

THE PRAIRIE CLUB
BOARD of DIRECTORS' MEETING
December 13, 2017

Call to Order

President Doug Elrick called the board meeting to order at 6:32 pm. All members listed below were present unless designated by an asterisk (*). All members listed below with (p) participated via teleconference.

Officers: President – Doug Elrick (2018)
1st Vice President – John Manthey (2018)
2nd Vice President – Patricia Craig (2018)
Hazelhurst Camp Chair/Vice President – Larry Bergman (p) (2018)
Spring Grove Camp Chair/Vice President – Erin Kiehm (2018)
Treasurer – Bill Breach (*) (2018)
Recording Secretary – MP McKenzie (2018)

Directors:

Beth Miller (*) (2017)	Jim “Mac” McCarthy (p) (2018)	Hope Little (p) (2019)
Bob Foote (p) (2017)	Patty Ciesla (2018)	Richard B. Spurgin (p) (2019)
Sue Krusack (2017)	Brian Reed (*) (2018)	Charles Calkins (p) (2019)
Mike Halfpenny (*) (2017)	Dan Gapen (2018)	Jean Simmons (*) (2019)

Chairs: Buena Vista - Paula Flanagan (*) and Beverly McBrien (*)
Family Cottage - Carla Klausler (*)
Farmhouse - Deb McGrath (*) & Barb Wittersheim (*)
Membership - Barb Burton Halfpenny (*)
Nominating – Leo Krusack
Conservation – Leo Krusack and Bernie Dahl (*)
Activities - Hope Little (p)
Spring Grove Lodge – Mickey Hanson and Judy Illingworth (p)
Finance - Rich Spurgin (p)

Members: Ellen Elrick, Art Anderson, Charlie Johnson

Executive Director: Jacquie Dziak

A quorum was established.

Minutes Approval:

Erin Kiehm moved to approve the 10/20/17 board minutes; Patty Craig seconded, all in favor, the motion passed.

Treasurer's Report – Rich Spurgin for Bill Breach:

P&L Budget v Actual report for November shows rentals \$30,000 above budget. It was also a good year for donations, \$25,000 including the \$2,500 donation to the HH Conservation Fund last month. Bill Breach will advise the office when to move the \$2,500 into the HH Checking Account.

Maintenance expenses were higher than budgeted, \$13,000 over. Total expenses were \$360,000,

significantly over budget of \$333,000. We transferred \$40,000 to improvement fund, which was double the budget expectation of \$20,000.

We're running surplus of \$120,000 as of November 30 but expect some of that to melt away by year end. The club's actual surplus is net income and income is transferred to the Improvement Funds. Of the \$120,000 surplus, \$15,000 will be used in December for expenses, so net income at year end is expected to be about \$100,000. We anticipated \$51,000 plus \$20,000 for improvement funds, and instead are looking at \$82,000 and \$40,000, much of which is from donations and surplus.

Old Business

Standing Committees - No reports

New Business

Prairie Club Capital Plan - Rich Spurgin

This is a project of the Finance Committee to plan for the long term financial needs of the club. The draft provided is simply the beginning of the project, the end will be determined by the board. It is hoped that we will examine this in greater detail at the March, 2018, board meeting. Board members are invited to send comments and questions to Doug Elrick so the Finance Committee can continue to look at and refine the plan. The current draft provided is preliminary, just an introduction.

This is plan for how we manage capital assets and how we manage reserves. An analysis of this type typically begins with the replacement costs of assets, and then the rate at which they are wearing out to determine the rate we should be setting aside funds to cover maintenance and replacement. What is the right level of reserves that the club should hold to protect its assets?

We have an estimated \$3.5 million in assets, including buildings, tennis court, tractor, etc. That breaks down to approximately \$1 million at Hazelhurst, \$1 million at Spring Grove and \$1.5 million for the rental properties.

Rich used 2% annual replacement costs (industry standard is 2-2.5%), and the total comes to \$70,000 annually. That is typically 1/10th of the total amount recommended - which brings our reserve number to \$700,000. The numbers seem high; we don't think we'll actually need \$700,000, but we currently have \$246,000 and we probably need more than that, especially for rental properties.

The question is do we want to build our reserves? If so, what are our targets? We'll consider these questions in greater detail in March. If anyone has any feedback or suggestions, anything you think should be included in there, please forward to Doug Elrick for the Finance Committee.

At this stage, this is just informative for planning. While helpful, there's no mandate to implement.

Just a few months ago, we thought we had too much cash on hand, now it seems we haven't enough.

There is an assumption that we need to pay cash for improvements, but in the past we've

borrowed, done fundraisers, accepted gifts, special assessments, voluntary labor, etc.

The reality is that we have \$3.5 million in assets and if we had to replace them all at once it would be overwhelming.

It makes sense to set aside maintenance costs. For the tennis courts, if we had set aside \$2,000-\$3,000 each year, we'd have the cash on hand to replace them.

Can we get to \$700,000 by choosing not to spend and build up to it? We don't want to stop maintenance while we build reserves, we need to balance both. The advice they give to non-profits regarding capital assets is to set aside some each year and have a 10 year plan to build up to where you should be.

A question arose about the discrepancy between insured value and replacement value on some of our listed assets and whether some might be under-insured. Bill Breach said he would look into that with the Insurance Company.

Concern was also raised that future boards are not necessarily bound by decisions of past boards - could \$700,000 in reserves be seen as an invitation for a future board to decide to use in any way they choose?

The answer is that instead of scrambling for maintenance funds when something needs a lot of work, the chair would be in charge of the improvement funds. When you put moneys into the improvement fund for the Farmhouse, it can't be used for maintaining roads.

Conservation Report - Leo Krusack

The board previously approved that 2% of our membership dues collected be donated to Chikaming Openlands and Nippersink Watershed Association. In December, Jacquie sent \$939 to each. Leo read the thank you note from Chikaming Openlands, and emphasized that our financial support has made us an important partner and an important neighbor locally.

Because membership dues continue to arrive far past the due date, the checks can't be written until December and 2% results in an odd amount.

So, to simplify the process, Leo Krusack moved that each year on June 1st, the Prairie Club contribute \$1,000 each to Chikaming Openlands and Nippersink Watershed Association, unless otherwise directed by the Prairie Club Board. Hope Little seconded. 13 agreed, 1 opposed, the motion passed.

HH Assessment and Tax Billing - Jacquie Dziak

Right now, the club sends HH siteholders 4 bills per year, 2 for assessments and 2 for real estate taxes. The bills go out separately, with 2 sent out in January (winter assessment and the first tax bill) and the other two in July (summer assessment and the second tax bill). However, this is often confusing to some, who believe the second bill to arrive is somehow a duplicate and neglect paying it which leads to further confusion and penalties.

They used to go out 1 per season. Bill Breach recommends that we combine both January bills and July bills into single statements to include both assessments and real estate taxes.

Sue Krusack moved that we combine the two January bills as well as the two July bills; Dan Gapen seconded, all in favor the motion passed.

Raising check signing limit for office - Jacquie Dziak

Right now, checks over \$150 require an authorized signer twice monthly to process paying the club's bills. This has been cumbersome to both the office and the authorized signer(s) and can slow the process due to the availability of the signer(s).

The Finance Committee suggests that Jacquie send the list of checks to the Treasurer for approval, and any check over \$1,500 requires dual signature, following approval from either SG Chair, HH Chair, PC President or the PC Treasurer. This is not practical as many bills can be over \$1,500 throughout the year. Some discussion ensued and it was decided to revisit this at the March 2018 meeting for further discussion.

Office salaries

The Finance Committee made recommendations for 2018 raises for Jacquie and Natalie.

Sue Krusack moved to approve the recommended raises, Erin Kiehm seconded, all in favor the motion passed.

Doug Elrick thanked those board members whose terms end tonight and are leaving, including Sue Krusack, Mike Halfpenny and Beth Miller. And he thanked Bob Foote for renewing his board service.

Membership Report - none

Reports from Camp & Activity Committees –

(Written reports for the following Committees have been submitted. Unless requested, no discussion required.)

- Hazelhurst Camp – Larry Bergman – No Report
- Spring Grove Camp – Erin Kiehm – No Report
- Membership – Barb Burton – No Applicants to present
- Nominating – Leo Krusack – No Report
- Activities/Walkers – Hope Little – No Report
- Annual Meeting – Hope Little – No Report
- Buena Vista – Paula Flanagan and Beverly McBrien - No Report
- Conservation – Leo Krusack and Bernie Dahl - No Report
- Family Cottage – Carla Klausler - No Report
- Farmhouse – Deb McGrath & Barb Wittersheim - No Report
- Spring Grove Lodge – Mickey Hanson and Judy Illingworth – No Report

Comments from Board Members - None

Comments from General Membership -
None

Adjournment

Erin Kiehm moved to adjourn, Patty Ciesla seconded, all in favor, the motion carried. Meeting adjourned at 7:57 pm.

Respectfully submitted,
MP McKenzie

**THE PRAIRIE CLUB
BOARD of DIRECTORS' MEETING
December 13, 2017**

Call to Order

President Doug Elrick called the first meeting of the 2018 board to order at 8:02 pm. All members listed below were present unless designated by an asterisk (*). All members listed below with (p) participated via teleconference.

Officers: President – Doug Elrick (2018)
1st Vice President – John Manthey (2018)
2nd Vice President – Patricia Craig (2018)
Hazelhurst Camp Chair/Vice President – Larry Bergman (p) (2018)
Spring Grove Camp Chair/Vice President – Erin Kiehm (2018)
Treasurer – Bill Breach (*) (2018)
Recording Secretary – MP McKenzie (2018)

Directors:

Jim “Mac” McCarthy (p) (2018)	Hope Little (p) (2019)	Bob Foote (p) (2020)
Patty Ciesla (2018)	Richard B. Spurgin (p) (2019)	Art Anderson (2020)
Brian Reed (*) (2018)	Charles Calkins (p) (2019)	Charlie Johnson (2020)
Dan Gapen (2018)	Jean Simmons (*) (2019)	Terry Riban (*) (2020)

Chairs: Buena Vista - Paula Flanagan (*) and Beverly McBrien (*)
Family Cottage - Carla Klausler (*)
Farmhouse - Deb McGrath (*) & Barb Wittersheim (*)
Membership - Barb Burton Halfpenny (*)
Nominating – Leo Krusack
Conservation – Leo Krusack and Bernie Dahl (*)
Activities - Hope Little (p)
Spring Grove Lodge – Mickey Hanson and Judy Illingworth (p)
Finance - Rich Spurgin (p)

Members: Ellen Elrick, Sue Krusack, Leo Krusack

Executive Director: Jacquie Dziak
A quorum was established.

President Doug Elrick welcomed the new board members Art Anderson, Charlie

Johnson and renewing member Bob Foote. He also introduced Terry Riban in absentia.

Doug then thanked Sue Krusack for her many years of board service as she is stepping down.

New Business:

Financial Management and Oversight - John Manthey

- Ensure all material financial information is included and clearly identified in financial statements
- Provide The Prairie Club Board with the information it needs to provide appropriate management and oversight for any changes to planned income and spending (i.e., the budget) throughout each year including current year income and expenses, reserves, and capital spending.

The following are examples:

- a. Rental and donation income and maintenance expense came in over budget for 2017. Does this reflect a decision made regarding the spending of over-budget income? If so, how was that decision made and by whom? Does the board need to be involved in these types of decisions?
- b. How and where are reserves accounted for in the P&L statements and balance sheet?

John is introducing these questions for the Finance Committee to consider in advance of our March board meeting. Doug will send out information to the Board and Finance Committee to look at and prepare prior to the March meeting.

If any board member has a question or concept to be considered, please forward to Doug Elrick.

The goal is to get a clear and unambiguous transparent statement of finances. It will not be a quick process, but one with continuing improvement.

Rich Spurgin, on behalf of the Finance Committee, said their job is to provide financial reports to help the board make better decisions.

Charles Calkins raised the question of how we approve expenses outside of the budget, especially between board meetings.

Website Development - Sue Krusack

Sue has been steadily updating the Prairie Club website in recent years. We are at a point now of considering an online reservation system, if we feel we need one.

While overall board members seemed to think it a worthwhile endeavor, questions were raised about whether it would require updated policies in advance. We would have to establish how members could request reservations, how and when to pay, and whether passwords might be necessary.

The Board suggested that Sue give another report on her findings to upgrade the Club's website at the next board meeting. Sue and Doug will pursue this topic further and

present information at the March meeting.

Erin Kiehm moved to adjourn, Patty Ciesla seconded, all in favor, the motion passed.
Meeting adjourned at 8:30 pm.

Next meeting: Wednesday, March 14th, at the VFW in Villa Park, IL at 6:30 pm.

Respectfully Submitted,
MP McKenzie

2018 Board Meeting Dates:

March 14; May 16; July 18; September 19; October 17; December 12