

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 December 20, 2021 at 5pm. Those present and participating at the meeting:

Mike Weber, President
Pat Pitz, Vice President
Lisa Hylton, Treasurer
Randy Griffin, Director at Large
Betsy(Betty) Willy, Secretary
Eddie Anderson, General Manager
Chris Cox, HOA liaison
Joni Frigetto, Accountant
Paul Heide, Course Manager

Approval of Agenda: The agenda was approved via email

Approval of Minutes: The minutes from November 22, 2021 were ratified as approved by email.

GM Report:

Staffing: Michelle Robbins is our new **events manager**. She has been bartending for us for about a month. Michelle worked most recently for Ouray Silver Mines until they had their layoff. She was responsible for environmental compliance and reporting, marketing, event planning, and social media management for the mines. In addition to mining, she also formerly worked in food service and was head bartender for Beau Jo's in Idaho Springs, a fast paced restaurant environment as it is one of the busiest restaurants in the state.

She will be serving in a role of event coordinator, event and tournament sales, and promotion of non-resident golf memberships. She is a go getter that has already had a positive impact. She officially started in the role on Monday 12/20/21, but has already taken over many of the duties. Hannah Bass has resigned and accepted a position with the Bridges. We wish her all the best.

The Club office manager position has been vacated as Madison Freismuth has accepted a full time position under Randy Griffin in the Real Estate office. The expected level of new construction in Cobble Creek and subsequent construction in Spruce Point, will require her full time attention. The Club office manager position was a shared position – three days working for the Club and two days working for the developer. The office manager position has more than a dozen candidates already through Indeed.com. The

position will be part-time, with a potential for additional hours in the golf shop for the right individual. Interviews began last week with several planned for this week. The goal is to narrow it down to a couple of candidates and then both meet with them again next week and get someone hired asap.

Budget: Eddie Anderson reviewed a first draft of the proposed departmental budget for the year 2022 with input from Joni Frigetto. The department budgets were created with input from each department head. They used 2021 data known to date, with projections for the remainder of the 2021 year, as a basis for 2022 projections. 2020 Covid year figures were not considered due to the irregularities caused by covid labor issues.

Golf: Eddie stated that Kala and his goal for golf memberships is to add 30 additional non-Cobble Creek resident golf memberships during the 2022 season through aggressive marketing for corporate memberships, national and local tour groups and local advertising through various media. He budgeted a 3% increase in the number of golf rounds citing the opportunity to fill afternoon and twilight slots and increase external memberships and possibly reduced winter fees.

In addition, he projects a goal of increased merchandise sales by 10%. He stated that most current merchandise sales are to Cobble Creek golf members. He would like to expand this market to state and out of state and local visitors by including merchandise with Colorado and Montrose logos and increased non-resident marketing. Additional ideas from members are always welcome.

Golf Course: Paul Heide reviewed his concerns for the coming year including the potential need to rebuild the pump house on the back nine (previously the front nine) on number sixteen fairway. This pump was installed with the original course buildout approximately 24 years ago. He explained that each pump house has 50 hp motors with variable frequency drivers. As the pressure drops in the lines, it triggers the pumps to activate. This specific pump house is in need of a ten HP jockey to take the strain off the driver among other upgrades. He anticipates the cost will run in the five digit range.

The cost of chemical fertilizer is rising as it is a fuel based commodity. Average annual cost in the past has been approximately \$20,000. Increased costs for solenoid switches and sprinkler head replacements will also impact the budget. These are normally preordered in to capture a 20% discount.

Paul estimates that we irrigate and manage approximately 180 acres of land including our common grounds, patio homes, fairways and greens. This is about twice as much land management and irrigation as the average golf course due to the common ground and patio properties.

Labor costs could be reduced by removing split rail fencing separating the course from common ground especially where there is redundant fencing where homeowners have fenced their own yard boundaries. The 18th fairway is a good example of this. Each of these fence posts must be manually weed wacked by grounds keepers and many of the fences are aging and in disrepair. Paul was been asked to provide a list of fences that could be removed without sacrificing safety and the board will consider further action. Paul also suggested several spots on the course where a spruce tree could be used as a buffer. The board asked Paul to list other potential cost saving measures that could be initiated in his area for Eddie's consideration.

Projected long range issues include cart path replacement and replacement of the older bridges. These expenditures are included in the LRPC's projects for capital fund raising and are not included in the current budget. In the meantime, he has budgeted funds for patching the current pathways.

Golf fees: To offset the rising costs of labor, chemicals and equipment maintenance costs, the board voted unanimously to increase the annual fees for unlimited singles, couples, punch cards, driving range balls and cart rental and trail fees by 4%.

It was noted that there is confusion regarding fees for individuals who have not purchased annual trail fees for a private cart and are riding in club or private carts with individuals who have paid trail fees or cart rental fees. These individuals are responsible to pay a separate trail fee each time they ride in a rental or private cart with a golfer who has paid these fees. Eddie was asked to write a policy to address this which will be communicated to the members and pro-shop staff. The purpose is to eliminate "free riders" who habitually ride with others without ever paying their share of the trail maintenance fees

Tavern: Eddie reported that tavern losses (includes labor, cost of product, cleaning, sales tax etc. were projected for 2021 at \$79,000. He projects that the end of year tavern losses will be reduced to approximately \$49,000. He feels that with cost saving initiatives and increased sales this can be further reduced to conservative loses of only \$19,000 in 2022 and even further improvement in subsequent years as we continue to bring in more business. Staffing the tavern during golf days with little traffic contribute greatly to these losses. Increasing meal purchases for lunch and evening events as well as prohibiting outside food being served during events in the banquet room will help offset these loses.

Eddie reports that the Friday Night Happy Hour member meals and Taco Tuesdays along with additional evening events have been well received. He anticipates revenue from similar events will only increase next year. He wishes to focus marketing lunches to

residents, members and local businesses in the coming year. Proactive marketing for weddings and other events by Michelle is expected to bring in additional event revenue for food and beverage business.

Accounting: Joni reported that the review of our financials has been completed by Zander and Parker CPAs. Their financial review will be published shortly for member access. In the meantime, the 3rd quarter financials will be posted on the website in their entirety for member review. Questions regarding the financials may be directed to our general manager.

She was also pleased to announce that many of the issues with ForeUp have been corrected and additional category codes created to enable accurate category posting for golf, merchandise, grounds maintenance, food and beverages and events. This will enable more efficient budgeting through the coming year and more timely review by staff and members.

Funding: Eddie reported that he has been investigating the possibility of operational funding through a COVID-19 EIDL (Economic Disaster Loan). These loans offer small businesses effected operationally by the COVID pandemic the opportunity to apply for 30 year loans up to \$200,000 at a 2.75% interest rate and a potential two year payment deferment. Ironically, this loan category is only available to small businesses who have NOT experienced financial loss during the COVID year of 2020. Thus, Cobble Creek does qualify.

He feels that this funding could be used to offset expenses in the beginning of 2022 until revenues increase as the golf season begins. The deadline for applying for this loan is December 31st. Due to the short time available to complete the application, the board authorized Eddie to continue his research and a special board meeting was scheduled for 12/29/21 to consider his information.

Memberships:

Membership Fees: The BOD discussed the pros and cons of raising Cobble Creek Club membership fees. There was a motion to increase annual Club membership fees 4% as allowed by the membership agreement. It was felt that this increase was necessary to offset rising overhead and labor costs. The motion was seconded and following further discussion, carried by a four to one vote.

A member who recently opted out has elected to rescind their resignation. The membership agreement allows members who have had second thoughts to rescind the resignation for a period of ninety days after the end of the month of resignation. In this

event, the \$3,000 resignation fee is returned to the member less the monthly dues that would have been paid during the “Rescission period”. We welcome these folks back, not just from a financial perspective, but as their input and social presence has been missed.

San Sophia North Development Club Memberships: Randy Griffin stated that it has not yet been determined if the new development properties north of Spruce Point will be “membership properties”. If they are, the prior agreement between the developer and the Club provides that the developer is responsible for the \$3,000 opt-out fee if the new resident chooses not to be a member. This arrangement is the same as in San Sophia West and the remaining developer lots in Cobble Creek.

Eddie stated that Michelle Robbins will also be responsible for marketing club memberships.

Annual Meeting: 6 pm January 4th. During this zoom meeting, Mike Weber will present a year-end report to the membership. Candidates for the open elected seat on the BOD to be vacated by Lisa Hylton will be given the opportunity to speak to the members and will take questions from the membership. Presentations will be limited to five minutes per candidate along with a three minute limitation for responses to questions. Each member will be allowed one question.

The Club attorney was consulted regarding the necessity to hold open BOD meetings. His legal opinion is that since not all residents of the community are required to be members of the Club, the Colorado state statute 7 articles 121 – 138 do not strictly apply to the Club. However, the bylaws of the Club are patterned after this statute with the exception of the requirement for open BOD meetings. The board would very much like to provide open meetings in the future; however, this will continue to be based on the risk of COVID spread.

BOD Election: The election packets have been mailed, but did not include the date for the candidates to speak to the membership. Mike Weber will inform the three candidates regarding date, time, and format of the January 4th meeting.

Returned ballots are to be mailed using the enclosed envelope to Peterson and company by January 12th. On January 14th, the ballots will be counted by volunteers at the club house with Peterson and company monitoring the process. Lisa Hylton will work with Tracy Dickenson to recruit volunteers for this purpose.

Developer appointed seat: The board has received a letter of resignation from Randy Griffin effective January 14, 2022. The seat currently held by Randy is a Developer appointed seat and the Developer has the right to appoint his successor for an additional two year term. At that time, this seat becomes an elected seat. The Developer, per Randy Griffin, has no expectations

of the appointee once they have been selected. They will be an independent board member. The only future involvement by the Developer would be if the appointee subsequently resigned prior to the end of the two-year term. In that event, the Developer would have the opportunity to appoint that person's successor if it so chose. The Developer will make its appointment shortly after the election results are known on January 14th to enable candidates not elected to also be considered.

City Expansion Grant: Jan 4th representatives from the LRPC will meet again with the City of Montrose from 3-5pm. Those attending will represent both the HOA and The Club at Cobble Creek. They include Eddie Anderson, Lori Cribbs, Suzanne Hansen, Chris Cox, Stan Grigg, and Mike Weber.

Executive session was then convened to discuss personnel issues.

There being no further business, upon motion duly made, seconded and unanimously carried, the meeting was adjourned at 7pm.

Betsy Willy

Secretary