

ROCKPORT COUNTRY CLUB MEMBERS ASSOCIATION

BOARD OF DIRECTORS MEETING MINUTES

June 29, 2018

A Special Meeting of the Board of Directors of the Rockport Country Club Members Association was held at the club's temporary offices located at 101 Champions Dr., Rockport, Texas.

Those present were: Jon Heffron – President, John Hitchcock, Herb Sutter, Glenn Kliebert, Elyce Kahn, Charles Giesey, Tiffanie Hoover and Chet Cloudt.

Also in attendance: Rick DeLoach, General Manager.

Ric Young was absent.

Jon Heffron, the club President convened the meeting at 3:30 PM.

Jon opened the meeting with a summary of the outstanding insurance claims. He then stated that there had been a recent positive meeting between our public adjuster and the insurance company, which we feel will result in full collection of all outstanding claims. No exact time-table was available as to when we will collect all money due us.

Jon then went over the proposed Fitness Center plan drawing, as well as the advantages that it will give us over the previous building, i.e., better control over people entering the facility and the pool area, more space for a new modernized workout area, etc. He added that we will keep the office area for storage and use as an office later, if needed. He also said that the windows would be of high impact glass and that we will be adding one additional A/C unit to accommodate the additional space. The cost estimate worksheet prepared for us by Club Design was then presented. This estimate showed a total cost for the proposed Fitness Center of just under \$281,000. After the collection of our insurance claim, the Club will be short by approximately \$161,000. Jon mentioned that no bids had been received by Club Design at this time, but that bids for all work will be solicited. Club Design has told us that they are very confident in the accuracy of their estimates; they are fully aware of all required permitting and expect to conclude work on the Fitness area at about the same time as the main clubhouse. Several board members commented that some of the estimates appeared to be on the high side. Jon responded that we will always strive to complete work below the cost estimates.

Jon then summarized what the club expects to have in total debt once everything is complete. Herb Sutter asked how we would fund it and Jon responded that we would do so through additional loans from Prosperity Bank. Jon mentioned again that we had met with officers of Prosperity Bank to discuss our additional cash requirements, as well as our dispute with Kustom, the mitigation contractor, and that they fully support additional funding for the club. Jon also just wrote a letter to Prosperity, brought them up to date and provided them a copy of all the design plans and cost estimate spread sheets, which were presented at today's meeting and herein referenced. Herb then asked Jon if he was of the opinion that the club could pay the debt and Jon said yes and that the club had incurred debt of this

magnitude in the past. Rick added that it is not at all uncommon for private clubs to take on this kind of debt. Jon further mentioned that Rick DeLoach has been working on a cash flow analysis, including a dues vs. spend analysis. He also added that he hoped we would be able to negotiate repayment terms along the lines of 5 years interest only, followed by a 20 year amortization schedule.

Jon then asked if there was a motion to approve the design of the Fitness Center, as presented. Accordingly, upon motion duly made and seconded, the board voted unanimously to approve said design.

Jon then asked if there was a motion to approve the funding of all expenses, as set forth on the **Rockport Country Club Uninsured Construction Expenses** report dated **6-28-18** presented at the meeting, to include the **Clubhouse** (\$298,680), the **Fitness Center** (\$161,000 net after collection of \$120,000 in insurance proceeds) and **Maintenance Facilities Upgrades** (\$34,000) for a total of \$491,680. Accordingly, upon motion duly made and seconded, the board voted unanimously to approve such funding.

A brief discussion ensued as to whether we should go forward with the purchase of kitchen equipment prior to reaching a final settlement with the insurance company. It was determined that for various reasons it would not be advisable to do so. Jon mentioned that we can have staff be prepared to go forward with the purchase of all desired equipment as soon as a settlement is reached.

No further business coming before the Board, the meeting was adjourned at 4:55 PM.

Chester R Cloudt, Jr.
Secretary/Treasurer
Rockport Country Club Members Association