

CAUGHLIN RANCH HOMEOWNERS ASSOCIATION
Board of Directors Meeting Minutes
Wednesday, May 24, 2017

Directors Present:

Tony Termini, President
Michele Attaway, Vice President
Al Dennis, Secretary
Vince Ames, Director
Jan Browne, Director
Joan Mullen, Director
Open Seat

Others Present:

Lorrie Olson, Community/General Manager
Randy Lisenby, L & M Superintendent
Sandy Wheeler, Bookkeeper/Provisional Manger
Shawn Oliphant, Association Attorney
15 Homeowners

1. Call to Order, Roll Call, and Determination of Quorum:

President Termini called the meeting to order at 6:03 p.m. at 1070 Caughlin Crossing, Reno, NV. A quorum was established with six (6) of seven (7) Board Members present.

2. Member Comments: there were none.

3. Acknowledge Board Treasurer's resignation and appoint new Board Member:

President Termini announced Treasurer Thorne submitted his resignation on March 27th.

Motion: Director Ames moved to accept the resignation of Pat Thorne and the appointment of Bob Ryan to the open seat on the Board of Directors; Director Browne seconded. No further discussion. Motion carried unanimously.

4. Appoint Board Secretary as Secretary/Treasurer:

President Termini announced Secretary Dennis has graciously agreed to serve the dual position until a replacement Treasurer can be appointed.

Motion: Director Ames moved to appoint Secretary Dennis to the dual position of Secretary/Treasurer as proposed; Director Mullen seconded. Secretary Dennis abstained. Motion carried with a majority vote.

5. Minutes:

5.1 Review & approve March 22, 2017 Board of Directors Meeting Minutes;

GM Olson advised the minutes were prepared by Provisional Manager Wheeler, reviewed and edited by GM Olson and Secretary Dennis, and posted to CRHA website prior to 30-day deadline to make minutes available.

Motion: Vice President Attaway moved to approve the March 22, 2017 meeting minutes as presented; Director Ames seconded. No further discussion. Motion carried unanimously.

6. Finances:

6.1. Review & accept (un-audited) Financial Reports dated February 28 and March 31, 2017;

Secretary/Treasurer Dennis advised that F&B Committee Member Cody Jackson who is a CPA, has agreed to assist him with the financial reviews until such time as another Board Member is appointed Treasurer.

- **F&B Member Cody Jackson, CPA reviewed both sets of financials and found no material discrepancies.**
- The Secretary/Treasurer and F&B Member Cody Jackson, CPA have been provided a copy of all the bank/investment statements and associated reconciliations along with the supporting financial reports
- **The bank statements are being reconciled and the financial reports reviewed and adjusted as-needed on a monthly basis by the GL Accountant to ensure CRHA is reporting on a true accrual accounting basis**
- The Board has been provided copies of the GL Balance Sheet by Fund and the Actual vs. Budget Comparison through February 28 and March 31, 2017
- **The Association's cash position through March 31st: Operating cash = \$1,134,661
Reserve cash and CD's: Mountainshyre = \$231,258; Caughlin Creek = \$505,164; CRHA = \$710,138;
Grand Total = \$1,446,560. Capital funds set aside to purchase 1070 Caughlin Crossing = \$244,502**
- Through March 31st on an accrual basis, Total Operating Income was \$523,765; after Reserve and funds to purchase 1070 Caughlin Crossing were accounted for and/or transferred; (\$9,256) under budget.
- **Total Operating Expenses were \$374,015; \$12,387 under budget:
Operating Expense = (\$6,225) over budget; Payroll = \$7,673 under budget
Repairs and Maintenance = \$10,517 under budget; Utilities = \$422 under budget**
- Total Operating Excess Revenue over Expense = \$3,131
- **Total Reserve Income was \$54,045; of which Interest = \$883. 2017 Budget = \$154,650 for CRHA, \$40,000 for CCRK and \$18,000 for Mountainshyre. Reserve transfers are occurring quarterly except for CRHA at this time. The CRHA contributions are being shown as "Due from Operating" to Reserves on the Balance Sheet. The Building CD does not mature until Oct.; we may need to reallocate that CD if the funds are required sooner to complete the building purchase.**
- Total Reserve Expenses were \$32,178; 2017 Reserve Budget = \$332,752. The City of Reno will reimburse \$36,000 for the Crest Park improvements; request for reimbursement was submitted.

The Board is required to review the Association's financial information in accordance with NRS 116.31083. The Association is in compliance with paragraph (b) of subsection 2 of NRS 116.3115, and confirms that reserve funds have not been used for daily maintenance.

Motion: Vice President Attaway moved to accept the un-audited financial reports dated February 28 and March 31, 2017 as presented; Director Ames seconded. No further discussion. Motion carried unanimously.

6.2. Approve Bad Debt write-off amount due to foreclosures: none at this time.

7. Reports & Updates:

7.1. Finance & Budget Committee (F&B);

GM Olson advised she scheduled an F&B Meeting for 3:00 p.m. on Tuesday, June 27th. Bob Browning of Browning Reserve Group will provide a PowerPoint presentation; Reserve Studies 101. F&B Committee Member Mike Heffner updated the 10-Year Cash Flow Report.

7.2. Landscaping, Irrigation/Conservation & Maintenance;

Superintendent Lisenby provided the following updates:

- Irrigation system:
 - Repairs have been made
 - Pumps are on-line and running
- Flood clean-up in progress:
 - River Run clean-up was completed
 - Water is under control and filling the ponds
 - Pipes have been cleaned out
 - Pond work is underway
- Defensible space; first round has started
- Fertilization has been completed
- Mowing on a regular basis

Superintendent Lisenby asked homeowners when they see the guys out and about, please feel free to wave and thank them for all their hard work. He also advised that now there is truly no labor force to select from and should an employee leave it will be difficult to replace them due to the large amount of construction work in our area.

President Termini advised the maintenance staff likes cookies.

Vice President Attaway asked if it was okay to drop off waters, Gatorade or cookies for the crews.

Superintendent Lisenby advised it would be okay and greatly appreciated by the crews.

GM Olson advised CRHA purchased an ice machine so the crews can have ice cold water in their coolers.

Vice President Attaway asked about the concrete “dams” and what they are being used for.

Superintendent Lisenby advised they are literally being used for damming the water to divert the water back to where it belongs. They will use landscaping materials and plantings to hide them.

Vice President Attaway also asked what the plan was regarding the green belt area. Superintendent Lisenby advised the plan is to return the green belt to the same condition. It should look the same as it was prior to December 2016.

7.3. Architectural Control Committee (ACC);

Secretary/Treasurer Dennis advised that the number of submissions are increasing now that the warm weather is here. The ACC is scheduled to meet next on May 25th. From March 1st, thru April 30th, 28 projects were submitted and reviewed; 3 were declined, 1 needed more info. and 24 were approved with conditions.

7.4. Community Events;

Vice President Attaway reported on the pending 2017 Events; a Bird Watch has been scheduled for June 10th with Jenny Ouyang UNR Asst. Professor Dept. of Biology and local birder Kathy Oakes who will be joining us on the walk.

2017 Events:

- Shredding truck in Caughlin Ranch parking lot: June 10th
- Bird Watch/walk: June 10th
- Garage Sales; individual lots: June 17th & 18th
- Concerts in the Village Green Park: Every Sunday in July
- 7th Annual BBQ at the Caughlin Club: September 10th
- Cross Peak Hike; meet behind the Caughlin Club: September 16th
- Garage Sales; individual lots: October 7th & 8th
- Holiday Share Your Wine at Moana Nursery: November 9th
- Angel Tree for needy local children and senior citizens: November 1st thru 30th

Vice President Attaway gave a special thanks to the CRHA office staff for the beautiful food tables that were set-up for the Spring Wine Event at Moana Lane Nursery.

The Concerts in the Park series will be held all 5 Sundays in July. The Margarita Man and Fire on the Mountain Pizza food trucks will be present at the events.

7.5. General Manager; GM Olson reported the following:

- Mutual of Omaha's loan info., commitment letter and required documents are included. The 1070 Caughlin Crossing Building owner has agreed to allow CRHA to continue to lease the building until all the details have been formalized.
- She is working with Julie's Signs on a new Juniper Trails sign; the original sign has exceeded its life expectancy. Both CreekrIDGE and the Evergreen monument signs are missing letters and have deteriorated stucco. The wall signs on both sides of (upper) Caughlin Parkway at McCarran also need stucco repairs.
- She reviewed correspondence from the FBNNV; the Share Your Wine event in April brought in 290 lbs. of food which converts to 242 meals and \$85 which equals 258 meals for a total of 500 meals donated from just one event.
- Washoe County is now offering animal resistant containers through Waste Management. She is working with Jenny Brekhus to get the matter before the Reno City Council. It is imperative that both the county and the city offer the same distribution and pick-up services.
- Since Secretary Dennis is already an officer and has completed his NV State Contractor's Board requirements, nothing further is needed by them in order for him to serve in the dual position.
- The bubble pads, used to warn the visually impaired of a street crossing, were finally replaced on May 19th at the east and west corners of Caughlin Crossing at Caughlin Pkwy.
- A request was submitted to Reno Direct to repair the potholes on Cashill and (upper) Caughlin Pkwy. at McCarran.
- She was advised the Blinking Crosswalk Indicators originally requested from funds that were thought to be available through the City of Reno are on hold pending funding which may or may not happen. The funds identified are actually impact fees for use outside Caughlin Ranch.

- She is working with Action Electric to add lights at the amphitheater because the performers need additional lighting at dusk. There will also be masonry work and painting there so that we are all ready for the concerts in July.

Secretary/Treasurer Dennis reminded everyone not to place their trash cans out the night prior to trash pick-up. The only exception is if a homeowner has an animal-resistant container.

Attorney Oliphant advised that at the direction of the Board of Directors, a letter was sent from his office to Washoe County and Steamboat Canal & Irrigation Company regarding the flooding and common area damages due to the Steamboat ditch breaching during storm water events. He advised that Steamboat uses the ditch for irrigation water during the growing season and that the County uses it for storm water diversion all other times.

The letter that was issued puts the County on notice of the damage and requested that they work with Steamboat to assure that the ditch is properly maintained and to make necessary modifications such as deepening it so that it can properly drain without causing damage to CRHA property.

Attorney Oliphant also advised that the letter was provided to Washoe County so they are aware of the problems and to address any discretionary immunity they may claim in the future.

The letter included notice that Washoe County has taken action to use the ditch to divert storm water and that resulted in damage to CRHA property. If there is a future event such as the recent flooding where we have the need to file a claim in order to mitigate damages, they cannot assert they were not aware of the problem.

8. New Business:

8.1. Approve proposal from Browning Reserve Group for 1070 Caughlin Crossing Full Reserve Study; President Termini advised the proposal from BRG for \$1,800 is to complete a full on-site study of 1070 Caughlin Crossing prior to the purchase of the building.

Motion: Secretary/Treasurer Dennis moved to approve the Browning Reserve Group proposal for 1070 Caughlin Crossing as presented; Director Ames seconded. Motion carried unanimously.

8.2. Approve costs for Browning Reserve Group to perform 2017 Financial Updates of all 3 Reserve Studies; President Termini advised the cost for the 3 reserve studies are:

CRHA = \$1,000; Mountainshyre = \$500; CCRK = \$500; Total = \$2,000.

Motion: Vice President Attaway moved to approve the cost for the Browning Reserve Group to perform 2017 Financial Updates of all 3 Reserve Studies as presented; Director Ryan seconded. Motion carried unanimously.

8.3. Approve Wealth Management Services Enrollment with Mutual of Omaha;

GM Olson advised this was recommended by F&B Member Cody Jackson, CPA and supported by our GL Accountant Tim Cleary. It will insure we never exceed our FDIC limit and that all funds are protected. It will be a great benefit to GM Olson and Bookkeeper Wheeler, as we will no longer need to get approval from the Treasurer, etc. to move operating cash between the Operating and the Sweep Accounts.

Motion: Director Ames moved to approve the Wealth Management Services Enrollment with Mutual of Omaha as presented; Vice President Attaway seconded. Motion carried unanimously.

8.4. Approve new Collection Service Agreement with Absolute Collection Services;
President Termini advised that this company is used for the collection of unpaid assessments and other fees and that GM Olson is requesting changing from our current services to Absolute Collection Services.

GM Olson advised that the company has been in business for 10 years, she received several recommendations and Bookkeeper Wheeler was impressed with the owner after taking a class regarding collections last year. She advised CRHA was originally with NAS who was not doing a good job so CRHA changed to ATC who did a very good job but has since been bought out by NAS. NAS recently purchased other collection agencies as well as a management company in Las Vegas.

Attorney Oliphant interjected that the fees a collection agency may collect have been established by NRS and collection agencies are able to process collections at lower costs than an attorney's office.

Vice President Attaway verified that the fee schedule for Absolute and NAS should be the same amounts. Attorney Oliphant advised that was correct.

Bookkeeper Wheeler advised if Absolute is approved tonight, the collection policy would be changed to include Absolute's rate sheet, the website will be updated to reflect that and going forward, all pre-collection notices for outstanding fees will include the Absolute rate sheet. She advised we will not need to send the collection policy out to all the members. Attorney Oliphant agreed.

Attorney Oliphant advised Absolute's indemnification clause was one of the better that he has seen. It was very easy to negotiate with them and we may terminate at any time.

President Termini said in his opinion the change requested is based on a supposed issue and that we should wait to see the new or revised agreement from NAS. At this point, we don't know that NAS will actually be changing the way they do business. He said we shouldn't fix something that is not broken.

Motion: Secretary/Treasurer Dennis moved to approve the Collection Service Agreement with Absolute Collection Services as presented; Director Mullen seconded. President Termini, Vice President Attaway, Director Ames, and Director Ryan voted no; Secretary/Treasurer Dennis and Directors Mullen and Browne voted yes. The motion did not pass.

After the vote was taken there was further discussion regarding collection services.

Director Ryan asked if an issue does arise with the collection agency, would it be possible to make a change outside of a Board Meeting? President Termini advised the collection agency needs to be approved at a noticed Board meeting.

Attorney Oliphant commented that GM Olson and the Bookkeeper deal with the collection agency on a daily basis and since this is not an exclusive agreement, it would give the Managers the option to send a delinquent account to either agency. He expressed that because GM Olson has concerns about the current company, it may be best if she has the option to send it to a company with whom she has confidence.

Amended Motion: Director Ames moved to approve the Collection Service Agreement with Absolute Collection Services and for CRHA staff to use good judgement when deciding which company to send a collection account to; either Absolute Collection Service or NAS and for CRHA to obtain a current agreement from NAS; Director Browne seconded. Motion carried unanimously.

8.5. Approve Authorization for Professional Services with Farr West Engineering;

Attorney Oliphant advised that it was necessary to revise the agreement regarding the liability limitation which was done. However, the agreement still includes the pricing at cost plus 15%.

Motion: Secretary/Treasurer Dennis moved to approve Authorization for Professional Services with Farr West Engineering subject to the removal of the cost plus 15% but if not, we will still approve the agreement; Director Ryan seconded. Motion carried unanimously.

8.6. Consider purchase of 1070 Caughlin Crossing and approvals and process related thereto;

President Termini advised that this motion will give direction to Attorney Oliphant and GM Olson to draft an informational letter to the CRHA homeowners advising them of the process that is necessary to purchase the 1070 Caughlin Crossing office building.

Motion: Director Mullen moved to approve the purchase of 1070 Caughlin Crossing and the approvals and process related thereto as presented; Vice President Attaway seconded. Motion carried unanimously.

8.7. Ratify Engagement of Leach Johnson Song & Gruchow for secondary review of building

Purchase requirements; GM Olson advised she asked President Termini if she could request a secondary review of our governing documents along with the loan documents to ensure the approvals and process related thereto are reviewed and regarded for the purchase of the building.

Vice President Attaway inquired if this engagement was strictly for the review of the building purchase. GM Olson advised the engagement is strictly for the review of the 1070 building purchase.

Director Ames moved to approve ratification of the Engagement of Leach Johnson Song & Gruchow for secondary review of building purchase requirements as presented; Director Ryan seconded. No further discussion. Motion carried unanimously.

9. Member Comments:

A homeowner asked if the homeowners will be advised of what kind of liabilities are associated with the purchase of the building. What happens if there is an injury, water, fire or other damages?

GM Olson advised that the purchase would be for the building and land. CRHA is currently required per our lease to carry liability insurance as would be the case if CRHA owns the building.

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President Termini also advised that the Reserve Study for the building that was approved earlier in today's meeting will provide the details for the repairs/replacement of the building and equipment within. He added that the approval for the letter to be drafted will provide details associated with the purchase.

Attorney Oliphant suggested an open meeting and great venue to assist in communicating what the process is.

A homeowner inquired about additional areas within CRHA that are being built. He was advised there are 2 new sub divisions; one is Pine Bluff which will include 43 new homes and Ridge Hollow will include 44 new homes. There are 10 homes that are currently under construction and 1 commercial building.

A homeowner asked what would be the cost to purchase the building and what is the status of the proposed dog park? GM Olson advised the estimated cost at this time is \$580,000.

President Termini advised that the only place the dog park could be built was in the Village Green Park in order to receive reimbursement for the cost to build it. We received lots of input from owners who live adjacent to the park who objected to the project and felt they would be affected negatively and therefore the project was cancelled.

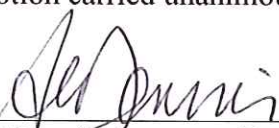
Director Ryan thanked the Board for taking into consideration the people who objected.

10. Announce Future 2017 Meeting Dates & Adjourn:

Board Agenda Workshop; 4:00 p.m., Monday, July 24th

Board of Directors Executive Session; 5:00 p.m. and General Business Meeting; 6:00 p.m., Wednesday, July 26th.

Motion: Vice President Attaway moved to adjourn the meeting at 7:13 p.m.; Director Browne seconded. Motion carried unanimously.



Al Dennis, Secretary Board of Directors
Caughlin Ranch Homeowners Association