

DRAFT

Minutes

R-Ranch POA Board of Directors

Working Session of the Board

Saturday, 11/12/2022 10:00am

Via Zoom Only

1. Call to Order at 10:06 AM by Mark Osborne
2. Pledge of Allegiance was led by Mark Osborne
3. Mark Osborne reviewed the meeting ground rules.
4. Roll Call by Emilie Simmons

Mark Osborne, President

Mark Grenbemer, 1st Vice President

Robert Tennes, 2nd Vice President

Don Fukushima, 3rd Vice President

Curtis Hancock, Treasurer

Emilie Simmons, Secretary

Jason (Jay) Adams, 4th Vice President is excused due to a family emergency.

Heath Kauffman, General Manager is present

6 Directors are present, quorum is established.

5. Review and set Agenda. Emilie requested the addition of reviewing a policy and procedure for Requesting Information. Don requested the addition of a request for personnel information. Agenda, with additions, was approved by unanimous vote.
6. Due to the importance of developing the budget, in the interest of time, approval of the 10/15/22 Minutes was tabled until the next Open Session. Motion to table carried with 5 votes in favor (Curtis, Don, Mark G, Mark O, Robert) and 1 abstain (Emilie).
7. Mark Grenbemer reported that the Board met in Executive Session on October 20th, 2022 to discuss deeds.

Unfinished Business

8. Strategic Business Plan Development:
 - a. Proposal for Strategic Plan Committee formation, presented by Mark Grenbemer. Discussion was held.

R Ranch Board Strategic Planning Committee Charter

Purpose: The Strategic Planning Committee (SPC) is a standing committee that assists the R Ranch Board of Directors (Board) with its responsibilities for the organization's mission, vision, and strategic direction.

Background: Most successful organizations and businesses of all sizes utilize a form of strategic planning and/or business planning as a normal course of action to describe their purpose, illustrate what they want to achieve and show how they will get there. R Ranch is not typical and has not used strategic or business planning. As the year 2022 winds to a close R Ranch is in a dire financial situation with extremely difficult financial decisions to be made now and in the coming year to keep R Ranch alive. A strategic plan will not solve these immediate financial problems, but it can be the start of a new beginning to help R Ranch remold itself and be relevant for today's times, changing markets and future owners.

Guiding Principles:

- 1) The development of a Strategic Plan is a high-level priority for the Board and as such the entire Board should understand and have an active role in the development of the organization's strategic direction.
- 2) The development and implementation of a SPC will only be successful with R Ranch Owner involvement and "ownership" in the final products.
- 3) The Strategic Plan will incorporate business planning as a key part of the development and final products.
- 4) Financial resources may be necessary for the SPC to effectively achieve development of a Strategic Plan.
- 5) Employing a Strengths Weaknesses Opportunities Threats or similar analysis will require full Board participation along with the SPC.
- 6) Committee participation is an excellent tool for owners to learn skills related to being an effective Board member. This helps drive commitment and fosters understanding of what it takes and what is expected when and if they become a board member making it easier for them to hit the ground running.
- 7) Committee service for Board members leaving Board service would support and help educate new committee members and keep vision and continuity as the R Ranch moves forward.

Membership:

- The Board will appoint members to the SPC. Appointments can come from the Board, trustees (former Board members), and volunteers from the R-Ranch Ownership. The General Manager is the only non-appointed member.

- The membership of the SPC should range between 9-12 persons.
- Members of the SPC should be suitably knowledgeable in matters pertaining to strategic or business planning and must be current R-Ranch Owners in good standing.
- The SPC is led by a Chair who is a Board member selected by the Board. The Board may also appoint a Vice Chair from the SPC membership. The SPC will select a Secretary from the members.
- The SPC should include up two other Board members besides the SPC Chair. These positions can be rotated out periodically to foster Board involvement as determined by the Board.
- The SPC makes recommendations to the full Board for Board's review and consideration.
- The SPC may establish temporary focus groups to advise on specific issues or areas.

Meetings/Operation:

- The SPC shall meet as necessary to fulfill its responsibilities.
- The SPC shall follow its own rules of procedure and shall meet on a schedule and process as determined by the SPC. The SPC will notify the Board of their meeting schedule. The presence in person or by Zoom of a majority of the members of the SPC shall constitute a quorum for the transaction of SPC business.
- The SPC may act outside of meetings by unanimous written consent of its members.
- The SPC Secretary has responsibility to ensure that accurate minutes of the Committee meetings are maintained and distributed in a timely manner to the other members.
- The SPC will use workshops, use of Zoom at in person meetings, and any other approaches to engage and involve Owners in the strategic planning process.

Specific Responsibilities:

The specific responsibilities of the SPC include:

- Ensuring R Ranch has established an effective strategic planning process, including development of a strategic plan with measurable goals and time targets.
 - The SPC will develop a process road map, outline, and time frame for development of a Strategic Plan for Board review and approval.
 - The SPC shall assist the Board in developing and refining a strategic plan which identifies specific short and long-term goals and business objectives determined to be in the R Ranch's best interest.
 - The SPC will incorporate strategic business planning concepts including, but not limited to, financial analysis, the development of financial strategic goals and informing the making of financial decisions.

- Additionally, the SPC shall evaluate the progress and effectiveness of the strategic plan, recommend changes to the plan where necessary or advisable and evaluate other issues or opportunities

- Making recommendations to the Board related to the organization's mission, vision, and strategic initiatives.

- Helping identify critical strategic issues facing the organization. Assisting in analysis of alternative strategic options.

- Evaluation: The SPC will develop a schedule for reviewing the mission, vision, and strategic plan, and recommending changes or updates to the Board. At a minimum, every five years the Board will conduct a thorough review of the Strategic Plan

- The SPC will assist in development of a key performance indicators and monitoring the R Ranch's performance against measurable targets.

Interaction with other Committees:

The work of the SPC will necessitate interaction with other established Board Committees to help inform and implement the SPC responsibilities as well as obtain input into the planning process. The Board will develop a policy outlining how different R Ranch Committees will interact to manage expectations, have access to information needed to perform duties, inform communication lines, and reduce potential confusion.

Annual SPC Goals:

The Strategic Planning Committee will establish annual goals specifying several areas on which it will focus its activities for the coming year.

- b. Robert Tennes made the motion to adopt the Strategic Planning Committee Proposal as presented. Mark Osborne seconded the motion. Motion carried unanimously.**

Mark Grenbemer would like to have the strategic plan survey posted on the website, sent out to all owners, available as a Google survey, and available on paper at Headquarters. Any owners interested in serving on the committee, please reach out to the Board.

9. Golden Jubilee Income Opportunities

- a. Sponsor a String Horse Program was presented by Emilie. This program was developed by our HQ employee Robin, and our Head Wrangler Jade, and Jade's mom Cara. Discussion was held.

50 YEARS OF HORSES

“Sponsor A String Horse” Program

In honor of our 50 years of providing horse-riding experiences for our owners, we are pleased to introduce our “Sponsor A String Horse” program. For only \$50 per month, you can directly benefit one of our beloved string horses!!

Please call Robin at HQ 530-475-3495 to start the sponsoring process

- EACH SPONSORED HORSE WILL ENJOY:
Treats, grooming supplies, vitamin supplements, new tack, more frequent veterinarian and farrier care, one-on-one time with their sponsor family, knowing they are loved and cared for by the R-Ranch and their sponsored family.
- AS A SPONSOR YOU WILL ENJOY:
Dedicated one-on-one time with your sponsored horse, giving and receiving that equine love, grooming, saddling, riding your sponsored horse, your name and picture on our sponsor wall, participating in one free gymkhana event every year, and knowing you make a difference in your sponsored horse’s life.

We hope you will help us show our appreciation for our hard-working string horses. Your support will allow our retired horses to remain at R-Ranch, and will ensure that our current working string horses get all the treats and love they deserve.

Terms and Conditions apply. Sponsoring a horse does not give any owner, guest, or person any legal rights to any of the R-Ranch string horses. A request to spend time with your sponsored horse must be made in advance and be approved by a wrangler. All sponsors are assigned a string horse by the head wrangler. This program is available on a first come, first served basis

Full set of Rules and Regulations and potential fiscal impact of the program was provided to the Board.

Mark Grenbemer made the motion to approve the Sponsor a String Horse Program as presented. Mark Osborne seconded the motion. Motion carried unanimously.

- b. 50 Nights at the R-Ranch fundraising opportunity presented by Emilie Simmons. This was an idea suggested by an owner. Discussion was held.

50 Nights at the R-Ranch Donation and Drawing Opportunity

The R-Ranch has been providing our families with an awesome recreation location for 50 years! Our buildings and amenities are all showing some wear and tear from all the love and all the use. We would like to invite owners to help make a difference at R-Ranch this year. Our reserve account was depleted when the swimming pool was rebuilt after the fire, and we would like to build those reserves back up again. During the months of January to May, 2023, we invite all owners to make a donation directly to the reserve account for R-Ranch. We pledge \$5,000 of the donated funds will be used to repair and repaint to improve the aesthetics of the Ranch during 2023, while the rest will remain in the reserve account to be available for the next repair as needed.

We encourage each share to donate \$50 or more to the fund. For every \$50 you donate, you will receive an entry into our 50 Nights at the Ranch Give-Away Drawing. There are a wide variety of prizes that total 50 Nights in honor of our 50 years in operation!

50 Nights at the R-Ranch Prizes Include:

- 5 Nights free in a Rental House
- 3 Nights free in a Rental House
- 2 Nights free in a Rental House
- 20 Nights of free electricity
- 5 Nights of free electricity
- 10 Free Guest Passes
- 5 Free Guest Passes

Terms and Conditions Apply. *Drawing is open only to Owners in good standing. No more than 10 entries permitted per share. For every \$50 donation received, a ticket will be automatically entered into the drawing on the owner's behalf, up to 10 tickets for a \$500 donation. Drawing will be held during Memorial Day Weekend, and will be broadcast live on FaceBook. A total of 7 prizes will be awarded. Owners can win more than one prize each. Winners will be determined by the luck of the draw. No donation necessary to enter. Owners wishing to enter the drawing without making a donation can mail a letter via first class postal service, requesting that their name be added to the drawing. Requests for entry into the drawing must be signed and dated, and include the owner's name and share number. Requests for entry must be received by 5pm May 15th, 2023 at PO Box 71, Hornbrook CA 96044.*

Fiscal Impacts:

- Potential Income: \$25,000-\$75,000
- Cost to R-Ranch for prizes and related payroll: \$350-\$500

**Did you know that funds placed into the Reserve Account can only be used for the repair and replacement of our capital improvements? When you donate to this fund, you are guaranteed that your donation will only be used to improve R-Ranch.*

Mark Grenbemer made the motion to adopt the 50 Nights at the R-Ranch fundraiser opportunity, as presented, subject to legal review of the raffle aspect. Emilie seconded the motion. Motion carried with 4 votes in favor (Mark G, Curtis, Emilie, Mark O), one vote opposed (Don), and one abstain (Robert).

- c. Emilie Simmons presented the Marketing Committee's proposal for a 50/50 sale. Discussion was held, and changes were made until the following proposal was created.

50/50 Sale

50 Year Golden Jubilee Shares for Sale

To celebrate our 50 wonderful years, R-Ranch is offering a special **50/50 Sale**. Enjoy 50% off the regular share price, and 50% off the regular annual assessment amount. For only a limited time, \$1883 can buy you an owner share and cover the entire 2023 assessment! Contact R-Ranch Headquarters to find out more about this terrific offer: (530) 475-3495; hq@r-ranchca.com

Financial Impact:

- Current Rate: \$1800 includes share and 6 months of assessments
- Regular Price: \$2500 for a share.
- 50/50 Sale Rate: \$1883 includes a share, the transfer fee, and the entire 2023 assessment. (This was calculated by: $2500/2=1250$, $1267.20/2=633.6$. $1250+633.6=\$1883.6$) Some of what should have been the share revenue will be applied to cover the rest of the assessment instead, since all assessments have to be equal.)

Each share sold through this 50/50 Sale will generate:

\$1267.20 Assessment
\$50 Transfer Fee
\$565.80 Share Revenue

| # of Shares Sold | Assessment Generated | Total Income Generated for 2023 | Total Income Generated after 5 years |
|------------------|----------------------|---------------------------------|--------------------------------------|
| 10 | \$12,672 | \$18,830 | \$69,518 |
| 50 | \$63,360 | \$94,150 | \$347,590 |
| 100 | \$126,720 | \$188,300 | \$695,180 |
| 120 | \$152,064 | \$225,960 | \$834,216 |

Marketing Plan:

- **Timeline:** The 50/50 deal will be offered for the months of December, January, February and March only.
- **Target Audience:** Target clients are recreational users, with an emphasis on RV owners, Off-Road Vehicle owners, horse enthusiasts, and sportsmen.
- **Target Geographical Locations:** Target areas for advertisements are San Francisco, Sacramento, Redding, Medford, Grants Pass, Eugene, Bend.
- **Responsible Parties:** Emilie will work with the Marketing Committee to craft ads. Ads will be approved by Heath before publishing. Emilie will ensure that all deadlines to publish are met, and that free opportunities are updated regularly. Tanya will handle payments for advertisements.

Advertisement Opportunities:

- **FaceBook (Free):** Deal will be promoted at least weekly for the duration of the sale on our Facebook page and Instagram account for free.
- **Google (Free):** Deal will be listed on our Google pages, and updated every other week for free.
- **Website (Free):** Deal will also be featured on the first page of our website, for free.
- **FaceBook (\$200):** For 2 weeks in December, we would like to spend \$49 per week to promote our Ad on FaceBook, and the same amount for 2 weeks of promotions on FaceBook in January. This will allow us to reach up to 250,000 viewers on FaceBook in Medford, Redding, the Bay Area, and Sacramento.
- **Active NorCal (\$750):** In the month of January, we would like to advertise with ActiveNorCal. They are an internet based publication, featuring stories about recreation locations and businesses in northern CA. Between their website and social media sites they reach 750,000 readers each month, with over 1.5 million monthly page views. \$750 gets you a website banner ad, one sponsored content article, 2 social media promos, and 4 NorCal Beat ads.
- **Data Analysis:** We will evaluate the effectiveness of each of these strategies by asking every tour scheduled and every new owner how they heard about the R-Ranch. A form has already been provided to Headquarters for use with every contact with a

potential owner. We will use that data to determine which advertising option to use for February.

Total Cost for Advertising in December and January: \$950. Total estimated cost for February: \$100-\$200. For reference, the average CAC (Customer Acquisition Cost) in the entertainment industry is \$190 per customer.

Robert made a motion to approve the 50/50 sale as long as 50% of the proceeds go into the Reserve account. Don seconded the motion. Motion failed, with only 2 votes in favor (Robert and Don), and 4 votes opposed (Mark G, Curtis, Emilie, and Mark O.)

Further discussion was held. Curtis, Emilie, Mark O, and Mark G all offered to donate \$50 each towards marketing expenses incurred in December since the new budget with potential advertising funds won't be in effect until January, 2023.

Emilie made a motion to accept the 50/50 sale as presented, provided that the marketing funds are written into the budget for 2023, and funds for December advertising will be covered by donation. Mark O seconded the motion. Motion passed with 5 votes in favor (Mark G, Curtis, Don, Emilie, Mark O), and one abstain (Robert).

10. Discussion was held about the motion that had been made during the last meeting to use funds from the pre-pay account, and the separate motion to repay those funds by considering a special assessment during this meeting. **Don made the motion to move agenda item 10 (repaying the cell tower funds from the pre-pay account, special assessment, in-house voting procedures, etc) to be discussed as part of, and after, developing the budget. Robert seconded the motion. Motion carried unanimously.**

11. Proposed Brown Book and Fee Changes

- a. Discussion was held about eliminating the 15 days of included electric fees beginning 1/1/2023. The R-Ranch is currently losing money on electricity. Discussion was held about looking into solar options. The electric company has sent out a notice that our rates may be going up by over 25% next year. The Board will likely need to look at what to charge for electric fees each year.

Current Brown Book Wording:

Section 1.9. Owners are entitled to 15 days of free electricity per year when staying at a campsite, bunkhouse or line shack and thereafter a daily charge will apply.

Proposed Brown Book Wording:

Section 1.9 Owners staying in a line shack, or a campsite with a power pedestal will be charged a nightly fee for electricity.

- b. **Curtis made the motion to eliminate the 15 days of free electricity, and to amend the Brown Book as presented, beginning 1/1/2023. Don seconded the motion. Motion carried with 4 votes in favor (Curtis, Robert, Don, Mark O.) and 2 votes opposed (Mark G, Emilie).**
- c. Discussion was held about possibly charging Owners a 3% processing fee for Credit Card Use beginning 1/1/2023. The Ranch is being charged around \$20,000 per year in credit card fees when Owners use a credit card to pay the Ranch.

Current Fee for Using Credit Cards to pay R-Ranch:
\$0

Proposed Fee for Using Credit Cards to pay R-Ranch:
3% of the transaction total

- d. **Don made the motion for the Credit Card fee as presented, effective 1/1/2023. Mark G seconded. Motion passed unanimously.**

10 minute recess. Meeting reconvened at 12:25pm.

12. Proposed R-Ranch Budget for 2023

- a. Curtis presented the proposed budget for 2023. The budget was discussed in depth, line item by line item. The budget was based on 1,000 Owners being current on their assessment, at the 20% increase for the annual assessment (\$1267.20). All increases in the budget were based on using 7% increase on items subject to inflation. In order to increase the annual assessment, we will need to provide a packet of information to all owners by the deadline, including a pro-forma budget and reserve study. Thanks to the office staff and the board secretary we are on track to meet that deadline once the budget is passed. Budget was also based on projected sales of 60 shares sold through Headquarters (39 were sold in 2022, so with paid advertising we anticipate selling even more.) Budget was also based on charging the 3% fee for credit card use, and bringing in funds from the Sponsor a String Horse program, and the 50 Nights at the Ranch fundraiser. The new machine at the gun range is anticipated to bring in additional funds. We will be converting the former Welcome Center near the pool into a rental for additional income also, around the beginning of the year. Curtis stressed that we must cut down on our expenses, without devaluing the Ranch. Budget for Electricity use fee was based on \$5 per night, and no more free electricity days provided to owners. Phone budget was based on cuts

possible from changing service and reducing number of phones. TV service was based on cutting service to most of the Ranch buildings. An advertising budget was approved for \$6400. Restocking the soda machines was costing too much in payroll, so that will continue to be cut for now. We need to charge enough for events to break even. We have a Finance Committee member looking into insurance options, but for now we must budget \$438,712.95 for 2023. Copier Lease is nearly at an end, so we may be able to reduce that expense. At the end of the first working through of the budget, it was still short -\$38,407.51, and the board had 1% of the assessments designated to go to the Reserve account. It was suggested that each year we try to increase the percent that goes to the Reserves. The Board decided to anticipate a 5% special assessment (approximately \$55 per share, in April) for 2023, and designate 2% of the assessment income for the reserve account, resulting in a final budget amount of \$155.97.

For approximately 10 minutes Director Robert Tennes was unable to connect to the meeting. When he was able to dial back in, Curtis gave him a brief summary of what was discussed during his absence.

- b. Overview of the Reserve Study. The Reserve Study was based on the industry standard useful life of each component. Because R-Ranch has been around for 50 years, many of the components are technically due for repair or replacement, but they are still holding up well enough for us to get more use out of them for now. Therefore, even though the Reserve Study indicates we need to spend over a million dollars on repairs/replacement next year, in reality we are going to be able to get by spending much less. Discussion was held about the importance of building the reserve account back up so we are prepared for large expenses when things break down. The Reserve Study was edited to reflect 2% of the assessment income being designated for reserves.
13. Owner Comment Time. No owners chose to address the board by spoken word, but a few typed in comments to the effect of thanking the Board, keep up the good work, thanks for the attention to detail. One owner asked if we would have to pay taxes on the rebuild money if the bunkhouse isn't built. The answer was the President believes we will end up having to pay taxes on it anyway since we are now beyond the allotted time to use it to rebuild. We will have to ask the CPA to sort that out for us.

New Business

14. Adopt the Budget. (Facilitator Curtis Hancock)

- a. **Curtis motions to designate 2% of the assessment income to go to the Reserve Account. Mark G seconds the motion. Motion passed unanimously.**
- b. **Curtis motions to accept the Reserve Study as written and presented. Mark O. seconded. Motion passed unanimously.**
- c. **Curtis motions to accept the 2023 budget as developed during this meeting, including the 20% increase in the annual assessment and anticipating a 5% special assessment during 2023. Emilie seconded the motion. Motion carried unanimously.** (Assessment will be \$1267.20 for 2023, and the special assessment that might be levied in April will be approximately \$55 per share).

This meeting has now been in session for 6 hours. Discussion was held about taking a break and continuing at 5:30 pm on Wednesday, November 16th.

Hearing no objection, meeting adjourned at 4:10pm and will reconvene on November 16th.