

**THE PRAIRIE CLUB
BOARD of DIRECTORS' MEETING
March 15, 2017**

Call to Order

President Doug Elrick called the board meeting to order at 6:31 pm at the VFW in Villa Park, IL. 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 (2018)
Spring Grove Camp Chair/Vice President – Erin Kiehm (2018)
Treasurer – Bill Breach (2018)
Recording Secretary – MP McKenzie (p) (2018)

Directors:

Beth Miller (2017)	Jim "Mac" McCarthy (2018)	Hope Little (2019)
Bob Foote (p) (2017)	Patty Ciesla (2018)	Dan Gapen (2019)
Sue Krusack (2017)	Brian Reed (2018)	Charles Calkins (p) (2019)
Mike Halfpenny (*) (2017)	John Manthey (2018)	Jean Simmons (p) (2019)

Chairs:

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

Members: None

Executive Director: Jacquie Dziak
A quorum was established.

Comments from Board Members:
None

Minutes Approval:

John Manthey moved to approve the 12/14/16 board minutes; Brian Reed seconded, all in favor, the motion passed.

Treasurer's Report:

The accountants are a little behind with February reports but did get our taxes done and filed. Jacquie will forward the February reports when they come in.

Balance Sheet shows \$250,000 cash in various accounts, some reserved, some not. \$250,000 is down from \$300,000 last year but that was planned due to capital expenditures slated for last year. There's plenty of money to meet any conceivable need. We had the typical problems collecting receivables but that was resolved by year end.

Net income summary shows we had income of \$51,000 before depreciation, which matches the budget in spite of many individual variances.

The three income properties at Hazelhurst came in at \$32,000 which is \$14,000 below budget. Each was below

budget on revenues plus there were some additional expense items, mainly from Buena Vista renovation. According to the new lease agreements, siteholders at each camp are either billed for shortages or reimbursed if there's surplus. So, due to the new lease agreements, neither camp cost or made the club any money.

The office was ahead of budget by \$14,000. There was some concern over the new lease that it would leave the office in deficit, but that has not happened for this year.

When looking at the Balance Sheet, there are 6 unrestricted funds:

- HH Improvement Fund
- HHIF Reconstructed
- HH Entrance Project Balance
- HH Junior Clubhouse Fund Balance
- HH Rental Properties Improvement Fund
- SG Long Term Improvement Fund

HH Entrance Fund was finished in 2016, with final payment made for the cross drain. The Junior Clubhouse Fund is inactive; there has been no activity in 2016.

The HH Improvement Fund is in good shape with \$48,000 which will help fund the barn floor, the pond and beach bathroom. The new 2017 assessment will go to that fund plus the HH Reconstructed Fund. First we'll exhaust the HHIF and if money is still needed, we'll turn to the HH Reconstructed Fund on an as needed basis. The Reconstructed Fund is the \$89,000 from the accounting error.

The HH Rental Property Improvement Fund was just started last year; the fund was seeded with income from the rental properties which we spent most of on capital improvements last year so the fund is running low. The finance committee is hoping that we will do the same thing, take the net income of \$32,095 and elect to put it into this account to keep it in a healthy position. There are no major expenditures for the HH rentals anticipated for 2017.

Bill Breach moved to approve funding the HH Rental Properties Improvement Fund with the 2016 net income of \$32,095; Larry Bergman seconded; all in favor, the motion passed.

Regarding moving funds from HH Reconstructed to HHIF, Jacquie Dziak will work with Bill Breach to transfer funds on an as needed basis. It was decided that no further Board approval was needed for these transfers as long as they stay within the budgeted amount which was \$36,450.

Jacquie requests that all communications regarding the pond and beach bathroom projects cc both her and Bill Breach.

Jacquie also requested that expenses be batched whenever possible, for approval.

Regarding the office favorable variance of \$14,000: the lease and office assessments are on budget. The annual meeting we didn't budget revenue and expenses separately and came out ahead of budget overall. There were no cottage sales in 2016. We're ahead of budget on member dues. The late payment penalties are consistent; we're a little ahead of budget on those. We had budgeted maintenance items for the office but they didn't happen so we're ahead on that. We budgeted \$3,000 for conservation but only spent \$1,000. Professional fees came in under budget.

So, it's a lot of little reasons which all add up – we budgeted \$4,000 but got \$19,000. We raise dues every 3 years and this was an off year, so dues stayed the same.

Old Business

Annual Meeting – Hope Little

Hope checked and re-checked with the Morton Arboretum but their prices were high and with all the spring weddings, we weren't able to get in. She also checked Greektown and found their prices high. So the annual meeting will be held June 10 at Hazelhurst this year – will include a casual meal of hamburgers, pulled chicken sandwiches, salads and desserts. She requests \$1,000 and that it be free to members. The finance committee

has already budgeted \$2,500.

Sarah Craig is usually able to borrow a tent, but its unavailable due to repairs this year. So we're praying for good weather, or else we'll be in the Red Barn.

Registration - 11 am (Michigan time)

Food – noon

Annual meeting after

House tours after the meeting ends

Standing Committees

Membership Committee – Barb Burton

Four names were published in our most recent bulletin and no objections have been raised.

Erin Kiehm moved to accept Linda Christianson, Margaret Smith, Jake Rozema, and Olivia Smith for active membership. Hope Little seconded; all in favor, the motion passed.

Nominating Committee – Leo Krusack

No report

Bylaws changes – Doug Elrick

Language and rationales:

Audit language:

In past meetings we've approved language for 6 bylaws changes to be submitted to the membership for voting prior to the annual meeting. The language is the same with one exception: the working committee has recommended new language to clarify the audit.

The committee has considered the expense and whether necessity warrants an annual or regularly scheduled audit and for now, the recommendation is that we continue to have club member and IRS auditor, Kevin Oravec continue to do the financial review annually, rather than a full audit. The rationale is that our current bylaw uses the word "audit" but we actually do an internal review and the committee felt we needed to be explicit about that.

Charles Calkins found that Illinois does not require non-profits to have an audit unless the club receives more than \$300,000 in donations for a single year, or uses a paid fundraiser who raises more than \$25,000 in donations in a single year.

A full audit costs \$5,000 to \$10,000 and would be a burden to expense annually for an organization of our size. An audit would not have uncovered the HHIF issue. Not having a specified audit may be better at catching malfeasance, since it would be a "surprise inspection" at the boards discretion. The reality is that the board has the ability to call for a full audit at any time.

Reservations were raised about not having regular audits and the risks and consequences of malfeasance. If you request an audit every 5 years, they will only look at the last year, which means someone with bad intentions can use the prior 4 years to their advantage. An audit for the past year won't necessarily identify a pattern of misconduct. We can always request more than one year but it gets more complex, more difficult, and more expensive.

It was pointed out that we are doing an annual review, by a qualified auditor, it's just not an outside reviewer. And that we have an outside accounting firm. It was our inside review that identified the HHIF issue.

Following that mishap, several safeguards have been put in place so if there are mistakes or malfeasance, it will be caught right away. There are various club overseers, we now have a procedural manual, outside accountants and financial transparency. It's taken 6 or 8 years, but we're in sound shape.

People have 6 figures invested in the club, in their properties, and we have to protect them. Right now, everything is working as it should but as time passes, boards and staff change, will it still be ok?

Sue Krusack moved to accept the audit bylaws proposal language as written, Larry Bergman seconded, all in favor, the motion passed.

Bylaws changes membership classes:

We currently have 3 current classes of membership (also listed on our website): active, student, and senior. There are several other categories being phased out so they are not included.

Charles Calkins will put together language specifying active categories and which categories have rights to rent and to vote.

Bylaw #6: clarification of language:

The language stipulates "two-thirds of Board members of record" but is that two-thirds of all board members? Or two-thirds of whoever is present? Or two-thirds of a quorum?

John Manthey moved to include the word "all" in the bylaws change so it reads "two-thirds of all Board members of record". Beth Miller seconded, all in favor, the motion passed.

Erin Kiehm moved to accept all rationales for the bylaws language as discussed; Patty Ciesla seconded, all in favor, the motion passed.

Bylaws changes cover letter:

The draft cover letter lists Wednesday, June 7, as the cutoff date for ballots to be in to the office, which is three full days prior to the annual meeting. The decision was made to change that to Monday June 5 by 4 pm, when the office closes. As for those who bring them to the annual meeting, they must be deposited in the box by the close of the annual meeting – when the final gavel falls, its over.

A question arose as to whether the bylaws stipulate snail mail only versus electronic – the opinion is that as long as the ballots are signed, email is allowable under current bylaws. If its not signed, its invalid.

So those who prefer to respond via email, must print out the ballot, sign and scan back in, then email to the office.

The 3 ways to submit a ballot: Mail in so office receives by June 5; print, sign, scan and email back (must include signature to be valid); bring to annual meeting June 10 at Hazelhurst and place in box by closing gavel.

Results of the vote will be tallied after the meeting and published in the July bulletin.

New Business

Sue Krusack, for our information, the website now includes what dates rental properties at HH are not available. So members can go to the website, go to the request rental page, scroll down to the red printing and see which dates are already taken. Much easier to plan your visit. The list is updated every Thursday.

A question arose about deposits – a deposit is necessary to confirm reservations. Without the deposit, the reservation is not yet locked in.

Reports from Camp, Standing, & Activity Committees –

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

Hazelhurst Camp – Rich Spurgin

Spring Grove Camp – Erin Kiehm – No Report

Membership – Barb Burton – No Report

Nominating – Leo Krusack – No Report

Activities/Walkers – Hope Little – No Report

Annual Meeting – Hope Little

Buena Vista – Paula Flanagan and Beverly McBrien

Conservation – No Report

Family Cottage – Carla Klausler and Lillian Potter

Farmhouse – Deb McGrath & Barb Wittersheim – No Report
Spring Grove Lodge – Mickey Hanson and Judy Illingsworth – No Report

Hazelhurst Camp Report - Larry Bergman

Pond update - We're redoing the pond with \$20,000 budget including \$4,000 for cleaning it. We're starting this spring and have received all permits.

The lifeguard position is filled for this summer.

Regarding the Erosion Area - we need a special permit from Chikaming Township because our beach is HREA (High Risk Erosion Area) - it will cost \$100. The problem is the camp is considered a single parcel although only the beach area is HREA. One permit already has been rescinded. We'd like to separate the beach from the rest of the camp so that only beach projects require this permit. Larry will followup.

Regarding the beach bathroom - the estimate is to begin the project mid June. Some permits are in and some being applied for.

The only bid we were able to get was from Red Arrow Construction (Vern). We're required to get 2 bids its nearly impossible to get a second bid, no one wants to bid against Red Arrow, since they're the inside contractor. Vern would still manage any project awarded to an outside vendor.

Vern has worked with Patty Craig and Larry Bergman and his bid is fair at \$34,470. The breakdown is approximately \$15,000 in materials, \$16,000 in labor costs, \$3,100 for project fees including liability insurance, etc, and \$370 for Chikaming building permits.

Larry Bergman moves that Red Arrow Construction be accepted as solo bidder on the beach bathroom project; Sue Krusack seconded; all in favor, the motion passed.

Regarding the rental properties: it turns out we have severely clogged filters in the HVAC systems at all 3 facilities. Because Vern works for Hazelhurst and not the rentals, its a problem if we ask him to do too much upkeep on those properties. Paula didn't realize this wasn't being done. She'll followup and find out about getting a contract to clean furnaces once each year and replace filters on a regular basis during winter months. Will report back to the board.

Comments from Board Members:

None.

Comments from General Membership

None.

Adjournment

Erin Kiehm moved to adjourn, Hope Little seconded, all in favor, motion carried. Meeting adjourned at 8:55 pm.

Next meeting: May 17th at the VFW in Villa Park, IL at 6:30 pm.

Respectfully submitted,
MP McKenzie