without penalty. Next opportunity will be on Feb 8, 2025. We need to decide by 30 days before Feb 8, 2025 how much to pay off.
- Vote to exercise our right to pay off 10% now. All in favor.
- Dan and Michael are working on the budget for next year.
- Source of Financial Assistance Fund money (% of dues or % of program income). No one is sure, and this needs to be clarified. It is suggested that some money could come from regatta revenue. Right now, the ratio of income from membership dues vs. program income is about 40% vs. 60%.
- Building Fund: We should set aside \$50K to \$75K for work on the boathouse. Need to be thinking 5 years ahead.

Captain's Report (Eric Watne):

See attached Captain's report.

- Non-Captain item: Clarification of the policy to prorate membership dues for first time members in order to make the accounting easier. Pay full rate if they join in March, then 10% off for each subsequent month, starting on the first of the month.
- We've sold the Wise to a member.
- The cost of boat repairs has skyrocketed. The Rowing Committee proposes that we double the deductible for A rated boats. *Vote to approve this change: All in favor.* This should be announced in the newsletter. It will also be updated in Policies and Procedures.
- The Rowing Committee proposes additional requirements to qualify for B rating as outlined in the Captain's report (i.e., demonstrate the ability to secure a motor launch, secure hulls to outdoor racks, and perform a self-rescue from a flipped 1X; either re-entry or straddle and paddle). All in favor.
- We will purchase 10 used ergs from Dartmouth for \$250 each.
- Keyless entry system has been installed and will be put into practice in 2024. We have some members who haven't paid their outstanding balance. Michael will send out a reminder that members will lose club privileges if they have a longstanding balance. Easier to remove privileges with the keyless system.

Governance Committee (Chanika Phornphutkul):

- Review of proposed Bylaws. Eva is present to help answer questions.
 - Chanika reviewed the comments the Committee received.
 - Chanika went over some items that needed discussion by the BoG.
 - Kristi went through her comments, followed by some discussion. Chanika will take these back to the Committee.
 - Discussion of when to hold the vote to approve the proposed Bylaws.

New Business

- Two new awards are being proposed by John Ryan. These should be discussed in Executive Session.

Meeting shifted to Executive Session at 8:52 pm.

Next meeting: Wednesday, December 13 @ 6 pm.

Respectfully submitted,
Q Kellogg, Secretary

Secretary's Report

Membership as of November 12 2023

(Prepared by Membership Coordinator)

Membership Category	12/11/2022	10/15/2023	11/12/2023
	<i>(Last Year - No Nov mtg)</i>	<i>(Last Month)</i>	<i>(Current)</i>
Regular	139	124	126
Spouse	14	12	12
72+	24	23	23
U23	20	16	16
Life	10	10	10
NonResident	8	4	4
Clubhouse	0	0	0
Total Members	215	189	191

Applicant Members to Vote on (included in numbers above)

Type	Last_Name	First_Name	Comments
Regular	Seiz	Gregg	Rowed in college. S2S coordinator and coach for NBC
Regular	Arndt	Alli	sculled for 5 years at Ithaca college and spent a summer at vesper sculling. Friend of G.Seiz

Management Report

The Narragansett Boat Club

For the period ended October 31, 2023



Prepared on

November 15, 2023

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Statement of Activity

January - October, 2023

	Total
REVENUE	
Contribution Income	
Donations in Kind	2,619.75
Scholarship Fund	995.48
Total Contribution Income	3,615.23
Facility Usage Fees	37,923.24
Fundraising	12,080.00
Membership Dues	145,303.50
Discounts	-1,732.78
Total Membership Dues	143,570.72
Oars, Boat and other storage fees	27,337.92
Program Revenue	67,369.52
Adult Programs	32,542.15
Discounts	-115.00
Off-Water Programs	4,462.50
Private Coaching	164.70
STEM to Stern	2,253.35
Youth Programs	228,141.94
Total Program Revenue	334,819.16
Regatta Entry Fees	19,731.15
Total Revenue	579,077.42
COST OF GOODS SOLD	
Program Expenses	
Advertising	1,309.73
Barge and Launch Maintenance Expenses	613.43
Gas	3,787.44
Total Barge and Launch Maintenance Expenses	4,400.87
Contract Labor	1,220.00
Offsite Facility Rental	5,450.00
Payroll Costs	17,076.68
Background Checks - Youth Program	90.00
Coach's Dues Discounts Given (deleted)	3,737.50
Salaries and Wages	
Administrative	23,200.00
Adult Program Wages	40,392.72
Youth Program Wages	58,294.97
Total Salaries and Wages	121,887.69
Taxes - Employer	
Administrative	1,774.80
Adult Programs	2,881.12

	Total
Youth Program	3,868.69
Total Taxes - Employer	8,524.61
Workers' Compensation	2,435.01
Total Payroll Costs	153,751.49
Program Supplies	2,602.41
Regatta Expenses	27,117.36
Travel	5,185.71
Total Program Expenses	201,037.57
Total Cost of Goods Sold	201,037.57
GROSS PROFIT	378,039.85
EXPENDITURES	
Facility Expenses	
Cleaning Service	2,800.00
Insurance	12,841.97
Portable Toilet Rental	2,810.00
Real Estate Taxes	17,910.54
Repairs and Maintenance	10,085.04
Security	30.00
Supplies	489.84
Utilities	8,507.81
Total Facility Expenses	55,475.20
Fleet and Equipment Expenses	
Payroll Taxes	2,034.32
Property Taxes	4,211.87
Registrations	583.00
Repairs and Maintenance	22,913.78
Rowing Equipment Insurance	15,879.16
Supplies	8,640.25
Wages	9,515.28
Total Fleet and Equipment Expenses	63,777.66
General and Administrative Expenses	
Bank and Credit Card Fees	13,431.36
Dues and Subscriptions	7,360.46
Insurance	316.70
Meals and Entertainment	2,009.47
Office Expenses	298.51
Payroll Service Fees	3,299.13
Professional Fees	8,500.00
Software and Website Expenses	413.70
Total General and Administrative Expenses	35,629.33
Scholarships Given	3,570.50
Total Expenditures	158,452.69
NET OPERATING REVENUE	219,587.16

	Total
OTHER REVENUE	
Gain(Loss) on Disposal of Assets	7,700.00
Interest Income	4,847.29
Total Other Revenue	12,547.29
OTHER EXPENDITURES	
Amortization Expense	450.00
Depreciation Expense	106,750.00
Interest Expense	8,770.38
Total Other Expenditures	115,970.38
NET OTHER REVENUE	-103,423.09
NET REVENUE	\$116,164.07

Statement of Financial Position

As of October 31, 2023

	Total
ASSETS	
Current Assets	
Bank Accounts	
Bank RI Checking 9591	24,940.10
Bank RI Savings 3694	125,226.54
Loan Restricted Funds 6091 (Webster)	20,000.00
Schwab Investment	973.97
Stem to Stern Business Savings 1730	50,002.74
Webster Money Market 6451	190,190.11
Webster Operating Account 5959	25,765.94
Webster Program Account 6440	2,296.48
Total Bank Accounts	439,395.88
Accounts Receivable	
Accounts Receivable	9,189.08
Total Accounts Receivable	9,189.08
Other Current Assets	
Credit Card Receivables	60.37
Installment Contracts Receivable	2,099.09
Inventory	2,783.00
Miscellaneous Receivables	28,053.34
Prepaid Expenses	9,751.73
Total Other Current Assets	42,747.53
Total Current Assets	491,332.49
Fixed Assets	
Accumulated Depreciation	-1,148,195.00
Buildings and Improvements	708,052.80
Docks	357,484.85
Furniture and Equipment	1,221,450.21
Land	517.50
Total Fixed Assets	1,139,310.36
Other Assets	
Deposits on Fixed Assets	25,550.00
Investments	
Treasury Direct	
I-Series Bonds	20,000.00
T-Bills	147,655.88
Total Treasury Direct	167,655.88
Total Investments	167,655.88
Loan Closing Costs	11,128.00
Accumulated Amortization	-2,954.00

	Total
Total Loan Closing Costs	8,174.00
Total Other Assets	201,379.88
TOTAL ASSETS	\$1,832,022.73
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	4,712.09
Total Accounts Payable	4,712.09
Credit Cards	
Webster Bank Credit Card	16,153.65
Total Credit Cards	16,153.65
Total Current Liabilities	20,865.74
Long-Term Liabilities	
Webster Bank Mortgage	220,675.99
Total Long-Term Liabilities	220,675.99
Total Liabilities	241,541.73
Equity	
Temporarily Restricted Net Assets	
Scholarship Fund	11,484.29
STEM to Stern Fund	55,718.75
Total Temporarily Restricted Net Assets	67,203.04
Unrestricted Net Assets (Operating)	1,407,113.89
Net Revenue	116,164.07
Total Equity	1,590,481.00
TOTAL LIABILITIES AND EQUITY	\$1,832,022.73

Narragansett Boat Club's Webster Bank Loan Overview

Dear Board of Governors:

In anticipation of important loan covenants drawing near, we thought it would be prudent for the BOG to reacquaint themselves with NBC's obligations under the Webster Bank note. At the last board meeting the Treasurer committed to presenting an overview of these obligations and a summary of the loan structure.

NBC entered into a variable-rate Term Loan with Webster Bank on February 8, 2018. This arrangement allowed for the boat club to draw on a \$320,000 line of credit, as needed to complete the River Road move and facilities expansion project. This line of credit was active for 24 months. Interest charged was 1.5% over Webster's Prime Rate, adjusted daily.

Following the 24-month Advanced Period Variable Rate line of credit, NBC pledged to convert the borrowed amount of \$320,000 to a Commercial Term Loan effective February 8, 2020. The 20-year term would be broken into four, 5-year segments. The loan's interest rate would be marked to market at the end of each segment.

The first 60-month term will end February 8, 2025. The interest rate over this term has been 4.9%, calculated by adding the Bank's 2.5% margin to the Federal Home Loan Bank Classic Advance Rate of 2.4%, as set at the time of conversion.

NBC is allowed to prepay all or part of the note within the 60-month term, subject to a prepayment fee that starts a 5% for year 1 and declines by 1% each subsequent year, until the term ends and the interest rate adjusts to market. At this point the Prepayment Penalty Fee resets for the next 5-year term.

NBC is allowed to pay up to 10% of the outstanding balance each year without penalty.

NBC is allowed to pay off all or part of the outstanding balance, without penalty, 30 days prior to any interest rate change.

NBC agrees to protect Webster Bank's first position mortgage on the Boat House property and all improvements made to that property. The loan to fair market value ratio must remain at least 80% or less.

NBC is required to maintain a primary banking relationship with Webster Bank and hold reserve funds of at least \$20,000 to cover flood deductible more than \$5,000 due to flood damage.

Auto Debit of interest and principal payments must be maintained to prevent an additional fee of 3% being assessed, in addition to the current interest rate being charged.

Narragansett Boat Club's Webster Bank Loan Overview

Currently, NBC has met its obligations under this note covenant with Webster Bank and is a borrower in good standing.

Why is this review important for the BOG at this time?

- NBC has not taken advantage of its right to pay down 10% of the outstanding balance for the year 2023. (10% was paid down in January of 2022)
- The BOG needs to be aware of the upcoming, penalty free, payoff opportunity 30 days prior to the rate adjustment date of February 8, 2025.
 - Potential interest rate adjustments, at current rates, would look like: (4.7% Classic Advance Rate (as of 11/7/23) + 2.5% bank margin = 7.2%)
 - Bank rates are currently yielding 4.5%
 - T-Bill rates are yielding 5.5%

When considering these options, a look at current liquidity levels is important. Cash on hand for meeting operating costs and potential loan payoff opportunities is as follows:

- Webster Bank
 - Checking: \$48,965
 - Money Market: \$160,190
- Bank RI
 - Checking \$24,940
 - High Yield Savings: \$125,226
- Treasury Direct (estimated)
 - \$100,000 T-bill (3mo, purch 10/30/23)
 - \$50K T-bill (26week – 5.1% - reinvested 11/2/23 – 1more reinvestment)
 - \$20K I-Bonds (3.38% - mature 2051 & 2052)

The most immediate question for the Board is:

- Should we pay down 10% of the outstanding balance of \$219,494.51 (as of 11/12/23)?
- Can our liquidity levels handle a \$21,949 payment before 12/31/23?

We should have current financials for our meeting that will support a recommendation of paying the 10% penalty-free prepayment for the following reasons.

- We have adequate cash reserves to take advantage of such a paydown of principal.
- As a non-profit, we should capitalize on opportunities to cost effectively deleverage operations to reduce risk in a rising interest rate environment.

Narragansett Boat Club's Webster Bank Loan Overview

- It is a safe bet that the interest rate adjustment in February 2025 will be considerably higher than the 4.9% we are paying now. Incrementally reducing principal now, reduces future interest charges and lowers the payoff hurdle for 2025.
- We enjoy earning close to or more in our interest-bearing accounts than the cost of the loan. This arbitrage is not sustainable and will reverse when rates adjust in February 2025.

I look forward to your thoughts in our upcoming board meeting.

NOTE:

Additionally, you will receive another very important document tomorrow, Monday. It is the Form 990. This is our non-profit tax return for NBC.

Please review this document, as it is the responsibility of the Board to be familiar with such important reporting requirements.

We have worked closely with Steve Dawson, our CPA at Weinberg & Co., to prepare this return. The Form 990 will need to be filed by Wednesday, November 15th.

Best regards,

Michael Hamilton
Treasurer





November 2023 Captain's Report

FLEET

Acquisitions - We have acquired 3 Hudson 2X/2- that are ready for immediate use by A-rated members. One is a “.1” (flyweight – same as the Kerns) and two are “.2” (light/midweight – same size as the Joan Martin.) The proposed names for these new hulls was circulated earlier via e-mail to the BOG and is being asked to confirm that unanimous vote at the BOG meeting.

Dispositions: We have sold the Evans and have listed the Wise for sale. We'll continue to work to move hulls as detailed in our 5-year plan shared at an earlier BOG meeting.

Boat Repairs – Resolute was sold to Swift and HQ moved to New Zealand, so a source of high-capacity local repair is no longer available. Fortunately Van has been able to handle our current level of repairs in-house. We are looking into several options for off-site repairs so Van can work in a heated environment over the winter.

In a related vein, the Rowing Committee is recommending that the deductible for damage to A rated boats be doubled from its current level. Damage to B, C and D hulls will remain unchanged. This is in response to the increased costs associated with repairing our best hulls. These are maximums – repairs that do not reach these levels will not be charged more than the repair. Note these are lower than other clubs polled (CBC is \$2,000 for a 2X)

The result will be as follows:

1X - \$500

2 - \$700

4 - \$1,000

8 - \$2,000

RATINGS

Boat Ratings – In an effort to see these hulls get more use, the Rowing Committee voted to re-rate the new Peinert bow mounted singles as “B” hulls. These are the Gilles Bruneax, Sherry Nelson and Kristin San Bento. This will be effective immediately.

Member Ratings – The Rowing Committee has made some changes to the P&P as it relates to B test requirements. These include demonstrating an ability to secure a motor launch, secure hulls to outdoor racks and perform a self-rescue maneuver from a flipped 1X; either re-entry or straddle and paddle.

ON WATER ROWING

We are now in “Four-oars on the water” Please make sure you have identified your partner prior to launching when rowing a 1X. Also it is anticipated that we will be in the <50 degrees protocol for rowing a 1X as the water in the harbor is just over 50 degrees. Announcement forthcoming.

Respectfully submitted;

Eric Watne – NBC Captain