

NOT YET APPROVED

MINUTES

**CUTTY'S DES MOINES CAMPING CLUB
Annual Board Meeting
July 5, 2009**

President James Murtha called the open annual meeting to order at the Clubhouse at 1:00 PM. Other Board members present were Scott Blum, Jerry Lollman, James McCallister and Wayne Woods.

Murtha called on Blum to report on the minutes of the last annual meeting of July 6, 2008. Blum reported that he did not have the minutes of that meeting with him. The secretary provided him a copy, but he declined to read it.

Murtha asked the treasurer to give the financial report. McCallister said that at the present time, we have in our operating account \$44,171; in the bank in our money market account we have \$84,079; outstanding current accounts payable are \$17,610; old accounts payable are \$16,513. McCallister said at the end of the meeting, he will be providing a copy of the report to those members who want one, which includes our P & L from our CPA.

Wendell Fouche, Chairman of the Election Committee, announced last call for election ballots. After receiving additional ballots, he declared the ballot box as closed at 1:05 PM.

Murtha took the opportunity to thank all the volunteers who worked on the Election Committee. In addition, he thanked everybody else that has volunteered for various things this past year.

The next agenda item was Board of Director reports. Murtha called on Vice President Lollman first. Lollman reported that each board member had assignments to research and review. One of his assignments was to research campgrounds in the Midwest to get an idea of benefits and salaries they are paying and how much of insurance is being paid by the park. He did that research and has that information. Another of his assignments was to review procedures at the store. He did that and turned in the report to President Murtha last fall with his recommendations.

Lollman said he did a proposal on the benefits program and gave his recommendations. As most of you may know, we are now paying 100 per cent (including family) of all benefits that the salaried employees receive. He believes that to be excessive based on what you read in the paper and hear on the news what most companies are doing in this economy. Last fall, he spent many hours talking to people in person about the Member Loan Program. After leaving in the fall, he received numerous phone calls asking about the program. Since he is here in the park most of the summer, he helps many people find their sites. He has used the tractor to grade the roads after rains have made gullies. He helped clean up the contaminated soil from a diesel spill on two sites by filling in with new soil and raking where Travis had dug out the old soil; he added grass seed and mulch to the sites. He frequently walks the grounds with screwdriver in hand, straightening up leaning posts and signs. There are a number of street lights out throughout the "Y" area that he has placed black tape on to identify a light is out, so they can be recognized during day working hours.

Murtha called on Woods for his report. Woods said he, too, did research and a report on salaries and benefits with about the same results as Lollman. He called various RV parks to find out the manager's salary and benefits. He found that we are overpaying quite a bit in some areas. He also found a website that had average salaries for most cities throughout the United States. Iowa and the surrounding states are similar in pay, and we were still far in excess of the average manager's salary in the Midwest. He understands there is a third study underway, but we have still not made any adjustments in salaries or benefits. We hope to have some type of action taken soon to getting benefits into line and adjusting salaries if necessary.

Woods was also in charge of the New Members Committee. They had several meetings last summer. We have not sold many new members because there were so many old members wanting to transfer since they were not still using the park. The transfers are working themselves out. We just need to keep on top of the delinquencies.

Woods investigated the possibility of getting new gate cards. The equipment to do that would be in the neighborhood of \$3,000 plus another \$1,000 for the new cards. This will help us keep members current who are coming in and using the park. It was not available in the budget for this year. We are postponing this until at least spring.

Woods said he contacted MidAmerican Energy regarding natural gas for use in the Clubhouse. It has been in the street for some time now, but he has not found that anyone has looked into piping natural gas in here to replace the propane gas. They did a study this year and found that we would have saved approximately \$5,000 on propane by replacing it with natural gas in just the Clubhouse. It would probably not be feasible to have natural gas in the shop or the store. Propane prices usually go down as they did this spring, but we should take a serious look at putting the natural gas in this fall when the propane prices go back up.

Woods reported that at their closed executive board meeting of April 20, 2009, a motion was passed unanimously that we would put Cutty's signs on all Cutty's equipment. Don and Julia Chesnut of Chesnut Signs, who are Cutty's members, made and donated these signs at no cost to the Club. The Cutty's pick up and other equipment leaving the park need to be identified as belonging to Cutty's so that we can reap the benefits of that advertising.

Woods advised that another of his projects was to work on the storage area. He had volunteers helping him last fall measure off spaces; we put in posts and numbers designating sites in the storage area. There should be plenty of room on each side even with a slide-out. He worked on contracts, which members need to sign designating their site in storage. He said he has had no objections to the contract from the board and assumes it is fine to go ahead with. We have another contract for temporary electric storage for 30 days on the east side of the park by the fence, which is not used very often for regular camping. We have proposed a cost of \$3 a day for that.

Woods reported on the injunction filed last year by the attorney for the Committee to Save Cutty's. He did not know how many members were aware that the Club was paying the defense bill for the injunction (the attorney bill to defend Blum, McCallister and Reese). The Committee to Save Cutty's was paying for the attorney hired to stop the sale of the park. Woods did not realize until given a copy of an email the Cutty's attorney sent to James McCallister that, according to the email, McCallister had made an offer on the park. It was dismissed after the injunction was filed by the attorney for the Committee to Save Cutty's.

Woods reported on the Work Campers Program. We presently have about seven or eight members working as Work Campers; there is at least one that he knows of that is not a member. Nonmembers work 24 hours per week, and park in the employees' area. If they are a seasonal site member, they can continue to park in their site; if not a seasonal member, they can stay in one site as long as they are in the Work Camper Program; members work 20 hours per week. We currently do not have enough Work Campers.

Woods thanked all the volunteers who helped him this past year. Many members helped set posts in the storage area. Don and Julia Chesnut of Chesnut Signs volunteered to make the permanent signs at no cost to Cutty's to replace the temporary ones in the storage area. In addition, they will also eventually make street signs to dress up the entire park.

President Murtha talked about the history since July 2008. We were in deep financial difficulty, and our bills were as follows: We owed \$502,000 on the 50 amp electric; we had an operating loan of \$260,000; we had old accounts payable of \$260,000. We had a problem of operation through the summer and through the fall of approximately \$260,000. We were looking at purchasing the (Ohio) bankruptcy shares in the area of \$200-500,000. If we wanted to wipe it all out at one time, we needed \$1.4 to \$1.7 million to take care of it.

Murtha continued that we started the Membership Loan Program where each member could become the bank, and we would borrow from the members and pay them interest. On the Membership Loan Program, we picked up \$314,720. We did an assessment, and the amount taken in for that was \$138,549, for a total raised of \$453,269.

The operating loan of \$260,000 is completely paid. On the 50 amp loan, we have made two payments totaling \$197,136. On the \$260,000 accounts payable, we have paid \$244,400. The cost through the first quarter of this year

and the last quarter of last year was \$165,756. The total amount paid on loans and debts was \$867,292. That leaves a balance of \$414,023. That money came from this year's income from dues. How could we do that and not be broke? Many things happened in the park this past year. The manager, who quit, was not replaced; we eliminated part-time office help in the area of about \$22-\$25,000; total money eliminated from the office was approximately \$100,000; we reduced 11 people in maintenance from October to April; we reduced maintenance by five from May to October. We opened the park later this year, which saved us money; we reduced the gatehouse hours; we reduced the cleaning crew on our rentals; we reduced labor in the store; we reduced the purchase of inventory.

Murtha called on Ron Haynes to report on the Sales Program. Haynes said the Marketing Department is vital to Cutty's recovery in the future because no matter how much the board makes cuts, with prices going up, something has to give. The Marketing Department has an obligation to its members, those who are currently using the park and those who reach a point in their life when they are unable to use the park due to age, health or whatever. The second job of the Marketing Department is to increase the paying member base. In the end, we are trading non-paying people with paying people. At this point, he has transferred over 50 memberships. One of our remedies in the past for delinquent members has been to sue. We always win these cases, but if they don't have a job or the finances to pay, it is just not the best way to get that money. It is also bad public relations. Instead, if the dues are up-to-date, he can get those memberships transferred.

How will using the fiscal 2009 operating money affect this year's ability to finish the year without financial problems? Murtha said that he, Char and Joe Sassatelli, Chairman of the Finance Committee, have studied the budget and reviewed the costs. We must continue to operate very tight; every member must cooperate. The electric runs \$25,000 a month here. Don't sit there with the windows open and the air on; reduce water usage; don't let vandals deface the equipment. Watching for vandalism is the responsibility of everyone.

Murtha reported that we had 100 fewer people pay their total dues in March than we normally get. That makes a difference in terms of budgeting, and that put us \$50,000 behind. We are hoping that these members simply changed from paying annually to quarterly.

Murtha said the Work Camper Program is a good program; we need this program, but it wasn't as well received as we hoped it would be. We hope to learn more for next year.

Murtha said we need the members to spend more money in the store. Some prices are higher than last year because our vendors raised their prices.

Murtha said he believes we have made excellent progress in the past year, and we can operate within the fiscal cash flow money. What remains are the old loan payments. We made the first payment last October, the second payment in May and another one is due in October. If you look at the money coming in, you can see that the majority comes in March; then it dwindles off with very little coming in at the end of the fiscal year. This is where we are trying to tighten up. There is a possibility that we might be coming to you and saying we are a little short. When all loans and accounts payable are paid off, we will have a cash flow of \$315-\$440,000 per year.

Murtha reported that everything that has been done here has been analyzed with relation to savings versus cost. What he found was intelligent, hard-working, knowledgeable and willing individuals working in the office. They are willing to tackle anything given to them. The swift progress that has been made is in large part due to their knowledge and ability to give him the information needed quickly, efficiently and correctly. They are responsible, as well as everybody else, for the success we have had so far.

The current method of operation was explained by Murtha. He has split up the daily activities of the manager among Char, Nocona and Travis Mollendor with Char getting the majority. Staff meetings are held every Tuesday and Friday. We review problems, follow up on projects and assign new projects when required. President Murtha's principal area of work is on projects. His job is to be certain we are going to be profitable. We have choices of cutting hours, cutting pay, or combining jobs without increasing pay. We put the park insurance out for bid and received five bids. We will save approximately \$25,000 on the insurance for next year.

Murtha said he disagrees with Lollman on how to handle fringes. Murtha feels this is like any other project. We will get into it, we will study it, and we will determine what is the best thing to do by looking at everything.

Murtha continued that when we are out of our money problem, we have to look at what improvements the park needs; what will they cost and who will do it? We need a complete review of all equipment owned by the Club. We have to look at what should be added to the park. We need to improve our road system; we need to look at drainage; we have to look at site improvement; we need to look at what we must have for good security.

Murtha said we have people here that have loaned us \$314,000 in the Member Loan Program. We have to look at when we are going to start paying the principal back and how long we want to take to do this. A complete comprehensive park program must be in place prior to when the debts are paid off.

Murtha said we are trying to establish a price with the Trustee regarding the (Cutty's, Inc. of Ohio) bankruptcy shares, but he has not responded. Should a settlement be reached relatively quickly, we will have the problem of where to get the money. When will we be out of financial problems? Murtha said it is safe to say that all financial problems should be behind us by the summer of 2011.

Murtha explained Joe Sassatelli's work for the board. He is the Chairman of the Finance Committee, and he is trained in budget analysis and profit and loss statements analysis. He inspects for errors and is persistent in making sure things are done correctly. He is the type of person we must have to do analysis work.

Lollman suggested that members wanting to file their mortgages on the Member Loan Program first check to be sure they have been stamped with the notary seal, or they will not file it in the Recorder's office.

President Murtha opened the floor for member comments. Sandy Luft said she had some concerns about laxing of the rules. She has seen campsites that are dirty with cans and paper everywhere; she has seen people who have three to four dogs in their camper and not cleaning up after them. She asked if she has seen more of these problems in the last three years because of reduction in staff. Murtha replied no because staff has just been cut this year. He added that we all have to do a better job of policing. Another member who had picked up a good deal of trash said we have to teach our children not to throw even the smallest item on the ground.

One member, who is working 20 hours per week as a Work Camper, wanted to encourage everyone to consider the Work Camper Program. She and her four children are able to spend more quality time out here.

An employee who runs the mower said there are many people who do not clean up after their dogs. He has told campers who have dog messes in their yards that he will come back and mow after they have cleaned it up.

Murtha said it has been reported that we have kids swimming in the lake. If you see them, stop them because that is very dangerous.

One member said he was unable to vote because he did not receive a May statement until the second or third week of June and the deadline to receive a ballot for voting was June 1. He commented that there were apparently several other people with that same problem. Murtha said he thinks the new board will need to sit down and establish rules in relation to the billing.

Dana Kline wanted to remind members that Cutty's is not a babysitter for their kids. We have underage kids drinking and racing around the park after hours. People need to set guidelines for their kids and keep track of them.

Murtha asked for J. Byer's comments with regard to that topic since he is in charge of security at Cutty's. He agreed with Dana's comments. Byer said he was here over Memorial Day weekend, gone most of June and has other military commitments coming up. He has been working with Murtha and staff to be sure we have the necessary security coverage. He advised that the outside people he brings in for security will be approved by Murtha and then eventually the Board; they have security clearances, they are military and law enforcement; they are people we can depend on to be fair with everyone. Being fair with everyone is important for security. Byer said we are going to start fining people for speeding. Ron Haynes donated a certified calibrated radar gun to Cutty's for checking speeders. Licensed drivers

16 years and older can drive golf carts in the park. Golf carts must have lights on at night. All golf carts are required to have a current permit on them. Byer recommended those permits have numbers in the future so that we know who a golf cart belongs to.

Roger Moffitt said he suggested numbers be on permits some time ago, and he pointed out that taillights are also necessary on golf carts at night. Byer said common sense needs to be used when it comes to the number of people on a golf cart. Lollman asked Byer if he issues a report on incidents. Byer replied that so far, he has not started using incident reports, but they are in the works. Another member said they are required to provide Proof of Insurance at other parks, and asked if that was the case at Cutty's. Byer said they are required to provide Proof of Insurance to obtain their permit. One member asked what the fine is for speeding. Byer responded that the first time is a warning, the second time is a \$5, \$10, \$20 fine. After that, you can be barred from driving in the park. It will be necessary for you to park outside the gate and walk to your site.

Pat Terrones said she thought that at one time we had a policy that there was to be no drinking on Main Street, but you could drink at your campsite. Murtha said the rule has not been changed. Someone commented that rule is being broken. Byer said he was not aware of the no drinking rule on Main Street, but will now enforce it. That is listed in the Cutty's Guidelines & Rules book, which Murtha said would be made available in the office. Haynes said the Guidelines & Rules book is another project that is going to be worked on, and when completed, will be posted on the Cutty's website. Haynes added that newsletters will also be included on the website in the future.

Byer added that if something is going on or you catch someone doing something that is definitely wrong, don't wait five or six hours to let somebody know. Let him know when it happens so he can do something about it. The Security telephone number is 515-202-8551 and rings to Byer's cell phone at this time. The number is posted at the store and the gatehouse.

Wendell Fouche, Chairman of the Election Committee, reported on the election results. There were 298 ballots cast; of those, 13 were void; we had a total of 285 valid ballots. The three highest vote getters in alphabetical order were: Scott Blum, Ron Haynes and Jerry Lollman.

Fouche asked for a motion on disposition of the ballots, whether they should be kept permanently, hold 30 days and destroy, or destroy now. Blum moved that the ballots be held 30 days and destroyed. Tom Williams asked how many members asked for ballots that didn't get them. Murtha said he didn't have that information. Fouche explained that ballots were mailed to everybody who was eligible to vote as of June 1, 2009. Another member who was not allowed to vote said information he had said the meeting and vote was to be held at 2 PM and not 1 PM. Murtha said there was a mistake made that stated the 2 PM time on the activity sheet, but the ballot listed the time as 1 PM. Blum moved to adjourn, seconded by McCallister. Motion carried unanimously.

(114 people signed in for this meeting)

Wayne E. Woods
Secretary