

ROCKPORT COUNTRY CLUB MEMBERS ASSOCIATION

BOARD OF DIRECTORS MEETING MINUTES

February 21, 2018

A Regular meeting of the Board of Directors of the Rockport Country Club Members Association was held at the home of Ric Young, 123 Royal Oaks Dr., Rockport, Texas.

PRESENT: Jon Heffron-President, Stan Davis, Ric Young, Herb Sutter, Charles Giesey, Tiffanie Hoover, John Wheeler and Chet Cloudt.

Also in attendance: James Creekmore, Mike Johnson, and the General Manager - Rick DeLoach.

The President convened the meeting at 10:00 AM.

GUESTS: There was one guest, Adelaide Marlott.

APPROVAL OF MINUTES: January 17, 2017 Board Minutes, January 24, 2018 Special Board Minutes and February 12, 2018 Special Board Minutes: Approved with no changes.

FINANCE REPORTS: Presented by James Creekmore, Reports referenced.

- James advised the Board that the Annual Audit is proceeding, and that he is clearing the suspense accounts on the balance sheet resulting from the insurance proceeds and storm expenses. James will review all of the final closing entries with the Board before issuing the Final Audit.
- Past Due Receivables were presented and the outstanding past due balances were \$3,331.43. Rick advises he was expecting a payment of approximately \$950 this week. The Board also recommended writing off two small balances of about \$30.
- Jon presented a review of the cash flow forecast for February of 2019. Based on the insurance proceeds that were estimated by our Public Adjuster, our current budget and expected rebuilding expenses expected cash was \$450,000.
- The expected cash balance contained several unknowns, including the ultimate insurance payouts, disputed invoices and how the club might manage the furniture, fixtures and equipment replacement at the club.

STATUS OF RECOVERY:

- It was noted that replacement of the clubhouse roof has begun and that areas of the roof which had previously leaked were being closely reviewed to insure that possible leaks would be corrected with the new roof.
- The club has received three proposals from ClubDesign to rebuild the Fitness Center. One design basically rebuilds the Fitness Center with only a couple of changes. The second design

includes expanding the workout area. The third design would enclose the breezeway between the workout area and the restroom area and expand the total square footage of useable space for the workout area.

- The Board would very much like to implement the third design but the cost is currently out of our budget. Rather than approving the less expensive designs, the rebuilding of the Fitness Center was tabled until the Board could review all estimates and funding opportunities.
- The Board will explore funding opportunities from the County Redevelopment Funds, Grants, and other initiatives that might assist in improving the overall appeal of RCC to the Community.
- Rick advised that there will be a conference call tomorrow between our Public Adjuster, the Insurance companies and the various adjusters to identify all outstanding issues regarding insurance payout for the Fitness Center, the Maintenance Building, business and personal property, furniture fixtures and equipment and how business interruption reimbursements will ultimately be paid out. The results of this call should provide the Board and Club with better planning tools to complete the rebuilding effort.
- ClubDesign will be responsible for the rebuilding of the clubhouse, but it was determined that some aspects of the Fire Sprinkler System were not included in their budget. Rick will be reviewing all issues that would affect the Certificate of Occupancy for the reopening to make sure all bases are covered.
- Jon advised the Board that he would like to meet with city and county officials for support for planning and repairing the damage to the drainage system that runs through the Club. The mutual benefits of effluent water removal from Little Bay, the waste water treatment plant and the overall flood plan for Aransas County are deeply entwined with the interests of the Club.

GREEN COMMITTEE: Herb Sutter

- Herb presented the minutes of the Greens Committee's January meeting. See attached.
- Herb also presented an exhibit on Golf Course Maintenance Expenses. This exhibit showed expenses for agricultural chemicals and irrigation, payroll and total expenses for years 2014, 2015, 2016, and 2017. He also provided an average 3 and 4 year expenses and compared this to budgeted 2018 expenses.
- There was a discussion regarding the condition of the course and the work needing to be done. Rick advised the Board that the rebuilding of the course was going to be a process that would most likely take several years.
- There was a discussion regarding the debris and rocks that were strewn about the course and how important it was to protect our equipment while trying to restore the golf course.
- John Zuniga is also preparing to get a license from the state to spray for mosquitoes. The Board recommended that we also have a backup for John Zuniga.

MEMBERSHIP COMMITTEE: Ric Young

- Ric advised that the committee had met during the month and they had approved the proposed By-Law changes that were recommended at the last Board Meeting.

- One of the proposed changes involved increasing the debt limit stated in the By-Laws from \$3,000 per voting member to \$5,000 per voting member. This is being proposed to increase the Club's financing options under current circumstances where voting members have declined. Because this limit did not reflect the effects of inflation and higher costs the Club is faced with in rebuilding the facility.
- A motion was made and seconded to present this By-Law change to the members at the Annual Meeting for final approval. The motion was approved.
- Another proposal involved changing the mandatory medical leave provisions of the By-Laws to allow the Board to use its discretion for extending medical leaves of absence under special circumstances.
- A motion was made and seconded to present this By-Law change to the members at the Annual Meeting for final approval. The motion was approved.
- A third proposed By-Law and Article of Incorporation change was to clarify and specify that the voting members of the club would receive any net proceeds of the sale of the club to a third party in the event of any sale and winding up of the club. This would not impose any financial liability of the club to any of its members if the club were not able to meet its financial commitments.
- This proposal was tabled until some additional data could be made available for the Board's consideration. The Board wanted to ensure that there were no adverse tax implications associated with the proposal. A special meeting will be called if necessary to review the data.

OLD BUSINESS:

- The Club has received notice from our mitigation contractor's attorney regarding the invoice submitted to the Club by Kustom. Jon has consulted the Club's attorney and is currently negotiating issues surrounding the overbilling by Kustom. A counter offer has been made by the Club but the issue has not been resolved at this time.
- Mike Johnson reminded the Board that the proposed golf cart lease the Club was entering into was a major commitment and could affect our proposal to move our LOC into our long-term note at Prosperity Bank. Rick advised that he had discussed the cart lease with our loan officer at Prosperity Bank and that the Bank had no objections.

NEW BUSINESS:

- The date for the RCC Annual Meeting was set for March 31, 2018. If weather permits, the meeting will be held in the parking lot of the club. All required notices will be sent out to the members.
- Rick advised that Stan Reeder was currently working with Hogan Homes to offer RCC memberships to buyers of new homes in Aransas Pass, and that also the membership package

discussed with Hogan Homes for their subdivision in Rockport was also still being evaluated by Hogan.

- A member has made an offer to purchase some land behind his house which is currently owned by the Club. It was determined that the Board did not have sufficient information regarding the precise terms of the purchase involving the leaps and bounds of the area in question. There were other issues that were brought up involving this sale of property by the Club.
- Although the Club is agreeable to selling property that the club is not using and which would not cause any adverse impact on the Club, the proposal was tabled until additional data could be obtained.

CAPITAL EXPENDITURES:

- No capital expenditure requests were presented at the meeting.

ADJOURN: Upon a motion made and seconded, the Meeting was adjourned at 1:00 PM.