

ROCKPORT COUNTRY CLUB MEMBERS ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
August 15, 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, Elyce Kahn, Tiffanie Hoover, Ric Young and Chet Cloudt (via telephone).

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

1. CALL TO ORDER: The President convened the meeting at 4:05 PM.

2. APPROVAL OF MINUTES: The minutes of the Special Board of Directors meeting held on August 2, 2018 were approved with no changes.

3. MEMBER CORRESPONDENCE:

A member, who had received a rules warning letter from the Board, made an oral presentation to the Board about the letter. The Club has received a revised offer for the purchase additional property from the Club near the swim/tennis facility. See item 7.

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

- Financials – James Creekmore. James briefly summarized the July 2018 financial statements. James noted that the special insurance entries would be cleared off of the Balance Sheet as soon as we receive final settlement from the insurance company. There were no questions or comments.
- Summary of Operating Results/Financial Review - Rick DeLoach. Rick gave a summary of July operations, noting that the Club missed revenue projections by around \$1,800, but that operating expenses were about \$5,000 less than expected. The Club sustained a total loss for the month of \$93,000, not counting Business Interruption insurance, which was better than expected. He also reported that the transition to EZLinks is a work in progress and that there are still a few bugs in the system to be worked out by the staff.
- Overdue Report – Rick DeLoach. Rick reported that he had received credit card payment in the amount of \$800 from Kiki DeAyala and will write off the remaining \$153.42 he owes. The \$2.09 owed by Tammie Shelton will also be written off. The only other amount of significance is the Andy Moore Estate, which owes \$1,456.43. However, we are still confident of receiving this money once the estate is settled. Rick noted that only \$416 of July billed receivables were not paid in the month of July and that this small amount was a very positive sign, considering the impending reinstatement of dues and rebuild of the Club.
- Cash Flow Projection – Jon Heffron. Jon provided an updated summary, as of July 31, of the cash flow and projected cash balance. This report includes a list of Cash Receipts and Disbursements

for amounts Expected, Received and Due. The latest update reflects an expected cash balance of \$809,171 on December 31, 2018 and \$675,971 on March 31, 2019, which is the largest it has ever been. Jon added that there were several issues, once settled, that could make the cash balance even larger, including a favorable mediation resolution with Kustom Mitigation in October and sale of Club-owned real estate. He also noted the importance of receiving the \$500,000 additional loan request from Prosperity Bank and that Bank approval was necessary to sell the real estate.

5. COMMITTEE REPORTS:

- Finance Committee - Chet Cloudt, Chair. Chet reported that the Finance Committee had met on August 7 (Report Referenced), with the primary purpose of providing the Board a recommendation for the reinstatement of membership dues, and appropriate amounts, effective September 1, 2018. He stated that there had been a very thorough discussion of the matter by the committee members and that the resulting recommendation was to reinstate dues effective September 1, discounted as follows:

All Regular Members: Discount by 15% with no minimums

All Provisional Members: Discount by 10% with no minimums

Jon commended the Finance Committee on their work, but stated that he still had concerns about charging dues for Dining Members and recommended that we not do so. Rick DeLoach weighed in and expressed the same opinion. **After discussion by members of the Board, a motion was made to adopt the above recommended discounts, effective September 1st, with the exception of the Dining Members, who will not be charged any dues or minimums. In lieu of charging them dues, the Club will ask each Dining Member to help the Club by making a voluntary donation in whatever amount they wish. After a second of the motion, a vote was taken and the Motion carried unanimously.**

- Green Committee, John Hitchcock, Chair. John stated that the Green Committee had met on August 2 (Report Referenced) and provided a brief summary of the Green Committee activities, including overall status of the greens, tees and bunkers, as well as ongoing maintenance around the Clubhouse. He also mentioned the broken irrigation pipe at the intersection of Henderson and Traylor, which must be repaired. Rick reported that he had been in touch with the RCC Home Owners Association and had tentatively agreed that the cost to repair the pipe would be split with them on a 50/50 basis. John mentioned relocation of the grass nursery to the left side of the #14 fairway and said the cost, using Tiff Eagle grass, would be approximately \$3,000 to \$4,000, plus site prep. He said long-term goals included the re-grassing of holes 6, 8 and 9, which are currently planted in Paspalum, requiring a different irrigation schedule and chemicals from the rest of the course.
- Golf Committee, Charles Giesey, Chair. No Report
- House Committee, Elyce Kahn, Chair. Elyce reported that the House Committee had met informally several times and would soon provide formal recommendations on menu items, food conservation measures, specialty Nights to be held on either Tuesday or Wednesday and ways

to communicate with the members through email blasts. She mentioned that the committee had also looked at menus from other country clubs to get new ideas.

- Membership Committee, Ric Young, Chair. Ric stated that the Committee would conduct its first formal meeting next week. He mentioned the ongoing effort to invite new male members to play golf with a group each Saturday and Sunday afternoon and that it would be nice if such an effort were made to invite new female golfers. Ric noted Stan's continued success in selling new memberships.
- Swim Tennis, Fitness Committee, Tiffanie Hoover, Chair. Tiffanie reported that there had been no formal meeting in July, but that the S/T/F Committee members are still interested in providing input for the design and equipment to be used for the fitness center. Rick stated that he had met with Health Equipment of South Texas (HEST) in Corpus Christi and had asked them for a recommendation on the Fitness Center and would keep everyone advised on what they come back with.

6. STATUS OF RECOVERY EFFORTS:

- Rebuilding Status – Progress & Schedule, Budget Variances, Uninsured Expenses & Funding – Jon Heffron and Rick DeLoach – see Reports. Jon discussed the latest Construction Schedule delivered by the General Contractor, which shows a Substantial Completion date of October 22nd. There was a discussion of the progress on the Clubhouse construction and the delays, some of which have been the result of the GC, some as a result of insurance company (not making timely determinations on submitted claims), and some beyond the control of both the GC and the Club (subcontractor bids coming in well above budget). Jon noted that the contract with the GC didn't provide for a guaranteed completion date with penalties for not completing on time or incentives for completing it ahead of schedule. The only recourse of the Club for GC delays would be to terminate them and hire another GC. He didn't think this would result in completion of the project any earlier than with retaining the GC. He explained that the GC is as frustrated as we are, and that they are motivated to complete the project ASAP because overhead and general conditions will deplete any GC profit in the project.
- Jon and Rick reviewed a revised furnishing proposal from ClubDesign Associates (CDA) and a revised budget for RCC. These were put together after the recent design presentation by CDA, which was very positively received by the Special Clubhouse Committee and the Directors present. Jon noted that CDA's original budget in January 2018 for all furnishings was in excess of \$328,000. The revised proposal and budget were for CDA to provide all furnishings for all areas of the Clubhouse, except for artwork, the Banquet space, offices, exterior furnishings, and lounge area, for approximately \$168,000 consistent with the design materials and standards presented to the Special Clubhouse Committee and directors last week. The Club will be responsible for the remaining spaces and items with a budget of \$66,000. It was noted that CDA will provide the Club with all invoices for actual costs of the furnishings from CDA, and all actual freight, storage, and delivery costs. The Club will pay actual invoiced costs in every instance, which may result in a greater or lesser cost to the Club. Director Hoover requested that the CDA provide the Club with pricing and alternatives for an appropriate number of armless side chairs

in the Dining area. Rick and Jon promised to follow up on the request. **After analysis and discussion of the matter, a motion was made and seconded, and the Board voted unanimously to adopt the revised furnishings budgets (\$168,000 for CDA and \$66,000 for the Club) presented at the meeting.**

- Jon and Rick reviewed a revised Kitchen/Bar equipment budget for Certificate of Occupancy items presented and approved at the last Board meeting, as well as the budget for all other Kitchen/Bar equipment items not included in the revised Certificate of Occupancy Budget. They reported that through competitive bidding and negotiation, the Club was able to procure the Kitchen/Bar equipment (including a portion of the Certificate of Occupancy items approved at the last Board meeting) from Mission Restaurant Supply from Corpus Christi for less money than from the GC and its subcontractor, ISI. Rick also discussed the importance of having a local company standing behind the Kitchen/Bar equipment for future service and warranty purposes. Jon noted that CDA's original budget in January 2018 for all kitchen and bar equipment was in excess of \$405,000. **After analysis and discussion of the matter, a motion was made and seconded, and the Board voted unanimously to adopt the revised Kitchen Certificate of Occupancy items proposal from ISI for \$89,000 and all other Kitchen/Bar equipment proposal from Mission Restaurant Supply for \$91,000.**
- Insurance Company Matters – Jon Heffron. Jon reported that all insurance matters have been concluded. He referred to the Settlement and Release Agreement executed August 13, 2018 (copy provided) and said we should be receiving final payment within days.
- Membership Sales Report – Rick DeLoach. Rick provided a handout and reported the addition of 42 total new members since re-opening of the golf course. He also mentioned that he is very pleased with the efforts of Stan Reeder, Membership Director.
- Loss Mitigation Contractor Dispute – Jon Heffron. Jon mentioned that the mediation with Kustom is still set for October 9th with nothing more to report at this time.
- Golf Course Maintenance and Long Term Recovery Plan – Rick DeLoach and Jon Heffron. Jon mentioned that this item had been essentially covered by the Green Committee report. Rick added that a golf maintenance utility cart had been stolen and that we would file a claim with the insurance carrier, pay the \$1,000 deductible and buy a replacement.

7. OLD BUSINESS:

- Dues Reinstatement – Chet Cloudt and Jon Heffron. Discussion concluded. See Finance Committee report.
- Cart and Other Fees – Rick DeLoach. Rick provided a hand-out (Report Referenced) detailing all golf-related fees (green and cart) the Club has been charging during the dues suspension period (course reopening thru August 31), as well as the golf-related fees that were being charged prior to Hurricane Harvey. Also included were proposed new rates, effective September 1, when dues are to be reinstated. **After analysis and discussion of the matter, a motion was made and seconded, and the Board voted unanimously to adopt the proposed new rates effective September 1, 2018, granting Rick the discretion to adjust "Reciprocal and Other" fees depending upon demand.**

- Renderings – Rick DeLoach and Jon Heffron. Jon explained that the cost for Renderings would be about \$2,500 each and would take 6 weeks to prepare. Jon recommended that we put a decision on this item off until after we receive confirmation from Prosperity Bank that they will fund our \$500,000 loan request, reinstate dues, and resolve our dispute with Kustom. Once all of those things occur, we should have ample funds to go forward with renderings, if we chose to do so. There was a consensus among the Board that we should follow Jon’s recommendation. The Board discussed the Clubhouse layout and description schematic prepared by Glenn Kliebert and agreed that it should be reproduced in a large scale format and displayed in the Temporary Clubhouse, and be emailed to all members along with the announcement of reinstated dues.
- Revised Offer to Purchase a Portion of the Swim, Tennis Center Land – Jon Heffron. Jon noted that the Board had previously approved the sale of approximately 16,117 square feet at a price of \$68,500, subject to a re-platting of the property. The Board also authorized the replatting of the land. Both the sale transaction and the replatting would be subject to the approval of Prosperity Bank because it has a lien on the property. The Albrechts have come back and now desire to purchase the Club’s property all the way to the corner (to include lots 33 D – F of the proposed replat) for a total sales price of \$150,000. For this price, the Club would agree to pay for the re-platting cost. Jon pointed out that the sale could not close until the land was replatted and we obtained bank approval. Jon said this price amounts to \$4.33/sq. ft. **Upon motion made and seconded, the Board voted unanimously to sell replatted lots 33 D – F for a total price of \$150,000, less closing and re-platting costs and subject to Prosperity Bank’s approval.**
- Food and Beverage Operations – Elyce Kahn and Rick DeLoach. See House Committee report above.
- Compliance with Rules and Regulations – Rick DeLoach. Rick reported that the letter originally drafted for this issue has not gone out and that he would prefer not to send out a letter to the entire membership for fear that it may stimulate many more handicap requests. In lieu of that, Rick prefers to let Thane handle it directly with the persons who currently use a blue flag. We will still require those particular individuals to go through the process of submitting a medical certification and issue a different color flag (most likely red) to display on their carts. A refundable deposit will be required of all members qualifying for, and using a handicap flag.
- 130 Cedar Ridge – Jon Heffron. Jon reported on consulting with our attorney about what to do to make sure the fence gets removed from Club property before it is sold (the owner has advised that she will be selling the home and moving away from Rockport). The attorney advised that we should stay on the alert for a “For Sale” sign on the property and advise the owner and the real estate agents involved that the Club expects the fence to be removed before a sale can take place. John will call Ken Vestal, who lives across the street, and ask him to let us know if any For Sale signs go up.
- Disposition of Jesus Moroles Granite Sculpture – Jon Heffron. Jon reported that the sculpture has been donated and was removed from our property today (Agreement referenced). He added that he hopes the Club will receive some favorable publicity for the donation.

NEW BUSINESS:

- Credit Card Payments – Rick DeLoach. Rick explained that the Club currently has the ability to receive payment of member invoices by credit card or pre-authorized bank draft and that the benefits of receiving payment by those methods out-ways the associated cost. By doing so, the Club will save in personnel, labor, office supplies and postage costs and, in addition, we will receive payments quicker and more consistently than by mail. The stipulations to members for providing this service will be that they receive their invoice by email or on the Cloud and that American Express may not be used for payment. **A motion was then made and seconded to adopt the use of pre-authorized bank debits and credit/debit card charges for the payment of member invoices, provided they receive their invoice by email and not use American Express for payment. A vote was taken and the motion passed unanimously.** It was agreed that the Board would begin putting that notice together for the members and would announce it at the same time the reinstatement of dues was announced.
- Sale of 102 Cedar Ridge – Jon Heffron. Jon explained that the Club owns the property located at this address free and clear of any lien by the bank. He said it is comprised of 8,463 sq. ft. and should be worth at least approximately \$46,123, according to the Aransas County Appraisal District (report referenced). Jon added that the Club has no use for this property and he recommends that we sell it. He also stated that he does not think we need to list this with a broker and can sell it without one. Rick noted that the property owners who just purchased 104 Cedar Ridge might be interested in purchasing 102 Cedar Ridge. Rick will contact them to see if they have an interest. Jon said he will contact Bull Durham, a licensed appraiser, to see if he can give us a better idea of the actual market value.

ADJOURN: No further business coming before the Board, the meeting was adjourned at 6:45 PM.