

CAUGHLIN RANCH HOMEOWNERS ASSOCIATION
Board of Directors General Business Meeting Minutes
1070 Caughlin Crossing, Reno, NV
Wednesday, March 18, 2020

Board Members Present:

Al Dennis, President

Others Present:

Lorrie Olson, Community/General Manager
Randy Lisenby, L & M Superintendent
Sandy Wheeler, Bookkeeper/Assistant Manager

Board Members in attendance via teleconference and/or telephone:

Michele Attaway, Vice President
Allen Black, Treasurer
Margaret Getz, Director

Drew Naccarato, Secretary
Mike Chern, Director
Michael Ginsburg, Director

Others in attendance via teleconference:

Shawn Oliphant, Association Attorney
8 Homeowners

Kendall Galka, CPA, McClintock Accountancy

1. Call to Order and Determination of Quorum: President Dennis called the meeting to order at 6:02 p.m. A quorum was established with seven (7) of seven (7) Board Members present in person, via teleconference and/or telephone.

2. Member Comments:

A homeowner commented that the Board and staff are doing a great job.

3. Minutes:

3.1 Review & approve January 15, 2020 Board of Directors General Meeting Minutes.

Motion: Treasurer Black moved to approve the January 15, 2020 Board of Directors Meeting Minutes as presented; Vice President Attaway seconded. Motion carried unanimously.

4. Finances:

4.1 Review & accept 2019 Year-end Financial Audit.

GM Olson introduced Kendall Galka, CPA and Partner with McClintock Accountancy Corporation. Kendal advised that her firm has been conducting the audits for the last 6 years. McClintock Accountancy completes both the Annual Audit and the Tax Return.

Kendall advised that she along with another member of her office conducted the 2019 Audit. They worked with Bookkeeper Wheeler and GL Accountant Tim Cleary to complete the audit. Procedural discussions with GM Olson and Treasurer Black were conducted.

Kendall advised the audit is conducted under generally accepted auditing standards designed to provide reasonable assurances that the financial reports are properly presented rather than absolute assurances. This year's audit resulted in an unmodified audit which is a clean opinion and the highest rating that can be received on an audit. The financials are being presented in a manner that provides good financial information.

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Kendall further advised that the adjustments were standard for year-end and accepted by management; there were no disagreements with management in conducting the audit.

Motion: Secretary Naccarato moved to accept the Audited Financial Reports dated December 31, 2019 as presented; Director Chern seconded. Motion carried unanimously.

4.2 Review preliminary (un-audited) Financial Reports dated January 31, 2020.
Treasurer Black advised the January 31, 2020 Financial Reports will be finalized once the 2019 year-end audit adjustments have been completed.

As of 01/31/2020: Operating cash was \$1,599,826. Combined reserve cash and CD's for CRHA, Caughlin Creek and Mountainshyre was \$1,568,958. Operating Income was over budget by \$7,029 and Operating Expenses were under budget by \$5,350. Total Reserve Expenses were \$1,438 with the 2020 Reserve Expenses budgeted for a total of \$292,766.

Reserve transfers are being made on a quarterly basis due to our positive cash flow position.

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.

5. Reports & Updates:

5.1 Finance & Budget Committee (F&B); Treasurer Black advised: The F&B Committee met on Mar 12th to review the 2019 Financial Audit. The report from McClintock Accountancy had no negative comments and only a few adjustments to the journal entries. We had some discussions on how to handle reimbursements from Caughlin Creek, DeerCreek and Mountainshyre for the installation of gate cameras. The reimbursements appear as other income, but this is confusing because it is not taxable income. This will be moved to a new line item and called reimbursement.

Based on discussions with our accountant, the F&B would like to recommend a change in the CRHA tax capitalization threshold. We propose to move the threshold from \$2,500 to \$5,000. This would eliminate some journal entries at the end of the year and reduce the amount of depreciation recorded at year-end. There would be no impact on the approval process, or from which account the payment is made.

GM Olson also provided Co-Chairman Mike Heffner's summary of the F&B Meeting held on March 12th:

Discussion of the McClintock 2019 Audit:

- This year's audit was very clean, no disagreements with management; no difficulties encountered
- The audit adjustments proposed were technical in nature; to record fixed asset activity, reclassify CD's, true-up the building loan balance and to record the current year tax provision

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- Report will be presented to the Board on March 18th
- Congratulations to Association Management and staff for an excellent result

Met with CIT Bank (formerly Mutual of Omaha) Representative:

- Tony Troilo discussed how CIT would now protect CRHA's operating funds by issuing a surety bond since they are eliminating their Wealth Management program
- A surety bonds meets NRS 116.311395 requirements

5.2 Landscaping, Maintenance (Village Green Park) and Walls: Superintendent Lisenby began by showing the rendering of a new playground concept for the Village Green Park play area. A new ADA compliant play surface is required; there is sand there now. He is working with Sierra Winds who has installed playsets throughout Sparks and Reno including at the Ace's Ballpark. The cost for just the play surface is estimated to be \$90,000 due to the ADA requirements. He will consider and evaluate which pieces of play equipment will be best suited for most of the young visitors. The cost for the proposed structure and surface currently exceeds the amount of funds which have been set aside for a replacement. Costs have increased so the plan will need to be reconsidered and altered.

Superintendent Lisenby also provided the following updates:

- Attended Green Industry Continuing Education class on January 21st regarding aspects of tree selection
- Seasonal crew scheduled to return on April 6th
- Miscellaneous projects pending:
 - Irrigation startup
 - Westpoint path – drainage project
 - Wildflower planting
 - Spring flowers
 - Spring clean-up
 - Cattails to be cut-back
 - Retaining wall repair
 - Transplant volunteer pine trees

Professional Services:

- Retaining wall: (Caughlin Parkway & E. Creek Ridge Trail) Superintendent Lisenby is working with Joe Shields of Shields Engineering, inc. and Seth Padovan of Padovan Consulting, LLC.
- CFA installed a cloud monitoring system to check for any movement

GM Olson advised that NV Energy will be cutting down trees that are located near and under powerlines.

Director Ginsburg who works for NV Energy asked to schedule an appointment with Superintendent Lisenby to inspect various plants and trees within the CRHA common areas

which may impede NV Energy to service equipment. They both agreed that once the current social distancing requirements have been lifted, they will get together.

5.3 Architectural Control Committee (ACC):

Secretary Naccarato advised there have been 47 requests received; 41 approved with conditions, 4 declined as submitted and 2 required additional information. He advised that overall, 90% of requests received are approved.

GM Olson advised during this time of social distancing, the ACC will review projects electronically through e-mails and via the cloud-based program which CRHA uses for ACC

project reviews and for community compliance.

5.4 Community Events:

Vice President Attaway advised the April 2nd Spring Wine Event has been postponed. She shared the event was to be held at Napa Sonoma on Plumb Lane. This event will be rescheduled later. She also advised that the community events are on hold pending the current and future developments regarding social distancing.

The following 2020 events are TENTATIVELY scheduled at his time:

- Garage Sales; individual lots: June 5th, 6th & 7th
- Spring Bird Walk/Watch; meet at Caughlin Ranch office: June 13th
- Shredding Day: truck will be at Caughlin Ranch Office parking lot: June 13th
- Concerts in the Village Green Park: Sunday June 28th and all four (4) Sundays in the month of July
- Operation Backpack: May 1st thru July 27th
- Cross Peak Hike (meet at the Caughlin Club): Sept. 12th
- 10th Annual Homeowner Appreciation BBQ at the Village Green Park: Sept. 13th
- Fall Bird Walk/Watch; meet at Caughlin Ranch office parking lot: Sept. 19th
- Garage Sales; individual lots: October 2nd, 3rd & 4th
- Oktoberfest (formerly Holiday Wine) at location TBD: October 15th
- Trick or Treating & Pup Costume Parade at Caughlin Ranch Office: October 29th
- Angel Tree for Children and Seniors Citizens: November 2nd thru November 30th
- 36th Annual Members Meeting & 2021 Budget Ratification Meeting: November 18th

5.5 Branding / Signage Ad Hoc Committee:

Vice President Attaway advised there was no update at the time.

5.6 Computer Network, Back-ups and IT:

Director Chern asked that this item be postponed to the May Board Meeting as he is still waiting for additional details from our IT vendor.

5.7 Pending Legal Matters & Executive Session Summary:

Attorney Oliphant advised the Executive Board Meeting was recessed and will be reconvened after the General Board Meeting is completed.

He advised that the following items were reviewed:

Legal items:

- Common areas to be deeded to CRHA
- Fencing disputes
- Workers compensation claim
- Settlement agreement by Sub-association

Reviewed and approved the prior Executive Meeting Summary

Other items to be reviewed once meeting is reconvened:

- Review the Accounts Receivable Aging Report
- Review the Violation Report
- Discuss Personnel items

5.8 Community Information:

GM Olson provide the following updates:

- The gate camera installation projects at both Caughlin Creek Gates I and II and Mountainshyre has been completed. The final costs only exceeded the estimate by \$6.56 for each Caughlin Creek and DeerCreek homeowner, and by \$2.86 for each Mountainshyre home/lot owner. There are also no reoccurring costs for internet and voice services since Charter/Spectrum charges less than AT&T did for voice services only.
- CRHA has distributed information from the CDC concerning the coronavirus along with several bottles of hand sanitizer to all staff members. We have N-95 respirator masks in stock when needed.
- GM Olson inquired with Alpine Insurance if CRHA has any coverage if we are forced to shut-down operations due to the coronavirus. No, we do not.
- Resulting from a request from a homeowner at Coffee with The Manager, the Village Green Park parking lot was re-stripped and directional arrows were stenciled to indicate two-way traffic at both entries/exits.
- The Browning Reserve Group was scheduled to be on-site beginning Monday, March 18th for up to 4 days to conduct the on-site Reserves Studies. Whispering Canyon and Eaglesnest are conducting their Reserve Studies during the same week. Due to an impending winter storm, Browning Reserve Group rescheduled to Monday, March 23rd; weather permitting.

GM Olson advised the office will be closed and staffed by 2 persons only until further notice.

6. Old Business:

6.1 Approve Burgarello Agreement (Sale or Lease Option) to upgrade 1070 building

monitoring: GM Olson advised the Board approved not to exceed \$5,000 at the March Board Meeting to upgrade the security monitoring system of 1070 Caughlin Crossing. Attorney Oliphant has suggested edits to their Agreement which we are unsure if Burgarello will accept or not. Attorney Oliphant advised there is no significant difference between the lease or purchase agreement language.

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Motion: Treasurer Blacked moved to approve the Burgarello Lease Option to upgrade the 1070 building monitoring system with the recommended revisions suggested by Attorney Oliphant; Vice President Attaway seconded. Motion carried unanimously.

7. New Business:

7.1 Ratify Black Eagle Consulting, Inc. Geotechnical and Inspection/Testing Services

Agreement:

GM Olson advised the agreement was edited by Attorney Oliphant and found to be acceptable by Black Eagle Consulting.

Motion: Secretary Naccarato moved to ratify the Black Eagle Consulting, Inc. Geotechnical and Inspection/Testing Services Agreement as presented; Vice President Attaway seconded. Motion carried unanimously.

7.2 Approve Padovan Consulting, LLC Construction Management for Pavement Maintenance Proposal:

GM Olson advised the agreement was edited by Attorney Oliphant and found to be acceptable by Engineer Seth Padovan.

Motion: Treasurer Black moved to approve the Padovan Consulting, LLC Construction Management for Pavement Maintenance Proposal as presented; Vice President Attaway seconded. Motion carried unanimously.

7.3 Approve Revised General Landscape Requirements:

GM Olson advised the Board approved a new rock and ground cover materials list at the March Board Meeting which is included in the Revised General Landscape Requirements. As a result, the Revised General Landscape Requirements also need to be revised.

Motion: Vice President Attaway moved to approve the Revised General Landscape Requirements as presented; Director Ginsburg seconded. Motion carried unanimously.

7.4 Approve Revised Seasonal Employee Handbook: GM Olson advised the edits suggested by Superintendent Lisenby were reviewed, edited and accepted by Drinkwater's Office.

Motion: Treasurer Black moved to approve the Revised Seasonal Employee Handbook as presented; Directory Getz seconded. Motion carried unanimously.

7.5 Approve General Counsel Engagement with LKG for review of agreements and/or contracts if/when Attorney Oliphant has a conflict:

GM Olson advised that they only provide reviews of agreements and/or contracts if/when Attorney Oliphant has advised in writing of a conflict and only with written approval from the CRHA Board President.

Motion: Secretary Naccarato moved to approve the General Counsel Engagement with LKG for review of agreements and/or contracts if/when Attorney Oliphant has a conflict as presented; Director Ginsburg second. Motion carried unanimously.

7.6 Approve Standard Form of Agreement and General Conditions Between Owner and Contractor (lump sum price):

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GM Olson advised that as suggested by Engineer Seth Padovan, Attorney Oliphant has revised a Standard Form of Agreement for CRHA to use for the wall repair work and large projects going forward. Attorney Oliphant advised this will be included in our request for bid packet.

Motion: Secretary Naccarato moved to approve the Standard Form of Agreement and General Conditions Between Owner and Contractor (lump sum price) as presented; Director Getz second. Motion carried unanimously.

8. Member Comments:

A homeowner commented as to whether the Village Green Park playset project was going to be “piecemealed”, if there will be input from owners and if there any other contractors who can perform the work.

A homeowner shared her opposition to converting any of the tennis courts in the Village Green Park to include pickleball lines. It has been her experience that adding the layout to the courts for pickleball is distracting to tennis players particularly as they age. Currently, the tennis courts fill up quickly with tennis players and by adding pickleball, the courts will be available even less.


She advised she stopped playing at another tennis courts once pickleball was added because they monopolized the courts. She considers tennis to be a gentleman’s sport; when a player is serving there are no loud or excess noises made and unfortunately it has been her experience that pickleball players are loud and not always considerate of tennis players when there are sharing courts.

9. Announce Future Meeting Dates & Adjourn:

President Dennis announced the Board Agenda Workshop is scheduled for 4:00 p.m. Monday, May 18th and the Board of Directors Executive Session at 5:00 p.m. and General Business Meeting at 6:00 p.m. Wednesday, May 20th. It is unknown at this time if the next meetings will be conducted in person, electronically or a combination of both as with this meeting.

Motion: Vice President Attaway moved to adjourn the meeting at 6:55 p.m.; Director Ginsburg seconded. Motion carried unanimously.

Subsequently approved at a duly noticed Board of Directors Meeting on May 20, 2020.



Drew Naccarato, Secretary Board of Directors
Caughlin Ranch Homeowners Association