

**Caughlin Ranch Homeowners Association
Board of Directors General Business Meeting Minutes
6:00PM Wednesday, March 23, 2022
Meeting held in-person and virtual via GoToMeeting**

Board Members in attendance in-person or via teleconference and/or telephone:

Al Dennis, President	Michele Attaway, Vice President	
Drew Naccarato, Secretary	Steve Bremer, Treasurer	
Margaret Getz, Director	Michael Ginsburg, Director	Allen Black, Director

Others in attendance in-person or via teleconference and/or telephone:

Lisa Nunley, General Manager	Randy Lisenby, L & M Superintendent
Sandy Wheeler, Assistant Manager/CAM	Shawn Oliphant, Legal Counsel
Kendall Galka, McClintock Accountancy	
8 Homeowners	

1. **Call to order and establish quorum:** President Dennis called the meeting to order at 6:00p.m. A quorum was established with seven (7) Board Members present either in person, via teleconference and/or telephone.

2. **Member Comments.**

There were no comments at this time.

3. **Minutes:**

3.1 Review & approve January 26, 2022 Board of Directors Organizational and General Meeting Minutes

The Board was provided with the draft minutes from the January 26, 2022, Board of Directors General Meeting.

Motion: Director Black moved to approve the January 26, 2022 Board of Directors General Meeting Minutes. Treasurer Bremer seconded. Motion carried unanimously.

4. **Finances:**

4.1 Review & accept (unaudited) Financial Reports dated Dec. 31, 2021 and Jan. 31, 2022

The above-referenced reports were provided to the Board of Directors which includes bank balances for the operating and reserve accounts.

- 2022 CD Schedule enclosed.
- Treasurer Bremer has been provided a copy of all the bank/investment statements and associated reconciliations along with the supporting financial reports.
- The Board Members have been provided copies of the GL Balance Sheet by Fund and the Statement of Revenues and Expenses as of December 31, 2021, and January 31, 2022.
- The bank statements are being reconciled and the financial reports reviewed and adjusted as-needed monthly by the GL Accountant and Assistant Manager Wheeler to ensure CRHA is reporting on a true accrual accounting basis.
- The Association's cash position through January 31st: Operating cash = \$1,715,310
Reserve cash and CD's: Mountainshyre = \$287,239; Caughlin Creek = \$623,329; CRHA = \$879,631;
Grand Total = \$1,790,199.
- CRHA continues to accrue for the Whispering Canyon reserve contributions based on the 2020 Reserve Study.

- Through January 31st on an accrual basis, Total (Operating) Income was \$142,519; under YTD Budget by \$2,667. At this time, all reserve transfers are being deposited on a quarterly basis due to the positive cash flow.
- Total (Operating) Expense was \$145,480; under YTD Budget by \$6,635.
- Expense recap: Operating = \$4,099 under budget; Payroll = \$6,797 under budget; R&M = \$4625 over budget; Utilities = \$363 under budget.
- Total (Operating) Excess Revenue / Expense = \$(2,960); under budget by \$3,968.
- Total Reserve Income was \$68,993; under budget by \$(553.77).
- Total Reserve Expenses were \$16,492; 2022 Reserve Expense Budget = \$280,813.

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.

Motion: Secretary Naccarato moved to accept the un-audited Financial Reports dated December 31, 2021 and January 31, 2022, as presented; Director Ginsburg seconded. Motion unanimously carried.

4.2 Review/Accept 2021 Year-end Financial Audit; Presented by McClintock Accountancy CPA

The Board was provided with the 2021 draft Annual Audit as conducted by McClintock Accountancy. Kendall Galka, CPA, Owner and Engagement Partner that oversees the audit for CRHA, presented the audit report to the Board.

After a brief overview of the audit process, Ms. Galka stated the 2021 audit was an unmodified/clean opinion which is the highest opinion that can be provided. The draft audit has been reviewed by the Board and Finance/Budget Committee. Three (3) adjustments were recorded this year (2 provided by management and 1 income tax provision adjustment by McClintock which is done each year). The Board and the F&B Committee can be assured that their financial statements are a true representation of what is taking place at the association. There were no disagreements with staff, who are a pleasure to work with. It was also noted that internal controls comments were also shared with the Board and the F&B Committee.

Mike Heffner, Chair of the F&B Committee, confirmed with Ms. Galka that CRHA is a model example for other homeowner associations.

Motion: Director Black moved to approve the 2021 Year-end Financial Audit as presented. Treasurer Bremer seconded. Motion unanimously carried.

4.3 Review & approve Bad Debt write-offs. There were none at this time.

5. Reports & Updates:

5.1 Finance & Budget Committee (F&B)

Treasurer Bremer presented the following F&B Report to the Board as a follow up from their recent meeting:

The Finance and Budget Committee has reviewed several plausible cash flow scenarios over the next five years, incorporating inflation assumptions, possible cost reductions and assessment increases. The consensus opinion of the committee is that the following should form the basis of our planning assumptions over the next several years:

- Inflation of 5% in 2023 vs 2022, then 4% in 2024 followed by 3% thereafter. The primary contributors to higher than normal inflation in the near term are labor shortages resulting from the construction boom in Washoe County and much higher oil prices. As a result, operating expenses are projected to increase from \$2.46MM in 2022 to \$2.94MM in 2027.
- Operating expenses have been extensively reviewed and cuts have been implemented over the past several years. It is therefore unlikely that significant additional cost reductions can be achieved without drastic reductions in services that homeowners expect.
- Assessment increases of 6% beginning in 2023 and continuing every year through 2026 are projected in order to maintain cash reserves at acceptable levels.

Continuing assessment increases at these levels will be problematic with homeowners unless extensive outreach is done to prepare the groundwork in the coming year. Homeowners need to be informed about the inflationary impact on our budget, specifically in the areas of paving, fuel and landscape wages. In addition, we should widely share research that demonstrates that assessment levels in Caughlin Ranch are very cost competitive with other HOAs in Washoe County.

A brief discussion ensued with the Board and Mike Heffner, F&B Chair, regarding the likelihood of assessment increases beginning in 2023

5.2 Landscaping & Maintenance Department

L&M Superintendent Lisenby provided the following report:

Miscellaneous Projects / Weekly Maintenance:

Installing Backflows for the irrigation systems.

3 water project pumps being repaired.

New snowplow installed on truck.

Uniforms ordered and embroidered with logo in preparation for the April 4th start of seasonal crew.

Caughlin Creek monument signs being repaired.

Repaired small equipment bridges.

Working with Seth on Caughlin Glen crossover (the walkway over the creek)

New street signs in MountainShyre.

Ordered spring & summer flowers.

Prune trees.

Remove Holiday Lights / completed.

Rebuild the maintenance trailers / on going.

Truck fleet inspection and repair / on going.

Maintenance equipment inspection and repair / completed.

Concrete pad poured at entrance to maintenance yard;

Small Landscape projects:

-Replace old galvanized pipes with commercial grade plastic pipes

-Repair creeks that carry water to our ponds.

Educational and safety videos for training.

Snow removal when needed.

Parks inspected and cleaned daily.

Wildlife Report: Turtles are back, coyote sightings, geese & ducks and plenty of squirrels.

5.3 Architectural Control Committee (ACC); Secretary Naccarato

Secretary Naccarato presented the ACC report and advised that there were 36 projects reviewed to date since the last meeting. Of those, 1 was approved as submitted, 34 were approved with conditions, 0 were declined, and 1 needed more information. The ACC meets twice per month (2nd and 4th Thursdays), except November and December when they meet once per month. Discussion ensued regarding the difference between “approved as submitted” and “approved with conditions.” Staff reported that, essentially, all approvals have standard conditions associated with them.

5.4 Community Events; Vice President Attaway

Vice President Attaway provided a review of the 2022 Community Events with particular focus on the Artown Concerts in the Park series. Bands scheduled for the series include: The Beatles Flashback, Blues Monsterees, Sagebrush Rebels and New Wave Crave. A Cross Peak hike and two Bird Walks are planned. Movies in the Park planning is in process. The Annual BBQ will be held in August, as well as the Spring and Fall Garage Sales. The Nov 16th Annual Budget Ratification/Annual Members Meeting dinner plans/location has yet to be determined; perhaps it will be Desserts this year. The Events calendar is located on the association’s website.

5.5 Branding / Signage Ad Hoc Committee; Vice President Attaway

Vice President Attaway shared a sample of the proposed logo being considered. The committee will reconvene prior to the next meeting and a final logo and corresponding colors will be presented for consideration.

5.6 Executive Session Summary and Pending Legal Action against the Association

Attorney Oliphant provided the following summary:

The following items were reviewed during the last Executive Session Meeting held on Jan. 26, 2022:

- Approval of the 11/17/2021 Executive meeting summary.
 - Review and Discuss pending legal action notices as follows:
 - Workers’ compensation claim made by a former employee. Discussed the status of the reopened claim.
 - Discussed the status of the Eastridge common area deeds and letters received from attorneys regarding this turnover.
 - Discussed the status of a homeowner complaint/dispute involving CRHA, ENA and Washoe County regarding access of a road owned by Washoe County.
 - Discussed legal ramifications of license to use common area by homeowner (an item to be discussed during general session later in this meeting).
- Reviewed the Violation Report & fines.
- Reviewed Homeowner disputes, appeals and alleged CC&R violations.
- Reviewed the Accounts Receivable Aging Report.
- Discussed Personnel items.

5.7 Community Information

GM Nunley reported the following:

- On-going education regarding trash container rules and regs continues by providing homeowners with courtesy notices and information on animal resistant containers available through Waste Management.

- ESI continues with their Thursday through Sunday patrol service. Their presence in the community should be a deterrent to undesirable activities, as well as providing support to the association's compliance efforts.
- Lisa and Sandy met with Councilmember Jenny Brekhus in March to discuss some concerns within CRHA. Specifically, the speeding issues on Caughlin Parkway. She has reached out to Reno PD who has committed to dedicating some (occasional) resources in the form of a motorcycle officer to help deter speeders. A traffic control study may also be conducted for the purpose of determining whether additional stop signs (or other traffic control measures) would be worthwhile. No date has been determined yet for the study.
- Lisa, Sandy and Randy met with Trey Palmer, City of Reno Fire Marshal, to discuss the City's current efforts to conduct fire remediation and defensible space projects. The City is working with a current grant that includes work to be performed on a small area within CRHA. Fire Marshal Palmer will be providing us with additional grant information as he receives it so we can possibly take advantage of funds as they become available.

6. Old Business:

6.1 Review & possibly accept common area turnover of Ridge Hollow neighborhood (aka: Whispering Canyon)

Management, with assistance from Attorney Oliphant and Seth Padovan (engineer) continue to work with Tim Lewis Communities (TLC) with the goal of completing the outstanding punch list items. Some progress has been made. TLC is waiting for warmer weather to address most of the remaining punch list items and it is anticipated those items should be completed by the next Board Meeting.

Motion: Director Black moved to postpone this item to the next regularly scheduled General Board Meeting; Secretary Naccarato seconded. Motion unanimously carried.

6.2 Review & approve Preventative Maintenance Agreement with Sierra Gate & Control for Caughlin Creek Gates I and II and Mountainshyre Gate

This item was postponed from previous meetings.

Attached is the Agreement provided by Sierra Gate & Control. This version does not contain the revision (elimination of the indemnification clause) as previously recommended by Attorney Oliphant. Sierra Gate & Control does not agree with that revision. Per Attorney Oliphant, if the Board chooses to enter into this agreement, you may have to potentially indemnify the company from damage they negligently cause.

Provided for the Board's consideration.

Motion: Treasurer Bremer moved to approve the Preventative Maintenance Agreement with Sierra Gate & Control as presented in the amount of \$900.00/quarter (\$3,600.00/year) for a two-year term. Director Black seconded. Motion unanimously carried.

6.3 Review & approve United Assessment Recovery (UAR) Agreement for past due assessment collections services

Attorney Oliphant has reviewed the UAR Agreement provided by UAR and responded with alternative language for the indemnification portion of the agreement as follows:

To the fullest extent allowed by law, UAR agrees to defend, indemnify and hold the Association harmless from any claims, lawsuits, liabilities, loss, damage, or expense to the extent such claims arise from the assertion that UAR, or UAR's employees, violated any law, regulation or

the Association's governing documents in connection with the collection of amounts due and owing the Association.

Cameron Clark with UAR has responded with alternate language which was provided to, and reviewed by, the Board and Attorney Oliphant. Per Attorney Oliphant, in the past they have been willing to make the revisions as requested but this year UAR is not willing to do so. He would like the Board to know that UAR will not indemnify the association if sued because of their breaches of our agreement or statute unless due to their gross negligence or willful misconduct (which is difficult to prove). That would mean CRHA and its insurance company would be defending it and not UAR.

GM Nunley confirmed that CRHA currently has an agreement with NAS for collections services and may remain with them. Per Cameron Clark at NAS/UAR, the transition from NAS to UAR will take longer than expected (approximately four years), so the association will still be well-served by NAS. Additional discussion ensued regarding NAS' services and costs.

Motion: President Dennis moved to remain with NAS for collections services for another year. Secretary Naccarato seconded. Motion unanimously carried.

6.4 Review & possibly approve License Agreement for common area adjacent to Lot JT-449

President Dennis provided an overview of this item. At the last meeting, the Board voted to postpone a decision on this item until the language of the agreement can be finalized. One stipulation to the agreement was for the lot owner to conduct an assessment of valuation on the property utilizing a licensed appraiser.

The owner of the lot is requesting the Board reconsider that stipulation and, instead, agree that the association accept responsibility for this item.

Discussion ensued regarding how to proceed so that the language for the agreement may be finalized.

Motion: Secretary Naccarato moved to present the following options to the homeowner:

- 1) Homeowner to pay for the appraisal per previous board decision, and the resulting annual license fee will be based on those results; or
- 2) Agree to pay the association \$150.00 per year; or
- 3) Remove the improvements.

Director Black seconded. Motion unanimously carried.

6.5 Review & possibly approve purchase of Bobcat Utility Vehicle (to replace current)

The Board was provided with a description and quote for a new utility vehicle for the Landscape & Maintenance Dept. The existing vehicle, an AUSA Utility Vehicle which was purchased in 2016, requires on-going repairs and does not provide the needed features to perform all necessary and routine functions.

The proposed Bobcat UV34 Gas will replace the existing utility vehicle. It provides the needed features, will provide access to all maintenance areas, and will also support snow removal efforts along the trails. Superintendent Lisenby provided additional information and answered questions. The existing utility vehicle may be sold to offset the cost of this purchase (amount to be determined).

This is a reserve expense and will replace Item 00700 – 30000 – 710 in the current reserve study.

Motion: Director Black moved to approve the Quote/Sales Order from Bobcat of Reno in the amount of \$32,000.98 for the purchase of the Bobcat UV34 Gas Utility Vehicle, with the condition that the existing utility vehicle and the boom truck are sold. Treasurer Bremer seconded. Motion unanimously carried.

6.6 Possible appointment of Consulting Member (architect/residential designer) to ACC

GM Nunley and staff are considering potential replacements for the open position (architect/residential designer) on the ACC. It is anticipated that a new member will be presented to the Board for their consideration at the next regular meeting.

Motion: Treasurer Bremer moved to postpone this item to the next regular meeting. Director Ginsburg seconded. Motion unanimously carried.

6.7 Review & possibly approve Eastridge Unit 2 common area deed restriction for Lot ER2-3B

The Board was provided with the common area deed restriction which Attorney Oliphant drafted for the owners of Lot ER2-3B, addressing their concerns. Attorney Oliphant informed the Board that a final agreement is not yet ready and requested this item be postponed to the next meeting.

Motion: Secretary Naccarato moved to postpone this item to the next regular meeting. Treasurer Bremer seconded. Motion unanimously carried.

7. New Business:

7.1 Approve \$1.00 per door annual donation to Community Associations Institute's (CAI) Legislative Action Committee (LAC)

It has been the HOA's practice to contribute to CAI's Legislative Action Committee through their annual Buck-A-Door campaign. Traditionally, the Board approves \$1.00/door, or \$2,265.00.

Motion: Secretary Naccarato moved to approve the donation to CAI's Legislative Action Committee Buck-A-Door Campaign in the amount of \$2,265.00. Vice President Attaway seconded. Motion unanimously carried.

7.2 Ratify Michael's Plumbing Annual Maintenance Agreement for 1070 Caughlin Crossing

The Annual Maintenance Agreement for the HVAC system at 1070 Caughlin Crossing expired in the Fall of 2021. A new agreement has been approved for 2022/2023 at \$1,493.00 per year (an increase of \$40.00/quarter). The agreement was provided to the Board for consideration.

Motion: Director Black moved to approve the Maintenance Agreement with Michael's Plumbing for the annual HVAC service at 1070 Caughlin Crossing in the amount of \$1,493.00 per year. Secretary Naccarato seconded. Motion unanimously carried.

8. Member Comments:

- A homeowner from the Village Green neighborhood expressed concerns regarding some of the renters and their behaviors, which include parking issues (multiple vehicles and RV's) and their interaction with neighbors. He has reported it to the office and has seen an increase in ESI's presence, but the activity continues. He has reached out to the City and Fire Dept who are assisting by conducting surveys to adjust street painting/lines. Additional information was provided to the Board regarding the neighborhood concerns. The Board thanked the homeowner for sharing the information and for taking steps to find some resolution.
- A homeowner wished to echo the previous homeowner's comments, and referred to the issue as the "Rentification of Caughlin Ranch." She believes there is an on-going trend with renter issues and owner neighbors are increasingly concerned. She asked the Board to prioritize the condition of the neighborhoods and take action to maintain values. The Board thanked the owner for her input.

Caughlin Ranch Homeowners Association
Board of Directors Meeting
March 23, 2022

10. Announce Future Meeting Dates & Adjourn:

- Board Agenda Workshop on Monday, May 23rd at 4:00 p.m.; Executive Session Workshop will immediately follow.
- Board of Directors Executive Session on Wednesday May 25th at 5:00 p.m. and General Business Meeting at 6:00 p.m.

**Motion: Director Black moved to adjourn the meeting at 7:21p.m.; Director Ginsburg seconded.
Motion unanimously carried.**



Drew Naccarato, Secretary Board of Directors
Caughlin Ranch Homeowners Association