

R-Ranch POA Board of Directors
Working Session Minutes
Wednesday, 9/14/2022 5:30pm
Via Zoom Only

1. Meeting was called to order at 5:39pm by Mark Osborne
2. Mark Osborne led the Pledge of Allegiance
3. Mark Osborne referred everyone to the posted Zoom Meeting Policies, as listed below:
 - a. State your name each time you speak if your video is off, or when you make a motion.
 - b. Votes will be taken by asking each Board Member one at a time
 - c. 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.
 - vii. The Zoom admin has the duty to mute board members if they are speaking out of turn or failing to follow the ground rules.
4. Roll Call
 - Mark Osborne, President
 - Mark Grenbemer, 1st Vice President
 - Robert Tennes, 2nd Vice President
 - Don Fukushima, 3rd Vice President
 - Jason (Jay) Adams, 4th Vice President
 - Curtis Hancock, Treasurer
 - Emilie Simmons, Secretary

 - Heath Kauffman, General Manager

All Directors are present, quorum is established.
5. Hearing no objections, the agenda was set as presented by Mark Osborne.
6. **By general consent, the consent agenda was approved. The consent agenda included items A and B, as listed below.**
 - a. **8/30/22 Working Session Minutes**
 - b. **Charter and Work Plan for the Financial Committee**

Charter and Work Plan for R-Ranch Board Finance Committee

Purpose and Scope of Responsibility of Committee

The R-Ranch Board Finance Committee (Committee) is a standing committee chartered to guide, oversee, and support the financial practices of the R Ranch. The Committee shall:

- Develop up-to-date fiscal policies and procedures.
- Ensure accurate tracking and analysis of finances, trends, and issues.
- Ensure conformance to relevant financial rules and regulations according to R Ranch governing documents, state, and federal requirements.
- Create work plans to accomplish the goals set forth by the Board.
- Ensure that the goals and objectives of the Board and Committee are achieved on a timely basis
- Make financial recommendations to the Board.
- Report to the Board on at least a quarterly basis.

Committee Organization and Reporting Structure

The R Ranch Board (Board) will appoint members to the Committee. Appointments can come from the Board, trustees, and volunteers from the R-Ranch Ownership.

Members of the Committee should be suitably knowledgeable in matters pertaining to business or corporate finance and must be current R-Ranch Owners in good standing.

The Committee is led by a Committee Chair (Chair) who is selected by the Committee.

The Committee will select a secretary from the members.

The Committee includes at least one Board member.

The Committee shall set its own rules of procedure and shall meet on a schedule and process as determined by the Committee. The Committee will notify the Board of their meeting schedule.

The Committee reports to the Chair, and the Chair relays those reports to the Treasurer.

The Committee makes recommendations to the full Board for Board's review and consideration.

The Committee may establish a temporary ad hoc advisory committee to advise on specific issues where expertise is lacking on the Committee. Ad hoc advisory committee establishment will occur in consultation with the Board.

The Board reviews the membership of the Committee on an annual basis (January).

The Committee provides written reports about its meetings, recommendations, and actions to the Board at a minimum of quarterly at regular Board Meetings.

The Board establishes the Committee's goals, and the Committee will develop a workplan for each goal.

The Committee will make recommendations to the Board for adjusting the membership, scope, and goals of the Committee.

Committee Goals (As provided by the Board)

Goal 1: Ensure conformance to relevant rules and regulations affecting fiscal management.

Goal 2. Ensure accuracy and efficiency of fiscal management by reviewing and recommending fiscal policies and procedures and recommending or providing training for all Board members and relevant staff about the policies and procedures and how to analyze financial data and make appropriate decisions.

Goal 3. Ensure sustainability by reviewing and making recommendations on Board budgets.

Goal 4: Ensure ongoing effectiveness and efficiency in management of financial resources from timely generation and analysis of relevant financial information including making recommendations for cost saving measures and new sources of revenue.

Goal 5. Ensure effectiveness and focus of marketing and fundraising by establishing financial targets where appropriate.

Goal 6: Create opportunities for mentoring future Board and Committee members.

Work Plan Development

For each goal, the Committee will associate specific objectives, responsibilities, and timelines into this Work Plan, and then present that Work Plan to the Board for approval (See sample at the end of this document).

Sample Work Plan:

Goal 1: Ensure conformance to relevant rules and regulations affecting fiscal management.

Objectives for Goal 1	Start	Stop	Responsibility
1. Identify relevant rules and regulations affecting finances.	10/22	01/23	Finance Committee
2. Ensure these are integrated into fiscal policies and procedures	01/23	04/23	Finance Committee
3. Recommend or provide training for the Board on the fiscal policies and procedures.	4/23	6/2	Finance Committee
4. Evaluate effectiveness of fiscal policies and procedures.	10/23	1/24	Finance Committee
5. Report to Treasurer	Ongoing	Ongoing	Chair

7. General Manager Heath Kauffman provided an update about R-Ranch. He stated that the activities and events held during Labor Day weekend went well, and that the budget will be ready for the Board to review at the October 15th meeting.

Unfinished Business

8. Discussion was held about making the recordings of Open Session Board meetings available to Owners. **Emilie Simmons made the motion to only provide the link to the open session video recordings via email to owners in good standing who request to view it. Owners will need to make their request 10 days in advance in writing, and when they are provided the link it will include a confidentiality statement instructing the owners to not share the recording with others. Robert Tennes seconded the motion. Motion passed with 6 votes in favor: Mark G, Emilie, Robert, Don, Jay, Mark O. 1 vote against: Curtis.**
9. Discussion was held about using the R-Ranch Priorities as ranked by Director mentions during the August 30th meeting as a guideline for the Board's focus until a more comprehensive Strategic Business plan can be developed. The following order of priorities will help guide the Board:

Board Priorities Ranked by Director/GM Mentions on 8/30/22

1. Finances, especially resolving the deficit
2. Strategic Plan
3. Rebuild, including finishing the line-shacks
4. Marketing/Owner Retention
5. Insurance
6. Brown Book overhaul
7. Fire Prevention
8. Plan for River Loss
9. Speaking freely as a team

*Heath informed the Board that if the Dam is removed, the State Water Board and Fish and Wildlife are threatening to remove or severely restrict our water rights for 3-5 years while they study the water flow in the river. We are recreational use, so we aren't high on water rights priorities.

6:15 Director Jason Adams left the meeting.

10. Discussion was held regarding how to get owner input on the next steps for the rebuild effort. An initial brainstorming session for Owners will be held just before the next regular Quarterly meeting. The brainstorming session will be at 9am on Saturday, October 15th, in the TV Room near Headquarters. A special owners meeting will be held on Saturday, November 19th to further gather owner input about the rebuild.

New Business

11. R-Ranch Financial Situation:

Mark Osborne read the following statement into record:

To All Owners and Directors, From President Mark Osborne

The Board of Directors voted to establish a Finance Committee to review R-Ranch finances and provide recommendations to the Board and General Manager. The committee has a wide range of tasks they will be working on and developing. I would like to remind and caution owners who are attempting to form their own committees that per our Bylaws the board has authority to establish committees. Any unauthorized committee activity will not be recognized by the Board. In addition, I would caution Directors to be aware that sharing confidential information could be a violation of your fiduciary duties.

If you wish to assist finding solutions to the current financial crisis, please reach out to the board and express your interest in joining the established committee. The committee has already begun to work and as with most large tasks more eyes and minds working on a solution is very welcome.

Curtis Hancock (Treasurer) served as facilitator for a discussion on the financial status of R-Ranch, and possible solutions. Finance Committee Members Ray Green, Bill Miks, Teri Budd, and Suzanne Grass were invited to participate in the discussion.

Insurance: 4 other companies were approached about insuring us. They all declined taking us on. We are in an extreme fire danger area. We don't even have fire insurance on the new pool building because the insurance company won't add fire coverage for it until the fire danger passes this year. We do have liability on it. We need to plan on insurance cost remaining at the same high rate for the next 5 years. Self-insuring doesn't seem like an option at this time. We would need to build our Reserve account back up first.

Reserve Accounts: We have 2 accounts that were being called "Reserve". One is the actual Reserve Account for repair and replacement of capital improvements. The other should be labeled "Prepayment Account". It is the account that we place prepaid assessments and prepaid lease payments in.

Payroll has been reduced as far as possible. No foreman, no maintenance manager. Seasonal employees have been laid off.

The R-Ranch is facing a budget deficit of -\$202,522,28 for the remainder of 2022. Our budget for next year will have to reflect the higher insurance rate too.

Discussion was held about funds spent from the operations account that should have come from the rebuild account, reserve account, trailer storage account, etc.

Curtis Hancock made the motion to replenish the operations account by \$42,844.97 as indicated in the following chart. Mark Osborne seconded the motion. All six Directors still in attendance voted in favor. Motion carried.

1. Replacement of stolen tools and truck ignition, 2 new computers for HQ (\$2,288.51)
 - a. Transfer from Reserve account: \$2,288.51
2. Owner service payroll and Bay Alarm (\$13,570.79)
 - a. Transfer from Trailer Storage Account: \$13,570.79
3. Line Shack Remodel (\$3,432.65)
 - a. Transfer from Rebuild Account: \$3,432.65
4. River House Start Up (\$4,222.30)
 - a. Transfer from Rebuild Account: \$4,222.30
5. Fish and Wildlife permit to operate along the waterways (\$4,740.75)
 - a. Transfer from Prepayment Account: \$4,740.75
6. Shower Trailer for Pool to be open (\$7,300.00)
 - a. Transfer from Rebuild Account: \$7,300.00
7. Pool Lodge supplies (\$3,576.01)
 - a. Transfer from Rebuild Account: \$3,576.01
8. Replace washing machine at Klamath (\$1,065.00)
 - a. Transfer from Reserve Account: \$1,065.00
9. Bill to repay cell tower lease overpayment from May/June 2021 (\$2,648.96)
 - a. Transfer from Prepayment Account: \$2,648.96

Total to Transfer into the Operating Funds Account: \$42,844.97

Discussion continued with suggestions for meeting the budget deficit. Possible solutions included:

- Increasing collection efforts on delinquent accounts
- Holding onto the cell tower lease payout in case we need it.
- Special Assessment for the 5% we are allowed without a vote from owners
- Massive marketing effort to bring in new owners
- Large special assessment with owner vote
- No special assessment this year. Wait until owners understand the financials before asking for that.
- Utilize "adopt-a-horse" program to reduce stables expenses
- Utilize volunteers, ask for donations
- Holding onto the cash is not a good idea. We should invest it in making the ranch more desirable so owners stay and new owners buy in.
- Raise annual assessment by the full 20% increase allowed.
- Cut some frivolous costs like owner dinners and live bands

- Use cell tower money to create an ADA compliant group camp area, and rent it out to non-owners for more income.
- Do fundraising events: bring in money from sources other than owners. Would need ADA compliant area to hold them in.
- Stop wasting time and resources digging into the past
- Large New Year Marketing event
- Don't use cell tower money, except as a cushion as needed
- Reduce number of horses
- Look into lowering phone line costs
- Lower assessments to keep the Ranch ownership affordable, but charge per services and per night to stay at the ranch.
- Do more for owner retention. Why do owners leave?
- Utilize owner talents as a resource
- Buy an excavator instead of wasting money renting one all the time
- Build tiny home trailers to rent out in the campgrounds for additional income

Hearing no objections, Mark Osborne tabled resolving the deficit until the October 15th meeting.

12. Owner Comment Time: (Facilitator Emilie Simmons)

Owner Robert Hamilton: Raising assessments is not feasible. Many owners will leave. There isn't anything in the area except the Ranch. Big ticket item purchases are fiscally irresponsible.

Letter from Owner Katelynn Mann read into record:

Hello,

I would like to submit the below questions for the board meeting...

1. Is becoming self insured an option? And if so how long do we have to convert to becoming self insured before our current policy is up for renewal?
2. What efforts are being done to recruit new owners? Is there a budget that towards online advertising?
3. I have heard there are multiple families coming to the ranch this weekend...myself and others were hoping to enjoy the horses and trail rides but have now been notified that the stables will be closed.... is there a prepared schedule for closures of any ranch amenities? I personally would have chose to come another weekend had I know in advance.

-Katelynn Mann

Board Member responses to Katelynn's questions: 1. Becoming self insured is not an option right now. It would take too long to save up enough to cover the cost of replacing our buildings. 2. We have Google, Facebook, and Instagram accounts for advertising, and we keep them updated regularly. We have been updating the website. There isn't really a budget for advertising yet. 3. We are down to 11 employees. Only 1 employee at the stables. She needed

vacation this week, and her sub employee was called out to fight fires. We have to have a 5:1 ratio for trail rides. Sorry for the closure.

13. The next session of the Board will be the Quarterly Meeting on October 15th at 10am in the TV room near Headquarters, and via Zoom.

14. Mark Osborne made the motion to adjourn. Don Fukushima seconded the motion. Hearing no objection, meeting was adjourned at 9:13pm.

Approved by general consent of the Board on October 15th, 2022
Respectfully submitted by Emilie Simmons, Secretary

Emilie Simmons