

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE CLUB AT COBBLE CREEK, INC.

A meeting of the board of directors of THE CLUB AT COBBLE CREEK, INC. (the "Club") was held on March 1, 2021 at 4:30. Those present and participating at the meeting:

Christine Collin, President
Lisa Hylton, Treasurer
Randy Griffin, Director at Large
Betsy(Betty) Willy, Secretary

Approval of Agenda: The agenda was approved as distributed

Approval of Minutes: The minutes from February 17, 2021 were ratified as they were electronically approved by the board.

Old Business:

Accountant Position: The accountant position applicants were interviewed by the board during the previous week and the position was offered to Joni Frigetto. She has accepted and will begin orientation the 15th. This is a part-time position for which Joni is very well qualified. Once she establishes regular hours, feel free to stop by and introduce yourselves.

Jean Leeper, Retirement: Jean's last day is March 4th. She has asked that we not give her a retirement party. Instead, the board will present her with a gift card as a retirement present.

General Manager Position: The board has received resumes of several viable candidates for the General Manager position with the expectation of one more submission. The board has reviewed the resumes submitted on line through Indeed.com. Christine will conduct screening interviews by phone with the applicants who would have to relocate if hired. Then in person interviews will be scheduled for those applicants who qualify.

Board Candidates: The board has received application letters for the vacant board position from four well qualified individuals from the community. The board will interview each applicant during the next week before appointing one to the board. The board is very grateful to each of these individuals for their willingness to serve. This will not be an easy decision and it is hoped that those who are not chosen will remain fully engaged in the development of The Club at Cobble Creek.

St. Patrick's Day: Due to the ongoing Covid-19 restrictions reducing the capacity of the events room to 32 and the tavern to 16, the board has decided not to proceed with a St. Patrick's Day Dance. Instead, we are asking Deb Patterson to plan a takeout event such as the popular Wine and Cheese events for March 17th.

2020 Audit Proposal Status: As The Club at Cobble Creek is now one year old, the board would like to conduct a process oriented financial audit to improve internal controls and identify financial inefficiencies. To this end, the board has considered bids from several audit firms. The estimated cost of \$25,000+ is cost prohibitive. The board agreed instead to hire Kim Lesure CPA auditor to provide this service to the club as a consultant.

Inventory Procedures: Inventory controls within the tavern and ProShop were discussed. It was agreed that each of these departments will be asked to inventory their stock at each month's end. The goal is to have this completed using foreUp software, thus providing easily accessible reports to reconcile expenses and revenue.

Tavern: There was a discussion regarding the responsibility, per Colorado Liquor licensing laws, for the Tavern employees to identify and address issues that arise when patrons over imbibe. We recognize that this is a sensitive issue. To support the employees, the board has agreed to post a "right to refuse service" placard at the bar and to provide the tavern employees a list of contact numbers for board members who are willing to provide support should any issues arise. It was agreed that support and training of the tavern staff will be the responsibility of the GM once hired.

Insurance decision ratification: After researching the costs of liability for directors and officers of the board, the decision was made via email to roll over the current insurance policy without adding D&O liability coverage at this time. The current club general liability coverage is \$2,000,000 per occurrence with a \$2,000,000 aggregate, Liquor liability is \$1,000,000 per occurrence and \$1,000,000 aggregate. It was further agreed to increase the \$1,000,000 umbrella to \$2,000,000. The board will research this issue again when insurance costs drop as Covid-19 pandemic is better controlled. It was moved by Randy Griffin and seconded by Lisa Hylton that the board ratify this decision. There were no objections.

2020 Financial Review: The 2020 financials were reviewed by the board. It was noted that some of the project expenses were not reflected in the 2020 financials. Randy will research these expenditures.

2020 Taxes: The 2020 taxes will be prepared by Maxfield Peterson. A list of required items was reviewed. Randy Griffin will complete the two outstanding items that are required for the tax preparation to begin.

Water Allocation Methodology: Irrigation water is supplied by the Club to each of the sub-HOA's. The sub-HOA property owners are charged only for the delivery of the water to their sprinkler system, not for the water itself. Paul Heide and Christine Collin have completed a full analysis of the actual costs incurred in the delivery of the water based on distance, projected pump maintenance, electrical bills for the pumps etc. The charge per household will be based on this analysis.

Christine and Paul will plan to meet with the Refuge sub-HOA to explain the analysis and work with their members to reach an agreement for delivery of their water.

Employee Handbook and Fitness Center Contracts/Waivers: These documents are currently being reviewed by our Attorneys. Once this is completed and any necessary modifications made, they will be implemented.

foreUp: Kim Lesure continues work on integration of the foreUp software to Quickbooks.

New Business:

Reserves increase: The board discussed the need to increase the Club's financial reserves to \$100,000 from the current \$63,500. The board agreed that the board has an obligation to ensure that we have an adequate reserve financial cushion to protect against major unexpected expenses. There followed a discussion of the Club's current financial obligations. It was agreed to continue this discussion at the next board meeting.

Tavern: The current gross profit margin of the tavern is approximately 20% while the industry standard is approximately 70% - 75%. The board discussed the need for the membership and staff to be engaged in the improvement of the tavern's financial status.

According to the year-end report, 123 families (approximately one half of the member households) have used the tavern either for food or drink or both. This may be due in a large part to the Covid-19 restrictions this past year. Three concerns that can be addressed immediately.

- Improve the consistency of the amount of liquor that is poured to meet industry standards, thus avoiding overpours.
- Improve the accuracy of charges for the number of drinks poured.
- Improve the percentage of households that patronize the tavern now that our capacity has increased and more folks are being vaccinated.

The board decided to schedule a work session to address the tavern business. Items to be discussed and finalized include:

- Better balance of staff hours to business needs
- Consistent, predictable hours of operation
- Operation hours to be based on predictable usage – open during golf course hours plus other popular events etc.
- Improve inventory controls
- Menu options – Understanding that the tavern kitchen in its' current location is very limited in what foods can be prepared.

The membership and staff need to fully support the efforts to improve the financial status of the tavern. Suggestions and concerns are welcome as we begin to address this in detail in March and April. The email for the Club is: theclub@cobblecreek.com

Golf Profitability: A work session will be scheduled in the near future by the board to address this issue as well. Again, there is ample opportunity to improve the overall profitability of the golf course and ProShop. The board will be engaging the golf focus group and our two golf pros as it examines the gross margin percentage versus industry standard. The profit from public golfers is approximately twice that of the member use.

The unused tee time capacity is being identified. Gerard and Kala have identified several steps that can be implemented immediately:

- If the ProShop has advance notification of cancelled tee times, it can offer “specials” for last minute bookings. This requires that the golfers show up for their scheduled tee times or notify the ProShop in advance if they must cancel for any reason.
- Often groups of golfers will book tee times, but be unable to fill all the slots. By immediately contacting the ProShop of these openings, the staff will be able to resell these tee times on line.
- foreUp software can be used to identify last minute open slots. These tee times can be offered for sale on line at special rates
- Reserve one tee time every hour for public use

We cannot assume that the increased usage during our COVID-19 year will be repeated this year. With understanding from our golf members, we will be able to tighten our golf schedule and realize greater monetary return. Member’s comments and suggestions are welcome as we tackle this issue.

6450 Bathroom: For the benefit of community walkers, the board has decided to allow this facility to remain unlocked 24/7 and engage our cleaning personnel to clean it on a weekly basis during off season hours. If the facility is abused by construction personnel or others, we will need to reconsider.

Cobble Creek - HOA Liaison: Chris Cox currently serves in this capacity. The board discussed whether he should attend all board meetings. It was decided that the agenda of each meeting will be sent to him prior to each board meeting. He will be welcome to attend any board meeting in his role as liaison.

Member Only activities: The coordinator of each activity such as Mah Jongg, Cards, Coffee hours etc will be responsible for monitoring the attendance for member only events. Madison will contact the coordinator of the various events to remind them that activities are for members only.

Taking board meetings to zoom: In an attempt to increase transparency and member participation in board meetings, the board discussed holding bimonthly zoom board meetings with board only work sessions to be scheduled as needed.

March 4th zoom meeting agenda discussion: There was a short discussion to plan who would discuss which topics during this Thursday’s zoom meeting.

Communication to members: Weekly communication to members was discussed. It was decided that the monthly newsletter in addition a mid-month update would be issued. It was also decided that a link to board meetings would be added to the weekly update.

The following agenda items will be addressed at the next board meeting due to time limitations.

- 2021 budget development
- 2021 Calendar of Activities
- Business plan development

There being no further business, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

Betsy Willy

Secretary