

**Caughlin Ranch Homeowners Association
Draft Board of Directors Meeting Minutes
1070 Caughlin Crossing, Reno, NV 89519
Wednesday, January 23, 2019**

Board Members Present:

Al Dennis, President
Michele Attaway, Vice President
Drew Naccarato, Secretary
Vince Ames, Treasurer
Mike Chern, Director
Allen Black, Director
Charlene Oakes, Director

Others Present:

Lorrie Olson, Community/General Manager
Randy Lisenby, L & M Superintendent
Kim Teepe, Assistant Manager/ACC & CCR Compliance
Shawn Oliphant, Association Attorney
6 Homeowners

1. Call to order and establish quorum

President Dennis called the meeting to order at 6:02 p.m. A quorum was established with all seven (7) Board Members present.

2. Member Comments: There were none.

GM Olson advised we have had a lot of reports of bear activity in the community lately and it is unusual for this time of year. She received videos from Eaglesnest owners as well. She received information from NDOW who stated this is normal activity. GM Olson sent a blast with information received from NDOW regarding the recent activity. Per NDOW, they are avoiding people by coming out at night and are only looking for food. We need to inform owners to get rid of the food sources. She sent the information out with the hope of calming the fears in the community. The blast was sent out to all who are on the e-mail blast list for CRHA as well as Caughlin Creek, DeerCreek and Eaglesnest. We are aware of what is happening, we are doing all we can by continuing to educate the owners and eliminating unnatural food sources.

Vice President Attaway asked if the office informs owners about the e-mail blast when they call, and how are tenants handled. GM Olson stated office staff does let owners know about the e-mail blast list and if tenants want to be included on list, we will add them. We also ask that owners inform their tenants as well.

3. Minutes:

3.1. Review & approve November 14, 2018 Board of Directors Organizational and General Business Meeting Minutes: Prepared by Bookkeeper Wheeler; reviewed and edited by GM Olson, Secretary Naccarato and President Dennis.

Motion: Vice President Attaway moved to approve the November 14, 2018 meeting minutes as presented; Treasurer Ames seconded. Motion carried unanimously.

Motion: Treasurer Ames moved to have the Attorney items moved up on the agenda, items 7.10 and 7.11; seconded by Director Oaks, Motion carried unanimously.

7.10 Consider revising or revoking Secondary Employment Policy: Attorney Oliphant stated this was visited a few meetings ago when the Board discussed keeping, amend or revoking the Secondary Employment Policy. President Dennis stated that over the last year or so, the Board has had discussions both pro and con in dealing with CRHA employees working outside their work hours for homeowners and if there was any liability for CRHA.

We came up with a control that at the time we thought was a good idea. At this time, he is asking that the Board rescind the policy and inform the workers that they work for CRHA between 7:00 am and 3:30 p.m. Monday thru Friday and from 3:30 p.m. to 7:00 a.m. they are on their own and on weekends they are on their own and are the responsibility of the owners and themselves. President Dennis stated he is proposing the Board rescind the Secondary Employment Policy and review the current policy to be sure this item is addressed.

GM Olson stated the employment policy will be amended and Attorney Oliphant has looked at the policy and made some suggestions for changes. Those have been sent to Attorney Drinkwater for review.

GM Olson stated Attorney Oliphant will not be at the March meeting so somethings are being escalated so they can be reviewed by him prior to the next meeting.

Vice President Attaway asked what happens in the meantime. President Dennis stated they work with what is currently in place, all employees will be informed of the change.

Motion: Director Chern moved to rescind the Secondary Employee policy; Vice President Attaway seconded, Motion carried unanimously.

7.11 Finalize acceptance of Pine Bluff Phase II Common Area: Attorney Oliphant stated at the last meeting the Board voted to accept the common area with the condition it be reviewed by him to be sure the tile was clear and there are no encumbrances. A title report was received, the report is clean. He did have questions on some of the easements and asked the developer about them. He received a response which is in the Board packet. Engineer Seth Padovan inspected the common area drainage facilities and found there is a missing 18" sidewalk cross drain. There were some straw waddles which needed to be addressed as well. Attorney Oliphant stated he has heard back, and the developer will take care of these issues. He believes the Board can accept these common areas tonight.

President Dennis asked Superintendent Lisenby if he had any issues. Superintendent Lisenby stated he has no concerns other than what Seth Padovan found.

Motion: Vice President Attaway moved to finalize the acceptance of Pine Bluff Phase II Common Area with the conditions by the developer, Director Black seconded, Motion carried unanimously.

4. Finances:

4.1. Review & accept (un-audited) Financial Reports dated October 31 and November 30, 2018:

- Treasurer Ames has 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 monthly by the GL Accountant to ensure CRHA is reporting on a true accrual accounting basis
- The Association's cash position through November 30th: Operating cash = \$1,009,935
Reserve cash and CD's: Mountainshyre = \$238,680; Caughlin Creek = \$590,307; CRHA = \$572,159;
Grand Total = \$1,401,146
- The Board has been provided copies of the GL Balance Sheet by Fund and the Statement of Revenues and Expenses as of November 30, 2018
- Through November 30th on an accrual basis, Total (Operating) Income was \$2,097,728; over YTD Budget by \$34,037

- Total (Operating) Expense was \$2,136,728; under YTD Budget by \$14,432: Operating Expense = over YTD Budget by (\$8,923); Payroll = under YTD Budget by \$39,054; Repairs and Maintenance = under YTD Budget by \$21,191; Utilities = over YTD Budget by (\$36,890)
- Total (Operating) Excess Revenue / Expense = (\$39,000); I spoke to Tim Cleary regarding the overage, he advised it is due to budget timing. Which month we actually budget the money to be spent vs. when it is actually spent can skew the budget. He estimated we will end Dec. approx. \$35k under budget after the mortgage principle payments are deducted.
- Total Reserve Expenses were \$225,281; 2018 Reserve Budget = \$228,981
- Total Reserve Income was \$249,632; of which Interest = \$16,160
- All reserve funds are transferred on a quarterly basis and no reserve funds have been used for operating expenses.

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

Audit Planning Meeting: On December 17th, those present and invited were Board Members, Finance and Budget Committee members and staff. McClintock provided GM Olson with an Audit Schedule. An agreement was made on the audit time-line and receipt of requested audit documents, etc.

Audit timing:

1. February 20: Financial documents due no later than
2. Week of February 25: Audit on McClintock calendar
3. Week of March 4: Auditors on-site
4. March 14: Draft Audit to be provided
5. March 18: Finance and Budget Committee review of Draft Audit
6. March 21: Final Audit Report to be provided
7. March 27: CRHA Board Meeting; Audit Report reviewed by CPAs Kendall Galka and Robert McClintock

The agenda for the audit meeting will be to discuss notable events and transactions, and any suggested changes in processes and controls. Requests for changes to our audit processes i.e.: areas of improvement.

Deed of Trust Payment: Treasurer Ames stated in the past the Association paid rent. The accounting entry was simple since it was an expense. Today, there is a disagreement among the internal auditor and the external auditors, whom we rely upon to give a clean audit, on the most appropriate way to represent to the homeowners the monthly principal and interest payment on the building loan. Until there is a resolution, the Treasurer may include an additional statement regarding the monthly expense.

Director Black stated the mortgage payment is an expense that we see, however in the same aspect adding to the value of CRHA for the asset. That is where the confusion comes in, trying to figure out the best way to reflect the expense in the financials. We essentially pay money, but we credit our own equity.

Treasurer Ames stated we are accruing value in the building.

Finance and Budget Committee Report: Treasurer Ames stated Director Black is on the committee. Treasurer Ames is an ADHOC member who does not get to vote. The Finance and Budget Committee will review the draft audit on March 18th. McClintock will present to the Board on March 27th. Internal auditor to propose change regarding payments received in the office. Some recommendations were given about how to handle those payments dropped off in the office, to tighten that procedure so more than one person is not doing everything. GM Olson clarified it is only checks we track, we do not accept cash in the office. Mike Heffner gave Treasurer Ames his 10-year Cash Flow Report. Treasurer Ames stated the cash flow remains comfortably at 25% to 50% of budgeted cash on-hand. Mike worked those numbers out and is satisfied with the outcome. The cash flow has exceeded past projections. When we get to the point where we previously estimated an assessment increase would be needed, the amounts will be adjusted moving the proposed increase to a later year. Treasurer Ames stated we received a newsletter from TMWA who had recommended a rate increase in May of 2019, however, the rate increase of 2.5% will be deferred until 2020.

Report on CRHA seeking to become a 501.C(4) Corporation: Treasurer Ames stated Caughlin Ranch is an 1120H not-for-profit corporation. The Association receives money from the two (2) sub-associations which we manage, and for work done under our Landscape license. Each time a new home is built, \$1,000 is collected to fund park improvements within the Association. We need to work with the City for use and reimbursement of these funds. GM Olson thought the Association could look at the possibility of becoming a 501.C(4) for tax purposes. This was given to McClintock's tax accountant to review. However, he did some research and sent a letter to the Association stating since the Association makes money from contracts with sub-associations, it would not be eligible to file as a 501.C(4).

Secretary Naccarato asked if the purchase of the building is now a liability which gives the Association a break on mortgage taxes. It should offset the taxes which we pay on the income we receive. Treasurer Ames stated Mr. Griesmer will take that into consideration.

Motion: Secretary Naccarato moved to accept the un-audited financial reports through November 30, 2018 as presented; Vice President Attaway seconded. Motion carried unanimously.

5. Reports & Updates:

5.1. Landscaping, Irrigation/Conservation & Maintenance; Superintendent Lisenby gave the following report: The crew was working on winter clean-up then snow came; he has 2 men on vacation. The water conservation project is on hold for now. President Dennis asked if there was there more ditch time this year as there seemed to be more water than expected. Superintendent Lisenby stated there were pump problems but they are now all fixed and are running fine. He will be planting trees in various locations in the Spring and installing new soil in the flower beds for Spring. The holiday lights will be coming down over the next week; the crew has been cleaning up tree debris from the snow storm. There will be new trash cans installed; a work in-progress along with bridge repairs. We will be doing some landscape work at the WestPoint sign area to enhance the look. DeerCreek and Caughlin Creek homeowners were giving his crew a hard time and calling and giving Gloria a hard time after the big storm. The Bobcat broke down on January 7th; there was a problem with a new attachment. The bucket had never been removed before, so it had to be cut off in order to use the new attachment which was purchased to help in clearing the paths. We only had a snow blower and a four-man crew to work with. The pump meters which he thought would need to be replaced only needed a part which is cheaper and easier to fix as the pumps do not need to be dug up as was originally thought which saves Caughlin Ranch money.

Director Black asked if Randy was anticipating any flooding from the storms. Randy stated hopefully no flooding will happen, keeping his fingers crossed. Steamboat Ditch gates are locked open. Boulders were installed in the areas where flooding previously occurred.

5.2. Architectural Control Committee (ACC): Secretary Naccarato advised the last few meetings the requests have been slower which is anticipated due to weather. The requests have been pretty standard; nothing unusual.

5.3. Finance & Budget Committee (F&B): Treasurer Ames advised his financial report is included above.

5.4. Community Events; Vice President Attaway advised the Spring wine event in April will be at Moana Nursery. There will be concerts in the park again for Art Town this year. Typically, when July 1 is on a Monday, Art Town starts on Sunday night June 30th. However, there is a conflict this year, but we plan do a concert on Sunday, June 30th, and then on July 7th, July 14th, July 21st and July 28th. They have been in touch with several bands and it should all be finalized by the end of February. Art Town will be 25 years old in 2019.

- Garage Sales; June and October, there is an item on this Agenda to start on Friday
- Spring Bird Walk/Watch in June; will be run by students of Professor Jenny Ouyang's since she is not able to attend this Spring
- Shredding day truck will be at Caughlin Ranch parking lot in June
- Cross Peak Hike in September (meet behind the Caughlin Club)
- 8th Annual BBQ at the Village Green Park in September: Time changed from 1:00 to 4:00 since it is a Sunday and some people have other things going on earlier in the day.
- Fall Bird Walk/Watch starts 1 hour later in September
- Garage Sales; individual lots in October
- Instead of a wine event in November, we will do a Fall Celebration at Moana Nursery in October
- Trick or Treating and Pup Costume Parade at Caughlin Ranch Office on Halloween
- Angel Tree for Children and Seniors Citizens; November
- 35th Annual Members Meeting/Spaghetti Feed & 2020 Budget Ratification Meeting in November
- The events committee is looking into doing a backpack program in July

5.5. Pending Legal Matters & Executive Session Summary: GM Olson advised the Association has only one pending legal action that involves a lender who filed a foreclosure action against a homeowner; the only reason CRHA is named is due to the Super priority Lien which entitles CRHA to 9 months of assessments in the case of a foreclosure.

GM Olson provided a summary of the Executive Meeting as follows:

- Reviewed the prior Executive Meeting Minutes
- Reviewed potential legal matters
- Reviewed CC&R appeal
- Reviewed ACC Dispute
- Reviewed the Accounts Receivable Report
- Reviewed the Violation Report

5.6. Community Information & News; GM Olson:

- GM Olson provided notes from the January 8th Strategic Planning (SP) Meeting and a proposed SP Outline. February 12th is the next meeting.
- CRHA donated \$250 to the Truckee Meadows Parks Foundation; a thank you note was received.
- GM Olson submitted 2 nominations for the 2018 CAI Gala Awards scheduled for March 29th in LV.
- The Alum Creek Manager confirmed all their new alternate perimeter fencing has been installed as of December 17, 2018.
- GM Olson advised that gates often fail during a storm; it is advisable to hold them open when bad weather is expected. Although they were NOT programmed to be held open during the last storm, many of the Caughlin Creek owners lost patience and demanded the gates be closed regardless of the circumstance. Since there was an active investigation in progress, GM Olson acquiesced and did not hold the gates open. In the future, if we have the need to hold the gates open, we will send an e-mail update.

Vice President Attaway stated that with the new website notices can be updated remotely to inform owners of happenings such as gate issues.

6. Old Business:

6.1. Accept final Employee Insurance premiums and dependent allocations eff. 01/01/19:

President Dennis stated we have received the final numbers for the Employee Insurance Premiums which need to be accepted.

Motion: Vice President Attaway moved to accept the final Insurance premiums and dependent allocations effective 1/1/19; Director Black seconded, Motion carried unanimously.

6.2. Accept final Workers Compensation Insurance premium eff. 01/01/19:

President Dennis stated the Board needs to approve the final premium for the 2019 Workers Compensation policy.

Motion: Treasurer Ames moved to accept the Final Workers Compensation Insurance Premium effective 1/1/19; Director Chern seconded, Motion carried unanimously.

7. New Business:

7.1. Approve alternate mailbox standard for DeerCreek: GM Olson stated she had received calls from owners in DeerCreek wanting to know if they can use the mailboxes that were installed in Caughlin Creek. The ACC approved the new Caughlin Creek mailbox standard for voluntary use in the DeerCreek neighborhood same post, numbers and manufacturer. If the mailbox is a double configuration, both owners must agree to participate.

Motion: Secretary Naccarato moved to approve the mailbox as an alternate for DeerCreek; Treasurer Ames seconded; Motion carried unanimously.

7.2. Approve cost of 2019 Reserve Study Financial Updates (5): GM Olson stated it is only four (4) studies; the Pine Bluff builder is responsible for providing a final Reserve Study now that the common areas are complete. Total cost of 4 studies: \$2,200. Once the final Pine Bluff reserve study is received, the Board will need to approve it.

Motion: Treasurer Ames moved to approve the cost for the four (4) 2019 Reserve study updates for \$2,200; Director Black seconded, Motion carried unanimously.

7.3. Approve Promontory Pointe Landscape Maintenance Agreement eff. 04/01/19 through 12/31/19:

Present Dennis stated the Board needs to approve so that Superintendent Lisenby can present it to the Promontory Pointe Board at their next meeting. GM Olson stated the Promontory Pointe Board once again solicited L&M Superintendent Lisenby to provide a landscape services quote for a term of 8 months beginning April 1st. L&M Superintendent Lisenby finalized the scope of work and established the monthly cost of \$1,440.00.

Motion: Treasurer Ames moved to approve the Promontory Pointe Landscape Maintenance Agreement as amended, Vice President Attaway seconded, Motion carried with a favorable response, Director Black abstained.

Vice President Attaway asked if the rates are consistent with what other companies are charging, Superintendent Lisenby stated he does not charge what others charge and keeping things here allows for faster response time, and he knows how to run the water. Director Black stated it is a competitive offer, only slightly less than the others.

7.4. Approve Caughlin Creek Landscape Maintenance Agreement eff. 03/01/19 through 12/31/19:
GM Olson stated she increased the monthly cost by 10% as budgeted; she also has the term only through the end of the year as she wants to have all the contracts on a calendar year basis.

Motion: Treasurer Ames moved to approve the Caughlin Creek Landscape Maintenance agreement effective 3/1/19-12/31/19; Director Black seconded; Motion carried unanimously.

7.5. Approve Caughlin Creek Management Agreement eff. 03/01/19 through 12/31/19:

GM Olson stated this also has the same term as the maintenance agreement and she increased the monthly cost by 5% as budgeted.

Motion: Vice President Attaway moved to approve the Caughlin Creek Management Agreement effective 3/1/19 through 12/31/19; Treasurer Ames seconded, Motion carried unanimously.

7.6. Approve application for Mutual of Omaha credit card to replace Bank of America credit card:

GM Olson advised in 2017, the Board approved increasing the Bank of America credit card limit from \$5,000 to \$7,500 since the card limit is shared between GM Olson and Superintendent Lisenby. The account is paid in full every month. We often need to cut a check to rush to the bank so that we can make a needed purchase since we regularly reach the limit. CRHA deals with a few companies that only accept payment via credit card. GM Olson subsequently opted not to increase the limit since Bank of America wanted a personal guarantee. Now that all our operational accounts are with Mutual of Omaha, it makes sense to also have a credit card with Mutual of Omaha particularly since no personal guarantee is needed. The Mutual of Omaha representative advised they are in the process of switching credit card carriers and does not have a new application yet available. GM Olson requests approval to secure a Mutual of Omaha credit card with an \$8,000 limit to be shared between GM Olson and Superintendent Lisenby once they have a new application to distribute. Once secured, the Bank of America account will be closed.

Motion: Director Oaks moved to approve opening a credit card with Mutual of Omaha with the \$8,000 credit limit to replace the Bank of America card; Treasurer Ames seconded, Motion carried unanimously.

7.7. Approve purchase of gently used multi-use photocopier machine:

GM Olson stated it is time to get a new copier. The replacement copier is a low-mileage lease return with all the bells and whistles. For \$4,867 they guarantee full parts availability through May 2023. In 2019, replacement cost per the Reserve Study is \$9,459 with replacement scheduled for 2025 at \$10,190. It's an amazing deal at nearly half the cost for four (4) to five (5) years of use. The charges and service are the same as CRHA currently pays.

Motion: Director Black moved to approve the purchase of the gently used photocopier; Treasurer Ames seconded, Motion carried unanimously.

Treasurer Ames stated that GM Olson wants to be transparent. She wanted to bring this before the Board but did not need to since it is within her budget allowance. He commended GM Olson for wanting to be transparent.

7.8. Consider approving revised CRHA Holiday Schedule:

President Dennis stated that he is proposing the Board to approve two (2) additional paid holidays that are not currently on the holiday schedule; Martin Luther King Jr. Day in January and Veterans Day on November 11th. The current holidays are New Years Day, President's Day, Memorial Day, Independence Day, Labor Day, Nevada Day, Thanksgiving, Day After Thanksgiving (Family Day), Christmas Eve, Christmas Day, and New Year's Eve. President Dennis advised this request did not come from staff, it is his request.

Motion: Treasurer Ames moved to approve the 13 paid Holidays for staff; Director Chern seconded. Vice President Attaway and Director Oaks were opposed. Motion carried with a favorable majority.

7.9. Consider request to include Friday in the bi-annual weekend Garage Sales:

President Dennis stated there has been requests from owners to add Fridays to the garage sale weekends. The Board does not see that it would be a problem and most sales start on Fridays.

Motion: Vice President Attaway moved to approve including Friday in the bi-annual weekend Garage Sales; Director Black seconded. Director Oaks was opposed. Motion carried with a favorable majority.

Treasurer Ames asked if the owners have the opportunity to choose which day they want to participate. GM Olson stated yes, we ask when they ask to be included on the address list which day or days they plan to participate.

Vice President Attaway stated that items 7.10 and 7.11 were moved up on the agenda so the Attorney would not have to wait.

7.12 Approve purchase of new/replacement laptop computer:

GM Olson stated the office has an old outdated laptop which is being used for ACC Meetings. Superintendent Lisenby has an office laptop with a docking station which is slated for replacement this year according to the Reserve Study Update. The ACC laptop died late last year and cannot be resurrected. It was our intent to replace Superintendent Lisenby's laptop and to use his old one for ACC Meetings. Superintendent Lisenby's laptop does not need to be replaced and if we did as we planned, we would need to also buy a new docking station. We would like to purchase a new laptop for the ACC Meetings which will not need a docking station.

Motion: Director Black moved to approve the purchase of a new laptop for the ACC meetings, Treasurer Ames seconded, Motion carried unanimously.

8. Member Comments:

Vice President Attaway was going to show the new website home page but the laptop is not currently working. She will e-mail it to the Board so they can see it.

GM Olson asked when the new website is going live. Vice President Attaway stated hopefully within the next few weeks.

Director Chern stated there is more details in getting the documents into the new site and getting it restructured. They are going to be reloaded. Staff time is needed to assist, and Sandy Wheeler has been very helpful with the details of how the documents tie together.

Vice President Attaway stated the website home page on the new website will include a Notification Bar for hot topics and two (2) blogs for use in alerting owners of events and new important information. The website is user friendly and will be relatively easy for staff to maintain.

An owner asked if the website can handle complaints. Vice President Attaway stated no that will not be a feature of the website.

9. Announce Future Meeting Dates & Adjourn:

President Dennis announced the next Strategic Planning Session at 2:00 p.m. on February 12th, the Board Agenda Workshop at 4:00 p.m. on Monday, March 25th, the Board of Directors Executive Session at 5:00 p.m. and General Business Meeting at 6:00 p.m. on Wednesday, March 27th.

Motion: Director Black moved to adjourn the meeting at 7:09 p.m. seconded by Vice President Attaway. Motion carried unanimously.

Subsequently approved at a duly noticed Board of Directors Meeting on March 27, 2019.

Drew Naccarato, Secretary Board of Directors
Caughlin Ranch Homeowners Association