

SHERWOOD FOREST OWNER'S ASSOCIATION

Board of Director's Meeting

Saturday, April 14, 2007

10:00 AM

Sherwood Forest Clubhouse

1. CALL TO ORDER

Present: George Poehlman, Dave Baack, NenaSue Barker, Charlie Rouse, Denise Thielges, John Jacobson, Doug George, Greg Modrow, Carrie Aspinwall
Absent: Jerry Grady, Gene Ramacher

2. REVIEW OF MINUTES

Motion: Doug George motioned to accept the minutes of the March 17, 2007 meeting. NenaSue Barker seconded the motion.

Discussion: No corrections noted.

Motion Passed Unanimously

3. REVIEW OF AGENDA

Motion: Charlie Rouse motioned to accept the agenda for the April 14, 2007 meeting. John Jacobson seconded the motion.

Discussion: No items noted.

Motion Passed Unanimously.

4. TREASURER'S REPORT (George Poehlman)

Income Statement:

1. The income statement is preliminary and is unaudited.
2. Page 1, Line 50, Performance of the Operating Fund. During March, operations suffered a loss of \$43,684. This was \$13,828 more than the budget had anticipated. Major unfavorable variances for the month were in Salary & Wages, Payroll Taxes, Electricity and Professional Fees. Salary and Wages were affected perhaps due to staff being brought on board sooner than the budget anticipated. The variance in Professional Fees is largely due to legal fees incurred with our response to the Minnesota Human Rights Commission.
3. Staying on Line 50, for the 12-month year-to-date period, the Operating Fund has incurred a loss of \$73,706. This is \$35,078 more than the budget had anticipated. For the year, the largest variance in the revenue area was in visitor fees, which was \$12,723 under budget. This is not surprising given the Board changed the policy on visitors' fees after the budget had been formulated. In the Campground Management area, the largest expense variance was in Professional Services, which was \$9,238 over budget. This variance was caused by legal fees incurred in defending the wrongful termination complaint and by increased use of the auditors' services to get the new accounting system up and running. Offices Expenses are over by \$7,000. This is due to Office Expenses being inadequately budgeted. When the budget for 2007/08 was being prepared, all of the items associated with Office Expenses were more accurately reflected to include what is more accurately.
4. Page 2, Capital Fund. No Capital expenditures were incurred in the month of March. For the year, Capital expenditures were \$449,283; of that amount, \$413,393 was spent on the upgrade of the electrical system.

Balance Sheet:

1. Line 11, Cash. During March, cash increased by \$97,270. This increase was due to collections of the 2007/08 assessments.
2. Line 12, Accounts Receivable. During March, accounts receivable decreased by \$135,067. This decrease was due to collections of the 2007/08 assessments.
3. There are not a lot of changes in the Balance Sheet this year. Outside of the note payable for the electrical upgrade, there are very minimal liabilities - approximately \$4,000 in unpaid bills. Overall, Balance Sheet is in great shape.
4. One major goal for the year was to show an operating profit, before depreciation expense, of \$20,000. Unfortunately, the actual result is that the operating fund, not including depreciation expense, suffered a loss of \$5,306. Managing operation funds will always be a task and subject to weather, waterline breaks, etc. The budget of 2007/08 takes into account the expenses under budgeted in 2007/07. The increase in the regular assessment will provide the opportunity to realize this goal in the coming year. However, Sherwood Forest is a big operation and managing the Operation Fund to breakeven will always be a difficult task.

Motion: Charlie Rouse motioned to accept the Treasurer's Report. Gred Modrow seconded the motion.

Discussion:

Charlie Rouse recounted that if we did not have to incur Professional Fees we would've broke even. George Poehlman concurred and noted that the unanticipated waterline break also affected the bottom line.

Dave Baack asked why payroll taxes would not be under-budget, if salary expenses went down. George Poehlman explained that we budgeted the payroll taxes with 2006/07, and that in March, paid some expenses for the upcoming year. There might be a little bit of an audit adjustment reflected later.

Dave Baack inquired on the \$5,000 for mileage expenses and asked if mileage was being paid for personal use? George Poehlman stated this expense is for gas/diesel fuel for Forest-owned vehicles, license fees, and some mileage paid for cleaning crew and security patrols if their own vehicles are being used. Jackie Christopherson also noted that anytime an employee runs an errand on behalf of Sherwood Forest, they get paid mileage for use of personal vehicle at .375/mile, which is under the IRS rate. She also noted that the vehicles that are available are not feasible for security to use on patrol.

Carrie Aspinwall noted that although the Treasurer and Manager are doing a good job putting together the budget, there is some flags that arise and suggested that the agenda come out earlier and perhaps have people on the Board provide input on the budget. George Poehlman clarified that the Treasurer and Manager prepare the projections, but the Board reviews them and discusses them during the Board meeting. Jackie Christopherson also stressed that there are numerous factors that affect the budget, such as Board changes to the budget after the fact, professional fees, etc. Revenue numbers are based on 2-year historical data. Charlie Rouse noted that in years past, the whole Board use to prepare the budget and it would be a 6-8 hour meeting as everyone had their own ideas and believes the way it is currently set-up is working out much better. George Poehlman pointed out that Sherwood Forest's budget is not a typical, not-for-profit budget. In a true not-for-profit business, a spending limitation is set in place. Sherwood Forest's budget is much more like a business budget, where assumptions are made knowing that reality will be different. George Poehlman noted that the one item the Manager has control over in the budget is staffing and that when the Manager saw that the revenue was going to fall short, she was able to figure out how to run the campground with less staffing than originally budgeted.

Dave Baack asked for clarification of "bad debt." George Poehlman stated that this is where expenses are written off and it is one of the auditor's adjustment items at year end.

Dave Baack inquired on the \$4,000 allocated for tractor expense. Jackie Christopherson said this was allocated for the blade, but was used for the plow truck instead.

Motion Passed Unanimously.

5. MANAGER'S REPORT (Jackie Christopherson)

Accounts Receivables/Collections:

1. Since the last Board meeting, approximately \$107,754.00 in assessments and registration fees has been received.

Overview of Past Month

1. This month was spent on finalizing projects and trying to get ready for water turn-on. The 12" of unexpected snow put us behind.
2. The annual packet and year-end close and audit are being prepared. An overview of the rules passed last year is needed from the Board for inclusion in the packet. A
3. The Maintenance Supervisor position will be posted either this fall or early next spring. In the meantime, Rich Simpson will be filling in this season. He comes to us with extensive experience in the maintenance field having run his own construction business and has been with Sherwood Forest since last July. The Owners are already seeing the results, as the front counter was essentially his design.
4. Rich Simpson has recommendations for water spigot and hiking trail modifications to be presented to the Board.
 - a. Water Spigot – A plan to prevent water breaks was presented. Rich Simpson suggested replacing the existing 2" black hose with gopher guard to prevent the pressure going to the "T". He found a flexible hose rated to 40 deg. below zero, which will not crack or break. The spigots would be changed to ½ turn as opposed to full, spigots cost approximately \$.20/ea. He recommends trying a few different options to see what will work best instead of changing everything out and finding out in a couple years it didn't work. George Poehlman asked if it would make sense putting new spigots in at the areas that have received the new electrical boxes. Charlie Rouse noted that Aitkin County requires that all of our spigots be anti-siphoned which none are right now. Charlie Rouse thinks this is a great idea and that we are heading in the right direction.
 - b. Hiking Trail – A plan to re-establish the hiking trails was presented. Rich Simpson proposed a plan allowing ATV's on the hiking trails for a 1-year period to help open the hiking trails as they are all overgrown. This would also provide ATV drivers a place to ride in the interim and after a 1-to 3-year time frame, an ATV trail could be created parallel to the walking trail. ATV's are becoming as popular as snowmobiles. Greg Modrow asked how far our trails are from the county trails? Rich Simpson explained they are north of CR 95 and also ride along Hwy 169. The trails in the park would not be open to the general public. It would be for the people in the park to access the county trails to anywhere else. John Jacobson asked if our existing trails are far enough away from Owners' property. Jackie Christopherson said further reviewed is required. George Poehlman noted that when we did allow ATVs on trails, they were close to property lines and some Owners were very upset by the amount of traffic. Doug George suggested putting a time limit on the ATV use on trails. George Poehlman suggested this be put in the Annual Packet and the intent explained in detail to the Owners.
5. The clubhouse will be painted this season and volunteers to help paint would be appreciated. Please contact Rich Simpson or Jackie Christopherson if interested in helping.

Updates from Last Month's Report

1. Addition to Ice Cream Machine – Additional information was presented to the Board showing past net revenue from sales and the current cost of the unit. Rose spoke with the sales rep that assured her that any money paid for leasing the unit could be put towards the purchase price. The

- term of the lease would be 24-months. In addition, a sample coupon for a free cone to be passed out to all guests coming into the park was also provided to the Board.
2. Mailboxes – Mailboxes will be installed downstairs before the end of the month. All interested Owners have been informed and given the procedures for getting their mail sent to the mailbox. Concern was expressed with liability. Jackie Christopherson noted they intend to erect a no parking sign near the mailboxes. In addition to the mailboxes already reserved by Owners, there are approximately 15-20 mailboxes available. This information will be provided in the Annual Packet.
 3. Cleaning Service – Contract is being finalized and they are set to start when the water is turned on. John Jacobson asked if we would have an out if they were not doing their job. Jackie Christopherson confirmed that we would be able to opt out. Dave Baack inquired on the cost. Jackie Christopherson noted that it is under what was budgeted for two employees to provide cleaning.
 4. Refresher Course for Underage Drivers – Information on this will go out in the Annual Packet. Last season it was noticed by staff that the certified drivers were getting a little lax in following the rules of certification. A refresher program is being proposed that all certified drivers should attend as a reminder of the rules and that Sherwood is still serious about this program.
 5. Age Discrimination Complaint with the State – The State found in favor of Sherwood Forest. Thank you to Carlson & Soldo who did a fantastic job in putting together the response. All members of the Board were alerted to these findings.
 6. Electrical Upgrade – Knox Construction is scheduled to start-up again the first week of May, weather permitting.
 7. Winterizing Trailers – Insurance requirements are still under review.
 8. Lot Sales – Three lots have sold during the past month. This area has been very active in the past month with potential buyers here each weekend.
 9. 2007 Price List – A copy of the proposed price list was presented to the Board for review and approval.
 10. Trailer Sales Vendor – Three potential vendors were contacted. The following items were noted:
 - a. Vendors may have liability issues having their property in another location. Two vendors are checking on this.
 - b. There is a law that states dealers cannot establish new dealerships or showrooms permanently outside their county without additional licensing. Vendors are checking into costs associated with additional licensing.
 - c. Lewie's RV is willing to put one park model into the park if all check out for them.
 - d. Commission was not discussed at this point.

Jackie Christopherson asked how we could start making money on real estate sales. There is a lot of time and effort that goes into this and the real estate agent makes the commission. George Poehlman noted that the only way to recoup is through the charge for documents, etc. A comment was made that perhaps the registration fee could be raised to help recoup costs. Charlie Rouse recommended that Joel Bullyan from Bullyan RV be contacted as well.

New Items

1. Pull Tabs – Jackie Christopherson indicated that at the October 2006 Board meeting, the Board asked for further information on this subject. She contacted the Gaming Manager at the Garrison Commercial Club to find out what it would entail to set up a pull tab booth. The Garrison

Commercial Club would be willing to sponsor us and do all the work -- bring games in, obtain licenses, etc. We would get 20% commission over the \$200 for anything that we sell. There is a cap of \$1,750/mo. This revenue would stay separate from the operating fund. We would have to pay personnel, but not have to have designated staff. Whoever is working the front desk could sell pull tabs. Dave Baack asked about the litter and clean-up. Jackie Christopherson is not concerned and assured it would be cleaned. MN Gaming Commission has very definite rules that are enforced. This would open up different types of gaming in the park such as offering cash bingo. Dave Baack inquired on selling the MN Lottery tickets. Jackie Christopherson said yes it could be done, but there are a lot of restrictions and the odds of winning are not that great. Doug George said that we should start out small and be sensitive to those Owners who may not agree. Charlie Rouse asked a question as to why we need a sponsor as we are a not-for profit organization. There are a number of clubs (ie. Rotary, Hockey, Jaycees, etc.) that sell pull tabs, why couldn't we do it on our own as well. Jackie Christopherson said she would check into it, but feels we should go with them until more research can be done. George Poehlman said that most of them are charity groups and Sherwood probably would not meet the guidelines of a public purpose. A scholarship fund could be set up, but would defeat the purpose of what is trying to be accomplished.

2. Crisis Management – The goal this year is focused around crisis management starting with fire prevention and what to do if there is one. A meeting with the Fire Chief will be set up to review action plans and Jackie wonders if the Board feels a committee should be formed for this. George Poehlman said we should combine this with security volunteers so that the volunteers for security are also volunteers for crisis management.
3. Annual Packet – \$1,555 was raised in advertising. Property Owner surveys have been included for review and feedback from the Board is desired. Lewie RV is running a promotion, which will be included in the packet.
4. Lot Sale - An Owner had their lot/trailer up for sale on Ebay. He had 28 bids, but did not meet the reserve. He had posted that the trailer could be bought and the lot rented from him, which is against the rules. Jackie Christopherson Emailed the Owner reminding him of this rule. No further action required. George Poehlman will address this issue in the President's letter.

Motion: Carrie Aspinwall motioned to approve the Manager's Report. Doug George seconded the motion.

Action Required: 2007 Price List

Motion: NenaSue Barker motioned to accept all of the 2007 Price List. Charlie Rouse seconded the motion.

Discussion: Doug George would like to see the flea market table fee raised to \$5 resulting in more desirable merchandise. Charlie Rouse feels we should go with Jackie's recommendation as tables are mostly rented from the Owners.

Doug George noted public interest in a strictly craft sale only. Jackie Christopherson thought this would be a good idea, but noted she does not have enough staff to coordinate this event. Doug George is willing to coordinate.

Motion Passed Unanimously.

Action Required: Ice Cream Machine

Motion: NenaSue Barker motioned to obtain the ice cream machine under the lease. Doug seconded the motion.

Discussion: John Jacobson asked what is the advantage of leasing vs. buying? Rose noted that in the long run it would cost us more. George Pohlman indicated that it will cost us more, but the cash flow works out better for us as we are then paying for it out of the proceeds for selling the items.

John Jacobson asked how much more revenue it will bring in and whether we could make enough off this machine to pay it off. George Poehlman noted they anticipate \$5,520 in revenue, and theoretically, the machine could pay for itself in a year.

Charlie Rouse is unsure it will generate enough income.

Motion Passed. Charlie Rouse abstained.

Action Required: Pull Tabs

Motion: NenaSue Barker motioned to approve the sale of Pull Tabs through the Garrison Commercial Club in the clubhouse. Charlie Rouse seconded the motion.

Discussion: John Jacobson asked whether the money has to remain separate and who is responsible for auditing that money. Jackie said the money would be separate and the audit would be by the Gaming Commission. John Jacobson expressed concern with Sherwood Forest's liability.

Dave Baack recommended selling pull tabs during bingo only.

Doug George noted that perhaps Owners would be more receptive if there was a plan in place to where the money would be designated like the Volunteers Club has done in the past.

Charlie Rouse noted we might be limiting ourselves by designating where it will be used. Charlie Rouse feels that pull tabs may be a revenue resource, however, this is a family campground and need to be careful on how we tread on that. Charlie Rouse noted he is not comfortable selling inside the clubhouse.

NenaSue Barker feels that this is not going to get kids to gamble because we are selling pull tabs and they are exposed to gambling in other locations such as TV, gas stations, etc.

BREAK – 25 minutes

Motion Failed. Yes: NenaSue Barker, Carrie Aspinwall; No: Charlie Rouse, Denise Thielges, Dave Baack, John Jacobson, Doug George; Abstained: Greg Modrow.

George Poehlman noted perhaps Jackie Christopherson could research whether the Garrison Commercial Club would be willing to sponsor pull tabs during a Saturday night bingo if it materialized.

Action Required: Hiking Trails

Motion: Doug George motioned to allow ATV's on hiking trails for a 1-year period in order to help open the hiking trails. Greg Modrow seconded the motion.

Discussion: George Poehlman indicated that there is a law that prohibits 4-wheelers on the trails and we would have to do something about it.

Dave Baack thinks one year is OK.

NenaSue Barker expressed concern that it will encourage more ATV's into the park. Jackie Christopherson indicated that they are trying to do is give ATV driver a place to ride and suggesting to make an entrance for access to the trails.

Charlie Rouse stated that we have ATV's driving on roads in front of our lot, and we have a walking trail right behind our property and is concerned that ATV drivers will not follow the rules anymore than they do now.

George Poehlman noted that it has to be a Sherwood Forest licensed ATV.

Carrie Aspinwall asked if trails would be marked and perhaps get the Environmental Committee involved in the process. Jackie Christopherson agreed.

Motion Passed. Yes: Carrie Aspinwall, John Jacobson, Denise Thielges, Dave Baack, Doug George, Greg Modrow; No: NenaSue Barker, Charlie Rouse.

6. REQUESTS FOR VARIENCES (Greg Modrow)

None

7. NOMINATION COMMITTEE REPORT (Denise Thielgen)

1. There are currently seven candidates running for six Board positions this year.

8. OTHER BUSINESS

1. Preparation for Annual Meeting – President's letter and new rule changes are needed for inclusion in the Annual Packet.
2. Doug George indicated that he was asked to bring to the Board approval for the sale of 3-2 beer for our first dance in June.

Motion: Doug George motioned to approve the sale of 3-2 beer at the dance in June. Carrie Aspinwall seconded.

Discussion: None

Motion Passed Unanimously

3. Greg Modrow prepared a comparison of fees of three other Campgrounds in Minnesota. Greg will update the fees of Pathfinders to correctly reflect the fees. George Poehlman asked for clarification on Cokato's Capital expenses listed as two month's dues. What does that mean? Greg Modrow will obtain clarification. Once completed the comparison will be posted in the clubhouse and perhaps published in the Weekender. George Poehlman complimented the Modrow's on their efforts and noted that this will be great resource for the Owners.
4. Owner's Comments
 1. An Owner expressed interest in volunteering to help monitor the compliance of the ATV on the trails. George Poehlman noted that the rules for ATV use on the trails still need to be established along with the fine associated with breaking the rules. Jackie Christopherson will work on developing rules for review at the next Board meeting.

Motion: Dave Baack motioned to adjourn meeting. Charlie Rouse seconded the motion.

Motion Approved Unanimously.