

ROCKPORT COUNTRY CLUB MEMBERS ASSOCIATION

BOARD OF DIRECTORS SPECIAL MEETING MINUTES

December 2, 2017

A Special meeting of the Board of Directors of the Rockport Country Club Members Association was held at the temporary offices of Rockport Country Club, Rockport, Texas.

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

Also in attendance: General Manager - Rick DeLoach.

The President convened the meeting at 10:00 AM.

GUESTS: There were no other guests attending the meeting.

AGENDA ITEM: APPROVAL OF PRELIMINARY RCC CLUBHOUSE FLOORPLAN:

- The President and General Manager handed out a one page summary of the club's contract with ClubDesign and discussed the five phase design process from start to finish. They noted that during Phase II of the process, the next step after completion of Phase I (which culminates with the approval of a preliminary floor plan), an Order of Magnitude – Project Cost Estimate would be prepared and presented to the Board for review, approval, or revision. They noted if the cost estimate for the project exceeded the budget, revisions would be made at no extra cost to ClubDesign's contract.
- They explained that many of the questions asked about the preliminary floor plan were premature and operational in nature and would be answered during Phase II of the project. They also explained that the floor plan and design elements could be changed during this phase depending on the estimated project cost exceeding the budget.
- The President and General Manager provided the Board with updated information regarding insurance receipts, and the associated costs of the public adjusting firm previously approved by the board.
- They also handed out a one page summary of the club's insurance coverages and estimated expenses thus far.
- While reviewing the summary, they noted some small differences with respect to receipts and disbursements regarding the claims, deductibles, and costs for the Clubhouse, Fitness Center and Maintenance. Precise detail will be provided in the near future.
- They said that ClubDesign has been provided a budget for rebuilding the clubhouse of \$1.7 million and \$120,000 for rebuilding the Fitness Center (both amounts exclusive of mitigation expenses (\$300,000 to \$480,000), public adjuster commissions (\$233,380), and ClubDesign's fees (176,000), which have either been paid or will be paid from insurance proceeds).

- The Board discussed rebuilding of the clubhouse. The discussion ranged from the merits and rationale for rebuilding the clubhouse with a new floor plan to rebuilding the clubhouse essentially configured the same as before the storm.
- Concern was voiced by a few directors mainly about finances of the rebuilding, whether it would be prudent to spend the majority of the proceeds of the insurance on rebuilding, use part of the money for improvement of the golf course and/or keep a portion of the insurance proceeds for future potential needs.
- One director asked if all managers were aware of the preliminary floor plan and supported it. The GM replied in the affirmative.
- The President and GM promised to provide the board at the next board meeting with an assessment of necessary and urgent course improvements designed to be able to offer both members, future members, and other patrons the best possible golf experience.
- There was a discussion about fixed-price contracts and what assurances we would have that the ultimate rebuilding costs could be controlled to come in at or under budget. It was noted that during the contract bidding and negotiation phase, value engineering would be undertaken if bids came in above the amounts estimated in order to make certain that project costs would not exceed the budget.
- There was a brief discussion regarding the consequences of the rebuilding cost exceeding budget and construction taking longer than our Business Interruption insurance payments would last. The President noted that the entire rebuilding process has two check points to assure that this should not occur. Further, the President reminded the directors that the risk of delay by indecision or delayed decision makes imperative that the entire rebuilding process not be delayed, including board review and approval of each phase of the rebuilding process.
- Discussion was summed up by the President that RCC should explore the opportunity to rebuild the clubhouse, based on ClubDesign's knowledge of the country club business and trends in the industry and the recommendations of the club's GM and management staff. He recommended that we approve the preliminary floor plan and if the cost were to be prohibitive, then we would revise the plan until the costs became acceptable.
- A motion was made and seconded to approve the preliminary floor plan as submitted. The motion was approved.
- The President then advised the directors that a 100 page plus invoice from Kustom, the club's mitigation contractor, was received, which claimed \$480,000, almost double the estimate that Kustom had represented to the club in writing. After consulting with the club's public adjusters, he reported that the invoiced amount contained many inaccuracies and unauthorized charges has been disputed. He promised to report on discussions with Kustom, which has not yet responded to our dispute.

ADJOURN: Upon a motion made and seconded, the Meeting was adjourned at 11:15 AM.