

18th January, 2012

To All Club Members,

The committee has been approached by H & H Catering (The Point Café Killcare) with the aim to enter into a license agreement for the use of the Function Room and Bar. For members to understand the benefits of such an arrangement, I have given a brief overview of the commercial aspect of the club over the past few years since the construction of the new building.

- The committee, prior to the buildings completion, had a task to determine the best way to deal with the commercial aspects. This being the Kiosk, Restaurant, Function Room and Bar. They sought independent advice from consultants in the business management and hospitality industry. The advice given was essentially the same from each consultant, and was that all the commercial sections of the building should be under one entity, to make it a viable proposition, in particular the restaurant, bar and function room.
- Helena Hansen had previously been given first option on the new kiosk, when completed, so this took the kiosk out of the equation.
- Members of the committee then had many discussions with other surf clubs to determine their business models and the problems or successes with each.
- The committee then had to make a decision about the function room and bar, as there was a strong feeling from the members that control over these areas should remain with the surf club.
- The decision was made to put the restaurant only out to public tender. The Surf Club would then employ a function coordinator to run the function room and utilize volunteers to run the bar, and this would be assessed during the course of the next few years, to monitor its progress.
- There were a number of responses to the restaurant tender, however Randalls were the only applicant prepared to take on the lease for the restaurant without having control over the function room and bar. All others were concerned that it would not be viable without this control.
- Julie Oliver was the successful applicant for the function coordinators position and a club member volunteered to run the bar. After the first few months trading it was clear that the bar and cool room were too much work for a volunteer so this was added to Julie's portfolio.
- During the next 2 years trading it was evident that the business plan adopted was not the best solution for the club. There was little financial gain (approx \$8,000 profit after 2 years) and although Julie's role dealt with the running of the functions and bar, there was still an enormous amount of input and work required by some committee members and a small number of willing helpers.
- In mid 2011 the committee became aware that H & H Catering had made an offer to purchase the lease of the restaurant from Randalls. This was well within their rights as the lease was theirs to sell. John Randall informed the committee that he had accepted the offer from H & H.
- H & H approached the committee to come to a mutually acceptable arrangement for their use of the function room and asked that the committee give them a list of the surf club requirements regarding the function room and bar.

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- The committee had already determined that the surf clubs current business plan was unsuccessful and revisited the original consultants advice that a restaurant tenant needed an amount of control over the function room and bar, to be viable. It was decided to investigate the possibilities of negotiating with H & H with regard to their offer. Many discussions then followed with Central Coast Branch, Wamberal Surf Club (who have recently entered into a similar arrangement), H & H, legal consultants and within the committee to determine the best approach, that would benefit the club financially and still provide its members with the facilities they require.
- It was determined that a licence agreement over the function room and bar was preferable to a lease as the club would then maintain control over the areas whilst licensing H & H to manage and use it. The committee put together a list of requirements which were presented to H & H and they then made an official offer in December. The details of this offer are attached.

There will be a Members Forum at the Surf Club on Saturday 28th January at 3pm, where Kerry and Alan from H & H Catering will introduce themselves and give an overview of their business history on the Central Coast. It will also be an opportunity for members to ask questions regarding any concerns they have with the license agreement.

KAREN BURKE
President KSLSC