

# DRAFT

## R-RANCH POA BOARD OF DIRECTORS 4<sup>th</sup> QUARTER MEETING TV Room of R-Ranch and via Zoom

**President - Mark Osborne 1<sup>st</sup> Vice President – Mark Grenbemer**  
**2<sup>nd</sup> Vice President – Robert Tennies 3<sup>rd</sup> Vice President – Don Fukushima**  
**4<sup>th</sup> Vice President – Jay Adams**  
**Secretary – Emilie Simmons Treasurer – Curtis Hancock**

1. **WELCOME AND INTRODUCTION**

President Mark Osborne called the meeting to order at 10:05 a.m.

2. **PLEDGE OF ALLEGIANCE**

Pledge of Allegiance was led by 4<sup>th</sup> Vice President Jay Adams.

3. **REVIEW MEETING GROUND RULES:**

President Mark Osborne reminded owners that whenever they are speaking to the board, they are to state their name and share number for the record. He then read the following Meeting Ground Rules:

- a. This meeting is being recorded. By attending, you are consenting to being recorded. Recordings can be made available to owners in good standing. (Read by Jay)
- b. Owners are welcome to comment during Owner Comment Time only. Please state your name and share number for the record.
- c. Votes will be taken by asking each Board Member one at a time. If you are going to make a motion, please state your name and share number.
- d. Board members will abide by the meeting ground rules.
  - i. Board Members will come on time and prepared for the meeting.
  - ii. We will be polite, positive, and respectful.
  - iii. We will refrain from interrupting the speaker, making derogatory statements or making accusatory remarks.
  - iv. We will listen to learn.
  - v. We will keep our comments concise and to the point.
  - vi. We will take turns in discussions, giving each board member a chance to speak on each round of comments.

4. **ROLL CALL**

Roll was taken by Secretary Emilie Simmons.

Seven Board members and a quorum were present.

Members present were:

Mark Osborne	–	President
Mark Grenbemer	–	1 <sup>st</sup> Vice President
Robert Tennies	–	2 <sup>nd</sup> Vice President
Don Fukushima	–	3 <sup>rd</sup> Vice President
Jay Adams	–	4 <sup>th</sup> Vice President

Curtis Hancock – Treasurer  
Emilie Simmons – Secretary

Heath Kauffman, General Manager, was present.

It was noted that 3<sup>rd</sup> Vice President Don Fukushima joined the meeting at 10:11.

5. **REVIEW AND SET AGENDA**

Mark G. commented that owner comment will be allowed in Item 14 provided it is specific to the budget and it will be limited to two minutes. By the one dart board is a paper you can write questions about the budget you have during the meeting; by the other is paper you can write ideas you may have on the rebuild. When you came in this morning there was a questionnaire related to creative planning. Please feel free to take one of those. If you fill it out during the meeting, we're collecting them.

Mark O. asked if there were any additions/corrections to the agenda. Robert requested that the Volunteer Committee be added to Item 8. Emilie agreed. She also requested that Item 15 and Item 14 be switched so that the item with the shorter conversation can go first on the agenda before the lengthier budget discussion.

**There was no objection to these changes. Emilie read the following changes to be made to the Agenda: Item 8a will be read by Curtis; Item 8b will be read by Cathy Macay and Volunteer Committee will be added as Item 8d and read by Georgette Bales. Item 14 (R-Ranch 2023 Budget Discussion) shall become Item 15; Item 15 (Adopt new deed transfer fees, and policy for accepting deeds from deceased owners.) shall become Item 14. There were no further changes.**

6. **REVIEW AND APPROVE 09-14-22 WORKING SESSION MINUTES**

**Mark G. made a motion to approve the minutes of September 14, 2022, as written. Said motion was seconded by Robert. Motion carried favorably by the following votes: Don Fukushima, Share 1049 (Yes); Robert Tennies, Share 0118 (Yes); Jay Adams, Share 2284 (Yes); Curtis Hancock, Share 0867 (Yes); Emilie Simmons, Share 1139 (Yes); Mark O., Share 0476 (Yes); Mark G., Share 0072 (Yes).**

7. **REPORT: EXECUTIVE MEETING REPORT**

Yesterday, 10-14-22, we had two executive sessions. First one dealt with payroll/personnel. Second one dealt with personnel contracts.

8. **REPORT: COMMITTEE REPORTS**

Robert asked each committee speaker to give their report:

a. **Financial Committee Report:**

Curtis reported he is currently the chair of this committee. Bill Micks, Bob Coffman and Suzanne Grass are on the committee as well. They have met at least three times as well as emails back and forth throughout the day.

They are currently working on three different topics.

1)The yearly electrical expense and how the expense is divided up compared to how it is collected. They are trying to get a summary of that so they can make an informed decision on how to split the expenses up. Bill Micks is working on that. He's done a

fantastic job and it's almost concluded. The committee shared this with the board yesterday.

2)Bob Coffman is reviewing the insurance which is the biggest expense. Heath and Curtis have looked into this as well and haven't been able come up with a better way yet. So, they thought another option would be to have somebody on the outside looking at it and researching it and seeing if there are at least options to where the ranch won't have to pay the whole amount. They're going to find out all the information on this and then bring it to the owner group and see what they feel is the best way to go.

3)Suzanne Grass is starting a study into the equestrian center as far as expense, fees, etc. That just got started this week.

The committee is open to other topics. As suggestions come in, they are more than happy to take them. But as of now, it's a small committee and they are working on three large events, so please bear with them.

Emilie thanked Curtis for the committees' impressive work so far as to the documents the committee put together right away pulling all the information from the Bylaws and CC&Rs having to do with financial reports regarding the obligations of the board. That information was very helpful.

- b. **Marketing Committee Report:** Cathy Macay, Share 247 gave this report with a past, present, future synopsis of the committee. The complete report has been given to the board. This committee is not even a year old as it only began in December of last year. Since the last quarterly meeting in July the committee has met four times. Membership is low currently. Cathy is the new chairperson. Coupon development continues with input from the board from the July 19 working session to be integrated. With the coupon distribution they are hoping to target the I-5 corridor, RV, ATV, and perhaps equine places. Different dealerships all the way from Red Bluff to Grants Pass. If any owners have connections to these types of places, please let them know. The expected completion is before the holiday season. Marketing plan review is ongoing. The website has been updated and is ongoing. They got a great idea from one of our inquiries to give the gift of a share. Cathy gave a shout to the volunteers, staff, and the GM for doing all the tours and also for the Open House. She acknowledged the friendliness and interpersonal relations it takes to bring people on. It's a skillset to be positive and be a first impression to would-be owners. She thanked everyone who helped for that. They had to cancel the other open house they had planned due to the McKinney Fire. That will probably be another ongoing project. They are looking for new Marketing Committee membership recruitment. They are looking for owners with sales, marketing or any skillset that might benefit the committee. Some of the abilities they would love are ability to collaborate with a team, follow through on projects, professionalism, communication, looking at the larger picture for R-Ranch longevity and success, an eye on promoting a positive Ranch culture and climate. The Marketing Committee recommended that two items be added to the budget for 2023: \$5,000 budget for paid advertising which Cathy had listed. This would be spent at the General Manager's discretion with recommendations for advertising opportunities provided by the committee. They included North Coast Parent Magazine, plus two web access and social media. That would be ongoing. The magazine alone reaches 19,000 people. Additionally a budget for other marketing expenses was requested.

Robert: Have we had time to do a review of the contest yet?

Cathy: No, not yet. That contest just ended.

Robert: Do we know how many shares have been sold to-date?

Emilie: Five. And the contest ends today at 4:00.

Robert: Have there been additional shares sold separate from the contest?

Emilie: Yes. We have sold 35 shares this year.

Heath: Last year at this time we had sold 15.

- c. **Advisory Committee:** This report was given by Barbara Dalmau, Share 439 via Zoom. The committee consists of Barbara, Cathy Macay, and Emilie. As a reminder to others, this committee works on special projects as assigned by the board. Since their last report the two things they have been working on are as follows:

1)Continued work on the calendar that is designated for the board and GM. It is pretty much complete and has been submitted to the board. They consider this to be a living and working document. They are happy to make changes, additions, etc. as the board requests.

2)Asked to assist on developing an owner and ranch complaint response process. If an owner has a complaint that is more than just a general complaint. Most complaints go directly to Heath who can resolve 80-90% of them. But those that need higher authority, this committee is working on a process as to how that should be handled.

Emilie interjected to the board that the calendar information Barbara was referencing could be found in Section 15 of their binder. She reviewed the calendar with the board. The board can contact any of the three Advisory Committee members to make changes to the calendar.

- d. **Volunteer Committee:** This report was given by Georgette Bales, Share 1051. This is the second organized year of the Volunteer Committee. It just keeps getting better and better. They have over 85 owners and guests who either donate their time, labor, materials, or cash. Georgette reports this committee is saving the Ranch tens of thousands of dollars by having the volunteers helping.

This is what the volunteers have done this past year: wire brushed and painted the Headquarters fence, got electrical pedestals at both campgrounds repaired or replaced, the two units at the River House were rehabbed, the A-Frame got a facelift (it was decorated), lights were put up at the River House, paint was bought, frisbee golf baskets were painted, help with the newsletter stuffing, envelopes and other administrative activities, line shack one got insulated and wallboard put up, pool flag pole was painted, yellow guard pole at the Cottonwood entrance got painted, the entrance blocks at both campgrounds got repaired and painted, the rice box for the Klamath irrigation got built, 12 picnic tables got new wood and were painted (6 at Cottonwood and 6 at Klamath), repaired the swamp cooler at Klamath, the horse poop from the wild horses at Klamath campground was removed, garbage from 3,000 was removed, trap shooter at gun range was installed, no trespassing signs were made and installed at gun range, during hunting season activities were hosted (cornhole tournament, open house, movies at the pool, Oktoberfest, dinners at the gun range), helped at the stable and stable activities. All of this was done with under \$1,000.

Money can be donated to the materials fund. The committee is selling cookies for two for \$1. There will be a yard sale this Saturday at the home of Mike and Shelly Sarason. The committee is looking into Venmo as They have researched this, and it appears it would be easier for people to donate cash to the materials fund by this method. Georgette will report back on Venmo. An owner who works at Home Depot gives them a ten-percent discount on materials. An owner purchased a \$1,500 laptop and donated it to the office so that they were able to work with QuickBooks.

Projects planned for next year are to repair the gazebo, paint more fence, repair, and paint more picnic tables. Those are just a few things that are on the list. If you want to donate materials or to the materials fund you can contact Georgette at [georgettebales@gmail.com](mailto:georgettebales@gmail.com).

There are almost 200 people on the volunteer email list. If you want to be added, please let her know. She will be sending out an email in the next week. All the reports will be in the October newsletter with everything they did and names of everybody who did what.

Robert: Will your report be added to our minutes or is it in there already?

Georgette: I have a written report. I will email it to you, and I'll be putting it in the October newsletter.

Robert: Do you know where we stand with the rest of the line shacks? I know the first one got done.

Heath: Number one is done. Number two is framed and insulated. They are booked. Soon as they are available, and we have materials. Wiley and John and Corey are doing that right now. If it's empty and they are on spare time that's where the attention is going.

Robert: I didn't know if the volunteers were going with that is all I was wondering.

Heath: They booked up. Can't kick them out.

Mark G.: I'm assuming after hunting and fishing season they will be easier to access.

Georgette: I can find construction workers to help volunteer if you want.

What about the rental house at the pool?

Heath: That's on pause until we can move the office over. That one has never been modified. So, it's a house now. Painting, carpet cleaning isn't going to be too intensive. Kitchen is all good. We have furniture. Silverware and plates are in there already.

Georgette reminded everyone about the yard sale this weekend. Donations can be dropped off at her place at Space #45 at Cottonwood. Please drop donations off before Thursday. She could use help at the yard sale as well.

## **9. REPORT: GENERAL MANAGER'S REPORT**

Heath presented a written statement. A copy of this statement was provided to all who were present at the meeting, and it will be included in the upcoming newsletter as well.

He was happy to see the 35 shares that were sold through the office. Those 35 shares brought in a variety of owners. Young, retirees, families; a good blend. There are cameras set up in the kitchen and hallway at Cottonwood. They have video with sound. If alerted, the alarm will go straight to Heath and Corey's phone. There were three applicants for the office worker position. Two were very qualified but they said the ranch

was just too much. They were not interested in being part of that. There are a couple more applicants they are looking at. They are looking for someone to help with payables and collections. Don asked Heath to elaborate on what the applicants meant by “too much”. Heath replied that the applicants said there was too much drama on our Facebook page. The applicants had done their research on the R-Ranch and said there were too many complaints about the ranch. Discussion was held.

Unidentified Owner

Q: Are there cameras on the pool?

A: No. Not currently.

Heath stated the outside gate is getting reset this week. Finally got the part from Inline Fence, and repaired the gate. It will now lock itself at 10:00 p.m. and unlock itself at 6:00 a.m. for your codes and key cards. Robert suggested that perhaps getting a security camera for the pool in the future may not be a bad idea for protection against vandalism or safety reasons. Discussion was held.

Unidentified Owner

Q: How much the pool building cost?

A: The pool building was \$1,558,358.

Q: Did that include the pool?

A: No, just the building.

Unidentified Owner

Q: Will our clickers still work on the pool gate?

A: No.

Unidentified Owner

Q: What is the rough square footing of the pool building?

A: I believe it was 2,780.

Q: Was there a competitive bid process for that contract?

A: Yes. There were three bids for each project.

Unidentified Owner

Q: How much was the pool?

A: \$525,656. Grand total of the pool and the building is \$2,084,000.

Unidentified Owner

Q: Why doesn't the pool cost show up on the financials? Why did you not show the cost for both?

A: Because the pool was built several years ago.

Q: It keeps coming up. Why don't you show that number? You must be transparent.

A: That was done three years ago.

Q: When did we pay for it?

A: Three years ago.

Discussion was held.

Mark O. brought the meeting back to order.

Mark G. commented that at the last meeting Heath was waiting to hear on a meeting with State Water and Fish. He asked if Heath had heard anything? Heath commented that nothing is

happening yet. Mark G. asked that when Heath hears from State Water and Fish that he reports on it. Heath said he will.

**10. PRESIDENT’S REPORT**

Mark O. provided a written statement as a handout to those present. This statement will be included in the upcoming newsletter.

The number of share sales in Mark O’s report of 33 was corrected to 35.

**11. REPORT: QUARTERLY FINANCIAL REPORT**

**a. Presentation of Quarterly Financial Report**

Curtis provided a Profit & Loss with account numbers. He is more than willing to break out any numbers you have questions about. Just ask him via email and he will get that answer to you as soon as possible. He went over the current share status which was provided in the meeting handout and will be provided in the newsletter. There was a correction to POA shares sold to date 2022 from 33 to 35.

Emilie interjected that the marketing committee had a goal of selling 40 shares this year. They are only five (5) shares away from that goal. They need your help to sell at least that many to meet the goal.

Curtis continued to say that the one thing they are seeing by the new owners is zero sticker shock. Actually, they were surprised that it is as low as it is.

Don asked what is defined as delinquent and when does it go to collection?  
Heath answered that in the past it has always been two years before it goes to collection.

Unidentified Owner

Q: Did the people who returned shares give a reason why?

A: Some of those are people who have passed away. Or some are from people who just don’t live here anymore. None of those, that I know of, have been angry returns.

Unidentified Owner

Q: How many people have bought in but not through the office?

A: Heath responded he did not know and would have to look that number up. There were quite a few.

Unidentified Owner comment: I know. Because I’ve done three this year.

A: Heath responded he did not have number at this time.

Discussion was held.

Curtis reviewed his financial report, which was in the handout along with these accounts, also in the handout:

● Tri Counties Operation	-	9622	\$ 214,114.67
● TC Trailer Storage	-	9609	\$ 27,889.03
● TC Money Market	-	2641	\$ 344,755.76
● Edward Jones	-	5256	\$ 42,508.76

- Edward Jones - 9066 \$1,305,850.53

Emilie clarified: The Tri Counties Operation account is used for the day-to-day operations of keeping the Ranch going; The Trailer Storage is a separate account that only trailer storage money is put into and then those funds are used for cameras and owner services. The TC Money Market that has \$344,755.76 is the prepaid account. That account has prepaid assessments, and that account has prepaid amounts from the cell tower lease in it. So, it is not the same as our reserve account. That is a prepaid account. Money gets put there and held the year for those assessments. Then those assessments get moved over to the Operations Fund. Discussion was held about the prepaid account by the board. Emilie continued. The Edward Jones 5256 account is our actual Reserve Account, that has to be used only for repairs and replacement of our capital improvements. The Edward Jones, 9066, account is what remains of our fire insurance money that we have for rebuild (\$1,305,850.53). Curtis continues. Curtis discussed the financial situation as far as how they've been tracking operation money. In January and June monies come in from assessments. After June there is very little income. The prepaid account has the cell tower money and the prepaid assessments. As an example: In May we took \$50,000 from prepaid account to pay bills and payroll. In August we took \$100,000 to pay bills and payroll. In September we took \$75,000. We are looking at pulling another \$87,000 in October, in November \$135,000 and in December another \$135,000. That all comes to \$582,000 that we had to take out of our savings account to put in our checking account. That is the situation that this board is having to work on and try to figure out. Whether it be an increase in income or a decrease in expense we can't keep doing this. It's not sustainable. If anybody has any great ideas, we're all ears. Heath and I are continuing to work on the 2023 budget, but there's a lot. We need unified board direction that has ideas that we're willing to decrease expense and stand by that in front of all the owners; or increase revenue and stand by that in front of all the owners. Right now, we're having to borrow \$582,000 out of our savings account to get through the end of this year.

The insurance increase is what is causing this problem. The ranch got hit Friday with a \$90,000 bid for insurance on the new building. So that on top of the huge increase in February is sending these numbers upside down. We need to vote on accepting that bid soon. Because of the fire danger, it is very hard to find insurance.

Emilie commented that some have suggested we drop the insurance and self-insure. To do so we would have to change our CC&Rs. That would require: "CC&Rs, Article 7.1: Types of insurance coverage. The association shall purchase the following types of insurance. Fire and casualty insurance." So according to our CC&Rs we do not have the option to self-insure. However, if you want to do that, it will be a time-consuming process. The CC&Rs would have to be rewritten. Then we would have to have 66 2/3 of all the owner's vote to adopt new CC&Rs.

Curtis stated that one of the things the financial committee is looking at is reaching out to other like groups to possibly come together in a pool type of deal. We just started that conversation, so I don't know where it will lead. Discussion was held.

Pat Chase, Share 2301.



Q: To help eradicate some of this fuel behind us, would it be possible to open it back up to cattle? Cattle used to run on this side of the ranch. Perhaps have the people be responsible for the temporary fencing as their cost. Show that to the insurance company and see if they would give us a break because we've eradicated fuel?

A: That's a possibility. Maybe on the 1,000 too.  
Discussion was held.

Curtis reminded everyone that a pool cannot be insured. It was replaced first at a cost of \$318,491.14 and paid from the reserve account and paid as an expense. He would like to see that money taken out of the fire/rebuild money and put that back into the reserves so that we have reserve money. Having only \$42,000 in reserve money is a very small amount should anything happen. He asked the board about that and to see what everyone's opinion was. He would also like to see a percentage of the yearly assessments go into the reserve account. The Bylaws are written with the suggestion that we take a percentage and put into the reserve account and that has not been happening. He would like that to start happening. Board held discussion.

Concerning the financials where the bunkhouse and the A-Frame are, Curtis would like to allow accounting to change the wording on bunkhouse and add a separate category line on each building so that we can monitor the A-Frame separately, the River House separately, the Line Shack separately, etc. Every building would have its own category. He would like to make a motion to make that category more specific by itemizing each building separately so we can track the expense and income individually instead of as a group. Discussion was held. Curtis withdraws his motion, and the matter is tabled.

#### **b. Discussion/Questions**

Wes Hughes, Share 1327

Q: I like the idea of putting the money back into reserves. But didn't septic come out of the reserve too? It didn't come out of the fire account did it.

A: Heath believes that it did come out of the fire account.

Bob Myers, Share 960

Q: What was the justification of a 17-year cell tower lease? I do not believe the board is allowed to do more than a one-year lease. I would like to know who signed it and I would like to see it. Seventeen years we're going to have it as an expense. No income. An Expense. Plus, there's going to be taxes on that money. I want all the owners to be aware of that because I don't see where it is shown on your financials or the budget. There are some questions I have about that lease, and I don't know if we can back out of that lease somehow. When I was on the board, we raised that lease every year. You can't raise it now. So, whoever signed that, somebody's got to be financially responsible in case we have a problem. I'm not sure it was legal for anybody to sign that kind of a lease in the first place without owner approval.

Emilie: What are you saying is not in the financial section? Specifically, what are you looking for?

Other unidentified Owners: The cell tower lease.

Emilie: The cell tower funds were part of the report that was just given and how much money we have in that account. As for a physical copy of the lease there does not seem to be one at this time. We have reached out to past board members, the attorney's office, and the cell tower company, and we are going to try asking the CPA. Along with that, I, Heath, and Tanya have been searching as well. There are boxes and boxes of records in that office, and we are doing the best we can. It is a time-consuming project. The attorney advised us the cell tower lease was lawful and it was the board's decision to use the funds at our discretion however we feel we need to use them to help the ranch. You also asked about the taxes on that money, etc. We also consulted our CPA as to that. He outlined that we could use the money for whatever we needed to. That it was set up and amortized over 17 years and there is a payment schedule for those taxes. And he gave us those dollar amounts. We know how much we need to set aside each year to pay the taxes on that lump sum that we received. Discussion was held.

Robert asked if all records for the ranch from the past 50 years are in that building. Emilie responded that they possibly are. She also said that she has already arranged with Heath that as they are getting into the slow season she will be going into Headquarters and begin to go through these boxes. The employees and I will be scanning documents and shredding things that are no longer needed to be kept as records. It's very overwhelming and is going to be a multiple-year project.

Unidentified Owner

Q: Can an owner help with that?

A: They would have to sign a confidentiality agreement.

**c. Approval of Quarterly Financial Report**

**Mark G. made a motion to accept the Financial Report as presented. Said motion is seconded by Don. Motion carried favorably by the following votes: Don Fukushima, Share 1049 (Yes); Robert Tennies, Share 0118 (Yes); Mark Grenbremer, Share 0072 (Yes); Curtis Hancock, Share 0867 (Yes); Emilie Simmons, Share 1139 (Yes); Mark Osborne, Share 0476 (Yes); and Jay Adams, Share 2284 (Yes).**

**12. OWNER COMMENT TIME**

James Bell, Share 1203

Q: Could we use the fire rebuild money to remove the Cottonwood old building and put another rental in there to generate some income?

A: Unable to remove as it is grandfathered in.

Georgette Bales, Share 1051

Comment: Regarding rentals, perhaps we could put a trailer where the camp host was by the bunkhouse and rent that out. Septic, water, and electric is already there.

Chris Baker, Share 417

Q: With the insurance proceeds there was a line item bid from the insurance company for all the buildings. I'm curious how the 1.4 million or the Cottonwood pool building reconciled with what the insurance thought that should cost. I live in the Bay Area, and I've been in commercial real estate for 21 years. I do development deals and I know what stuff costs on a price per foot basis, etc. The price of the pool building seems like a high

number. The 1.3 million insurance money that is left; do we know if that is what the insurance company thinks that is what it would cost to rebuild every that we don't have?

A: Not a third of what we had.

Q: I'm listening to all of this. Sounds like the ranch is going broke. We need to use the reserves.

Emilie: We will be having a meeting on what to rebuild on November 19. The rebuild funds still available is \$1,305,000 which is not even enough for that tiny bunkhouse that we were considering a couple of years ago. We must come up with some other ideas. Our Bylaws state that if our insurance is more than \$10,000 short of being able to fully replace what we had before, we must have the owners vote on what to do instead. Option A: We could save the 1.3 million and build it up big enough to build the bunkhouse like it used to be. Option B: We can build something else instead of a bunkhouse. Option C: Put it all in the reserve account to be used as needed. Option D: Some sort of a combination of building something instead of the bunkhouse and keep the rest of it for a rainy day or repairs or whatever. There will be an entire meeting on this November 19. It will be both in person and Zoom.

Q: Would the insurance company had built it if we hadn't taken the cash? Was that an option?

A: No.

Judy Tennies, Share 0118

Comment:

River House – We had a friend stay in the studio. We walked into a very sad situation. Each of the air conditioners had cardboard duct-taped to them to secure them in the window; mice problems (some previous renters had to get mice traps from Bob); had to change the sheets on the bed; had to get cleaning materials and clean the counters in the kitchen; in one bedroom they stuffed throw pillows in the window so the mice couldn't come through. I was so embarrassed. It was in ready-to-go condition when I last saw it. The cleaning kids, when I was around them, were doing a very good job. I don't know what has gone wrong. There are no heaters, only a fireplace. I think we should purchase a couple heaters. The front yard was looking green. It's now dry and people are driving on it right up to the front door. The A-Frame was in good condition.

Wes Hughes, Share 1327

Comment: I was on the board and a part of the cell tower lease. After the fire we saw we were going to be short of the rebuild. There was a company that came through and offered us quite a bit of money for a cell tower lease. We discussed this with our attorney and confirmed this was legal and the board voted on it. If we hadn't done it, who knows where we would be. I am also looking for a copy of the contract. Discussion was held. Wes and Pat think the lease was probably voted on in 2019 or 2020 and was done so in an executive session.

James Bell, Share 1203

Q: A-Frame expenses show electric as \$85,590.21 a year.

A: Emilie – If you look at page 6, A-Frame Expenses is \$112.18. Then you start a new category. There's a mistake. It is off one line. The \$85,590.21 is the total utilities for everything.

Georgette Bales, Share 1051

Q: Could the volunteer committee put a trailer where the camp host was? Perhaps the trailer could be donated or just the space could be donated, and they bring their own

trailer. The electric, water and septic is still there. The rental funds would go to the materials fund.

A: It's very difficult to replace that electrical pole.

Q: Maybe when we get a building over there. It's just a thought currently. My second thought is we need a fire suppression and a fire prevention program. There's a lot of things that can be done. We already have the gas pump that could be put into the pool. We need hoses to buy. But we could get somebody from the county to kind of walk us through the ranch and find out what we could do ourselves as volunteers for fire suppression and prevention. Probably will require a committee at some point.

Unidentified Owner

Comment: The air conditioning was going full bore at the River House, and nobody was there.

Bob Myers, Share 960

Comment:

Article 9, Section 2 of the Red Book. Limitations of the power of the board. The Board cannot enter into any contract with a third party for the furnishing of goods or services for a term longer than one year.

Curtis commented that it was not a third party.

Emilie interjected that the board had already had an interpretation of that from the attorney. There is a word missing from the Bylaws. At 9.2a It should say: "This restriction shall not apply to." Because what follows is a list of exceptions to what you just said.

Owner: They didn't have cell towers when this thing was written. I think what needs to be done is look at what the boards' powers are. Because the board was elected by the owners. So, when you overstep your bounds and personally decide to try things and not tell us about it, and it doesn't work, the owners are getting a little bit upset.

Unidentified Owner

Comment: Someone had told him that there was some written, and he wasn't sure if it was a condition of a development approval to get a general plan amendment to develop the ranch. But someone told him if the ranch ever had to be sold, it would have to be donated to a non-profit. Is that true?

A: Yes. Per our dissolution clause in our Articles of Incorporation. If the Ranch closes, all assets will have to be donated to a non-profit.

Discussion was held.

Shelly Sarason, Share #560

Q: What was the reason you couldn't transfer the \$318,000 from the fire money to the reserve account?

A: It can be done, but it'll have to be done by a vote by the owners. It's not a decision the board can make on its own.

Mark O. calls for a 15-minute break. The meeting will reconvene at 1:00 p.m.

Mark O. called the meeting back to order at 1:10 p.m.

## **UNFINISHED BUSINESS**

### **13. RESOLVE DEFICIT FOR 2022**

#### **a. Discussion**

Curtis announced that this portion of the meeting is for ideas, one side or the other, either expense or income. The board will discuss their ideas first and then owner discussion will be opened.

Curtis is concerned about the success of the rentals. Sounds like the River House needs to be cleaned up to ensure renters for next year. He is looking at the fire rebuild money and bettering what we have. As far the line shacks and maybe even going a step further such as creating a destination bungalow style thing where you have some shade. Perhaps making the Cottonwood rental into not only a one rental unit, but two if it's a full trailer. Like they did at the River House. If it's possible.

Emilie asked if these ideas were short- or long-term ideas and Curtis responded that they were long term. Emilie reminded him that this discussion was for short term to make it through 2022.

Curtis shared he had outlined in the handout that we are going to have to take money out of that account to make it through 2022. That's the short-term three-month discussion. The Ranch needs \$87,000 and then \$135,000 and \$135,000 and we don't have anything coming until then. The only thing we can do is to take steps is to decrease some expenses. Discussion was held with the board and owners.

Robert points out that Item 13 is meant to resolve the deficit for 2022. The suggestions he is hearing are not going to do that. We either need to ask for a special assessment to cover that or we borrow the money, if we can, based on our Bylaws. We would borrow that money with intentions of knowing when we're going to put it back and that we put it back where it was borrowed from. Emilie brought up the timeline needed for getting a vote from owners to have a large special assessment. The first thing that would need to happen would be posting a notice to owners 15 days before we have the meeting where the board votes to ask the owners for a special assessment. The soonest that could happen is beginning of November. Then at the meeting if we vote to ask the owners, we will have to start the owner-vote process to get it all out to all owners. We won't get that money before the end of the year. Discussion was held with the board.

Don commented that he feels next year, the economy is going to get worse. Per his research and expert opinion, he has heard the water level is going to go up and down. He believes the dam is coming out which will be a new challenge for the ranch. The river is what draws a lot of owners. If it goes to a trickle, it will affect ownership. Inflation has not been discussed at all and must be considered. He also believes it is inevitable that the recession is coming, and it will be bad. We can't avoid the pain that is coming. Wants to know if the \$357,000 would come out of the 2641 account. Discussion was held with the board and owners.

Emilie reported that there are 621 shares that are in collections, bankruptcy, or foreclosures. Having that large number of shares owned by people who are not paying is very bad when it comes to special assessments. The assessment asked for must be divided equally between all owners, delinquent or not. It doesn't work. My suggestion is to change it so that we can charge \$100 do a deed transfer from one owner to another. We also need to make it easier for people to give their deeds back to the Ranch. So, I suggest we charge \$50 for a deed to be given back to the Ranch. This may help to not have a special assessment. It would make people more likely to buy into the Ranch if they knew they're not locked in like a time share and they couldn't get out of it.

Perhaps we could tap into the cell tower fund and give away shares with a one-year assessment paid. Discussion held with board and owners.

Mark G. suggests borrowing the money from the cell tower fund and repay it back to that fund. Owners need to be informed of what's to come in the next four years. Agrees with imposing a special assessment. He's convinced that we can get a plan in for the long term so we can diversify the income. He also believes the dam is coming out. It could be big opportunities for the ranch. He has spoken to the board about doing an Economic Impact Analysis to show that. He thinks that we can probably show that our ownership has gone down prior to the dam's removal. There's going to be grants, funds and things that we need to take advantage of. We're going to have a labor force and we're going to have people moving in that are going to need stuff. Developing a strategic plan is going to be very important to help the Ranch. No discussion was held.

Jay doesn't see any way around borrowing money as Robert suggested with getting a short-term loan and paying back the account where the money came from and figuring out a special assessment fee.

Mark O. agrees with Robert that cutting anything is not going to help anything by the end of 2022. He likes the special assessment idea and the idea of paying it in installments. He does not want to use The Ballot Box and would prefer to have three or four volunteers count the votes to save the ranch \$9,000. I like Mark G's idea of approaching the construction company and coupling that with Emilie's idea of giving away shares. He suggests renaming the cell tower account the operation reserve account. Discussion was held with the board members.

Emilie interjected that the shares would have to be sold for at least \$1.00 and she would like to see them offered at \$50 as it is the Ranch's 50<sup>th</sup> anniversary.

Heath agrees with Robert's plan to take the money from the cell town account with the plan to pay it back. Have a special assessment with the option of one payment or installments. He would not give the construction company a share as the workers are unknown to the ranch. He suggested leasing property to the construction company for equipment storage. He also doesn't agree with giving the shares away. Discussion was held with the board.

Curtis announced that during the owner comment period there may be a need for an approximately 20-minute break at 2:30 for a hearing. He does not know if it will happen.

Bob Myers, Share 960

Comment: He knows of someone on a golf course board. They were in financial trouble, and they took it to the owners. Explained the situation to the owners and all the owners agreed to a special assessment. He says we have the same situation here. Also, at the May meeting, everybody present raised their hand in agreement to a special assessment. He says he's probably talked to 50-60 owners that fish and hunt up here and bring their families and recreate. He mentioned to them we might have to have a \$5-700 assessment. Every one of them agreed to it. Don't do an assessment this year and then again next year. Do it only once. This place needs fixed up. Show people we are moving forward. This is a recreation facility. Not a home. It's for this little girl here. His son was brought up here and his grandson. But this little girl deserves to have this. That's what Jeff Dennis wanted to have. He could walk away as he has gotten his monies worth. He's fighting for the kids. He says the ranch needs to be marketed right. It's worth more than \$1,800. He has people coming up next month. He suggests extending the sale price through the end of the year.

Wes Hughes, Share #1337

I don't want installments. The assessment needs to be paid all at once. Hit them with the bill. This Ranch is undervalued.

Ramada Harvey, Share #1741

Her family has been an owner for 27 years. In the past two years they have had five families buy in. Not through the office, but they're still paying their assessments. I don't mind paying extra assessments. What I do mind is that management is letting revenue walk out the door. She told the board they are not collecting all guest fees (camping, double-parking RV's on a site, being gone over the five nights and not paying that fee when they come back.) She has had trailers around her and the people haven't been there in two weeks. They put a little red flag on it. These trailers are not broken. She has had family come up and She has paid over \$1,000 in one week in guest fees. She knows people that do not pay their guest fees. She tells the board they need to be more proactive in collecting the guest fees. She claims that they can't wait for the owner to come to the office and pay, they need to approach owners. She believes thousands and thousands of dollars have been lost just in guest fees.

Mark O. commented that IDs are being checked. He has been getting emails from people who have been fined because they were more than five days out and asking him to waive their \$125 fine. So, he knows that the fines are being levied. Ramada commented that fines are being done very selective. She asked if the board raise the assessment 20 percent every year. The board answered, yes.

Zoom comment. Ronna says we will happily pay \$400. The ranch is still an incredible value.

Zoom comment. Gwynn says that perhaps most, like her, did not know how serious the budget is in need. She asked for the board to put all the cards on the table for your next owner letter.

Zoom comment. Barbara says that since new owners are not complaining about the price, giving the share away is not the solution. Awareness of the ranch marketing is the better solution.

Discussion was held by the board of directors with comments from owners regarding borrowing from prepay account to get through 2022.

**Curtis makes a motion to take funds not to exceed \$324,755.76 out of the prepay account (2641) to pay the operational costs for the rest of 2022. Said motion was seconded by Jay. Motion carried favorably by the following votes: Don Fukushima, Share 1049 (Yes); Robert Tennes, Share 0118 (Yes); Mark Grenbremer, Share 0072; (Yes); Jay Adams, Share 2284 (Yes); Curtis Hancock, Share 0867 (Yes); Emilie Simmons, Share 1139 (Yes); Mark Osborne, Share 0476 (Yes).**

Discussion was held by the board of directors with comments from owners regarding imposing a special assessment. It was brought up that under the CC&R's Section 4.2c Assessments to Address Emergency Situations. The requirements of members to vote to approve assessment increases in excess of twenty percent (20%) of the previous year's regular assessment shall not apply to assessment increases necessary to address emergency situations.

The emergency situations that were listed are:

- i. An extraordinary expense required by an order of a court
- ii. An extraordinary expense necessary to repair the common area
- iii. An extraordinary expense necessary to repair or repair the common area, common facilities, or any portion of the separate interests which the association is obligated to maintain that could not have been reasonably been foreseen by the board in preparing and distributing the budget pursuant to (inaudible)

None of these situations seem to apply. Further discussion was held. It was brought up that under CC&R's Section 4.3a Purposes for Which Special Assessments May be levied: Subject to membership approval the board of directors shall have the authority to levy special assessments against the owners and their shares for the following purposes:

- i. Regular assessment insufficient in amount. If at any time the regular assessment for any fiscal year is insufficient than we can levy a special assessment with membership approval.

Further discussion was held. Emilie clarified you are not actually voting to do this, you are voting to put this out in front of the owners for 15 days so that you can vote on it next time.

**Curtis makes a motion to propose a special assessment to cover the \$582,000 (regular assessment insufficient in amount), to be divided by all shares equally. This will be payable in one lump sum, or four quarterly payments. These funds shall be deposited into Tri-Counties account (2641) to replace borrowed funds. Motion was seconded by Mark O. Motion was passed favorably by the following votes. Don Fukushima, Share 1049 (Yes); Robert Tennes, Share 0118 (Yes); Mark Grenbremer, Share 0072; (Yes); Jay Adams, Share 2284 (Yes); Curtis Hancock,**



**Share 0867 (Yes); Emilie Simmons, Share 1139 (No); Mark Osborne, Share 0476 (Yes).**

A vote will be required. To use The Ballot Box cost \$9,000 so it was decided to use volunteers to count the votes. Curtis volunteered to get volunteers.

Curtis announced the 2:30 meeting he mentioned earlier was a no show.

Sandra Smith, Share #274

Q: How much will each share be paying?

A: The board will have a figure after the break.

Mark O. called for a 15-minute break at 3:00 p.m.

Mark called the meeting back to order at 3:20 p.m.

**Curtis Hancock made the motion to re-name the QuickBooks "Bunkhouse" category, and add new line-items, to make it more specific to each building. Mark Osborne seconded. Motion passed unanimously. Motion was passed favorably by the following votes. Curtis Hancock, Share 0867 (Yes); Don Fukushima, Share 1049 (Yes); Emilie Simmons, Share 1139 (Yes); Jay Adams, Share 2284 (Yes); Mark Grenbremer, Share 0072; (Yes); Mark Osborne, Share 0476 (Yes); Robert Tennies, Share 0118 (Yes).**

#### **NEW BUSINESS**

**14. ADOPT NEW DEED TRANSFER FEES, AND POLICY FOR ACCEPTING DEEDS FROM DECEASED OWNERS** (was listed as Item 15 on original agenda, and order was changed at beginning of meeting.)

- a. Proposed fee of \$100 for owner-to-owner deed transfers**
- b. Proposed fee of \$50 for owners to gift back deed to R-Ranch**
- c. Proposed no fee for family of deceased owners to gift back deed to R-Ranch**

Board held discussion.

Emilie read into the record the following:

#### **“Proposal for Deed Transfer Fees**

Deed Transfer Fees are needed to cover the cost of printing necessary forms and documents, covering payroll for the staff member to complete all necessary paperwork, provide notary service, and to cover the county filing fee.

\$100 fee for Deed Transfers from current Owner to a new Owner.

\$50 fee for Deed Transfers from Owner back to the R-Ranch to a New Owner. Deeds being transferred back to the R-Ranch must be current on all assessments, fees, and fines. No credit will be issued for any unused portion of the annual assessment.

\$0 fee for Deed Transfers from Deceased Owners (or their successors) back to the R-Ranch within one year after the owner’s death, and a Death Certificate must be provided. Any

outstanding assessments, fees, and fines will be forgiven as long as the Deed is transferred back within a year and a Death Certificate is provided.”

**Emilie makes a motion to accept the Proposal for Deed Transfer Fees as presented. Motion was seconded by Mark O. Motion passed unanimously by the following votes: Curtis Hancock, Share 0867 (Yes); Don Fukushima, Share 1049 (Yes); Emilie Simmons, Share 1139 (Yes); Jay Adams, Share 2284 (Yes); Mark Grenbremer, Share 0072; (Yes); Mark Osborne, Share 0476 (Yes); Robert Tennies, Share 0118 (Yes).**

**15. R-RANCH 2023 BUDGET DISCUSSION** (was listed as Item 14 on original agenda, and order was changed at beginning of meeting.)

Mark G. announced that this agenda item would be starting with a presentation by Curtis and Heath providing information on the budget. Following that will be questions and discussion between board members only. After that it will be opened to owner comments and questions. If there is a question Curtis or Heath cannot answer, asked that that question be emailed to them, and they will respond as soon as possible. Following owner comments, the board will have further discussion on the matter.

Curtis discussed the January through September 2022 profit and loss compared to the budget for the difference so you can see where they landed on the last prediction setup. For your information that is the November of 2021 budget not the one in May. So, that is the real budget for 2022. The second document I would suggest looking at is the one where the first column is the 2022 actual and 4<sup>th</sup> quarter estimate and the 2021 actual so you could see versus last year where we're tracking and to see where we are up or down. Discussion was held by the board.

Curtis: Heath and I want to hear from the rest of the board before developing the budget further. We need to know what decision the board will stand behind.

Q&A about line items. Phone expense, fuel expense, horse feed amount, cleaning supplies. Curtis invited the board to email their specific questions to him so he can look up the answers.

Emilie: We could lower the assessment, but start charging use fees for each activity.

Jay: Against that. Don't want to nickel and dime owners.

Robert: Assessments are supposed to cover all the common areas of the ranch.

Don: It would be a change of business model. Buffet all-you-can-eat, or a-la-carte pay for what you use. Before we can choose a model, we need to know the bottom line for the basics. This would be changing our business model, so needs lots of discussion. We could sell “packages” that add value to owners. They pay a lower base rate, then buy packages that cater to your interests.

Emilie: We need to consider the users of the ranch. For someone that can use the ranch a lot, a larger assessment is still a good deal. If you only use the ranch a few days, a larger assessment will price you out. According to the marketing analysis from a few years ago, most of our owners use the ranch 30 days or less. We don't want to price them out.

Jay: One assessment should cover everything.

Discussion was held about fees, general assessment.

Mark G: this will need more involved discussion and reaching out to owners. We can't get this in place by the new year, so we should come up with other ideas for this year.

Discussion was held about how special assessments only bring in just over half of what is needed because we have 621 shares that are in collections or seriously delinquent and they don't pay.

Curtis: we still need direction with where to go with the budget for 2023. Who can help me work on the Reserve Study? We'll need it to raise assessments. Can we ask for volunteers to help with that? We'll send out the last reserve study to all the board. Mark G can help look stuff up. Jay can help with in-person inventory.

Emilie: Why is everyone so set on raising assessments instead of focusing on really selling shares? Sell them for \$50 or \$500 in honor of our 50 year anniversary. They would also have to pay their entire year of assessment up front. We need a good deal to draw people in. I've marketed this ranch as much as I can for free. We sold 35 shares. Last year was only 16. The year before was 20. We haven't really moved shares in a long time. I need 2 things from the board. I need a budget for paid advertisement, and I need a really good deal to offer. We need new owners, new excitement, and more assessment money.

Robert: This needs more conversation. Let's agree to disagree. We need to see a full proposal.

Emilie: Show of hands. If marketing committee develops a proposal based on \$500 per share, plus full year assessment, who would consider that? (3 Directors indicated interest.)

Don: I volunteer to look at reserve study software.

## **16. ORGANIZATION OF THE BOARD**

### **a. Discussion of temporary Board Officer appointments**

In July when the board was voted in and nominated each other to the offices, we said it was temporarily until the next quarterly meeting. Now we need to decide if we are continuing in our offices.

### **b. Possible new nominations of Board Officers, or removal of temporary appointment status**

**Don makes a motion for the board to remain as it is. Motion was seconded by Robert. Motion passed unanimously by the following votes: Curtis Hancock, Share 0867 (Yes); Don Fukushima, Share 1049 (Yes); Emilie Simmons, Share 1139 (Yes); Jay Adams, Share 2284 (Yes); Mark Grenbremer, Share 0072; (Yes); Mark Osborne, Share 0476 (Yes); Robert Tennies, Share 0118 (Yes).**

### **c. Task calendar**

There was no discussion on this matter.

## **17. ANNOUNCEMENTS**

- a. Mark O. announced there will be a Special Owners meeting to discuss rebuild option on 11-19-22 at 10:00 a.m. in the TV Room

## **18. Set next Working Session Date and Time**

After board discussion the next working meeting of the board will be via Zoom on

11-12-22 at 10:00 a.m.

**RECESS**

There was no recess.

**19. RECONVENE**

It was decided to skip the recess and just continue with the meeting.

**20. INITIAL DISCUSSION OF STRATEGIC BUSINESS PLAN**

Mark G. gave a brief discussion on developing a Strategic Business Plan committee. He will present a charter for the committee at the next meeting. He would like to have this committee up and running by January 1, 2023.

**21. ADJOURN**

There being no further business before the board, meeting adjourned at 4:59 p.m.

***MINUTES TAKEN BY GEORGIA TOMS and EMILIE SIMMONS***