



POATRI Property Owners' Association of Terlingua Ranch, Inc.
PO Box 638, Terlingua, TX 79852
(432) 371-3146

BOARD OF DIRECTORS' QUARTERLY MEETING MINUTES

SATURDAY, JULY 28, 2018

The Quarterly Board of Directors meeting was called to order at 10:04am, Saturday, July 28, 2018.

Roll Call and Certification of Board Members by the Secretary (P = Present and A = Absent)

Marilynn Anthenat – P; Russell Bundy – A; Yvonne Diaz – P; Billy Ellis – P; Chris King – P; Larry Leaming – A; Kathy Pothier – P; Carolyn Small – P; Bill Vogl – P

Invitation for Public Service Announcements -Barbara Trammell shared that Brewster County Tourism passed a budget for 2019 of \$1,422,000.00 from the hotel/motel sales tax revenue. This will be spent over a broad spectrum of projects for Brewster County tourism. The council started in 1997 with a \$100,000.00 budget.

Marilynn shared that we have a new deputy covering the ranch and 118, John Turner. We welcome his presence on the ranch.

Acceptance of Minutes as Presented - Kathy Pothier, Secretary – minutes for the April 2018 quarterly meeting were emailed to the board and posted on poatri.org. K Pothier moved and C Small seconded the approval of the minutes as emailed. The minutes were approved unanimously by the directors present.

A telephone conference call was held on June 13, 2018 with our attorney, Brady Ortego, to discuss the Bad Rabbit Logo. 7 directors were present on the call. Kathy Pothier moved and Carolyn Small seconded the following motion: "Based on the advice of legal counsel, the board agrees to adhere to the 1996 AGREEMENT REGARDING USE OF CRAZY RABBIT DESIGN; however, if circumstances change, legal counsel may advise a change in approach". Record of Voting: YES – 7; No – 0; Absent – 2 M Anthenat – Yes; R Bundy – Absent; Y Diaz – Yes; B Ellis – Yes; C King – Yes; L Leaming – Absent; K Pothier – Yes; C Small – Yes; B Vogl – Yes

An executive session was held at 10 am on July 27th to discuss personnel and legal issues. No resolutions were passed because of this executive session.

President's Report by Marilyn Anthenat is attached at the end of these minutes.

Treasurer's Report by Chris King shared that our business growth has increased 25% over last year which is very encouraging. Our net profit has increased 3.2% over last year. The financial graphs are attached at the end of these minutes.

Manager's Report by Anita Goss is attached at the end of these minutes. The lodge operation is continuing to contribute to the bottom line. Thanks to Anita, the staff, past boards and present board. Efforts continue to increase the number of members in good standing.

Committee/Task Force Reports

Budget and Finance Committee is currently inactive. If you are interested in being on the budget and finance committee, contact Marilyn. The budgeting process for 2019 will be starting soon.



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Audit Committee – Chris King reported that the audit committee is active again with members Brenda Drjac, Yvonne Diaz and Carol Lackey. Purpose is to make sure our policies and procedures processes are working and to make sure that we are doing what we say we are going to do. Audits also help management in areas not been updated in a while. The recent audit reviewed inventory processes at the café. Additional audits will take place next quarter. If you are interested in being on the audit committee, contact Chris.

Communications Committee – Yvonne and Chris reported that they have been working on social media policy and has been presented to the board. This policy needs to be tweaked and added to the P&P. Section 3 of P&P has more administrative procedures and this policy needs to be streamlined and added. Yvonne, Kathy & Bill will team up to streamline the proposed social media policy for addition to the P&P.

TSUS Task Force – Kathy Pothier, Chris King, Marilyn Anthenat. Marilyn reported in the President's report attached at the end of these minutes that we now have a new lease agreement and permitting plan in place. This task force is now disbanded.

Hunt Committee – Larry Leaming. Marilyn reported that this committee is currently inactive and asked for volunteers to be on the committee. Chris will look at the committee and talk to other hunters.

Airport Committee – At this point, Yvonne raised the question of are our standing committees still relevant, i.e. the hunt committee? Maybe it should be a seasonal task force rather than a standing committee? The need for other committees such as the airport committee was questioned. Kathy agreed to research the Bylaws, P&P and Board of Directors manual to see how we change the standing committees and look at the committees for relevancy.

Anita shared we now have new software that will help us communicate with property owners more often by email blast. It would be good to reach out to folks to contribute articles to the newsletter. We need a better understanding/definition of the communication committee and its contribution and function.

Barbara Trammell added that we could profit from the tourism council experience regarding marketing firms. They needed someone who understood the tourism business AND this area. They hired someone that could do this. Is there someone we could talk to on the tourism council? Terlingua Ranch needs to have a presence on the tourism council. Marilyn volunteered to go to the next tourism council meeting with Barbara sometime in August. Kathy volunteered to rotate attendance along with Anita or a designated staff person.

Larry Leaming was removed from the board per the bylaws Article 4.05b Removal of Directors from the Board due to 4 absences during his term. Marilyn will notify him of this action.

Because of this action by the Board, we have an opening for Vice President. Marilyn nominated Yvonne Diaz for Vice President. Carolyn seconded the nomination. Record of Voting: Yes – 7; No – 0; Absent – 1
Marilynn Anthenat – Y; Russell Bundy – A; Yvonne Diaz – Y; Billy Ellis – Y; Chris King – Y; Kathy Pothier – Y; Carolyn Small – Y; Bill Vogl – Y

Kathy will do a new banking resolution and send to the board for a vote by email.



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OLD BUSINESS:

Update on Collections and Foreclosures by Anita Goss, Manager. This report is attached at the end of these minutes.

TSUS and Christmas Mountains Update by Marilyn Anthenat – This was updated in the President's report attached at the end of these minutes.

Non-potable and Potable Water Conservation Update by Anita Goss, Manager – The new well is doing well. There are continued conservation measures being done i.e. locking down water bibs around the property, adding controls as it relates to conservation. Notices have been placed in the rooms, changed the filter in the pool. Looked into water collection for use in the office/laundry. We are unable to do it as we are a public water system. Not looking at coin op showers at this point but are looking at other options for the showers. Anita will put up signs and larger stickers for the rooms. Are we fixing leaks? Yes, we have two master plumbers on staff and they are attending to the leaks as they happen. Is the north well up and running? Yes, both are running and being used for non-potable backup. The smaller well is being used for road work.

RGCOG Terlingua Ranch 9-1-1 Maps Update by Anita shared that there will be updates coming out. If anyone has any suggestions do let Anita know. This is an ongoing process and she asked for folks to look at the road name maps in the map room and come to her with changes that need to be made.

3-Mile Road Paving Task Force – Members Nancy Reyes, Calvin Glover, Larry Drgac. Marilyn reported for the task force. The task force research was emailed to the board. The task force did an excellent job of researching history and developing documents which were sent to our attorney, Brady Ortego to get his blessing. The easement draft has been blessed by Brady and he suggested it be sent to Brewster County to see if it is suitable for them. Brady also made some minor changes to the suggested letter to the affected property owners. The task force has looked at several options and are recommending that we pursue the option of easements from the property owners to dedicate the easements to Brewster County for inclusion in their paving budget. The task force looked at a variety of options and are recommending proceeding with easements to Brewster County. The next step is to vote to accept the task for recommendation. There was a motion by Marilyn A, seconded by Carolyn S to accept and proceed with the 3-mile task force recommendation to seek easements from property owners to Brewster County for potential road paving. Record of Voting: Yes – 7; No – 0; Absent – 1. Marilyn Anthenat – Y; Russell Bundy – A; Yvonne Diaz – Y; Billy Ellis – Y; Chris King – Y; Kathy Pothier – Y; Carolyn Small – Y; Bill Vogl – Y

There was general discussion of ideas for the details of the process. Step one is Brewster County approving the easement. Step two would be personally contact affected property owners with the letter and the easement to answer questions. Marilyn will work with Larry and Nancy to come up with details of the process and present it to the board.

NEW BUSINESS:

Property Owner Participation – there were no property owners who provided additional comments.

Carolyn introduced Brad Webber who is a restaurant consultant. Brad is willing to look at the Café and the Café menu and offer suggestions that would help maximize the Café. He also suggested that we consider a



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point of sale system for the Café that could tie in to inventory. Menu evaluations, layout, costing food plates, inventory, etc. is what he looks at during an evaluation.

Non-potable and Potable Water Conservation – this topic was discussed earlier in the meeting.

Road Signage – this discussion was postponed.

Social Media Guidelines – this topic was discussed earlier in the meeting.

Heavy Equipment – road machines need repair. A road crew member was looking at a possible new machine that would withstand the work load necessary for our roads. We need to look at our budget for the possible purchase of a new 140. Board had questions regarding financing – either internal or external. More information was requested from Anita to approve this large expenditure.

Cabin Rate Renewal – Chris moved, and Marilyn seconded, per the Policies and Procedures, Section 3.9.f, the board approves the manager recommended room rate increase to \$99 per room per night for two people and \$105 per room per night for four people effective January 1, 2019. Record of Voting: Yes – 7; No – 0; Absent – 1. Marilyn Anthenat – Y; Russell Bundy – A; Yvonne Diaz – Y; Billy Ellis – Y; Chris King – Y; Kathy Pothier – Y; Carolyn Small – Y; Bill Vogl – Y

The were no resolutions presented.

Carolyn moved, and Chris seconded to adjourn. All directors present were in favor. The meeting adjourned at 12:12pm

Respectfully submitted,

Kathy Pothier, Secretary
POATRI Board of Directors



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BOARD OF DIRECTORS' MEETING – PRESIDENT'S REPORT

NOTICE OF UPCOMING BOARD OF DIRECTORS ELECTION

JULY 2018

TCEQ and water system improvements update: After reviewing the three bids received, the Board approved hiring Derek Turner with Jacob Martin Engineering. Although based in Weatherford and Abilene, they have experience with projects in our area including Lajitas and Study Butte Water Supply Corporation. Mr. Turner did an on-site assessment in March and has requested an extension on TCEQ's compliance deadline to correct concerns and submit as-builts. On April 4 we received an update that TCEQ had only granted an extension until the end of July and Mr. Turner stated he will push to meet the deadline. On June 6, 2018 Mr. Turner submitted his engineering report to TCEQ. His report included a response to the 02-16-18 letter from TCEQ, map and sanitary control, record drawings, property deed, State of TX well reports, U.S. Geological survey 7.5-minute topographic quadrangle map, pump test, bacteriological analysis reports, and a chemical analysis.

Racythangs Enterprises, LLC owns the Terlingua racing team trademarks, logos, and copyrights including certain logos used around the ranch and café. The Board recently held a conference call with our attorney and, with the recommendation of our attorney, voted to continue as before with the existing Agreement.

Attorneys representing TSUS and POATRI have reached agreement and we can now issue permits for guests to enjoy the Christmas Mountain. The permit package will include the one-day permit, a liability release for adults and a liability release for minors in the group, and the TSUS rules and regulations.

The new non-potable well has been drilled and water was reached at approximately 300 feet at the rate of 10 gallons per minute. As a temporary conservation measure, water sales are increasing to a maximum per property owner account of up to 2000 gallons per month with no transfers and no carryover. Based on the recovery rate of the non-potable wells, ranch management may need to limit total water sales per day. There will be no water sales to non-property owners. People delivering water to other property owners must show written permission from that property owner for each delivery. Efforts to conserve water and become better stewards of this resource are being evaluated including additional water conservation measures, water catchment systems, water conservation in bathhouse and other ranch areas, and possibly increasing water rates. We welcome your input; please share your ideas and suggestions with Anita.

On Thursday, June 7th Tom Griffith from Rio Grande Council of Governments visited the ranch to meet with Dennis. Their goal is to research missing or incorrect road names listed on the RGCOG 9-1-1 maps.

Seeking Candidates for Board of Directors: We are looking forward to the next Board of Director election and are actively seeking qualified candidates to run for one of the available seats which will be open in January. To be eligible, a property owner must (1) have continuously owned property on Terlingua Ranch for at least one year; (2) be a member in good standing; (3) not be a POATRI employee; and (4) not be related to another Director or to a POATRI employee. Directors have a responsibility to always act with the best



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interests of POATRI in mind and a legal duty to not take any action that places the interests of others above the interest of POATRI. Directors are required to attend at least three of the four quarterly meetings each year. Up to five nights complimentary lodging, subject to availability, is offered to Directors during the quarterly meetings. If you are interested in participating, but do not want to serve as a Director, there are openings on the Budget and Finance Committee and the Audit Committee. Applications for Director will be available beginning September 1st. A link to the application will be available on the poatri.org website; applications will also be available at the office. Applications are due at the ranch office no later than 5:00 pm on October 26, 2018. If you are interested in becoming a candidate and would like more information about the duties and responsibilities of being a Director, please call any of the current Directors whose names are listed on the poatri.org website. Information is also available on the poatri.org website under the Library tab.

Voting: Property owners may want to check to ensure their voting eligibility in the upcoming election: Is your correct address on file at the office? If you are a new property owner, have you notified property owner services? Are you current on all assessments?

When you receive your ballot, be sure to complete the ballot and mail it back to the address listed by the deadline. Ballots can only be received at the address printed on the ballot. Receipt at any other address will invalidate your ballot. If you have not received an official ballot from POATRI by the end of December, call or contact the ranch office.

Important Dates for Upcoming Director Election:

September 1, 2018: Applications Available and Applications Accepted

October 26, 2018: Director Applications Due 5:00 pm

November 27, 2018: Ballots and Voters' List Created

December 9, 2018: Deadline for Printer to Mail Ballots

January 25, 2019: Deadline to Receive Ballots 5:00 pm

January 26, 2019: New Directors Announced

Respectfully submitted,

Marilynn Anthenat, President



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MANAGER'S REPORT

2Q JULY 2018

Today's meeting marks two and half years since I was hired as Ranch Manager. Since that time, we have made historic leaps and bounds in increased revenue, bringing the supplemental side of the operation into the black. When I was first hired we had a total of 10 staff members, including myself. Since Jan. of 2016 we have sought out and employed some of the best skilled staff any company could hope for, bringing us to 25 employees. We have a new member on the road crew, Mike Gray, who is a property owner and comes to us from the Hill Country. Mike is highly experienced with big machinery and brings a lot to our team. We hope to hire another member to the crew this fall. In 2017 and 2018 we have spent \$80,000.00 on capital assets that came directly out of the operating revenues. This year we have purchased a new oven/stove, a new floor freezer, new refrigerators, and new air conditioning for the dining area and kitchen in the Café. We have also provided uniforms for all café and housekeeping staff. We completed the pool project by March 1st using operating revenue. We are now working on our last two room renovations, turning these rooms into handicap accessible rooms. The men's shower house has been completed. Each shower has new tile from ceiling to floor. As of June 30, 2018, we have a net income of \$309,000.00 of which \$109,000 is supplemental net revenue. Our statement of cash flow has increased from \$570,215.52 to \$940,912.12 as of the end of June 2018. This is a 65% increase over a two-and-a-half-year period. The cabins in the first six months of 2018 saw a 125% increase from the cabin revenue in the first six months of 2017. Our two largest revenue streams, cabins and assessments, have pulled us ahead of the budgeted revenues by \$226,000 during the first half of this year. The large growth in business has brought increased challenges and demands on the staff. There has been a huge learning curve for the office and the service staff, to keep up with the increase in business and rising expectations. The improvement of our staff is shown in the many online comments that we receive on sites such as Booking.com, TripAdvisor, Facebook, and Google. These websites are bringing major national and international exposure to Terlingua Ranch. We are currently the leading West Texas destination resort/ hotel according to Booking.com. Our staff continues to excel to meet the needs of these demands. If my staff or I can do anything to better our service, please come and speak with me directly. We earnestly want to make Terlingua Ranch Lodge the best POA resort in Texas.

Anita Goss

Ranch Manager



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COLLECTIONS REPORT

2nd Q July 2018

This year's collections project started in the second quarter. This year we decided to resend bills to accounts that were late in April/ May. This has brought our 2018 assessments ahead of schedule by 15% over last year. Currently we have collected 484,301.00 for assessments. Overall collections of assessments are up year over year as well. We also sent out volunteer letters to our exempt owners again this year. These numbers are down considerably from last year. I believe it is due to the lodge being profitable for the first time in its history. We may continue to see a decrease in donations.

During the 2nd quarter of our collections project, we sent out 190 demand letters, 189 new liens, and 50 lien releases. There are currently 63 active payment plans. We have collected just under 12,000.00 so far, and this number should increase the demand letters reach their destination and collection efforts continue.

Property Services will be sending out billing again at the end of August to help remind people that still have not made this year's payment.

As of this week, we have 5020-member accounts in total, with 626 of those accounts being exempt. Of those accounts, we have 2881-member accounts in good standing, and 2139 delinquent accounts that are not in good standing.

Anita Goss

Ranch Manager



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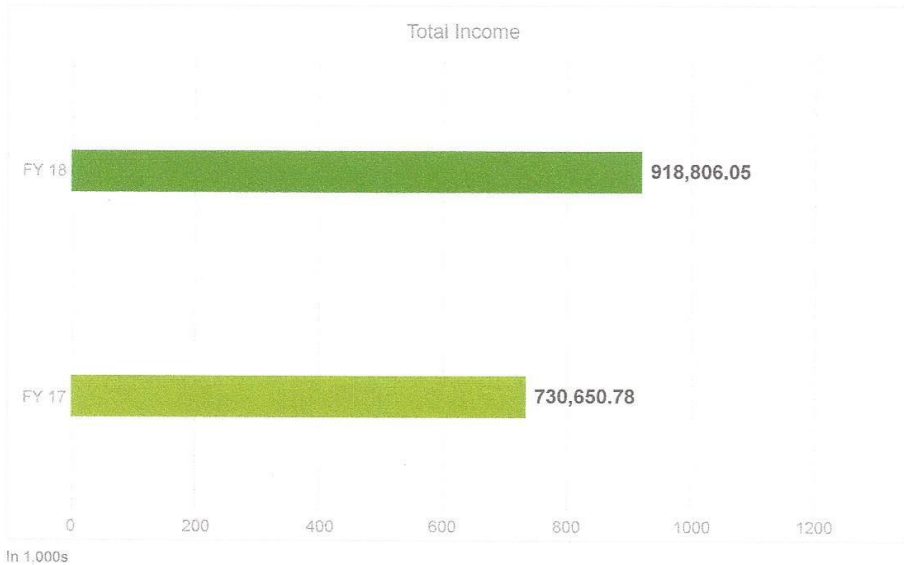
P.O.A.T.R.I./Terlingua Ranch

Monday, July 23 2018

Business Growth

Compared to Last Fiscal Year-to-Last Month

Accrual Basis



This Fiscal Year
(Jan 01, 2018 - Jun 30, 2018)

+25.8%

Business Growth

↑ 188,155.27

Good news! Your total income has grown compared to last fiscal year-to-last month.

Income

UNPAID

PAID



5,564.24
OPEN INVOICES

1,251.14
OVERDUE

7,467.79
PAID LAST 30 DAYS

Expenses

Apr 01, 2018 through Apr 20, 2018

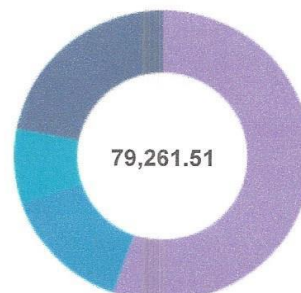
Accrual Basis

43,824.98
6000 - * PAYROLL EXPENSES

11,433.00
6130 - * INSURANCE

6,549.55
5000 - * COST OF GOODS SOLD

17,453.98
OTHER ACCOUNTS





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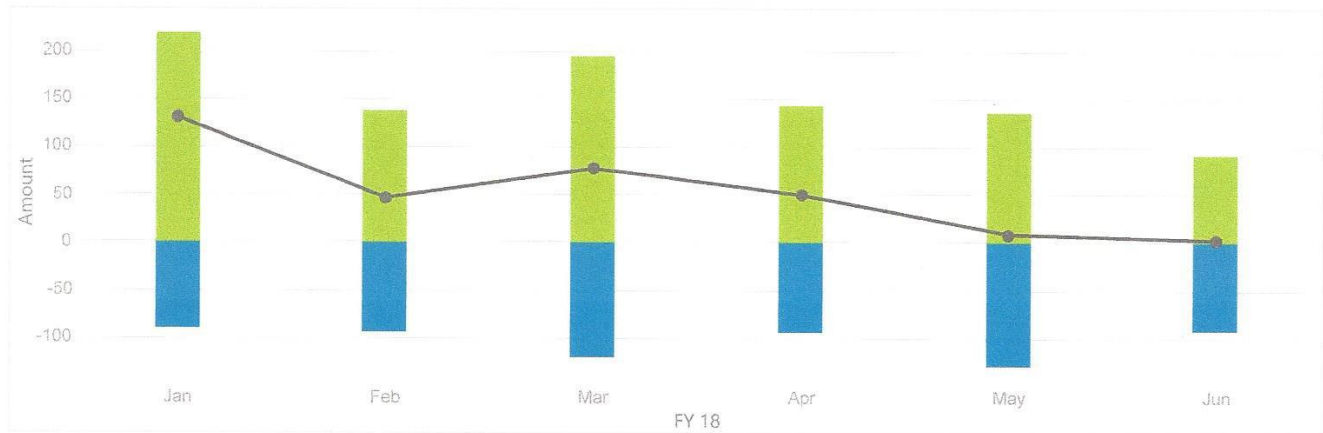
P.O.A.T.R.I./Terlingua Ranch

Monday, July 23 2018

Profit & Loss

Jan 01, 2018 through Jun 30, 2018

Accrual Basis



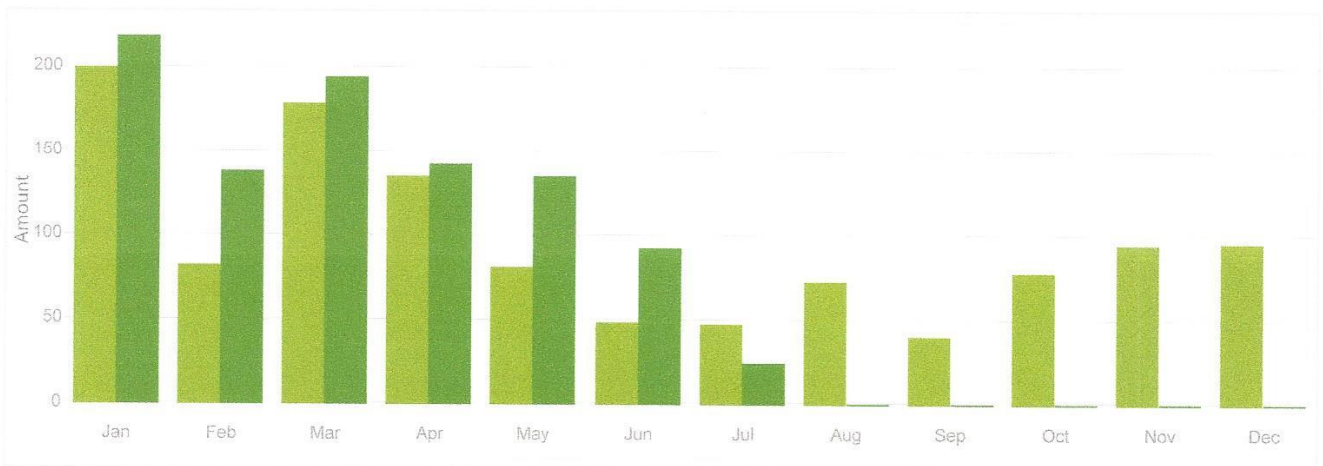
In 1,000s

308,521.98 **918,806.05** **610,284.07**
NET INCOME INCOME EXPENSES

Prev Year Income Comparison

All Accounts | Monthly Comparison

Accrual Basis



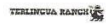
In 1,000s

FY 17 **FY 18**



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P.O.A.T.R.I./Terlingua Ranch

Monday, July 23 2018

Income and Expense Trend

Jan 01, 2018 through Jun 30, 2018

Accrual Basis



In 1,000s

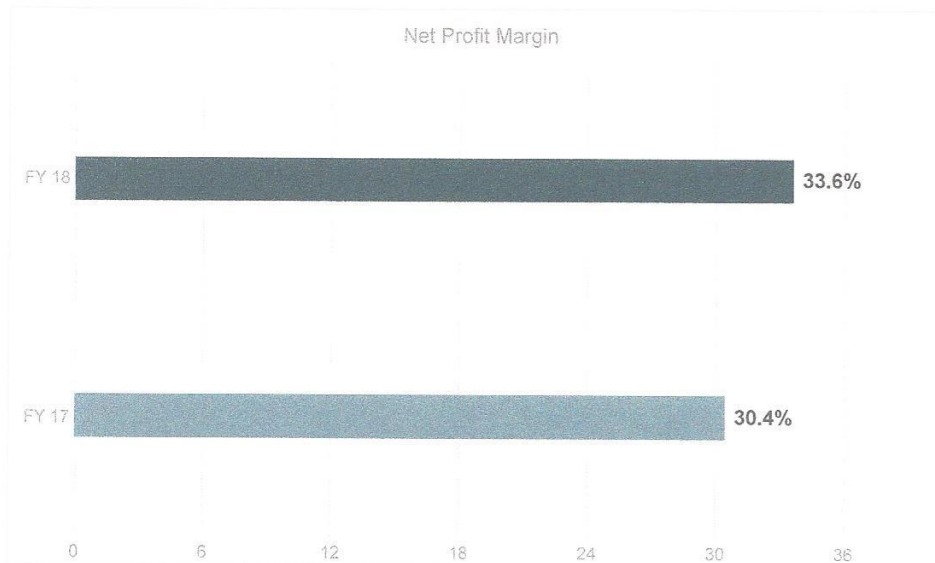
918,806.05
INCOME

610,284.07
EXPENSES

Net Profit Margin

Compared to Last Fiscal Year-to-Last Month

Accrual Basis



This Fiscal Year
(Jan 01, 2018 - Jun 30, 2018)

+33.6%

Net Profit Margin

↑ 3.2

percentage point(s)

Good news! Your net profit margin has grown compared to last fiscal year-to-last month.



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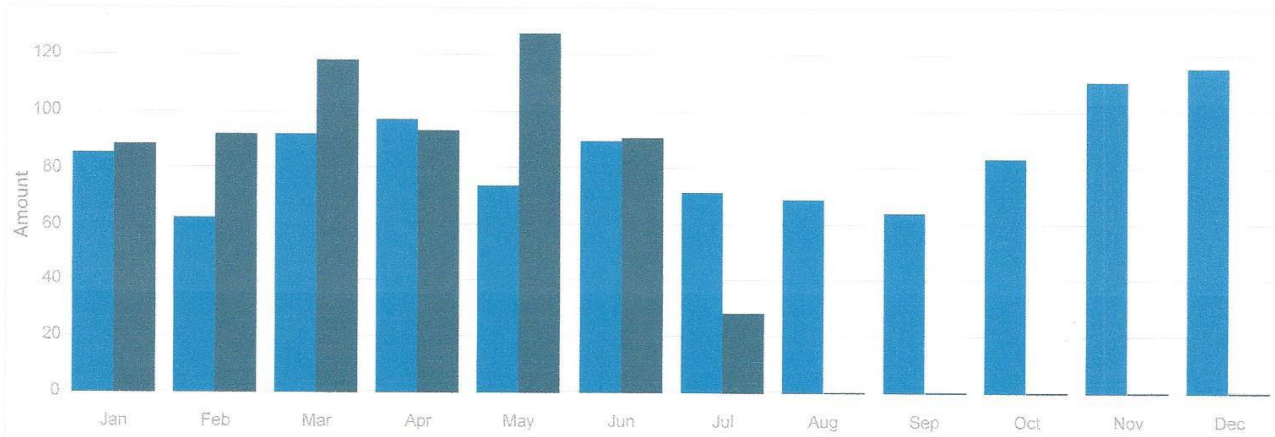
P.O.A.T.R.I./Terlingua Ranch

Monday, July 23 2018

Prev Year Expense Comparison

All Accounts | Monthly Comparison

Accrual Basis



In 1,000s

FY 17 FY 18