

CAUGHLIN RANCH HOMEOWNERS ASSOCIATION
Board of Directors Organizational and General Business Meeting Minutes
1070 Caughlin Crossing, Reno, NV
Wednesday, November 14, 2018

Board Members Present:

Al Dennis, President
Michele Attaway, Vice President
Drew Naccarato, Secretary
Vince Ames, Treasurer

Others Present:

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

Mike Chern, Director
Allen Black, Director
Charlene Oakes, Director

6 Homeowners

1. Call to Order and Determination of Quorum:

President Dennis called the meeting to order at 7:05 p.m. A quorum was established with all seven (7) Board Members present.

2. Member Comments: There were none.

3. Introduce new Board Members and appoint 2018 Officers:

President Dennis introduced the newly elected Board Members: Drew Naccarato, Allen Black, and Charlene Oakes.

Motion: Director Attaway moved to keep the same slate of Officers and to appoint Al Dennis as President, herself as Vice President, Drew Naccarato as Secretary and Vince Ames as Treasurer for 2019; Director Ames seconded. Motion carried unanimously.

GM Olson confirmed that Allen Black, Mike Chern and Charlene Oakes will be Directors.

4. Minutes:

4.1. Review & approve September 26, 2018 Board of Directors Meeting Minutes:

Prepared by Bookkeeper Wheeler; reviewed and edited by GM Olson, President Dennis and Secretary Naccarato.

Motion: Director Black moved to approve the September 26, 2018 meeting minutes as presented; Treasurer Ames seconded. Motion carried unanimously.

5. Finances:

5.1. Review & accept (un-audited) Financial Reports dated July 31 (re-published) August 31 and September 30, 2018:

- Treasurer Ames 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 monthly 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 Statement of Revenues and Expenses as of July 31, August 31 and September 30, 2018
- The Association's cash position through September 30th: Operating cash = \$1,124,978
Reserve cash and CD's: Mountainshyre = \$233,501; Caughlin Creek = \$576,155; CRHA = \$636,955; Grand Total = \$1,446,612
- Through September 30th on an accrual basis, Total (Operating) Income was \$1,729,001; over YTD Budget by \$28,444. At this time, all reserve transfers are being deposited on a quarterly basis
- Total (Operating) Expense was \$1,691,902; under YTD Budget by \$15,376:
Operating Expense = over YTD Budget by (\$19,618); Payroll = under YTD Budget by \$52,415; Repairs and Maintenance = under YTD Budget by \$13,851; Utilities = over YTD Budget by (\$31,272)
- Total (Operating) Excess Revenue / Expense = \$37,098; = \$43,819 under YTD Budget
- Total Reserve Income was \$184,716; of which Interest = \$9,490
- Total Reserve Expenses were \$111,815; 2018 Reserve Budget = \$228,981
- 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 July 31, (re-published) August 31 and September 30, 2018 as presented; Vice President Attaway seconded. Motion carried unanimously.

6. Reports & Updates:

6.1. Landscaping, Irrigation/Conservation & Maintenance; Superintendent Lisenby provided the following updates:

- Final clean-up is underway
- Seasonal employees last day of work is Friday, November 16th. We have 4 employees who will be retained through the end of the year since the budget allows.
- Irrigation system has been shut down for the season

Director Black asked when the project involving installation of rock adjacent to fencing is expected to be finished? Superintendent Lisenby advised completion is expected to be by the end of the year before the final seasonal employees leave.

Superintendent Lisenby advised that 7 of the 11 meters for the pumps have stopped working and will be replaced. He is hoping that only the meter parts can be changed out.

Homeowner asked what is intended for the area at the top of the Ranch to the left of the path just before you go over the ditch. Superintendent Lisenby advised that because this area will always be affected by large amounts of water during flooding, it will be put back together. Boulders will be added along with some trees and wild flowers which will be planted in the back area. The large hole will be filled with boulders; all should be completed by end of 2018 or the first of 2019, weather permitting.

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Vice President Attaway commented that drainage has been addressed behind the Caughlin Club; Randy confirmed.

Mike Heffner commented that because the meters were not working, he and Randy estimated considering TMWA would be opening the ditch 1 to 2 weeks early and keeping it active for about 2 weeks longer. They calculated based on a 5-month usage report that there was a savings of approx. 60 million gallons of water, resulting in an estimated savings of \$225,000 had CRHA only been using TMWA water at the current water rates and not irrigating from Steam Boat Ditch.

Secretary Naccarato thanked Randy and the crew for their work on the project to add rock to the areas adjacent to fencing.

6.2. Architectural Control Committee (ACC):

Secretary Naccarato advised that there were 75 projects, ranging from house painting, tree removals and landscaping as well as other items reviewed by the ACC through 10/31/18.

President Dennis added that numerous requests are being submitted but we continue to have issues with owners who move forward with a project but have not submitted a request or received approval. This causes CRHA staff to issue notices of non-compliance and require that a submission be submitted. He would like to remind all that a request must be submitted, and approval granted before any work may commence.

President Dennis shared that a TV will be installed in the large conference room to view requests instead of the use of the projector system which is in place now. This will assist in viewing much better renderings of photos and plans that are received.

6.3. Finance & Budget Committee (F&B):

GM Olson advised the Committee is scheduled to meet with the McClintock Accountancy Audit Team, they may possibly be on the phone only, at 3:00 p.m. on Monday, December 17th to review the plans and time-line for the 2018 Audit. They will also review the reserve account balances, investments and 2019 reserve fund requirements to determine if additional funds should be invested.

6.4. Community Events:

Vice President Attaway advised there will be a few changes such as the BBQ and the Holiday Wine event.

The following is the 2019 Events Schedule dates:

- Spring Share Your Wine at Moana Nursery (tentative location): April 11th
- Garage Sales; individual lots: June 1st & 2nd
- Spring Bird Walk/Watching meet at Caughlin Ranch office: June 8th
- Shredding day truck will be at Caughlin Ranch parking lot: June 8th
- Concerts in the Village Green Park: Every Sunday in July
- Cross Peak Hike (meet behind the Caughlin Club): September 14th
- 9th Annual BBQ at the Village Green Park: September 15th

- Fall Bird Walk/Watch (meet at Caughlin Ranch office): September 28th
- Garage Sales; individual lots: October 5th & 6th
- Fall Celebration (formerly Holiday Wine) at Moana Nursery (tentative location): October 17th
- Trick or Treating and Pup Costume Parade at Caughlin Ranch Office: October 31st
- Angel Tree for Children and Seniors Citizens: November 1st thru 30th
- 35th Annual Members Meeting & 2020 Budget Ratification Meeting: November 14th

6.5. Pending Legal Matters & Executive Session Summary; Attorney Shawn Oliphant

Attorney Oliphant advised that the Association has only one pending legal action that involves a lender who filed a foreclosure action against a homeowner and the only reason CRHA is named is due to the Super priority Lien. There was another action from a former seasonal worker who filed a claim that he was not hired in 2017 due to his age. The state found that there was no cause for that matter and dismissed the claim.

Attorney Oliphant also provided a summary of the Executive Meeting as follows:

- Reviewed the prior Executive Meeting Minutes
- Reviewed potential legal matters
- Reviewed the Accounts Receivable Report
- Reviewed the Violation Report
- Under personnel matters, the Board compiled the General Managers reviews provided by the Board Members, discussed the results, decided on a bonus for the General Manager and discussed the General Managers Agreement. The Agreement will be discussed later in tonight's meeting.

6.6. Community Information & News; GM Olson:

GM Olson advised that NDOW contacted CRHA regarding our ponds and water ways due to a recent outbreak of botulism in the Reno/Sparks area that affected some birds. They are aware that we have good water flow. Should there be a decrease in flow, we will utilize our aerators to keep oxygen in the pond waters as we have done in the past.

GM Olson advised that we did receive feedback regarding the slurry seal project on the trails that was recently completed. While SNC did an excellent job completing the paths, we still have people who ignored the signs and walked on the wet slurry seal and caused imprints on the new sealant. It has been suggested to use additional signage that includes an actual time when they may be walked on again, such as: "Don't walk here until 5:00 p.m. on Tuesday".

Vice President Attaway commented that the bears ignored the notices too.

7. New Business:

7.1. Approve 2018/2019 Staff Compensation Plan:

Motion: Vice President Attaway moved to approve the 2018/2019 Staff Compensation Plan as presented; Treasurer Ames seconded. Motion carried unanimously.

7.2. Approve General Manager's Management Agreement: President Dennis advised that the Manager's Agreement is another 3-year agreement.

Motion: Treasurer Ames moved to approve the General Manager's Management Agreement as presented; Director Chern seconded. Motion carried unanimously.

Motion: Vice President Attaway moved to authorize Board President Dennis to sign the General Manager's Management Agreement after the manager signs the agreement; Secretary Naccarato seconded. Motion carried unanimously.

7.3. Approve Employee Insurance Policies eff. 01/01/19:

GM Olson advised that currently employees pay 50% of their dependent's insurance premiums but due to the ever-increasing health insurance premiums it may be necessary to increase those contribution from 50/50% to 75/25% or 70/30% depending on the final premium cost that have not been received as of the time of this meeting.

Motion: Treasurer Ames moved to approve the Employee Insurance Policies eff. 01/01/19 with a not to exceed 98,323; Vice President Attaway seconded. Motion carried unanimously.

7.4. Approve Workers Compensation Insurance Policy eff. 01/01/19:

Motion: Vice President Attaway moved to approve the 2018/2019 Staff Compensation Plan with a not to exceed of \$30,000; Treasurer Ames seconded. No further discussion. Motion carried unanimously.

7.5. Approve Anti-Violence/Harassment Policy:

Attorney Oliphant advised that he and CRHA's employment attorney Bonnie Drinkwater have reviewed and made some revisions to this proposed document.

Motion: Secretary Naccarato moved to approve the Anti-Violence/Harassment Policy as presented; Vice President Attaway seconded. Motion carried unanimously.

7.6. Approve cost to build new CRHA Website: President Dennis advised that Vice President Attaway and Director Chern are serving as Project Leads. GM Olson was authorized to pay \$5,000 to Initiate Project since that was included in 2018 Reserve Budget. Website Total = \$7,300, Annual Hosting = \$375, Monthly Technical Maintenance = \$250 (consistent with 2018). 2019 costs = \$2,300 balance (Reserve payment). Annual Hosting = \$375 and Annual Technical Maintenance = \$3,000; Grand Total Operating = \$3,375.

Director Chern advised that there will be several phases and the initial one will include an overall redesign of the website to include the appearance as well as make it easier to update the website by either office staff or the website designers themselves when directed to do so.

Vice President Attaway added that the website will be created in Word Press that is easy to use and should there be a need to switch companies for maintenance it will be easily transferrable to a new provider.

Motion: Secretary Naccarato moved to approve the cost to build a new CRHA Website as presented; Vice President Attaway seconded. Motion carried unanimously.

7.7. Approve Eaglesnest HOA Management Agreement eff. 02/01/19 through 12/31/19: Motion: Treasurer Ames moved to approve the Eaglesnest HOA Management Agreement Renewal as presented; Director Black seconded. Motion carried unanimously.

7.8. Accept Pine Bluff II Common Area:

Attorney Oliphant advised that the Common Area for Pine Bluff Phase II has been annexed into CRHA and that they are now requesting acceptance of these common areas by the Board of Directors. An inspection of the Phase II Common Areas has been completed by CRHA Staff and Pine Bluff Properties LLC representatives. Attorney Oliphant advised that legally there needs to be a title report completed and if there are any incumbrances against these parcels, a reconveyance must be completed and a Grant, Bargain and Sales Deed must be executed by the developer to the Association. He is in contact with their Attorney regarding these items.

Motion: Treasurer Ames moved to accept Pine Bluff II Common Area subject to the completion of any necessary reconveyance and a Grant, Bargain, Sale Deed that will be subject to the satisfaction of the CRHA Attorney Shawn Oliphant; Vice President Attaway seconded. Motion carried unanimously.

7.9. Acknowledge final insurance premiums eff. 11/01/18; approved on 09/26/2018:

Motion: Treasurer Ames moved to accept the final insurance premiums eff. 11/01/18 in the amount of \$76,955.00; Director Chern seconded. Motion carried unanimously.

7.10. Consider request to allow designated CRHA staff to work directly with individual homeowners to assist with approved vinyl picket fence installs:

Homeowner Mike Heffner, who originally intended to have the vinyl fencing installed, advised the difference in cost between a contractor installing the fencing as opposed to having crew members assist in the installation was a couple of thousand dollars. As a result, he opted to just paint his wood fencing. He feels that there is a much greater issue here.

While trying to understand why this prohibition came to be in place, he discovered that members of the landscaping crew broke common-sense rules such as promoting their own after-hours side business during working hours. In his opinion, the Secondary Employment Policy that was put in place is a pretty gross over reaction to fix the problem. It is penalizing the many for the few. He asked that the Board revisit and reconsider the policy since in his opinion it contradicts itself in stating employees may use their non-working time away as they please, but then require an employee who wishes to conduct other work to submit a request along with specifics relating to the work to be completed. He expressed that this may preclude any employee from working on their own time which could cause unreasonable restrictions on an employee's right to seek additional employment. He suggested that a policy be created that allows employees to do what they like during non-business hours if they observe some common-sense rules such as not conducting private work while on the clock for CRHA. They also must advise whomever they are working for that this work is not sanctioned or endorsed by CRHA.

The policy should include how an employee will be reprimanded including termination of employment should an employee conduct such work during CRHA time, and the policy needs to be in both English and Spanish.

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David Waldron added this policy sure doesn't help in retaining employees.

Guy Grimsley expressed that the current policy prevents and suppresses free enterprise. He suggested the need to include notice to homeowners regarding any policy and what staff does during working hours.

Vice President Attaway asked Superintendent Lisenby for his opinion. He responded that the Board needs to pick a policy and stick to it. In his opinion, the crew members should be able to work on their own time. Unfortunately, this needs to be addressed since we have an employee who took advantage of the situation.

President Dennis expressed that maybe there was a misunderstanding regarding the fencing project, but it is his belief that he must protect CRHA from exposure to legal issues.

Attorney Oliphant advised that he is still of the opinion that the work requested requires a license and advises the Board to deny the request and take no action tonight.

Motion: Vice President Attaway moved to deny request to allow designated CRHA staff to work directly with individual homeowners to assist with approved vinyl picket fence installs and to reconsider the Secondary Employment Policy at the January 23, 2019 Board of Directors meeting. Director Black seconded. Motion carried unanimously.

8. Member Comments:

Mike Heffner, Member of the F&B Committee, asked if anyone had read the article in the Sunday paper regarding rockery wall failures at Somerset which addressed the contractor time limits for construction defects.

GM Olson asked if she could have the newspaper article from Mike Heffner and advised that she will be discussing the CRHA rockery walls with Engineer Seth Padovan. It was noted that the same conditions do not exist within Caughlin Ranch.

David Waldron commented that he hopes the Board of Directors seriously revisits the Secondary Employment Policy.

Vice President Attaway commented that the problem is with the Somerset HOA walls; it is her understanding that the sub-division Sierra Canyon walls were built correctly.

9. Announce Future 2016 Meeting Dates & Adjourn:

CRHA Board Training at Association office; Friday, December 7th
Board Agenda Workshop; 4:00 p.m., Monday, January 21, 2019; Board of Directors Executive Session; 5:00 p.m. and General Business Meeting; 6:00 p.m., Wednesday, January 23, 2019

Motion: Treasurer Ames moved to adjourn the meeting at 8:25 p.m.; Secretary Naccarato seconded. Motion carried unanimously.

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Subsequently approved at a duly noticed Board of Directors Meeting on January 23, 2019.



Drew Naccarato, Secretary Board of Directors
Caughlin Ranch Homeowners Association