

ROCKPORT COUNTRY CLUB MEMBERS ASSOCIATION
MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
MARCH 19, 2019

Board Members in attendance were: Jon Heffron, President, Charles Giese, 1st Vice President, Chet Cloudt, Secretary/Treasurer, Ric Young, Tiffanie Hoover, Glenn Kliebert, Herb Sutter, John Hitchcock and Elyce Kahn.

Others in attendance were: Rick DeLoach, General Manager and James Creekmore of Johnson & Creekmore, CPA's.

Guests: Jack Wright, long-standing Regular Member of the Club.

The meeting was called to order by President Jon Heffron at 4:00 PM.

Member Correspondence: There was no member correspondence.

Approval of prior Minutes: The minutes from the last regular meeting held on February 20, 2019 were approved with no changes.

Financial Reports, Operating Results and Past Due Report:

- **February 28, 2019 Financials (James Creekmore)** - James reviewed and highlighted the February 2019 Financial Statements, both Balance Sheet and Income Statement (Reports referenced), noting that there was \$821,620 of Total Notes Payable and utilized Lines of Credit and \$552,293 of Long-Term Debt, which includes amounts owed to Prosperity Bank, plus the John Deere, Club Car and the fitness equipment leases. He also stated that the Club had Net Operating income (NOI) of \$26,421 vs. budget of \$27,633 and had a loss, after Depreciation and Amortization, of \$3,701 vs. a projected loss of \$2,490. There were no questions.
- **Audited Financials Year-End December 2018 (James Creekmore)** – James went over the 2018 Audited Financials (Reports referenced) and stated that it was an “Unqualified” report, meaning that it was a clean opinion regarding the financial condition of the Club. James will provide a summarization of the Audit at the Club’s Annual Meeting to held on March 23rd. There were no questions about the audit.
- **Past Due Report (Rick DeLoach)** – Rick went over the Past Due Report and gave a brief synopsis of his dealings with four of the members who are in arrears and how they were being handled. One member has downgraded her membership, but came in and made payment in full. Another Non-Resident member paid in full and put his bill on auto-pay. A third member’s spouse was contacted and said her husband is now deceased. Rick settled with her by accepting 50% of what is owed. A fourth member’s situation, a prominent hotel owner in Rockport, remains unresolved. He requested that his membership be suspended until he can get his business in

order, but the Club doesn't have a provision for doing that in its bylaws. As of now, this member is not returning Rick's calls and the situation remains unsettled. Rick will continue to follow up with this member. A suggestion was made that we attempt to settle, partially in exchange for hotel advertising of outside play at the golf course.

- **Cash Flow Projection (Jon Heffron):** Jon stated that the current Cash Flow Projections for February 28, 2019 and March 31, 2019 (after payment of Ad Valorem Taxes and insurance premiums) were \$508,088 and \$498,148 respectively. Jon added that the Club was in a better cash position now than it was before the storm. However, the Club will incur about \$1 million in additional debt by the time the rebuild is completely finished. It is hoped that this amount, plus existing debt, will be rolled into a new long-term note sometime later this year. We anticipate that this can be accomplished on a 20-year amortization schedule at a rate of approximately 5.5%, resulting in a payment amount the Club should be able to handle.

Status of Recovery Efforts (Jon Heffron):

- **Rebuilding Status (Jon Heffron):** Jon reported that the rebuild is near completion, but that there were a few additional unexpected items that will need to be addressed, including work to one of the air conditioning units, which had lost all of its freon. He also mentioned that a meeting is scheduled with Club Design Associates next week to go over a final punch list and that John Hitchcock will take over to see the rebuild to its conclusion.
- **Capital Budget (Jon Heffron):** Jon reported that the Capital Budget amount of \$195,640.54 shown in the report represents a list of capital items remaining to be completed in 2019 as a result of storm damage and would be funded through the Club's existing line of credit with Prosperity Bank. See report for details of each item.

Committee Reports:

- **Finance Committee (Chet Cloudt, Chair)** – Chet reported having a Finance meeting on 3-19-19 and provided the Board a copy of the minutes (minutes referenced). He stated that James attended the meeting and went over the current financials, as well as the Annual Audit. He said the Committee also discussed Club membership history since 6-30-18 and the impact of Provisional membership sales. Jon also stated that if the Club continues financially at exactly the same clip as it has the first two months of this year, the Club will be approximately \$34,000 better off than it was for the same period in 2016 and 2017. The financial impact to the Club on outside play and outside events was also discussed. Rick agreed to provide the Committee and Board a calendar of outside events. Rick also mentioned that unused minimums for the first quarter are rolling around and that there are quite a few members, especially dining (about 1/3rd), who have not spent their minimums. This could result in a big rush to the Club over the last few days we are open in March. The Club has publicized the fact that unused minimums will soon be charged, so it shouldn't be a surprise to anyone who reads the email blasts from the Club. The unused minimums are also stated at the bottom of member statements.
- **Golf Committee (Charles Giesey, Chair):** Charles stated that the Golf Committee had met in March and provided the Board with a copy of the minutes (minutes referenced). Specific

mention was made of the number of rounds and the schedule of upcoming tournaments. He also said that total rounds were down (548 for February), as well as the number of players. He said the primary culprit were weather closures and the overall condition of the course, which should improve with better weather. Jon provided his analysis that there are 312 golf-days in the year and that we need approximately 64 rounds per day to reach 20,000 for the year. He said we are currently averaging 49 rounds per day, only 15 rounds per day (4 foursomes) short of the desired number, which could be made up pretty easily if the weather would cooperate and we can attain more outside play.

- **Green Committee (John Hitchcock, Chair):** John reported that the Green Committee had met during March and provided the Board with a copy of the minutes (minutes referenced). Specific mention was made of the work being done on fertilization and bunker maintenance. He also noted that a new fertilizer spreader had been donated to the Club by the MGA, which had to be rented in the past. He stated that there had been a “Bunker Meeting” between members of the Committee and an outside golf course maintenance company, who followed up the meeting with an analysis by aerial view of the number and square footage of bunkers all on the course. It was revealed that RCC’s golf course has over 100,000 sq. ft. of bunkers. A copy of the report was provided to all in attendance at that meeting and is available to all Board Members. Glenn Kliebert indicated that he would incorporate the data into a study he is conducting. The cost to redo the existing bunkers is estimated to be \$3-4 per sq. ft. at the low-end, up to as much as \$9-10 per sq. ft. on the high end, depending on many factors, such as liners, drainage and type of sand utilized. He also reported that members of the Green Committee had surveyed the current condition of the bunkers and found that there were only a few that were determined to be unsatisfactory. Much time and effort has been devoted by the staff recently to improve the conditioning of the bunkers and that work will continue. John also mentioned that the Club had acquired a new sand cultivator for the Sand-Pro and that it should help in that effort.
- **House Committee (Elyce Kahn, Chair):** Elyce reported that the House Committee had met during March and provided the Board with a copy of the minutes (minutes referenced): Elyce said that the Committee has other informal “Jam Sessions” during the month, in addition to the formal meeting in an effort to help improve the overall performance of the Clubhouse and activities. She mentioned that Chef Gordon had attended the last meeting and it was great to have his input. The Committee recommended extending the hours of the dining room from 6:00 until 7:00 PM Tuesday-Thursday. The Committee has also expanded the menu and continues to work on ways to improve the overall operation and efficiency of the kitchen. Elyce added that the Committee will place increased emphasis on “Special Event” nights, which are easier to prepare for and manage. They are also a lot of fun for members and profitable for the Club.
- **Membership Committee (Ric Young, Chair):** Ric reported that there had been no formal meeting of the Committee in March, but that he had personally met with Stan Reeder. He stated that Stan will make the membership presentation at the Annual Meeting. Ric added that 101 new members, representing \$204,000 in dues, had joined the Club in year 2018 and that the Provisional membership Program has been very successful. Jon Heffron then referred everyone to page 62 of the meeting packet, showing a report entitled “Dues by Membership Category”,

which provides a side-by-side comparison of club membership on 6-30-18, 12-31-18 and 2-28-19 for each type of membership and includes the Member Count, Dues (amount per month), Monthly Dues Revenue, F&B Minimum Revenue and Total Revenue. The report reveals that there have been changes within all categories of membership, but that the total number of memberships has increased from 458 to 517 and the total amount of combined dues/minimums revenues has increased from \$134,289 to \$150,956 since June 2018. Jon stated that this report provided very valuable information and should be updated monthly.

- **Swim-Tennis-Fitness Committee (Tiffanie Hoover, Chair):** Nothing to report this month.

Old Business:

- **Request to City of Rockport, re: Texas Hurricane Harvey Mitigation Fund Grant for RCC Subdivision Drainage Basin Maintenance – Review & Approve Blast Email (Jon Heffron):** Jon introduced long-time regular member, Jack Wright to provide a history of events that had taken place relative to drainage issues between the City and RCC when Jack was on the Board of RCC. Jack stated that there had been a long history which resulted in a law suit, mediation settlement and ultimately work provided by the City adjacent to the #5, 7 and 8 golf holes. He also said there has been some dredging on the ponds on # 1, 10 and 14. Jack added that the City is unequivocally responsible for maintenance of the drainage system and that there is much historical precedence to support it. He stated that a blockage on #8 is causing a backup on the entire front nine and that every hole on the back nine is compromised, either due to collapsed pipe or blockage. Jon Heffron then referred to page 63 of the meeting packet, a letter to the members regarding the drainage problem and stated the need for the members of the Club, as well as other property owners residing in the sub-division, to bring political pressure on the City to fix our drainage problem before there is severe property damage caused by flooding. He also said that inevitably the Club would be blamed for some of this, but it is clearly not our responsibility. Jon then asked for a consensus on whether the Club should send a copy of the email blast to the City and every board member supported the idea.
- **Annual Meeting Preparation (Jon Heffron):** Jon provided a proposed Agenda for the Annual Meeting to held March 23rd at 9:00 AM. He said he would put together a Power Point presentation and would like to keep the meeting to one-hour in duration. Each Committee chair will be asked to provide a report of their activities for the year with the Staff Members standing by to help answer any questions. Jon promised to provide a copy of his Power Point outline by Thursday, the 21st for everyone to see and make suggestions or changes.
- **Other Old Business:** Nothing new to report - No discussion

New Business:

- **2019 Bonus Plan for General Manager, Rick DeLoach:** Jon stated that the first order of business for the new Board should be to come up with a 2019 bonus plan for Rick DeLoach, i.e., this item needs to be added as “New Business” to the Agenda of the first regular meeting of the new

Board. Jon then thanked Rick DeLoach and the current Board, especially outgoing Board Members, for their service to the Club and said that he thought it was an outstanding group who had worked hard and cared deeply about the Club. Jon also mentioned that the Rededication Plaque in cast bronze was finished and should be available next week.

Adjourn:

- No further business coming before the Board, the meeting was adjourned at 5:45 PM.