

HART RANCH CAMPING RESORT QUARTERLY BOARD WORKSHOP MEETING MINUTES

August 17, 2018, 9:00 am

Located in the Pavilion

BOD Members Present: Elmer Pritchard – President, Millie McCormick – Treasurer, Lisa Beck – Secretary, Tim Schnabel – Resort Manager.

The workshop was called to order by Elmer Pritchard at 9:00

APPROVAL OF THE AGENDA

Motion: To approve agenda

Motion By: Lisa Beck

Seconded By: Millie McCormick

Motion: Carried

MEMBER COMMENTS

Connie Nighswonger - Can we limit serving beer? It's unnecessary to have it so often. I would challenge the 27 bottles of beer sold at the entertainment this past week.

Tim- Board approved to have beer sells a couple of years ago. This was approved to reduce outside alcohol being brought in.

Bobbie Regan – any possibility of expanding overnight parking?

Tim – yes, especially with the addition of another Redwood cabin. We will be evaluating additional parking along Railhead Drive and Deadwood Avenue. In addition, we will take a good look at expanding the restaurant parking to the west side of the restaurant.

Dale Barstow- Is pet boundary ever going to go back to where it once was?

Tim – Good question, but I don't think so. Up to the Board.

Connie Kelly - Any thoughts to suspending the maintenance dues if we surrender our membership for sale? It would raise the value of everyone's memberships.

Tim – Yes, we do have some ideas on that, we really want to encourage our members to list their re-sales with us. We plan to propose some ideas to the BOD in October this year.

RESORT MANAGER'S REPORT:

1) Review of 2018 Financials

| | July 31, 2017 | July 31, 2018 | July 31, 2018 |
|-------------------------------------|-----------------|-----------------|-----------------|
| | YTD Actuals | YTD Actuals | Budget |
| Total Revenue | \$ 2,059,373.23 | \$ 2,190,763.12 | \$ 2,260,770.00 |
| Cost of Goods Sold | \$ 168,859.62 | \$ 183,181.19 | \$ 193,766.00 |
| Gross Profit | \$ 1,890,513.61 | \$ 2,007,581.93 | \$ 2,067,004.00 |
| Operating Expenses | \$ 1,790,095.15 | \$ 1,678,920.17 | \$ 1,789,989.00 |
| Operating Income | \$ 100,418.46 | \$ 328,661.76 | \$ 277,015.00 |
| Total Other Income | \$ 8,340.23 | \$ 7,163.24 | \$ 7,000.00 |
| Total Other Expenses (depreciation) | \$ 186,231.00 | \$ 210,336.32 | \$ 201,250.00 |
| Net Income | \$ (77,472.31) | \$ 125,488.68 | \$ 82,765.00 |

2) Update on 2018 Capital Improvements

| Hart Ranch Camping Resort Approved Capital Improvement List 2018 | | | |
|---|--|----------------------|------------------------|
| Maintenance | | | |
| Qty | Description | Approved | Spent |
| Cabins | | | |
| 1 | Vault for Anderson Lodge (Gary Sturges) | \$ 1,785.72 | \$ - |
| 1 | Gravel for Storage (Talley Construction) | \$ 7,500.00 | \$ 8,722.51 |
| 1 | Update Electrical section for PS-A and east | \$ 30,000.00 | \$ 24,946.98 |
| 1 | Update Electrical section (CS-5, North Section) | \$ 32,000.00 | \$ 33,168.43 |
| 1 | Update Electrical section (CS-5, South section) | \$ 10,000.00 | \$ 10,204.10 |
| 1 | Update Electrical section (CS-1) | \$ 6,000.00 | \$ 7,543.17 |
| 1 | Electronic Key Locks | \$ 25,000.00 | \$ 22,355.79 |
| 1 | Cable TV infrastructure (Midcontinent/VAST/CenturyLink options) | \$ 12,000.00 | \$ - |
| Maintenance | | | |
| 1 | Backhoe | \$ - | \$ 26,647.50 |
| 1 | Tree Spade | \$ 4,500.00 | \$ 4,183.08 |
| 1 | Remodel Colt 450 (furniture, cabinets, appliances) | \$ 3,500.00 | \$ 2,968.78 |
| TOTAL | | \$ 132,285.72 | \$ 140,740.34 |
| Admin | | | |
| Qty | Description | Approved | Spent |
| 1 | 12 TB Hard Drive (Security video storage) | \$ 5,000.00 | \$ - |
| 5 | Upgrade backhaul devices (5 at \$1500 ea.) | \$ 7,500.00 | \$ - |
| 23 | Hardwire AP's (23 @ \$500 ea.) | \$ 11,500.00 | \$ - |
| TOTAL | | \$ 24,000.00 | \$ - |
| Pool | | | |
| Qty | Description | Approved | Spent |
| 1 | Safety Stairs | \$ 4,000.00 | \$ 4,225.00 |
| 1 | Pool vacuum | \$ 2,000.00 | \$ 2,715.61 |
| 2 | Agitator pump motors (adult and teen hot tubs) need to be replaced | \$ 3,000.00 | \$ - |
| TOTAL | | \$ 9,000.00 | \$ 6,940.61 |
| Activities | | | |
| Qty | Description | Approved | Spent |
| 1 | Sewer to Picnic Shelter (Gary Sturges) | \$ 2,908.17 | \$ 2,602.05 |
| 1 | Bathrooms to PS-A | \$ 8,734.71 | \$ 9,250.00 |
| 1 | Sound System (partially purchased in 2017) | \$ 3,000.00 | \$ 4,600.00 |
| 10 | Golf Carts (or could go 1/2 down and finance for 2018) | \$ 26,500.00 | \$ 26,500.00 |
| TOTAL | | \$ 41,142.88 | \$ 42,952.05 |
| TOTAL AMOUNT OF CAPITAL IMPROVEMENTS 2018 | | \$ 206,428.60 | \$ 190,633.00 |
| Long-Range Plan items for 2018 | | | |
| Qty | Description | Approved | Spent |
| Buildings & Land | | | |
| 20 | Picnic Tables | \$ 12,000.00 | \$ 11,490.22 |
| 1 | Engineering for sewer in Meadows (\$9000) (plus \$12,780 to Sperlich for design) | \$ 9,000.00 | \$ 21,780.00 |
| 1 | Expand Grounds shed | \$ 24,852.09 | \$ 27,318.79 |
| 1 | sewer in Meadows | \$ 100,000.00 | \$ - |
| Rental Units | | | |
| 6 | Cheyenne Siding (materials only--no labor) | \$ 36,000.00 | \$ - |
| Grounds | | | |
| 30 | Repair Sites | \$ 60,000.00 | \$ 31,852.10 |
| TOTAL LONG-RANGE PLAN ITEMS FOR 2018 | | \$ 241,852.09 | \$ 92,441.11 |
| TOTAL AMOUNT OF Long-Range Plan IMPROVEMENTS 2018 | | \$ 448,280.69 | \$ 283,074.11 |
| (Under)/Over Budget | | | \$ (165,206.58) |

3) Department Updates

- a. Lodge—Occupancy percent for peak season from 2017 to 2018 down 6.31%. Reviewed breakdown by usage category. Reservation software still being researched. As we have a very complicated and plentiful rule and membership structure, this isn't a simple process to find an easily compatible software system.
- b. Maintenance/Grounds—Addition of small dog park within large dog park, lawn mowing volume much greater than typical year due to moisture, preventive maintenance paying off as R&M is lower. Currently working on lengthy list of fall, winter & spring projects including flooring in Breckenridge lofts, Dakota cabin flooring and possibly Anderson Lodge flooring, construction of new Redwood and siding on Cheyenne cabins, to name a few.
- c. Activities—staying busy with Rodeos and regular activities. Will be looking for Junior and PeeWee camper program leaders for 2019. Very important programs that exceeded capacity on several occasions this summer.
- d. Housekeeping—received perfect score on SD Dept of Health inspection! Included cabins, laundry, comfort stations as well as pool water inspection. Overall have received many compliments of cleanliness of cabins & comfort stations all season.
- e. Security—taking a more customer service/communication oriented approach. Worrying less about writing tickets and more about informing.
- f. Storage—currently have approximately 65 empty RV storage sites out of approximately 1000. New towter is currently being modified. At conclusion of this season, will take our old towter to Eddies for transfer hydraulic system to new towter.
- g. Accounting—have hired Jackie Devine to replace Paul as Accounting Assistant. Going through the learning curve and will soon be the main contact for billing questions.
- h. Sales—Paul and Ella have done a tremendous job enhancing the sales department. Currently working on 2019 marketing plan along with more competitive re-sale and referral programs.
- i. All Departments are currently focusing on winter shut down schedules, 2019 Budgets and end of season evaluations for supervisors and employees.

Jim Cornille – The 72 hour rule wasn't enforced, now you have a 24 hour rule that isn't enforced.

Millie McCormick – the 24 hour rule helps us keep a better means of calculating the time in the park.

Jim Gopfrich – I noticed one site where the rule wasn't applied for 3 or 4 nights. I witnessed someone manipulating the rule by having neighbors a couple sites down “stage” the site by placing things on the table and parking a car at the site, making it appear someone was there.

OLD BUSINESS:

- 1) Update on 9 day buy impact. Brief discussion regarding increase to \$25 for 9 day buy as well as elimination of 9 day buy option for new and/or transferred memberships. This has adversely affected occupancy levels in the Meadows. However, additional funds will be directed towards adding sewer as well as other upgrades including angling some of the sites, which should have a positive impact. Not much of an impact on sales although we do get a significant number of requests for long-term memberships.

Ron Parry – why can't we stay at the same site for 9 days if the site is available following a 21-day stay?

Tim – The rule is designed to not allow for long-term stays on one site primarily due to maintenance and grounds concerns as well as to allow for rotation among members for site usage.

Ron Vanderheiden - why would you make 2 members unhappy when the site is available?

Tim – I understand your frustration, however if we make an exception for one, we have to make the exception for everyone. We want to be consistent with the rule for all members.

Jim Cornille – Update on rules say you can stay 5 days on the top, if you are updating the bylaws – you should update the bylaws to “up to” as we do allow for partial 9 day buys on top. However, the remaining portion of the 9 day buy must then be out of the resort. The option to move back down to the Meadows in this situation is not available.

- 2) Update on 24 hour rule enforcement. We have made calls to members that have exceeded the 24 hour rule without notifying the Welcome Center. While we have taken a subdued approach to this for the first year, we are also monitoring sites and taking feedback regarding its effectiveness. Most of the feedback we receive is positive as this has allowed for more availability and many fewer turndowns.
- 3) Meadows sewer update. Currently Sperlich Engineering is planning to have the completed engineered designs within two weeks. At that point, they will submit them to the County and to the SD DENR for approval. Once approved, we will submit them local contractors for detailed bids. The goal is to have this process completed prior to the October Board meeting. If acceptable, construction to begin immediately with the goal of having all improvements completed prior to the 2019 season.

NEW BUSINESS:

- 1) Proposed changes for 2019
 - a. Amend Rules and Regulations under #4, Page 33, Length of Stay to say, “Certain memberships that allow for the ability to purchase their 9 days out, may be allowed to purchase them on top only if there are up to 9 consecutive days available, within 24 hours of their scheduled departure date.”

Motion: To amend the rules under #4, Page 33, “Certain memberships that allow for the ability to purchase their 9 days out, may be allowed to purchase them on top only if there are up to 9 consecutive days available, within 24 hours of their scheduled departure date.”

Motion By: Millie McCormick

Seconded By: Lisa Beck

Motion: Carried

- b. More incentives for A members?
 - i. Add Dakota cabins to A membership?
(Wait with this until the results of ii)
 - ii. Convert European bunks to queen beds in Colt II’s?
 1. Would like to try a couple this winter to allow for more comfortable sleeping arrangements.
 2. We don’t feel the loss of a twin size bed would be as great as the gain of a queen bed.
 - 2) Sell current rental 5th wheels and replace with bunk house travel trailers
 - a. Average revenues of nearly \$10,000/year on current rental campers. Will review this possibility in October when final numbers for the season are in.
 - 3) Discuss number of seasonal sites for 2019
 - a. Increase from 10 to 15
 - b. Possibility of having seasonal sites in the Meadows at a lower rate
 - c. Will review these options in October when finals numbers should be available for cost of improvements in the Meadows.
 - 4) Memorial tree/plaque for Tom Kinnison. This has been ordered and will be installed with one of the newly ordered trees from Rockingtree. Placement will be next to one of the trees that will be replacing the Lindens that are not growing well.
 - 5) Clarification of usage rights for 1FT, 2W memberships during the off-season
 - a. Propose to be the same as a B membership which will allow for winter reservations on sites as well as cabins as we have plenty of availability during these months. This will

allow for greater membership sales that have minimal impact on summer occupancy and greater impact on off-season occupancies and revenues.

Motion: To allow usage rights for 1 FT and 2W memberships to be the same as a B membership during off-season.

Motion By: Lisa Beck

Seconded By: Millie McCormick

Motion: Carried

Meeting Adjourned at 11:40 am by President Elmer Pritchard

EXECUTIVE SESSION: Personnel & Legal Matters