



MINUTES OF PYC ANNUAL MEETING, THURSDAY, OCTOBER 14, 2010

As approved by the Board of Directors on 12/9/10

To be presented for approval by the Membership at the 2011 Annual Meeting

Available at the registration desk were the Voting Member Registration Sheets and copies of the following documents:

- Red Voter Card for each registered voting membership
- Minutes of Annual Meeting of October 15, 2009
- Notice of Annual Meeting of October 14, 2010
- Balance Sheet and Statements as of September 30, 2010
- Report of Capital Improvement Plan Committee, October 8, 2010
- Ballot for the election of the following:
 - Amendment to the Constitution
 - One member to Life Membership
 - Three members to Four-Year Terms on the Board of Directors
 - Two members to Two-Year Terms on the Membership Committee

1. OPENING OF MEETING

The secretary reported that 68 members had signed the registration sheet, in excess of the minimum of 15% of voting membership (42 members) that is required for a quorum. Comm. Dionne called the meeting to order at 7:10 pm.

Comm. Dionne led the Pledge of Allegiance to the Flag of the United States.

P/C Fred Pettigrew presented the Invocation and asked for a moment of silence to remember the following members who passed away since the last Annual Meeting and their many contributions to the Portsmouth Yacht Club:

- Captain Diane McCormack Seagren, member since 1986
- Captain John O'Brien, Jr., member since 1985
- Captain and Life Member Arthur MacDonald, member since 1949
- Captain and Life Member Albina Clark, member since 1957
- Captain and Life Member Rita Thornton, member since 1962
- Past Commodore Robert Blanchard, member since 1993

P/C Pettigrew also asked for a moment of silence and prayer for members who have suffered other losses of friends and family members.

2. MINUTES OF ANNUAL MEETING OF OCTOBER 15, 2009, former Secretary Ken Roberts

It was Moved, Seconded and Passed to approve the Minutes of the Annual Meeting of October 15, 2009 provided by former Secretary Ken Roberts.

3. REAR COMMODORE'S REPORT, R/C Christina Y. Weller

We have had a great social season this year, with the combination of new catering services, wonderful weather and a number of new events contributing to a very high turnout. There were 45 scheduled events, beginning with the New Years Brunch in January and finishing up with the upcoming Holiday Dinner Dance in December. We had Dinner Dances, Wednesday Night Dinners, Cocktail Parties, Lobster Bakes, Breakfasts, a Dinghy Safari, a Cribbage Tournament, and a Commodores Chowder & River Cruise. New this year was a Fashion Show put on by the Ladies committee. We also brought in a new caterer, and had 3 dinners catered by local restaurants. In August, Club members were fortunate to have a tour of the USCG Cutter Campbell. The Gundalow Captain Edward H. Adams spent a night on our dock, and members were able to have a tour of the boat and learn of the Gundalow's part in Piscataqua history.

Special thanks to the many members who contributed their time and resources to these many events:

Jackie Adams
George and Nancy Almgren
Steve and Barbara Armstrong
Suzanne Bowman
Jinny Burgess
Jan Carson
Laurie Clark
Lolly Fleming
Dick and Kim French
Debby Gebow
Glen and Mary Lou Graper
Nancy Gulley
Bob and Shirley Jaquith
George and Nancy Kinser
Ron Lawrence
Priscilla Lent

Fran Mallon
Glenn and Barbara Michael
Ann Mowers
Cathy Nadeau
Judi O'Brien
John and Nancy Pappas
Dave and Jean Richard
Ken and Norma Roberts
Peggy Scott
Marty Smith
Shel and Janet Sullivan
Elaine Syracuse
Marilyn Wadja
Bob and Ann Watson
Suzie Watterson

Also, thanks to web-master Capt Dan Gingras for managing the PYC website and email list. These are a great means of communicating information about club events to the membership.

I wish to thank the Flags and Board of Directors for their support this season, as well as our Steward, Jerry Goldfarb, and our Dock Staff. I want to especially thank my husband, Whit, for his support this year.

I look forward to working with all of you to continue our momentum in the coming year.

It was Moved, Seconded, and Passed to approve the report of the Rear Commodore.

4. VICE COMMODORE'S REPORT, V/C Charlie Leto

There are two main components to the Vice Commodore's job – (1) keeping the Club physically sound and looking good, and (2) making sure it runs in a financially efficient fashion without sacrificing services. I think we have made great progress on both fronts this year.

First, the clubhouse. We've upgraded it in a lot of ways, to include refinishing the dance floor, replacing the carpet, painting the interior, replacing doors and hardware, installing new fencing and signage, new locks, and the like. We've received lots of compliments on these upgrades, and on the overall appearance of the facility as well, so we assume that you're pleased with the results of our efforts.

Second – the money! PYC's operating revenue budget for 2010 was \$440k. Of that, about one half is either uncontrollable, or not under my umbrella - \$136k in membership dues, \$ 44K is slip rentals, \$55k in social functions, etc. Of the things that are under my control, which would be the clubhouse, the docks, and the staff, fuel is the biggest revenue maker, budgeted at \$165k. Looking at our expense budget, the largest operating expense (after fuel,) was labor at about \$77k. Because the fuel and labor dollars were so big, I decided to focus these two items in order to understand them better. I wanted to see if we could improve our financial results by applying some basic business techniques to our operations. The answer is most emphatically "Yes."

PYC's 2010 operating season was three weeks longer than last year's (25 weeks versus 22) and it was apparent that if modest raises were added to the labor budget, it would go up about 18%. Since in 2009 you were already paying \$324 per member for labor and fringe benefits, this would increase your costs by \$58 per year, requiring an increase in annual dues. We looked for ways to get the job done responsibly without increasing your costs. Happily, we were successful. We planned the budget hours for every day of the season, based on when the sun set, then tightened it, then tightened it some more, then charged the Steward with bringing it

home at 5% less than that number, and gave him a reasonable financial incentive to do so without sacrificing services.

Not only did the Steward meet that target, he blew it out of the water. Based on the detailed weekly labor reports I receive from the Steward, we will finish the year having used far fewer staff hours than were included in our drastically reduced budget, and the total cost of labor, including the Steward's pay and bonus, will be almost \$7k less than budget, and \$1k less than last year despite the longer season. That means that our per week labor cost this year is actually six hundred bucks - 13% - lower than last year. Plus, we got a couple of "Steward's dinners" as part of the deal. Throw that in, and the bottom line on labor costs is that with the new monitors, controls, and incentives we've installed, instead of seeing the per-member cost of labor go up by \$58, it went down by \$9, for a "swing" of \$67 per member. This was accomplished by applying basic business practices – careful and tough budgeting, constant monitoring of progress, and inclusion of appropriate financial incentives. It took a bit of work to design and implement these processes, but they worked, and at the end of the day, we got the result we were seeking.

Our second focus was on Dock Operations, primarily fuel. Fuel can be thought of as liquid gold. Fuel sales in 2010 exceeded \$207,000. That's a lot of fuel, almost 73,000 gallons, and we tracked every gallon from delivery to our tanks in our parking lot to the pumps on the dock to payment to putting the money in the safe in the Steward's office. Our new Daily Dock Revenue Log (DDR) tracks all gallons pumped as shown on the totalizers on the pumps, and then compares those gallons to the ones our sales tickets say we pumped. It automatically figures how much money is due, shows the form in which it was collected, and then compares monies due to monies collected, looking for errors. Since \$65,000 of our dock total revenues were collected in cash, clearly it is important to track that cash carefully, and we did. Every DDR is signed by the staff member who produces it, and then the Steward signs, certifying, "Yes, this is what we collected and put in the safe." Our fuel profits, after topping off the tanks and adding fuel stabilizer, should be over \$23,000 versus a budget of \$15,000. Our profit margin of \$0.323 per gallon is the highest in the past five years, which is the only period I have data for, and dramatically higher than that reported last year. The combination of improved margins and improved volume resulting from nicer weather produced fuel profits ahead of budget by \$8,370, some of which is due to increased volume, and some to improved margins.

Fueling operations performance, coupled with our success in controlling labor costs, combined to produce profits in those two areas of about \$15,000 greater than budget. This combination saved each member of the PYC about \$60.

So what is the conclusion here? One could be that it's not inevitable that your dues have to rise. In a non-inflationary environment such as the one in which we currently live, it is even conceivable that they could drop. The key to controlling this is to make a careful plan, to provide proper incentives to reward performance, and then to constantly monitor and measure progress against that plan. Our plan worked, and we'd be happy to share the details with anyone who's interested.

While maintenance and upgrading of the clubhouse and docks along with management of fuel and labor were our major focus, we've addressed other issues, some small, and some large. On the small side, we discovered that PYC had been paying \$3 per gallon to fill one of our propane tanks, and \$4 to fill the other. A phone call took care of that. We also discovered that oil we'd been selling for \$5 a quart actually cost us \$6. Needless to say, we fixed that also. These are small items, but they add up.

A bigger issue we have addressed was reworking all of the Club's legal agreements to comply with new law governing liability of yacht clubs and their members. After a careful review of the law by our lawyers, we modified all the contracts and formalized the process of making sure they're all properly signed and on file. The main benefits of doing this are to reduce the potential liability of the Club and each of its individual

members as much as legally possible. We have also begun implementation of a formal employee evaluation process.

We are pleased with what we have been able to deliver to you this season, and hope that you are pleased as well. We also hope that whoever is Rear Commodore next year will continue the practices that we have instituted and extend them even further, perhaps starting with the installation of a point-of-sale system on the docks.

It has been my great pleasure to serve as your Vice Commodore, and a memorable experience for sure. Thank you for having me. I wish everyone a happy and healthy winter season, and I look forward to seeing you in the spring.

It was Moved, Seconded, and Passed to approve the report of the Vice Commodore.

5. COMMODORE'S REPORT, Comm. Art Dionne

The 112th year of the Portsmouth Yacht Club is almost over and, as you have heard from Vice Commodore Leto and Rear Commodore Weller, we experienced a number of improvements in the Club and in our social endeavors. In addition to what you have already learned from Vice Commodore and the Rear Commodore, other changes also have been made. Without a doubt, the most important change involves the position of PYC Treasurer. Treasurer Bill Rushforth and Assistant Treasurer Tony Young have stepped down and Capt. Jerry Karcher will be appointed our new Treasurer. Capt. Rushforth has been our Treasurer for 8 years and Capt. Young has been our assistant Treasurer for 6 years. Both gentlemen are to be commended for their efforts and dedication in their positions. Another change of great importance was the appointment of Carole Cartnick as our Club Secretary. No one is more dedicated to service to PYC than Carole. Thank you.

As in past years, the reason our Club runs as well as it does is because of the large number of members who volunteer their time and efforts. While I would like to thank each of them in this report, to do so would without doubt take up too much time; however, there are some member volunteers that I must recognize.

The Board of Directors – 12 of us make up the Board of Directors. It was my good fortune to have V/C Charlie Leto, R/C Chris Weller, DV/C John Kemen, P/C Jackie Adams, Capt. Bill Kennedy, Capt. Dan Gingras, Capt. Glenn Michael, Capt. Chris Clement, Jr., Capt. Tim Hefferan, Capt. Bill MacHardy and P/C Andy Courteau as members of the Board of Directors. Each and every one of them has contributed to the success of our 112th year.

House & Docks Committee – This Committee is comprised of about 18 members and is chaired by V/C Leto. These are the people who always show up during docks in and docks out and when things need to be repaired. I want to thank each member of this Committee and in particular want to acknowledge the dedication of DV/C John Kemen, Capt. Greg Gebow, Capt. Steve Jefferson, Capt. Tim Hefferan, P/C Andy Courteau and P/C Ken Jones. The amount of time and effort given by these 6 members is amazing.

Membership Committee – The Committee comprised of Capt. Joe Nadeau, Capt. Carol Chambers, Capt. Jim Jelmberg and Capt. Lynn Joslyn managed to interview 19 candidates for membership this year. I thank them for their time and effort.

Constitution and By-Laws Committee – This Committee is comprised of Capt. Joe Nadeau, Capt. Glen Graper and Capt. John Pappas. On a number of occasions this past year, I consulted with the members of this Committee. I want to thank each of them for their counsel. They made my job a lot easier.

Nominating Committee – this Committee is comprised of P/C David Wajda, P/C Jackie Adams and P/C Ken Jones, who volunteered to take over for P/C Rob Blanchard when Rob became ill. They had the always-difficult job of coming up with members willing to take on the duties of the Board of Directors and the duties of the Membership Committee. Thank you for a job well done.

I must also thank the Flags with whom I have shared the PYC Bridge this year, V/C Charlie Leto, R/C Chris Weller and DV/C John Kemen. Their advice, dedication and understanding made my job easier.

While I have not specifically mentioned the names of the members on the Audit Committee, the Budget Committee, the Capital Improvement Committee, the Chandlery Committee, the Communications Committee, the Orientation Committee, the Hospitality Committee, The Social Committee, the Regatta & Race Committee, the Ladies Committee or our Cruise Director, I want to thank each and every one of them for their dedication to PYC. Without their hard work PYC would not be the Club we all know it to be.

In closing, I want to thank my wife Jud for keeping me on an even keel during my time as a PYC Bridge Officer and express my gratitude to all members of PYC for the honor and privilege of being Commodore in our 112th year.

It was Moved, Seconded, and Passed to approve the report of the Commodore.

6. TREASURER'S REPORT, Treasurer Bill Rushforth

Please refer to the following documents which were available at the head table, and which are incorporated in these Minutes by reference:

Balance Sheet as of September 30, 2010
Comparison to Budget and Last Year as of September 30, 2010
Cash Position, September 30, 2010
Refinance proposal for float replacement project

Some highlights:

The club's cash position remains healthy and in line with projections and a comparison to last year. Operating cash accounts have a combined balance of \$109,539 and the restricted account has a balance of \$61,892 for a total of \$171,431.

Fixed assets were increased by \$35,673 with the addition of floats, a new launch engine, and furniture.

The mortgage balance is down to \$35,738.

Revenue and expense results were in line with our original budget with no significant variances. The gross margin results from social functions and fuel operations were positive and better than our original projections.

Total income from all sources to date is about \$253,000, which is up from the \$244,000 achieved for the same time period in 2009, and better than our budget of \$240,000. Expenses are in line with budget and last year with an improvement in the labor expense category. Total net income year-to-date through September is \$82,457 compared to \$75,850 last September.

It is significant to note that we have remained financially strong while making major cash outlays for capital improvements in the last five years, as follows:

Pier and Docks	\$ 193,975
Retaining Wall	\$ 34,080
Roof/Whaleback Room (net of claim)	<u>\$ 28,968</u>
	\$ 257,003

I want to give much credit to our Assistant Treasurer, Tony Young, who does an excellent job handling the daily/weekly details of our cash receipts and disbursements and keeping accurate and timely records of all these transactions. I also want to thank Tim Driscoll for preparing our federal and state tax returns, a significant savings for the club.

It was Moved, Seconded, and Passed to approve the report of the Treasurer.

7. AUDIT REPORT, Chairperson Timothy Driscoll

The Audit Committee consisting of Captain Timothy Driscoll, Captain David McArdle, Captain John

Pappas and Captain Elaine Syracuse reviewed the financial information presented to you at this annual meeting.

We also reviewed the procedures by which funds are handled and accounted for, and examined Expense and Income Reports to confirm balances against actual bank statements. Beyond that, we tested a number of randomly-selected transactions.

To the best of our ability, we found the information as reported on the financial statements to be true and accurate.

Since the financial activities of the club will continue until the end of the year, the Audit Committee will do a final review of the year-end financial statements at that time, to confirm the year-end balances and carryovers.

It was Moved, Seconded, and Passed to accept the Audit Report.

8. COMMITTEE REPORTS

A. CAPITAL IMPROVEMENT COMMITTEE, Chairperson, V/C Charlie Leto

The Capital Improvement Plan below represents the best efforts of the Committee to anticipate what capital improvements might need to be made over the next ten years. It is intended to be of assistance in planning, and by no means commits either the Committee or the membership to fund anything. By calendar year, here is what we see:

2011: \$6k to replace the large sliding windows on the front of the clubhouse, river side. Windows are in tough shape. \$55k to replace the ten docks not yet replaced in our ongoing dock replacement project. Doing this now instead of over the next three years will save \$7k (\$52k to Custom Floats instead of \$59k) and is probably overstated by \$5k, as we have pre-sold the old docks for approximately \$2k, and have included \$5k for contingencies we do not expect to occur.

2012: \$10k for clubhouse wiring, should that be necessary. \$12k to upgrade the rip-rap in front of the shed (do it soon; permit expires 2013); and \$8k to repair purely cosmetic defects on the slow launch, should we elect to do so.

2013: Replace kitchen stove for \$5k. Replace fuel pumps & lines for \$5k as and if required for safety. Repair/replace fuel system monitoring equipment for \$5k should new regulations require same.

2014: Replace decrepit shed and equally decrepit refrigeration equipment housed inside for \$13,500.

2015: Rehab kitchen for \$40k. No specifics. This is a placeholder.

2016: Rebuild dockhouse, which is in quite tough shape, for \$5k. Replace all pilings for \$30k. Economies of scale (mainly cost to mobilize barge) make partial replacement uneconomical. Replace walkway from clubhouse to dockhouse at the same time for \$5k. (Walkway has to be torn up anyway to replace pilings.) \$10k to replace the outboard motor on the fast launch is also provided, as is \$25k to trade in the fast launch hull for a new one if there is any reason to do that.

2017: Replace walkway outside clubhouse on upriver side for \$7.5k. It is starting to show its age.

2018: \$8k for dock electrical work, should that be necessary. River environment is harsh.

2019: \$35,000 to reside clubhouse.

2020: \$10k more for any clubhouse wiring work that may be needed. \$10k is provided for fuel pumps, lines, and monitoring equipment, same as in 2013.

PYC Capital Improvement Plan											
FORECAST											
(2011-2020)											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
BUILDING											
Replace windows and doors	6,000										6,000
Reside clubhouse									35,000		35,000
Electric - rewire		10,000								10,000	20,000
Replace wooden walkway on upriver side of clubhouse							7,500				7,500
Replace shed				10,000							10,000
Replace shed refrigeration units				3,500							3,500
Rebuild dockhouse						5,000					5,000
Replace kitchen stove			5,000								5,000
Kitchen rehab					40,000						40,000
LANDSIDE											
Rip rap const. revetment adjacent to shed		12,000									12,000
DOCK SYSTEM											
Pier - walkway						5,000					5,000
Replace pilings						30,000					30,000
Floats & hardware	55,000										55,000
Electrical work - docks								8,000			8,000
FUEL SYSTEM											
Pumps & fuel lines			5,000							5,000	10,000
Fuel monitoring equipment			5,000							5,000	10,000
LAUNCHES											
Replace outboard motor Eastern (fast) launch						10,000					10,000
Slow launch - fiberglass repair		8,000									8,000
Replace fast (Eastern) launch						25,000					25,000
TOTAL	61,000	30,000	15,000	13,500	40,000	75,000	7,500	8,000	35,000	20,000	305,000

After discussion, it was Moved, Seconded, and Passed to accept the Capital Improvement Committee report.

B. SHIPS STORE REPORT, Chairperson Capt. Deb Gebow

We have had a very active season at the Ships Store. Unfortunately, due to table configuration at Wednesday Night Dinners, we have had to move to the Whaleback Room, making it difficult for some members to avail themselves of the Store. We hope to make other arrangements for next year so that all members will be able to purchase our offerings. Again, we would like to thank Karen McCormack for her computer skills in keeping our spreadsheet. Her efforts make the Auditors happy campers. To be brief, on sales of \$5878, our profit so far this year is \$1560. Our monies are deposited in the General Fund. The final sale of the year will be held at Docks Out.

After discussion, it was Moved, Seconded, and Passed to accept the Chandlery report.

C. LADIES COMMITTEE, Chairperson, Capt. Judith Dionne

The Ladies Committee met on the first Wednesday of the month. Discussions were held at each meeting regarding the activities of the committee and pertinent news about the Club.

A very successful fashion show was held in May. Our thanks to Cathy Nadeau and her committee. The possibility of repeating this event every other year was held and supported. Next season, the committee will hold an auction.

Our thanks to the BOD for their generous contribution added to that of the committee for the purchase of eight round tables inside the clubhouse.

The committee bought the necessary items for the repair and installation of the weather station. The work was done by one of our resident EE's, Whit Weller. Thank you, Whit.

Capt. Jinny Burgess compiled a list of the contributions by the committee starting in 1995 as follows:

1995	Restoration of "Lady" \$2500	2003	Mosquito traps \$742.90
1996	Steak knives \$81.60		Tables for porch \$159.96
1997	US indoor flag \$120.00		Grill \$599.00
	Traveling burgee \$150.00	2006	Sixty chairs for deck \$2408.00
1998	CD player \$199.0		Twelve dozen salad bowls \$125.33
	Sound system \$450.00		Dining room chairs \$274.11
	CD's \$171.61		Dinner plates \$375.00
1999	Blender, food processor, & onion slicer \$249.97	2007	Blinds in dining room \$2134.94
	CD's \$78.43		Fans \$218.81
	TV \$816.00	2008	Wine glasses \$600.00
	Greeting, sympathy cards \$25.54		Shades for dining room \$46.91
2000	Lobster cooker \$57.84		Burgee restoration \$532.50
	Front lights \$99.96		Two tables, four umbrellas \$1238.00
	CD's \$31.73	2009	Restoration 1926 burgee \$393.90
2001	Repair weather center \$229.00	2010	Repair weather station \$299.50
2002	Bunting \$478.24		Contribution for round tables \$427.00

TOTAL contribution of Ladies Committee \$17904.78

After discussion, it was Moved, Seconded, and Passed to accept the report of the Ladies Committee.

D. REGATTA AND RACE COMMITTEE, Chairperson Capt. Joe Cunningham

I want to thank the following members who helped organize and orchestrate each of our successful races this season:

Joe Cunningham, Chair
Dave Richard
Jean Richard
Bill Kennedy
Kirsten Cunningham
Chris Weller
Whit Weller
Bud Myles
Tony Young
Rita Thornton & Family

The races were as follows:

Thornton Cup, June 16, 2010 Hosted by Rita Thornton and family as well as the PYC Race Committee, with food prepared by Tony Young. The winners :

First Undine - Captain Greg Gebow
Second Sunday Punch - Captain George Almgren
Third K-2 - Captain Frank Pfofi
Fourth Bare Foot Children - Captain Roy Brisoe & Member Lisa Stern
Fifth Veladare - Captain Bud Myles

Prizes were provided by Rita Thornton, and everyone had a good time and some visiting yachtsman joined on as crew and also had a great time..

Challengers Cup, Sept 11, 2010 This is the 19th year of the event. This is a rare occasion for those with disabilities to get out on the water either on a sailboat or powerboat. Over 100 participants came to PYC and enjoyed themselves on the water and had a great time after with hamburgers, hot dogs and much more. This is an event that all the participants look forward to all year.

Members Regatta, held on August 29, 2010 we had a very good turnout. The race started in front of the club and lasted over 3 hours. Everyone had a great time, and the winners were:

First Phat Tail - Captain James McCarthy
Second Maverick - Captain Al Williams
Third Reliance - R/C Christina Weller

Dave Mowers Memorial Pursuit Race – Sept. 18, 2010 Each boat started in front of the club and went to the Isles of Shoals and back. The winners were:

Overall Racing Class

First Brew Ha Ha - Captain Dinning
Second Uproar - Captain Harrington
Third Hurricane - Captain Pope
Fourth Barefoot Children - Captain Briscoe

Cruising Class

First Airtha - Captain Spieker
Second Figment - Captain Reuter
Third Aracati - Captain Schladenhauffen
Fourth Maude
Fifth Charisma - Captain Perkins

We had 18 boats out to Isles of Shoals and back – a great day.

We have received a Thank-You letter from Piscataqua Sailing Association (PSA) for the three occasions on which they used our club, June / July / August. All had a great time and approximately 40% of the attendees are current members of PYC and everything was left spotless.

Prizes for races included a very healthy donation from Jackson's Hardware, and donations from Rosa's Restaurant.

The First Annual Gosport Regatta was held on September 19, 2010

Winners from Portsmouth Yacht Club were
K2 - Captain Frank Pfofi
Phat Tail - Captain James McCarthy
Valadare - Captain Bud Myles

The winner of all the yacht clubs was Portsmouth Yacht Club due to the winning of the above boats and the fine captains representing Portsmouth Yacht Club.

After discussion, it was Moved, Seconded, and Passed to accept the report of the Race Committee.

E. REPORT OF THE CRUISE DIRECTOR, Capt. Frank Gage, Cruise Director

I would like to start by thanking Paul Young for putting together the cruise guides this year. He has also started next year's, which is posted on the website.

We visited eleven ports of call this year. After our start in Rockland, we went to Camp Island, Lunt Harbor, Southwest Harbor, Pretty Marsh, Bucks Harbor, Horseshoe Cove, Castine, and Cradle Cove.

The weather was outstanding. We had rain just one night in Castine. We had one day of fog in Southwest Harbor, and a short period of fog between Horseshoe Cove and Castine.

As always, we hosted cocktail parties on each of our boats. Some nights, they did such a great job that we didn't need dinner afterward.

We were happy to be joined by some new boats this year, and sad that some of our regular cruisers were unable to be with us.

The sixteen 2010 cruise boats were as follows:

- | | |
|-------------------------|-------------------------------|
| 1 Albatross – Jones | 9 Silver Lining - Yeaton |
| 2 Eclipse – Hand | 10 Rock a Buy - Buy |
| 3 Lady Sherle – Edwards | 11 Undine - Gebow |
| 4 Mistral – Bonde | 12 D’Jango - Grittner |
| 5 Seaquill – Howarth | 13 Happy Ours - Christensen |
| 6 Peter Rabbit – Wells | 14 Targa - Gage |
| 7 Semper Fi – Kinser | 15 Mojo - Spivey |
| 8 Reliance – Weller | 16 Running Spirit - Duderwicz |

Some of these boats were with us throughout the cruise and others for only a short time. I believe I can honestly say “A good time was had by all.” Thanks for a great season!

After discussion, it was Moved, Seconded, and Passed to accept the report of the Cruise Director.

F. REPORT OF THE CONSTITUTION AND BY-LAWS COMMITTEE – Capt. Joseph Nadeau, Esq.

Capt. Nadeau reviewed the mission of the Constitution and By-Laws Committee. Commodore Dionne then referred the membership to the proposed amendments to the Constitution and By-Laws as reviewed by the Committee and presented in the Notice of this Meeting as indicated below.

9. TO ACT UPON A PROPOSED AMENDMENT TO ARTICLE II OF THE BY-LAWS TO REPLACE THE CURRENT ARTICLE II, SECTIONS 6 AND 7 WITH THE FOLLOWING:

By-Laws, Article II, Section 6

The Capital Improvement Committee (CIC), appointed by the Commodore in accordance with Article II, Sections 1 and 2 above, shall develop a Capital Improvement Plan (CIP) to maintain the structural integrity of the Club’s property and equipment as required by Constitution Article IX, Section 3. The CIP shall cover a minimum period of ten years and be updated and posted annually. The CIP shall identify potential Capital Projects that would cost more than the Maintenance and Repair budget would normally cover. The CIP may also provide for unexpected maintenance/repair costs of up to ten thousand dollars. The Committee will submit a prioritized list of recommended Capital Projects, with cost estimates, for Board approval not later than the September Board of Directors meeting. The Capital Improvement Plan will be presented at the Annual Meeting for consideration by the members present. No Capital Project listed in the CIP shall be considered as approved and funded until approved by vote of the members at the Annual Meeting and by specific vote of the Board of Directors to approve and fund the Capital Project.

By-Laws, Article II, Section 7

The Capital Improvement Fund (CIF) established under Article IX, Section 3 of the Constitution shall be included within the Club’s accounting system for the purpose of funding current and future Capital Projects identified in the Capital Improvement Plan and major extraordinary expenses. The use of CIF funds for a Capital Project or major extraordinary expense must be approved by a two-thirds vote of the Board of Directors. The Board shall also annually identify all Capital Projects that have been approved and funded by the Board of Directors in accordance with Article II, Section 6, above, where said Capital Projects are to be funded by a fund source other than CIF funds. Whenever a source of funds for a Capital project or extraordinary expense is a dues increase or bank financing, the provisions of Article II, Section 1 above, shall apply. The financial status of the CIF and each Capital Project account shall be briefed at the Annual Meeting.

Commodore Dionne reviewed the intent of this amendment, which is to ensure that no capital improvement project will be done unless it has received prior approval by the Board of Directors and 2/3 vote of members attending a meeting. Commodore Dionne further mentioned that he has consulted with the Board of Directors, and all agree that the amendment should be re-written to make it more clear. Therefore, Commodore Dionne made a motion to Take No Action on this proposed amendment. A card vote was requested, and there were no opposing votes. The motion to Take No Action was seconded and passed by a clear majority of members

It was Moved, Seconded, and Passed to Take No Action.

10. TO ACT UPON A PROPOSED AMENDMENT TO ARTICLE XII OF THE BY-LAWS TO ADD SECTIONS 2 AND 3 AS FOLLOWS:

By-Laws, Article XII, Section 2

The Club expressly absolves itself and its servants, agents, and employees and each member agrees that the Club may absolve itself from liability for damages to any boat, property, appurtenances and contents thereof, or for damages to any property of each member or anyone upon Club premises under right or privilege of each member. Club premises shall include but not be limited to boats, docks, floats, storage, clubhouse, porch, decks, gas dock, launches, and outbuildings. This absolution from liability shall cover negligent acts or omissions.

By-Laws, Article XII, Section 3

The Club shall not be liable to a member or those claiming by and through a member for any loss or damage to property or person, or to the property or person of a member's employees, agents and servants resulting from any breach of any contract, agreement, or work order or from negligence on the part of the club or its employees, contractors, or agents.

Commodore Dionne asked for comments or questions from the floor. P/C Williams asked for clarification of the liability from which this amendment is intended to protect the club. He expressed concern that it may make the club more open to liability. Capt. Graper explained that the amendment is adopted directly from language taken from a case decided in federal court which was a lawsuit against a yacht club in Massachusetts. It has been upheld by federal court and marine law. Capt. Graper added that we would be doing all that we can to protect ourselves by adopting this amendment. Commodore Dionne gave further details of the lawsuit, filed by a member against the Metropolitan Yacht Club for a fire caused by frayed wiring. The owner of a boat sued the club and individual members for damages to his yacht. The presiding judge transferred the case to a magistrate judge. The resulting 46-page conclusion was that the agreements and language in the club by-laws exonerated the club and members from negligence. Maritime law applies. Language in this proposed amendment to the PYC By-Laws is the same as that which the court approved, and it protects the club, members, and employees.

Capt. Ken Roberts asked whether this would apply if an employee, transient yachtsman, or guest were hurt. Capt. Cody Carnick mentioned that guests are the responsibility of members, so, therefore, it would seem to apply to them. Capt. Almgren asked if visitors were included. Capt. Graper responded that visitors would probably not be included. Capt. Small asked whether members could be sued individually. P/C Williams asked whether it applies to people on the Wait List. Capt. Pappas asked whether PSA had seen this, and Commodore Dionne said they had not, since they are not members and have not signed an agreement with PYC. It was not possible to definitively answer some of these questions without conjecture, since the conclusion would probably be decided by a court if the unlikely circumstance occurred. P/C Williams said there appears to be a lot of unanswered questions and asked whether we should postpone voting on the amendment.

Capt. Deb Gebow asked whether there are any negative aspects to adopting the amendment. In other words, is there a reason to NOT vote for it?

Commodore Dionne made a motion to move the question for a vote at that time. A card vote followed which showed a majority of members voted yes, to move the question. Commodore Dionne then asked for the card vote on the question. All but two members voted yes, to approve and adopt the amendment. The amendment was approved by an overwhelming majority.

It was Moved, Seconded, and Passed to approve the amendment.

11. TO ACT ON A PROPOSAL TO INCREASE OUR MORTGAGE ACCOUNT WITH THE FEDERAL SAVINGS BANK BY AN AMOUNT OF UP TO \$55,000 FOR THE PURPOSE OF COMPLETING UPGRADES TO OUR DOCK SYSTEM.

Commodore Dionne summarized the quote received from Custom Floats to complete the dock replacement project at a cost of \$59,000 over the next three years. He said the original plan was to complete replacement of the docks in three phases, one phase each year for the next three years. He investigated what the cost

would be if we completed the project in 2011. Custom Floats gave a quote for \$52,000 to complete in one year. An additional \$3000 has been added to the proposal as a contingency for unforeseen problems during the project.

Commodore Dionne asked whether there was any discussion on this proposal.

P/C Williams asked why the Board would recommend adding to the mortgage. Treasurer Rushforth responded by referring to one of the documents he provided to the meeting. He said that, after our November mortgage payment, we will have \$33,505 remaining, and the mortgage note will mature in 27 more payments. Our monthly bill is \$1277 at 5.5%. A couple of years ago, the mortgage interest was reduced from 7% to 5.5%. If the club borrows money now, we would increase our line of credit to \$89,000 and 84 payments. In summary, we would add 57 payments to the length of the mortgage and add \$4.37 a month to the payment amount, which would be \$1282.16. By extending the length of the mortgage, we would receive the advantage of keeping our line of credit open, preventing us from having to go through an extensive approval process for another loan in the future if we need it. The contingency fund is restricted and needs to be retained for unexpected expenses. Capt. Rushforth further explained that, although we have a 3-year estimate from Custom Floats, they cannot guarantee the second or third year amounts. By extending the mortgage, we keep our line of credit open. Also, it was also mentioned that, if we do the remainder of the project at one time, we will keep the integrity and aging of the section consistent, which will make maintenance estimates easier in the future. This would also help maintain the dues level.

P/C Williams asked whether paying some cash and borrowing less was considered. Treasurer Rushforth mentioned there were several scenarios considered, but the Board decided that keeping the full line of credit open was preferred.

Capt. Watson stated that he was opposed to borrowing. He said he was in favor of an assessment to pay the bill so we don't have to pay interest in the long run. He said he hopes that, by the time this loan is paid for, we have enough money in the contingency fund so we don't have to borrow in the future.

V/C Leto reminded members that the proposal is to give the Board the authority to borrow the funds and simply gives the Board some flexibility to make the decision if they choose to do so.

Commodore Dionne made a motion to give the authority to the Board of Directors to increase the mortgage by up to \$55,000 for the purpose of completing upgrades to our dock system. The motion was seconded, and a card vote was done. All members except three voted in favor of the proposal, so it was approved and passed.

It was Motioned, Seconded, and Passed to give the authority to the Board of Directors to increase the mortgage by up to \$55,000.

12. MOTION TO ELECT P/C ED WRIGHT TO LIFE MEMBERSHIP IN PORTSMOUTH YACHT CLUB AS NOMINATED BY TWO OR MORE MEMBERS AND APPROVED UNANIMOUSLY BY THE BOARD OF DIRECTORS IN THEIR MEETING OF AUGUST 12, 2010.

Commodore Dionne made a motion to elect P/C Ed Wright to Life Membership and gave an itemized background on the extensive service he has given to the Club, presented in a document signed by P/C Addison Marvin Jr. and P/C Carol Marvin as follows:

- Served six years on the Board of Directors, four years from 1993 to 1996 and two years at a later time
 - During his first and second term on the Board, he was elected to and served as Rear Commodore, Vice Commodore, and finally, in 1996, Commodore of the Club.
 - During his third term again served a year as Vice Commodore.
- From 1990 to 1996, he served on the PYC Race Committee for Tuesday and Saturday races.
- During 1991 and 1992, he served on the House and Docks Committee.
- In 1995 and again in 1996, he served on the PYC Finance Committee.
- For six years, 2004 to 2009, he published or helped publish the PYC newsletter.

- Between 2004 and 2009, he assisted the Email Administrator in processing emails from members and posting changes to the PYC database.
- For 19 years, he served on the Social Committee. Some of the duties performed:
 - Monthly Host
 - Pig Roasts
 - Member Special Meals, Breakfasts, Dinners
 - Dinner Dance

Commodore Dionne advised the members to indicate their vote on their paper ballot.

13. TO ACT ON A PROPOSED AMENDMENT TO ARTICLE XI, SECTION 12 OF THE CONSTITUTION AS FOLLOWS:

Delete the following phrase from DEFINITION OF A LIFE MEMBER:

“ . . . , with the exception of holding office or voting for monetary issues.”

Capt. Deb Gebow read the letter which she had sent to the Board of Directors which proposed this amendment. She read:

Dear Ladies and Gentlemen of the Board of Directors,

After much pondering after speaking to several members of the Club, I wish to propose an amendment to the Constitution of the Portsmouth Yacht Club. The article in question is Article XI, Section 12, Life Membership. This section states:

“A person elected to Life Membership shall enjoy all of the privileges of the Club, with the exception of holding elective office or voting for monetary issues.”

A problem arises when searching for candidates to serve as members of the Board. If one is to perform his or her duties as a Board member, a great deal of time and effort is involved. I would suggest that those members with the most experience in the operation of the Club and time to devote to the duties required of a Board Member include our Life Members. I find it hard to believe that if anyone has contributed to the Portsmouth Yacht Club for at least 20 years (the time necessary to be elected a Life Member), he or she would not have the best interest of the Club in mind and, would, therefore, have no problem carrying out the fiduciary responsibilities of being a Board member.

With the above in mind, I would request the Constitution and By-Laws Committee to give serious consideration to a change in the Constitution of the Portsmouth Yacht Club to allow Life Members to serve on the Board of Directors and to vote on monetary matters.

Respectfully submitted, Capt. Debra Gebow

Commodore Dionne asked if there were any questions or comments. P/C Williams asked why the BOD is opposed to the amendment. Commodore Dionne explained that the BOD does not favor members who do not pay dues to be in a position of voting on monetary issues. He further explained that Life Members have the option of relinquishing Life Membership in order to hold office and vote on monetary issues. It is too easy to vote on an increase in dues which would not affect them, and that is the reason the Constitution reads as it does. P/C Williams said if the BOD did not approve the proposal, it should not have been placed on the ballot. Capt. Graper noted that this is a proposed amendment to the Constitution, and, therefore, members must be notified at least 10 days prior to the meeting and that a proposal for amending the Constitution or By-Laws does not require action from the Board of Directors. Commodore Dionne stated that, after checking with the Constitution and By-Laws Committee, it was decided that the proposal would be put on the agenda and ballot as a courtesy to the Member. Therefore, the item was placed on the agenda and the ballot. P/C Williams suggested that, if the amendment is passed, no more than 3 seats on the Board be reserved for Life Members.

Commodore Dionne instructed members to mark their paper ballots according to their vote on this proposal.

14. MOTION TO ELECT THREE MEMBERS TO THE BOARD OF DIRECTORS FOR FOUR-YEAR TERMS:

Commodore Dionne indicated that the following members have been nominated by the Nominating Committee and have been approved by the Board of Directors: Capt. Stephen Armstrong, Capt. Richard French, and Capt. Greg Gebow. The following member has been self-nominated: Capt. Paul Goldberg.

He asked if there were other nominations from the floor. There being no other nominations, Commodore Dionne instructed members to mark their paper ballots with their vote for three of the four nominees for the Board of Directors.

15. MOTION TO ELECT TWO MEMBERS TO THE MEMBERSHIP COMMITTEE FOR TWO-YEAR TERMS:

Commodore Dionne indicated that the following members have been nominated by the Nominating Committee and have been approved by the Board of Directors: Capt. James Jelmsberg (for a second two-year term) and Capt. John Pappas.

He asked if there were other nominations from the floor. There being no other nominations, Commodore Dionne instructed members to mark their paper ballots with their vote for two nominees for the Membership Committee.

Commodore Dionne asked members to pass in their ballots and told them that the ballots will be counted by P/C Andrew Courteau, P/C George Kinser, and P/C David Wajda and reported back by the secretary.

Ballot counting results indicated the following:

Item 12 above: Election of P/C Edward Wright, Jr. as Life Member – YES

Item 13 above: Amendment to Article XI, Section 12 of the Constitution, "Definition of a Life Member", delete ". . . with the exception of holding office or voting for monetary issues." – NO

**Item 14 above: Election of three members to the Board of Directors for Four-Year Terms
Capt. Stephen Armstrong
Capt. Greg Gebow
Capt. Paul Goldberg**

**Item 15 above: Election of two members to two-year terms on the Membership Committee
Capt. James Jelmsberg
Capt. John Pappas**

16. MOTION TO ELECT PERSONS TO HONORARY MEMBERSHIP FOR THE 2011 SEASON

Commodore Dionne read the proposal for Honorary Memberships as follows:

To elect the following persons as Honorary Members of PYC for the 2011 Season: Commander of Portsmouth Naval Shipyard, The Senior Non-Commissioned Officer of Portsmouth Naval Shipyard, the Commanding Officer of U.S. Coast Guard Station, Portsmouth Harbor, the Portsmouth Harbormaster, Kittery Harbormaster, and the Captains of each of the three Coast Guard Cutters stationed in Portsmouth.

Commodore Dionne asked for a second to the motion, received several, and asked if there were any comments, questions, or discussion. A card vote was requested. The vote to extend Honorary Memberships to these positions was passed unanimously.

It was Moved, Seconded, and Passed to extend Honorary Membership to the above positions for the 2011 season.

17. GENERAL DISCUSSION, QUESTIONS, AND RECOMMENDATIONS FROM THE FLOOR

Capt. Roy Alonzo mentioned that he was hoping to see an item on the Capital Improvement Plan about improvement of acoustics in the clubhouse. He said there may be new techniques for improvement now. Commodore Dionne responded that Capt. Saidla has studied the issue and has made suggestions for improvement. V/C Leto added that Capt. Saidla's suggestion was that acoustic panels could be placed between the beams for approximately \$1500. If that would be an option for a solution, it would not qualify as a capital investment. We would take the funds from maintenance and just do it. We can do this one step at a time, then make a more formal study. Capt. Jinny Burgess mentioned that she has \$2793 which has been contributed by members to add to funds needed to help alleviate the acoustics problem.

P/C John Scott made a motion to add submarine commanders to the list of Honorary Members. The motion was seconded. Commodore Dionne asked for a card vote on the motion, and the motion was approved.

Capt. Barbara Michael reminded members of the Christmas Party.

18. ADJOURNMENT

Commodore Dionne thanked members for attending the meeting. He asked for a motion to adjourn the meeting and received several. The motion was seconded and passed by all. Commodore Dionne adjourned the Annual Meeting at 9:15.

Respectfully submitted,

Carole Cartnick
Secretary

PARLIAMENTARIAN, Capt. Glen Graper, Esq.

NOMINATING COMMITTEE

P/C David Wajda
P/C Jackie Adams
P/C Ken Jones