

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 31st at 4pm. Those present and participating in the meeting:

Mike Weber, President
Pat Pitz, Vice President
Betsy (Betty) Willy, Secretary
Gary Poteet
Eric Wolf
Eddie Anderson, General Manager

Minutes from BOD meeting on October 27th, 2022, were approved as revised.

New Board member: Eric Wolf was welcomed to the BOD to complete Buck Andrews' term as WestStar's appointment to the BOD ending December 2023. At the completion of this term, all board members will be elected by the membership going forward.

General Manager Report to the BOD:

Financial report: "Through the third quarter 2022 we are showing a net income of \$13,510.00. An equipment depreciation in the amount of \$41,202.00 for tractors, mowers, etc. was added as an expense line item at the direction of our CPA. While this does have an effect on our tax filing, it does not have an impact on our operational expenses.

In 2021, a similar depreciation was added at year end. We had unexpected costs this year with our pump stations going down, requiring more than \$32,000.00 in repairs. Additionally, rising fuel costs not only affected mowing costs, but fertilizer costs, as well. Costs for fertilizer jumped more than 25% over 2021.

There are a few issues the Club faces in cash flow from operations. Each month the bills are sent out to the members on the first of the month. Those that are on autopay will have their credit cards charged typically around the fourth of the month. Depending on bank processing, the funds for the credit card transactions are not received until often 10-14 days afterwards. Due to the software, we use for the point of sale, we are required to use their processor.

The Club receives payments for the Easement Agreement from CC HOA on a quarterly basis. Depending on the quarter, this can also have an impact on cash flow. The end of year is typically the leanest, as we are slowing down on golf rounds and have sporadic weather,

Merchandise Inventory. Each year, the golf pro shop goes on a merchandising plan with golf equipment manufacturers. The shop is stocked with merchandise for sale, and typically the vendor is paid within the first few months. Some items sell, other special order items custom fit that are similar, and the unsold remainder is sent back at the end of the season to the manufacturer. A credit is then issued for the unsold merchandise after return. The credit can be used for future purchases; however, this causes a cash flow issue. As the return credit will be realized when the golf season resumes around the end of the first quarter, our cash is tied up until purchases are made and credits can be applied.

Reserve Funds: Due to the timing of over \$44,000 in credit cards outstanding, along with other receivables, as a matter of caution, \$25,000 was moved from the Club's reserve account to the operating account to cover outstanding invoices and the timing of payroll. As the season winds down and payroll levels greatly reduce, this will be offset by operations and reserve fund will be replenished.”

2023 Budget: Eddie is continuing to gather information to allow projected costs and revenues to be as accurate as possible. He will provide the 2023 budget to the BOD and LRPC by the first week of November. Third-quarter financials should be available on the website at that time.

LOC approval: While Timberline Bank was considered as a source for a possible Line of Credit, they were unable to meet the timeframe needed. Therefore, the BOD asked Eddie Anderson to act as an agent of the Club and to make an application to Alpine Bank to secure a \$199,999 line of credit. For approval, Alpine Bank requires the Club to have at least one business account with their bank. The BOD agreed that it would move one account, the Cart Path Donors Fund, from Timberline Bank to Alpine Bank to meet this requirement. The line of credit will be utilized only for projected short-term short falls in cash liquidity. Approval of the BOD will be required for these transactions.

An example of the possible use of this fund would be to pay outstanding bills during the slow revenue months of the year as needed and repay the amount as annual member dues are received early the following year. This is a revolving credit account with an interest rate on unpaid balance of Prime Rate plus 1%. This line of credit will not be utilized for long-term capital expenditures.

Signatures per check: The BOD discussed the possibility of requiring two signatures for all checks issued by the Club, two signatures required for only those over \$5,000 or one signature on all checks with approval required for checks over a certain amount. It was noted that checks can be printed with a caveat which states “two signatures are required for checks written over a xxxxx dollar amount.” However, there was a question regarding whether two signatures on checks written over a certain limit would be recognized by the bank during auto processing.

Eddie also explained that liquor, beer, and wine deliveries require cash on delivery. These companies do not invoice businesses and will not deliver the product without a check for the correct amount presented upon delivery. The amount of the delivery is not known in advance to allow prewritten signed checks as the cost varies if the delivery is short of some items or the charge for delivery varies. This makes it impractical for the BOD to require two signatures on every check. Some of these deliveries cost more than \$5,000. A decision regarding this issue was deferred until the BOD could confer with our accounting company.

Joint meeting CC HOA, Spruce Point HOA, and The Club BODs

This meeting is scheduled for November 16, 2022, at 11 am in the Clubhouse. This is an open meeting and will be shared through Zoom for those who cannot attend in person.

There will be a discussion of the capital expenditure needs and potential sources of revenue in addition to the role the HOAs will need to play in sustaining the community assets over the next 10 years.

The Club is requesting financial assistance from CC HOA to share the cost of several immediate capital expenditures which will benefit the entire community including a used AR 722 “rough mower” for approximately \$40,000 and a Jockey pump for Pump House number one for approximately \$20,000. The rough mower is used for mowing the rough grass areas on the golf course and the community common areas. The Jockey pump will prevent the strain on the primary pump in pumphouse number one thus reducing the recycling of the pump in order to maintain appropriate line pressure. This irrigation system supplies water to the patio homes, common areas as well as the golf course.

Member Agreement Extension: The member agreement was distributed to all members either by email or by USPS before the October 31, 2022, deadline. The structure of the fee schedule of 4% or CPI, plus any unused percent from the previous year was maintained resulting in a member dues and golf fee increase of 11% across the board. According to the Club attorney, the extension which is authorized through the Member Agreement does not require member signatures.

Personnel Policies: As a business, the Club needs standardized personnel policies. Betsy Willy and Ned Frazier were tasked with creating policies to address: New Employee Processing, Orientation of New Employees and Employee termination Processing. These policies are currently being reviewed in draft form. In addition, Position Descriptions for each position have been in place since July of 2022, but have not been formally approved by the board. These are being reviewed and updated and will be provided to each employee upon BOD approval.

A standardized interactive Performance Improvement System for all employees has been developed and will be trialed during the upcoming weeks. This system asks each employee and the general manager to identify the employee’s strengths and weaknesses, opportunities to

contribute to the Club and obstacles (threats) which will need to be addressed to accomplish growth within their position. This is a basic SWOT analysis. The General Manager and employee will then complete a rating sheet addressing each major area of responsibility addressed in the position description. Upon completion, the employee and general manager meet to compare notes and develop a “performance improvement plan” which identifies resources and coaching needed to help the employee take their performance to the next level.

Through this process, expectations for the job are clarified and the employee is engaged in creating their own path forward. Performance based raises and promotions will be based on these reviews. Documentation will become a part of the employee’s permanent personnel file.

Tips/gratuities

Clarification of who may participate in the sharing of tips/gratuities has been sought from the Club’s attorneys. A “tip sharing” policy has been written. Upon review and approval by the BOD, it will be shared with all employees. This policy will also be shared with the membership to provide clarity as to how their tips for food and beverage service are shared among employees working that shift. It is the intention of the Club that all eligible staff participating in the preparation, service, and cleanup of food and beverages in the tavern, at events and on the golf course receive an equal share of any tips provided by customers based on hours worked.

Restaurant Memo and Survey

Dave Wadlington has written a memo describing the history of the restaurant business in Cobble Creek along with options for the future. This memo will be sent to members this coming week followed by a Survey Monkey asking for member input. Once member input is received and reviewed by the Restaurant Committee, the results will be shared with the membership at large. This information will help the community make appropriate decisions regarding the food and beverage service options which could be provided by the Club.

There being no further business, the meeting was adjourned at approximately 6:50pm.

Betsy Willy
Secretary

11/22/22 Amendment to the October 31 2022 minutes:

The information regarding the LOC application to Timberline Bank as described in the minutes is incorrectly stated. Timberline Bank was unable to approve the LOC, as tax returns for 2022 were needed for the underwriters to do a complete review of the application to determine if the Club would qualify for this loan. The Club's timeline that is referred to in the minutes addresses the Club's need to have access to these funds by year's end. The Club could not have our 2022 tax returns available for review until later in 2023. There was a potential need to do urgent projects which could not be deferred to mid-2023.

To date, the Board has not secured the Line of Credit. We are currently negotiating with Alpine Bank to secure this Line of Credit.

Betty Willy

Secretary