

FLCC Board of Directors Special Meeting  
Monday, 11/11/2018

**In Attendance:** Ron Ball, Deborah McManus, John Statler, Bob Stumpf, Larry Welford, Michael Woodcock, Bret Shifflett, Steve Gress

**Absent:** Tim Powers

Meeting called to order at 4:00 PM

**GLMG Presentation of Construction Pricing for the Harbor Club Expansion Project**

- Don Leake, VP of GLMG, and Aaron Burleson, Project Superintendent, gave a detailed presentation over the course of 2 ½ hours of the Harbor Club Expansion construction project. They presented their revised pricing proposal dated 11/12/18 for a total project cost of \$2,713,698. The pricing details for design/consultants, general conditions, sitework/demolition, concrete, masonry, metals, carpentry, moisture protection, doors/windows/glass, finishes, specialties, mechanical, and electrical were reviewed line item by line item.
- The construction documents used to bid the project were extremely detailed. All of the millwork, paint/wallcoverings, flooring, etc have been selected which enabled subcontractors to give a detailed bid. GLMG is confident in the pricing they received.
- GLMG identified several areas to continue to investigate for further savings, such as window selection, door selection, # of fire doors, fan installation, etc. Any changes to the specs that save us money will be reflected in our contingency. The contingency money will go up or down based on what money is actually spent. At the end of the project, any contingency money that is not spent will go to FLCC.
- Don Leake submitted a draft contract to Larry and Deborah for review. The standard A-1-A contract was reviewed by FLCC counsel. A few minor changes were requested and are being reviewed by GLMG's counsel.

**Overall Project Status**

- Larry presented an updated project budget spreadsheet that included GLMG's construction costs plus our Other Costs and Soft Costs. The total cost of the Harbor Club Expansion project is expected to be \$3.53M. This includes \$100k of contingency: \$25k by GLMG and \$75 by FLCC. Any contingency funds not used go to FLCC.
- Deborah presented details of the capital reserve capital lease plan that includes a \$210k lease for kitchen equipment. Because an existing lease with a monthly payment of \$3,714 will be ending in January 2019, and the new kitchen equipment lease will not start until November 2019, there is \$33,426 of savings in the capital reserve account in 2019. The kitchen equipment lease payment is expected to be approximately \$4,160 which will make the future monthly capital leases payments total just \$500 more than now. Also, two major monthly payments (a \$3,369 lease and a \$4,187 golf cart loan)

will end in the fall of 2020. There will be plenty of room in the capital reserve plan for future golf course equipment leases.

- Of the \$350k equity contribution we are required to contribute to the project, we have \$131,238.54 left to spend. Our Expansion Reserve account currently has a balance of \$158,179.21. That means that as of now we have \$27k more in savings than needed for our minimum equity contribution. Additionally, we continue to collect a \$500 expansion assessment from every new member and save \$20/member/month in dues. Our averagely monthly transfer into the Harbor Club Expansion reserve account is roughly \$12,000. Being already \$27k ahead of target, plus our future monthly transfers, it is safe to assume we can contribute an added \$120,000 in equity to the project if required.
  
- The \$3.53M Harbor Club expansion project will be funded as follows:
  - \$2,400,000 loan from Union
  - \$450k equity from NTS
  - \$470K equity from FLCC
  - \$210k kitchen equipment lease
  
- Deborah McManus motioned to adopt the following resolution and Ron Ball seconded it. The motion carried unanimously 5-0 with Larry Welford abstaining, and Tim Powers absent.

Meeting adjourned at 7:30 PM.

## **FAWN LAKE COUNTRY CLUB**

### **CONSENT OF THE BOARD OF DIRECTORS AT A SPECIAL MEETING ON NOVEMBER 12, 2018**

The undersigned, being the Board of Directors (the “Directors”) of Fawn Lake Country Club, a Virginia corporation (the “Corporation”), hereby approve and adopt the following actions at a special meeting held on November 12, 2018:

**WHEREAS**, at a regular meeting of the Directors on December 18, 2017, the Directors approved the Corporation to obtain a loan in the original principal amount not to exceed \$2,400,000.00 (the “Loan”) pursuant to that certain Term Sheet dated as of November 14, 2017, as subsequently amended (“Term Sheet”) from Union Bank & Trust (“Lender”) to be secured by certain real property owned by Asset Management, LLC, a Virginia limited liability company (the “Loan”) and to execute and deliver to Lender, among other things, those certain loan documents including, but not limited to, a commercial note, construction loan agreement, assignment of agreement and permits, affidavits and other related documents (collectively, the “Loan Documents”);

**WHEREAS**, the closing of the Loan occurred on August 13, 2018;

**WHEREAS**, GLMG, Inc. (“GLMG”) provided to the Corporation a Design/Build Evaluation Proposal dated April 27, 2018, and the Corporation entered into Design Build Evaluation Contract dated May 3, 2018, and Design/Build Contract dated July 6, 2018 for the design development and construction documents for the new event center consisting of approximately 4,997 square feet and a new members grill / kitchen consisting of approximately 4,437 square feet and related improvements (“Harbor Club Expansion”) and

**WHEREAS**, the Corporation desires to enter into a construction contract with GLMG for the Harbor Club Expansion.

**NOW, THEREFORE, BE IT:**

**RESOLVED**, that the Directors hereby authorize, approve and endorse the Corporation to (i) execute a construction contract with GLMG for the construction of the Harbor Club Expansion and to execute and deliver all necessary applications, contracts, bonds, deeds of easement, and related agreements, as applicable (“Construction Documents”), and (ii) enter into and perform all of its obligations under the Construction Documents, as applicable; and be it further

**RESOLVED**, that any officer of the Corporation, excluding Larry Welford, and each of them acting singly (collectively, the “Authorized Officers”), be, and hereby is, authorized and directed to negotiate, execute and deliver the Construction Documents in the name and on behalf of the Corporation, with such changes therein as any Authorized Officer may, in her or his discretion, approve, which approval shall be conclusively evidenced by her or his execution thereof; be it further

**RESOLVED**, that the Authorized Officers of the Corporation hereby are, and each of them acting singly hereby is, authorized to take all such further action and to prepare, execute, deliver and file all such agreements, instruments, documents and certificates in the name and on behalf of the Corporation, under its corporate seal or otherwise, and to incur and to pay all such fees and expenses as they, or any one of them, shall deem necessary, proper or advisable in order to carry out the intent and effectuate the purpose of each of the foregoing resolutions; be it further

**RESOLVED**, that any and all acts of the Authorized Officers of the Corporation to the date hereof in connection with the Loan, the Harbor Club Expansion and Construction Documents are hereby in each and every respect ratified, confirmed, adopted and approved as the acts of the Corporation.

The undersigned, as the Directors of the Corporation, hereby acknowledge having given their written consent to these resolutions. Larry Welford abstained from the vote because of a conflict of interest. Timothy Powers did not attend the meeting.

No other action is consented to or taken by the Corporation.

Effective as of November 12, 2018.

DIRECTORS:

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Ron Ball

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Deborah L. McManus

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John Statler

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Robert Stumpf

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Michael Woodcock