

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 November 28, 2022, at 4pm. Those present and participating at the meeting:

Mike Weber, President

Pat Pitz, Vice President

Betsy (Betty) Willy, Secretary

Gary Poteet

Eric Wolf

Eddie Anderson, General Manager

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Approval of Minutes: The Minutes for November 14, 2022, were ratified as revised and approved by the BOD by email.

Financial Review: The Club at Cobble Creek BOD contracted with Parker Consultants and Accountants to perform a financial review of the first nine months of 2022 ending September 30, 2022, to assess the quality of the "control environment" and "risk management" of the organization as it pertains to cash disbursements and the identification of possible fraud. This review was limited in its scope to this specific request. Parker Consultants and Accountants had conducted a review of the Club's 2021 first three quarter financials in December of 2021 and were therefore familiar with The Club's financial accounting systems.

Zander Parker, CPA, presented the BOD with both a written and verbal report regarding the procedures used in the review and his conclusions. The written report outlines the procedures utilized, a description of the sample tested, and the resultant findings. This report will be posted on the website for member review after the BOD has had the opportunity to review it.

Verbally, Mr. Parker expressed several conclusions based upon his experience consulting with the Club and this current review.

1. There was no misappropriation of funds identified during this review
2. The Club has demonstrated "incremental improvement" of its overall accounting processes comparing 2021 and 2022.
3. The Club's accountant's implementation and consistent use of "Bill.com" with its inherent automated controls and user specific login procedures has reduced the potential risk for misappropriation of funds
4. When asked about the efficacy of requiring two signatures on a check, he stated that from a practical point of view it would be too cumbersome and from a value perspective, not worth the effort needed. He felt that the reconciliation of accounts on a monthly basis would provide the needed risk management.

The cost of this review was originally estimated at \$2,500. The actual invoice has not yet been received.

4th quarter anticipated revenue and expenses: Eddie reported that revenue from merchandise sales in the proshop, food and beverage sales in the tavern and golf rounds is less than anticipated for the 4th quarter due in part to early inclement weather and other competing community events which draw members away from

the tavern events. Consequently, efforts are being made to identify savings and reduce costs. There are ten outside events scheduled between now and the end of 2022 which will contribute to increased revenue.

Line of Credit: A line of credit has been obtained from Alpine Bank as described in previous minutes.

2023 Budget: Eddie presented a draft 2023 budget for the BOD's consideration. The BOD requested that in light of the reduced revenues anticipated for the 4th quarter of 2022 and the anticipated increase in CPI that Eddie revisit the budget for the coming fiscal year with an eye toward further reducing expenses, then represent the budget to the BOD at the December BOD meeting for review before approval.

BOD Director and Officer insurance is required by the Club's bylaws if reasonable rates can be secured. Insurance underwriters require evidence of the financial stability of any new business before they offer "reasonable rates" to insure its officers and directors. The Club at Cobble Creek has secured "D&O" insurance through The Cincinnati Insurance Company for an annual rate of \$3200.

Human Resources:

The following policies have been approved by the BOD with input from the Club's attorneys to be implemented by the General Manager.

1. **Tips Policy** – ensures an equitable distribution of cash and credit card tips to all employees who have worked a shift preparing, serving, and cleanup of food and beverage service in the tavern, at events, and out on the golf course through our beverage cart.
2. **Paid Vacation and Sick time** – Defines which level of employee is eligible for paid vacation time, the rate of accrual and the procedure for scheduling time off. Paid sick time is based on the Colorado Healthy Families and Workplaces Act which requires that all employers provide paid sick leave to all full-time, part-time, and seasonal employee paid sick time is accrued at a rate of one hour per every 30 hours worked up to a maximum of 48 hours per year.
3. **Family and Medical Leave Insurance Program** approved by the Colorado voters requires employers and employees to pay matching premiums of 0.45% of the employee's wages to be made available through the state of Colorado for employees to receive paid leave to take care of themselves or their family in situations of serious health conditions. These contributions are required to begin January 1, 2023. However, paid leave will not be available under this program until January 1, 2024, to allow a year for the state to accumulate applicable funds.
4. **Colorado Secure Savings Program** established by the state of Colorado effective January 1, 2023, will be available for all Club team members. It will function like an Individual Retirement Account. Participation is voluntary.

The Employee Handbook is being revised and updated to reflect these changes. The revised handbook will be implemented January 2023 and made available to all employees through their payroll portal.

Performance Management Program: Review of position descriptions and implementation of the performance review program is a work in progress. To date, Eddie Anderson and Kala Rusk have received performance reviews, performance improvement plans, coaching and updated position descriptions. As the position descriptions are updated and rating sheets prepared, all other department heads will receive their annual review and then be provided with coaching for the development of a performance improvement plan. The department heads in turn will be provided with materials and instruction to implement this process with

their line staff. The reviews and improvement plans will be documented and placed in the employees' personnel file and will serve as a basis for performance plans and coaching in the future.

New Hire, Orientation and Termination policies have been finalized and are being implemented. In addition to a more formal orientation to the employee's job and continued mandatory criminal background checks, there will be a termination exit interview for each employee leaving the Club for any reason. Those who are not physically available for an interview will receive a termination exit questionnaire in the mail. The interviews must be conducted by a manager other than the employee's direct supervisor. In this manner the Club seeks to continue to improve the working environment through becoming aware of trends and issues which contribute to employee turnover.

Election of Board Members: There are three retiring board members who will be replaced by an election of the membership. Each member will be asked to vote for three candidates on their ballot. Each dues paying member property will receive one ballot which will result in members who own and pay member dues on more than one property having one vote per each dues paying property. Developers do not pay dues on their lots and therefore have no vote in the Club's election process. This process complies with the Club Bylaws. The election schedule is as follows:

- Resume submission by candidates 12/2/22
- Ballots will be mailed to members 12/16/22
- Zoom Presentation to members by applicants 1/3/23
- Deadline for ballots to be received 1/11/23
- Vote count and announcement of winners 1/13/23
- Annual Member meeting – 5:30pm 1/16/23
 - By zoom and in person in the Clubhouse
 - Presentation of annual reports by BOD
- First meeting of the newly elected BOD 1/16/23
 - To immediately follow the Annual Member Meeting
 - Election by the BOD of their officers for 2023
 - Interchange of information between the outgoing and incoming BOD

The BOD approved submitting five questions to the candidates in addition to the process described above for the purpose of providing focus on issues of interest to the members. These questions include:

1. What is your opinion of the best way for the Club to generate the needed revenue over the next five to ten years?
2. What do you believe the relationship between the Club and the HOA's should be?
3. What is your opinion of the current Club's Operations and Management?
4. What do you think the future of food service at the club should be?
5. What would your priorities be as a Club Board member?

These questions will be sent to the candidates. They will be asked to submit their written response by 12/15. Answers will then be published for member review.

A combined work session of CC HOA, Spruce Point HOA and The Club BODs was held on November 16, 2022, for the purpose of discussing the Capital Expenditure projections for 2023. This meeting was open to all HOA and Club members. Sixty attended in person and an additional twenty-seven by zoom. Following a

presentation of the projected needs, financial projections of the Club and specific requests for funding through the HOAs, the floor was open to questions from the members in attendance. Minutes from this work session including the questions and answers will be posted on the Club website for member review. The HOA boards will further review these requests during their next regular BOD meeting and respond back to the Club.

Next Meeting is scheduled for December 19, 2022, at 4pm. This will be an open meeting with time for questions and answer session for members.

Executive session was then convened. The BOD meeting was reconvened, and no further actions were taken.

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

Betsy Willy
Secretary