

CAUGHLIN RANCH HOMEOWNERS ASSOCIATION
Approved Board of Directors Meeting Minutes
Wednesday, March 23, 2016

Directors Present:

Tony Termini, President
Michele Attaway, Vice President
Al Dennis, Secretary
Pat Thorne, Treasurer
Mike Haley, Director
Joan Mullen, Director
Janice Brown, Director

Others Present:

Lorrie Olson, Community/General Manager
Randy Lisenby, L & M Superintendent
Sandy Wheeler, Prov. Manager/ACC/CC&R Compliance
Shawn Oliphant, CRHA Attorney
Bob McClintock, CPA McClintock Accountancy
3 Homeowners

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

President Termini called the meeting to order at 6:06 p.m. at 1070 Caughlin Crossing, Reno, NV. A quorum was established with seven (7) of seven (7) Board Members present.

2. Member Comments:

There were no comments at this time.

3. Minutes:

3.1. Review & approve January 27, 2016 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. Posted to CRHA website prior to 30-day deadline to make minutes available.

Motion: Director Haley moved to approve the January 27, 2016 meeting minutes as presented; Treasurer Thorne seconded. Motion carried unanimously.

4. Finances: CPA Bob McClintock of McClintock Accountancy (MAC) presented the 2015 Year-end Audited Financial Report.

4.1. Approve 2015 Year-end Audited Financial Report:

Treasurer Thorne introduced Bob McClintock from McClintock Accountancy who conducted the audit for Caughlin Ranch.

Bob advised that this is the 2nd year his firm conducted the year-end audit of the Association's financials as of 12/31/2015.

Bob noted that the balance sheet is stronger than it was previously due to the substantial decrease of the doubtful debt. This is the result of a combination of the office staff adhering to the collection policy and the improvement of the economy.

Bob detailed that the fund for the purchase of the building has been identified and \$75,000 has been set aside for this future purchase. They made recommendation for 5 adjustments that were basic/routine closing entries. There were no past adjustments, no disagreements with management and no difficulties encountered during the audit.

They reviewed CRHA's system for internal control and their finding is there is no material weaknesses.

How to improve:

- Fixed assets are currently being tracked using Excel. It is recommended that CRHA Use a software program designed for fixed assets. Cost for this type of software is approximately \$500.00.
- Payments received in the office need to be logged-in by a staffer who does not make/handle the deposits.
- Cash disbursements; it was recommended we utilize an online approval of A/P vouchers that is built into the accounting software. At this time, CRHA will be deferring this recommendation because all the current Board Members live locally.

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GM Olson advised that CRHA budgeted \$100,000 revenues over expenses in 2015. After the new Reserve Studies were completed; it was determined that \$100,000 should be contributed to the CRHA reserve fund prior to year-end. That amount was transferred prior to year-end. As a result, CRHA's net revenues over expenses at 2015 year-end was \$25,441.

GM Olson thanked McClintock Accountancy; especially Bob and Kendall for their prompt and professional service and guidance.

Motion: Director Haley moved to approve the 2015 Year-end Audited Financial Report as presented; Vice President Attaway seconded. Motion carried unanimously.

4.2. Accept (un-audited) Financial Reports dated January 31 and February 29, 2016

Treasurer Thorne provided the following report:

- The Board Treasurer 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 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 January 31st and February 29th
- 2016 Updated CD Schedule attached
- The Association's cash position through February 29th:
Operating cash and CD's = \$936,313 (B of A Trust (deposit) Accounts excluded; \$28,394)
Reserve cash and CD's: Mountainshyre = \$225,427; Caughlin Creek = \$567,809; CRHA = \$857,946;
Grand Total = \$1,651,182. Capital funds set aside to purchase 1070 Caughlin Crossing = \$150,000
- Through February 29th, on an accrual basis, Total Operating Income was \$349,347 (\$5,853 under budget)
- Total Operating Expenses were \$223,239 (\$16,321 under budget)
- Total Operating Revenue over Expense = \$126,109 (\$10,469 over budget)
- Total Reserve Income was \$25,249. 2016 Budget = \$150,000 for CRHA reserve transfers.
- Total Reserve Expenses were \$1,899.

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: Director Mullen moved to accept the un-audited financial reports dated January 31 and February 29, 2016 as presented; Vice President Attaway seconded. Motion carried unanimously.

4.3. Approve Bad Debt write-off amount due to foreclosures: **None at this time.**

5. Reports & Updates:

5.1. Landscaping, Irrigation/Conservation & Maintenance

Randy reported that all of the holiday lights are down and stored away, equipment has been serviced so it is ready for the season. He advised that he passed the legal portion of the Contractor's licensing test and is currently studying for the trade portion of the examination.

The seasonal crew will start on Monday, March 28th, at this time there are 8 positions unfilled.

The crews have started the Alum Creek drainage project, Caughlin Creek pond project started the week of 3/14. There are 3 ponds that have been drained; they will begin the dredging and work on the perimeter and liners. Randy advised that one of the pond liners had been cut and requires it to be patched. The pond that was affected is the one marked on the map as pump K.

He advised that Steam Boat Ditch came through with their cleanup and they are hoping to have the water on by the 19th and run through September.

Randy has met with Seth Padovan on the asphalt evaluation of the trails and the streets in Caughlin Creek/Deer Creek and Mountainshyre.

5.2. Architectural Control Committee (ACC); Secretary Dennis

ACC Liaison Secretary Dennis reported on the January & February ACC activities. The average number of submittals per meeting are between 6 and 12. He advised that the ACC recently reviewed the new neighborhood plans. The ACC will continue to work with homeowners to facilitate the approval of proposed projects within the context of CRHA.

5.3. Finance & Budget Committee (F&B); Treasurer Thorne

Treasurer Thorne reported that the F&B met on Monday, March 14th to review the 2015 Draft Audit Reports, the unaudited financial reports for January and February month-end, as well as review the updated 10-Year Cash Flow Report.

Treasurer Thorne asked when the Reserve Study Update was to be completed. GM Olson advised that based on the asphalt evaluation, the required repairs will be identified and the associated costs will be included in the Reserve Study update. This will be available within the next few months.

Treasurer Thorne advised that the 10-year cash flow report will assist in knowing what to expect in the future and facilitate when it may be necessary to raise the assessments based on work projected for the various components in the Reserve Study.

5.4. Community Events; Vice President Attaway

Spring Share Your Wine at Garden Shop Nursery: April 14th
Shredding truck in Caughlin Ranch parking lot: June 11th
Garage Sales; individual lots: June 18th & 19th
Aces Game Night: June 24th
Concerts in the Village Green Park: Every Sunday in July
Doggy Meet & Greet; meet behind the Caughlin Club: August 7th
Cross Peak Hike; meet behind the Caughlin Club: August 20th
Annual BBQ at the Caughlin Club: September 11th
Garage Sales; individual lots: October 1st & 2nd
Holiday Share Your Wine at Garden Shop Nursery: November 10th

Vice President Attaway shared that there will be 5 concerts in July and there will again be a food truck at each concert.

Director Mullen asked if CRHA pays for the performer for the concerts. Vice President Attaway advised that CRHA does pay the performers.

GM Olson thanked Steve and Mary Fechner for their continued support; they not only come to all the Board Meetings, they are always willing to pitch-in and assist with our events.

5.5. General Manager: Community news, 2016 Strategic Planning Goals; Status of ACS&G's and Policies & Procedures

GM Olson advised that the 2016 Strategic Planning Goals is displayed in the large conference room for all to see. She shared that CRHA won the 2015 Northern NV Master Association of the Year at Annual CAI Awards Gala on February 20th. The CAI Award is given to those individuals, associations or management companies who best exemplify the standards of CAI, further their education in the homeowner association field by attending CAI National or Chapter classes, participate in CAI activities and serve the community as a whole.

GM Olson submitted a 250-word essay explaining why CRHA should be selected, the criteria included ethics and professionalism, educational opportunities, outreach in the community, and future goals directly related to CAI.

GM Olson pointed out the new signage that is on display in the lobby. It highlights the CRHA Mission Statement; we would like everyone to know what our mission is and how we strive to serve the owners and residents of Caughlin Ranch.

GM Olson attended the Steamboat Ditch Annual Meeting on March 15th. She reported that there is no increase in assessments and the anticipated opening of the ditch is tentatively scheduled for April 15th. The snow pack at Lake Tahoe was at 104%, Truckee River was 100%, and Lake Tahoe is expected to rise 1 foot above the rim which drop as summer progresses. They announced they are hopeful that the Ditch will deliver water through September.

6. New Business:

6.1. Approve additional Crime and Cyber Insurance Premiums to extend policies through 11/01.

GM Olson explained that the majority of CRHA's insurance policies renew on 11/01 or 01/01. The Crime policy renews on 05/09 and Cyber Liability on 07/01. GL Accountant Tim Cleary requested we extend these policies through 11/01 so they are in line with the others which will make tracking and accruing much easier.

Crime = \$1,753 + \$845 to extend to 11/01. Cyber = \$1,264 + \$426 to extend to 11/01.

Motion to approve additional \$1,271 to extend both policies to 11/01/16.

Motion: Director Haley moved to approve the additional Crime and Cyber Insurance Premiums to extend the policies through 11/1 as presented; Treasurer Thorne seconded. Motion carried unanimously.

6.2. Approve cost to prepare Financial Updates of Reserve Studies by Browning Reserve Group.

GM Olson advised that once the approval of the 2016 asphalt contract for the trails and street work has occurred, we would like to move forward with having BRG conduct the 2016 Financial Updates of the 3 Reserve Studies. Also, we need to add more monument signs to the Reserves as they were not all included.

Motion: Director Browne moved to approve the cost to prepare Financial Updates of the 3 Reserve Studies by Browning Reserve Group as presented; Director Haley seconded. Motion carried unanimously.

6.3. Approve donation to Community Associations Institute's NV Legislative Action Committee.

GM Olson shared that the NV Chapter of CAI has a LAC and paid Lobbyist who is very active before and during each legislative session. Their efforts have helped to eliminate and/or revise bad HOA legislation. In order to fund the Lobbyist's efforts, CAI has initiated A Buck a Door or More campaign. Wingfield Springs, a large Master Association in Sparks donated \$6,000 per year for the past 2 years. 2015 legislation gave the state the ability to charge up to \$5.00 per door for the Ombudsman fees.

The revised amount of \$4.25 per door, up from \$3.00 per door, will be paid in 2016.

GM Olson budgeted \$10,980 in Ombudsman's fees for 2016. 2,171 units @ \$4.25 per door = \$9,226.75. That leaves a remainder of \$1,753.25. GM Olson requests to increase this amount by \$417.75 from the "Office" line item for a total donation of \$2,171 in 2016.

President Termini clarified for all that the Ombudsmen's projected \$5.00 per house fee is a mandatory fee that must be paid. The maximum amount of \$5.00 per door was approved by the 2015 legislature and the fee of \$4.25 a door was adopted by the Ombudsman's office leaving a \$.75 per door surplus.

GM Olson added that this fee is paid for each residential unit and is paid by the master association.

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Treasurer Thorne commented that CRHA is not the only association who is making a contribution, several larger associations are doing this state-wide.

Secretary Dennis noted that we are not contributing as much as others.

President Termini suggested adding another line item in future budgets for the CAI Legislative Action Committee Lobbyist donation.

Motion: Treasurer Thorne moved to approve the donation to Community Associations Institute's NV Legislative Action Committee as presented; Director Mullen seconded. Motion carried unanimously.

6.4. Approve Acknowledgment of Boundary Line Adjustment Submittal and authorize Board President to execute Deeds and Agreements related thereto.

Attorney Oliphant reviewed the documents and requested the Board consider approving the following:

- (1) The Covenants, Conditions and Restrictions ("Deed Restrictions") on the Adjusted Area created by the Boundary Line Adjustment Deed between McCaffery Fine Homes and the Ed McCaffery Family Trust;
- (2) The Boundary Line Agreement and Quitclaim Deed correcting the overlapping lot line in Common Area B of Evergreen Unit Four ("Common Area"), and accepting the Grant Bargain and Sales Deed to the Common Area;
- (3) The Acknowledgment of the Boundary Line Adjustment Application; and
- (4) To authorize the President to execute all necessary documents to accomplish the foregoing.

Motion: Treasurer Thorne moved to approve Acknowledgement of Boundary Line Adjustment Submittal and authorize Board President to execute Deeds and Agreements related thereto as presented; Director Haley seconded. Motion carried unanimously.

6.5. Approve cost to install lights around perimeter of Village Green Park Awning.

Vice President Attaway requested that lights be installed around the perimeter of the Village Green Park Awning to assist the singers and musicians during twilight performances. Motion to approve \$3,470.09 from the Materials/Supplies GL #4500 line-item.

Motion: Director Haley moved to approve cost to install lights around perimeter of Village Green Park Awning as presented; Director Brown seconded. Motion carried unanimously.

6.6. Approve costs to purchase replacement Landscape & Maintenance equipment.

GM Olson advised that the 2016 Reserve Equipment Acquisition Budget = \$44,793, GL #8120; year-to-date expenses = \$0.

L&M Superintendent Lisenby proposes to purchase 1 new mower, 2 replacement mowers, 1 replacement utility vehicle, and 1 replacement ice machine for the maintenance shop for a total of \$42,217.50.

GM Olson reported it is very difficult, if at all possible, to get an apples-for-apples quote for the machines since the competing companies do not carry the exact same equipment. Therefore, Randy secured a 2nd quote for comparable machines to document we are paying competitive prices. GM Olson requested approval of an amount not to exceed \$42,217.50.

Secretary Dennis recommended approving up to \$50,000 for the equipment purchases.

Motion: Secretary Dennis moved to approve an increase of not to exceed \$50,000; Director Haley seconded. Motion carried unanimously.

7. Member Comments:

Homeowner complimented the CRHA Manager and staff on their hard work on the management of the Ranch and how it reflects on the community.

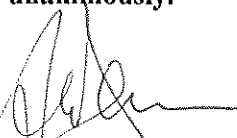
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8. Announce Future 2016 Meeting Dates & Adjourn:

Board Agenda Workshop; 4:00 p.m., Monday, May 23rd

Board of Directors Executive Session; 4:45 p.m. and General Business Meeting; 6:00 p.m., Wednesday, May 25th

Motion: Director Mullen moved to adjourn the meeting at 7:00 p.m.; Director Haley seconded. Motion carried unanimously.



**Al Dennis, Secretary Board of Directors
Caughlin Ranch Homeowners Association**