

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 October 10, 2022, at 5pm. Those present and participating at the meeting:

Mike Weber, President

Pat Pitz, Vice President

Betsy (Betty) Willy, Secretary

Gary Poteet

Eddie Anderson, General Manager

Chris Cox, CC HOA liaison

Dave Wadlington – Restaurant committee chair was present to present the committee’s report and then left the meeting.

Approval of Minutes: The Minutes from September 26, 2022, open BOD/membership meeting were approved by email.

General Manager’s Report:

Know your Community - Test Survey: Eddie and Kayla Bright created a “test” survey using the Survey Monkey tool available free online. This tool will be used in the future to poll members regarding important and/or controversial issues.

The survey was sent to all Club members two weeks ago and approximately two hundred of our three-hundred-member households completed and returned the survey.

Of the respondents, 75% were 65 years old or older. As these folks become older and less active, it is critical that the club identify and implement club and golf activities which will help recruit families and younger members.

One hundred and fifty-three of responding households are comprised of two individuals, with thirty households being single homeowners. Eight households have four members, and eight have five members with two households comprised of three individuals

How many people in your household play golf at Cobble Creek? Seventy households said no one played golf, fifty-three responding households said one person plays and seventy-three households said two persons in their household play golf at Cobble Creek. Two families reported that four members play golf and one family reported that three members play golf at Cobble Creek. Meeting the activity desires of the seventy non-golfing households becomes very important.

What Clubhouse amenities do you use? One hundred and forty said they use the tavern, one hundred and fifteen responded that they attend member’s only events, eighty-seven utilize the

fitness equipment and thirty-three participate in fitness classes. Seventy-seven participate in clubs or groups, forty-one play tennis/pickleball and twenty-eight households do not use any of the club amenities.

Membership dues increase for 2023: The board discussed the need to raise member dues to offset inflation, increased cost of labor and deficits incurred when parts/service is delayed. The decision to be made addresses the degree to which a dues increase will be necessary. This will be based upon budget projections of revenue and expenses for 2023 along with deferred maintenance expenses and capital projects.

Per membership agreement, member dues may be increased annually by 4% or CPI, whichever is greater. If the dues are not increased to the maximum allowable, the balance may be incorporated into the increase in dues the following year. The 2021 increase in dues for the year 2022, fell 3% below the maximum allowed. This 3% could therefore be incorporated in the 2022 dues increase for the year 2023. Eddie presented 2023 budget projections based potential revenue from member dues using three different dues scenarios.

1. Eleven percent dues increase based on a projected 8% CPI plus 3% unused 2021 CPI carryover
2. A basic minimum 4% dues increase
3. A 4% basic increase plus one half of the projected CPI of 8%

The decision regarding the dues increases for the fiscal year 2023 was tabled until next board meeting to allow board members the opportunity to study the budget projections as outlined in the various scenarios.

Projected capital needs and funding sources:

Pat Pitz presented the 2023 “High Priority Capital Projects”, projected costs and potential funding sources. Funding sources include:

1. Projected funds from operations
2. Cart Path Fundraiser
3. Potential funding from the HOA
4. Apply for a line of credit

The Club has asked the community HOA to assist financially with those projects which benefit everyone in the community. In order to transfer funds to the Club from the HOA under CCIOA law which governs Colorado homeowner associations, the funds must be utilized for community wide projects.

Below are capital projects identified at this time. Emergent needs may occur at any time.

Capital needs:

- 1. Mower Purchase:** An AR 722 mower is critically needed to replace a current mower. A used mower has been identified at the cost of approximately \$50,000 instead of \$130,000 new. Since this mower will benefit the entire community, as it is used for mowing common grounds as well as the golf course rough, the BOD is asking the HOA to assist financially with this purchase. Once it is known how much the HOA is able to assist, Eddie will explore financing this mower through a bank note as an alternative money to a line of credit. The board approved committing to the purchase of this used mower to reserve it for CC. Actual purchase can be deferred until April of 2023. Eddie was given authorization to commit to this purchase. This commitment can be reversed if money does not become available.
- 2. Irrigation equipment and repairs** are also critically needed to provide water to the course, common areas and sub-HOA patio homes. This includes one jockey pump and drive estimated at \$20,000, one Central (computer) Station (CPU) estimated at \$10,000, two rebuilt pumps estimated at \$22,000 and the rebuild of one additional motor to have available as a spare. (Estimated cost \$5,000.) Total estimated expenses for irrigation are \$57,000. This equipment should be purchased and in place before the hot, dry summer season to prevent interruption in water delivery at critical times. The current equipment is approximately twenty-two years old.

Through the Easement Agreement, the HOA pays the Club to deliver water to the common areas, Spruce Point and the sub-HOA patio homes. Homeowners in Spruce Point and the sub-HOAs pay for their water delivery through their sub-HOA and SP HOA dues.

Since the needed irrigation equipment is utilized to water the common areas and is delivered to Spruce Point and the patio homes within the sub-HOAs as well as the golf course, the BOD is asking the CC HOA BOD to assist in financing these purchases and repairs. Additional funding could be drawn from general operations. Without water delivery to these key components, the course could not function, and the common area and patio home landscaping will die.

- 1. Repairs to the air conditioning and heating systems in the Clubhouse:** The Clubhouse HVAC system requires repair and upgrades to improve air flow and computerized controls. The estimated cost of the HVAC system is approximately \$16,000. (As a follow-up to the meeting, the Club has received an estimate for the replacement of the furnace used to heat a portion of the Creekside Building. This system broke down last winter resulting in minor flooding of the kitchen. The estimate for replacement is \$8,695.)
- 2. Steam room** located in the Fitness Center has been non-functional for some time now. This is considered an amenity for club members, and we have received

communication from members who feel that repairs should be a priority. Cost for these repairs is approximately \$9,000.

- 3. Cart Path project – Cost to replace asphalt with concrete between holes #16-18 is estimated at approximately \$100,000:** The Board approved a motion authorizing Eddie to secure bids and a contract with an appropriate construction company to replace the cart paths between holes 16 – 18 to the extent possible utilizing the \$70,000 donated by members for this purpose. The length of path to be replaced will be determined by the cost which is to be kept within the amount of money available in the fund. Work could begin this Fall.

The culvert between green at hole #17 and hole #18 tee box will be paved over in lieu of erecting a decorative bridge to decrease cost.

The wall beside the 16th green is collapsing into the pond and needs to be rebuilt. The estimate for the rebuild is \$30,000.

The BOD recommended that Mike explore with Paul Heide the possibility of rerouting the path by Hole #2 to avoid the necessity to replace this section with concrete at this time thus deferring the expense of replacing the current deteriorated asphalt path. (Subsequently, it has been determined that the current path best serves the needs of the course. (per email – Mike Weber)

Until additional funding is available, cold patching will be utilized to reduce wear and tear on golf carts and improve presentation.

- 4. Plaque acknowledging \$1,000 or greater donations to the Cart Path campaign:** Art McIlravy is securing bids for a plaque in the same style as the Golf Course Hole signs. This plaque will list all \$1,000 donors, acknowledging their donation. Creation of the plaque will be deferred until Spring when additional funds may be secured from operations. Estimated cost \$2,000 - \$4,000

Cobble Creek HOA report – Chris Cox liaison: Chris briefly explained the need for the HOA to realize value which benefits the entire community for any projects to which it contributes financially. Although the HOA can raise needed funding for other projects through increased dues and other options, the issue remains the restriction per CCIOA regarding the use and transfer of these funds to the Club. The HOA BOD is meeting soon, and the proposals outlined above will be considered at that time.

He also explained from a banker's perspective, any use of a line of Credit should be reserved for short term shortfall in operations expenses, not for capital projects to allow any withdrawals to be repaid in a timely basis.

Restaurant Committee Report:

This committee is currently composed of Nick Parrott, Sandy Witley, Randy White, Lori Cribbs, Chris Cox, Dave Wadlington and Eddie Anderson.

Dave presented a short review of the history of the committee. It was formed in 2022 and after public recruitment of members, included Eddie Anderson, Peggy Spindler, Chris Cox, and Dave Wadlington. This committee's current goal is to establish the type of beverage/food service which would best meet the needs of the membership while generating enough revenue to cover its expenses and its share of Club overhead. The expected development of Spruce Point North as well as the plots to the West and South of Cobble Creek being sold by Flint Ogle to a developer will potentially increase the customer base.

Under consideration could be the following options among others:

1. Full-Service restaurant
2. Improved food service, but not a full restaurant
3. All Public food service space
4. Member's only dining area
5. Catering service to serve member and public events

Along with the type of food/beverage service, options for service space could include among others:

1. Keep minimal Food Service using current space and continuing to utilize Creekside kitchen as needed prep for large events (no change from current operation and space)
2. Lease Creekside restaurant space to third party
3. Slightly upgrade second floor Clubhouse kitchen. Leave Pro-Shop where it is and dress up the upper room for "nice dining" a few times per week
4. Expand the tavern kitchen and seating area, moving the Pro-Shop to Creekside

Questions which were raised and need to be researched include:

1. What type of food/beverage service do the members want to support – Survey Monkey survey will be utilized to poll members after more information is published: Needed are financial projections of each scenario and the history of restaurant management at Cobble Creek. Dave will put together memos and a survey monkey format to follow.
2. Does the State of Colorado liquor law permit two liquor licenses granted to two establishments on the same property? Eddie will follow up with the State.
3. More concrete information regarding funding available through the City business expansion grant and their expectation of "seed" or "matching" funds to be provided by the Club. Eddie to follow up with City of Montrose manager Bill Bell.
4. Eddie has consulted with three different food vendors doing business in Montrose area. They can, at no cost to the Club, review the current status of the local market, our current operations and the financial feasibility of the various options. Eddie will follow up with this.

RV lot: The current lot being utilized for member RV storage at a minimal annual charge is part of the land being sold by Flint Ogle to a developer. The Club is seeking a possible alternative location for this amenity for members. Costs would involve gravel, fencing, and security.

Executive session was then convened. The BOD meeting was reconvened, and the following actions were taken:

1. As the Club was unable to provide 2022 cost of living adjustments, end of year/season bonuses were approved for each staff member employed by Club at Cobble creek longer than six months.
2. Change in the rules and regulations under V. Discipline add paragraph "#5: At the sole discretion of the Board of Directors, a member whose membership has been suspended under the discipline policy shall be ineligible to serve on any Club committee or as an officer of the Club for the duration of their Club membership."

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

Betsy Willy

Secretary