

CAUGHLIN RANCH HOMEOWNERS ASSOCIATION
Board of Directors General Business Meeting Minutes
1070 Caughlin Crossing, Reno, NV
Wednesday, March 27, 2019

Board Members Present:

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

Others Present:

Lorrie Olson, Community/General Manager
Randy Lisenby, L & M Superintendent
Sandy Wheeler, Bookkeeper/Assistant Manager
17 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 six (6) Board Members present. There is one (1) vacancy due to a resignation.

2. Member Comments:

Mark McDonald, President of the Vista Pointe HOA (VPHOA) expressed that there is an unnecessary dispute between CRHA and VPHOA regarding the relationship between the two HOA's and the 25-year history of how compliance has been conducted within the VPHOA community. He stated that CRHA has handled all CC&R compliance issues and that the 2 sets of CC&R's are essentially identical. He stated the VPHOA homeowners pay \$50,000 yearly to CRHA and are entitled to receive some tangible benefit from being CRHA members.

He further advised the CRHA Manager and President were repeatedly told of the history regarding compliance when VPHOA representatives and the CRHA Manager and President met with himself and other present and past VPHOA Board Members to explain how compliance has been handled between the HOA's. The response that they received referenced documents prior to 1990 which had never been enforced by the VPHOA. In September 2018, VPHOA had a Board Meeting and decided to delete those ancient documents. He advised that he wrote the CRHA Manager and President that they (VPHOA) would not proceed if they would back off and "simply just do their jobs" by actively looking at CC&R violations. VPHOA spent \$2,000 in legal fees and had to circulate through the neighborhood a pointless amendment, which simply put us (VPHOA) back to where we always had been, which is that CRHA will respond to and enforce its CC&R's on VPHOA properties. He continued by advising that VPHOA does not believe the CRHA Attorney's statement which included how many notices were issued to VPHOA owners regarding violations. He stated that they do not believe that CRHA took enforcement regarding fencing as was stated in the Caughlin Rancher 2 years ago and that the CRHA Attorney mistakenly interpreted the new VPHOA document. He further stated the only party to enforce CC&R's is CRHA not VPHOA.

John Landry, Treasurer of VPHOA who has lived there for 5 years and has been on the VPHOA Board for two years advised that he has seen a steady deterioration of the fences, roofing and properties in Vista Pointe. He did not understand why but once he joined the VPHOA Board he was told that all violations are to be reported to the CRHA Manager for handling. He was also told VP homeowners who have an issue should contact CRHA directly.

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It appears to him that this just went around in circles. He stated that he does not understand why we got into this situation.

Mark stated VPHOA has 25 to 30 years of oversight by CRHA. He asked when CRHA decided that VPHOA should do their own enforcement and when was VPHOA notified. He also asked when CRHA conducted their annual, routine inspections, of all the properties in CRHA; 2016, 2017 or 2018.

GM Olson provided the following response to the VPHOA members: "We are very sorry that you have cause to believe that Caughlin Ranch has stopped providing CC&R compliance services to the Vista Pointe community. We are also sorry it has risen to this level of frustration for the Vista Pointe Board Members. I can only assure you that staff has and will continue to provide fair and consistent compliance services throughout Caughlin Ranch."

A Cottages homeowner asked that the Board and Superintendent Lisenby slow down with the purchase of the wood chipper. She has concerns about safety and what safe guards there are. She asked where it will be stored and where debris piles will be placed.

3. Recognition of former Board Member Joan Mullen:

President Dennis shared that former Director Joan Mullen joined the CRHA board in November of 2015 and served 3 years through November 2018. She also served on the Events and Rancher Committees as well as assisted in variance request meetings. At the time that Joan joined the Caughlin Ranch Board, she had just "retired" from 20+ years on the Alum Creek HOA board. CRHA is very appreciative of the time and efforts that Joan put into being on the CRHA Board. CRHA presented Joan with a clock that has her name engraved and the time she served on the Caughlin Ranch Board. Thank you, Joan.

Joan was very surprised and thanked everyone. She ended by saying she will miss us all.

4. Accept resignation of Director and appoint replacement Director:

President Dennis advised that Director Oakes resigned on March 4th due to health conditions. We revisited the 2018 Ballot as is standard and asked the only unsuccessful candidate if she wanted to join the Board. Fortunately for Caughlin Ranch, Helen Eastwood has agreed to join the Board through the 2019 Annual Election.

Motion: Director Black moved to accept the resignation of Director Oakes and appoint Helen Eastwood to the vacant seat; Secretary Naccarato seconded. Motion carried unanimously.

Minutes:

5.1. Review & approve January 23, 2019 Board of Directors General Business Meeting

Minutes: GM Olson advised there were a couple of spacing issues that were corrected.

Motion: Treasurer Ames moved to approve the January 23, 2019 Meeting Minutes which included the spacing edits made by GM Olson; Director Black seconded. Motion carried unanimously.

6. Finances:

6.1. Review & accept Audited Financial Reports as of December 31, 2018:

GM Olson introduced Kendall Galka, CPA and Partner with McClintock Accountancy Corporation; they have been conducting the audits for the last 5 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 audit. They worked with Bookkeeper Wheeler and GL Accountant Tim Cleary to complete the audit. Procedural discussions with GM Olson and Treasurer Ames 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.

There were four audit adjustments, three of which were requested by management. Relatively minor, in 2017 there were 8 adjustments.

GM Olson gave an example of a requested adjustment; on the day that Kendall was in the Caughlin Ranch office to complete the field work, a contractor called to advise that they would be reimbursing CRHA for the cost of gate repairs that they caused. She in turn requested the adjustment be added to the audit.

Kendall further advised that the adjustments were reimbursement for fence repairs, to true-up workers compensation that actually ended up being a prepaid, to record a refund and the current year tax provision, and reclassification of the CD's. All adjustments were accepted by management; there were no disagreements in conducting the audit. Per usual, it was a delight and pleasure and we got everything required in order to conduct the audit. Internal controls are another item that is reviewed during the audit process, there was one item carried forward that management has concluded how it will be handled going forward; essentially it is now closed out. One suggestion was that CRHA use fixed asset software.

Kendall concluded by saying the financial reports that are being produced monthly are a good representation of what is occurring within the Association.

GM Olson shared that GL Accountant Tim Cleary is considering the purchase of fixed asset software for use in his business which could be a provided service to track CRHA's inventory items.

GM Olson shared a statement from GL Accountant Tim Cleary stating he has reviewed the final Audit reports and agrees with the findings. He thanked all for the opportunity to work with them through the Audit process and stated Sandy Wheeler has done an excellent job as Bookkeeper.

Motion: Treasurer Ames moved to accept the Audited Financial Reports dated December 31, 2018 as presented; Director Chern seconded. Motion carried unanimously.

6.2. Review & accept Unaudited Financial Reports as of January 31, 2019:

- Treasurer Ames has been provided a copy of all the bank/investment statements and associated reconciliations along with the supporting financial reports. We continue to send them to F&B Member Cody Jackson, CPA who is recovering from an illness.
- The bank statements are being reconciled and the financial reports reviewed and adjusted as-needed monthly by the GL Accountant along with the CRHA Bookkeeper 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 January 31, 2019
- The Association's cash position through January 31st: Operating cash = \$1,479,232
Reserve cash and CD's: Mountainshyre = \$238,224; Caughlin Creek = \$591,054; CRHA = \$556,727; Grand Total = \$1,386,004
- Through January 31st on an accrual basis, Total (Operating) Income was \$153,813; over YTD Budget by \$783. At this time, all reserve transfers are being deposited on a quarterly basis; the 1st quarter transfers were completed in February. Therefore, the Balance Sheet is showing a "Due from Operating" amount of \$60,133
- Total (Operating) Expense was \$134,719; over YTD Budget by (\$7,079)
- Total (Operating) Excess Revenue / Expense = \$19,094
- Total Reserve Income was \$61,036; of which Interest = \$903
- Total Reserve Expenses were \$6,680; 2019 Reserve Expense Budget = \$126,061
- 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: Vice President Attaway moved to accept the un-audited financial reports dated January 31, 2019 as presented; Director Black seconded. Motion carried unanimously.

7.4. Finance & Budget Committee (F&B); Treasurer Ames moved ahead to this item:

Treasurer Ames advised the F&B met on March 18th to discuss the Reserve Studies and the Reserve account balances. The topic of discussion pertained to the amount being deposited, the methods for funding these accounts, such as using the percent funded model or maintaining a certain balance method. As we all are aware, once funds are deposited into a Reserve account, they are not permitted to be withdrawn for any reason other than a reserve expenditure; they may not be used for everyday expenses. The F&B along with the Board Members work to not increase assessments unless absolutely necessary. As we have completed repairs and maintenance, the funds have been used and we are now in the stage of rebuilding those balances. This will allow for those items to be repaired/replaced when their estimated life has reached its expectancy.

He expressed that the F&B, the Board and management will work to facilitate a better understanding to the homeowners regarding the Reserve Studies. He advised the next F&B meeting will be held on May 6th at 3:00 p.m. at the Association office.

7. Reports & Updates:

7.1. Review CRHA's CC&R and ACC Enforcement within Vista Pointe Sub-association: President Dennis read into the minutes the response that was prepared by Caughlin Ranch HOA's Attorney Oliphant; copy attached.

Vista Pointe HOA members who were present attempted to make further statements and President Dennis instructed them that additional comments will be taken at the end of the meeting and asked them to be seated.

7.2. Landscaping, Irrigation/Conservation & Maintenance:

L&M Superintendent Lisenby advised that he attended the Annual Nevada Landscape Association Trade Show & Conference and he and GM Olson attended a 3-hour Continuing Education course conducted by CAI titled Playgrounds – Paperwork and Problems. L&M Superintendent Lisenby will be attending the 5th Annual Fire Prevention class being held on 4/23/19.

L&M Superintendent Lisenby advised the weather continues to bring more debris and flooding in some areas. Boulders that have been installed are working well to lessen the amount of damage from large amounts of water flow. His plans are to add more boulders to areas that will benefit from reduction in the water flow during high volumes.

He advised that the main focus this year will be to finish clean-up from prior floods and expand the defensible space. Currently, defensible space consists of the first 10-feet from fence lines being cleared. The next 20-feet is where all dead plants and debris is removed. His hope is to expand to the first 30-feet to eliminate additional fire fuels. He shared that the Seasonal crew starts back to work on April 1st, and he expects to have a full staff.

A homeowner inquired about the wood chipper; asking where it will be stored and where will debris piles be located. She also asked what the chipper would be used for and was concerned about the danger associated with it.

L&M Superintendent Lisenby advised that the chipper will be stored in the same area as all other tools and vehicles, in the maintenance yard located adjacent to the office. All debris has and will be brought to the maintenance yard and disposed of via Waste management dumpsters. During the spring/summer seasons we average one (1) dumpster a day. Debris is put in the dumpster and compacted down using the back hoe. He advised that the chipper will be used in the clearing of defensible space, limbs from shrubs as well as for dead trees. Tree trunks are usually taken by staff. We will now chip the limbs which will save space in the dumpsters.

When asked about the danger in relation to the use of this type of equipment, L&M Superintendent Lisenby responded that proper training will be given just as was the case with the other dangerous items we operate such as chainsaws, mowers and backhoes.

President Dennis reiterated that proper training will be provided before anyone uses the wood chipper.

7.3. Architectural Control Committee (ACC):

Secretary Naccarato advised that during the winter months fewer requests are received but now that the warmer weather is coming, it is anticipated that more request will be received for each meeting. The ACC meets twice a month except in November and December.

7.4. Finance & Budget Committee (F&B);

This was covered by Treasurer Ames during item 6.2.

7.5. Community Events:

Vice President Attaway shared that CRHA received a very nice letter from Alice Smith Elementary School thanking the Caughlin Ranch homeowners for the gifts donated during the Angel Tree event. She read part of the letter and she recommended having it posted to the website. She shared that CRHA received a "Thank You" from the Food Bank that noted that the food and money donated helped to provide 1,864 meals. She thanked GM Olson and her staff for facilitating all these wonderful events.

Vice President Attaway announced that CRHA will have a new event this year; A School Supply Backpack drive. As we all know school supplies have become increasingly costly and most of the time teachers' pay out of their own pockets to provide supplies to their students. The Events Committee would like to start a new program to assist the teachers, parents and students alike. A list of what will be needed in the backpack will be provided, you buy a backpack and fill it and then return it to the office and we will get it to the Volunteers of America organization.

Vice President Attaway reviewed the following Event Schedule for 2019:

- Spring Share Your Wine at Moana Nursery: April 11th
- Garage Sales; individual lots: May 31st, 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: June 30th and every Sunday in July
- Cross Peak Hike (meet behind the Caughlin Club): September 14th
- 9th Annual BBQ at the Village Green Park: September 15th (new time)
- Fall Bird Walk/Watch (meet at Caughlin Ranch office): September 28th
- Garage Sales; individual lots: October 4th, 5th & 6th
- Oktober Fest (previously Holiday Wine) at Moana Nursery: 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

7.7. Community Information & News:

GM Olson provided the following updates:

- Update of last SPS on February 12th; next scheduled for 3:00 p.m. on Wednesday, April 10th, April 24th and May 8th.

- Currently, 3 Bills being tracked concerning HOA's; AB 161, AB 31 and AB 369 (copies included). She advised if anyone has any further interest in any of the bills that pertain to HOA's, to please get in contact with her and she will assist you.
- Inspections for trash cans will continue. There have been some complaints regarding the content of the notices. GM Olson advised that our newest Board Member Helen took the time to review the Courtesy Notice and found it to be appropriate.
- GM Olson continues to work on the Draft Operating Policies & Procedures Handbook.

7.6. Pending Legal Matters & Executive Session Summary:

President Dennis advised that the Association has only one pending legal action that involves a lender who filed a judicial foreclosure action against a homeowner. the only reason CRHA is named is due to the Super priority Lien requirement.

President Dennis 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
- Reviewed Personnel matters

8. New Business:

8.1. Approve revisions to Employee Handbook

GM Olson advised the document was reviewed and edited by Attorney Oliphant's and Drinkwater's offices; it includes revisions to the Holiday Schedule. Also, a policy that was revoked has been incorporated into the Employee Handbook.

Treasure Ames inquired about the wording of item E on page 10, Illegal Harassment Policy and if the wording was actually redundant. GM Olson advised that Attorney Drinkwater's office provided the wording.

Motion: Treasurer Ames moved to approve the revisions to the Employee Handbook as presented; Director Chern seconded. Motion carried unanimously.

8.2. Approve revisions to Seasonal Employee Handbook

GM Olson advised this document pertains to the Seasonal Employees and does not need to include items that are specific to permanent employees. The document was reviewed and edited by Attorney Drinkwater's office.

Treasurer Ames asked for an amendment to the document on page 6 where it is noted that no shorts are to be worn; he mentioned that L&M Superintendent Lisenby often wears shorts. It was pointed out that this is the Seasonal Employee Handbook and includes what is to be worn by those who are operating equipment. L&M Superintendent Lisenby is neither a Seasonal Worker nor does he operate equipment and if he was to operate equipment he would need to be dressed appropriately.

Motion: Director Black moved to approve the revisions to the Seasonal Employee Handbook as presented; Secretary Naccarato seconded. Motion carried unanimously.

8.3. Approve 2019 Reserve Study Financial Updates (4):

GM Olson advised there were five (5) Reserve Studies including the 1070 building. However, the 1070 building has now been combined with the Caughlin Ranch HOA Reserve Study. The Reserve Studies were reviewed by the F&B Committee; no edits were requested. The Final Pine Bluff Reserve Study was paid for by the Builder.

Motion: Treasurer Ames moved to approve the 2019 Reserve Study Financial Updates as presented; Director Black seconded. Motion carried unanimously.

8.4. Approve purchase of new towable wood chipper:

GM Olson advised that the cost is less than 1% of 2019 Budget; therefore, competitive bids are not required. Outdoor Power is the same company from whom we purchase the majority of CRHA's equipment. 2018 Trash Hauling costs totaled \$22,982; all CRHA's green waste is placed in the Waste Management dumpster. Superintendent Lisenby estimates the chipper will cut down at least 20% of the WM dumpster costs in 2019. GM Olson advised the 2019 Trash Hauling Budget is \$23,863.

President Dennis shared that L&M Superintendent Lisenby was able to get a 5% discount for being a repeat customer.

Vice President Attaway asked if the insurance company knows that this type of equipment is being added to the operations of the equipment.

GM Olson advised that notification is given immediately upon purchase.

Vice President Attaway asked that GM Olson speak to CRHA's insurance agency to inform them we are getting a wood chipper. Not just in case it is stolen but, for any liability associated with its use.

Secretary Naccarato thanked L&M Superintendent Lisenby for his help in researching information and providing answers to various questions.

Treasurer Ames expressed that the wood chipper would be needed more now which could save money in the future as more trees grow and mature.

Motion: Treasurer Ames moved to approve the purchase of the new towable wood chipper as presented; Director Chern seconded. Discussion ensued. Motion carried unanimously.

8.5. Consider purchasing Earthquake Insurance for 1070 Caughlin Crossing:

GM Olson advised that after a recent earthquake in Alaska she thought it would be prudent to get a quote for the 1070 office building as well as the 1050 maintenance building. The quote was provided by Alpine Insurance.

Motion: Vice President Attaway moved to approve the purchase of Earthquake Insurance for 1070 Caughlin Crossing and 1050 Caughlin Crossing as presented; Treasurer Ames seconded. Motion carried unanimously.

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8.6. Approve CAI's Legislative Action Committee 2019 Contribution of \$1.00 per Door:

GM Olson shared that CRHA began contributing in 2016. CRHA has 2,259 units; 2019 Budget is \$2,259.

Motion: Treasurer Ames moved to approve the CAI's Legislative Action Committee 2019 Contribution of \$1.00 per door for a total of \$2,259.00 as presented; Director Black seconded. Motion carried unanimously.

8.7. Approve Agreement with Engineer Seth Padovan to inspect and report on common area rock walls:

GM Olson found CRHA has common area rockery walls exceeding 4' in height. She contacted Engineer Seth Padovan for a proposal to identify where and what type of rockery walls exist within the CRHA common areas. Once completed, he will provide another proposal to prepare a maintenance schedule that will identify any necessary repairs.

Director Black asked if this was because of the recent issue that another association has encountered. GM Olson responded that there is currently no issue here, but CRHA should identify the common area elements so if there is an issue it can be addressed.

Treasurer Ames added that if there are any repairs necessary it will require a report so that the cost can be added to the reserve study and a subsequent budget.

Motion: Secretary Naccarato moved to approve the Agreement with Engineer Seth Padovan to inspect and report on common area rock walls as presented; Treasurer Ames seconded. Motion carried unanimously.

9. Member Comments:

Juniper Trails homeowner, Margaret Tippet thanked L&M Superintendent Lisenby and his crew for all the snow removal on the paths this winter because getting around without it would have been tough.

President Dennis commented that the snow removal was completed with a skeleton crew and that they somehow managed to keep up with it all.

VPHOA President made two points, first of which was that the accounting by the CRHA Attorney regarding the number of letters issued for CC&R compliance by CRHA in the Vista Pointe neighborhood being 58; this accounting was useless to anybody because if there were 46 trash cans and only 3 dealing with fences then that is a real significant difference in terms of what is being done. He then made a comment about an e-mail that was issued by GM Olson in June of last year to the then VPHOA President advising that she received several complaints from VPHOA owners regarding the lack of maintenance within their neighborhood. She advised the VPHOA should not rely solely on the CRHA Master Association to address violations of the Use Restrictions within your Sub-association. He stated that VPHOA believes this demonstrates that the 58 number that was counted by CRHA counsel is not a complete number.

President Dennis commented that it is not CRHA's issue to debate or to solve this ongoing issue that was brought to the Board and referred to counsel. Counsel made a determination and supplied a response and if the VPHOA is still in disagreement, there is a procedure for dealing with that, but this is not the venue to cure this issue.

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Vice President Attaway announced that the New Caughlin Ranch website, www.caughlinhoa.com is up and running. We are still in the process of learning how to update the database, but it is up.

President Dennis encouraged everyone to take a look at the new website and thanked Vice President Attaway, Director Chern, Bookkeeper Wheeler and Gloria for their work to get this up and running.

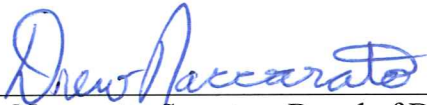
10. Announce Future Meeting Dates & Adjourn:

President Dennis announced the next scheduled Strategic Planning Sessions: 3:00 p.m. on Wednesday, April 10th, April 24th and May 8th.

Board Agenda Workshop; 4:00 p.m., Tuesday, May 28th (Monday is a holiday), Board of Directors Executive Session 4:30 p.m., Board General Business Meeting 6:00 p.m. Wednesday, May 29th.

Motion: Secretary Naccarato moved to adjourn the meeting at 7:12 p.m.; Treasurer Ames seconded. Motion carried unanimously.

Subsequently approved at a duly noticed Board of Directors Meeting on May 29, 2019.



Drew Naccarato, Secretary Board of Directors
Caughlin Ranch Homeowners Association