



BOARD OF DIRECTORS' QUARTERLY MEETING

SATURDAY, OCTOBER 30, 2021

Call to Order: by President Chris King at 10:00 am

Roll Call and Certification of Board Members: by acting Secretary Jim Spofford (P-Present; A- Absent)

Rick Bradbury-P__, Russell Bundy -P__, Phillip Green-P__, Chris King-P__, Ed Mercato-P__, Jim Spofford-P__, Larry Sunderland-P__, Bill Vogl-P__

We have a quorum.

Invitation for Public Service Announcements:

Acceptance of Minutes: The minutes for the July 2021 Quarterly meeting were e-mailed to all directors and posted on POATRI.org. Russell Bundy moved the minutes be accepted as emailed. Second by Rick Bradbury. The minutes were accepted.

PRESIDENT'S REPORT by Chris King attached at the end of these minutes.

Treasurer Report by Ed Marcato attached at the end of these minutes.

Manager Report by Keven Brinneman as follows:

- We have had a challenging summer due to rain, COVID, higher inflation.
- Supplemental Income seems to be slowing, and it is difficult to improve the infrastructure.
- The Water Committee is helping, and we have a better understanding of the current water infrastructure and its weaknesses. We have a lot of unknowns such as recharge zones and flow rates.
- Lightning hit the lower RV sites, pool pump, and pool well pump. New pumps to arrive next week.
- We are working with Jacob & Martin to comply with TCEQ. Patching is not an option.
- Roads: Always a challenge. Smaller equipment for quick and simple repairs would alleviate the cost of movement of the big equipment. Rain and conditions in Cedar Springs were quite challenging this year.

- TABC: Issue with the their new online system. We were ultimately able to get this squared away.
- This year's elections are coming up and we need to get the ballots out.
- Challenges: Need to better communicate with property owners. Need to communicate all the good things we are doing.

Budget and Finance Committee: Ed Marcato reported –

The BFC continues a monthly review of our financial performance and cash flow projection for the year, and developed a further update to the projected 2022 budget first presented at the July meeting. The BFC recommends further updates based on November performance, and for the BoD to adopt the final version in mid-December.

Communications Committee: Bill Vogl provided an update.

Water Committee: by Larry Sunderland is attached at the end of these minutes.

3-Mile Task Force: No report provided.

OLD BUSINESS: The following three resolution were passed:

A resolution was passed to update paragraph (f) in Article 4.01 in the Duties of Directors in the Bylaws as follows:

...the Board shall adjust the assessment for the coming year by adding to the previous year's assessment an amount equal to the annual CPI increase.

Vote:

Russell Bundy Y Ed Marcato Y, Jim Spofford Y, Chris King Y, Bill Vogl Y,
Larry Sunderland Y, Rick Bradbury Y, Phillip Green Y.

A resolution was passed to increase the annual assessment by 5.756%, which equals \$10.53 to \$193.40, based on the change in the CPI from September of 2020 to August of 2021.

Vote:

Russell Bundy Y Ed Marcato Y, Jim Spofford Y, Chris King Y, Bill Vogl Y,
Larry Sunderland Y, Rick Bradbury Y, Phillip Green Y.

A resolution was passed to update paragraph 2 of the Water Committee's purpose and responsibilities to include research and direction for a water management plan, education to property owners, water conservation, and to establish a web site for property owners on all these and other water related topics.

Vote:

Russell Bundy Y Ed Marcato Y, Jim Spofford Y, Chris King Y, Bill Vogl Y,
Larry Sunderland Y, Rick Bradbury Y, Phillip Green

NEW BUSINESS:

The board conducted the Board of Directors Candidate drawing for position on the ballot.

Other Business:

Adjournment:

Chris King moved to adjourn. Second by Rick Bradbury.

Meeting adjourned by unanimous vote.

Respectfully submitted,

Jim Spofford

Acting Secretary

Q3 2021 Present's Report – Chris King

I want to start by thanking the employees of Terlingua Ranch. Without you, the roads, the lodge, the water, and any other service we provide would not be possible.

I want to take a moment to recognize the tireless contribution of the Board of Directors and volunteers. So much of your work is behind the scenes and not always visible to the community.

For the last three months the BODs have met weekly to research, gather information, analyze, and formulate new Employee Housing services and policy. The challenge, determine if:

- 1) Continuing to offer employee housing is necessary to attract potential new employees
- 2) Employee housing is a value-added service for the business
- 3) Is it possible to recruit talented new employees to meet POATRI needs

While there are risks involved with continuing to offer employee housing, the BODs felt employee housing is a value-added service, and would provide the business flexibility to attract and recruit both seasonal and long-term employees. Determining the right mix of employee housing services proved to be the most challenging. When factoring in location, infrastructure, capital needed; along with safety, insurability, and type of employee we're seeking to attract, the BODs determined that we would approach employee housing in two phases.

Phase 1 employee housing will consist of constructing 6 travel trailer covers with full electrical, water and sewer hook-ups. Travel trailer covers are the most economical and least risky option for the business to move forward on. Employees opting to utilize employee housing will provide their own travel trailer and must agree to POATRI's new employee housing rates and policies. The BODs are currently seeking bids from local contractors to construct the structures.

Phase 2 employee housing will consist of adding permanent housing structures. The team is in the process of evaluating what type of structure would be the best option for Terlingua Ranch, cost, and other business-related factors. More information to follow in the coming weeks.

Water Committee:

The Water Committee, led by Larry Sunderland has spent countless hours/days researching ranch water issues, State and Federal law and studied conservation best practices used in desert communities. Larry's energy supporting Keven and educating the board will lead us down the path of enhancing our water services and building a solid foundation for water conservation here at the ranch. To date Larry has solicited interest from over 35 property owners that have expressed interest in volunteering. If you have an interest in helping preserve this precious resource, please reach out to Larry.

Communications Committee:

The Communications committee is led by Bill Vogl and Rick Bradbury. The committee's primary focus is on increasing property owner communication via the newsletter and social media. The committee with volunteers Dale Weis and Hayley from Property Services resurrected our email Newsletter last quarter.

The committee is continuing to seek volunteers. If interested, please reach out to Bill or Rick to get involved!

Budget & Finance Committee:

The BFC, under the leadership of Ed Marcato, is our most active committee, and for a good reason. Everything that goes on at the ranch involves the budget in one way or another. The BFC is a collaboration conduit between the board and the operations of the ranch. I want to thank the BFC for their continued hard work delivering consistent support to both the BOD and Terlingua Ranch.

- The BFC has reviewed POATRI's financial statements and accounting processes for each month in 2021. The committee released 3rd quarter financial statements to our Board of Directors and Property Owners posted on the POATRI website for the quarterly meetings.
- In Q2 and Q3, the BFC analyzed projected income and expenses for 2021 and began developing the budget for 2022. The BODs will review and vote on the 2022 in early December.

3-Mile Task Force:

This task force has worked tirelessly talking to property owners, sending letters, making phone calls, and sharing the vision of completing pavement on the last 3-miles of Terlingua Ranch Rd. It is a tough job that involves having complicated conversations at times. To date:

22 easements and petitions have been sent out

11 easements have been signed and returned to the Ranch Office, recorded in actual property records of Brewster County

5 owners - Task Force has received no response or has no way of reaching

4 owners so far have declined to sign

2 owners – have committed to sign; working on getting signed docs

If you are interested in helping support this Task Force, please reach out to Nancy, Dale, or myself.

POATRI Board Meeting 2021 Q3

Treasurer's Report – October 31, 2021

Ed Marcato

Treasurer

Let me begin with a brief reminder that we post the Year-to-Date Financial reports to the POATRI web site several days before each meeting.

Q3 was a transition period. For the first 6 months of the year we saw stronger than usual revenues, due to the continuing COVID situation. From the Lodge perspective, it appears folks who traveled thought it was safer to travel to a remote location. As the danger from the virus appears to be diminishing, our revenue has moved back toward more normal revenue numbers for the Ranch. And this applies to both assessment collections and Lodge related revenue.

Here is a summary of our financial condition for 2021 as of October 31st:

- Assessment collections, which were above budget for Jan. to March, dropped below budget in April through June, however we started to make our budget numbers starting in July. We believe this is due to the efforts of our property owners' services staff, Haley and Melissa, who have been making a significant effort to update addresses in TRIPOD, and make sure that all accounts are invoiced. As of the third quarter we have collected \$588K against a budget of \$531K, and we are 11% above budget.
- The Lodge operations revenue for the first three quarters is ahead of budget, totaling \$822K vs a budget of \$750K. However, with the decreasing revenue trend that we are seeing, we expect Lodge revenue to be just slightly below budget at year end.
- Expense were \$43K higher than budget, mostly related to the increase in Lodge business, with actual expenses being \$1,041K vs a budget of \$998K.
- Net Ordinary Income at the end of Q3 is \$199K vs a budget of \$160K.
- On the P&L by Class report you can see that we have a deficit of \$31K for the Property Owner side of business, and a \$232K net profit on the Lodge side.
- Our Operations Cash balance at the end of Sept. is \$469K. Our Capital Reserve Fund remains at \$152K, and our Contingency Fund at \$209K.
- We have made no significant Capital Expenditures so far this year, but, will review expenditures for possible projects during last quarter of the year.
- Our 2020 tax return has been completed and submitted by Pace & Associates of Alpine. We have made an effort to hire a firm to perform our annual audit or financial review, and so far the firms we have spoken with have turned us down saying they cannot take on any more clients. We are continuing to search for a CPA firm to perform this service.

That concludes our Q3 Treasurer's report.

Water committee Report
Oct. 30,2021
By Larry Sunderland

This last quarter activities:

- With input from Jerry Schaffer we together updated the Water Maintenance Manual.
- Being a public water supply we have huge liabilities and need an amazing amount of documentation to show we are in compliance with all the regulations. Jerry does the input and keeps the files up to date for us. I have been up at headquarters at 7 a.m. a few times now to run the daily route he travels at that time each day before he goes and does all the other amazing work he does with his team. I can't run the route yet by myself, but I intend to get there.
- We have a new website which is designed to be an informational and educational web site for property owners on all topics related to the water and the environment of Terlingua Ranch. www.poatriinthedesert.com. We will be constantly uploading updates on news, projects, listing volunteering opportunities, adding useful links, and creating Water Committee t shirts and other merchandize to sell. The profits will be deposited in the Water System Fund and merged with the 5% set aside from our lodging revenue which is dedicated for our infrastructure improvements.
- Once we have the Jacob - Martin water system engineering plan we will be able to estimate the costs, prioritize the various elements, and move forward with its implementation.

- I have more than 2 dozen people who I have added to my email contact list who have offered to help in one way or the other. They and anyone else who contacts me will be added to the lists of those that I will reach out to for various tasks and projects. People often ask what does volunteering entail, what am I expected to do, how much time does it take, how many times do we have to meet?
- My answer is we don't meet, We are a committee of action. We will not be sitting around talking about what needs to be done. We will have projects, research, and tasks that we work on individually or in small groups. You are not going to be inundated with emails and chatter about projects that you are not involved in. You get to write your own job description you let me what that is and when we have tasks that match up with your preferences then I will ask if you are available to help.

Next steps:

I will be reaching out through the website and to those that have contacted me.

Before we get deep into our winter season, we want to have information posted in the cabins, headquarters, the shower house, and restaurant that talk about our conservation of water. We want to educate our visitors and reduce our water use.

We are receiving trees for our community park. We need to design the layout and prepare the land to receive them. Thinking Arbor Day 2022 weekend would be an appropriate time to

gather, work, and celebrate. so I am working on putting the advance team together.

Workforce housing has been a big focus this last quarter for the whole board. The location, design, and construction of the units, how we integrate them into the landscape. We are exploring many options.

What we know is material costs are out of sight and not always available. Labor is the other large component and contractors are being hammered with rising costs as well and of course they have to pass those costs on to us.

I am going to meet with Jim Hallock of earthblock international on Tuesday in Fredericksburg. Consult with him on using stabilized earth blocks. I am taking him some dirt samples from the lodge area and have him make some blocks and test them. Then visit with Advanced Earthen Construction Technologies, in **San Antonio**, Texas manufacturers of Earth block machines. Just imagine if we get a machine, use our dirt and have Jim work with the community to build a housing unit. Now we have the ability to drastically reduce the major costs of building, we have tooling available to the community, we gain expertise and proficiency, create a knowledgeable workforce and as entrepreneurial as folks are out here, I am betting we will see a lot of folks embracing this technology and creating businesses around it. I will post on the website my findings.



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

RESOLUTION BY THE BOARD OF DIRECTORS

Discussion: WHEREAS,

Paragraph (f) in Article 4.01, Duties of Directors in the Bylaws, shall be updated to reflect the calculation of the annual change in the CPI, used to establish the increase in the annual assessment.

Therefore;

BE IT HEREBY RESOLVED:

Paragraph (f) shall be replaced with the following paragraph:

Direct the Treasurer in October of each year to review the CPI change from September of the previous year through August of the current year, of the United States Department of Labor, Bureau of Statistics, All Urban Consumers (South Urban) Consumer Price Index (CPI) on which the CPI in Section I of the Maintenance Agreement (approved July 23, 2005), is based. Upon this annual review, the Board shall adjust the assessment for the coming year by adding to that assessment an amount equal to the annual CPI increase. Only upon certification from the Treasurer of the Board of Directors that a budgetary surplus has been forecast for the upcoming year, the Board of Directors may waive the annual CPI increase or adjust the assessment by some amount less than the annual CPI increase.

This resolution ☐ amends ☒ replaces ☐ revokes ☐ adds

☒ Article 4 ☒ Section 4.01 (f) of the ☐ By-laws

☐ Policy and Procedures Manual ☐ _____

☐ Article _____ ☐ Section _____

Effective Date: October 30 2021

Motion By: ED MARCATO

Second: RUSSEL BUNDY

Ayes: _____ Nays: _____ Abstain: _____ Absent: _____

Record of Voting:

R Bradbury - ☒; R Bundy - ☒; P Green - ☒; C King - ☒; E Marcato - ☒;

J Spofford - ☒; L Sunderland - ☒; B Vogl - ☒

E Marcato
Treasurer



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

RESOLUTION BY THE BOARD OF DIRECTORS

Discussion: WHEREAS,

Per the Bylaws, Article 4.01, Duties of Directors, pp f, the Treasurer shall review, in October of each year, the change in the annual CPI from September to August in the US Department of Labor, Bureau of Statistics, All Urban Consumer Price Index, and, upon this review the Board shall adjust the assessment for the coming year by adding to the assessment for the coming year an amount equal to the change in the CPI.

Therefore;

BE IT HEREBY RESOLVED:

Based on a change in the CPI from September of 2020 to August of 2021 of 5.756%, The Board increases the annual assessment for 2022 by \$10.53 to \$193.40.

This resolution ☐ amends ☐ replaces ☐ revokes ☒ adds

☐ Article _____ ☐ Section _____ of the ☒ Board of Directors Procedural Manual

This resolution ☐ amends ☐ replaces ☐ revokes ☐ adds

☐ Article _____ ☐ Section _____ of the ☐ By-laws

☐ Policy and Procedures Manual ☐ _____

☐ Article _____ ☐ Section _____

Effective Date: October 30, 2021

Motion By: ED MARCATO

Second: RUSSEL BUNDY

Ayes: _____ Nays: _____ Abstain: _____ Absent: _____

Record of Voting:

R Bradbury - Y; R Bundy - Y; P Green - Y; C King - Y; E Marcato - Y;

J Spofford - Y; L Sunderland - Y; B Vogl - Y

E Marcato
Treasurer



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

RESOLUTION BY THE BOARD OF DIRECTORS

Discussion: WHEREAS,

The POATRI Board of Directors has added the Water Committee as a standing committee.

Therefore;

BE IT HEREBY RESOLVED:

Paragraph 2 which defines the purpose of the water committee, in the board procedural manual, is to be replaced in its entirety by the following paragraph.

The purpose of the Water Committee is to provide both research and direction for a water

management plan for Terlingua Ranch, and to provide education to property owners with regard

to water sources, usage, and conservation by establishing and maintaining an informational and

educational web site for property owners on all topics related to the water, and the environment

of Terlingua Ranch.

This resolution ☒ amends ☐ replaces ☐ revokes ☐ adds

☐ Article _____ ☐ Section _____ of the ☒ Board of Directors Procedural Manual

This resolution ☐ amends ☐ replaces ☐ revokes ☐ adds

☐ Article _____ ☐ Section _____ of the ☐ By-laws

☐ Policy and Procedures Manual ☐ _____

☐ Article _____ ☐ Section _____

Effective Date: Oct. 30, 2021

Motion By: RUSSEL BUNDY

Second: RICK BRADBURY

Ayes: _____ Nays: _____ Abstain: _____ Absent: _____

Record of Voting:

R Bradbury - Y; R Bundy - Y; P Green - Y; C King - Y; E Marcato - Y;

J Spofford - Y; L Sunderland - Y; B Vogl - Y

E Marcato
Treasurer