

ROCKPORT COUNTRY CLUB MEMBERS ASSOCIATION
BOARD OF DIRECTORS MEETING MINUTES
October 17, 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, Elyce Kahn, Tiffanie Hoover, Chet Cloudt, Charles Giesey, Herb Sutter, and Glenn Kliebert.

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

Guest: Mike Couvillion was present as a representative of the Rockport Country Club Estates HOA.

1. CALL TO ORDER: The President convened the meeting at 5:00 PM.

Prior to continuing with the regular meeting Agenda, Jon introduced Mike Couvillion, stating that Mike is a Regular Member of Rockport Country Club and a member of the BOD of the Rockport Country Club Estates Home Owners Association. He then explained that Mike and the Club's Membership Committee and RCC management have been working on a plan to solicit RCCE HOA members for certain memberships in the Club. Rick then passed out a summary of two types of new memberships the Club is prepared to offer all HOA member homeowners. They are: 1. Fitness/Swim/Dining (F-S-D) and 2. Fitness/Swim (F-S). Refer to the handout for details of these offerings. Rick also provided a summary list of all Current Membership categories vs. Memberships the Club will offer effective January 1, 2019, which includes the two new membership categories mentioned above. Mike Couvillion went on to explain that the RCCE HOA board members are strongly in favor of promoting membership in the Club and think it is in the best interests of both the Club and HOA. It was noted that only RCCE HOA members would receive the special offer at this time. It is hoped that this offering will provide an additional inducement for non- RCCE HOA homeowners in the subdivision to join the RCCE HOA. Mike also said the RCCE HOA board is working on a plan, with several different ideas being considered, to require all residents of the subdivision to be a member of the Club at some level. This would represent a change to the existing RCCE HOA restrictive covenants and require an affirmative vote of at least 51% of all "Property Owners", not just RCCE HOA members. The thought is that RCC Club membership would be voluntary ("Grandfathered") for existing residents and mandatory for all new residents. Jon mentioned that there is a turnover rate of about 50 homes per year, i.e., with 600 homes, it would take about 12 years before all residents would be a member of the Club. Mike said a similar vote was taken 5-6 years ago to require

mandatory RCCE HOA membership dues for new residents. He said that about 75% of the subdivision residents are now RCCE HOA members. Jon then mentioned that the 2019 budget provides for the assumption that the Club will sell 24 new F-S-D memberships and 60 new F-S memberships, which will generate approximately \$60,000 in revenue and cover the expense of hiring new personnel to work in those areas of the Club. After further discussion, a motion was then made and seconded to offer the two new membership categories to RCCE HOA members described above and shown on the handout. **A vote was then taken and the motion carried unanimously.**

2. APPROVAL OF MINUTES: The minutes of the Special Board of Directors meeting held on October 1, 2018 were approved with no changes.

3. MEMBER CORRESPONDENCE: Member correspondence from three different members was reviewed and considered, and the Board provided the General Manager with guidance on how to respond to the correspondence.

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

- Financials – James Creekmore. James reviewed the September 2018 Financial Statements. Of special note was that all Harvey Hurricane suspense items will be cleared from the Balance Sheet as of October 1, 2018. They will be run through the Income Statement as income, expense or capital investment. James mentioned that the Club had sustained a \$22,000 GAAP loss for the month of September. James also commented that he was estimating GAPP income for this year of between \$200,000 and \$300,000. Jon added that the Club broke even on a cash flow basis for the month. There were no further questions or comments regarding the financial reports.
- Past Due Report – Rick DeLoach. Rick handed out a copy of the membership Accounts Receivable/ Past Due Report and specifically mentioned three accounts that were more than 60 days overdue. He also said that appropriate letters to these individuals had been prepared, signed by Chet Cloudt, Club Secretary/Treasurer and mailed out. See report for details.
- Cash Flow Projection – Jon Heffron. Jon Heffron provided detailed Cash Flow Projections as of September 30, for December 31, 2018 and March 31, 2019 (after payment of Ad Valorem Taxes and insurance premiums). The amounts were \$712,913 and \$579,713 respectively. Jon then announced that the Kustom Mitigation dispute has been settled via mediation, resulting in a reduction of our liability to Kustom by \$102,000, which will show up in the October 31 Cash Flow report, subject to other additional expenses related to the rebuild. He also mentioned that we could see a significant improvement in the cash flow projection if we are able to sell several pieces of property the club owns

(subject to the approval of Prosperity Bank which holds a lien on the properties), valued at approximately \$186,000 net of closing costs. These items are shown in the far right hand column of the Cash Flow report.

5. STATUS OF RECOVERY EFFORTS:

- Rebuild Status – Progress & Schedule, Budget Variances – Jon Heffron. Jon reported significant work activity on the Clubhouse, that the rebuild was progressing at a satisfactory pace and that we are still anticipating an opening by the middle of December. First priority will be given to completion of the Clubhouse and then an all-out effort to finish the Fitness Center before January 1, 2019. He also said the work crews will continue to work Thanksgiving week. Jon then reported that we have used up our entire rebuild contingency, due to a list of unexpected expenses, the latest of which is the replacement of a 15 ton A/C unit for the Clubhouse at a cost of approximately \$52,000. This will result in the Club having to tap into its cash reserves for approximately \$11,000.

6. COMMITTEE REPORTS:

- Finance Committee - Chet Cloudt, Chair. Chet reported that the Finance Committee had met on October 16 and had voted unanimously to recommend the 2019 Budget, as proposed by Club Management. See copy of the Minutes. Chet stated that Rick DeLoach had presented the Budget Summary and all detail back-up materials in a professional, clear and concise manner and that all members of the committee were 100% in agreement to make a recommendation to go forward. Jon then provided a brief explanation of the line items shown on the Budget Summary Sheet and concluded by stating that we are budgeting for a positive cash flow of \$24,000 for the year 2019. After discussion by the Board members, a motion was made and seconded to approve and recommend the 2019 Budget to the Board, as submitted. **A vote was then taken and the motion carried unanimously.**
- Green Committee – John Hitchcock, Chair. John Hitchcock was not present, so Jon Heffron referred to the Green Committee meeting minutes, which were provided prior to the BOD meeting and gave a brief synopsis of the committee’s last meeting. Jon said the biggest issue for the Committee was repair and replacement of golf course maintenance equipment. He also said that Rick DeLoach is working with John Zuniga on a plan for quicker recovery of the golf course following heavy rains.
- Golf Committee – Charles Giesey, Chair. Charles reported that the Golf Committee had met on October 16. He said rounds of golf in September were 516, down from 1,400 the previous month due to weather. Rounds in October are expected to be down substantially, as well. He then said the golf-events calendar had been prepared for October thru December. The Stroke Play Championship will be held this coming weekend, unless we receive more rain, which is currently predicted. If there is a rain-out, the tournament will be rescheduled for the following weekend. He also mentioned

a new tournament called “The Showdown at the Rock”, which is scheduled for November 8-9, preceded by a pairings party to be held on the 7th. This will be a two-day team and individual match play event similar to the RCC Cup. Team Captains will select their teams by alternating picks and teams will change every year. This is an attempt to bring the members together more, as is the case with the RCC Cup.

- Swim-Tennis-Fitness Committee – Tiffanie Hoover, Chair. Tiffanie reported that her committee had met on October 12th and was planning their next meeting for December 3rd. She also stated that the tennis windscreen had been reattached, there are new trash cans on the courts and the palm tree behind court #3 had been removed. Also, the next social will be held on October 19th.
- House Committee – Elyce Kahn, Chair. Elyce reported that the House Committee had been working hard and continued to meet regarding food and beverage operations. See meeting minutes. She commented that it is difficult to finalize a menu without the input from a chef. She also said that they currently feel the menu is too long and are working to reduce it. Elyce then provided a handout showing the member suggestions for the Bar & Grill name. See handout for list. She said the member participation had been excellent, but there were so many suggestions, it needed to be reduced to a smaller number to pick from. She asked the Board members to pick 5 or 6 of their favorites and submit them to her and we’ll try to come up with a name from that list.
- Membership Committee – Ric Young, Chair. Ric Young was not in attendance, so Jon Heffron provided a brief summary of the Membership Committee activities.

Membership Sales Report: Jon reported we have now added 52 new individual memberships since the first of the year, plus 1 corporate membership, which is the equivalent of 3 individual memberships. He also commented that he had noticed a slow-down in new membership activity over the past few weeks, which is somewhat unexplainable, but perhaps due to the excessive rain we have experienced. Stan Reeder advised Jon that he is confident that there are still many prospects out there and that he expects sales activity to pick up soon.

New Memberships Program for Fitness Center & RCCE HOA: See section at beginning of minutes dealing with the introduction of Mike Couvillion, board member of RCCE HOA.

7. OLD BUSINESS:

- Replat of Swim, Tennis Center Land – Jon Heffron. Jon explained that all six lots are over 10,000 sq. ft. in size and that all lots are currently zoned R-1, “Single Family Detached Residential Home”. The replat effort is currently in progress and must be brought before the Zoning and Planning Committee of the City, as well as two City Council Meetings before it can be passed. He noted that the current prospective buyer for the property is still interested in pursuing the land purchase. The Club cannot conclude the sale until we receive approval from Prosperity Bank due to their having a lien on the property.

- Sale of 102 Cedar Ridge – Jon Heffron. Jon stated that the property will be offered for sale and there have been no further developments to report at this time. He noted that the GCM staff will clear the lot, and that the Club would survey the lot to determine whether it can be enlarged to enhance its value.
- Employee Handbook Review – Rick DeLoach. Work continues. Nothing to report at this time.
- Wastewater Effluent Agreement with the City of Rockport – Jon Heffron. Jon reported that the City had made a mistake on the water cost in the original agreement offered to the Club for \$854.65 per month, plus 5% per year increase. They have sent us a new agreement changing the amount to \$1,035 per month, plus 5% per year increase.
- Request to City of Rockport: Texas Hurricane Harvey Mitigation Grant – Jon Heffron. Nothing to report.

8. NEW BUSINESS: No new business

ADJOURN: No further business coming before the Board, the meeting was adjourned at 6:10 PM.