

Minutes of the POATRI Board of Directors Meeting Saturday – July 26, 2014

The quarterly meeting of the Board of Directors was called to order at 10:05 by President Dave Howe.

Roll call and Certification of Board Members present: Marilyn Anthenat, Georganne Bradbury, Jeff Daly, Don Ferguson, Tom Goff, Dave Howe and Mike Smith.

Dave Howe thanked Randy McLaughlin for recording the meeting and providing the sound system and microphones.

Barbara Trammell introduced Jerry Johnson who is a candidate for Brewster County Judge.

Minutes from the April meeting, which are posted on the POATRI website, were approved by a motion from Georganne Bradbury, secretary and second by Jeff Daly and unanimous approval.

Dave Howe gave the Presidents report:

Cabin rentals are up over last year and we had a good crowd for Memorial Day. The cabins in the lower quad have been remodeled and everyone is invited to go take a look. All of the cabins are being similarly updated.

The new websites for POATRI.org and Terlinguaranch.com are online thanks to Andrea Hinkle, Laurel, Abe Connelly, Pam Gordon and Mary-Annette Hunter. They look great and have a lot of information on them.

We have been working on improving our collections process and discussing the assessment situation to see if we can increase our property owner compliance. The county is aggressively going after owners who haven't paid their taxes and we will start filing liens on these properties that haven't paid their assessments either. When the county forecloses, our liens will be in place and we will receive the proceeds of our lien from the tax sale/auction without needing to do the foreclosure process our self. The cost to place a lien is \$26.00 and it stays attached to the property until it sells.

Congratulations to Laurel Wakefield on her first anniversary as ranch manager.

Marilyn Anthenat gave the Treasurers report. An audit was completed on the West Texas National Bank disbursement process by the committee. Linda Shank, audit committee chairperson met with the auditor, Ron Kirby, CPA, when he was here.

Resolutions for the revisions to the audit committee handbook and procedure manual and to amend the term limit on committee membership will take place later in the meeting.

Long range planning for the Ranch is being solicited by the Budget and Finance Committee and all Board members and all property owners are encouraged to provide input. You may email Marilyn at mka@gice.us or edmarcato@bigbend.net with your thoughts. The BFC will be meeting with the Ranch Manager on potential budgets for 2015 as well as reviewing the COLA for presentation at the meeting in October. The Balance Sheet and Profit and Loss reports were available on the back table and are on the website.

Work on the septic system for the upper five cabins has been completed but the budget was exceeded by approximately \$10,400.

Attorney fees paid and bills received will exceed the \$10k budgeted amount by \$2000 to date.

Tax appraisal notices which are much greater than the appraisals from last year will create additional tax liability.

Of the \$70,000 allocated for capital improvements, approximately \$54,588 has been

spent through the end of June for siding, windows, roofing, paint, furniture, other building materials and labor.

During the first two quarters \$349,681 has been collected in assessments and donations. Other cash collected in the first two quarters totaled \$114,153 for a grand total of \$463,834.

After deducting operating expenses and other cash transactions, the net increase in cash for the first two quarters is \$69,506

Because of multiple position turnover and the lengthy learning curve to become familiar with the challenging software being used, bookkeeping methods used and the ranch process the BoD is strongly urged to seek out and hire an independent professional to review the financial data on a monthly or quarterly basis to catch and correct problem entries in the bookkeeping process.

The short training session on reading financial statements has been postponed to October. Laurel Wakefield gave the Managers report. The new septic system has been installed for the upper five cabins. The last quad of cabins has new windows, doors and siding and room 55 and 56 have a deck. The insides of these rooms have new paint, flooring and furniture. It takes several months to do each one so this is an ongoing project. As each quad gets sided and remodeled, the room fee rate will be adjusted to help defray the cost. The bottom of the pond is going to be concreted to cut water usage.

By finding and fixing leaks, running toilets and dripping faucets the Lodge water usage has been cut by 41%. Water sales for April, May and June are up 49% over the last quarter of 2013.

Andrea worked with Abe Connally on the Poatri.org website and Pam worked with MaryAnnette Hunter on the Terlinguaranch.com which went live as of Friday the 25th. The interactive maps on the Poatri site will be ready in a couple of weeks. Access to the public information in TRIPOD is being integrated into the website. No phone numbers, email addresses or amounts owed will be available, but the information that is available on the computer in the map room, will be accessible from your home computer. Some of the links to the site are broken, but we aware of it and working on getting them fixed.

There are 2081 delinquent accounts owing POATRI \$2,941,054.95.

230 accounts only owe SAC charges amounting to \$33,775.27.

There are 65 delinquent accounts owing POATRI \$31,635.62 who have been sending in payments this past year. Hopefully these will slowly get paid up.

913 accounts are not paying either POATRI or their taxes and owe POATRI \$1,859,523.98. Out of those, 399 accounts were paying taxes but have stopped at some point but have never paid POATRI.

687 accounts pay their taxes but stopped paying POATRI and owe us \$733,246.18.

128 accounts pay their taxes but have NEVER paid POATRI and owe \$206,837.32.

There are 58 accounts for which we don't have tax information who owe \$74,885.75. 24 of them are under contract for deed and 34 are probably held by adverse possession.

We have liens on 976 accounts which owe us \$2,231,539.62

There are 809 accounts that we don't have liens on which owe us \$636,166.68. These accounts are not under contract for deed and owe more than \$300 each.

The Budget and Finance committee report was given by Ed Marcato.

Four analytical reports were provided to the Board during the second quarter:

1. Collection Program Legal Opinion

2. 1999 Vote structure Change by the Board

3. Exempt Rights Analysis

4. POATRI Fee Structure History and Analysis

The BFC also provided a Fee Calculator in an Excel worksheet to provide a way to analyze the impact of various acre fee based charges.

Audit committee report given by Linda Shank. She met with Ron Kirby CPA (auditor and tax preparer) when he was here. Mr. Kirby will give us corrected 2012 financials. They had discussions about an amnesty program, taxable events and using an outside CPA firm to provide oversight such as consistent coding in QuickBooks. Mr. Kirby is an independent auditor so he can't do it but suggested a CPA/bookkeeping firm in Ft. Davis. Kathy Pothier did a payroll audit with Linda and suggested standardization procedures. Infrastructure committee report by Jeff Daly. Finalizing the paperwork, plans and getting the septic system installed was the main item accomplished. The slab which was poured in the old firehouse has made life easier for the maintenance crew as they now use it as their workshop. It is much easier to move a floor jack on concrete instead of gravel.

Communication committee – Dave Howe.

Thanks to Randy McLaughlin for providing the sound system and recording of the meeting.

Thanks to Dan Patchin for putting out the newsletter – copies of the April letter were on the back table.

Bad Rabbit Café – Dave Howe

The café is back on its feet and improving. Please stop in to see Jo and enjoy a good meal.

Board secretary Georganne Bradbury read the minutes of the executive session of July 24, 2014.

Unfinished Business

1. Affirm vote on collection of past due fees.

A discussion concluded that as the process is in the hand book we don't need to vote.

A. Liens vs. Foreclosures

A discussion was had on placing liens on properties where owners haven't paid TRMA fees. We are not initiating foreclosures but the Brewster county lawyers are aggressively going after property owners who haven't paid their taxes. By attaching liens to these properties, as the county forecloses, we have a chance to recoup money from unpaid fees. We are also looking to report unpaid fees to credit bureaus.

New Business

Discussion of Maintenance Fee structure

1. Dave invited Frank Oxsheer to read his flat fee structure. Frank is a defender of the current fixed fee. A discussion was had as to whether we should vote on a maintenance fee structure.

2. Georganne read a synopsis of Ron Mahan's idea of fair fees which are \$100 per year (per owner) plus \$1.40 per acre per year.

3. Barbara Trammell read her opinion about the rumors and "zealot attacks" that have colored what she has perceived the board is trying to accomplish with the TRMA fees and expressed concern about needing to work on the road easement issue which is making it an impossibility for banks to make loans for properties.

Information and case law provided by Dean Willis concerning fee collections was

part of her report.

Exempt Property Owner Status as Members

1. Ed Marcato spoke on the Budget and Finance committee analysis of the basis of exemption. Terramar started selling properties in 1969. In 1970 Brewster County accepted the sub division but declined to accept the roads so the Terlingua Ranch Maintenance Agreement (TRMA) had to be created, because Terramar had guaranteed access to all properties sold. The tracts sold prior to the TRMA do not have to pay the fees. Those rights go with the land. In 1976 POATRI was formed to administer the TRMA and be responsible for road maintenance. The TRMA defines properties on which maintenance charges shall apply.

This analysis documents that:

1. The designation of Exempt properties was created as a result of land sales prior to the establishment of the TRMA and POATRI and the exemption from the maintenance fee was required because these land sale contracts did not include any language requiring a maintenance fee.
2. The provision for the maintenance fee exemption is clearly defined and is a major part of the original TRMA.
3. There is no differentiation between Exempt properties and non-Exempt properties, and no limitations on Exempt property rights.

A discussion was then had, by many members present, as to whether exempt owners should have voting rights on fee changes when they don't pay fees, if the voting exempt owners are a large enough percentage of voters to influence outcome of votes and whether there is a process to inform owners of mandatory fees. Barbara Trammell explained the Texas Promulgated Fee.

A directive was given to Tom Goff and Virginia Viles to contact attorney in regards to declaratory relief concerning past board actions.

RESOLUTIONS BY THE BOARD OF DIRECTORS

Discussion: WHEREAS, the Audit Committee Handbook as approved by the Board of Directors in

September 2009 is no longer up-to-date due to changes in ranch operations, software, and/or processes,

it has been rewritten to reflect such changes; and it has been separated into two documents as (1) POATRI

Audit Committee Handbook 05-07-14 which presents the Committee's function, purpose, and guidelines;

and (2) POATRI Audit Committee Handbook Supplement 05-07-14 which describes how to conduct each actual audit procedure. It is the intent to make the POATRI Audit Committee Handbook Supplement 05-

07-14 a stand-alone document not subject to future approval by the Board of Directors therefore enabling future procedure only changes as necessary due to changes in Ranch operations, software, and/or processes.

Therefore;

BE IT HEREBY RESOLVED: to approve and adopt the POATRI Audit Committee Handbook dated 05-07-14

defining the function, purpose, and guidelines of the Committee and to approve the POATRI Audit Committee Handbook Supplement dated 05-07-14 as a stand-alone document not subject to further approval.

Motion By: Marilyn Anthenat

Second: Mike Smith

Ayes: 7 Nays: Abstain: Absent:

Record of voting:

M. Anthenat Aye
G. Bradbury Aye
J. Daly Aye
D. Ferguson Aye
T. Goff Aye
D. Howe Aye
M. Smith Aye

Discussion: WHEREAS, Section 2, Item 4.D of the Policy and Procedures Manual states " ... the Chair shall serve no more than one year, as Chair, and members of the Audit Committee shall be appointed for staggered three year terms, with at least one member being replaced annually after the January Board meeting ... ". Due to the difficulty of finding qualified volunteers to serve on the Audit Committee and to volunteer as Chair of this standing committee, this policy hinders our ability to provide volunteers to assist the Board of Directors in meeting their fiduciary responsibilities to audit financial records and processes as described in the Audit Committee Handbook. Since the AC Chair and committee members do NOT have the ability to make changes to the financial records or otherwise input or control the numbers, they do not have access to nor are they signers on any POATRI bank accounts, they are not POATRI employees nor do they have any business relationships with POATRI, these restrictions are cumbersome and unnecessary.

Therefore;

BE IT HEREBY RESOLVED: to amend Section 2, Item 4.D of the Policy and Procedures Manual to remove the language limiting the Chair to serve no more than one year by restating Item 4.D as follows: read as follows:

D. The Board of Directors shall appoint an Audit Committee of no less than three (3) members and not more than six (6) members, all of whom shall be members in good standing of the Association. The

President shall appoint an Audit Committee Chair from the existing members on the Audit Committee, or

if there are no members remaining the President may select a Chair who was not on the Audit Committee.

The appointed Chair shall recommend additional Audit Committee members who must be approved by

the Board of Directors. No member of the Audit Committee shall be a signer on any POATRI bank account,

be an employee of POATRI, or maintain any business relationship with POATRI.

Motion By: Marilyn Anthenat

Second: Jeff Daly

Ayes: 7 Nays: Abstain: Absent:

Record of voting:

M. Anthenat Aye
G. Bradbury Aye
J. Daly Aye
D. Ferguson Aye
T. Goff Aye

D. Howe Aye

M. Smith Aye

Motion to Adjourn by Dave Howe, second by Don Ferguson with unanimous approval.

Meeting ended at 12:20 PM