

BOD WORKSHOP
August 25, 2017

Present: Wayne Pauli (President), Tom Kinnison (Vice Pres.), Elmer Pritchard (Member Sec.), Bob McCormick (Treasurer). Absent: Lisa Beck (Secretary).

This meeting was called to order by Wayne Pauli at 9:06 am.

Wayne asked that the meeting agenda be modified and approved to allow the report from the Exploratory Expansion Committee (EEC) prior to member comments.

The motion was made by Bob McCormick with a second by Elmer Pritchard.

Motion Carried.

EEC Report:

Tom Kinnison addressed those present with the following:

- The EEC and BOD is wanting to be transparent.
- Trying to do what is best for the membership as a whole.
- E-mails received are instructive.
- All members of the committee were in agreement that Hart Ranch is a camping resort as outlined in Article 2 of the bylaws and Policy #3.
- Deed Restriction states that HRCR is to be a "Recreational Facility", and if not followed, HRCR would be revert back to the Hart Ranch Development Corporation.
- Presentation of price comparison of campgrounds in surrounding area.

EEC Report of August 24th Meeting - Considerations Presented

- Associate Members and the 72 hour rule is not part of the EEC report.
- Any expansion efforts greater than - \$150,000 would require membership approval.
- Gross income to the resort are currently not enough to properly plan for expansion.
- Possible changes in the Meadows area needed with the understanding that full-service will not solve occupancy issue.
- Consider a rate increase for reservations beyond 42 days.
- Set a cap on winter stay use.
- Consider increase of Meadow rates of 2nd 9 night buy in at \$30/night.
- Workampers are not affected by these considerations.

MEMBER COMMENTS

Jim:

- Need to compare member parks with member parks
- RV sales research is not an increase compared to pre-recession.
- Why not eliminate 72 hour rule?
- The availability of sites by implementing the 3% work force cut and the reduction of fulltime campers needs to be addressed as he was concerned about the math?

- Currently getting revenue from full - time campers, but if increase the rates we may lose some of the full time campers.
- With rate increase, penalizing extended stay folks. Campgrounds around the USA & Canada give lower rates for extended stays.
- **Additional comments to be addressed at next quarterly meeting.
- Main goal is to open more sites in the Peak Season...Memorial Day, 4th of July, Bike Rally & Labor Day.
- Agree with PM Tim, use additional revenue raised from winter season to be used for expansion, not Meadows upgrade.
- Question the 1000 increase in sites by reducing long term renters by 10.
- How do you tell the 10 long term renters that they cannot come in during peak season?
- How has HRCR moved away from Article III & how are member long term renters not complying with Article III?
- How are member long term renters not complying with Rule 4 Length of Stay?
- What are the recommendations on Long Term Sites?

Carol:

- Understanding the RV occupancy problem is not the same for cabins and Anderson Lodge, the hope is that any increases decided upon will not impact the price of cabins and Anderson Lodge.

Dotty:

- Suggested enhancing associate membership with offering a benefit of 7 consecutive nights of their own, in a 30 day period, without affecting membership 21 nights, with a rate increase of \$100/year.
- Clean up the books on those associates who have not come to the HRCR.
- Suggested that workcampers be located in one spot or have a window ID showing that they are workcampers do minimize talk about why people are on the same site all season.
- Suggested the P Members are allowed 90 days in advance for reservations.
- Suggested B members could have access to cabins at different times in the summer, even consider weekday cabin use for B members.

Lolly:

- 72 hour rule continually being broken, but should get a ticket after 1st warning.
- People have A/C running but not at the site.
- Radar cameras are needed to help enforce 10 mph rule.
- There needs to be stricter enforcement on parents with children riding bikes in the streets.

Kristen: Speaking on behalf of 3 members who cannot attend today's meeting.

- HRCR is a fun, safe place for family and members want to give their children the same opportunity for memories as they had when growing up at HRCR.
- Younger demographic is not greatly recognized nor heard from.

- Expansion is not a wise option.
- Enforce Rules.
- Make rate changes before expanding.
- It is hard for the younger demographic to make reservations 60 days in advance, and even at 50 days out it is where it is unable to get 2 weeks in preferred area.
- BOD needs to decide where HRCR will go and what will define HRCR.
- Full time campers are wanted, but not at the expense of unavailability of sites.
- People who use the resort more should pay more (tiered maintenance fees).
- Tiered reservation system suggested.
- Be strict on enforcing rules - 72 hour, pick up after pets, parking.
- Cater to younger generation as they are the faces of the future.
- Suggestion of tiered maintenance fees based on use.

Keith:

- If increases are made, will cost \$7,000 more a year in living expenses.
- Workampers should be spread out; work together, shouldn't live together.

Millie:

- Is there a cap on employee numbers?
- Younger people are the future of HRCR.
- How do we make sites more available?
- Review staffing needs before expanding.
- Do we limit year round living?

Allana:

She addressed the BOD as representing young military families who need housing that fits the budget, as housing given by the military is low. The family bought into HRCR membership on the knowledge that they could live at HRCR. A significant increase cannot be handled by a limited budget. Allana asked the BOD to take these things into consideration for the dynamic of a military family.

Email read by Tim Schnabel on behalf of a member (name not confirmed):

- Doesn't support idea of expanding.
- Site usage is mismanaged.
- Designate sites for 1-7 night use only.
- First reservations stay to be made 60 days in advance and 30 day in advance for additional stays.
- Decrease workamper sites.
- Cut back on less used activities.
- Winter stays was not intended - shut down HRCR from Nov. - April.
- If have winter campers, increase their rates.
- Shut down all cabins in the winter.
- Offer a 14 day membership.

- Offer B membership downgrade with the 14 day stay membership.

10:14 BREAK

10:30 am Meeting reconvened by Wayne Pauli

MANAGER'S REPORT

FINANCIALS (Financials are available if you request them, but the resort does not make them public.)

- Tim highlighted a number of areas in the financials such as associate revenue, colt cabin revenue, sales, rodeo
- Total revenue is a little over \$2 million.
- Expenses - payroll increase from 2016 with reviewing the needs for 2018.
- Health Insurance increased in March, affecting budget.
- Professional fees down from 2016, partly due to a new background check company.
- Allocated expenses increased due to high electric and water usage in July.
- Would like to put depreciation below losses with an increase in reserves.

CAPITAL IMPROVEMENT: The only change from June is the purchase of trees.

DEPARTMENT UPDATE:

- Restaurant lease will not be renewed
- Resort Report via email has been well received and will continue.
- Presently looking to hire a Security Supervisor for the 2018 season and a Housekeeping Supervisor as a full-time, year-round position.

OLD BUSINESS:

CLEANLINESS COMMITTEE REPORT - ELMER PRITCHARD

- Mike Tripp is the Chair with 5 at large members and 1 BOD member.
- The purpose of this committee is to get more than one person's opinion of what site cleanliness is.
- Addressing Pet issues
- Found very little in those sites that do not meet "standard of cleanliness".
- The goal is to keep a standard of cleanliness throughout the resort.
- This committee would like to stay intact for another year.

SEASONAL SITE REVIEW:

- Sites assigned for 2017 was a Beta Test with 5 on the pet side and 5 on the non-pet side.
- None of the 5, for 2017, are full time/year round campers.
- Good source of income, no cleanliness issues.
- Plays into occupancy issue.
- Elmer stated that this is counter-productive to what the EEC and BOD are trying to resolve with site usage.

Tom made a motion to keep this seasonal site testing through 2018 with a 2nd by Bob. After short discussion, it was decided to wait on this vote. Motion withdrawn by Tom.

NEW BUSINESS

Discussion of Expansion presented by Bob McCormick

- Stats are as follows: 74 sites workamper/employees, 104 sites with full time summer campers.
- Reserves of 1.1 million should not be used for expansion with the understanding that anything could happen at any time that would need paying for by what is in reserves, such as pool, lodge, etc.
- Cannot see asking members to pay an additional \$100 on their annual bill to pay for expansion. Would result in loss of current memberships.
- 3% Plan - decrease workforce by 3% (5 workers), reduce activities that are not being utilized by members.
- Raising rates and expanding at the same time will not work.

After lunch break meeting reconvened at 1:02 by Wayne Pauli

OPERATIONAL CHANGES - Addressed by Tim Schnabel

- The goal 2 years ago was to address high occupancy levels.
- Need to figure out what the issue is for those unable to get into HR.
- Industry trends regarding the camping industry indicate a steady increase.
- Need to filter through reasons for turn away reservations.
- Challenges before us are:
 - * allow full time stay
 - * correct occupancy issue
 - * if we expand without making other changes, we will be facing the same problems in the future.
 - * can we accommodate the market of full time campers?
- Reducing the staff by 5 may be doable.
- Emphasis on Keeping it Simple
- Need to take into consideration what changes being facilitated will look like for those who will be facilitating them.
- Long term vision is a concern—who are we and what direction are we going.
- Internally, we need to evaluate how to be more efficient in how HRCR is run.
- We will need to live with whatever changes are made.
- This is a membership resort and it cannot function without the support and participation of the members.
- Change is needed to define who we are as a resort and to get to where we want to.

Bob McCormick:

- Sewer in the Meadows will increase availability of 47 sites.
- Need to put \$100,000 into capital reserves to allocate for expansion in the future.
- Suggested that HRCR follow considerations for 2018 and see what happens.

Member Comments:

- How are past contracts being honored legally?
- Seems like considerations are geared towards driving people out.
- Suggestion was made to increase rates all of the way around rather than causing hardship for some.

Tom Kinnison:

- The BOD is trying to resolve turn away issues outside of the 3 holidays and Sturgis Rally.
- Members cannot just listen to what affects them individually, rather they need to listen in the entirety with what affects everyone as a whole. Look at the big picture.

MOTIONS MADE:

- Tom makes a motion for the daily fee to be raised to \$9/night, effective January 1, 2018.

Second was given by Bob.

Motion Carried.

- Tom makes a motion for member reservations up to 42 nights in the high demand (May 15-Sept. 15) to be at the \$9/night, excluding the 9 day buy.

Second was given by Elmer.

*Discussion: This is not 42 consecutive days. This is 42 days within the 120 day high demand season.

Motion Carried.

- Bob made the motion that Tim Schnabel will research cost of septic/sewer in the Meadows for full-hookup sites to be presented at the October BOD meeting. Limit set at approximately \$100,000.

Second was given by Tom

Motion Carried

- Tom made the motion to raise the Meadow rates to \$30/night for the second & subsequent 9 day buy in, contingent on sewer/septic, leaving the first 9 night buy in at \$15/night.

Second was given by Bob.

Motion Carried

- Bob made the motion for the BOD and management to place \$100,000 (minimum) into the capital reserves in 2018.

Second was given by Tom

* Elmer suggested waiting on this to be voted on during the Oct. BOD Meeting.

Motion Carried

- Tom made a motion to allow members who have not used the resort in 2018 to be able to make reservations 120 days in advance, excluding associates.

*Elmer pointed out that contracts state that Associates have all of the same rights as members, except to vote. To exclude associates would be a legal issue.

Motion was withdrawn

- Bob made the motion for the Resort Manager to not use more than 69 sites for employees in 2018.

Second was not given, motion failed.

- Tom made the motion to increase rates after 42 reservations days, to 3x daily rate
- May 15-Sept. 15.
- Example given regarding the rates:
 - 1st 21 nights at \$9/night
 - 1st 9 night buy in Meadow \$15/night
 - 2nd 21 nights as \$9/night
 - 2nd 9 night buy in Meadows \$30/night
 - 3rd 21 nights at a rate of \$27/night

Second was given by Bob.

➤ Discussion:

- * Member states that there is a targeted demographic here.
- * Recreational park idea is being taken advantage of.
- * Member wants to see legal writing as to whether or not these changes can be made.
- * Tom asked members to trust the BOD to get legal counsel and if a motion is to be rescinded it will be.
- * Get legal consideration before passing this motion.
- * Maybe we need to consider other types of memberships to sell.

Motions Carried

- Tom made a motion to limit winter campers to 60 sites, come spring to limit year round campers, and grandfather in those already present.

Second was given by Elmer.

➤ Discussion

- * Don't want to make HRCR a "cheap place to stay".
- * Sally (Guest Services Manager) addressed the BOD with the statistics of only 30 of the winter campers stay all summer.

Motion was withdrawn.

BOB McCormick - asked what Tim Schnabel's thoughts are for 2018 considering the motions that have been passed.

TIM SCHNABEL:

- Need for simplification.
- Rates may be an answer - long term or short term.
- A simple thing to do is go back to 21 nights in and no 9 day buy, as it was originally.
- Seasonal market is profitable, if that is a market we want to pursue
- What is being sold currently:
 - * not offering the 9 night buy in to new memberships.
 - * 14 day membership could be looked into.

LONG TERM SITES

Bob McCormick made a motion to continue to offer long term sites in the 2018 peak season; 5 on pet side, 5 on non-pet side.

Second was given by Tom.

Motion Carried.

Elmer mentioned that the Meadows were created for the benefit of the members, and not to be viewed as something negative.

Wayne commented that the EEC will continue to meet to gather additional information and bids for possible future expansion.

The Board met in Executive session to discuss personnel matters

The Board came out of Executive session

This BOD Workshop was adjourned at 3:57 pm.