

La Salle Community Centre

Board of Directors

Emergency Meeting Notes

June 25th, 2006

Recognition of Quorum

Back Ground Information

The La Salle Community Centre (LSCC) currently owns 20 acres of recreational property that is used by the community for many different sporting activities including: Baseball, Soccer, Football, Hockey, Skating rink, Play Grounds and a Curling Rink and Community Centre Parking lot.

These grounds need regular maintenance and upgrading on a continuous basis thorough the year. The use of a Tractor is an absolute requirement to maintain the year round facility services. As examples of the types of activities that require the use of a tractor are listed as follows:

- Ø Grass cutting
- Ø Weed Spraying
- Ø Fertilizer Application
- Ø Cultivating around trees
- Ø Harrowing the Baseball diamond
- Ø Parking lot leveling and harrowing
- Ø General ground's upgrading and dirt moving
- Ø Snow removal for the skating rink
- Ø Snow removal for the parking lot
- Ø Snow removal in front of all fire exits

On average, the tractor use activities for maintenance and upgrading is estimated at 15 – 20 hours a week for the summer months (April-Oct) and 7 – 10 hours a week in the winter months (Nov-Mar). This equates to greater than 150 hours of tractor use activities through out the year.

Situation

The LSCC's old blue FORD 1310 tractor broke down in mid June of 2006. The tractor was examined by a local mechanic (Rob Weins) and determined to be not worth repairing due to a cracked head. Once we received this information from Rob Weins, it was decided to hold an emergency summer board meeting at Paul Pfrimmer's to discuss alternatives and next steps.

Meeting Outcomes

An emergency board meeting was held on June 25th at Paul Pfrimmer's. In attendance were as follows: Paul Pfrimmer, Jeff Marshalok, Dwight Seymour, Wanda Talbot and Norm Davy called in by phone from the USA.

The board felt it was important that we challenge ourselves to think long term and in a holistic manner. To date a high percentage of the ground repairs and maintenance has been donated by local volunteers who were for the most part donating their own time and equipment. This was discussed in detail and it was communicated clearly that this donation of resources would no longer continue since it was a major drain of resources on these volunteers. The board had to consider carefully its next steps to ensure it would become self sufficient for its grounds maintenance long term needs. A successful long term strategy for the LSCC would be to have the capability to perform its own grounds maintenance without depending upon other third parties.

Analyzing Alternatives:

1. Repair existing old tractor.
 - a. The cost to replace the head and repair other broken parts on this tractor was going to be approximately \$5000. The mechanic commented that this tractor was in very poor running order as a result of poor maintenance.
 - b. Meeting outcome: The end result of repairing the old tractor is the LSCC would still have an old tractor with a value that is considerably less than what we would have to invest into getting it repaired and it would be right back in the repair shop after another few months of operation. In addition, this older machine could not perform all the necessary duties needed for the LSCC to be grounds maintenance self sufficient especially in the winter season.
2. Contracting out grounds maintenance services.
 - a. We discussed the option of hiring local contractors to help with the grounds maintenance. The costs to hire 150 hours a year of this type of service would pay for the purchase of a new tractor in less than three years.
 - b. Meeting outcome: From a pure financial perspective this option was voted out since this would be a financially irresponsible approach.
3. Purchase another used tractor.

- a. The market demand for used tractors that are this size and have this type of functionality is extremely high. As a result, it is very difficult to find a used tractor that is in good running order without paying the same price as a new tractor. It was also discussed that we should ensure the tractor we purchased must be able to perform all the functions necessary for the LSCC to be self sufficient for its grounds maintenance needs.
 - b. Meeting outcome: It was determined that our energy would be best focused on finding a new tractor since we would have to invest almost the same money without the service and warranty that would come with purchasing a new tractor from a local vendor.
4. Purchase a new tractor.
- a. A new tractor purchase would be the most expensive alternative for the LSCC to pursue short term, but would address all the necessary requirements that have been determined for it to be self sufficient. The new tractor would come properly equipped with all the right attachments and the service plan with a warranty that is important to keep it in great running order for many years to come.
 - b. Meeting outcome: The purchase of a new tractor was determined to be the best alternative taking into consideration all the information we had gathered to date. As the town of La Salle continues to grow, so will the demand on the LSCC grounds and this equipment purchase will return many years of reliable service to the community. This decision best meet our objectives to be self sufficient for grounds maintenance and to be fiscally responsible in investing for the greatest long term return for the community.

Financial Analysis

After the decision was made to purchase a new tractor a discussion was had around financing options.

Analyzing Alternatives:

Ø Leasing Option:

- Pro's
 - § Little up front money needed
 - § Equal payments spread over a larger period of time
- Con's
 - § Interest rate paid out to leasing company
 - § Lease agreement costs
 - § No equity being built up in the equipment

- Ø Bank Loan Option:
 - Pro's
 - § Little up front money needed.
 - § Equal payments spread over a larger period of time
 - § Asset Equity built up in the equipment
 - Con's
 - § Interest rate paid out to the Bank

- Ø Capital Cash Purchase – Internally financed
 - Pro's
 - § No interest rate to pay out
 - § No Bank fees or Leasing Costs
 - § Qualifies for an annual \$10,000 Capital Purchase Municipal Grant
 - Con's
 - § Local community perception that the board is using NCFC funds for other LSCC operational needs.

Meeting Outcome: It was decided to use existing internal monies to fund this capital purchase with the full intention of returning all the money used. After a recent audit of the LSCC's past finances it was discovered that the previous board had transferred in excess of \$20,000 of capital funds from the LSCC account to the NCFC account with the thought that no new capital purchases would be necessary in the near future until a new facility was build. Although we can appreciate why they might think this way, it's obvious that things like the replacement of the tractor and the addition of other capital projects will be necessary to keep the overall LSCC operating until the new building is erected.

As a result of our overall analysis, if we take the misallocated funds of twenty thousand plus the sale of the old equipment for twenty one hundred and add in the ten thousand municipal capital grant; then we have collected more than enough funds to pay for the twenty nine thousand dollar new tractor & equipment for the LSCC in year one. But, as stated earlier the board is committed to returning the misallocated twenty thousand dollars that was first transferred to the NCFC fund and then used for this capital purchase through the application of annual grants and any new fund raising activities for the LSCC.