

BOARD OF DIRECTORS MEETING MINUTES

Rockport Country Club Members Association

August 28, 2019

A regular meeting of the Board of Directors was held on August 28, 2019. Board members in attendance were: Craig Bohn, President, Charles Marsh, Chet Cloudt, via telephone, Elyce Kahn, Red Hunt and Vicki Buck.

Glenn Kliebert, Herb Sutter and Charles Giesey were absent.

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 Meeting Minutes: A motion was made and seconded to approve the minutes from the last Board of Director's regular meeting held on July 31, 2019. A vote was taken and the motion carried.

Member Correspondence (Rick DeLoach): Rick reported that there had been correspondence with three members during the month.

Tommy Thompson – Mr. Thompson had indicated that he would like to attend today's meeting in response to a letter sent to him from the Club regarding certain incidences involving him at the Club. He contacted Rick shortly before the meeting saying that he could not attend due to a conflict and decided to let the matter drop.

Charles Goolsbee - Mr. Coolsbee was sent a letter by the Club in reference to an incident that occurred on 8/13/2019, but has not replied.

Kristy Moore – The Club received an email correspondence from her regarding a letter she received from the Club concerning an altercation between her and another member. A copy of that correspondence was included in the meeting information packet for everyone to read.

Rick considers all of these matters to be concluded.

July 2019 Financial Statements, Operating Results, Cash Flow Report and Past Due Report (James Creekmore and Rick DeLoach):

- Financial Statements as of July 31, 2019 (James Creekmore):
 - Balance Sheet - James provided a summary review of the Balance Sheet. The following figures were reported. Total Assets of \$10,227,765, Total Liabilities of \$1,786,278 and Total Equity of \$8,441,487. There were no questions regarding the Balance Sheet. He

also mentioned that the Finance Committee has begun working on the LOC conversion to a Long-Term Note with Prosperity Bank, which will be discussed later in this meeting.

- Income Statement – James briefly went over each department’s activities and reported the following key income figures: NOI actual for July of (\$1,141) vs a budget of \$4,988. NOI actual for the year of \$75,142 vs budget of \$87,191. Net Income, after amortization and depreciation of (\$31,263) vs. budget of (\$25,135) for July and actual of (\$135,715) vs. budget of (\$127,150) for the year. He indicated that he does not believe the losses reported thus far are significant. There were no questions regarding the Income Statement.
- Operating Results/Summary of Operations (Rick DeLoach) - Rick summarized his July Financial Review Report (report referenced), which provides the highlights for each segment of the Club’s business activities, including an over/under analysis of actual performance vs. budget for all club departments. He reported that the Club continues to have good revenues. He then went over the COGS and labor costs for the food operation, and mentioned that these are his two biggest areas of concern. He said he feels that we will be able to recover some of our losses when our business picks back up this fall. He added that he likes the quality of the food coming out of the kitchen and that he and staff will continue working on ways to improve that operation and reduce costs. He then went over some of the challenges with the kitchen operation and said it is not one single issue, but a combination of several. Craig asked if we were still using member comment cards and Rick said no. A discussion of that followed and Rick agreed to start using them again. Rick then briefly went over the results for Golf and Maintenance operations. There was nothing significant to report for the S-T-F operation.
- Cash Flow Forecast and Past Due Reports (James Creekmore and Rick DeLoach):
 - Cash Flow Forecast (James Creekmore) – James explained a new revised Cash Forecast Report (report referenced) to be used through the end of the year. He then went over the report, which shows actual figures for completed months and budgeted figures for future months. He stated that the cash flow projection for December 31, 2019 is now at \$599,220. Vicki asked if the problems with EZLinks got completely resolved and James said there are still few minor glitches to address. Vicki said she had some issues with her billing statement. James and Rick stated that those issues have been researched and resolved.
 - Past Due Report (Rick DeLoach) - Rick referred to the the Member Aging Report (report referenced) and went over it briefly. He stated that the individuals listed with a line through them had paid their bills fully. He also said that he had contacted a member of Francis Hicks’ family and was informed that she was deceased. Rick will write that off as a bad debt and remove it from the report. He also said he had contacted Rocky Reese and reminded him of our agreement that he would begin making payments as soon as

he got his hotel business back in operation. Mr. Reese indicated that he had commenced operations and would begin making payments soon. All of the individuals who still owe money have been contacted with various reasons given for non-payment. Rick pointed out that this is a work in progress. Rick also mentioned Andy Moore (deceased) and whether we should go ahead and write this off as bad debt. Chet suggested that Rick make one more effort to reach out to the lawyer handling Mr. Moore's estate and that Jon Heffron may be able to assist in that effort, as we had been previously advised that we would be paid when the estate was settled.

Committee Reports:

- Finance Committee (Charles Marsh) – Charles reported that the Committee had met in a Regular Meeting on August 22nd (minutes attached) and that we essentially covered the same financial information presented by James and Rick today. The Committee also begun discussions concerning the LOC and Long-term note with Prosperity Bank. See a copy of the Committee Meeting minutes for details of the discussion and recommended courses of action. Charles then reported that the Committee also had a Special Meeting earlier today regarding the LOC/Long-term note with Prosperity. No minutes are available yet. He added that we had solicited the help of Jack Wright, who was in attendance at the meeting, and that he offered some very worthwhile advice. Club representatives are scheduled to begin preliminary discussions with the bank on the 29th, but can't progress much beyond that until the Club's property appraisal is complete. Charles also reported that the Committee had voted to recommend to the Board the repair/replacement of the failing cart path adjacent to the #10 tee box for an amount up to \$5,800, which will be discussed later in this meeting.
- Golf Committee (Red Hunt) – Red reported that there had been no formal meeting of the Committee due to a lack of a quorum. He reported, however, that we had 1,603 rounds of golf in July, which he considered a good number for that time of the year. He also stated that he is still hopeful of reaching our target goal of 20K rounds this year. He then made mention of the various tournaments coming up in the near future, i.e., Member-Member, Member-Guest and MGA's/LGA's.
- Green Committee (Rick DeLoach) – It was reported that the green Committee had met on August 21st (minutes attached). Rick mentioned that the bulk of the activity in golf course maintenance still centered around the condition and recovery of the greens. He said Derrick has advised that he will increase the speed of the greens once he gets comfortable with the condition of the turf and root growth. He also mentioned that Derrick is in favor of performing a Dry-Jet procedure, which injects air, followed by an injection of sand, deeper than a normal aerification. The cost for this service would be approximately \$7K. Rick said this is something we may want to consider at a later time, due to its disruptive nature and the activities that we have coming up. Rick then commented that we had received the rough mower and that it is doing a

great job and saving a lot of time for the staff. He also said we have three holes that have some dry spots, due to disruptions in our irrigation system caused by a communication issues within our system. He added that we are able hand-water until this is resolved.

- House Committee (Elyce Kahn) – Elyce reported that the Committee had met on August 21st (minutes attached). Elyce then provided a brief summary of the Committee meeting. There were no questions or comments.
- Membership Committee: In Glenn’s absence, Rick reported that the Committee had not conducted a meeting in July. He stated that we added 12 new members in July and had gone over 100 new members for the year. There was nothing to report for S-T-F operations.

Old Business:

- Membership Reports (Rick DeLoach) - Rick went over the two membership reports provided in the meeting packet. The first report shows the change in membership for all categories each month from August 31, 2018 to the present. The total membership as of July 31 stands at 537, representing a net gain of 4 net total members from June 30 to July 31. Rick also provided a report, which shows the total number of each type of membership and the total dues revenue, including F&B minimums, which are paid by those members. This information is provided for the months ending December 31, 2018, June 30, 2019 and July 31, 2019 and will be updated each month. It reveals that, although we have lost Regular Members each month, the number of new Provisional Memberships has added enough dues revenue to more than offset those losses. Rick also stated that some of the Provisional Memberships will begin to roll over to regular memberships beginning in September and that all of those members have been contacted by Stan Reeder. Charles Marsh pointed out that the total \$ in dues we are collecting remains relatively flat, even though we have added a net positive number of total members this year.

Status of Recovery and Projects to be Completed (Rick DeLoach) – Rick referred to his report and announced that the old maintenance building has been torn down and removed from the property and that we will pour the slab and begin construction of the new building next week. The new building will have a total of 788 sq. ft. of interior space. We have made our final payment on the building at a cost of \$17,500. The cost for the demo and re-build will be \$27,000 (turnkey), but this does not include the interior build-out, electrical work and various misc. items. The electrical work will be performed by the same electrician who did the work on the clubhouse re-build. He has given us a cost figure of \$14,000 max, including materials. Rick said Glenn Kliebert has a friend who may be willing to donate a portion of the electrical materials, but that we will still have approximately \$8,500 in electrical labor costs. He added that we are having to use 3 dumpsters instead of one, but that we will not need to rent a forklift, as initially anticipated. He added that, based on a total budget allowance of \$65,344, we will most likely exceed our budget slightly, unless the donation of electrical materials can be obtained through Glenn’s contact.

Rick then went over the remaining items in the report. He said the new shades in the clubhouse had been installed and will add comfort for our members and guests, as well as utility savings. He said we did not add shades to Thane's office, but that we will try to address that next year. He then mentioned that the A/C over the gaming area appears to be on its last leg, that it is leaking freon and will most likely have to be replaced. No cost figures were provided for this. He added that we will probably need to dig into our \$10,600 contingency reserve to get everything we need done.

New Business:

- Future Loan Agreement – The status of this was discussed earlier in the Finance Committee Report.
- Club Rules and Regulations – Proposed Changes (Rick DeLoach) – The topic of members downgrading their membership to a “non-golfing” memberships and still utilizing the golf course on a fee basis or as a member guest was discussed. At this time, no changes will be made to the club Rules and Regulations, however, in these cases the golf shop must monitor and ensure that member guest follow the current guidelines.
- Cart Path at #10 Tee Box (Rick DeLoach) - Rick began with an explanation of the issue and the recommendation that we completely tear out and rebuild the deteriorated section of the cart path adjacent to the #10 tee box. We have had several contractors look at the project and Rick is recommending we use A-Z Fencing, who gave us an estimate of \$5,800. The big unknown at this point is what lies under the exiting cart path, which we will not know until we begin removal of the existing materials. Rick said he had asked for a vote from the Finance Committee to recommend it to the Board and that it had been approved by them. He added that it may be necessary to come back to the Committee and Board to request additional funds, depending on what is found after the project has commenced. His feeling at this point is that it will probably end up costing more than \$5,800, perhaps as much as \$8K. At that time Rick asked for a vote from the Board to approve the request for \$5,800 to start the project.

Accordingly, a motion was made and seconded to accept the bid from A-Z Fencing and approve the expenditure of up to \$5,800 for removal and replacement of the cart path adjacent to the #10 tee box. A vote was taken and the motion carried.

Adjourn: No further business coming before the Committee, the meeting was adjourned at 5:20 PM.