
POATRI BOD April 2022 Meeting Minutes

Call to order

The Quarterly Board of Directors meeting was called to order at 10:04am, Saturday, April 30, 2022.

Roll Call and Certification of Board Members by the Secretary (P = Present and A = Absent) Jim Spofford – P; Larry Sunderland – P; Ed Marcato – P; Brad Anthenat – P; Bill Vogl – P; Russell Bundy – A; Barbara Levedahl – A.

Announcements

Invitation for Public Service Announcements –none.

Approval of minutes

Acceptance of Minutes as Presented – Brad Anthenat Secretary. Minutes for the January 2022 quarterly meeting were emailed to the board. E Marcato moved and L Sunderland seconded the approval of the minutes as emailed. The minutes were approved with J Spofford, L Sunderland, E Marcato and B Anthenat voting Yes, B Vogl abstained. R Bundy and B Levedahl absent.

Reports

The full President's report by Jim Spofford is attached at the end of these minutes.

The full Treasurer's report by Ed Marcato is attached at the end of these minutes.

The Ranch Manager's report was covered by Jim Spofford in the President's report.

Committee/Task Force Reports

Budget and Finance Committee – Currently is continuing monthly meetings and reviews.

Communications Committee: Brad reported that Melissa Marinez and Haley DeArman already had the Q1 Newsletter written and ready to be emailed. The committee is encouraging all property owners to provide their email address to property owner services. This will allow the newsletter to be emailed and not physically mailed to property owners. The expense of physically emailing the newsletter to property owners has increased significantly. Larry installed a new bulletin board near the café and these boards are being updated by Melissa and Haley. Brad also requested that if any property owners have any ideas or suggestions on how to improve communications to please contact him with any suggestions.

The full Water Committee report by Larry Sunderland is attached at the end of these minutes.

Manager Search update: A task force was formed with Ed Marcato and Barbara Levedahl co-chairing the manager search. Bill Vogl and Brad Anthenat are also on the committee. They will provide weekly updates to the rest of the board on their progress starting two weeks from the board meeting.

Dark Sky task force – Barbara Levedahl. Stephen Hummel from McDonald Observatory met with Jim at the lodge. Stephen identified several areas where the lodge could improve lighting and be more

compliant with the Dark Skies initiative. We can improve by looking at different landscaping lights, different lights at the office, lights at the stairs to the Bad Rabbit Café, street lights, and side lights by the café.

Resolutions

None

Property Owner Speakers

Each speaker is limited to 3 minutes. Sign-up in advance.

Morris Gilmore – property owner and local contractor. Concerns about the cost of the new RV shade covers and the bidding process. Would like to see the bidding process be more open.

Charlie Watkins – happy to see the board looking into water issues. He would like to see more employees hired for the café. Also brought up concerns about tracts being broken down into smaller and smaller pieces. Linda Shank mentions that this may not be allowed under Colonia legislation.

Bill Brown – Suggested that POATRI should consider having a different board member as acting ranch manager every quarter.

Marilynn Anthenat – Had several questions about financials. She is glad to see a task force formed to hire a ranch manager. She also suggested that the position be posted on indeed.com.

Linda Shank – Suggested that the board look into retired city managers as possible candidates for the ranch manager position. She also made a suggestion to Ed that there should be no negatives on the Balance Sheet.

Judy Eron – wanted to thank the board of directors for their time and input.

Rossi English – Water concerns. She believes that messaging is very important. The message to visitors should be to conserve water. We live in a very fragile and delicate ecosystem. Wanted to make sure that non-property owners are not allowed to buy water from the ranch. Suggested that members not in good standing should pay more for water than members in good standing.

Adjournment

Larry Sunderland moved, and Ed Marcato seconded to adjourn. All directors present were in favor. The meeting adjourned at 12:17 pm.

Respectfully submitted,
Brad Anthenat
Secretary
POATRI Board of Directors

President's Report April 30, 2022 – Presented at the Q1 POATRI Board Meeting

We have had many good things happen during the first quarter of this year. We've also had some disappointments and frustrations. Nevertheless, there are still several opportunities in front of us.

Good things have come in big and small packages. Our guests staying with us during spring break were terrific this year – lots of fun and little to no drama.

Another really good thing has been all the volunteers who have pitched in to help us during this time. Here are just a few -- and my apologies to those I have missed.

Seth and Laura own property up in Cedar Springs. They also own and run a successful BBQ restaurant in Oregon. When they discovered the situation we were facing with the Cafe, they rolled up their sleeves and jumped in with both feet. They even extended their stay here several weeks to ensure we were in good shape.

Tina brings her grandkids to the lodge each month to teach them the value of community service. They are adorable and work diligently cleaning and straightening the area around the Lodge.

Mark and Linda Lu are frequent visitors to Terlingua Ranch. Thanks to their interest in geology and the desire to become owners here, Mark has been using his professional mapping skills to build us a new POATRI map of the area.

Many other friends and neighbors in our community -- including Kim, Marilyn, Michelle, Carol, and others -- have worked shifts or volunteered to work shifts in the Café.

Even our Board Members have pitched in extra time to help deal with management issues. Help ranged from analyzing tax and insurance matters to building new doors for our storage areas and a new serving counter for the bunkhouse. Brad has even started to get a handle on all of our digital assets – a huge effort.

One last volunteer group I want to call out is all the exempt property owners who have “pitched in” during the first quarter. Voluntary donations, so far this year, are several times what we received for the entirety of the previous year. Thank you all! We promise to be good stewards of your funds.

I greatly appreciate all those who have helped out in both big and small ways. Your attitude and support go much further than you realize.

We have made good progress on several projects. Efforts to reduce the number of loose dogs and clean up the area around our shops and the employee RV area have gone well. We reclaimed the small walk-in cooler next to the deer locker using a Cool-Bot and window AC unit that cost less than the price of a service call on the old 52-amp unit. The new setup runs on less than 8 amps and has provided much needed cold storage for the Cafe.

I don't have enough space to cover all the other projects we worked on this quarter. These projects included our larger capital projects (employee RV shade structures, new septic systems, and several attempts to get washing machines delivered, and others) along with many mid-sized, operations-funded efforts. The updates for these and other projects can be heard on the recording of our quarterly board meeting from April 30th. You can find the link to this meeting on the POATRI webpage or POATRI Facebook page. The passcode is 123a\$456

I encourage you to listen.

Thank you,

Jim Spofford

Treasurer's Report April 30, 2022 – Presented at the Q1 POATRI Board Meeting

Ed Marcato, Treasurer

Update on Taxes, Annual Audits, and Payroll Tax Audit:

- Our 2021 taxes, being done by Pace & Associates, are scheduled to be done in June.
- We have hired a new Audit Firm, Lauterback Borschow, with offices in El Paso, who will perform Financial Reviews for 2019 and 20, which our previous auditor failed to do, and they will perform a full audit for 2021.
- We had a Payroll Tax Audit by the IRS over this last year, that showed we made some late tax payment and failed to file some payroll tax reports back in 2015, 2016, and 2017. The IRS initially wanted to charge us \$175,000, but we finally settled for a charge of \$10,300.

Now for a review of our Financial Performance:

We are starting off 2022 on a positive note with all our Income categories being somewhat above budget, and our expenses a little bit over budget.

Here is a brief summary of our Income performance for the first quarter:

- Assessment collections are \$456,380, which is \$16,000 more than budgeted. We are over budget both in current year assessments, and in older past due assessments.
- Cabin Income is \$216,176, which is \$38,000 more than budget.
- Café Income is \$99,907, \$9000 more than budget, and Cost of Goods Sold for the Café was \$7000 less than budget.
- RV Income and Retail Sales were also better than budget by \$6500 and \$6800 respectively.
- Overall, our Gross Profit of \$773,816 was \$84000 above what we budgeted.

Expenses are recorded as 417,103 which is \$113,000 over budget. However, \$78,000 of this resulted in three payroll periods that occurred in March that are budgeted for April, and, for insurance payments made in March that are also budgeted for April. When the expense budget is adjusted for these items, the actual expense over budget is \$35,000. And this consists of:

- \$9000 for materials to rebuild the Café counter and widen door frames for the new refrigerator, which was done while the Café was closed for part of January due to staff COVID illnesses.
- The IRS Payroll Tax Audit, described earlier, resulted in a charge of \$10,300.
- The remaining overage of about \$15,000 is spread across several of our normal operating expense categories.

The bottom line is we have a Gross Profit better than budget by \$84,000, and expenses over budget by \$35,000 for Q1.

Water Committee Report April 30, 2022 – Presented at the Q1 POATRI Board Meeting

Larry Sunderland – Water Committee

Update on TCEQ certification for Smith Well.

We are continuing to gather water pressure data for TCEQ on our potable water system lines. A monitor was placed in our water distribution lines on April 1 and will be removed on June 1. Jacob and Martin, our engineering firm, will analyze the data and then TCEQ will make a determination on allowing us to continue operating with our current exception. Once we have satisfied TCEQ that our system is functional they will allow us to continue operation with the exception. We will still need to work towards increasing the line size of parts of our water delivery system and bring another well online to address our non-compliance with our well flow and our number of connections. (TCEQ requires .6 GPM of flow per connection. Their formula puts our Smith Well at 25 connections and we currently have 64.)

Update on capital improvements expenditure

We authorized the expenditure of \$190,000 for capital improvement projects. (Water Supply System \$79,000, Electrical System \$4,000, Septic System \$16,000, Laundry Renovation \$16,000, and Employee Housing Shade structures \$75,000.) The shade structures are complete. The RV septic systems and electrical upgrades are installed. The washing machines have been paid for and we are awaiting delivery. The shade structures were \$79,000, the washers were \$11,800, the septic came in at \$13,500. The electrical was done in-house with spare parts and did not generate any costs against the budget. We are still working on the design and layout for the water system upgrades. More work will be done on moving housekeeping washers and dryers to the bunkhouse ante room. This move will remove the conflicts between housekeeping needs and owner's access.

The Water Fund

The Water Fund was formed to take 5% of our hospitality revenue and use it for water-related improvements. Through 5 quarters it has generated \$44,672.95. We have spent \$8,677.99 on well monitoring

equipment. This has allowed us to begin monthly monitoring of our well's health, and is a critical component in understanding our available supply and how to best manage it.

System improvements

Jerry Schaffer and his maintenance team have almost finished the installation of our emergency power supply at the Smith Well, a new requirement for public water supplies from TCEQ. A Generac generator, a propane tank, and a new structure are in place ahead of the TCEQ June 1 deadline. A new chlorinator at the large storage tank above the cabins just needs a small mixing tank delivered and it will be installed and operational. This will allow us to better balance our chlorine levels throughout our system. New filtration and treatment tanks have arrived and they will be placed in line at the Smith Well. They will remove most of the harmful minerals present in our well water, reduce the amount of mineral build up in our water lines, thus extending the life of those lines, and in addition improve our water quality.

Cabin Well

We have an existing well, behind the cabins, drilled in the early 70's, that when drilled showed great promise to deliver a good supply of water. It was never brought online. We are entertaining the idea of bringing this well online to provide us a second source of potable water to help us relieve the pressure on our one potable well, the Smith Well. Being able to switch between the two and allow time for them to recharge, while offline, would help ensure a better and more reliable supply. We will be seeking bids to get this well certified by TCEQ. If this proves to be a non-viable approach, another option we will entertain is to drill a new well.

New water delivery token system

We are looking at purchasing a new token operated water delivery system that would be set up to deliver accurate amounts of water. It would be installed at the Three Mile Well. The Three Mile Well is probably our best and most robust non potable well, with none of the

limitations that the current non potable wells exhibit. Tokens will be purchased in Property owner services and then they can be used anytime 24/7 at the new location to fill your tank. It will require no attendant, is easy to use, and will eliminate the human error factor of our current delivery system. (over/under pouring and failure to close the valve fully which before has resulted in the loss of the full 10,000 gallons in storage.)

Non-Potable Water Sales

In order to improve our data collection on our water sales I have proposed to the board of directors that we move water sales to Property Owner services to ensure that our water sales forms are accurate, that only account holders are receiving water, and that those that haul water for others are actually authorized by a property owner to do so.

Front Desk has too many responsibilities to properly focus on gathering the necessary data and are relying on property owners to completely fill in the forms, which results in unreadable, incomplete, and therefore useless information. We cannot compare water paid for and actual water drawn and we have no way to ensure property owners are adhering to our weekly limits.

To ensure we are managing and enforcing our current limits we will be rolling out a new form that will be overseen by property owner services. Property owners will be responsible for knowing and providing their account number when they arrive. It will be checked against our records and then when the form is filled out properly, they will be directed to the front desk to pay.

In addition, those choosing to have someone else haul their water will be required to come into the office fill out a form designating the person they wish to haul their water and the frequency of that hauling.

We will discuss with our lawyers our exposure to this habit of allowing non licensed water haulers to deliver our water and determine if in addition we can or should add a clause that the property owner must sign to release us from any liability. Our intent is not to eliminate this custom but to protect the association from damage.

Once we have done our due diligence the board will determine when to proceed. For a smoother roll out, we will have a period of 90 days from determination to implementation which will allow property owners time to come in, become familiar with the new process, and have all their information pre-installed in our system.

Bradley Anthenat
Secretary

Date of approval