

HART RANCH RESORT MINUTES

Workshop and Board Meeting Minutes

February 16, 2018

Call to order: Wayne Pauli (BOD President) called the workshop/board meeting to order via telephone conference call at 9:00 am.

Meeting was opened with the Pledge of Allegiance.

Roll call

Present: Elmer Pritchard (Membership Secretary)

Present by Telephone Conference Call: Wayne Pauli (BOD President), Lisa Beck (Secretary), Bob McCormick (Treasurer), Tim Schnabel (Resort Manager).

Excused Absence: Tom Kinnison

Member Comments

- Wayne asked for member comments – none received.

Approval of Meeting Agenda

- Discussion of Investment strategy was added to New Business
- Motion made by Elmer seconded by Lisa to approve the amended agenda, no further discussion, motion carried.

Approval of minutes from last meeting

- Motion was made by Elmer to amend the minutes from the October 28, 2017 Board meeting to include the original motion that was made, voted on and carried, but inadvertently omitted from these minutes, the elimination of the 9 day buy in for all new and transferred memberships. Motion was second by Lisa Beck, no discussion, voted on, motion carried.
- Motion was made by Bob to amend the amount of J-1 workers for summer 2018 as stated to be up to a total of 4. Motion was second by Lisa, no further discussion, voted on, motion carried.
- Motion was made by Elmer Pritchard to approve the amended minutes. Motion was second by Bob McCormick, no discussion, voted on, motion carried.

Treasurer's Report

Pioneer Bank Checking	\$191,106
Pioneer Bank Money Market	\$3,224
Black Hills FCU	\$91
Med5 FCU	\$25
Pioneer Bank Expansion MMA	\$1,505
Pioneer Bank Trust Account	\$15,229
Cash on Hand	\$7,285
Certificates of Deposit	\$382,102
RBC Wealth Management Investments	\$413,307
Community Bank	\$250,000
Black Hills FCU	\$99,083
State Farm Bank	\$241,325
Synchrony Bank	\$250,050

The balance sheet reflects the following as of December 31, 2017:

- Total assets were \$5,902,653
- Total liabilities were \$1,089,146
- Members equity was \$4,813,507

There was question as to why the balance sheet reflected a difference of asset balances of about \$170,000.

Assets listed were too low and Liabilities were too low? Deferred to Jennifer (HR Business Manager) and the explanation for the difference was that the difference between the Treasurers Report/QuickBooks financials and the audited financials is the amount of Deferred Income Tax totaling \$173,773. This explanation was noted on the review itself. The auditor reclassifies a negative liability to an asset for his report. No entry needs to be made in QuickBooks. Motion was made by Lisa to approve the Treasurer's Report with this footnote, Elmer second, no further discussion, voted on, motion carried.

Membership Report

Elmer Pritchard reported that there has been a decrease in membership. It was discussed that this is due to us not selling any new memberships other than 2W's and 1FT's. Tim stated that we are on par as the decrease in membership typically reduces by 50-100 each year historically as far back as the year 2000. Our goal is to replace the losses with resold P, B and A memberships and the new 2W's and 1FT memberships.

There were 341 terminated memberships (315 were mutually released) these numbers are cumulative since 2011. October to December 31, 2017 we have decreased membership by 19. January we lost 12 members. Lisa made motion to approve the Membership Report, Bob second, no further discussion, voted on, motion carried.

- 1471 P Memberships
- 627 A Memberships
- 1785 B Memberships
- 45 C Memberships
- 63 W Memberships
- 4 2W Memberships
- 5 1FT/1MT Memberships
- 6326 Associate Memberships

Resort Managers Report

Tim Schnabel briefed on the financials:

- Revenues \$150,000 better than 2016; \$56,000 better than budget.
- Net \$47,000 less than 2016; \$133,000 better than budget.
- Expenses \$206,000 higher than 2016; \$96,000 less than budget.

	December 31, 2016	December 31, 2017	December 31, 2017
	Actual	YTD Actuals	Budget
Total Revenue	\$ 3,128,322.18	\$ 3,273,045.79	\$ 3,217,724.00
Cost of Goods Sold	\$ 306,145.02	\$ 308,089.83	\$ 314,293.00
Gross Profit	\$ 2,822,177.16	\$ 2,964,955.96	\$ 2,903,431.00
Operating Expenses	\$ 2,497,585.21	\$ 2,704,356.78	\$ 2,800,503.00
Operating Income	\$ 324,591.95	\$ 260,599.18	\$ 102,928.00
Total Other Income	\$ 15,243.62	\$ 15,609.34	\$ 12,000.00
Total Other Expenses (depreciation)	\$ 368,754.95	\$ 351,581.05	\$ 323,000.00
Net Income	\$ (28,919.38)	\$ (75,372.53)	\$ (208,072.00)

Capital Improvements:

Completed

- Electrical updates completed to section east of Picnic Shelter A (put in 200 amp svc).
- Backhoe purchased and used for trenching for Picnic Shelter A improvements. (\$1800)
- Tree spade purchased (approx. 35 trees moved with 45-50 to go).
- Colt 450 (massage cabin) remodel nearly complete. Revenue doubled.
- Sound system purchased (has meeting recording capability).
- Golf Carts purchased (currently being serviced for summer use).
- Picnic tables purchased (need to assemble).
- Engineering for Meadows completed.
- Siding on (1) Cheyenne (2017 budget-completed 2017). Very tough with all the elements.

In progress

- Construction started on Grounds storage shed. Rafters going up soon.
- Construction started on Picnic Shelter restrooms. Roy trenched it so we saved some money.
 - Plumbing code requires mop/sink inspection that could result in a cost increase.

Department Updates

Housekeeping

- Cathey Fulwiler to return as Housekeeping Supervisor assisted by Darrell Olson.
- J-1 workers are in the process of being recruited.
- Anderson's, Redwoods, Ponderosas and Eagles bedding updates.
 - Double sheeted w/duvets (no bedspreads) very modernized!

Maintenance

- Closely monitoring water lines to prevent freezing.
- Propane sales are steady.
- Weather dictates projects but there is an extensive list of painting, staining, interior cabin repairs, exterior deck repairs, AC servicing, hot water heater flushing, valve repairs in comfort stations, etc.

Hart Mart

- New merchandising, better product mix and focused on a greater overall efficiency.
- Gas/Fuel pumps working well. Would like to see increase in sales so being competitive w/pricing.

Sales

- Minneapolis show very successful based on feedback and leads. Calls have begun to come in for summer sales stays. Will track and determine success at end of season.
- Will be attending the Sioux Falls Sports Show March 8-11th. 21,000 attendees. Be prepared for an increased amount of attendees as there is basketball tournament in town from the 7-13th.
- New HR app coming in April.
- Paul (accounting) will be a part of the sales team this summer conducting 25% of sales tours. He is great with customers and licensed. Tim will also be available for tours if needed.
- Associate database is being updated with goal of increased communications. Approx. 35% updated thus far.

Lodge

- Gearing up for busy summer season.

- Reduced hours (7am-6pm starting May 13th through September). Cut back 2 hours this in turn cut back 2 workamper sites.
- Family reunions have been booked to capacity. New lottery system is working well.

Admin/HR/Accounting

- Reviewing proposals from Midco, VAST, CenturyLink, and SkyWeb for cable, Wi-Fi, phone and internet. Will make a determination on direction to go w/cable and Access Point upgrades. We need to accommodate streaming devices and we are looking for the answer. Constant catch-up game. Consumers are using more bandwidth so we need to find how to accommodate.
- Finalizing staffing levels to adhere to 70 workamper sites and targeted payroll budgets.
 - Jennifer will be sending out HR forms/paperwork to confirmed staff for 2018.
 - Streamlining process for smooth season start.
- Interviewing for Admin Assist/HR Assist/Member Services Coordinator – Seasonal position.
- Pursuing sponsors/advertisers for 2018. Currently have \$64K (\$65K is break-even point). Our goal is to obtain \$100K. Terry Ragels is helping Tim reach out for sponsorships/advertisers! Looking for Muttin' Busting sponsor, Saddle sponsors, Bull Riders, Pick up Men, etc.

Security

- Larry Schuman will be Security Supervisor for 2018.
- Focus will be on member communication, interaction, education and avoid writing tickets if possible.
- Not as heavily staffed as in the past.
- AED defibrillators – we have 3. Need to train staff/members how to use them and locate all 3 devices and publish their whereabouts in the newsletter. Security and Pool staff are required to complete CPR/AED training. May contact local fire department to see if they would be willing to do the training for members as well.

Storage

- Hugh has team set and ready to tow!
- Monitoring wear and tear on towters.
- We have approx. 140-150 empty storage sites. We have a couple of storage units (6 x 10) available as well. Will put availability in newsletter.

Grounds

- Tree trimming nearly complete. Raised tree line in an effort to reduce the amount of tree trimming required during summer. Was very cleanly done!
- Repaired numerous picnic tables, will assemble new ones, burned burn pile.

Activities

- Streamlining staffing and activities for summer season.
- Entertainment has been solidified for season.
- In the process of updating entire 2018 Activity/Entertainment schedule on HR Website.

Protected Content on Website

- Wayne asked if there was any feedback regarding the required use of login credentials to view sensitive content on the web (Bylaws, Policies and Board Minutes). We do compete with other campgrounds and it behooves us to secure our member owned content. The only comment received in member services was that they were just unaware of how to do so. No negative feedback.

Motion made by Elmer to accept the Resort Managers Report as presented, Bob second, no further discussion, voted on, motion carried.

Old Business

- Exploratory Expansion Committee Report
 - Bob suggested if we had full service in the Meadows we may not need the EEC.
 - We have preliminary approval to move forward with the sewer in the meadows based on revised flood plain map. Do not have final bids as of yet. Tim deferred to the board for direction as to if we can get this project completed for 100K should we move forward?
 - Bob commented on the outrageous cost of laying pipe. He knows that can be reduced. How much can we do in-house to reduce the cost of this project? Maybe we hire additional personnel to get this project done in-house.
 - Comment from member was that we raised the rates in the Meadows to put in sewer, so we should get it done.
 - 2018 budget allows 100K and 9K for engineering for sewer to be put in the Meadows. The board would entertain increasing that number a small amount if we can use whatever resources we have in-house combined with other outside services and provide the BOD with bids with this criteria broken out in time and materials to move forward on this project. The goal is to complete this project by May 1st, if possible.
 - Tim & Roy will continue to review bids.
 - Committee will continue & reconvene in the spring for more direction.
 - Will monitor member turn-aways again this season to determine if rule changes will have an impact on overall occupancy levels and concept to expand.
 - Tabled until Septic Bids are complete.
- All 10 Seasonal sites have been reserved. No waiting list at this time.
- Would like the Board to reconsider the free storage move concept for the 2018 season. Preliminary feedback is indicating a tremendous increase in site-to-site storage moves, more congestion, longer delays, and ultimately will need an increase in staffing levels to accommodate demand. Concerns are additional workamper sites and/or payroll, wear and tear on towters. A mid-season breakdown would be detrimental. We would potentially need to hire 2 additional workampers.
 - The intent of this free move was to get people into the park and not deter them from coming because we could not accommodate their 21 day stay. The BOD would give them 1 or 2 free moves if they had excessive moves, however, excessive was not defined in the original motion that was voted and carried. Bob asked if we could decipher the amount of moves we did last year and how many were moves within a 21 day stay. Our software does not make that differentiation but the front desk can put a free move in the notes and try to track on paper as Lisa requested. Sally stated that 98% of members who have called in to make a reservation, 60 days in advance, that she cannot recall a situation where we have not been able to accommodate them with no additional moves. Elmer's understanding of the motion that Tom made that he voted on was only for "excessive" site-to-site moves, not storage moves within their 21 day stay. Lisa commented that the BOD cannot continually rescind decisions that are made as that creates distrust amongst the board and their decision making capabilities.

Lisa regretfully made a motion to reconsider the free storage move concept, Elmer second, in further discussion Bob asked to modify the motion to reconsider the free storage move to say eliminate the free storage move, Lisa accepted the modification, voted on, motion carried.

Elmer made a motion, Bob second, to increase the time limit from 24 to 72 hours for a B (as well as A!) member to reserve any cabin for Sundays-Wednesdays only, utilizing guest nights on a trial basis for the 2018 summer peak season. Inventory to be closely monitored to not deter from a P or A member usage for their existing cabin privileges. In furthering the discussion Lisa clarified that multiple guests coming to visit can stay in a cabin? One guest night per night was clarified by Tim and Tim also stated the purpose of this change is to increase our cabin usage. No further discussion, voted on, motion carried.

New Business

- Strategic Planning/Long-Range Planning Meeting is currently scheduled for May 18th, 2018, at 8am. Lisa cannot make this meeting. Wayne suggested moving it to Saturday, May 19th, 2018, at 8am. Elmer made a motion to move the meeting to Saturday, May 19th, 2018, at 8am in the Heritage Center, Lisa second, no further discussion, voted on, motion carried.
- Approval of POP (Premium Only Plan) for employee health insurance. Lisa made a motion to approve the POP employee health insurance plan, Elmer second, no further discussion, voted on, motion carried.
- We have a serious potentially emergent electrical situation at CS5. The amount of draws coming off the circuits is overloaded. We would like to modify the capital improvement budget to allow for the electrical updates to CS5. \$30K was approved; we want to increase that amount to 56K. This will prevent some potentially serious issues this summer. Many ideas were discussed on how to decrease the budget to accommodate this necessary safety repair and other electrical rewiring to be done in the Meadows. Roy will provide a quote to the board for the Meadows Electrical update at the planning meeting. Bob made a motion that the decision be left up to Roy and Tim's discretion on how they wanted to balance to budget for capital improvements to accommodate this expedited need and they would present the changes to the BOD in a phone conversation TBD, no further discussion, voted on, motion carried.
- Paul discussed with BOD regarding the investment strategy
 - We have a very conservative investment strategy. We have a little over a \$1 million in reserves and are currently limited to investing in short term, 1-3 years, and would like to entertain investing by laddering (staggering) in longer terms, 1-5 years, where each year something is coming due and then reinvested to a 5 year term. In short, in 5 years everything we have invested will be a 5 year note at the higher interest rate but we still have something maturing every year. The analysis using BHFCU shows that the current year investment portfolio as opposed to the laddering proposal could bring a \$9000 increase in interest income. We can easily get out of these CD's should an emergency arise with minimal penalties. The urgency to decide on this today is that we have \$250K coming due today we had \$34K come due earlier in the week. We have \$349K in money market accounts which gain less interest than a 1 year CD which means we are liquid for the short term but Paul requests greater flexibility to get a higher rate of return on investments and set up this laddering concept. Elmer stated as long as we could get to the money if needed, this would be the intelligent thing to do. Paul can set up the laddering quarterly if the BOD requests. We should still watch for specials being offered for more interest as well as laddering and to manage the money properly we should not go to a pure laddering but CD's as well.

This investment strategy would require a policy change.

Bob made a motion to amend HRCRC investment policy specifically, section 8, to amend the wording to say "investments with maturity from 1-5 years with Board approval". Elmer seconded. Motion carried.

- Review of the candidates
 - 8 candidates, 2 open positions
 - Only 1 candidate met the criteria for their Biographies (up to 200 words). We will contact them and have them resubmitted and then placed in the newsletter.
 - We can announce candidates as they are validated.
 - Ballots to be sent out with the spring newsletter (April 7th-9th) along with the Membership cards. Deadline for absentee ballots is June 7th.
 - Can a spouse run for the Board after the other spouse has termed out with the concept of being 1 membership, 1 vote and therefore that would preclude them from running after the other spouse has fulfilled their terms. There is nothing in the bylaws that say they cannot. Bob recused himself from the conversation. The confusion was the term consecutive. It was concluded that the spouse could run because it doesn't state anywhere that this candidate cannot, based on Hart Ranch's by-laws.

Motion made by Elmer to adjourn meeting, Lisa second, voted on, motion carried.

Meeting adjourned 12:00