

*THE CLUB AT SONTERRA
BOARD OF GOVERNORS
MINUTES*

Date: Wednesday, January 9, 2007

Mickey Gayler, Chairman

Arthur Abelman, STA

Michael Adzija, Chairman Emeritus

Patti Bordelon, SWA

Marian Dyer, SWGA

Lori Goforth, Vice-Chairperson

Rosalie Hallenberger, Historian

Steve McKim, MGA

Stephanie & Randy Park, Ambassador Council

MEMBERS AT-LARGE

Mike Cooney

Milt King

Grant Morris

Gary Nedwed

Becky Spears

Absent: Gary Nedwed

Club Representatives: Kathryn Comfort, Mike Akeroyd, Ken Story, Jason Rouk, Jeff Hunter, John Lewis, Stacey Semtner and Michelle Dodier.

Chairman Gayler welcomed the newest members to the 2007 Board. He introduced Ken Story, Senior Vice President of Operations and Development of Arnold Palmer Golf Management (APGM), to the Board.

Mr. Story welcomed the new Board members. He gave an overview of the ownership and explained that they have established a partnership between the members and management of the Club. Mr. Story stated that it has been a pleasure working with Sonterra since APGM took over the Club in February of 2005. He wanted to recognize the first Board of Governors for Sonterra for their faith and trust in establishing the partnership with APGM. Sonterra has been extremely successful and has set standards for the other clubs, such as our Ambassador Council, as well as using Stacey Semtner and Kathryn Comfort to train and teach their membership teams and Jeannette Walker to assist with their private clubs marketing.

Mr. Story explained that APGM has been very successful setting up partnerships with their members at each one of their clubs. When APGM first came to Sonterra they established a partnership contract with the Board of Governors and Sonterra Members. Mr. Story reviewed three important points in the contract:

1. *Why Membership by Invitation Only (MBO)?* When meeting with the equity partners of the company they asked why a cap fund should be established for the clubs. Mr. Story explained that there is no better resource for new members than the current members of a club. The cap fund helps keep members motivated to achieve goals for their club by bringing in new members.
2. *Why do we fund the cap fund monthly and not once we have achieved our cap?* Mr. Story explained that achieving our membership goals isn't just a destination but a journey. By funding the members monthly, projects can continually be started and maintained to further keep the members motivated and proud of their club.
3. *Wait List Clause:* Once we have reached our membership caps, we have the opportunity to continue to grow the cap fund because the contract states that the members receive 50% of all wait list dues. He reminded the Board that for all new members that joined the club (beginning March 1, 2005) for the first year, the cap fund received 50% of the dues, the second year the fund will receive 40%, then the third year 30%, fourth year 20% and then the final fifth year would be 10%. Anyone choosing to be a wait

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list member, once the club has reached its membership cap, the cap fund would receive 50% of the wait list dues. Wait list dues are not staggered, but ongoing.

Mr. Story emphasized to the Board how much he appreciates them as dues paying members of the Club. He feels that, with the support of our members, we should reach our wait list very soon, but then the real work will begin. He reminded the Board that it takes cooperation from every person employed by the club to maintain a healthy and stable membership roster. You can never take your members for granted because you are always fighting attrition. It is imperative that each new member becomes "connected" and welcomed into the Club as soon as possible. With the current structure of committees and the Board, he feels that Sonterra is in great shape for when we reach our membership caps. Just remember to keep cooperation between the Board and Club management. Mr. Story felt that 2007 would be a continuation of the successes we saw in 2006. The courses are in great shape and the members are feeling a lot of pride in the Club. He thanked the members of the Board for choosing to serve and he looks forward to an exciting 2007.

Chairman Gayler commented that since becoming part of the Board and working with APGM, he hasn't experienced any "bumps in the road." He has seen the members develop a very positive attitude about the new owners. Sonterra is as close as it can be to being an equity club, without being one, and without requiring the members having to take the risks of ownership.

Chairman Gayler explained that at the November Board meeting the Budget/Cap Fund Committee brought before the Board a proposal for completing all the bunker work that is needed on the North Course at once, instead of spreading it out over a several years. The Committee felt that since the golf courses are the Club's biggest asset (next to the membership roster) that it would be extremely beneficial for the Club to complete this project first. The Committee further explained that in the original plan the Club was to pay for half of the bunker work and the cap fund would pay for the other half. The Committee asked Club Management to approach our owners to ask if funding could be obtained for the entire bunker project immediately, as opposed to it being spread out. Mr. Story explained that when he was approached with this idea, he did have a few concerns because there are other necessary projects that need to be completed at the Club in 2007, as well as the bunkers. He and the Budget/Cap Fund Committee have developed a plan that appears to be able to fund the bunker project, as well as the other necessary club improvements for 2007, and they would like to present their plans to the Board at the February meeting. Mr. McKim stated that they would also have a 4 year cap fund plan at that time that would lay everything out for the Board. Mr. Story also stated that APGM would be assisting tennis in obtaining the necessary information and bids for the court lighting issues.

COMMITTEE STRUCTURE:

Committee Heads: Chairman Gayler stated that the Board needed to establish chairs for each of the sub committees (Policy, House, Budget). Milt King and Grant Morris volunteered to co-chair the Policy Committee. Mike Cooney and Steve McKim volunteered to remain as co-chairs for the Budget/Cap Fund Committee. Marian Dyer and Becky Spears volunteered to be the co-chairs for the House Committee. Mrs. Dyer asked how often the committees should meet? Chairman Gayler and Kathryn Comfort stated that monthly meetings seem to be the best. Mrs. Bordelon asked that if her Vice-Chair for the Sonterra Women's Association (SWA) were to attend the Board Meetings in her place would she be able to vote on Board decisions? Chairman Gayler explained that since she is the SWA Chairperson, and not an At-Large Board member, she cannot have a proxy vote.

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Recommending Committee Representatives: Ms. Hallenberger asked if non-Board members could be invited to be part of the sub-committees? Chairman Gayler stated that any members in good standing of Sonterra can be approached to sit on the sub-committees and encouraged each committee chair to do so.

Mr. McKim asked for clarification on how the sub-committees work with regards to making decisions. For example, the Golf and Greens Committee brings their suggestions before the Board for review and ratification, should all committee decisions be done the same way? Chairman Gayler agreed that this is something that needs clarification and asked the Board for their thoughts. Mr. Adzija felt that day to day simple decisions should be made at the committee level, but more complicated decisions should be brought before the Board for a vote. Mrs. Dyer asked if each committee chair should determine if the decision is minor or major? Chairman Gayler felt that the committee chairs should have discussions with the Board Chair to determine what issues should be brought before the Board. Mrs. Hallenberger commented that many items can be discussed with the Club's Department Heads and can be resolved before it needs to reach the Board level. Mr. Morris asked if the Board was looking for specific language regarding when committee items should be brought to the Board for a vote. Chairman Gayler stated that he is looking for the language for establishing when items should be brought to the Board. Mr. Grant recommended that the committee chairs report to the Board Chairman, who will then determine if the item should be brought before the Board. Mrs. Dyer remarked that the current Board By-Laws make it sound that all committee decisions, no matter how trivial, should be brought before the Board for vote. Chairman Gayler suggested that 7A in the Board By-Laws be modified in such a way to allow a committee chairperson to discuss committee decisions/suggestions with the Board Chair and Club Management to determine at their discretion what items should be brought before the Board for a vote. Mrs. Dyer made a motion for approval of this suggestion. The Board unanimously approved.

Mr. McKim asked the Board to reopen the case regarding a member who has been suspended from the Club. The Board denied his request.

COMMITTEE REPORTS:

MEMBERSHIP COMMITTEE/AMBASSADOR COUNCIL: Chairperson Stephanie Park stated that we are currently at 1045 golf members, 431 tennis and 581 social. She and the Ambassador Council are determined that we will reach full with a wait list this year (1,100 if the cap for full golf and 500 is the cap for tennis). One of the jobs of the Ambassador Council is to help new members become acclimated to the Club. To help introduce them to other members, have dinner, play golf or tennis and even work out with them. This helps the new members feel more comfortable, so that they start using the Club immediately and so they want to be here. In 2006, the Council helped 250 new members become acclimated to the Club. One of the things we do to help the new Members is host a New Member Reception. Mrs. Park asked for Board volunteers to attend the first one of the year on January 25. Mr. King, Ms. Dyer and Mrs. Spears all volunteered to attend. Mrs. Park reminded the Board that it is imperative that as Board members you regularly attend Club events so that all members get to know you and you show your support of the Club. One important event will be the retirement party for Super Happy Hour on January 19. Ms. Comfort explained that we are not doing away with Super Happy Hour, we are instead renaming it "Cocktails with the Councils" and adding more items to the event, as a way of saying "Thank you" to all the members who have continued to lend their support to the Club. Plus, this will be the perfect opportunity to bring candidates for membership to the Club, so they can see and experience everything firsthand. Chairman Gayler felt that there was only one small problem because the Board was not

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notified before these changes hit the newsletter, so when members approached them with questions, they didn't have answers. Ms. Comfort apologized for this oversight.

Mrs. Park explained that the Club will continue to thank the members by utilizing the "Top 10 Club" in the newsletter and the new "Member of the Month." In addition, Mrs. Semtner and her assistant, Laurie Cobb, will also be greeting each new resident to Sonterra with a basket of cookies, which will allow them the opportunity to welcome them to the neighborhood and introduce the Club to them. Mrs. Spears asked what are the criteria for becoming the Member of the Month? Mrs. Semtner explained that candidates are selected from the Top 10 Club lists and are voted on by the department heads and management of the Club.

Lastly, Mrs. Park stated that the guest registration program has been very successful and Mrs. Semtner has received several viable candidates for membership.

GOLF & GREENS COMMITTEE: Co-Chairs Marian Dyer and Steve McKim (see report for details). Mr. McKim stated that the Golf & Greens Committee would like the Board to consider allowing the USGA ladies to host a small qualifying event at the Club (see Golf & Greens report for full details on the event). They would only need a total of 5 tee times and would not disrupt member play on the course. The Sonterra Women's Golf Association is in complete support of the event. Mr. Cooney felt that this would be a great opportunity to showcase the Club, without inconveniencing the Members. Mrs. Spears commented that Sonterra has an excellent reputation for running qualifiers. The ladies would be teeing off at 8:00 AM on a Wednesday, so no one will even notice. This is a very important USGA qualifier with participants coming from all over the country. Mr. Cooney moved to accept the qualifier at the Club. Mr. Adzija and Mr. Grant (among several other Board members) both seconded the motion, which passed unanimously. Mr. Adzija felt that we need to publicize this event to the Members. Ms. Comfort stated that we would inform the membership.

Mr. McKim introduced Jeff Hunter, the Club's new Director of Golf. Mr. Hunter thanked John Lewis, Head Golf Professional, for the phenomenal job he has done in the absence of a director and feels that they will work well together. Mr. Hunter has been evaluating the golf operations and has been making some adjustments so that things will operate more efficiently. He announced that Eddie Marotta, Assistant Golf Pro, would be in charge of the cart service personnel and Gary Blocker will focus on cart repairs and maintenance. In addition, Mr. Hunter has been working with the staff on proper cart procedures in the hopes that we can alleviate the number of carts found throughout the Club parking lots, as well as implementing and enforcing the current policy of sharing a cart so that we don't have 4 players with 4 club carts on the golf courses. After discussing with the Golf and Greens Committee, we will be changing the weekend tee time policy to allow for more early morning tee off requests by starting simultaneously on #1 and #10 on the North Course. The Canyon Creek course will only start on #1. Mr. Hunter is also reworking the Junior Golf Program to get more parents involved. Overall, they will be working on enforcing the current Club policies and procedures and upholding the Club Rules and Regulations.

Jason Rouk welcomed Mr. Hunter to team Sonterra. Mr. Rouk stated that he and his staff will be working on building on the successes of the courses. During January they will be working on the arroyo cleaning, lake and water featuring cleaning, and tree pruning and removal. There will be bunker maintenance done during January and February. Mr. Rouk stated that 11 major golf projects have been completed since May. The liner for #3 has been installed; however, we have noticed that it is leaking around the perimeter. Currently, we are having almost a mile of pipeline repaired so that we can get water more efficiently from the Canyon Creek course to

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the North Course. Mr. Rouk thanked the members for a great 2006. Mr. Abelman asked if Mr. Rouk was still having staffing issues or if he has a full crew. Mr. Rouk happily announced that he has a full staff.

Mrs. Dyer reported for the SWGA that their play day began last week. She has met with Mr. Hunter, who suggested that the pros play with the ladies more often. Mr. McKim reported that the MGA's first event of the year is on January 13 and they currently have 100 people signed up.

Mr. McKim stated that the Golf and Greens Committee would like to bring before the Board the suggestion that Mr. Hunter and the pro shop staff create high school golf team guidelines and requirements for play at Sonterra. Each high school team would be allowed to play the courses no more than 2 times per month (not to exceed 8 players), Tuesday – Thursdays only. Mr. Hunter explained that currently we have no guidelines in place. The Golf Pro Shop would set the rules and regulations. Mr. Cooney motioned that the Board approve allowing each approved high school to play the courses no more than 2 times per month (not to exceed 8 team players), Tuesday – Thursdays only and that Sonterra's Golf Shop has sole discretion in creating the policies and guidelines that each school must follow, without needing the Board's approval for said guidelines and policies. The motion was seconded by Mrs. Dyer and the Board unanimously approved.

Mr. Morris asked where parents could pick up a complete list of the guidelines, once they are completed. Mr. Hunter stated they would be in the Golf Shop and Ms. Comfort stated that we would also post them on the website. Mrs. Park suggested ensuring that the Vice Principals of the high schools, as well as the golf coaches are informed of the guidelines. Mr. Adzija asked if Mr. Hunter would be moving forward in January with implementing the guidelines. Mr. Hunter stated that he would.

BUDGET/CAPITAL FUND COMMITTEE: (See Sub-Committee reports below.) No written report. A meeting was held with Ken Story and the Cap Fund Committee prior to the Board meeting.

TENNIS COMMITTEE: Arthur Abelman (see report for details). Mr. Abelman stated that they have a lot of events coming up, such as Boot Camps, Country Club leagues, USTA leagues, etc... He congratulated the Sonterra Smash 4.0 team for winning the city championships.

HOUSE COMMITTEE: (See Sub-Committee reports below.)

CLUB MAINTENANCE: *no report.*

FOOD & BEVERAGE: *no report.*

SONTERRA WOMEN'S ASSOCIATION: Patti Bordelon stated that everyone is welcome to attend the January 26 luncheon. She did ask that someone come speak with the ladies about the changes in Super Happy Hour because she has had numerous questions. Mrs. Park volunteered to do so.

POLICY COMMITTEE: *no report.*

HISTORIAN: Rosalie Hallenberger commented that the Club within a Club groups were on holiday hiatus, but they are now starting up again.

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NEW BUSINESS:

SUPPORT OF BOARD/COMMITTEE/CLUB DECISIONS: Chairman Gayler reminded the Board that we do try to keep the meetings as informal as possible, but it is extremely important that once decisions have been made by the Board, that each Board member supports the decision made. When the Board operates in complete cooperation and support of each other, it helps support the Club and gives the Board credibility to the Members. Mr. Abelman suggested that if you have a Member approach you with a question on a Board decision, do not relate your personal feelings, instead direct them to the person that can answer their question fully, such as management or a particular committee.

CONFIDENTIALITY BETWEEN BOARD/COMMITTEE/CLUB MANAGEMENT: Chairman Gayler asked everyone to be cognizant of the privacy issues of some of the items discussed at the Board meetings. Questions are always encouraged and can be directed to Club Management or Chairman Gayler if a Member has inquiries.

ELECTION OF VICE-CHAIRPERSON BASED ON CURRENT BY-LAWS: Chairman Gayler explained that the current Board By-Laws do not address the issue of an At-Large Board Member being elected to the Vice Chair position and it causing that At-Large member to remain on the Board beyond their original tenure. In addition, the Board By-Laws also don't address the issue of whether the Vice Chair has a vote on the Board, plus the current By-Laws state that all Board votes can only be passed if there is a 2/3 majority by a quorum of Board Members. In other words, if there is not more than a two thirds majority when voting on issues, the vote could be blocked. Chairman Gayler made 2 proposals:

1. Reserve the two thirds vote amendment to Board By-Laws revisions and Club Rules & Regulations revisions only. All other votes would be by simple majority. Mr. Cooney moved to approve this suggestion and Mrs. Spears seconded the motion. The Board unanimously approved.
2. The Vice Chair have a vote on the Board. Mrs. Dyer moved for approval and Mr. Cooney seconded the motion. The Board unanimously approved.

ELECTION RESULTS DISCLOSURE: Chairman Gayler explained that consistent with how the Board elections were conducted last year, each nominee to the Board was only told about their vote results if they inquired. The Nomination Committee felt that full disclosure of all results for each candidate could cause some to become discouraged and not become involved more fully in the Club. One person has requested full disclosure of the top 10 nominees and their total number of votes each. Chairman Gayler stated it was up to the Board to decide to release the information. The Board discussed this situation at length and many felt that by releasing all the results there were good members who would be discouraged and it would serve no good purpose. Chairman Gayler proposed that the Board officially adopt the policy of only releasing the individual results of the Board elections to each nominee and not all the results, with the understanding that this policy would be publicized so that all members are aware before the election process. Mrs. Dyer moved to approve this suggestion, Mr. Adzija seconded the motion and the Board unanimously approved.

OLD BUSINESS:

MEMBER RESPONSE: Ms. Comfort reiterated that a member has asked the Club to allow them to downgrade their membership from full golf to social, but still allowing their daughter unlimited use of the Driving Range.

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The Board denied this request. A formal letter will be going to the member informing them of the Board decision.

Mr. Adzija asked if the Club is ready for all indoor facilities to go smoke free as of February 1. Ms. Comfort stated that we have sent out email notices, included in the newsletter, placed flyers and that we are ready. Mrs. Dyers asked if there will be designated outdoor areas for smokers? Ms. Comfort stated that all outdoor areas will be available for smokers.

With no further business to discuss, the meeting was adjourned at 8:53 PM.

Mickey Gayler
Chairman, Board of Governors

Minutes Compiled by: Jeannette H. Walker, Administrative Assistant