

## Minutes POATRI Board of Directors Meeting Saturday October 25, 2014

The regularly scheduled 3<sup>rd</sup> quarterly Board of Directors meeting was called to order at 10:08 AM by President Dave Howe.

Present:

Marilynn Anthenat  
Georganne Bradbury  
Don Ferguson  
Tom Goff  
Dave Howe  
Mike Smith

Absent:

Jeff Daly

There were no public service announcements.

Movement to postpone acceptance of July minutes was unanimously passed pending investigation of discussion about declaratory judgment.

Dave Howe gave the Presidents report.

The grader fell off a cliff, Dennis is okay, but the grader is halfway down a mountain and insurance has been collected and a replacement grader is now in service.

Cabin upgrades are moving along.

The office staff has done a good job on election preparation.

The land auction was successful.

Marilynn Anthenat gave the Treasurers report.

A preliminary budget has been developed for 2015 by the budget and finance committee and manager Laurel. Services from Laura Lannom, CPA in Ft. Davis has been included in the proposed budget for next year for bookkeeping oversight. Although a request has been put in the budget for an ice machine, there are other places than the lodge to purchase ice so a suggestion is for the budget and finance committee to do a cost analysis before approval of this item. Balance sheets and the profit and loss report through the end of the third quarter are available. Attorney fees have exceeded the budget of \$10,000 for the year, by almost \$5,000. The COLA for next year needs to be approved. About \$62,000 of the approved \$70,000 has been spent (on cabin renovations, a new roof for the restaurant, a concrete floor in the old firehouse and other upgrades, renovations in the restaurant including a new mural). After deducting operating expenses and other cash transactions, the net decrease in cash for the first three quarters is approximately \$4200.

Laurel Wakefield gave the Managers report.

Front desk hours will be expanded (until 8 PM Monday thru Saturday) to give better customer service for guests staying at the Lodge. Hours for water sales will stay the same, until 4:30.

We are now selling beer out of the office. An audit by TABC concluded that our lessee couldn't use our license for sales in the restaurant and that only Ranch employees may

sell beer and wine with our license. All money from alcohol sales stays with POATRI. We had a successful land auction of five acre parcels. Capital expenditures have been placed in the preliminary budget for next year. This wasn't done in the past budgets. With board approval we will continue to spend money on capital improvements to strengthen our operations and get us to a place where we only have to do preventive maintenance.

Budget and Finance Committee report by Ed Marcato

We have been doing projections and budgeting for next year. Laurel suggested that a monthly budget based on past performance be made instead of a yearly budget spread out evenly over the twelve months, so that is how the 2015 proposed budget is made. Capital expenditures are in the projected budget. We have estimated a small end of year cash balance for the 2015 budget. The COLA report is calculated for an increase of \$2.43 for 2015 assessment. The COLA increase is necessary for the 2015 budget and because it is based on inflation, will over time reflect the increases in operating costs to POATRI. Unless POATRI reduces the fundamental costs of Operations, it should always implement the COLA to keep pace with inflation. The BFC did an analysis of the cost to POATRI of not implementing the COLA for the past two years and when just the increases are compounded for the next ten years, through 2024, the lost revenue to POATRI is \$266,526. If the 2015 COLA is not implemented, the lost revenue for the same period will be another \$64,521. Each year the COLA is not implemented, results in putting POATRI further behind the inflation curve.

The Budget and Finance Committee Handbook is presented to the Board to be accepted by Resolution into the Board Procedural Manual. The Strategic Plan Process is to help us as we deal with past problems and help us reach the goal of increasing members in good standing to 95% and with a related goal of implementing an aggressive collection effort.

Linda Shank of the Audit committee focused on two areas this quarter, an ongoing review of QuickBooks data files and review and oversight of the 2013 financials. Linda has raised questions with our auditor, Ron Kirby, and is trying to get the questions that are still on the table resolved so the 2013 financials can be posted. The Treasurer, Audit committee and the Budget and Finance Committee look at QuickBooks data and recommendations are given ongoing every month. Marilyn asked Laurel to coordinate a conference call with Ron Kirby to complete the 2013 financials.

Jeff Daly was absent so there wasn't an Infrastructure report.

Dave Howe gave the Communications Report.

Dan Patchin does a great job with the newsletter. The new websites are working well and Tripod access means you don't have to make a trip to the Lodge office to see the information.

Café

New murals have been painted in the restaurant.

The Bad Rabbit is no longer serving beer and wine because of a complaint by a property owner. TABC auditors from El Paso advised us that beer and wine can only be sold by

Ranch employees, so a cooler has been installed in the office where you may make purchases. All money from the sale of alcohol is put in the POATRI account. The lessee does have the option of obtaining her own license if she wishes to serve alcohol in the café.

Georganne read the minutes of the Executive session on Friday, Oct. 24<sup>th</sup>.

#### Unfinished Business

Tom Goff reported that we need a new attorney to go forward with the declaratory judgment. (Later in the meeting a resolution was passed to start that process).

#### New Business

Laurel Wakefield, Ed Marcato and Merrill Jordan worked on the preliminary 2015 budget which includes the assessments forecasted with the COLA increase. Expenses are very close to last year. Capital expenditures are delineated so all expenses are in the budget. The new bookkeeping oversight services are included at \$5000 but could be only \$750 a quarter. Legal fee budget has been increased as 2014 budget has already been exceeded.

This is an ongoing process so Ed and Laurel are meeting monthly to keep the document current and up to date.

Mike Smith had questions about the budget, property auction and land sales and electric service providers. Marilynn Anthenat wants a discussion to include advertising in the budget, allocated funds for capital improvements including looking at alternatives to the proposed ice machine and charging back credit card fees for property owners who use a credit card to pay for assessments.

Our contingency funds are substantial and can be used as a loan which must be paid back. The status of the corporation does not allow us to borrow money from a bank. The bottom line is we have no mechanism to catch up on replenishing funds so we must get collections up.

The cost of living adjustment report was given by Ed Marcato and Treasurer Marilyn Anthenat recommended that it be accepted.

Marilynn read the resolution to accept the revisions to the Budget and Finance Committee Handbook.

List of the Board of Director applications received – three places on the board are open.

Kathy Pothier

Frank Oxsheer

Linda Shank

Dan Patchin

Jim Miller, Jr (application has been withdrawn since the meeting)

Board members discussed engaging a new CPA to provide the audited financial reports. Marilynn was directed to draft an RFQ (request for qualifications) to present to the Board and it was suggested that we begin the process as soon as possible with the goal of engaging a new CPA by January 2015.

The order for the candidates for the Board of Directors on the ballot was drawn with the help of Sam Sledge. They will be:

1. Dan Patchin
2. Frank Oxsheer
3. Kathy Pothier
4. Jim Miller, Jr. – application withdrawn
5. Linda Shank who will now be in the number 4 position

Four resolutions to be voted on were presented and in an ensuing discussion, volunteers were requested to be on the task force for vetting prospective attorneys. Marilyn Anthenat and Mike Smith will be the board representatives. Barbara Trammell, Virginia Viles, Jim Miller, Jr., Ed Marcato volunteered and Linda Shank volunteered Marbert Moore.

At 11:27 a recess was called and the meeting reconvened at 11:44.

The attorney search volunteer members will be Barbara Trammell, Gini Viles –task force lead, Ed Marcato and Marbert Moore.

Resolutions

### **Resolution by the Board of Directors**

**Discussion:** As required by the POATRI By-laws, Article 4.01.f, the CPI has been researched for the previous twelve month period ending September 30, 2014.

**Therefore;**

BE IT HEREBY RESOLVED: to approve and adopt the average CPI increase of 1.47% which equates to an increase of \$2.43 for a new assessment of \$168.07.

Motion By:     Dave Howe      
Second:     Mike Smith      
Ayes:   4   Nays:   2   Abstain:   0   Absent:   1  

Record of voting:

M. Anthenat	<u>  Aye  </u>
G. Bradbury	<u>  Aye  </u>
J. Daly	<u>  Absent  </u>
D. Ferguson	<u>  No  </u>
T. Goff	<u>  No  </u>
D. Howe	<u>  Aye  </u>
M. Smith	<u>  Aye  </u>

### **Resolution by the Board of Directors**

**Discussion:** WHEREAS, the references to the Budget and Finance Committee in the Board of Directors Procedural Manual are no longer current.

**Therefore;**

BE IT HEREBY RESOLVED: to approve and adopt the Budget and Finance Committee Handbook dated October 16, 2014 as attached which defines the committee members, the Mission Statement, and the Duties of the Budget and Finance Committee. This handbook is to replace the Budget and Finance Committee paragraphs currently stated on page six (6) of the Board of Directors Procedural Manual.

Motion By: \_\_\_\_\_Mike Smith\_\_\_\_\_

Second: \_\_\_\_\_Marilynn Anthenat\_\_\_\_\_

Ayes:   5   Nays:   1   Abstain:   0   Absent:   1  

Record of voting:

M. Anthenat   Aye  

G. Bradbury   Aye  

J. Daly   Absent  

D. Ferguson   No  

T. Goff   Aye  

D. Howe   Aye  

M. Smith   Aye  

**Resolution by the Board of Directors**

**Discussion:** WHEREAS,

Our current attorney(s) aren't able to always answer and address all of our questions and situations

Therefore; BE IT HEREBY RESOLVED:

A task force is to be formed to formulate a list of our legal needs and develop a list of criteria questions to identify attorneys who might be a good fit for our situations and needs. The goal is to provide a list of attorney candidates at the January meeting. The task force will be composed of Marilynn Anthenat, Mike Smith and up to four members in good standing who have volunteered and been appointed by Dave Howe, President.

Motion By: \_\_\_\_\_Dave Howe\_\_\_\_\_

Second: \_\_\_\_\_Mike Smith\_\_\_\_\_

Ayes:   5   Nays:   1   Abstain:   0   Absent:   1  

Record of voting:

M. Anthenat   Aye  

G. Bradbury   Aye  

J. Daly   Absent  

D. Ferguson   No  

T. Goff   Aye  

D. Howe   Aye  

M. Smith   Aye  

**Resolution by the Board of Directors**

**Discussion:** Whereas, the POATRI financial reports are integral sources of information for financial operations of the corporation for the Board of Directors, Management, and Owners, and

Whereas, the understanding, consistency, and accuracy of the data input is the key to resulting useful accounting information.

**Therefore;**

BE IT HEREBY RESOLVED: to approve engaging an outside CPA/bookkeeping service to provide quarterly oversight of POATRI's financial accounting, including reconciliation of bank and investment accounts, propriety of receivables and payables, proper coding of income and expense entries, a comparison of balance sheet and P&L to prior years and prior quarters, and other tasks as necessary and appropriate to ensure accuracy and consistency of financial data and resulting POATRI financial reports.

Motion By:     Marilynn Anthenat    

Second:     Dave Howe    

Ayes:     6     Nays:     0     Abstain:     0     Absent:     1    

Record of voting:

M. Anthenat     Aye    

G. Bradbury     Aye    

J. Daly     Absent    

D. Ferguson     Aye    

T. Goff     Aye    

D. Howe     Aye    

M. Smith     Aye    

Tom Goff made a motion to adjourn.

Second by Don Ferguson.

The meeting was adjourned at 11:57 AM.