

Hart Ranch Camping Resort Workshop/Board Meeting February 9, 2019

Present: Lisa Beck (President), Bobb Stout (Vice President), Millie McCormick (Treasurer), Elmer Pritchard (Membership Secretary), Nathan Miller (Secretary), Tim Schnabel (Resort Manager).
Lisa, Nathan and Millie were present via conference call.

Call to Order: The meeting was called to order by Lisa Beck at 9:02 am.
The meeting was opened with the Pledge of Allegiance.

Millie McCormick made a motion to approve the agenda for the Workshop/Board Meeting.
Elmer Pritchard 2nd.
No discussion, motion approved.

Member Comments:

Bobbie Ragains expressed her opinion regarding the implementation of the dumpsters on the resort being inconvenient, they are an eyesore, the lids are heavy to lift and the sanitation trucks are noisy and bothersome. She would prefer site to site pick up. Tim explained the reason for the change in the sanitation collection for winter is due to reduction of staff and an opportunity to save the resort some money. He reiterated that this is just a trial for this off season and it will be reviewed/discussed to evaluate whether or not we will continue this trash collection process for next winter.

Nathan Miller shared that we should give members a price break since we changed our way of trash collecting that inconvenienced members. Nathan also inquired why are we now issuing fines when we did not issue any last year. Tim explained that we took a softer/gentler approach in security and used last year as an opportunity to fully communicate with members our expectation for everyone to follow the rules of HRCR and we are now issuing fines for failure to comply.

Bobb Stout made a motion to approve the October 27, 2018 Board Meeting Minutes.
Elmer Pritchard 2nd.
No discussion, motion approved.

Treasurer's Report given by Millie McCormick

As of December 31, 2018

• Cash in Pioneer Bank Checking	\$490,780
• Pioneer Bank Money Market	\$77
• Black Hills FCU	\$95
• Med5 FCU	\$28
• Pioneer Bank Expansion Money Market	\$1,508
• Trust Account at Pioneer Bank	\$17,404
• Cash on hand in ATM, petty cash and change funds	\$5,770
• Certificates of Deposit	\$315,180
• RBC Wealth Management Investments	\$650,886
• Community Bank	\$101,042
• Black Hills FCU	\$3,470
• State Farm Bank	\$220,719
• Synchrony Bank	\$100,339

Total Assets \$5,922,668; Total Liabilities \$968,499; Member's Equity \$4,954,169

(Note: The difference between the Treasurer's Report/QuickBooks financials and the audited financials is the amount of Deferred Income Tax. \$220,283. The auditor reclassifies a negative liability to an asset for his report. No entry needs to be made in QB.)

Elmer Pritchard made a motion to approve the Treasurer's Report.

Nathan Miller 2nd.

No further discussion, motion Carried.

Membership Report given By Elmer Pritchard

- P - 1469
- A - 622
- B - 1750
- C - 39
- W - 56
- 2W - 8
- 1FT/1MT - 10

Year to date, Hart Ranch Camping Resort has 3954 members. The total associate count is 6055.

Millie McCormick made a motion to approve the Membership Report.

Elmer Pritchard 2nd.

No further discussion, motion approved.

Resort Manager's Report

1. Lamfers and Maas audit is complete and the financials were presented in a very organized fashion which made auditing much less time consuming to complete. It was a smooth, quick process. Very good year as far as financials go.

	December 31, 2017	December 31, 2018	December 31, 2018
	YTD Actuals	YTD Actuals	Budget
Total Revenue	\$ 3,273,045.79	\$ 3,451,281.61	\$ 3,455,360.00
Cost of Goods Sold	\$ 308,089.83	\$ 323,492.25	\$ 334,220.00
Gross Profit	\$ 2,964,955.96	\$ 3,127,789.36	\$ 3,121,140.00
Operating Expenses	\$ 2,704,356.78	\$ 2,684,040.74	\$ 2,820,841.00
Operating Income	\$ 260,599.18	\$ 443,748.62	\$ 345,000.00
Total Other Income	\$ 15,609.34	\$ 32,051.40	\$ 12,000.00
Total Other Expenses (depreciation)	\$ 351,581.05	\$ 320,110.40	\$ 345,000.00
Net Income	\$ (75,372.53)	\$ 155,689.62	\$ (32,701.00)

- Tim pointed out that the "Other Income" increase was greatly due to the laddering of our CD's that Paul has been monitoring.
- Millie questioned the Operating revenue for rodeo and other Rodeo revenue and Tim explained that he would get clarification from the accountants and send out an email as to what is included in that income category.
- Nathan/Millie asked for clarification of Rodeo and Miscellaneous expenses. Tim explained the difference between the Rodeo spreadsheet and the Financials is estimated payroll. Wanted to provide as accurate information for expenses as possible so needed to insert wages as they will not appear as a line item on the financials.
- Tim elaborated on the revenue category and acknowledged the number of empty sites for 2018 vs. 2017 was a decrease of 8.75% of occupied units which includes cabins. However, we still had an increase in revenue attributed to the \$25.00 rate in the meadows (up from \$15) and the \$2.00 per night site increase. Cabin usage

was up 2.72% partially because of the allowance of “B” members to use their guest nights for cabin stays. The increase is slight but nonetheless up!

2. Capital Improvements 2018/19

a. Meadows

- i. Optimistic date of February 22nd to be completed but Tim stated that realistically we should expect them to be done by early to mid-March. Elements could be a large factor in the completion date. Still need to install the lift station and the line going from the lift station into our septic system. This line doesn't have to be to grade as much as it is a pressurized line so installation is expected to progress quickly. We are under budget approximately \$6,000.00 dollars at this time.

Nathan inquired how many years the contractor will warranty his work on this Meadows Sewer Project. Currently we believe it is 1 year but the contract does not reflect that so Tim will contact the contractor for written warranty timeframe. Nathan wants Tim to ask to shoot for 4 years and if we end up with two then okay.

b. Recreation Center

- i. Shell is 80% complete. Trusses are up. At present we have spent \$32,000. We budgeted \$86,000 which does not include HVAC. Monitoring expenses closely to see if we can trim expenses on other projects to present to the Board the possibility of installing HVAC this year. Possibility of using the money savings from the Meadows Project to help fund the purchase/installation of an HVAC system as well as some savings from the entertainment budget. Currently we have an approximate bid of \$16,000. Contractor is going to get us a more accurate bid now that the shell is up.

Nathan expressed that it makes better sense to get the HVAC installed prior to construction completion. Millie/Tim agree with this concept.

c. Restaurant

- i. Have not spent any money on equipment yet. We are working hard to just get equipment that we need whether it is new or used. We are looking for a single pizza oven but we want to be careful with our equipment purchases as we want to make room for expansion should we need to do so. We are working on the new concept of ordering at the counter and picking up your own meals down the line. This concept may not work for breakfast as an individual could have 3 or more plates to carry to their table. We will look for volunteers to help with this!
- ii. Had the Health Inspector out proactively and she gave us good advice and some pointers so that when they come to do the final inspection, we will hopefully be compliant!
- iii. We need a couple of line cooks.

d. Lodge

- i. Ordered computers. Getting Jenn Voyles-Miller up to speed with our IT equipment prior to Scott's departure next week for deployment. We are in the process of detailing our hardware/software needs and will continue to phase out old equipment with new on a more regular schedule.

e. Maintenance

- i. Cut the sod to expand the parking lot by the restaurant;
- ii. Bought 2 Travel trailers that are here sitting in storage. Pics will come out in about a month on Facebook to help promote the use of these;
- iii. Ordered the doors for the women's restrooms at the pool;
- iv. Gutted and stripped Dakota 398 into a 1 bedroom/4 bunks for the J1 workers.

f. Housekeeping

- i. Furniture for the Dakota cabins has not been ordered yet. We budgeted \$14,000.00 for their remodel but timing is an issue and may need to lop this off for this year and could use this money to purchase HVAC if we decide to proceed with it this year.

g. Pool

- i. These are items that are NEEDED! (stairs, new sand in the sand filter, spa pumps)

h. Activities

- i. We have not started to expand the brick patio yet;
- ii. Chairs for lower lodge are ordered and should be here very soon.

i. Long-Range Plan Items for 2019

- i. Cheyenne siding is here and ready to install;
- ii. Sewer in the meadows is almost complete;
- iii. Towter should be here March 1, 2019.

- Bobb asked to get the quote for pre/post construction HVAC as soon as possible so that we do not hold up construction should the Board approve this capital improvement for this year.
- Angie has saved some money from her entertainment budget, approximate \$4,000-\$5,000 that could be used towards the HVAC system as well.
- Lisa would like to use the \$14,000.00 from the Dakota remodel project to push through the purchase/installation of the HVAC system this year and table the Dakota remodels for next year. Lisa does not want this hot, muggy summer without HVAC to spoil the vision of this project.
- Millie wants us to get off to a good start with the Recreation Center and we are going to have to have HVAC in there right away or members will get a sour note and perceive this capital expense as a “waste of money”.
- Nathan stated that it is impossible to get HVAC installed post completion of the construction of the Recreation Center. It will for sure cost more if nothing else.

Nathan Miller made a motion to use the \$14,000.00 out of the Capital Improvement Budget for the Dakota remodels to use for the purchase/installation of the HVAC system to the new Recreation Center prior to completion of construction. Bobb Stout 2nd.

No further discussion, motion approved.

3. Department Updates

a. Maintenance/Grounds

- i. Anderson Roof is on and looks very nice!
- ii. Monitoring the Ice/Snow for removal;
- iii. Lots of propane calls keeping the guys busy;
- iv. Grounds/Maintenance departments have now been combined under Eddie. Victor is still the Supervisor for Grounds, but the goal is to have them work closely together so that they can help support each other and create more efficiency in doing so. Take better care of the equipment as well with this merging of departments.

b. Activities

- i. Gaga Ball pit is painted and we need to get it built and put out;
- ii. Carpet Ball can be indoor/outdoor;
- iii. BMX/RC track has been upgraded. We will do more events down there. We are working with Strider Bikes to help sponsor some events/equipment for use down there. Terry Ragels is also in contact with Who's Hobby House to maybe host some remote-control car events

down there as well. We will work on scheduling events carefully so that we don't have RC cars on the track at the same time the BMX bikes are using the track.

- iv. Equestrian program will feature cowboy/cowgirl camps. Will train on horse behavior, how to saddle, brush, groom and all the behaviors of horses. Will have camp cookouts with invitations to participants' parents as well. Terry will be subcontracting with his horse and hopefully obtain one more horse. Fun experience for kids to do.

c. Rodeo

- i. Spreadsheet is in line with the expenses on the financials in addition to the estimate of payroll hours. Most hours are put in by volunteers. Total expenses of \$94,000.00. With ticket sales, sponsorships, beer sales and wage expenses we netted about \$12,000.00. Net is down from last year primarily because of a \$10,000.00 golf sponsorship that we did not pursue this year. We have enough going on in the summer to not host a golf tournament.
 - ii. Sponsor revenues were \$85,000.00 and this year already we have signed contracts totaling \$95,000.00. We still have some potentially big sponsorships still hanging out there that we are optimistic in getting, VAST is one of them as well as Stryder Bikes. Profitability is looking good again for next year.
 - iii. Another revenue for the rodeo will be the restaurant sales including 100% of the food sales. It is predicted that with all the revenue sources for the rodeo we could net about \$35,000.00.
 - iv. The rodeo arena that the Board approved last year as far if we could generate \$140,000.00 in sponsorship revenue to buy that. Tim will keep everyone updated. This is within shooting distance and he will let the Board know as we get closer. We currently pay \$7,500.00 per year to rent the arena. It will not take long to pay for the arena and we would own another asset that will last a long time.
- Millie asked Tim if we had a signed contract for this year and Tim indicated he had not signed it yet. Millie directed Tim that when he does sign the contract that it has a date from beginning to end as the current contract just states that the contract is for 7 performances. Tim will have the date added into the contract and get that to the Board. Millie was adamant about color coding the rodeo tickets to be able to track give-away tickets, member tickets as well as non-member tickets. Tim specified that the tracking of the sales was operational and assured the Board that we would have a better tracking system this year and we would report the tracking data information to the Board. Millie thinks tracking the ticket sales is critical from a business standpoint. We gave out about 1200 complimentary tickets last year. 800 of those to an anonymous sponsor who doles out the tickets to the Boys Club, Children's Home Society, to the Boy's Club and to Youth and Family Services.
 - Nathan wants to know how we can track 8000 tickets. How will we mark them? Tim will come up with a good tracking system. Tim will work with Angie and our marketing company that prints the tickets to come up with the best way to track ticket sales.
 - Millie would like the color-coded tickets even if there is an increased cost it would be well worth the money spent to get accurate attendance numbers at the rodeos. Tim again assured the board that we will get them the numbers. How we do it is operational and we will get the Board the numbers.
 - Nathan stated it's simple you just have 3 different colors. It's not that complicated to come up with an idea.
 - Lisa is confident that Tim will have a system in place and that the Board will receive accurate tracking data.
 - Millie wants a coupon on the back from our restaurant. Tim expressed ideally, we will have a ticket stub, color coded with a tear off for the coupon on the back. Shipwrecks sponsored the tickets again this year

but we can certainly look at putting our own restaurant coupon on the back for 2020. Tim can identify the sponsor tickets by personally handwriting their names on the back of the tickets. He did it 4 years ago and can do it again.

- Nathan questioned where the \$12,000.00 went that we made on the rodeos. Can that money go to the Activities department to make the activities at the HRCR better like buying/renting inflatables for the 4th of July? Tim stated that the revenue from the rodeos go into activities and Hart Mart as HM did the beer sales. We are still seeing operationally what is more effective if the HM will labor the beer sales or if it makes better sense to have the restaurant do them. Nathan wants to see the “free” \$12,000.00 go to inflatable obstacle courses or more activities for the kids. Nathan wants to earmark the profits for the rodeo to better the park. All proceeds go into the operating fund. We can look at the money to be spent in May at the Long-Range Planning Meeting to see if there is something larger, we want to look at or when we have the Fall meeting, we might look at allocating funds then. There will be some large items discussed at the Long-Range Planning Meeting so we need to be prudent where we will be spending the money.
- Tim let the board know that there is an extremely high liability with inflatables. Our insurance agent advised us to avoid them. Jump houses must be staffed at all times now so we will just take a look at it at a later date. Nathan does not believe that our insurance company does not support the idea of inflatables.
- Elmer is not in favor of taking any income that comes in to this resort and earmark it ahead of time for where it is going to go. Where revenue comes from is immaterial. We operate from a budget. Elmer reiterated that the money from the rodeos is NOT free money.
- Lisa commented that it is not the Board’s say as to what departments does with the revenue. We approve the expenditures but we do not dictate what they spend it on.
- Tim notified the Board that we will go forward with the 2019 budget that was approved and that if we want to allocate monies in the 2020 budget, we can have that conversation at the October budget meeting.

d. Sales

- i. Paul has taken over as Sales Manager since June and we are very pleased with how that department is running. We have changed how we are spending our marketing dollars. We are focusing on member referrals by increasing our referral incentives from \$50.00 for the first referral, then \$100.00 for the second and Paid Maintenance fees for a year for the third referral. We now offer a \$250.00 referral fee for every referral from a member that purchases a membership from our Sales Department at HRCR.
 - ii. We are not doing any shows in 2019 as 72% of our membership sales came from member referrals.
 - iii. Digital marketing to include SEO and geo targeting as well as retargeting visitors to our Website. Want to reach our perimeter market through this more cost-effective method.
 - iv. We are restructuring this department to where Ella who was member services by title last year, will be Sales Assistant. 90% of her focus will be sales and not task her with the administrative duties.
- v. We have a lofty resale goal this year so we want to make sure that we have the infrastructure to meet our sales goals so Shannon will be the Member Services Coordinator and will also fill a void in the maintenance office as one of the employees is not returning this year. Shannon will also coordinate some other big programs last year through her direction and one of them was the Volunteer Program.

There is a plethora of duties in this position that Shannon will be performing. Will coordinate the J1 workers needs. She will give Paul and Ella as much support as needed to reach our sales goals.

e. IT

- i. Good year, but Scott is deploying and he may or may not come back. Jenn-Voyles Miller has an IT background and will step into the IT duties as needed. We are gleaned as much information from Scott prior to his departure as we can to help make this transition a smooth one. We are looking at our managed services to see who can give us the tech support that we are going to need.
- ii. We still have Golden West as our managed services provider but we are also looking at KT Connections as well as AB Business (Continuum). Researching options to find out who can BEST serve our needs now and in the future as we grow.
- iii. VAST is going to be 100% accountable for our Wi-Fi and they are installing an addition 9000' of fiber to ensure that we have enough backhaul to meet our wi-fi needs at a price of about \$250,000, however, no charge to us. We will be responsible for installing 8-10 additional poles so that VAST can put in the access points on top. It will cost us a bit but not near what we will get in return.
- iv. Conversation about VAST costing the resort \$7,000.00 per month is not much more than we were paying, however we will have a much better product for essentially about the same monthly fee per month.
 1. Fiber (was \$1900 w/Century Link and only had 5MB coming in)
 2. Cable TV (was \$1800 w/Dish and with VAST we will have 73 channels as opposed to the 20ish that we have now) VAST will also offer tiers of use of Wi-Fi. Basic computer access will be free but the gamers and streamers that may need more than the basic will be at a minimal cost to the member. There are 3 tiers for virtually unlimited streaming. Another source of revenue and we want to provide the best Wi-Fi for our members. The first 30 minutes of unlimited will be free so that members can try before they buy!
 3. Phone (was \$1800 w/ Century Link)
 4. The \$7000 also includes Wi-Fi.

f. Housekeeping

- i. We will have 4 J1's from Jamaica;
- ii. Cathey will remain Supervisor;
- iii. Still looking for year-round assistant.

g. Hart Mart

- i. Monica Long will be the new Hart Mart Supervisor effective April 1;
- ii. Focus will be on adding in a greater selection of merchandise and introducing new merchandise on a weekly basis.

h. Accounting

- i. Jenn Voyles-Miller is doing a great job assisting. She will be taking on a greater role in IT with Scott being deployed.
- ii. Hopefully this week Jennifer can work on the tax-exempt qualifications for staying more than 28 days or more in the resort. We have gone back to our last full audit in 2016 and about 295 people will receive refunds totaling close to \$20,000.00. This is not our money so the state will reimburse us. We should be sending checks in the next 2-3 weeks.

- i. Lodge
 - i. Susan Rudge is now Guest Services Manager;
 - ii. Sally will remain on and run the mailroom training/advisory help;
 - iii. Will offer 10 full hook-up sites for RPI Preferred on top and 5 for RPI Classic in the Meadows. Technically RPI requires 28 sites but they allow us to regulate that.
 - iv. All seasonal sites have been reserved for both up top and in the Meadows.
- j. Security/Storage/Human Resources
 - i. Focus on staffing retention/training for the Summer.
- k. Pool
 - i. Mal is reaching out to the original builders of the pool and researching what it would take to update, upgrade, replace, add water features, etc. to make it better. At the end of the day it comes down to cost. City of Yankton put in 15 million for their water park, not likely we will do that but we will visit the possibilities at the Long-Range Planning Meeting in May.

Old Business:

- 1. Update on 2018 Seasonal Site Reservations
 - a. All 10 up top and 5 Meadows sites have been reserved.

New Business:

- 1. Annual Strategic Planning/Long-Range Planning Meeting will be May 10, 2019 at 8am. Apryl will provide bagels and coffee.
- 2. Approval of POP Premium Plan

Motion was made by Bobb Stout to approve the POP Employee Health Insurance Plan
Elmer Pritchard 2nd.

No Discussion, motion approved.

- 3. Discussion of updating Policy #4, 3a, to include: "Annual Maintenance fees will be due on the 31st of January." Our By-laws do not state specifically when Maintenance fees are due. We'd like to add this to the policies.

Motion was made by Bobb Stout to add "Annual Maintenance fees will be due on the 31st of January" to Policy #4,3a.
Millie McCormick 2nd.

No further discussion, motion approved

- 4. Want to raise the deposit amount to rent any HR Facility from the current \$25.00 to \$50.00.

Bobb Stout made a motion to raise the cleaning deposit amount to rent any HR Facility to \$50.00.

Elmer Pritchard 2nd.

No further discussion, motion approved.

- 5. Want to increase the amount we charge for activity cards from \$5.88 to and even \$6.00. This is a change to Policy #28, #4.

- There was discussion that the By-laws do not have activity card prices in there, so really what we are trying to accomplish is to raise the group reservation price from \$5.88 to \$6.00 and historically we have charged that same price for the activity card.

Motion was made by Bobb Stout to change the price of the activity card to \$6.00.

Elmer Pritchard 2nd.

No further discussion, motion approved.

- 6. Discussion of Spring Newsletter/Membership Card/Ballot mailing.
 - a. We will be mailing this Spring mailer 1st Class. This will avoid the mail forwarding members to receive it as in the past it was mailed 3rd class and 3rd class is not forwardable mail.
- 7. Review of the proposed Board of Director Code of Conduct Policy
 - a. This is a work in progress
 - b. Nathan wants clarification on what is confidential.
 - c. Millie: interprets confidentiality as executive sessions and personal and employment contract negotiations.
 - d. Lisa: wants the right to discuss items without having to be worry about it being shared.
 - e. Bobb: If there is no confidentiality then there simply will not be any discussions among board members

- f. Nate: Only thing confidentiality is hiring or firing, anything else should be open to the members to know what is going on.
- g. Lisa: So any communication should be done by e-mail so I can share that with anyone.
- h. Nate: why should the members not get to know what the board is thinking?
- i. Lisa: so should texts messages sent back and forth be shared as well.
- j. Nate: Sure, wouldn't bother me.
- k. Elmer: letting people know what the board is thinking is not of grave consequence.
- l. Nate: what harm is it to tell people what the board is doing and add brainstorming ideas from the members. The way it is written now that would be illegal
- m. Bobb: we should be able to talk to each other without being able to share it.
- n. Nate: I just think as a membership resort we lose our confidentiality, everything that is possible to be shared should be.
- o. No decision has been made on the conduct

- 8. Review of Board of Director candidate applications
 - a. We have 6 candidates for 2 open Board positions.
 - i. We accept the following candidates
 - 1. Alex Keluesza
 - 2. Jason Schuelke
 - 3. Shawn Donovan
 - 4. Paul Rodriguez
 - 5. Charles Ragains
 - 6. Nathan Miller

This meeting was adjourned at 11:20 am. The next BOD meeting will the Long-Range Planning Meeting on Friday, May 10th, 8am. Location TBD.