

ROCKPORT COUNTRY CLUB MEMBERS ASSOCIATION

BOARD OF DIRECTORS MEETING MINUTES

May 16, 2018

A regular 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.

PRESENT: 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 and James Creekmore – Johnson and Creekmore.

ABSENT: Ric Young

GUESTS: There were no guests.

The President convened the meeting at 4:00 PM.

APPROVAL OF MINUTES: The minutes from the Regular Board of Directors meeting held on April 18, 2018 were approved with no changes.

MEMBER CORRESPONDENCE: There was no member correspondence since the last meeting.

FINANCE REPORTS: Presented by James Creekmore, Rick DeLoach and Jon Heffron, Reports referenced.

- Financials – James Creekmore briefly highlighted the April 2018 financial statements. There were no comments or questions regarding the financials.
- Audit - James Creekmore reported that he can now complete the Audit due to our collection of the third insurance business interruption payment. The Audit Report is proceeding, the numbers are complete and the audit should be finalized by the end of this month. A draft will be presented to representatives of the Board and GM prior to publishing.
- Overdue Report - Rick DeLoach provided a brief summary of the Overdue Report stating that it was a fairly clean report with only two significant items yet to be cleared up. Andy Moore (\$1,456.43) is deceased and a claim has been filed against the estate. Kiki DeAyala (\$939.30) has been given some extra time to make payment.
- Summary Income Statement - Rick DeLoach reported the following for April activity:
Total golf rounds for the month of 1,991 (66.36 per day) vs. budget of 1,740;
Total Gross Revenue of \$77,381 for the month vs. Budget of \$63,860, a positive gross revenue gain of \$13,521;
Total Operating Expense for the month, including COGS, of \$129,620 vs. budget of \$138,543 (\$8,923 under budget); and
Net Operating Income for the month, before depreciation, of (\$52,239) vs. budget of (\$74,683), \$22,444 better than budget.

Rick stated that he was very pleased with the April figures. He added that we are off a little so far in May mostly due to airification of the greens, but that we have a private outing (160 golfers) later this month that should significantly boost our numbers for the remainder of May.

- Cash Flow Projection – Jon provided a summary of expected cash flow and projected cash balance as of August 31, 2018. This report includes a list of Cash Receipts and Disbursements for amounts Expected, Received and Due and is updated by Jon at least on a weekly basis. The backup reports for the Summary was offered to anyone interested. The latest summary report reflects a projected cash balance as of August 31, 2018 of \$605,994 vs. a projection of \$462,473 as of the last meeting on April 17. Jon explained that the projection changes from day to day during any given month and for it to be a meaningful indication of expected cash-flow, it should be prepared at the end of each month so a month over month comparison can be made. Jon said we would be a favorable position if we can maintain the projected cash flow at around \$450,000 or better.

COMMITTEE REPORTS:

- Finance Committee, Chet Cloudt, Chair.
A copy of the Finance Committee May 15, 2018 meeting minutes was provided electronically to each member of the BOD for review before the meeting. The financial information presented at the Finance Committee meeting was essentially the same as the information presented at the BOD meeting today. There were no questions or comments.
- Green Committee, John Hitchcock, Chair.
A copy of the Green Committee May3, 2018 meeting minutes was provided electronically to each member of the BOD for their review before the meeting. John reported the most significant activity taking place is the laying of sod on the golf course, especially around the bunkers. He also noted that there are plans to re-establish the grass farm located at the far end of the range. It was announced that the club has hired Jason Burgess, who will report to work on June 1 and will train under John Zuniga, as the Assistant Golf Course Superintendent. This was followed by a discussion of the greenside bunkers with the suggestion from Glenn Kliebert that they be more aggressively raked, particularly over the weekends. Jon further mentioned that the City of Rockport has reduced the amount of effluent water we are receiving, primarily due to reduced usage by the general population and hotels/motels in the city.
- Golf Committee, Charles Giesey, Chair.
Charles reported that the club is selling the 2013-2015 golf carts and that sales are brisk, with all of the 2015's sold along with about half of the others. The club is selling the carts at the same price that we could get on a trade-in from our supplier. Charles said we are waiting on our new logo before ordering new score cards. There was also mention of changing the 18th hole to a par 5. Jon suggested that we make sure we meet the minimum yardage requirement established by the USGA. The decision to make this change will be delayed until we can get the club re-opened and is in full operation. There was also a discussion regarding a donation of sand to the club, facilitated by Glenn Kliebert. It was determined that there needs to be some research as to the exact nature of the sand to be donated to assure that it would meet golf course standards.

STATUS OF RECOVERY EFFORTS:

- Membership Sales Report – Rick DeLoach.
Rick reported the addition of three (3) new members since the last BOD meeting and a total of twenty-five (25) since re-opening of the golf course.
- Golf Course Maintenance and Long Term Recovery Plan – Rick DeLoach.
Rick reported that golf course maintenance and recovery is continuing on a normal schedule. He also noted that much of the current work involves the laying of new sod on tee boxes and around the bunkers.
- Loss Mitigation Contractor Dispute – Jon Heffron.
Jon provided an update to the Kustom mitigation dispute. Kustom maintains the position that we owe them a total of \$450,000 (down from \$480,000 originally). We previously offered them a total of \$275,000 to settle, which they turned down. Both parties have agreed to attempt a settlement of the matter through mediation, which is scheduled to be held in Corpus Christi on June 6th. Our attorney is pleased with the selection of the mediator and is optimistic that it will result in an acceptable resolution of the matter for all concerned.
- Insurance Company Matters – Jon Heffron.
Jon reported that our Public Adjuster has received insurance payments under our ICAT policy in the amounts of \$500,000 on our BPP and FF&E claim and \$312,375 on our BI and EE claim. The checks have been overnighted from our public adjuster's San Francisco office and should be deposited to our account this week. Jon also reported that a meeting has been held between us, our public adjuster and a senior adjuster of the insurance company to go over all of our claims and bring the matter to a conclusion. The senior adjuster said he would go back to his office, go over all of the documents we presented and get back with us as soon as possible.
- Rebuilding Status – Progress and Schedule – Rick DeLoach.
Rick reported that we have had difficulty obtaining bids for HVAC, electrical and electrical lighting for the club house rebuild that meet our budget requirements. The low bids we have received for these three projects are, in the aggregate, \$230,000 over budget. We plan to continue working with Club Design to locate qualified subs that can provide these services within our budget. At this point our re-build has not been delayed because of this issue.
- Construction Expense Variances and Uninsured Expenses – Jon Heffron.
Jon went over the Construction Expense Variances and Uninsured Expenses report, which details the expected expense for various uninsured items relating to the Clubhouse, Fitness Center and Maintenance Facilities. Some of these items were destroyed by the storm and not insured and others are simply improvements which need to be made as we undertake the rebuilding process, such as landscaping, outdoor lighting and such. The current cost estimate for all of these items is \$501,183. This number will be refined as we get further into the rebuilding process. It was clarified that this amount is in addition to the \$423,194 amount we have already tapped from our existing \$500,000 line of credit. Jon further reported that these expenses will most likely be financed with Prosperity Bank. A meeting has been held with the bank regarding the financing of this additional amount with an indication of total support from them. A copy of this report was provided to all in attendance.

OLD BUSINESS:

- **EZLinks Software Conversion - Rick DeLoach**
Rick provided an update on the conversion from “Jonas” to our new “EZ Links” accounting/operating software system. RCC staff members are currently building the balance sheet, general ledger and populating the system. He further described the many of benefits to the club and the members over the old system. It was clarified that the only up-front cost to the club was a \$2,200 server...all other costs are built into a monthly fee. Rick hopes to have the system fully operational in time for the July billing statements (June activity).
- **Club BDA & Branding Implementation – Rick DeLoach**
Rick reported that the logo design has been finalized and is currently being digitized so it can be applied to various test market items. It was mentioned that we are using the image of the tree on our 6th hole for the logo.
- **Guidelines for the Sale of Club Owned Property – Jon Heffron**
Jon went over the proposed guidelines, which had been provided at the regular BOD meeting in April and requested that a vote be taken to adopt them. After discussion, a motion was made and seconded to so adopt. The proposal to adopt carried with a vote of four for (Cloudt, Giesey, Hoover and Hitchcock) and three against (Sutter, Kliebert and Kahn). A copy of the adopted guidelines will be placed in the official minutes.
- **Updated Club Rules and Regulations – Rick DeLoach**
Rick has asked each of the department managers go over the current rules and regulations and submit a list of their suggested changes. Rick will study these and make recommended changes that can be acted on by the BOD.
- **Member Ownership – Jon Heffron**
After discussion of some of the pros and cons of changing the clubs structure, including the adverse impact of Texas State franchise tax, the BOD agreed to have Jon go forward with securing a legal opinion regarding the legal impact.

NEW BUSINESS:

- **RCC Policy Re: Trespass on Club Property – Rick DeLoach**
Rick reported that a resident residing near 6th green has constructed a fence which extends on to club property. Rick provided the board members a copy of a letter he proposed to send notifying the resident that they had built on club property and demanding that it be removed immediately or they would be in violation of criminal trespassing. Several board members expressed the opinion that perhaps a more neighborly approach would be to first call them and discuss the matter over the phone to get a read on how they would react to the situation. Then, if they were not cooperative within 10 days, the letter could be mailed. After a motion and second, the BOD voted unanimously for Rick to mail the letter if the resident was not cooperative after first discussing it with them over the telephone.

ADJOURN: No further business coming before the BOD, the meeting was adjourned at 6:40 PM.

