

**Ranch Cabin Association of Unit Owners
Board Meeting Minutes
May 30, 2020
Located at Fort Rock Park at 10:00 a.m.**

Call Meeting to Order: Terry Glenn called the meeting to order at 10:01 a.m.

Establish Quorum: Board Members in attendance; #19, Terry Glenn; #32, Joe Kurtz; #11, Doug Smith; #09, Steve Mahoney; and #34, Scot Sutton. With all Board members in attendance a quorum was established.

Owners in Attendance: #06, Anders Wick; #8, Kevin Miller; #13, Robert Arnold; #14, Mack Brown; #23, Michael Hasson; #24, Charles Piper; #25, Richard Witte; #26, Don and Edith Stow; and #38, Joe Wonderlick. The meeting was open to owners who wished to attend by virtual conference.

Treasurer's Report: Steve Mahoney presented the Board with the Financial Statements dated April 30, 2020 noted as **Addendum A**. Income is within budget year to date. Common ground expenses are slightly under budget as well as pool expenses. Management and Administrative costs are \$3,000 under budget due to the elimination of the financial review fee which will be covered later in these minutes. Operational cash is at \$44,000 and Reserve replacement cash now holds \$146,500. There were 19 owners that paid their full year assessments. These prepayments ease cash flow throughout the summer months when expenses are at their peak. Doug Smith made a motion to accept the Treasurer's Report as presented. Joe Kurtz seconded. Motion carried.

Manager's Report: Please see **Addendum B**

- 3 snow plows so far leaving snow plow budget in good shape
- 10 hazard trees and hanging limbs removed at cost of \$3450, one additional removed between RC 7 & 8 at cost of \$600.
- Pool service contract re-negotiated to Time & Materials at \$40/hr during COVID closure, to resume at contract rate of \$12,000/yr once re-opened. Contract period is 5/1/20 to 4/30/21 with virtually all work during 5/1 to 9/15.
- Pool post light works but is not going off during day.
- Painting contract at \$10,380 to include painting of specific walls or sides of many cabins, some chimneys, and full paint of RC 34.
- Landscaping contract has been renewed with Klaver Landscaping. [pine needle clean-up was being performed the Friday prior to the meeting]
- Spring River Tree service provided a verbal stump grinding bid of \$100 per stump, which includes removal of debris but not replanting of grass

A discussion took place regarding the tree stumps. The Board has agreed to the phasing in of a stump grinding project.

Tree Removal: Terry Glenn was given a comprehensive tree removal study completed by Spring River Tree Service detailing which trees were classified as hazardous or moderately hazardous. **See Addendum C.** Two items (#16 & #17 of the list), one designated as high hazard and one low cost, are already under contract to remove. **Addendum E** are the Nov 2019 maps provided by the Spring River arborist that directed the tree work conducted just prior to the meeting. Mack Brown (RC23), a retired forester, provided an explanation of our forest from an expert perspective. He explained the Sunriver area was heavily logged in the early part of the 1900's, so today's trees are predominately mature trees of 80 to 100 years old. Defects in tree trunks are caused by continued growth after a snow break, and afflict most trees. He pointed out that mother nature frequently falls healthy trees while leaving defective trees standing. Doug Smith made a motion to do the following:

- Post the property map from Spring River Tree Service of the trees needing removal on the Ranch Cabin website for owner review and feedback
- Survey owners regarding how aggressive they would like this project to be. Give two weeks for owners to respond
- Proceed with removing "moderate hazard" trees noted on written report
- Transfer \$3,175 from pool budget line to tree budget line

Joe Kurtz seconded the motion. Motion carried.

Old Business

Ad-Hoc Financial Committee on Accounting and Auditing Report: The Ad-Hoc Committee is comprised of Joe Wonderlick (Committee Chair), John Warren, Steve Mahoney and Deanna Knox. The committee was created over concerns shared during the September 2019 Annual Meeting. The Association has not performed a yearly Review of the books and it was thought that ORS 100.480(5) stated that it is required. When Joe Wonderlick received a professional opinion about this statute, he learned the statute refers to the transition of owner association from the developer. The committee met with Deanna Knox and requested a procedural chart of how she conducts business, which she supplied. Joe met with several CPAs and created a 15-step procedure for future bookkeepers to follow. A cost of \$5,900 was estimated for a CPA to conduct the 15-step testing; far more than the Review cost. Joe feels the Association has good segregation between signers, bookkeeper, manager, and Board Treasurer. The Committee Chair will email his summary report of his findings as well as the 15 step procedural chart to the Board. **See Addendum D.** It is Joe's recommendation to put a pause on a review until next year but move forward with the 15 step program internally. Doug Smith made a motion to not spend the \$3,000 budgeted amount set aside for a financial review this year but move forward with the 15 step procedural guideline submitted by the Ad-Hoc Committee. Steve Mahoney seconded. Motion carried.

New Business

Revision of Bylaws: Terry informed the board the updated Bylaws version (mostly housekeeping changes and approved by membership) was not filed along with the deed conversion to fee simple as expected, but rather an Amendment was filed to facilitate only the deed conversion. The Amendments are posted on the website. A housekeeping update to the Bylaws may still be appropriate but no action was taken at this time.

Pool Opening: Due to the Corona Virus the Governor has not allowed public pools to open and there is not a clear time in which she will. This will leave the Ranch Cabin pool closed until an undetermined date. The board discussed a cut-off date where the pool would not open for the season due to cost effectiveness. Doug Smith made a motion that August 1 will be a cut-off date if the Governor has not made a decision by that time. This date is subject to change to an earlier date. Joe Kurtz seconded. Motion carried. [Note: Subsequent to meeting, approval was granted to open pools in Deschutes County beginning June 6, 2020. Ranch Cabin pool opened about June 12th.]

Terry Glenn adjourned the meeting at 12:00 p.m. to reconvene at 1:30 p.m.

Terry Glenn cancelled the afternoon meeting due to dangerous storm activity and called to reconvene Sunday at 9:00am.

[As if to punctuate the tree discussion, the brief but intense storm toppled a Ponderosa, which had not been marked by either arborist, across West Cascade Rd damaging the Ranch Cabin sign. A large branch fell on the roof of RC 39 from an unmarked healthy Lodgepole Pine, about 10 ft from a tree tagged for removal which lost no limbs. There was no damage to RC 39.]

Terry Glenn reconvened the Sunday meeting at 9:00 a.m. All board members were present.

Old Business (Continued)

Deck Extensions:

The owner of RC #33 asked for reconsideration of her deck extension request. Board members chose to let the existing decision stand and abide by rule.

RC #24 requested to extend his deck a total of four feet on the south end. The deck already extends the approved two feet; therefore, the four-foot extension was denied. *Motion by Doug Smith, second by Joe Kurtz. Motion carried.*

RC #6 requested a deck extension within the two-foot rule. This request was granted. *Motion by Doug Smith, second by Joe Kurtz. Motion carried.*

Tree Damage to RC #34: It was noted a windstorm 2/26/20 caused a Ponderosa to fall across the back deck and roof of RC #34. The tree had not previously been identified as hazardous. The damage is estimated at \$19,032.58. The Assoc's insurer has made an initial payment and is expected to cover the damage less \$1,000 Ded which is the unit owner's responsibility. The unit owner, Scot Sutton, is overseeing repairs. No action required.

New Business (Continued)

Tree Removal RC #6: The Board physically reviewed the request by unit #6 to remove a large tree near the fireplace. The tree is leaning and roots are causing damage that could become serious if not removed. Board approved to have the tree removed by Spring River Tree Service at a cost not to exceed \$1,200. *Motion by Doug Smith, second by Joe Kurtz. Motion carried.*

Future Liability for Cabin Damages from extraneous causes: The board discussed new insurance possibilities due to the increase in premium this year (up \$894, 8.9%). There is a concern if the Ranch Cabins incurred additional claims, the cabins insurance may be non-renewed. Options include increasing the deductible and/or changing the bylaws to reflect restricting the insurance coverage to association owned property only. This could potentially save thousands of dollars a year. If we proceed with these bylaw changes, it would be important to educate the members as to their individual unit insurance requirements. Deductible to be raised to \$5,000. *Motion by Doug Smith, second by Joe Kurtz. Motion carried.* Terry will obtain quotes for \$10,000 and higher deductible for further discussion. There was discussion of exploring a self-insured retention type plan to aid in covering the deductible when loss involved siding or chimney.

Approval of Election Procedures of Board Members: It is acknowledged 2 board positions are always elected in odd numbered years, and 3 positions in even numbered years. The Board will endeavor to provide a reminder in the Spring of each year. Those interested (including incumbents) in serving on the Board shall complete and submit a brief Application available on www.RanchCabins.org and submit to the Association's mailing address in the month of August (**Addendum F**). Owners making such Application will be included as a candidate on the Proxy form of the next Annual Meeting. The Board of Directors shall nominate a candidate only if there are insufficient number of candidates to fill available positions. Nominations from the floor will still be accepted. *Motion made by Doug Smith, seconded by Joe Kurtz. Motion carried.*

Transfer Fees: In the past, Deanna charged a \$75 fee to companies requesting information from her during the ownership change of a Ranch Cabin property. This type of work is generally considered outside of her compensation schedule approved by the board, so a fee is appropriate. The board voted to increase the fee to \$200 which is more in line with other association ownership transfer fees. The fee will be paid to the person or organization completing the information transfer requests. *Motion by Doug Smith, seconded by Joe Kurtz. Motion carried.*

Home Inspections: Terry presented that home inspections associated with sales periodically identify Association maintenance issues which may or may not have been previously known, but often affect most or all cabins. Cost may be within budget for one cabin, but not the same

repair on 39 cabins. Repair to one but not all is inequitable. Requests for repairs arising from home inspections will be handled on a case by case basis.

Other Business

The board voted unanimously to approve all e-mail correspondence.

The board voted unanimously to approve a retirement gift for Deanna in the amount of \$250.

The Fall meeting date is now scheduled for October 17, 2020 at 10:00 A.M. Location to be determined at a later date.

Executive Meeting

Appointment of new bookkeeper/board assistant: An outline was created regarding the proposed qualifications for the replacement of Deanna. Once the qualification requirements have been created, it will be posted on the website for unit owners to review. Those owners who wish to recommend an individual or organization are encouraged to provide that recommendation to the board so they may be vetted and possibly interviewed. No relatives or subordinates of cabin owners or managers should be submitted.

While the board conducts its search for Deanna's replacement, Terry's business will provide bookkeeping services and convert the desktop version of Quick Books to the online version. Gerry will conduct local First Interstate Bank processes. Before he makes deposits, he will copy the checks and deposit slips and mail the documents to Terry for the updating of owner accounts.

Respectfully submitted by Deanna Knox and Gerry Stearns and edited by Doug Smith and Terry Glenn.

Addendum A

**Ranch Cabin AUO
Profit & Loss Budget vs. Actual**

January through April 2020

		YTD	YTD	2020
	Jan - Apr 20	Budget	\$ Over Budget	Budget
Ordinary Income/Expense				
Income				
Assessment Income				
Quarterly Assessments	53,151.80	53,151.80	0.00	106,303.61
Reserve Replacement Assessment	13,125.10	13,125.00	0.10	26,250.00
X Discounts for Annual Pre-Pay	-1,795.79	-3,976.61	2,180.82	-3,976.61
Total Assessment Income	64,481.11	62,300.19	2,180.92	128,577.00
Other Income				
Interest - Replacement Reserve	46.60	300.00	-253.40	900.00
Late Fees	19.20			0.00
Total Other Income	65.80	300.00	-234.20	900.00
Total Income	64,546.91	62,600.19	1,946.72	129,477.00
Gross Profit	64,546.91	62,600.19	1,946.72	129,477.00
Expense				
Common Ground Expenses				
Contingency	4.00	1,100.00	-1,096.00	1,100.00
Electricity - Exterior Lighting	422.69	440.00	-17.31	1,275.00
General Maintenance	0.00	500.00	-500.00	2,000.00
Grounds - Irrigation	0.00	0.00	0.00	1,350.00
Grounds Maintenance	1,251.80	0.00	1,251.80	17,000.00
Insurance	2,982.25	2,875.00	107.25	11,500.00
Licenses, Taxes and Permits	714.00	550.00	164.00	568.00
Painting	0.00	0.00	0.00	11,000.00
Sewer Line Maint	0.00	0.00	0.00	250.00
Snow Removal	3,295.50	3,500.00	-204.50	4,000.00
Tree Removal	455.00	1,000.00	-545.00	4,500.00
Water - Irrigation	432.28	436.00	-3.72	1,308.00
Total Common Ground Expenses	9,557.52	10,401.00	-843.48	55,851.00
Management and Administrative				
Accounting Services	1,456.00	1,455.64	0.36	4,367.00
AdHoc Financial Review	0.00	3,000.00	-3,000.00	3,000.00
Legal Expenses	0.00	25.00	-25.00	100.00
Management Fee Expense	2,590.00	2,640.00	-50.00	7,920.00
Postage, Faxes and Mailings	950.00	980.00	-30.00	3,030.00
Total Management and Administrative	4,996.00	8,100.64	-3,104.64	18,417.00
Pool Expenses				
Chemicals	0.00	0.00	0.00	2,800.00
Electricity	361.52	500.00	-138.48	1,560.00
Maintenance	4,258.00	4,360.00	-102.00	14,139.00
Natural Gas	52.67	17.00	35.67	2,399.00
Water	2,232.92	1,600.00	632.92	6,125.00
Total Pool Expenses	6,905.11	6,477.00	428.11	27,023.00
Total Expense	21,458.63	24,978.64	-3,520.01	101,291.00
Net Ordinary Income	43,088.28	37,621.55	5,466.73	28,186.00
Other Income/Expense				
Other Income				
Insurance Claim Proceeds	10,159.57			
Total Other Income	10,159.57			
Net Other Income	10,159.57			
Net Income	53,247.85	37,621.55	15,626.30	28,186.00

Ranch Cabin AUO
Balance Sheet
As of April 30, 2020
Apr 30, 20

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ASSETS

Current Assets

Checking/Savings

Cash - Operational 44,034.65

Reserves

Cash - Replacement Reserve 146,436.60

Total Reserves 146,436.60

Total Checking/Savings 190,471.25

Accounts Receivable

Accounts Receivable -19,892.61

Total Accounts Receivable -19,892.61

Total Current Assets 170,578.64

TOTAL ASSETS 170,578.64

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Accounts Payable -0.10

Total Accounts Payable -0.10

Total Current Liabilities -0.10

Total Liabilities -0.10

Equity

Opening Bal Equity 117,330.89

Net Income 53,247.85

Total Equity 170,578.74

TOTAL LIABILITIES & EQUITY 170,578.64

Addendum B

Managers Report Sunriver Ranch Cabins 2020 Spring Meeting

1. Tree Removal

a. Nine trees were removed of which three were twelve foot stumps left over from the spring winds that took the top out of them. An additional hazard tree between RC 7 & 8 was taken down due to being threat to the two cabins. The total cost of ten tree removal job was \$4030.00 (This is an expenditure from this year 2020 budget). Other miscellaneous tree damage and subsequent removals in 2019 were all in the south portion of the complex, amounted to \$1635.00. The board will be looking at a study of the ranch cabin forest to ascertain the cost of further year 2020 removals.

b. SROA Permit Notification

1. Trim dead limbs up to 10 feet from grade
2. Trim all branches within 5 feet of roof and 15 feet from chimneys.
3. Trim all small trees growing into the canopy of larger trees.
4. Remove all dead material.
5. Trees over 4 inches in diameter need to be thinned.

2. Winter Snow Removal

The light winter was not good for the water shed but treated ranch cabins nicely with only five snow falls requiring Klaver's removal. The total cost of plowing the streets came to \$3480.00.

3. Painting

Precise Painting has received the bid to paint Ranch Cabins per the submittal by GRS, which was developed on a walk thru conducted before hand. The accepted amount is \$10,380.00. The budgeted amount is \$11,000.0.

- a. We are now having fewer paint jobs on cabins that are not in need but would have been five or six on the long ago established yearly painting schedule. This year just two cabins are to be painted in their entirety, cabin #16 and cabin #34.
- b. All but sixteen cabins required some level of touch up work, everything from gas meters, telephone boxes to chimneys (12 chimneys).

4. Ranch Cabin #34

Wind came in from a direction where no other trees could not deflect it and down it came damaging one corner of the back roof as well as other items sitting on the deck. Robert Aschoff was called to "dry-in" the roof in order to protect the interior of the cabin. The downed tree was removed immediately and the cost was \$455.00. and the "dry-in" cost \$470.00.

5. Ranch Cabin Pool Contract

A. Why the meeting with Robert Daggett (Robert Daggett Pools Co.)

1. No work no pay
2. Pool shut down per Governor Brown
3. Signed 2020 contract in April

B. Discussion with Terry

1. How to pay and what amt for pool service
2. Is there a formula?
3. Time and materials at \$40.00 per hour

C. Examples:

1. 30 days (Two hours per visit)(two visits per week)(4.3 weeks per month) =

$\$40.00 \times 2 \text{ hours} \times 4.3 \times 12 = \$4128.00 \text{ per year or } \688.00 per month

2. 60 days = \$1376.00 per month

3. End of year using eight months: (8 months)(\\$688.00) = \\$5504.00

4. For one year (52 weeks)(\\$160.00/week) = \\$8320.00

If the corona virus should disappear then we would fall back on the original contract paying \$1000.00 per month.

In the discussion with Mr. Daggett the issue of social distancing came up and the following categories for associations arose:

1. Social distancing: Use a sign procedure for a limited number of people in the pool for a limited time period.
2. Become a "private pool" (not an option for Ranch Cabins limited to four owners)
3. Become a "limited public pool".
 - a. Renters and owners can both use the pool but must use a sign up procedure
4. Become a "public pool".
 - a. pool is open to all comers.
 - b. Sign up procedure is in force.
5. Week of May 20th Pool cleaning and prepping the entire area began as if we were going to open on Memorial Day. Begins.
6. Until the pool is open for summer business the only chemicals to be used will be for control algae in the pool water.

6. Roof Repairs

Ranch Cabins #11 is still in need of eight panels to be replaced due to damage from Mountain View repairmen unknowing how to walk on metal roofs.

Marc Aschoff has been on extended travel and is now back in the area. I recently contacted him and arranged to have him contact Doug Smith to get this issue resolved.

7. Pool leakage

Through various testing methods Daggett Pools Co. was able to isolate the leakage problem in one of the skimmers. Rather than incur the great expense of doing the repair, the defective skimmer was shut off. Doing so had no negative effects on the ongoing cleansing of the pool water.

8. Pool Light

The pool light which if lit would illuminate the pool and grounds for unwanted folks desiring to use the facility after nine P.M. An electrician visited the area and determined that the only way to repair the light is to use a man lift to do the necessary repair. Until the glass housing is removed there is no way of knowing what is needed to effectuate the repair.

9...Stump Grinding

When the stump grinding issue came up for consideration there was a count of forty plus stumps, now with the forces of nature doing its thing I estimate that there are more than fifty-five and perhaps closer to sixty. The early bid was \$100.00 per stump. That does not consider the removal of the grinding debris and filling the hole with good earth and mulch. Even if we used a work party approach to do the after grinding labor, for this project could now be nearing nine to ten thousand dollars.

Addendum C

Spring River Tree Service, Inc.

Brent Redenius, President

PO Box 1987 Sunriver, OR 97707 (541) 593-8360

5/18/2020

Ranch Cabins AUO
Attn: Gerry Stearns

Dear Gerry:

The purpose of this letter is to provide recommendations on trees that have been marked with orange ribbon and orange paint dots, apparently by concerned homeowners, in Ranch Cabins. I visited the Ranch Cabins again recently on 5/07/2020 and found approximately 17 trees that have been recently marked with orange ribbon around the trunks and an orange paint dot painted approximately 8 feet up above ground level. Please note and advise your homeowners that SROA is the only entity in the Sunriver Resort that is allowed to mark trees with paint. Trees in question by all other people should be marked with ribbon only and not paint. Additionally, I recommended a few other trees that I marked with pink ribbon, or green ribbon if I recommend the tree in the past and got SROA approval (marked with their orange paint) as noted in the table below.

The following trees listed below are the trees that I reviewed during my site visit on 5/07/2020. I performed Level 1 basic visual inspections on all of these trees. Level 2 inspections may require further investigations such as climbing to perform an aerial inspection. Level 3 inspections use more advanced technology such as resistograph borings or ultrasound tomography. I do not perform Level 3 inspections and can have a tree climber perform Level 2 inspections in some cases. For these Level 1 inspections, I have assigned an overall risk rating of either "Low", "Moderate", "High" or "Extreme" using the attached ISA Tree Risk Matrix. A Tree Risk Assessment trained and qualified arborist looks at the occupancy rate of the target (target can be a house or path or parking lot) and the tree's "likelihood of failure" and "likelihood of impacting a target". The occupancy rate of the target can be rare, occasional, frequent or constant. The "likelihood of tree failure AND impact" are weighed against the "consequences of failure" to determine the overall risk rating. I have attached a copy of the ISA Tree Risk Matrix for you to reference not with the expectation that you will completely understand how to use it. I am assigning a time period of 2 years for the trees listed below. A time period must be assigned in order to give a rating. The longer the time period, the more difficult to give an accurate rating. A time period of 1 to 3 years is common and for this evaluation I am using a 2-year time period based on average weather events. Average weather is based on events within the 30-year average. Extreme weather events such as what occurred in Sunriver on Jan. 23, 2020 are outside of "normal" weather and difficult to impossible to plan and anticipate which trees might fail because every tree can fail in extreme weather events.

Spring River Tree Service, Inc.

Brent Redenius, President

PO Box 1987 Sunriver, OR 97707 (541) 593-8360

I will describe in detail one example where we removed the hazard lodgepole pine tree marked with orange ribbon between Ranch Cabin #7 and 8. The tree was probably 70 years old and was leaning over Ranch Cabin #8. The tree's likelihood of failure was "Probable" the likelihood of the tree impacting the target was "High". The likelihood of failure and impacting the target was "Likely". The Consequences of Failure would be "Significant to Severe" giving an overall risk rating of "High". Subsequently, after the tree was removed, we noted a significant amount of rot in the center of the tree trunk that was not apparent from a visual inspection. In other words, it was a good thing that tree was removed sooner rather than later. The following trees below are rated using the methodology described above:

<u>Description</u>	<u>Cost to Remove</u>
1 Small dead top tree w/orange ribbon on road side of Cabin #8. Tree Risk Rating is LOW	\$75.00
2 Large Lodgepole w/pink ribbon behind Cabin #4 and #5. Tree has a large gall rust blister in the trunk at approximately 8' above ground level. Gall is showing signs of rot and decay. Likelihood of failure in 2-year time period is Possible, Likelihood of impacting target is High, Likelihood of Failure & Impact is Somewhat Likely, and Consequences of Failure is Severe which give an overall risk rating of Moderate	\$1,200.00
3 Dead Lodgepole with no top marked with orange ribbon between Cabin #39 and Cabin #15. Tree risk rating is Moderate	\$185.00
4 16" diameter (DBH) Ponderosa with gall blister approximately 4' above ground level and marked with orange/pink ribbon between Cabin #39 and Cabin #15. Tree risk rating is Low	\$250.00
5 Lodgepole leaning in front of Cabin #39 marked with orange ribbon. Tree Risk Rating is Moderate	\$225.00
6 Codominant Lodgepole roadside of cabin #39 marked with orange ribbon. Tree risk rating is Moderate	\$350.00
7 Dead Lodgepole in front between Cabins #24/25 Tree Risk Rating is Low	\$95.00
8 4 trees between Cabin #25 and #26 w/ 3 orange and 1 pink ribbon. Recommend removing the entire group without singling any out. Risk Rating is Moderate	\$550.00
9 2 Ponderosa Pine with bend or sweep in trunk marked with orange ribbons behind unit #25/26 back out near fence. Trees are not a hazard and would be difficult to get approval from SROA to remove. Risk Rating is LOW	\$800.00
10 Lodgepole pine behind cabin #25 marked with green ribbon. (previously recommended for removal by me and permitted by SROA) Risk rating is Moderate	\$240.00
11 Ponderosa Pine behind Cabin #25 marked with orange ribbon with bend or sweep in the trunk (behind Lodgepole mentioned above) Tree is not a hazard and would be difficult to get approval from SROA to remove. Risk Rating is LOW	\$150.00
12 Lodgepole pine tree growing under the canopy of a larger Ponderosa tree	\$150.00

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7035 Total List
445 Ordered / Done
 6590 Left on list

3415 Low Hazard
 3175 Mod Hazard

3415 Low Hazard
3175 Mod Hazard

3415 Low Hazard
3175 Mod Hazard

ISA Certified Arborist PN-8576A
ISA Qualified Tree Risk Assessor
Spring River Tree Service, Inc.
Attachments: Tree Risk Matrix

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Matrix 1. Likelihood matrix.

Likelihood of Failure	Likelihood of Impacting Target			
	Very low	Low	Medium	High
Imminent	Unlikely	Somewhat likely	Likely	Very likely
Probable	Unlikely	Unlikely	Somewhat likely	Likely
Possible	Unlikely	Unlikely	Unlikely	Somewhat likely
Improbable	Unlikely	Unlikely	Unlikely	Unlikely

Matrix 2. Risk rating matrix.

Likelihood of Failure & Impact	Consequences of Failure			
	Negligible	Minor	Significant	Severe
Very likely	Low	Moderate	High	Extreme
Likely	Low	Moderate	High	High
Somewhat likely	Low	Low	Moderate	Moderate
Unlikely	Low	Low	Low	Low

Addendum D

Report of the Ranch Cabin Ad Hoc Financial Advisory Committee May 30, 2020

Committee Members: Joe Wonderlick, John Warren, Treasurer Steve Mahoney; supported by Deanna Knox, Bookkeeper

Objectives:

- 1) To explore cost effective and potentially more relevant accounting procedures than the CPA review engagement suggested by ORS 94.616, specifically through inquiry into the use of an "Agreed Upon Procedures Engagement" in which the Association designs tests in conjunction with a CPA, who would then carry out the tests and report the results to the Association.

Process:

- 1) To interview CPA's about the process to determine interest, feasibility, and cost
- 2) To discuss existing procedures and policies with the current treasurer, bookkeeper, and board president
- 3) Through these discussions, develop a draft list of procedures that could be taken to candidate CPA's
- 4) Discuss the merits of the procedures with the candidates, and refine the list to provide the most effective/important tests that could be performed within the budget prescribed by the membership
- 5) Determine if these refined procedures provide a better value to the AUO than the standard "review of financial statements" called for by statute
- 6) Make a recommendation to the board at this May meeting that would ideally involve engaging the CPA to carry out the procedures and report the results for our Fall Meeting
- 7) If successful, the procedures or a rotating subset of them would be carried out annually (with ongoing waivers voted upon by the membership) to fulfil the requirement.

Results:

- 1) We held discussions with several CPA firms, with more prolonged discussions with:
 - a. Nelson/Nelson (?)—our current tax preparer—This firm originally said they could do a review for us, but upon further discussion about the AUP, they ended up deciding they really prefer tax work and declined to do any attest work for us (it would force them into a CPA peer review process that isn't worth their time for a few engagements)
 - b. Price/Fronk—a sizeable firm that showed initial interest, but ultimately backed away after we showed them the 20 procedures we had developed. They did not close the

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door, but telegraphed that they almost constituted an audit and it would be difficult to meet the budget.

- c. Jarrard Pollard, et al in West Linn. This firm has worked on AUP engagements with Joe Wonderlick in the past

2) We developed a 15-point list of procedures covering the following four areas

- a. Cash and Accounts Receivable
- b. Accounts Payable and Disbursements
- c. Custody/Stewardship of Assets
- d. Reserve Accounting
- e. Reporting and Authority

3) Jarrard Pollard was the only firm that was partially responsive.

- a. They quoted \$5900 for a 14 point AUP engagement (they exempted one time consuming step)
- b. They quoted about \$5400 for the review
- c. Most significantly, they asked to see the ORS Code

Finding:

Jarrard Pollard read the law and noted that the ORS refers to Associations in which control is being passed from a “declarant” (like a developer) to a homeowners association. That is the only time the audit requirements are required by law. Since we are not required by law to carry out a review, the membership has a different set of circumstances to consider prior to spending funds on this kind of project that will run over our budget.

The Committee also notes that we are in transition in our bookkeeping function. Is it wise to spend dollars testing a “past tense” function?

Recommendation:

The Committee believes the procedures and tests provide value to the incoming bookkeeping operation as a set of expectations. We do not believe that we will receive sufficient value retrospectively since Deanna is leaving the position.

The Committee recommends that the Board provide the procedures/test to the incoming service. In future years, not in 2020, we may elect to carry out all or a portion of the tests after the new contractor is in place for at least 12 months. We emphasize that this is an option process rather than a mandatory one.

Relevant language from the ORS is on the following page:

9

(Declarant Control; Turnover of Administrative Control)

94.600 Declarant control of association. (1) Subject to ORS 94.604 to 94.621, a declaration may reserve special declarant rights including, without limitation, the right to a period of declarant control that formal or written proxy or power of attorney is not required from an owner to vest the declarant with such authority.

(2) A declarant may voluntarily relinquish any rights reserved in the declaration under subsection (1) of this section.

(3) Upon the expiration of any period of declarant control reserved in the declaration under subsection (1) of this section, the rights automatically shall pass to the lot owners, including the declarant if the declarant, agree to the amendment. [1981 c.782 §11; 1999 c.677 §8]

94.604 Transitional advisory committee. (1) As provided in this section, the declarant or the owners of a planned community that contains at least 20 lots in either the initial development or with the annex transitional advisory committee to provide for the transition from administrative responsibility by the declarant of the planned community under ORS 94.600 to administrative responsibility by the association. the purpose of selecting a transitional advisory committee not later than the 60th day after the date the declarant conveys 50 percent or more of the lots then existing in the planned community to owners other than the declarant.

(2) The transitional advisory committee shall consist of three or more members. The owners, other than the declarant, shall select two or more members. The declarant may select no more than one member. all information and documents which the declarant is required to turn over to the association under ORS 94.616.

(3) An owner may call a meeting of owners to select the transitional advisory committee if the declarant fails to do so under subsection (1) of this section.

(4) Notwithstanding subsection (1) of this section, if the owners do not select members for the transitional advisory committee under subsection (2) of this section, the declarant shall have no further obligation.

(5) The requirement for a transitional advisory committee shall not apply once the turnover meeting called under ORS 94.609 has been held. [1981 c.782 §64; 1999 c.677 §9; 2003 c.569 §9]

94.605 [Amended by 1965 c.619 §31; repealed by 1971 c.478 §1]

94.609 Notice of meeting to turn over administrative responsibility. (1) At the time specified in the declaration, but not later than 90 days after expiration of any period of declarant control reserved under lots in the planned community if there is not a period of declarant control, the declarant shall call a meeting for the purpose of turning over administrative responsibility for the planned community to the homeowners association.

(2) The declarant shall give notice of the meeting to each owner as provided in the bylaws.

(3) If the declarant does not call a meeting under this section within the required time, the transitional advisory committee formed under ORS 94.604 or any owner may call a meeting and give notice as required by ORS 94.610.

94.610 [Amended by 1965 c.619 §32; repealed by 1971 c.478 §1]

94.615 [Repealed by 1971 c.478 §1]

94.616 Turnover meeting; transfer of administration; receivership. (1) At the meeting called under ORS 94.609, the declarant shall turn over to the homeowners association the responsibility for the administration of the association shall accept the administrative responsibility from the declarant.

(2) If a quorum of the owners is present, the owners shall elect not fewer than the number of directors sufficient to constitute a quorum of the board of directors in accordance with the declaration or bylaws.

(3) At the meeting called under ORS 94.609, the declarant shall deliver to the association:

- (a) The original or a photocopy of the recorded declaration and copies of the bylaws and the articles of incorporation, if any, of the planned community and any supplements and amendments to the articles of incorporation;
- (b) A deed to the common property in the planned community, unless otherwise provided in the declaration;
- (c) The minute books, including all minutes, and other books and records of the association and the board of directors;
- (d) All rules and regulations adopted by the declarant;
- (e) Resignations of officers and members of the board of directors who are required to resign because of the expiration of any period of declarant control reserved pursuant to ORS 94.600;
- (f) A financial statement. The financial statement:
- (A) Must consist of a balance sheet and an income and expense statement for the preceding 12-month period or the period following the recording of the declaration, whichever period is shorter; and
- (B) Must be reviewed, in accordance with the Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants, by an independent certified public accountant.

Ranch Cabin Association of Unit Owners

Financial Assurance Committee

Potential Tests of Procedures

Cash & Accounts Receivable

- 1) Policy: Bank accounts are reconciled monthly and reviewed by Treasurer

Test: Select three months during the test period. Review the bank reconciliation and related bank statement. Report on reconciling differences of note. Observe evidence of review and approval by treasurer.

- 2) Policy: A hard copy of all deposit slips is kept on file for future reference.

Test: Select three bank deposits for the year. Ask the bookkeeper to produce copies of the associated deposit slips and support documentation.

- 3) Policy: Late fees are charged, owner statements generated and sent for all past due owner assessments.

Test: Select 3 months during the test year and review the owner aging reports. Select two overdue aging balances. Determine if an appropriate late fee has been assessed and obtain evidence that owner statements were generated and sent to the homeowner.

- 4) Policy: Accounts receivables are posted timely to owner accounts.

Test: Send letter authored by AUO Board President to all members, requesting a reply directed to auditor. The letter will inquire about difficulties experienced in the past three years regarding timely posting of owner assessments or related late fees. Report on any owner concerns.

Accounts Payable & Disbursements

- 5) Policy: Checks/Disbursements are written or executed only by treasurer or president.

Test: Select the 3 largest expenditures during the year, plus three additional random transactions and review the check copy or EFT support showing the initiator of the transaction.

- 6) Policy: All disbursements shall be approved by the treasurer or the president.

Test: Review the above selected transactions for evidence of officer approval, even if the officer did not initiate the transaction.

- 7) Policy: Large expenditures should be responsibly sourced and supported by obtaining competitive bids on a regular basis.

Ranch Cabin AUO Test of Procedures

Test: For the following expenditure areas, obtain copies of the most recent competitive proposals. Obtain written narrative from the manager that offers explanations for decisions to not pursue current proposals or to purchase from a more expensive vendor:

- a) Landscaping
- b) Painting
- c) Pool Maintenance
- d) One additional area of large expenditure selected by auditor

8) Policy: Treasurer maintains a dated record of checks signed.

Test: Obtain the dated record and tie the balances for three month-ends to the bank statement for any discrepancies other than reasonable outstanding reconciling items.

9) Policy: Form 1099's should be issued for non-employee vendors.

Test: Review Quickbooks lists of expenditures by vendor sorted from high to low, and compare to Quickbooks print file of 1099's. Identify any vendors that do not appear on the 1099 list that appear to qualify and investigate them.

Custody/Stewardship of Assets

10) Policy: Check stock is maintained in secure storage with the bookkeeper.

Test: Review check storage procedures, discuss the whereabouts of blank checks if they are in alternative locations and report on findings.

11) Policy: Debit cards and account passwords are secured, bank accounts and Quickbooks carry redundancy provisions for succession or emergency access.

Test: Determine through bank and officer inquiry how many authorized users are active on the system and inquire about account security performed by each cardholder and whether access has been successfully tested in the past 12 months.

Reserve Accounting

12) Policy: Reserves are designed to replace major infrastructure items through the collection of dedicated funds over time.

Test: Review reserve accounting schedules at December 31, 2019. Test footing and time value of money and stated depreciation assumptions for clerical accuracy.

Reporting and Authority

Ranch Cabin AUO Test of Procedures

1 13) Policy: General Ledger is reconciled to subsidiary sources

2 Test: For September and one other month, test the following:

3 a) Trace the cash balance of the balance sheet to bank statement/cash reconciliation

4 b) Tie the GL AR balance to the detailed Accounts Receivable Aging

5 c) Tie the AP balance on the A/P Report to the balance sheet

6 d) Confirm that traditional balance sheet and income elements balance and tie to each other

7
8 14) Policy: Bookkeeper provides a report that identifies significant YTD variances from budget.

9 Test: For 3 months during the test year, review bookkeeper budget variance analyses. Report
10 on completeness and adequacy of the explanations. Seek out evidence of board review and
11 approval of the variance report.

12 15) Policy: Annual Corporation license (name?), federal tax form 1120-H and state tax form 20
13 should be filed timely.

14 Test: Review copies of specified filings and check registers for evidence of timely filing and
15 payment.

A FULL SERVICE TREE CO.



Since 1978

TREE REMOVAL
BRUSH REMOVAL
STUMP GRINDING

Brent Redenius
President

Office: 541-593-8360
Cell: 541-977-6274
brent@springrivertreeservice.com

Certified Arborist on Staff



PO Box 1987 Sunriver, OR 97707 • CCB#112460

Addendum E



Date: 11/21/2019 Billing Address: _____

Name: Gerry Stearns _____

Location: Ranch Cabins _____

Phone: 593-6565 Phone: _____

541 815-2004 cell Email: _____

Job Description: Limbs ≤ 5' Roof ≤ 15' chimney

Remove — Hazard Trees

Polisaw as shown

Remove Hangers

For work under \$2,000, owner signature on this form constitutes a contract between the owner and Spring River Tree Service. Additionally, if the owner desires Spring River Tree Service to take away the firewood in accordance with ORS 164.813, Spring River Tree Service is hereby permitted to remove and transport firewood (aspen, lodgepole or ponderosa pine) generated at the owner location/address listed above to 56777 Lunar Drive, 97707. Quantity permitted: 1 cord(s)

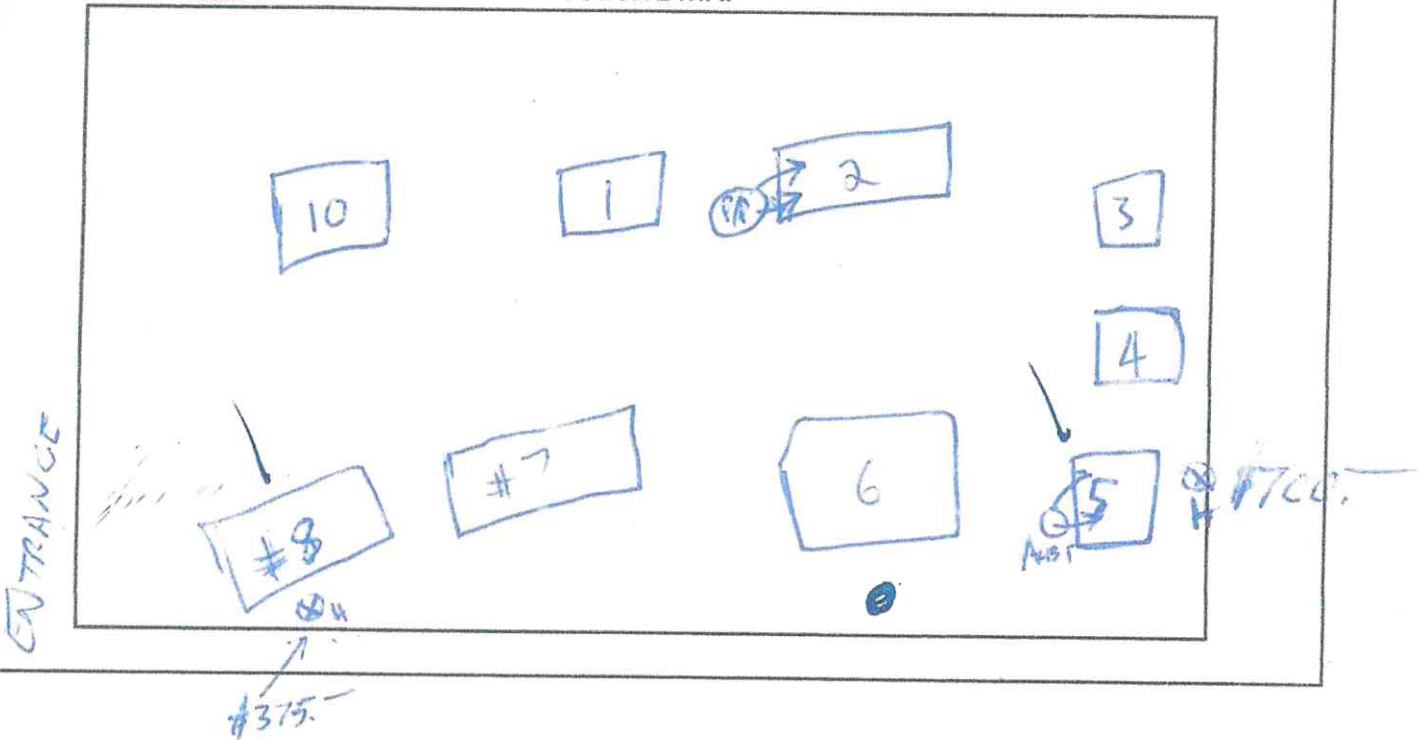
Stack Wood: _____ Take Wood: _____

TOTAL PRICE see spreadsheet

Owner signature

Date

JOBSITE MAP



A FULL SERVICE TREE CO.



Tree Service, Inc.
Since 1972
**TREE REMOVAL
BRUSH REMOVAL
STUMP GRINDING**

Brent Redenius
President

Office: 541-593-8360
Cell: 541-977-6274
brent@springrivertreeservice.com
Certified Arborist on Staff



PO Box 1987 Sunriver, OR 97707 • CCB#112460



Date: 11/21/2019
Name: Gerry Gleams
Location: Ranch Cabins
Phone:

Billing Address:

Phone:
Email:

Job Description: continued page 2

For work under \$2,000, owner signature on this form constitutes a contract between the owner and Spring River Tree Service. Additionally, if the owner desires Spring River Tree Service to take away the firewood in accordance with ORS 164.813, Spring River Tree Service is hereby permitted to remove and transport firewood (aspen, lodgepole or ponderosa pine) generated at the owner location/address listed above to 56777 Lunar Drive, 97707. Quantity permitted: 1 cord(s)

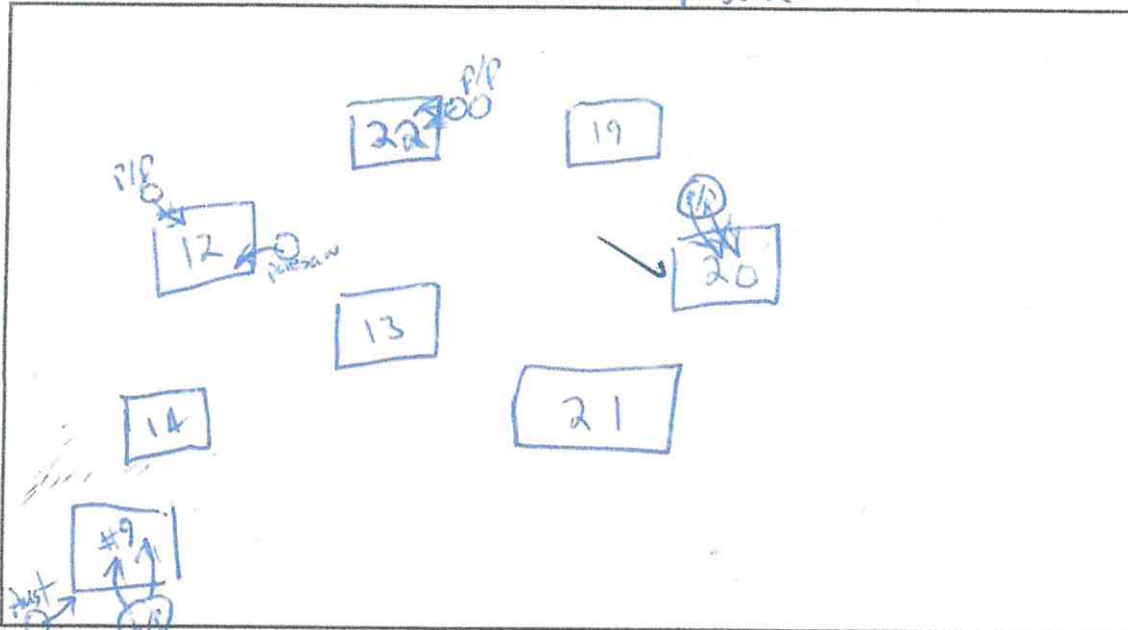
Stack Wood: Take Wood:

TOTAL PRICE see spreadsheet

Owner signature

Date

JOBSITE MAP page 2



A FULL SERVICE TREE CO.



Spring River Tree Service, Inc.

TREE REMOVAL
BRUSH REMOVAL
STUMP GRINDING

PO Box 1987 Sunriver, OR 97707 • CCB#112460

Brent Redenius
President

Office: 541-593-8360
Cell: 541-977-6274
brent@springrivertreeservice.com

Certified Arborist on Staff





Date: 11/19/2019

Name: Ranch Cabins

Location: _____

Phone: _____

Billing Address: _____

Phone: _____

Email: _____

Job Description: continued page 3

For work under \$2,000, owner signature on this form constitutes a contract between the owner and Spring River Tree Service. Additionally, if the owner desires Spring River Tree Service to take away the firewood in accordance with ORS 164.813, Spring River Tree Service is hereby permitted to remove and transport firewood (aspen, lodgepole or ponderosa pine) generated at the owner location/address listed above to 56777 Lunar Drive, 97707. Quantity permitted: 1 cord(s)

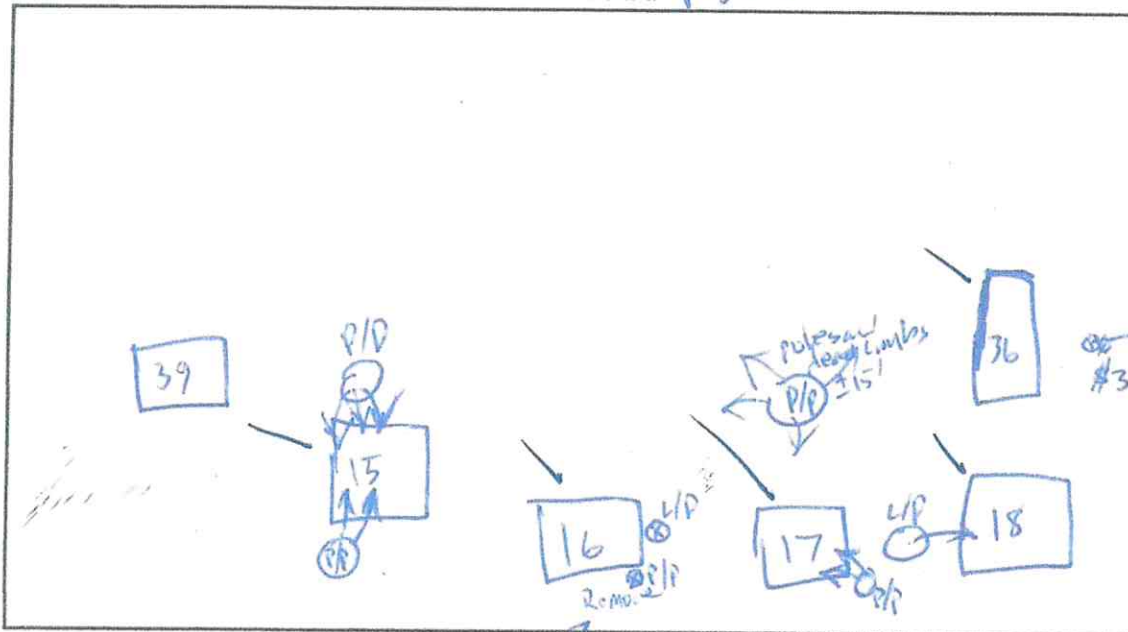
Stack Wood: _____ Take Wood: _____

TOTAL PRICE see spreadsheet

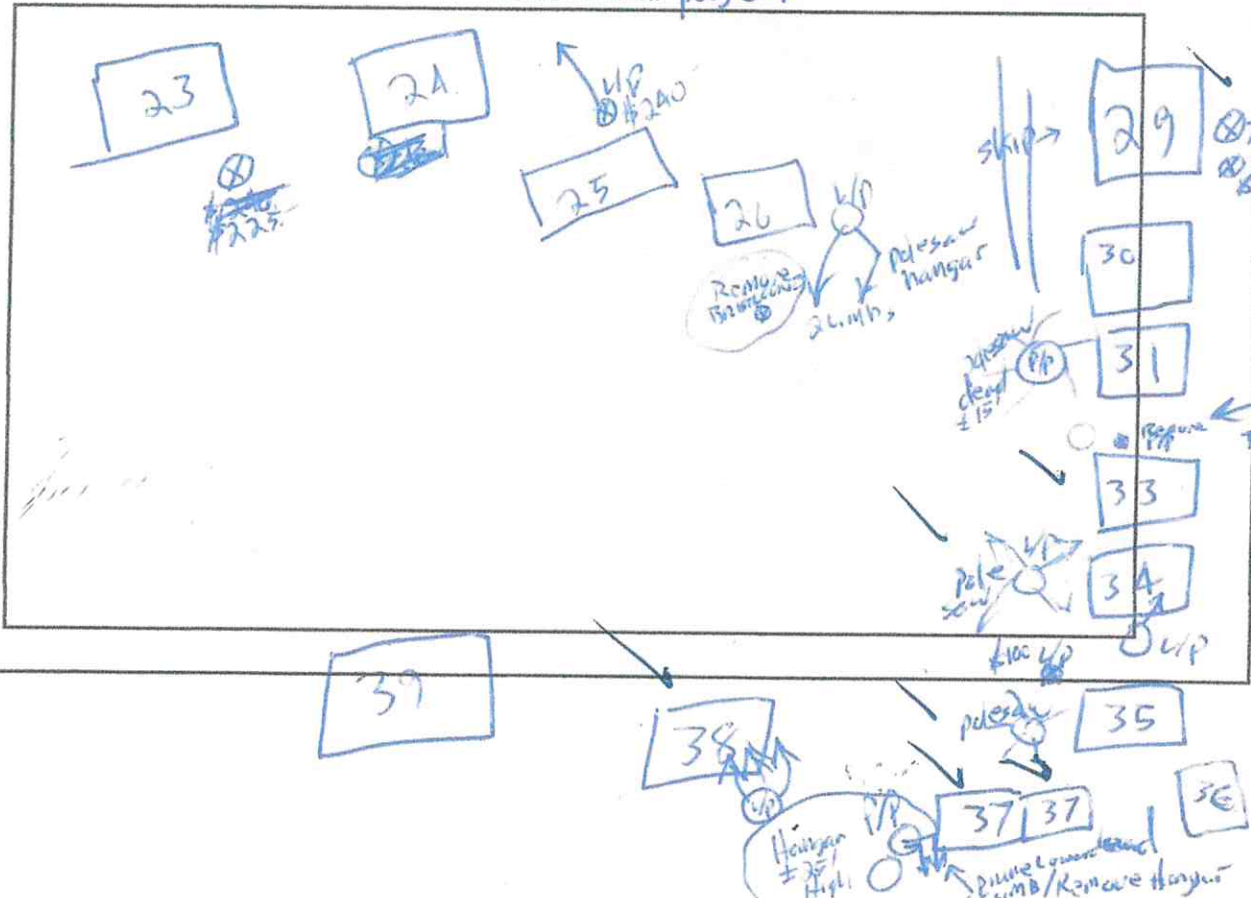
Owner signature _____

Date _____

JOBSITE MAP page 3



P/P too small to pump Limbs & Root also has Gills @ Base & Top



Addendum F

Candidate for Board of Directors Association of Unit Owners of Ranch Cabins

I, _____, submit this request to be recognized as a candidate for the Board of Directors at the next Annual Meeting, and request my name be included on any list of candidates on proxy or similar forms distributed to Unit Owners with Notice of the upcoming Annual Meeting.

To be included on the Proxy, this completed form must be received at the Assoc's mailing address during the month of August proceeding the Annual Meeting.

The following information will be shared with Unit Owners to aid their voting decision.

Name: _____

Address: _____

Email: _____

Phone: _____

Owner of Ranch Cabin # _____ Date of Purchase: _____

The following information is optional but may aid others in making choices:

Career/Work Experience: _____

Other Board Experience: _____

Describe your interest in the Ranch Cabin Board, experience, background, other thoughts you wish to share with Unit Owners relevant to their voting decision:

Board Election Rules

Board Members are elected each year for a 2 year term. Two Board Members are elected on odd numbered years (2019, 2017, etc) and Three Board Members are elected on even numbered years (2020, 2018, etc)

The Board Election takes place at the Annual Meeting which is held in the Fall of the year.

Voting takes place in person or by proxy. Proxies may be general, or directed. Directed proxies instruct the proxy holder to vote in a particular manner, and in the case of Board elections, for a particular person. As such, the proxy form often is similar to a ballot in that it lists the individuals seeking election.

Notice of the Annual Meeting is sent out approximately 30-60 days prior to the Annual Meeting. Therefore, applications must be received at the Association's mailing address during the month of August to be included on the Proxy.

One may run for a Board position without being included on the Proxy by (1) being nominated from the floor by another unit owner, or (2) obtaining write-in or general proxy votes.

A unit owner wishing to run for a Board position shall complete a Board Candidate Form which shall be available on the website of the Association: www.RanchCabins.org and submitting the completed application by US Mail to the Association's mailing address.

If a sufficient number of candidates return a Candidate Form, the Board of Directors shall not be precluded but is not obligated to nominate a candidate. In no event shall the Board of Directors nominate more than one candidate for each open position.