

ROCKPORT COUNTRY CLUB MEMBERS ASSOCIATION  
BOARD OF DIRECTORS MEETING MINUTES

July 18, 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, Charles Giesey, Tiffanie Hoover, Ric Young and Chet Cloudt (via telephone).

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

**GUESTS:** Tommy Wright, Regular Member

The President convened the meeting at 4:00 PM.

**APPROVAL OF MINUTES:** The minutes of the Regular Board of Directors meeting held on June 20, 2018 and the minutes of the Special Board of Directors meeting held on June 29, 2018 were approved with no changes.

**MEMBER CORRESPONDENCE:**

Tommy Wright - Tommy Wright came before the Board and presented a proposal to purchase club-owned property situated behind his home located at 215 Royal Oaks Drive. Tommy asked a few questions regarding the Club's policy on maintenance of club-owned property outside of the out-of-bound stakes and then made an offer to purchase approximately 5,000 sq. ft. of club-owned property for \$2,000. Jon provided an explanation of the Club's traditional procedures regarding maintenance of property located between the out-of-bound stakes and the back line of private property owners. This was followed by an explanation of the methodology used to sell similar property to Jack Wright in 2017. Tommy then left the meeting. A discussion by the Board ensued resulting in unanimous agreement that the club needs to maintain consistency with regard to the sale of club-owned property adjacent to home-owners by charging them the "going" or market rate. Jon stated that this is currently around \$4.25 per sq. ft. The Board agreed that Rick should let Tommy know the club would sell him the property for \$4.25 per sq. ft. It was noted Tommy's land is valued at \$5.45 per sq. ft. by the Aransas County Appraisal District.

Bridgett Brundrett – Jon presented the details of another offer to purchase club-owned property behind the home of Bridgett Brundrett located at 422 Fairway Oaks, close to the #13 green. Jon said her best offer to purchase said property is \$1.50 per sq. ft., but added that her property is currently valued at \$5.25 per sq. ft. by the Aransas County Appraisal District. After a discussion by the Board, it was agreed that the club would remain consistent by charging the current market price. Accordingly, after a motion was made and seconded, the Board voted unanimously to authorize Jon to counter Bridgett's offer at a price of \$4.25 per sq. ft. He was also authorized to allow Bridgett to pay up to \$5,000 of the purchase price in survey and land replatting services to the club in connection the sale of the land surrounding the tennis courts.

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

- Financials – James Creekmore. James briefly highlighted the June 2018 financial statements. There were no questions or comments. A discussion then ensued regarding the look and formatting of the financials due to our change-over to the new EZLinks software system. James added that he may want to add a year-over-year comparison but probably not until the club has resumed normal operations. He also stated that we may want to do a cash-flow report that would show our figures on an EBITDA basis. Jon added that this would be desirable, since we operate as a cash-flow business.
- Summary of Operating Results/Financial Review - Rick DeLoach. Rick gave a summary of June operations noting that the Club missed revenue projections by around \$12,000. In addition, operating expenses were around \$16,000 over budget. Rick cited some of the reasons, including club closures due to greens airification and rain, employee training, overtime for the EZLinks software conversion, certain legal fees, new hires, end of quarter bonuses and prior year adjustments, all falling in the month of June.
- Overdue Report – No report was presented because of the software conversion. One will be emailed as soon as it is finalized.
- Cash Flow Projection – Jon Heffron. Jon provided an updated summary, as of June 30, of the cash flow and projected cash balance. However, Jon explained that this projection has been modified to show the figures as of December 31, 2018 and March 31, 2019, after the payment of Ad Valorem Taxes and insurance. 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 \$436,443 on December 31, 2018 and \$303,243 on March 31, 2019. Jon added that there were several issues, once settled, that could make the cash balance larger, including a favorable mediation resolution with Kustom Mitigation in October and potential sale of Club-owned real estate.

**COMMITTEE REPORTS:**

- Finance Committee, Chet Cloudt, Chair  
There was no meeting of the Finance Committee in July. Jon made the comment that there would likely be the need for a Finance meeting in August to advise the Board on dues, and any discounts, going into effect as of September 1st.
- House Committee, Elyce Kahn, Chair  
Prior to the meeting, Elyce emailed the recommendations of the House Committee regarding operations of the Club House once the Club re-opens. Jon suggested that we take up discussion of these matters later in the meeting.
- Green Committee, John Hitchcock, Chair  
A copy of the Green Committee's July 5, 2018 meeting minutes was provided to the BOD for their review before the meeting. John provided a brief summary of the Green Committee activities, including overall status of the greens, tees and bunkers. He also mentioned that maintenance of the grounds around the clubhouse and Tennis/swim/fitness areas would

continue on a weekly basis. John also advised that there is a broken irrigation pipe at the intersection of Henderson and Traylor, which would likely require an asphalt repair. Rick interjected that the club will not affect any repairs involving city streets without the prior approval of the city. John also mentioned relocation of the grass nursery, noting that it could possibly be located on the golf course for ease of maintenance. He also stated that John Z has received an updated status from the Tx. Dept. of Agriculture for mosquito spraying and that a 6 hour course followed by an exam will be required for certification. See Green Committee report for further details.

- Golf Committee, Charles Giesey, Chair  
No formal meeting was held in July, but Charles provided a verbal report regarding Golf Committee activities. He mentioned the upcoming MGA and LGA tournaments to be held in July and August, plus the Member-Member Tournament planned for September. Jon suggested that more lead-time be given by Thane before tournaments, so we don't have a repeat of what happened on the Men's Match Play tournament. Charlie then mentioned the recent golf cart violations and what actions should be taken to prevent golfers from driving on parts of the course that are off limits. A discussion ensued regarding a specific violation of one of the Club's members. It was agreed that a letter of admonition should be sent to the particular member in question. The member's name is to be kept confidential.
- Membership Committee, Ric Young, Chair  
There was no formal meeting of the committee, but Ric noted Stan's continued success in selling new memberships.
- Swim, Tennis, Fitness Committee, Tiffanie Hoover, Chair  
There was no formal meeting of the Committee in July. Tiffanie stated that the S/T/F Committee members wanted a voice in the design and equipment to be used for the new facility. Jon mentioned an email he had received from Chet regarding his desire for input as well and added that most all of fitness equipment was going to be rented rather than purchased to avoid problems with warranty, maintenance, etc. He also mentioned that Club Design would have no part in the selection of equipment. Rick will be working with HEST Products in Corpus Christi on equipment leasing.

#### **STATUS OF RECOVERY EFFORTS:**

- Membership Sales Report – Rick DeLoach. Rick provided a handout and reported the addition of 35 total new members since re-opening of the golf course and added that he thought this would continue to grow through the efforts of our sales staff and as people see what we are doing with the club reopening. He added that we have a total of 456 members today.
- Golf Course Maintenance and Long Term Recovery Plan – Rick DeLoach. Rick reported concerning the ongoing efforts for mosquito and weed control and added that we will be spraying for nematodes next month. He said we will be putting down additional sod around the reshaped waste areas on hole #'s 2, 5, 10 and 18, and will also be adding soil mix and additional irrigation heads at these locations to insure that the sod we will put down will take hold.

- Rebuilding Status – Progress & Schedule, Budget Variances, Uninsured Expenses & Funding – Rick DeLoach and Jon Heffron. Jon went over the schedule and budget report provided to us by Club Design and stated that the current expected date for re-opening the clubhouse is September 26<sup>th</sup>, according to Club Design. He also said Steve Kissell, our project manager with Club Design, is still optimistic that we will meet that schedule. However, Jon believes that an end-of-year time-frame is more realistic. Jon then went over the re-building budget and mentioned that we still have a contingency amount of \$84,047. He noted that, according to Steve Kissell, we may need this money for HVAC equipment repairs and replacement.
- Loss Mitigation Contractor Dispute – Jon Heffron. Jon mentioned that the mediation with Kustom has been pushed back to October 9<sup>th</sup> at the request of the mediator.
- Bank Loan – Jon Heffron. Jon stated that we have not received word from Prosperity Bank regarding our request for an additional \$500,000 loan, but that he is still optimistic the loan will be approved. He further stated that Jack Wright, former President of Charter Bank, had approached the Club offering to help the club place the loan elsewhere in the event our request to Prosperity is not approved.
- Insurance Matters – Jon Heffron. Jon reported that we are very near a conclusion of all insurance matters with the expectation that we will receive all of the insurance proceeds we are due.
- Certificate of Occupancy – Jon Heffron. Jon stated that the BOD needs to sign off on ordering the kitchen equipment (even though we have not received insurance proceeds for those items), so it does not delay the issuance of our Certificate of Occupancy. Karen and Rick have thoroughly reviewed the budget for the kitchen equipment and suggested that we approve a commitment for approximately \$105,000. Accordingly, a motion was made and seconded to approve a budget of up to \$105,000 for all kitchen related items required to obtain a certificate of occupancy. A vote was taken and the motion passed unanimously.

#### **OLD BUSINESS:**

- EZLinks Software Discussion – Rick DeLoach. The software conversion was completed in June. We should expect further work on reporting and the like in the future.
- Rounds of Golf and Outside Play – Rick DeLoach. Rick provided a handout of his ***Rounds of Golf Total vs. Guest Rounds*** report and emphasized how important guest rounds are to the financial health of the Club, especially since we are not charging dues. He also stated that he believes it will be necessary for us to continue outside play even after we reinstitute dues. After a very lengthy discussion, the Board agreed that a letter concerning this issue should be sent out to the members from the Board within the next few days. The letter will be circulated and approved by the directors prior to being sent.
- Correspondence with Homeowner at 130 Cedar Creek – Rick DeLoach. Rick reported that he had been in touch with Mrs. Thomas and that apparently Mr. Thomas has passed away while they were in Colorado visiting relatives. Mrs. Thomas advised that she planned to sell the home and move away from the Rockport area. Jon mentioned that this may put the Club in a position of having to give notice to any prospective buyer that the club will expect any prospective buyer

aware that a purchase of the home cannot take place without first removing the fence from Club property. The appropriate legal action will be researched by outside counsel and followed up on by Jon.

- Update to Club Rules and Regulations – Rick DeLoach. Rick and the staff have been working on suggestions to update and modernize the club’s Rules and Regulations. Jon advised the he did not think this issue was a priority and would prefer to delay any changes to the Rules and Regulations until the Club has reopened. All were in agreement with Jon’s idea to postpone any action on this issue. Nonetheless, Jon will send out to all directors the work that had been to date.
- Request to the City of Rockport, Texas Hurricane Harvey Mitigation Fund Grant – Jon Heffron. Jon had nothing to report since he has been unable to speak with Mayor Rios on the matter.
- Food & Beverage Operations – Elyce Kahn. Elyce reported that the House Committee has met twice since the last BOD meeting and has provided the recommendations shown on two documents entitled **House Committee’s Recommendations for the “New House”** and **House Committee Recommendations Page 2**. See reports for a list of recommendations to be acted upon by the BOD. No specific action was taken by the BOD on any of these recommendations at this time. They will be considered as we approach reopening of the clubhouse.
- Discussion of Dues, Including Provisional Member Dues – Jon Heffron and Rick DeLoach. Jon and Rick provided a hand-out entitled **Provisional Member Dues Issues**, report referenced. First, it was determined that the BOD will decide at next month’s BOD meeting on the amount of discount, if any, provided for Regular Members when dues are reinstated. The above report was then reviewed with regard to what Provisional Members should pay upon reinstatement of dues, with special emphasis on the comments made by the Club’s Membership Director, Stan Reeder. After discussion, it was agreed that Provisional Members should be required to pay the full amount they agreed to when they signed up for their memberships. It was also agreed that the 36 month Provisional Membership “clock” should be suspended during the dues suspension period and start again when dues are reinstated. For example, if a Provisional Member joined 2 months before the dues suspension, then those two months would count towards his/her 36 month total. Then, once dues are reinstated, that member would have another 34 months remaining under their 36 month total commitment.
- Compliance with Rules and Regulations – Charles Giesey and Rick DeLoach. A discussion of this matter was deferred for now because there will be meeting tomorrow morning with representatives of all of the golfing “groups” at the club to discuss the matter.
- Offer to Purchase a Portion of the Swim/Tennis Center Land – Authorization to Re-Plat – Jon Heffron. Jon reported that he was able to negotiate the contract with the purchasers at a price of \$4.25 per sq. ft., which is in excess of the floor set by the Board at the last meeting. The contract price is \$68,500. It will be necessary to re-plat the land in question, as well as the additional land that the club wishes to sell. The estimated cost of the replatting is \$5,000 and the estimated timeframe is approximately 2 to 3 months or longer. Accordingly, a motion was made and seconded to replat the area surrounding the tennis courts and to authorize Jon to

take whatever actions are necessary to accomplish this task. A vote was taken and the motion passed unanimously.

- Member Ownership – Jon Heffron. This issue has been deferred until after re-opening of the Club.

**NEW BUSINESS:**

- Disposition of Jesus Moroles Granite Sculpture – Jon Heffron. Jon posed the question to the Board as to whether the Club should try to sell the sculpture, donate it to charity or give it back to the Moroles family. He added that it could possibly be worth \$60,000 to \$70,000 if undamaged, but that it would have to be repaired. After discussion, a motion was made and seconded to donate the sculpture to the Rockport Center for the Arts. A vote was taken and the motion passed unanimously.
- Club Car B-B Lite – Rick DeLoach. Rick noted that since the new carts arrived the full feature/functionality of the ‘Shark Experience’ technology was made available at no charge to the club and member/guest, but would soon be limited, unless the club or member paid for it. The club has three options to pursue: first, a business to consumer option where the member or guest pays approximately \$8 for the full feature functionality, with the club earning \$0.50 and ClubCar keeping the balance; second, a business to business option where the club must pay Club Car \$3 for each round of full feature/functionality and can choose to charge the member/guest whatever amount it wishes (all or some or none of the cost); or business to business lite where the club must pay Club Car \$2 for each round for almost full feature/functionality (no live video) and can choose to charge the member/guest whatever amount it wishes (all or some or none of the cost). The Board agreed with Rick’s recommendation of implementing the business to business lite option, particularly since the members have overwhelmingly accepted and like the feature/functionality of the technology. After discussion, including the competitive rates for carts in the area, a motion was made and seconded to pay for the increased cost by increasing cart fees by \$1.50 per round for a club owned cart.

**ADJOURN:** No further business coming before the BOD, the meeting was adjourned at 7:45 PM.