

BOARD OF DIRECTORS MEETING MINUTES

Rockport Country Club Members Association

April 24, 2019

Board of Directors members in attendance were: Craig Bohn, President, Vicky Buck, Chet Cloudt, Charles Giese, Glenn Kliebert, Elyce Kahn, Red Hunt, Herb Sutter and John Hitchcock.

Others in attendance were: Rick DeLoach, General Manager and James Creekmore of Johnson & Creekmore, CPA's.

The meeting was called to order by Craig Bohn at 4:00 PM

Approval of prior Minutes: A motion was made and seconded to approve the minutes of the last Special Meeting of the Board held on March 19, 2019 and Minutes of the Annual Members Meeting held on March 23, 2019, as written. **A vote was taken and the motion carried.**

Appointment / Vote of Officers: A motion was made and seconded to elect the Officers listed below:

First Vice President – John Hitchcock

Second Vice President – Glenn Kliebert

Treasurer - Vicky Buck

Secretary – Chet Cloudt

The above persons, along with Craig Bohn, President will comprise the Executive Committee.

A vote was taken and the motion carried.

Appointment of Committee Chairs: The following Committee Chairs were appointed by the President:

Finance – Vicky Buck, Chair, Chet Cloudt, 2nd

House – Elyce Kahn, Chair, Chet Cloudt, 2nd

Golf – Red Hunt, Chair, Charles Giese, 2nd

Green – John Hitchcock, Chair, Herb Sutter, 2nd

Membership, Bylaws and Tennis/Swim/Fitness – Glen Kliebert, Chair, Herb Sutter, 2nd

Approval of Committee Members:

The composition of all the above committees was also submitted to Craig Bohn for his approval (see list). It was suggested that Don Dye be added to the Membership, Bylaws and Tennis/Swim/Fitness

Committee and Glenn Kliebert agreed and will contact Don to let him know he was added. Craig Bohn then stated that he approved of the Committees.

Glenn proposed a change to the bylaws to allow Provisional Members to serve on committees. Craig asked him to look into the idea further with Rick DeLoach, discuss it at the next bylaw committee meeting and come back with a recommendation to the Board.

Member Correspondence Rick DeLoach: Rick stated that the club had received a letter from Sandra and Carl Marling suggesting that the club provide Pickleball courts. This would involve nothing more than placing boundary lines on the existing tennis courts. The idea was discussed briefly and Glenn Kliebert was asked to research it and come to the Board with a recommendation at the next meeting.

Financials, Operating Results, Cash Flow Projection and Past Due Report (James Creekmore and Rick DeLoach):

- March 31, 2019 Financials - James reviewed and summarized the March 31, 2019 Financial Statements, both Balance Sheet and Income Statement (reports referenced). James commented that he was particularly pleased with first quarter results, and that on a GAPP basis, the club had NOI of (\$20,415) vs. a budget of (\$37,070) or \$16,655 better than expected. He also reported a positive cash flow of \$20,037 vs. a budget of \$8,668 or \$11,369 better than expected. He also commented favorably that the club had approximately \$8.5 million equity for a \$10 million entity and that was very good. A question was asked about the \$137K debt on the Balance Sheet and James responded that it was the portion of the total debt, which is expected to be retired over the next 12 months.
- Operating Results - Rick discussed the 1st Quarter Financial Review (report referenced), which provided the highlights for each segment of the Club's business activities, including an over/under analysis of actual performance vs. budget. He also stated that he was pleased with Food & Beverage Net Operating Income of \$7,334 vs. a budget of \$772 for the first full quarter of operations.
- Cash Flow Projection - Rick introduced a new cash flow report (report referenced) that he and James Creekmore had developed and would continue to update each month. Rick then went over the report, which shows actual figures for completed months and budgeted figures for future months. He concluded by stating that the current cash flow projection for December 31, 2019 is \$603,410, of which approximately \$161,000 is projected to be added from this years operations. James added that there is no depreciation included in these figures because it is a non-cash item. He also added that there is no "trending" of these figures, i.e., strictly actual figures for the first three months and budgeted figures for the remainder of the year.
- Dues Analysis and Membership Report - Rick referred to the Dues Analysis and Membership Category reports (reports referenced), which show club membership by category as of 3-31-19 and includes the Member Count, Dues (amount per month), Monthly Dues Revenue, F&B Minimum Revenue and Total Revenue. The reports reveal that there have been changes within all categories of membership, but that the total number of memberships now stands at 521 vs. 462 as of August 31, 2018. The reports also show that revenues from the addition of new

provisional members has kept pace with loss of revenues due to resignations of regular members since August of 2018.

- Capital Expenditures - Rick then went over the list of capital items yet to be completed, as shown on the last page of the above referenced report, indicating that some of the items had already received prior approval from the Board and some had not. Rick mentioned that the Finance Committee had made a recommendation for the purchase of the new items, subject to further clarification regarding available options to purchase the Air2 device from GLK Turf Solutions. The new items and \$ amounts being requested were then listed by Rick, as follows:

ADT fire equipment (Fitness) \$2,247
Clubhouse dance floor \$5,000
Tennis parking lot wiring \$1,765
Tennis electrical box \$1,900
Tennis court wind nets \$2,250
Clubhouse window shades \$10,000
Air2 aerification device \$40,000
Rough mower \$40,000.

Rick began with a description of the Rough Mower and why it is important for the Club to make this purchase. He stated that the cost, as shown on the bid (attached) is \$38,467.44. He said the deck-mowers we are currently using are dinged up from use after the storm and are no longer suitable for rough-mowing purposes. He also mentioned that it is a rotary mower that can be pulled behind a tractor and that the cost of replacing all of the blades is only about \$200.

Rick then opened a discussion regarding the Air2 aerification device, which he categorized as an air-jet frack machine. He then said that he had called several acquaintances who are users of the equipment, as the Finance Committee had requested. All of those he spoke with said they absolutely loved the machine and recommended it without reservation. Rick then provided everyone with a copy of a picture of the core sample taken from our #2 green and a handout entitled "Why do we aerify". He also said he was in favor of bringing in an outside agronomist, who had been highly recommended to provide us a second opinion on the condition of our greens and how to treat them. Rick then said the cost to purchase the equipment outright is \$36,100, as shown on the bid (attached). Also shown was the option to lease the equipment until December 31, 2019 with an option to purchase and a portion of the lease amount applied to the purchase price.

Rick stated that we were also in need of a new range ball washer at a cost of \$3,773, but that he should be able to obtain that equipment at no cost through the utilization of the Club's credit card bonus points. Rick also stated that he was delaying a request for the approval to the purchase of a third A/C unit (\$6,500) for the Fitness Center until it can be determined that it is absolutely necessary. This determination will be delayed until we can see how the existing two units can handle hotter weather coming in the future.

After a lengthy question and answer period, a motion was made to obtain the Air2 equipment from GLK Turf Solutions under a lease/purchase option of \$1,600 per month rental through December 31, 2019, with the option to purchase, exercisable at the end of each month during the rental term. If the Club exercises its option to purchase, the seller will credit back \$1,000 per month toward to purchase price. **A vote was taken and the motion carried.**

A second motion was then made for an outright purchase of the Rough Mower for \$38,467.44, as shown on the bid. **A vote was taken and the motion carried.**

A third motion was then made for an outright purchase of the remaining items shown in the above list for up to \$24,000 (it may cost less). **A vote was taken and the motion carried.**

Committee Reports:

- Finance (Vicky Buck) – Vicky reported that the Finance Committee had met April 23rd (report referenced) and that the Committee had voted to recommend approval to purchase all of the equipment, as listed above.
- Golf Committee (Red Hunt) – Red reported that the Golf Committee had met on April 19th (report referenced). He said rounds of golf in March were 1,746, on pace for a target of 20,000 rounds per year. He then reported that the Member-Guest Tournament, which was scheduled for the end of April, had been moved to September due to the poor condition of the greens. He also reported that the MGA participation has been good and appears to be on an uptick and that the Ladies Sandbox Open had 92 players and was a great success. There are numerous outside events scheduled for May and it should be a very busy month and produce some nice revenues for the Club. The only problem is that we only have 40 carts, so it will be necessary to bring some in. Various ways were then discussed on how to handle the need for extra carts.
- Green Committee (John Hitchcock) – John reported that the Green Committee had met on April 11th (report referenced) and that nearly the entire meeting centered around the condition of the greens and how to deal with them. After the meeting, the Committee and others were given a demo of the Air2 machine and that everyone was very impressed. In closing, he said the ladies senior tees (silver) will be ready for play in May.
- House Committee (Elyce Kahn) – Elyce reported that the House Committee had met on April 10th (report referenced) and they had a great meeting, except they were disappointed that Gordon Johns was not there. She mentioned that they had discussed the need for shades in the clubhouse (solar screens) and that they were still receiving bids in an effort to keep the cost down. She reported that the Club is having phone issues with the handling on incoming calls and that they may recommend the hiring of a receptionist to help with that issue, as well as helping with member communications in general, such as sending out email blasts, updating calendars, etc. Rick then said it would probably be a 40 hour per week job and in the range of \$12 per hour pay scale. Glenn suggested that we take a look at the phone system records to help determine the exact need for such a person (full/part time). Rick said he is sure he can find the money for

such a person in the current budget. Herb mentioned that there are still some issues with the wait staff concerning service and that more training is needed. Rick said he hopes to complete the RCC App soon and that we could currently order from a limited menu now. He said you can also order from the website and that it provides a mirror image of what is on the App.

- Membership and Bylaws Committee (Glenn Kliebert) – Glenn reported that the Committee had met on April 10th (report referenced) and that they been able to create some initiatives. He feels that we should reinstitute some form of a “Member for a Day” program, to give non-members a chance to come experience the Club, i.e., play golf, dine, work out, etc. for a nominal fee. He also said there needs to be better interaction between old and new members. Glenn then referred to item 5. of his report regarding the \$100 initiation fee for HOA Dining Memberships, saying that he and Stan Reeder feel that it is no longer necessary to waive it and that it should be reinstated. A motion was made and seconded to reinstate the initiation fee. **A vote was taken and the motion carried.**

Chet asked if Glenn had an opportunity to consider a written proposal by Phil Wildfang, a resident of Rockport Country Club Estates, to work with the HOA Board to double or triple HOA dues and donate a portion of it to the Club. This would be an effort to help the Club without making it mandatory for residents to join the Club at some level. Glenn said they had not discussed it, but that he would put it on the Committee’s agenda to consider.

Old Business: None discussed

New Business:

- Status of Recovery and Projects to be Completed - Rick mentioned the two most pressing issues were the installation of the vent-a-hood and completion of maintenance facility.
- New Board Members/TABC Paperwork - Rick asked if everyone had completed the required paperwork, and if not, to please do so ASAP.
- Public Adjuster and Restoration Company - Rick said that, based on a recommendation from our insurance representative at GSM Insurors, Blake McDavid, the previous Board agreed that it would benefit the Club to seek out the services, in advance, of both a Public Adjuster and a Restoration Company to represent us in the event of another catastrophe such as Hurricane Harvey. Blake said that if we were satisfied with the service we received from Greenspan & Associates, we should just go ahead and secure their service. In addition, Blake provided the names of two restoration companies that he recommends, Northstar and Belfor. John Hitchcock mentioned Service Master as another company that could fill that need. The consensus of the current Board is that Rick should go forward with contacting those companies and then report back to Board on his findings and make a recommendation for approval. Rick indicated that he would start that process.

Adjourn: No further business coming before the committee, the meeting was adjourned at 6:00 PM.