

ROCKPORT COUNTRY CLUB MEMBERS ASSOCIATION

BOARD OF DIRECTORS MEETING MINUTES

December 20, 2017

A Regular meeting of the Board of Directors of the Rockport Country Club Members Association was held at the temporary offices of Rockport Country Club 101 Champions Dr., Rockport, Texas.

**PRESENT:** Jon Heffron-President, Stan Davis – Secretary/Treasurer, Ric Young (via telephone), Mike Couvillion, Herb Sutter, Charles Giesey, Tiffanie Hoover, John Wheeler and Chet Cloudt.

Also in attendance: James Creekmore and the General Manager - Rick DeLoach.

The President convened the meeting at 11:02 AM.

**GUESTS:** There was one guest attending the meeting, Mr. John Cochran of ClubDesign Associates.

**APPROVAL OF MINUTES:** November 15, 2017 Board Minutes and December 8, 2017 Special Board Minutes: Approved with no changes.

**FINANCE REPORTS:** Presented by James Creekmore, Reports referenced.

- The Summary Income Statement was presented to the Board.
- The Past-Due Receivables were discussed, and a copy was handed out to Board Members. The total past due accounts receivables balance was down to \$3,845.
- Rick advised that Golf Course Maintenance expense was up slightly in November due to the purchase of pre-emergent chemicals to stop the growth of some specific weeds.
- Jon reviewed the cash flow projection for anticipated funds from the Insurance Company for Business Interruption payments for the Club and Fitness areas. He explained how the BI is determined from Dues, Golf and Food and Beverage for the preceding twelve months, plus income from special events less saved expenses due to the storm were estimated to be approximately \$1,250,000. As long as the estimated BI is well above the policy limit of \$1,250,000 then we should be assured of collecting the full \$1.25 BI coverage over a twelve month period and we should recover the deductible we have already paid.
- Jon also advised that the Business Personal Property coverage was a claim of \$597,000 for the clubhouse and fitness center and that we should recover \$474,000 for the clubhouse and \$30,000 for fitness. He also advised he expected to receive \$186,000 from losses to the fitness buildings.
- Jon also advised that the club had received \$84,000 in voluntary dues.
- Rick advised that the 2018 budget is about 95% complete and requested some help with some of the estimated expenses. Revenue is based on rounds of play in those months prior to reopening the clubhouse plus food and beverage. After the club reopens, and dues are reinstated, the budget will be more traditional in its format. At this point, he anticipates the club to be open by September 1, 2018.

- James advised the Board that the differences between data accumulated for insurance claim purposes and data for GAAP financial statements would need to be reconciled and presented in GAAP format for the RCC Annual Meeting and financial statements.

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

- John Cochran of ClubDesign Associates made a presentation to the board regarding the Phase II: Design Development of new club facilities. This phase estimated to be completed within three weeks from December 20, 2017. The primary deliverable for Phase II being a definition of architectural treatments, all materials, finishes, palettes, millwork, and color selections, floor plans with furniture, fixtures and equipment, a reflective ceiling plan with preliminary lighting specifications, interior and exterior elevations, and a cost estimate.
- He began his discussion with his observation that contractors are scarce and he has been unable to find a contractor to rebuild the roof. He requested that board provide him with any suggestions for identifying and hiring a contractor to re-build the roof. He also requested we locate any plumbing and electrical contractors he might contact to obtain the lowest acceptable bid for work on the re-building of the clubhouse and fitness center.
- John also had another associate with him who would be designing and evaluating the equipment for the rebuilding of the kitchen.
- The board approved on October 7, 2017 a motion to finalize the contract with ClubDesign. On October 18, 2017 the final ClubDesign contract was approved and was to be sent to our insurers and insurance consultant for approval. These approvals were obtained and Phase I of the project was estimated to be completed in two weeks from the Commencement Date of the Project.
- The deliverable from Phase I being a preliminary floor plan which was approved by the Board on December 2, 2017 in a special board meeting.
- Mr. Cochran also identified flooring materials, member traffic flows, furniture and colors he was thinking about. Also architectural details regarding finishes and materials for the walls, such as pieces of the old copper roof, and granite for the locker rooms and restrooms that the members would be using. Overall, better materials than before the storm.
- The President asked how ClubDesign would control costs to ensure that the project would come in on budget. He also discussed fixed cost contracts, cost plus contracts and contingencies.
- Mr. Cochran suggested that Management of the Project would control costs and that ClubDesign always included a contingency account to cover unexpected costs that might occur and suggested that the club should also create a contingency account to accommodate any changes they may want to make during the construction of the facility.

**GREEN COMMITTEE:** Herb Sutter

- Herb presented the Golf Course Maintenance Recovery Plan.
- Although there are 9 current employees the requirements will go to 14 when full operations start up again.
- Herb also reviewed the status of greens, tees, fairways and roughs. Repairs on the comfort stations have begun. The bunkers have been reshaped and changed to lower ongoing maintenance expense which will save a lot of money going forward.
- Repairs and replacement of controls and pumps at the pump house and wastewater plant should be completed by 1/15/18 and there is about \$16,000 additional expense involved.
- Calculating the replacement of sod should begin by 1/15/18 and are the number 1 priority. Sod placement should be completed by late Feb to early March estimated at \$6,000 and is the number 4 priority. Replacing broken cart paths are the number 3 priority and should be completed by 12/31/17 at a cost of \$21,000.
- Rick advised that Stan Reeder's salary was not currently being charged to GCM although he has been working in that area post-storm.
- Rick reminded the board that GCM expenses were artificially low in the fertilizer account because the club was working off excess inventory accumulated by the previous GCS's.

**OLD BUSINESS:**

- There was a discussion regarding the Kustom mitigation invoice. Jon advised he had contacted Kustom but there were no ongoing discussions regarding their invoice. The club has not paid the existing invoice.
- We discussed the Rockport WiFi request to erect a 50 foot antenna on the driving range property, and we are awaiting a proposal from Rockport WiFi to that effect.
- The club received an offer to purchase the property near the tennis courts that the club has offered for sale. The club has made a counter-offer to the prospective buyer, but nothing new has been received.

**NEW BUSINESS:**

- Jon made a presentation to the board regarding the health insurance options that are available from our agent to offer to our employees. The club currently has United Health Care as its health care provider. Jon and Rick reviewed the options available and the participation factors for premium payments between employer and employee.
- A motion was made and seconded to approve the renewal of health insurance with United Health Company, and the offering of plans to our employees. The plans offered are the base renewal with 70/30% employer/employee participation and an alternative 2 plan with 57.5/42.5%

employer/employee participation where the employer provides each covered individual with a \$2,000 Health Reimbursement Account.

- The motion was approved.
- A proposal was made by Rockport Wi-Fi to erect a 50 foot tower near the edge of the driving range to support the company's wireless internet coverage. The Board asked that Rockport Wi-Fi submit a written proposal to the Club for the board's consideration, outlining the specifications of the tower and compensation to the Club.

**CAPITAL EXPENDITURES:**

- No capital expenditure requests were presented at the meeting.

**EXECUTIVE SESSION:**

- The board then went into an Executive Session to discuss other employee matters and compensation issues.

**ADJOURN:** Upon a motion made and seconded, the Meeting was adjourned at 1:45 PM.