



P.O.A.T.R.I.

Property Owners Association of Terlingua Ranch, Inc.
PO Box 638 Terlingua, TX 79852

(432) 371-3146

POATRI BOD October 29, 2022 Meeting Minutes

Call to order

The Quarterly Board of Directors meeting was called to order at 10:05am, Saturday, October 29, 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; Barbara Levedahl – P; Russell Bundy – Absent.

Approval of minutes

Acceptance of Minutes as Presented – Brad Anthenat Secretary. Minutes for the July 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, B Vogl, B Levendahl and B Anthenat voting Yes. R Russell - absent.

Minutes for the September 29, 2022 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, B Vogl, B Levendahl and B Anthenat voting Yes. R Russell - absent.

Announcements

Invitation for Public Service Announcements –

Bob Estrin, executive director of Terlingua's School of Constructive Arts, talked about making compressed earth bricks and working with Texas State University System.

Celebration of life for Robert "Beechie" Beauchamp Friday November 25, 2022 at the Terlingua Community Church. Afterwards dinner and dancing at the Bad Rabbit Café, because Beechie loved to dance.

Dean Bucher's address was shared so that everyone could send Dean a card or letter.

Reports

The full President's report by Jim Spofford has been requested.

Manager's Report October 29, 2022 – Presented at the Q3 POATRI Board Meeting

As our 3rd quarter comes to a close we are excited looking forward to our winter season. The last couple of years have been a challenging time for the organization, however we now have a solid, permanent and passionate core group of staff to lead us into the winter and seasons beyond.

Despite a shortage of staff over the last 3 months; our maintenance and housecleaning teams have been working hard to complete projects and keep the grounds maintained. We are excited to announce the R.V. septic site near the north entrance is now complete! We have also been able to install, test and operate fully our new salt water chlorination system at the pool. New A/C mini-splits have been installed in a number of the cabins. Updates to our main Smith well have been

Ranch Manager

Email: manager@terlinguaranch.com

Property Owner Services

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added, including the power generator, as the team works with the engineers and our water committee to bring the system up to par. The team has also started the final push to complete our staff-housing shade structures, with trenching now underway and the last of the services being installed. Damaged pool furniture has been replaced, along with many other repairs to the Café, cabins, and other facilities.

Our office staff and Property Services continues to evolve and I am pleased to say our current, permanent, and devoted core staff have shown great dexterity, prowess and professionalism towards our Property Owners and guests and TRL over the last months. We are pleased to say the total number of Property Owners on staff is now at 75%; and our seasonal staff are almost all fully in place and training towards a busy winter season. With positions still open we encourage Property Owners to apply and discuss your skills that can be an asset to our community! We have been very busy working with our devoted team of Board Directors and committees such as Water, Dark Sky compliance, financial/accounting, and many more. Currently we have been preparing for the upcoming elections and assisting the board in many of those duties.

Our roads crew is to be commended, the rain and storms we've had in recent months have kept the crews extremely busy keeping the main thoroughfares open. Because of the damage caused by consistent storms throughout the area, general maintenance should be farther behind schedule than it is. The Crew has worked very hard to keep Property Owners requests investigated and repaired, while attending emergency washouts and new road requests. Our maintenance department has also overseen many overdue maintenance, repair, and replacement items on the equipment and we should be able to start a second road crew in just a few weeks.

Although our beloved Bad Rabbitt Café remains on limited hours, we look forward to staff arriving in the beginning of November and returning to regular hours as soon as we can. Our Manager and service team have been doing a well-respected job serving guests and Property Owners while planning the new menu, updates to the restaurant and working through staff shortages. With prices of supplies soaring, the CCI at all-time highs, Our Café Manger has been doing an exceptional job sourcing and meal planning for the operation.

We all look forward to the coming months and the completion of many overdue tasks in all of our departments with our exceptional leadership team and staff in place. We wish all of our Property Owners and guests a happy, joyful time over the upcoming holiday season!

-Cris Turley

Treasurer's Report

Ed Marcato
Treasurer

Review of our financial Performance as of September 30, 2022.

First a brief summary of our financial performance:

- Our total income is 10,000 above budget at \$1.4 million.
- Gross Profit is \$50,000 above budget at \$1.3 million.
- Expenses are \$28,000 over budget, at \$1.065 million
- And, our Net Income is \$23,000 above budget at \$240,269
- Our Operations Cash Balance is \$507,000

Some of the significant details include:

Assessment collections are above budget by \$23,000, at \$633K and of that, \$4,000 is in current

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year collections and \$19,000 is from prior year collections. A special thank you to Haley for the extra reminders, letters and phone calls, and always being focused on collecting more revenue.

Cabin and Café revenue are more challenging this year with Cabin revenue down \$9K below budget at \$446,000, and Café revenue down \$29,000 at \$206,000.

The Cabin revenue downturn started when the gas prices went up, and the Café revenue is more the result of having to close two days a week because we did not have the staff.

The good news is that in September both Cabin and Café revenue have begun to recover getting closer to budget. We are watching the data to see if the trend continues in the fourth quarter.

A major achievement by our staff has been the reduction in Cost of Goods Sold in the Café. In recent years COGS has ranged from 54% to over 60% of revenue, but with the efforts of Pam with help from Jerry and others, Cost of Goods Sold for the first 9 months is just under 40%. A special thank you to Pam for her efforts and dedication.

Our expenses are \$1.064 million, over budget by \$28,000. Three categories that contributed to this are – we under budgeted Credit Card fees by not counting all areas of cc payments; during the Café shutdown in January due to COVID, we rebuild the counter area in the kitchen; and the third item is the IRS \$10,000 penalty and interest charge from the Payroll Tax Audit of the years 2015 thru 2017.

The bottom line, to state again, our income is \$23,000 higher than budget at \$240,269.

Other announcements include:

We announced in the July meeting that Deb McLarty, who has worked at the Ranch for a few years, took on the job as Bookkeeper. Deb in continuing her training in QuickBooks and our accounting system by doing the job as well as supporting special projects and our new Auditors. I am very grateful for her dedication and commitment.

Our new Audit firm, Lauterbach Borschow in El Paso, has completed Financial Reviews for 2019 and 2020, and they have found no inconsistencies with Generally Accepted Accounting Principles.

After two years of minimal Capital Expenditures, mostly due the uncertainty from COVID, we are investing in several projects this year, which have been discussed in the July and March meetings, and so far we have invested \$158,000 in Capital Expenditures for infrastructure projects, and there are another \$101,000 of projects that have been approved.

We have completed the CPI analysis for the 2023 assessment fee, which will be \$210.84.

A preliminary Budget for 2023 has been developed which will be updated based on Oct. and Nov. financial data, and then finalized in early December.

And that completes the Treasurer's report for Q3 2022.



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Committee/Task Force Reports

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

Communications Committee:

Approximately 2,600 property owners do not have their email address registered with POATRI. 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.

Brad reported that Haley DeArman already had the Q3 Newsletter written and ready to be emailed. 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.

POATRI website – changes coming to make info easy to find info on the website, board meeting dates, zoom links to meetings, etc. We want to communicate effectively and better with the property owners.

Water Committee report

by Larry Sunderland

Much of our work this last quarter has been meeting with various departments of the Texas Commission on Environmental Quality. (TCEQ) and Jacob Martin, the engineering firm we are using to design our Pump Station and Disinfection Improvements. In addition, in August, I attended the 2022 TCEQ Public Drinking Water Conference.

We continue to work under an exception from TCEQ. Our issues are a potable well that is situated in a flood plain and was originally drilled for domestic use, a water distribution system whose water lines do not meet current minimum line size requirements, a pump station and distribution system that needs to be approved by TCEQ, and a potable well whose flow rate, per TCEQ standards (.6 gpm per connection) allows for only 25 connections. We have 64 connections.

We are allowed to use the Smith Well, our potable well, as long as we have the water sampled by a certified lab each month. Our water lines will all need to be brought up to minimum 2" standard. TCEQ is concerned, based upon their modeling that our water pressure does not meet the minimum standard of 35 psi. The results of a inline pressure test done by Jacob Martin has been forwarded to TCEQ and we await their conclusion. The pump station and distribution system design was presented to us and we offered some changes and we are awaiting a final design to approve and then Jacob Martin can forward to TCEQ for their approval. Our connection issue is the one issue that can only be resolved by bringing on line another water source with a flow rate that exceeds the minimum standard.

Tuesday, last we had a TCEQ administrative audit group visit for a site inspection of our facility and our record keeping. No major issues were found with our system or our record keeping. Water pressures and chlorine levels were tested at multiple sites and all

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were within parameters. We were asked to document the fixes and report back to them.

Cris Turley and I had a conference call with a five person TCEQ Technical Review and Oversight Team. We were discussing, initially, how to bring an older undocumented domestic well online for potable use, the Cabin Well. End result is, yes, it could be approved under an exception, but the well must be inspected and certified by an engineering firm first. An expense that in the end may just tell us we cannot use it for potable use. The team was very helpful in giving us some other ideas and things to consider. Non potable wells are not regulated. We can use them for flushing toilets, irrigation, laundry facility, non-potable sales, and fire suppression.

The costs associated would be for installing separate non potable water distribution lines to cabins and laundry. Installing a pump and storage tank would be necessary and we would install filters and an aerator to remove the sulphur, manganese, and iron present. The result of all these improvements would reduce the pressure on the Pool Well for non-potable use, reduce our potable water use by about 30%, and provide water for fire suppression, laundry and a better quality of non-potable water for our property owners. We still will need to address our connection issue and that can only be addressed by drilling a new well for potable use.

The process will begin with hiring a consultant to look at our property and help us locate the best location to drill on our property, in proximity to our current system, and in a location that does not conflict or impact negatively our Smith Well. We will begin the search by asking our local drilling firms for recommendations. We will also get estimates to drill a new well. We will present our findings at the next board meeting.

We finally have our Water Project fund set up correctly on the Balance Sheet as a "Reserve for Water Project". The Reserve for Water Project has a balance of \$32,327, and is current through September. This year's addition is 5% of Cabin Income thru Sept.

For the future we will continue to research construction and software costs necessary to install a remote drive up non potable water delivery system at the Three Mile Well. The technology and equipment necessary is readily available and in use all over the world. Our main issues are the cost, how to integrate the system seamlessly with our database of property owners, and how to regulate the allotted distribution on a daily and monthly basis.

Larry Sunderland
Chair of the Water Committee

Dark Sky task force
– Barbara Levedahl.

Stephen Hummel from McDonald Observatory met with Barbara 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. These lights have been ordered and we are working to become a dark sky compliant location.

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Candidate names drawn for position on ballot:

Larry Sunderland
Trent Edwards
Larry Drgac
John Sellers
Richard Cummins
Guy Hopkins
Alan Byboth
Adam Daley

Old Business

- Bill Vogl moved to rescind the September 29, 2022 resolution to lease 7 vehicles for 4 years at \$317,000. Barbara Levedahl seconded.
 - o A discussion was held about reasons why the resolution should or should not be rescinded. All board members were allowed time to discuss why they were for or against rescinding the resolution.
 - o A vote was held and all 6 board members voted Yes to rescind the September 29, 2022 resolution. R Bundy was absent. (Copy of resolution attached at end of minutes.)

- Ed Marcato made a motion to accept the findings of Lauterbach Borschow for 2019-2020. Bill Vogl seconded. A vote was held and all 6 board members voted Yes to accept the findings. R Bundy was absent. (Copy of resolution attached at end of minutes.)

- Ed Marcato moved to adjust the assessment equal to the change in the CPI. That increase would be \$16.86, which would move all annual assessments to \$210.26. Larry Sunderland seconded.
 - o Discussion was held and Bill Vogl wanted to point out that our annual assessments could be significantly lower if more owners paid their assessments. The owners paying the assessments are paying about 2 times more than they should because of non-paying owners.
 - o A vote was held and all 6 board members voted Yes to increase the annual assessments to \$210.26. R Bundy was absent. (Copy of resolution attached at end of minutes.)

Property Owner Speakers

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

Bill Brown –Roads are in worse shape now then 4 years ago. Priorities should be roads. Second priority should be water. Board needs to be fiscally responsible. Board needs to be more transparent. Concerned that the café is closed 2 days a week. If you are not maintaining the roads and keeping the café open, you are wasting the property owners' money.

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Brenda Drgac – Asked the board to follow proper policies and procedures. Against leasing because at the end of the lease the Ranch wouldn't have anything to show for it. Concerned that there would be additional costs associated with the lease at the end of 4 years. Damages to vehicles, over mileage. Concerned that the Ranch Manager wasn't there to answer her questions.

Carol Lackey – Thanked the board for rescinding the lease agreement. Concerned that the Ranch doesn't need 7 new vehicles to operate.

Marilynn Anthenat – Concerned that the Ranch Manager wasn't available to answer questions. Wanted to thank the board for listening to concerns from the property owners and rescinding the lease agreement. Concerned that how many vehicles for each department, make and model needed. Asked the board to follow their governing documents. Need to follow the procurement policy.

Jaydeen M – Concerned that the bunkhouse is closed to property owners. It should be open for owners to use throughout the day.

Larry Drgac – Concerned that the board is not following policies and procedures. Wanted to know why Cris left a bad review for his previous employer. Not directing this question to the board, but to Cris directly. Concerned that Cris left the meeting early and he couldn't ask him in person.

Charles Watkins – Concerned that his road is in worse shape than it ever has been. Even using 4 wheel drive his hill and road are dangerous. Wants POATRI to maintain the roads, that is why we pay our maintenance fees. West Texas Gas is stating that they might not deliver propane anymore to his house because the roads are too bad.

E.J. Brewster – Believes that the roads should be maintained enough so that the propane truck can service property owners.

Judy Eron – Wanted to thank the property owners for helping take care of Beechie while he was able to still stay at his house. Thankful that we were able to vote for local citizens (Sara Colando and Mark Chiles) for County Commissioner. Concerned that their road is in the worst shape it has ever been in. Wants new property owners to consider rain water catchment.

Terry Harris – Thanked the board for their service and time. Thanked board for rescinding the lease agreement. Asked about tax savings of leasing vs buying at workshop, no one answered his question. Concerned that the Ranch Manager wasn't there to answer some questions he had, specifically how many employees work for the ranch. Couldn't get an answer as to why the current 6 vehicles were not road worthy. Doesn't want the board to ad lib, but follow the policies and procedures. Concerned about the recent staff members that were fired. Roads are priority #1. Water is #2. Lodge is here for the property owners first. Doesn't want the bunkhouse to be locked. Wanted to thank the employees for their hard work.

Barbara Trammel – We elect the board members to make the best decisions they can make. Property owner priorities have changed since the '70s. Coming to the desert to live is a serious decision and hard work. The use of the roads is extreme and has more vehicles on them than ever. Asked the property owners to help the board, if they have an expertise they can volunteer.

Anna Marie Posey – Concerned that comments made, what happens to them? Brad Anthenat answered that they were recorded in the minutes and posted online. Glad the board rescinded the lease agreement. How to make the candidate information available for all to see before voting.

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Bathroom needs repairs. Restaurant hours, need to be open 7 days a week.

Bonnie Hill – Wanted to thank all board members. Doesn't believe the Ranch needs 7 vehicles. Consider alternative vehicles for local use at the Lodge. Also wants the board to consider used vehicles. Concerned about all the recent employee firings.

Matt Mathews – Reserved studies can bring continuity to investments. Reserved studies can eliminate emergencies. Helps with budgeting. Wanted to thank the board, and urged the board to consider reserve studies.

Georganne Bradbury – Are the deer lockers going to be closed this winter? Are we going to be a resort now? Concerned that we are a rustic lodge, not a resort. Board members supervise the Ranch Manager and need to hold him accountable. Document his behavior. Invited everyone to eat hotdogs, chips and sodas at the pool after the meeting.

Dave Arzada – Thanked board for volunteering their time. Suggested that the board have a window for open comment. Would hope the board could utilize something like that in the future. Asked for people to volunteer. If you have an idea, help implement that idea.

Jeremy – Concerned that the Ranch does not have a long time plan for the roads after Dennis retires. Why is the dump truck not repaired? Need to get a Mack mechanic to fix the dump truck. Had questions directly for Cris, but would wait until next the next meeting to ask.

Betty Doyle – Concerned that the café used to be the hub of the community, but now the café is closed two times a week and no longer has music or activities for the community. People staying in the rooms will be disappointed when they drive 16 miles down a road and find the café closed.

Jerry (maintenance) – concerned that the maintainers get used as bull dozers. Would like for the road crew to have a bull dozer.

Adjournment

Bill Vogl moved, and Brad Anthenat seconded to adjourn. All directors present were in favor. The meeting adjourned at approximately 1:45 pm.

Respectfully submitted,
Brad Anthenat
Secretary
POATRI Board of Directors

Bradley Anthenat

Secretary

Date of approval