

Indian Cove Resort Associations, Inc.

Board of Directors' Meeting

February 2, 2017

Approved

CALL TO ORDER: Herb Glaser called the Board of Directors meeting to order at 7:00 pm in the Indian Cove Resort Clubhouse.

PRESIDING OFFICERS' COMMENTS: Herb Glaser asked that all beepers and phones be turned off so that the meeting will not be interrupted. Herb reminded everyone that the meeting would be recorded. This meeting is held to conduct the business of Indian Cove Resort Association, Inc. As a reminder, the meeting will follow the agenda. Scheduled agenda items would be discussed first in order of the agenda. Discussion of items not on the agenda would wait until the end of the board meeting. This would allow time to discuss scheduled agenda items. At the end of the meeting, we will open it up to the member's forum.

ROLL CALL: The Secretary called the roll. Board members in attendance were: Gary Martin, Chris Shaw, Herb Glaser, and Suzy Burlock. Sandy Knowles has resigned from the board. Herb announced that all board members were present and that we had a quorum.

MINUTES: Herb Glaser waived the reading of minutes as all board members had received them by email. Minutes approved by the board. Chris made motion to accept the minutes as provided. Suzy seconded the motion and the minutes were approved.

TREASURER'S REPORT: Gary Martin read the Treasurer's Report. Details of the Treasurer's report are available for members at Indian Cove Resort's reservation desk.

OLD BUSINESS:

Well/Water update: The bladders are in place and all repairs to the well have been completed. We are waiting for the revised bill from the vendor.

Annual Budget Meeting of the Board: The budget meeting of Indian Cove Board will be February 18 starting at 9 AM. All nominees are invited to attend the budget meeting.

Elections: Nominees have until February 10th to submit their resumes for the Board of Director positions. Two Directors and one Treasurer position are up for election this year. At this time, three applications have been received.

NEW BUSINESS:

Robin's resignation: Robin has resigned from Indian Cove Resort as General Manager. She left on good terms and has another job. She did a lot of great things at the Cove and her work is very much appreciated and we all wish her all the best. The board is working to fill the position and the business of the Cove is continuing.

Introduce Interim Manager: The board has hired Peter Cousin as Interim General Manager to keep things going and to prepare the Cove for opening in March. Peter gave his background and introduced himself to the members present. His main focus will be to see what can be improved upon. He asked the members to contact him if there is anything they need.

Herb acknowledged and thanked Gary for all the time and hard work helping Peter get acclimated and making sure things are going well. He also thanks Wayne for stepping up as well.

Employment advertising: The Board will be advertising for a new General Manager as well as a Store Manager and workcamper positions for the Season. We will advertise in Workcamper News magazine which is a good resource for RV parks.

Storage Invoices: Storage invoices have been mailed and all storage fees are due by March 1st.

Front Gate Repairs: The front gate stopped working and has been repaired.

New POS for the Store: The POS Computer is completely out of date and doesn't tie into QuickBooks. A new computer has been purchase and this computer will be connected directly with QuickBooks for better record keeping of the store

inventory and sales. This is critical for knowing the profitability of the store. The cost is about \$972 including labor to get it running. Peter said it should be here next Wednesday. The store has been highly successful over the last year. Peter asked if anyone has ideas of what they would like in the store, please let him know.

By-Law Change: Herb said in September 2016 the CDs were maturing and we had a choice of whether to let them roll over into new 5 year CDs or cash them out. The board decided to cash them out and create a Reserve fund and cancelled the line of credit. The board will use the Reserve fund as our "line of credit". However, in order to protect these funds, a new By-Law has been created detailing out the rules of borrowing from the line with payment terms by June 15th and increasing the Reserve by 5% of the amount borrowed. This will force future boards to follow these rules as By-Laws require unanimous approval of the Board to change. Our lawyer is reviewing the change.

Gary discussed concerns of members about how well or easily these accounts can be penetrated. He wanted to assure the members that these funds are secure. The only people with access are the President and the Treasurer of the Board. Member asked how the 5% interest is reflected on our taxes as income. Suzy said she did not think this interest is taxable as it is our own money that we are just moving from operations to the Reserve account. Suzy gave the history of the line of credit. Two years ago, we used 199k of the line and paid it back with next year's money. Last year, we only used 95K. This year in the end of January was the first time may not have a balance to pay back with next year's money. The goal is to never draw from this Reserve but grow the Reserve.

Member asked how much were the CDs. Gary gave the amount and said we have already borrowed \$16,000 toward the operations expenses. We have 112K coming from storage fees just invoiced and once the fees come in this should be paid back.

Transition:

Member asked if all employees are coming back and wanted to make sure that Wayne had the help he needed. Discussion was held about employees. Herb said we are currently in shutdown so it is a skeletal crew at this time but will be ramped up toward opening. Peter said maintenance crews are working and that security crews are in place. Herb said these are the things that normally take place when we are closed.

Member asked if some of the pedestals to be replaced. Chris said it is in the 5-year plan. Discussion was held about the 5-year plan and what was included. We want to make sure the Cove continues to grow and remains great place to come. We understand your concerns and the 5-year plan will help us to get there.

Peter said the direction he has received from the Board has been very clear and he said Wayne and Bob are exceptional and doing a great job.

Member asked about the other half of the storage area to have it graded and fixed. The board wasn't sure if that was budgeted and will discuss it at the Budget meeting.

Member asked if we have a plan for future assessments. Herb said nobody wants assessments. When you look at assessments that have occurred they were for major improvements that cost quite a bit. The one in 2010 for bulkhead was a 500K investment. The last one was to do paving, new golf carts and lift pumps for the well. Chris said he is dead set against assessment but if it is an emergency or a major natural disaster, it could be unavoidable. However, if the Board does its job with the budgeting and managing the finances of the Cove, it can be avoided. Suzy said it is the budgeting that really makes the difference, if you are constantly using next year's money to pay back a line, that's money you don't have to do improvements to the park. It is solid budgeting that makes the difference. Herb reiterated that it has taken us 3 years to get us out of the hole.

Gary said one of the biggest moving targets is being able to project paid memberships and every year we have attrition. In the past, we were seeing 5 to 6% attrition rate; this year is only about 1%. We really don't know who's going to pay and when they are going to pay. We need to have better accountability and collections efforts to make sure members pay their dues. Gary said we are going to be tracking and making an effort to go after people who don't pay. Suzy said if all of our members pay, we can do what we want with the Cove. When they don't pay their dues, it affects all of us.

Member asked if we are going to expand our membership. Gary gave his opinion on selling memberships. We originally had 1400 to 1500 members and we are now to about 1150 members that paid. If we don't get deeds back, can we create new deeds and we will talk to our attorney about this option. Membership growth is something that needs to be worked on at the Cove and we need to market for new members.

Manager and Maintenance Report: Manager's report available in the Reservation Office.

Sewage treatment plant repairs: Repairs are being made and should be completed within two weeks. This involves changing the steel on the top and should be completed by Feb 8th. The flooring should be completed by March 6.

Handicap Bath: The repairs to make this bath ADA compliance will start after the Sewage treatment plan is finished and should be completed in mid-March.

Member's Forum:

Member asked if the 5-year plan is posted on a website. Suzy said we are all about transparency and once it is completed we will make it available to the members to view.

Member asked if any fees have been changed. Herb said we have not met in our annual budget meeting. When that is completed, some things may change. We will let you know once that budget has been done and passed.

Member asked if we get interest on our Reserve account. Gary said no but explained that the CDs that just matured were at 2% and the best we could get today would be less than 1%.

Member asked about the quality of the water. He said the cathode in his camper was totally gone and Herb stated that it happens. Wayne said the water is tested once a week and we meet the requirements of the State. Herb explained that part of the issue was resolved with the bladders and head that were recently replaced to keep the water flow moving in the tank.

Member asked if the storage fee went up. Herb said the fee is the same as last year. She asked about when the rest of the storage will be done. Herb said that hasn't been determined yet.

Member asked if we are getting an Activities Director this year. Peter said it has been advertised.

Member asked about the past due members and if we are collecting late charges. Herb said we are collecting a late charge. It is applied after 30 days. Suzy said past due members are not allowed to camp.

Member asked now that Robin is gone will there be someone on site during the winter. Herb said Wayne and Bob are both currently on site. We also have security 24 hours a day. One of the determining factors in hiring a new General Manager will be if they are on site or not.

Member asked if the Reserve is invested in mutual funds as he is concerned that if the market crashed, this would be an issue. Gary said no, it is at Southern Bank in a business account. Member also asked about the benefits we are receiving from Southern as compared to Town Bank. Gary explained that the Board looked at all of the fees of both and one of the biggest benefits was that Town Bank does not have a business platform. Southern Bank has a business platform and it ties into QuickBooks and we can look at the transactions and make transfers directly. The Bookkeeper can set up the transfer and the Treasurer would get an email to approve it. He also explained that some workcampers do not have bank accounts. We are aggressively working toward direct deposit. Southern Bank will give them a debit card with their paycheck loaded onto it at no charge to the employee. Fee savings going with Southern Bank was about \$200 savings per month.

Member asked about POS System in the store and have we looked at a system that integrates with merchant services. Gary said the POS system does and will integrate merchant services. It is an outside service and we have an option of an agreement that will save us about \$200 a month. The 5% fee that Peter was referring to was what the Cove gets charged by the merchant for members using their credit card when paying. We are also tying in our Campground Master software into our QuickBooks as well.

Member asked if we have an ATM in the store. Herb said yes, it is right by the door when you go in.

Member asked the gate needs to be replaced. Gary said the gate is completely repaired. He said he asked the vendor if the gate is outdated. The vendor stated that all the parts for gate are available and current. Member asked if we have a surge protector on the gate and Herb said that is one of the things we need to check and make sure that there is. He said all of the computers in the store are all protected.

Member asked when the minutes for November and December will be on the website. Suzy said she is working on it. One thing that she wants to do is strip all of the financials off the publicly posted minutes. She let the members know that the minutes, Treasurers reports and Managers reports will be available in the office for any members to see. She also said she is so glad to see so many people here at the meeting tonight. Many times, we have had board meetings where only

one person attends, and it is her husband. She said this is your Cove; coming to the meetings brings us ideas. We are volunteers and we do it because we love the Cove as much as you do. She thanked everyone for coming tonight. She encouraged everyone to continue coming.

Member asked if there is anything in the budget for the kids especially things for teens. Herb said we do want to get cable connected in the Club House. We are also advertising for an Activities Director. Member asked about using Direct TV. Herb said that might be something to consider and maybe if we get the adult lounge fixed up, it might be considered. Herb said that is something that we will look at in our budget meeting.

Member asked about an employee who left for cancer treatment and if they will have a job when treatment is finished. Herb said we laid off seasonal employees when we closed and all past employees can reapply for the new season. Chris said the employee asked about had resigned and had said at that time that she wasn't coming back. A member in the audience said she also heard the same thing from the employee. Chris said yes, she can reapply.

Member asked about previous employees, do they still have their jobs. Herb said workcampers are seasonal employees and they do have to reapply every year. He also stated that we will be doing background checks on all new and past employees reapplying for jobs at the Cove.

Member asked if Indian Cove will be open all year round. Herb said in order to be open all year round we have to be able to sustain it. Suzy said she was the one who brought the proposal to be open year-round back two and half years ago. However, when she got on the board she saw the condition of the budget and the amount of the line of credit being used, she said that the priority needs to be getting out of the hole first. She would love to be open year-round but not until we can afford it.

Member asked about the 1500-member number that has been mentioned and how that could impact being able to get reservations and are we going to increase the number of sites. Herb said the first thing you have to consider is that this is a campground not a residential area. It is a first come, first serve and that members have priority. Suzy said that we have looked at occupancy rates and other than the Holiday's when we are 98% occupied, we are only at about 40 or 50% occupancy rates. Discussion was held about the membership levels and what is the "magic" number that meets the needs of the Cove financial and keeps the availability for members to reserve sites easily. Herb also talked about how we can't expand sites due to restrictions.

Member asked about what percentage of members are delinquent. Herb said that is something we need to get a handle on and that we are restricted on what we can do because of the deeds. The Cove can't just ask for the deed to be relinquished but we can put a lien on it which means they can't sell it and it will be on their credit report. We are working with these very delinquent members and trying to get some of the money they owe back but we also get the deed.

Member asked about his son not being a member and he can't make the reservation even though he is on the deed. Discussion was held regarding the difference between owners and members. Herb explained about how the By-Law state the first person listed on the deed is the member. The others listed on the deed are owners not members. All owners are financial responsible for the dues.

Member asked about reservations and if members were in competition with Coast to Coast guests. Herb said they are extended the same privileges of member when they come here. Our first obligations are to our owners. He went on further to explain about guest reservations. Herb said that if the guest registration is within the 15-days of arrival, it can't be cancelled but if the reservation is more than 15 days out, it can be cancelled if the park is full and a member wants a site. Member said she couldn't make reservations at a Coast to Coast park on holidays and asked if we do the same. Suzy said she understood that Robin didn't allow Coast to Coast in during those weekends as we are usually fully booked.

Member asked if the Board monitoring reservation due to favoritism is occurring. Herb said that the board doesn't monitor this but with the change of management; there will be improvement in not allowing favoritism to occur.

Member said he joined Coast to Coast and has not received his Coast to Coast book. Member said he had to pay \$150 for the membership and that he had to pay \$50 for the book. He said he contacted Coast to Coast and that he should not been charged for the book. Herb asked him to get with Peter about getting a book and follow up with him.

A motion was made to adjourn: Suzy made a motion to adjourn. Chris seconded and the motion passed. The meeting adjourned at 8:47 pm. Next board meeting is Thursday, March 2, 2016.

Respectfully submitted, _____

Certified as accurate: _____ (Secretary)

Approved: _____ (President)