

On February 13, 2020, Delaire Members were sent the below letter from President Mark Zucker. We would like to share our views on his letter. To avoid confusion, we have put **President Mark's comments in green.**

Dear Member,

I understand that a member has emailed members requesting they sign a petition to investigate the possibilities of bringing in a “for profit outside management company” that would operate and manage or “buy” Delaire.

I would like you all to know the question of whether to bring in an outside management company is something that the Board had looked at prior to the hiring of our new Chief Operating Officer, Joe Basso.

We find the term “**had looked at**” about as ambiguous as they come. Who did you interview? What did they say? Was any proposal or evaluation of the club requested or submitted? Did any of the companies you “looked at” visit the club? Were any financial figures shared with those companies so they might render a proposal? When did this take place? What were the names of the companies you investigated? Who, what, when, where, why and how? **Can you be a bit more specific than “had looked at”?**

There were a number of reasons we decided not to select the outside management alternative. It is apparent to us that the motivation of an outside management company—to make money on the Club's operations—would be fundamentally inconsistent with our mission, significantly harm the reputation of Delaire, further hinder home sales and greatly restrict member participation.

Delaire doesn't seem to mind **paying M & P Landscaping over \$700,000 a year**, despite them having the same motivation as an outside management company. **THE ORGANIZATION (DELAIRE) HAS AN EMPLOYEE LEASING ARRANGEMENT WITH OASIS STAFFING WHEREBY ALL OF THE ORGANIZATION'S EMPLOYEES ARE LEASED. ALL COMPENSATION REPORTED ON FORM 990 PART VII, FORM 990 PART IX AND SCHEDULE J REPRESENTS THE AMOUNTS PAID TO OASIS STAFFING, AN UNRELATED ORGANIZATION. **Apparently, Delaire has no problem with Oasis making a profit.****

Delaire's Mission as reported to the United States Treasury: **TO BIND THE CLUB'S MEMBERS TOGETHER BY A COMMON PURPOSE DIRECTED PLEASURE AND RECREATION.** How is hiring an outside management company fundamentally inconsistent with our mission? Hiring outside contractors to help run the organization would “significantly harm the reputation of Delaire, further hinder

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home sales and greatly restrict member participation.” Are you kidding? Nothing hinders home sales more than allowing non-resident, non-equity membership at a greater than 50% discount compared to what residents must pay.

Companies of this type are hired by clubs that have insoluble problems with their management and/or finances without regard to a Club’s history, members’ participation or preferences. In other words, Club members lose their autonomy and voice while cost cutting erodes quality. We do not have any of these problems. I want to underscore, these companies need to make a profit. Delaire does not need to make a profit, so it can reinvest its cashflow back into our own Club to make it stronger.

Mark’s above statement is simply not true. Delaire is taking in Non-resident, Non-Equity members at a 50% discount from what mandatory resident members pay. That is hindering home sales and we are told that we would be in dire straits without them. You say we have no financial problems, but that doesn’t ring true when your other statements contradict that. It seems as if the overriding theme in Mark’s letter is that these companies are bad because they want to make a profit.

Financially, over the past 2 years we have had budgetary surpluses, and small dues increases. This past year’s dues increase amounted to only \$177 for the year. Additionally, our golf course loan and assessment will end at the end of this year.

And yet, you just told us that **we need to borrow money for a \$\$\$ TEN MILLION DOLLAR repair/refurbishment project**. 40% would go to “must do” items like kitchen equipment, golf course equipment, irrigation, computers, software, building maintenance & repair. This is after our 3-year-old golf course renovation and “brand new” 8-year-old clubhouse. The other SIX MILLION would be used to redecorate our 8-year-old clubhouse. Pretty easy to have a budgetary surplus and small dues increases when you hit people with assessments of \$410 extended 6 years beyond the original assessment. You may call it an assessment instead of dues, but it’s a huge increase of almost \$30,000 over 6 years. I’m sure that dues will also increase over that time frame.

In summary, we have a new Chief Operating Officer who has already made improvements in our operations, we are in a good financial position and members continue to have a say in the operations of the Club. The Board of Governors recommends NOT signing this petition.

What improvements? Be specific. Members have little input now as to how this club is run, other than a few on the board who seem to wield outsized influence. Committees are like busy work to make people think they have a say. They have no authority to act. How can you even say “good financial position” when you are **selling half price memberships to generate cash?**

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Your President,



Mark Zucker

It's no secret that Mark has a vision that is different than ours. He continues to deceive himself, despite all the evidence otherwise. We also don't believe that making a profit is a bad thing. In fact, we believe it incentivizes organizations to operate in an efficient and effective manner. After all, their continued existence depends on satisfying enough customers who will renew their membership year after year. We hope you, the members, are beginning to realize there might be a better way to do things. At the very least, **it's worth investigating**. In fact, we think it's irresponsible to ignore it. Thanks for reading.

www.delairegovernance.com