



BOARD OF DIRECTORS' QUARTERLY MEETING AGENDA
Saturday, April 25, 2020
Via Zoom Video Conferencing
Due to Stay in Place Order of
Brewster County Judge and Commissioners

This quarterly meeting was held via Zoom webinar video conferencing. Chris King shared how the meeting will function. This was the first of its kind quarterly meeting via Zoom. It is set up with the following panelists: the current directors, Jay Simons, Manager, and Ed Marcato of the Budget and Finance Committee. The property owners are attendees. Owners will be able to ask questions via the chat function and if they are not answered during the meeting, there will be the normal property owner participation at the end of the meeting.

10:00 AM Board of Directors Quarterly Meeting

The meeting was called to order by President Russell Bundy at 10:11 am, Saturday, April 25, 2020.

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

R Bradbury - P; R Bundy - P; P Green - P; C King - P; K Pothier - P; C Small - P; B Vogl - P

Acceptance of Minutes as Presented – Secretary Kathy Pothier

The minutes from the January quarterly meeting were sent to all directors and posted on poatri.org. Kathy Pothier moved to accept the January quarterly meeting minutes as presented. The second was by Russell Bundy. The minutes were accepted unanimously.

On March 23, 2020, the Board held an executive session zoom video conference meeting to discuss the financial and staffing issues created by the Brewster County mandate to close hotels, motels, and campgrounds. It was decided by consensus to continue to monitor these issues.

On March 30, 2020, the Board held an executive session zoom video conference meeting to continue to discuss financial and staffing issues. The board agreed by consensus to meet every two weeks to continue to monitor the issues. No other decisions were made.

On April 14, 2020, the board held an executive session zoom video conference meeting to monitor the COVID-19 constraints on our budget. Kathy Pothier moved, and Chris King seconded to adopt the revised, working budget as presented. The working budget will be posted on poatri.org. Record of voting - R Bradbury - Y; R Bundy - Y; P Green - Y; C King - Y; K Pothier - Y; C Small - A; B Vogl - Y

The board also passed the following resolution –

WHEREAS, Both Greg Abbot, Governor of the State of Texas and Eleazar Cano, Brewster County Judge have ordered residents to stay in place until April 30, 2020 due to the Covid-19 pandemic: and

WHEREAS, The POATRI Board of Directors meeting is scheduled for April 25, 2020; and

WHEREAS, The POATRI Bylaws state in Article 4.09 c Meetings of Directors, "...All meetings shall be held on or within 10 miles of the boundaries of Terlingua Ranch".

Therefore



BE IT HEREBY RESOLVED: to hold the POATRI Board of Directors quarterly meetings via Zoom Conference Call until the stay in place orders have been lifted.

This resolution amends replaces revokes adds
 Article _____ Section ____ of the
 By-laws Policy and Procedures Manual _____
 Article _____ Section _____

Effective Date: April 14, 2020

Motion By: Kathy Pothier

Second: Russell Bundy

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

Record of Voting:

R Bradbury - Y; R Bundy - Y; P Green - Y; C King - Y; K Pothier - Y; C Small - A; B Vogl - Y

President's Report by Russell Bundy – Thank everyone, especially staff and board of directors, for their determination to see this through. Thank you all for the extra work during this “bump in the road”. The items that have been on our agenda from 2019, such as the 5-year Strategic Plan and employee operations manual, will be carried forward. We will be meeting often to stay on top of the financial health of POATRI.

Treasurer's Report by Rick Bradbury is attached at the end of these minutes.

Manager's Report by Jay Simons – We have been operating as a “contained unit” meaning working on projects in the lodge area giving us an opportunity to work on some of these smaller projects. We have gotten a few road requests. We have gone out in the field and looked at these requests and are establishing a plan to address the requests making sure the equipment is ready to roll when the stay in place orders have been lifted. We are looking at another ranch sale day which we will set up when the regulations regarding assembly have been lifted. We have been working on a “best practices” for COVID-19 reopening plan and we are in the final stages organizing. The plan covers things like general health and safety precautions, visitor pledge, our request to visitors, employee safety, common areas, lodging, camping, café, events. For each of these areas, there will be general health and safety precautions. We will publish this plan when it is completed.

There was a question from a board member regarding the current water situation and the boil notice. It was a precautionary notice, following state guidelines. A water testing company is coming out May 7, 2020 to test designated wells for mineral content, contaminants, etc. After that meeting, we will have a list of all wells, level depth, water levels, and quality of water in each well. We will establish a flow chart based on this information.

Committee/Task Force Reports - Budget and Finance Committee. Rick Bradbury – Chair and members Bill Vogl, Ed Marcato, Chris King, and Russell Bundy.

Ed Marcato reported for the BFC. Due to the type of electronic meeting (via zoom) we were unable to hand out the financial reports however these reports will be posted on poatri.org. We put together a contingency plan with three different opening models and established a working budget. We will be meeting every two weeks to monitor the budget and will have monthly financials to review. Thank you to Ed for leading the BFC during this time. Ed reported that Jay started the PPP (paycheck protection plan) process. Kathy reported that the PPP loan



application was submitted on April 13, 2020 working with Kevin Farrer at West Texas National Bank. We received funding approval on Tuesday April 21, 2020 and the funds were deposited in our payroll account on April 23, 2020. The rules for converting the loan to a grant are a moving target. As long as it is spent on payroll and utilities (we have no mortgage or mortgage interest) we will be able to convert the load to a grant which does not have to be paid back. Interest will accrue during the first six months of the two-year loan period. At the end of the six months, we will have to start repayment of the loan if we have not used the funds appropriately. We currently have no doubts that we will use the funds appropriately and the load should be converted to a grant. The calculation for defining what amount may have to be repaid will be computed by the BFC. Having the board, manager and BFC meeting provides the opportunity to stay on top of the disbursement of funds and the government time to continue to define and clarify the loan to grant conversion terms. Ed reported we had a plan with significant income for the year but with the shuttering of the lodging facilities we are using the revised working budget. The PPP loan/grant helps but it does not solve all the problems due to lack of lodge income.

(during the meeting, the chat function was available to the attendees allowing owner attendees to ask questions)

NEW BUSINESS:

Number of Directors – there was considerable discussion regarding changing the number of directors from 9 directors to 7. We have historically not been able to fill all the seats at an election. Board comments included that 9 directors provides more robust representation for our varied ownership. We have a diverse community. The difficulty of not having seats filled is due to recruiting. Representation will be based on how owners vote. Having zoom meetings could help with recruiting directors. We may have more participation if we explore having more zoom meetings and lift the requirement to be present at the ranch for meetings. There used to be 16 members on the board, and it was unwieldy. We tend to lose sight of who is rolling off the board when and a “place” distinction will clear up the confusion. We will have 9 “places” with the name of the director and the year their corresponding term ends. (Example Place 1 – expires January 2021, Place 2 – 2021, Place 3 – 2021, Place 4 – 2022, etc.) No vote necessary, it is a board housekeeping issue. The issue of moving to more zoom meetings requires a change to the Bylaws. We can do a study of this over the next quarter. If we move to more zoom meetings, additional equipment would be required (a camera to zoom on the board) and we would broadcast like we are today. Two issues – how to include owners who cannot be present and possibly lift the restriction on the directors having to be present each quarter. Kathy, Chris and Russell will work together to look at the director presence issue and provide a resolution to the Bylaws at the July meeting.

(Chris was providing polls to the attendees during the meeting.)

Owner attendees were supportive of staying at 9 directors and some owners stated that they would like to run for the board. If anyone has questions regarding being a director, please feel free to contact any of the current board members. Committees are also an opportunity to become involved. There are currently 3 residential directors. The others live in Texas but are as much as 10 hours driving time away from Terlingua Ranch. We will work towards greater owner participation via live broadcasting for attendees.

Standard Officers – There was general discussion regarding the need for having the treasurer officer. We have a strong BFC. Do we really need the office of treasurer? We had trouble filling the position this year. Can we eliminate the position while still having a strong BFC? We need more discussion before action. More homework is necessary to look at all three governing documents and understand how each one interacts. This project is assigned to the BFC and Kathy to put together a report of all the financial functions and who does what and how the



Bylaws, P&P and Director Procedural Manual inform these functions. This report will be delivered to the at the July quarterly meeting workshop. The poll of attendees was in support of keeping the office of the Treasurer.

5-year Strategic Plan – not discussing today but will continue to work on the plan. Now is not the time to work on this due to the current events. We need to review the first couple of steps of the plan after we get through this current COVID-19 situation. Jay will provide input regarding infrastructure needs and employee housing to the strategic plan. We will add the infrastructure and employee housing plan within the strategic plan to the workshop session at the July quarterly meeting.

Outside Bookkeeping Firm – we need more homework regarding this issue. This is much more complex than first thought. We will table this discussion for now and allow Jay and the BFC to explore this issue and report back at the July quarterly meeting.

Other New Business

Is Terlingua Ranch a public water system? There was general discussion with the board and attendees. One board member shared that the impression was that the lodge operation is a public water supply, but the non-potable is not considered a public water supply. Jay stated that his research has confirmed this impression. The Brewster County Groundwater District has a different definition and one board member thinks we do not meet their requirements for a public water supply. No clear understanding that if this is true, then what was the reasoning for TCEQ to require the permitting of the Smith well. Jay is looking at TCEQ requirements for non-potable water. Ranch staff has a regular water system meeting each week. We currently have no Class C water operator to sign off on the required monthly water testing. We are still in process obtaining a full picture of what is required. Not having a closed loop system, we may continue to have issues. We may need to start looking at other places to drop another well to support the increased residential owner use. Lack of water could shut us down faster than COVID-19. Jay will continue his research with TCEQ and our water system. We have a total of 6 wells. We had previously contracted with Jacob Martin Engineering company and Derek Turner, engineer. Brewster County Groundwater District is available to come out and monitor our wells. A water task force was established by the President. Jay, Rick, Guy Hopkins and Larry Sunderland are now members of this water task force with Rick as the chair of the task force. Commissioner Sarah Colando is available for assistance by email if needed. Rick will communicate with the board when this task force meets.

Definition of a Task Force. We have 4 standing committees. The president has the authority to assign task forces. A Task Force has a specific purpose and would be disbanded when the project is completed. What is the scope of the task force? The task force's first task will be to define their mission statement and purpose and distribute to board. Suggestions from attendees regarding water conservation were timers on showers, pay showers, etc. During spring break, we had a tremendous increase in outside (outside the lodge operations) water usage on the water system. There are still conservation measures in place. There is no unlimited water purchase.

Terlingua 50th Anniversary Task Force. The former manager was the driver of this celebration. If we want to continue this planning, a coordinator is needed. Kathy, Carolyn, Barbara Trammell and Anita Goss were the nucleus of the celebration planning committee. Pam Gordon and Missy Walker had been contacted to participate in the planning. We will postpone this celebration until further notice dependent on the status of lodge reopening and what phases will be allowed in the reopening.

Attendees questions from the chat on Zoom.



1. Current laundry room hours are not conducive for owners to use during cooler hours. Laundry facilities will now be open at 8am and shutting down at 10pm.
2. Any possibility of expanding the laundry facilities. Jay has done research on trailers that have laundry facility set up with 8 machines that is self-contained. Looking at both renting and purchasing these units. This can be part of the long-term plan.

The hours of operation for each of the aspects of the lodge operation need to be posted on the facebook pages for the lodge, café and poatri.org. Next quarter we will be launching a change in vendors for the websites in order to communicate more effectively with our owners. On facebook we have three sites – Terlingua Ranch lodge, Bad Rabbit Café and POATRI. We have two websites – Terlingua Ranch Lodge and POATRI.org.

3. Where are we on hiring an outside CPA for the ranch. We have talked about this for more than a year. This will be part of the strategic plan and outsourcing these tasks as well as working with the BFC.
4. Road signs that intersect the ranch road. This has been discussed previously. The reality is that the property is owned by individuals and we cannot just go out and place signs at will. Some owners have provided signs on their own.
5. Why is the road crew not out working on the roads at this time? Based on the interpretation of definition of “essential service” based on Judge Cano’s order. If owners are unable to get to their property, it could be defined as an essential service. These properties are being looked at and a plan developed. Trying to balance what the Judge has in place. Is what our road crew does part of the construction industry as that industry is still working. There are budgetary considerations to be aware of during this shutdown and we are monitoring this. Yes, assessments are for road work and we need to know where we are to date regarding assessment collections. Last year the assessment side of the business lost \$144,000 which was covered by the lodge operations. We spend more than we take in on the assessment side. We were over budget on collections in the first quarter and are running under budget on assessment collection for April.
6. When is the pool going to open? It is dependent on when we can open again. We have identified four areas of focus – Interior of the Café, Exterior of the Café (porch and Patio) and the pavilion outside the pool and the pool itself and how do we maintain social distancing.
7. Road usage fee for tourists? It may be encouraging tourists to travel on our roads, and some are not willing to go that route.

There were no resolutions requiring a vote.

Motion to adjourn by Chris King, second by Kathy Pothier. Unanimous vote to adjourn.

The meeting was adjourned at 1:15pm.

Respectfully submitted,

Kathy Pothier, Secretary



Treasurer's Report

The coronavirus did impact POATRI's operation and revenue in the first quarter as it caused us to shut down the lodge operation in the middle of the second week of spring break. However, we still did pretty well and here is a brief summary of our financial performance for the first quarter:

- POATRI's Net Income for our entire operation was \$214,570, and in spite of the shutdown this was only \$4,000 less than our Net Income in 2019.
- Our Assessment collections were \$340,316, and this is \$24,000 more that we collected in Q1 of 2019.
- As a result of the impact of the shutdown we did not make any significant Capital Expenditures in Q1.
- At the end of March our Cash Balance for Operations was \$283,655, and we have not touched our Contingency Fund balance of \$209,000, or our Capital Reserve Fund of \$152,000.
- As a result of the shutdown we have revised our budget for the year and created a contingency plan with a Monthly Cash Flow projection, and a plan to reopen Lodge Operations when the shutdown is lifted.
- We responded to the government Payroll Protection Plan, we got our application in before they ran out of the first round of funding, and we have received a loan amount \$144,000 this past Thursday. And, we will follow the rules of the program so that all or most of the loan will not have to be paid back.
- At this point we have not laid off any of our staff or implemented major cost cutting programs. These current plans may change by fall depending on when the restrictions are lifted and what the recovery rate is for the lodge operation.
- The Board and Operations are meeting every two weeks to monitor the status of restrictions, the status of our cash flow, and when the lodge opens, the recovery rate of our lodge business. And, we are prepared to make the necessary decisions to keep POATRI financially sound, and able to provide services to our property owners.

If you have questions, we will address them during the Budget & Finance Committee discussion