

**CAUGHLIN RANCH HOMEOWNERS ASSOCIATION
MINUTES OF THE BOARD OF DIRECTORS' QUARTERLY MEETING
NOVEMBER 17, 2008, 6:00 PM**

The following issues were discussed at the November 17, 2008 meeting of the Board of Directors of the Caughlin Ranch Homeowners ("Association or CRHA"). The meeting was held pursuant to notice on November 17, 2008, at 6:00 p.m. at the Caughlin Ranch Elementary School, 4885 Village Green Parkway, Reno, Nevada. The following Directors were in attendance William Magrath, Jeannie Cassinelli, Millie Burke, Gail Sande, Michael Ginsburg, Chris Simon, and Grant Sims. Also in attendance were Michael Trudell, General Manager, Linda Marino, Administrative Assistant, Randy Lisenby, Landscape Supervisor, Katrina Rehkop, Secretary, Carol Hunter, Assistant Manager and Michael Chapman, Legal Counsel for the Association. Attached is a sign in sheet for the members who attended.

HOMEOWNER COMMENTS

Chairman Magrath called the meeting to order. It was noted there was a quorum to conduct business. Chairman Magrath stated that the first item on the agenda was homeowner comments. He asked if there was any comment. There being none, Chairman Magrath moved on to the next agenda item.

The Manager stated that a Juniper Trails homeowner requested that the issue of on-street parking in cul-de-sacs in certain neighborhoods be placed on the agenda. The Board directed the Manager to place this item on the agenda for the February 2009 Board meeting.

LANDSCAPE REPORT

Randy Lisenby, Landscape Supervisor, provided the Board with a landscape report. He reported that the full year landscaping crew was in the process of cleaning up leaves, fall pruning and they will be repairing and painting the Caughlin Ranch monument signs (upper and lower). He added that the Westpoint monument sign was hit by a vehicle and is in process of being repaired. The Village Green Park and the Juniper Trails sign will also be painted. He added that the Caughlin Crest playground equipment is scheduled to be sanded. The following week, the crew will start on the holiday lights. He concluded that the Village Green Park volleyball court drainage project and Caughlin Parkway bridge maintenance will need to be scheduled. Director Burke asked if he was planning to upgrade the holiday lights. Mr. Lisenby indicated he would take what ever action the Board directed.

APPROVAL OF THE MINUTES OF PRIOR BOARD MEETINGS

The Board discussed the minutes from September 22 and October 6, 2008. Chairman Magrath asked if there were any corrections or comments to the revised draft of the September 22 Board Meeting Minutes. There were none. Upon a motion and a second, the Board approved the September 22, 2008 Minutes by a majority vote. Director Sande abstained. Chairman Magrath asked if there were comments or corrections to the revised draft of the October 6 Board Meeting Minutes. There were none. Upon a motion and a second, the Board unanimously approved the October 6, 2008 Minutes.

BUDGET REPORT

The Manager provided the Board with an update on the 2008 Budget as of September 30, 2008. The Manager noted that while the 2008 Budget showed membership dues of \$1,503,594.00 would be received through September; however, \$1,496,477.94 has been received, leaving a deficit of <\$7,116.06> in membership dues through the month of September. The Manager reported that the quarter ending September 30, 2008 has been reconciled by the Association's accountant. The Manager indicated that the irrigation budget line item is over budget by \$38,602.37. Attached hereto as Exhibit A are the balances of the Association's accounts as of September 30, 2008.

APPROVAL OF 2009 BUDGET

Chairman Magrath explained that a quorum of Association members was not present at the Association's Annual Members' Meeting on November 13, 2008. As a result, Chairman Magrath stated that pursuant to NRS 116.31151, unless at that annual members' meeting a majority of all units' owners, or any larger vote specified in the declaration, reject the proposed 2009 Budget, whether or not a quorum is present, the Association's proposed 2009 Budget is ratified in accordance with Chapter 116 of the Nevada Revised Statutes.

The Board discussed the General Manager's salary. Director Burke proposed a 3.5% percent increase for cost of living. It was noted that the current salary is \$105,000 and would increase to \$108,675. Director Sims stated that the detailed goals and objectives that had been set forth during the Strategic Planning sessions were reviewed and used to measure the merits of a salary increase. The Board noted that the Manager had accomplished all of the goals set by the Board, and the General Manager had made significant improvement in all areas. Chairman Magrath outlined the evaluation process conducted this year of the General Manager. He noted that the facilitator, Mr. Rowland, assisted in this process and his input was greatly appreciated. He stated the Manager's annual evaluation meeting was conducted by Chairman Magrath and Mr. Rowland after the written evaluations were completed by all Board Members. He concluded that the Manager's evaluation process was very thorough and detailed, more so than in previous years. Upon a motion and a second, the Board unanimously voted to approve an increase the Manager's salary by 3.5% for 2009.

The Board discussed the new line item for bad debt in the 2009 Budget. It was agreed the estimated amount for bad debt in the 2009 Budget would be \$10,000. Director Burke stated that the line item for bad debt should be illustrated in the Revenue section of the budget as a negative number. This needs to be confirmed by the Association's accountant. The Board instructed the Manager to correct this amount in the approved 2009 Budget to be sent to the members.

The Board noted there were no homeowners' comments made at the Annual Homeowners' meeting regarding the proposed 2009 Budget or any proposed changes to the 2009 Budget. Upon a motion and a second, the Board unanimously voted to approve the 2009 Budget with no increase in membership assessments.

ELECTION RESULTS FOR 2008-2010 BOARD MEMBERS

Chairman Magrath reported that the meeting of Caughlin Ranch homeowners was held on November 7, 2008 at 1 p.m. at the offices of the accounting firm Grant Thornton. The following homeowners were in attendance Bernard Zager (River Run), Hal Baran (Caughlin Creek), Wayne Wiswell (Heritage on the Green), Larry Morris (Caughlin Creek), and Millie Burke (Juniper Trails). Chairman Magrath reported that the Board had received the Independent Accountants' Report from Grant Thornton with the election results of the election of four members to the Association Board of Directors to serve in 2009 and 2010. Chairman Magrath reported that Grant Thornton reported there were 698 valid ballots and 42 total invalid ballots were received. Chairman Magrath reported the following election results:

<u>CANDIDATES</u>	<u>NUMBER OF VOTES</u>	
Millie Burke, Juniper Trails	468	Elected to 2 Year Term
Gina Pedrini, Eaglesnest	434	Elected to 2 Year Term
Michael Chern, Caughlin Glen	421	Elected to 2 Year Term
<u>Christopher Simon, Caughlin Cottages</u>	<u>403</u>	<u>Elected to 2 Year Term</u>
Tony Termini, Caughlin Cottages	356	
Jan Browne, Caughlin Creek	338	
Norman Huckle, Caughlin Creek	251	
Larry MacNeil (write-in)	7	
Joe Dowden (write in)	2	
Dennis Boyce (write in)	1	
Craig Mitchell (write in)	1	

Richard Moore	(write in)	1
Bob Johnson	(write in)	1
Gordon Foote	(write in)	1

Chairman Magrath congratulated Millie Burke, Gina Pedrini, Michael Chern and Chris Simon. Chairman Magrath, on behalf of the Board and CRHA staff, then thanked outgoing Board members Grant Sims and Michael Ginsburg for their commitment to the Caughlin Ranch Board and their volunteer efforts provided to the Caughlin Ranch community. He stated that in accordance with the Association's governing documents, the newly elected candidates will take office on November 21, 2008 at 5:00 p.m. The four (4) elected Board members have been elected for a two (2) year term. Chairman Magrath also thanked Tony Termini, Norman Huckle, and Jan Browne, and stated that the Board appreciated that seven (7) members had sought election to the Board and encouraged all unsuccessful candidates to consider placing their names on the ballot again next year. All were good candidates and the Board appreciated their interest in the Caughlin Ranch community.

UPDATE ON COMMITTEES

The Manager provided the Board with an update on the various committees created in 2007. He recapped that the Board instructed CRHA staff to solicit members of the Caughlin Ranch community for volunteers to establish several committees, which included a Management Review Committee, Landscape Review Committee, Dues Structure Committee, General Counsel Search Review Committee, Bylaws Review Committee and Community Pride Committee.

The Board discussed the Dues Structure Review Committee. It was agreed that the Dues Structure Review Committee has completed the tasks assigned, and the Board has completed its review of each recommendation. The Board agreed that the Dues Structure Committee has completed its tasks set forth by the Board, that no further action needs to be taken, and that the Committee would no longer continue as a Committee of the Association. .

The Board discussed the Management Review Committee. It was noted the Management Review Committee has provided its recommendations to the Board. The Board has hired Robert Rowland, a management consultant, who has assisted the Board and CRHA with the Strategic Planning for the Association. The Board has continued to establish goals and objectives for the Association and specific tasks for the CRHA manager and staff. The Board agreed that the Management Review Committee has completed the tasks set forth by the Board, that no further action was required of this Committee, and that this Committee would no longer continue as a Committee of the Association..

Chairman Magrath reported that the Bylaws Review Committee had reviewed the existing Bylaws of the Association and had submitted the First Restated Bylaws as its final report to the Board which were adopted and approved by the Board on May 5, 2008. A copy of the First Restated Bylaws was previously provided to all members of the Association and is available on the Association's website. Chairman Magrath commented that this Committee has done a tremendous job, especially the Chairman of the Committee, Steve Jenkins. The Board agreed that the Bylaws Review Committee has completed the tasks set forth by the Board, that no further action was required of this Committee, and that this Committee would no longer continue as a Committee of the Association..

The Manager stated Mike Chern, Chairman of the Landscape Review Committee, was instrumental in effecting changes in the reporting spreadsheet current being used by the Landscape Supervisor. The Manager noted that the Landscape Committee had asked the Board for further direction. The Committee recommended creating maps of the Caughlin Ranch common areas detailing areas of responsibility and types of landscaping. In addition, the Committee recommended that the Board use the Association's website to keep homeowners informed about common area maintenance. The Board asked Mr. Chern for his comments and he stated the Committee has run its course. However, some members have expressed an interest in continuing to serve on this Committee. Director Cassinelli stated that the Landscape Committee members could assist in the water

conservation projects. Chairman Magrath proposed addressing this item in-depth and asked that this item be placed on the agenda for the Board's next strategic planning session. The Board agreed.

The Board discussed the General Counsel Review Committee. It was noted that the Committee members had reviewed four (4) separate responses to the RFP submitted by local law firms. The committee recommended that the Board continue to retain the Law Firm of Michael Chapman to represent the Association as legal counsel. At the October 6 Board meeting, the Board had reviewed the recommendation of the General Counsel Review Committee and voted unanimously to continue to retain attorney Michael Chapman and his law firm as the Association's general counsel. Chairman Magrath added that Michael Chapman has always been successful for the Association in contested matters and is highly competent and respectable. The Board agreed that the General Counsel Review Committee has completed the task set forth by the Board and no further action is required by this Committee.

The Manager reported that the Community Pride Committee has not held any meetings to his knowledge. The Board agreed and no further action was taken.

The Manager noted that the Architectural Control Committee and the Neighborhood Advisory Committee are continuing to be active and continue to provide reports to the Board and valuable services to the Association's members. The Board agreed and no further action was taken.

CC&R VIOLATIONS & CREW SUMMARY REPORT

The Board discussed the written Summaries provided to the Board by CRHA staff regarding CRHA staff's follow up of the CC&R violations and fines. Chairman Magrath stated for the benefit of the members who were present that a detailed report is provided to the Board that shows specific information on all complaints and identifying the response by staff and the progress of any enforcement action by the Association. He added that under the Nevada Revised Statutes, any enforcement action taken by the Association must remain private information and therefore it cannot be disclosed to the members. Director Cassinelli acknowledged the effort that staff has put forth as evidenced in multiple pages of CC&R enforcements. Director Burke thanked Carol Hunter, Assistant Manager, for the work she has done and her role in the Architectural Control Committee. The Board took no further action.

COMMENTS FROM HOMEOWNER'S ANNUAL MEETING

The Board noted there were very few comments from the Association's members at the Annual Homeowners' meeting.

A homeowner asked why the Board was depositing the EIG stock sale funds in the reserve account. Chairman Magrath explained that the Board had requested an opinion from the Association's accountant. The accountant indicated that there would be less tax consequence to the Association if the funds from the stock sale are to be used for reserve items, and not used for general operations and maintenance.

A homeowner asked why the line item for the Association's Medical Insurance was so high. Chairman Magrath indicated that the Association would be seeking competitive bids for medical insurance. Manager Trudell reported that the Association may have limited options due to employees or spouses with pre-existing conditions. He indicated that currently, the medical insurance is through Hometown Health, which is a basic policy. He added that the cost for medical insurance had increased by approximately 10% from the amount in the 2008 Budget. The Manager added that he needed to clarify the response to the question regarding the Association's Medical Insurance. The line item in the Summary Budget which the member asked about includes "Medical Insurance and Benefits." Manager Trudell clarified that he should have clarified that this line item in the Summary Budget represents the cost of medical insurance and the employees' SEP/IRA benefits. The Association's regular 2009 Budget separates these items but these lines were combined in the Summary.

A Mayberry Meadows homeowner asked about the Association's reserves. She stated that it appears that the Association continues to build up reserves, and wanted to know if there is a point when the reserves are

considered to be fully funded. Chairman Magrath explained that there are 2 types of reserves: (1) Reserves required by NRS 116; and (2) Cash reserves. Chairman Magrath stated that the Association is required by NRS Chapter 116 to have adequate reserves for the repair, replacement or restoration of the Association's major common area improvements. The Association is required to update the Reserve Studies every 5 years to determine the amount that must be transferred to the reserve accounts each year. In addition, there is an amount of reasonable cash reserves that a business should maintain. The Board has determined that the Association should maintain a cash reserve equal to 10% of the Association's annual budget. Chairman Magrath stated that in most cases, our homes represent our single largest investment. The Association's Board helps protect that investment by assuring its members that the Association is financially solid. By comparison, Caughlin Ranch is a very solid and financially solvent homeowners' association.

Manager Trudell added that the Caughlin Ranch maintains a third type of reserve account. He indicated that the Park Tax Account is used as an Emergency Reserve by the Association's Board. The funds from that account do not come from assessments (dues) but has been funded over the years by distributions of park tax collections from the City of Reno and Washoe County. This "Park Tax Fund" has been used for the repair and restoration of the Alum Creek channel after several floods (1996, 1997 and 2006). He stated that in the 2009 Budget, much of the proceeds from EIG stock sale in 2008 have been transferred into the Park Tax Fund to replenish the funds spent on the repairs for the 2006 New Years' Eve flood. The existence of this account in the past has prevented the Association from levying a special assessment to cover the repair costs incurred.

A homeowner asked where the Association's reserves are identified in the 2009 Budget. Manager Trudell explained that the reserve funds are illustrated on the line items for the Cash Reserve (Line 55), NRS 116 Reserve (Line 69), Class C Reserve (Line 62) and the Class D Reserve (Line 65). The December 2009 balance for these line items is estimated to be \$1,336,500.

A homeowner asked about the bear activity in Caughlin Ranch. Chairman Magrath stated that his neighbor in Juniper Trails recently discovered remnants of a bear in his yard. He added there were reports of possible bear tracks and droppings near the Steamboat Ditch at several locations. He suggested that homeowners report any bear sightings to CRHA staff and the Nevada Department of Wildlife (775-688-1500). He added that homeowners need to be aware that the bears feed from the trash cans, and he cautioned not to place trash out too early. Director Sande directed CRHA staff to publish a contact number and information for the Nevada Wildlife Division in the next edition of the Caughlin Rancher.

A homeowner asked if the Association had been reimbursed by the contractor who is alleged to have started the Hawken fire. Michael Chapman, the Association's legal counsel, indicated that the Association had not been reimbursed at this time. He added that the Board will need to evaluate the cost of restoration in comparison to the legal costs to file a lawsuit. Chairman Magrath indicated that Mr. Chapman will provide his recommendation to the Board, and the Board would need to make the decision whether or not it would be good business judgment to attempt to collect the costs.

A Mayberry Meadows homeowner indicated that there have been several instances of vandalism in their neighborhood. She asked if anyone in the Caughlin Ranch staff is monitoring the crime statistics. Chairman Magrath stated that homeowners need to report these events to law enforcement and they will monitor the statistics.

A homeowner inquired about an abandoned RV that was reported at the Annual Members' Meeting. Manager Trudell stated that he had determined that this abandoned motor home is not on Association property. He believes it is on Nevada Power's property. CRHA staff were instructed to continue to address this issue and seek resolution.

PROPOSED INCREASE IN TRANSFER FEES

The Board discussed increasing the Association's transfer fees to reimburse the Association for its costs associated with changes in ownership when residences are sold. Director Cassinelli reported that other

homeowners' associations' transfer fees are much higher. She stated that the Caughlin Ranch has not increased its transfer fees in years and is one of the lowest in the area. The Manager noted that the Bylaws must be amended to reflect this change and that the Association would need to amend the Notice of Association charges recorded on properties in Caughlin Ranch Homeowners Association. The Board agreed. Upon a motion and a second, the Board voted unanimously to amend the Bylaws and approved an increase in the transfer fee from \$100 to \$200. The Board directed the Manager to record the Amendment to the Notice of Association Charges to reflect the increase in the transfer fee to \$200.

APPOINTMENT OF MEMBERS TO THE ARCHITECTURAL CONTROL COMMITTEE (ACC).

The Board discussed the staggered terms of the Architectural Control Committee members. The Board noted that the two year term of architect Lezley Barclay would expire in December 2008 and that the terms of Douglas Martin and David Reuter would expire in February 2009. The Board agreed to re-appoint Lezley Barclay, Douglas Martin, and David Reuter, for additional two year terms on the Architectural Control Committee. Upon a motion and a second, the Board unanimously voted to approve the re-appointment these three existing ACC members for a new two (2) year term.

RESPONSE TO CAUGHLIN CREEK GATE II RFP AND CONTACTORS SELECTION

Manager Trudell reported that the Association sent out an RFP to five (5) different electric gate contractors with the qualifications necessary to install the new gate operators at Caughlin Creek Gate II. He stated the deadline for receiving the bids for the proposals was 5:00 pm, November 14, 2008. Only one (1) of the five (5) electric gate contractors provided a bid proposal in response to the RFP.

The Manager explained that during the preparation of the RFP specifications, the intent was to ensure that the Board and the Association would have the required protection for the two (2) year warranty and service guarantee. The Manager stated that although this requirement beyond what most contractors want to provide a customer, at least one contractor agreed that its company could meet the Board's and Association's expectations and provide a "turn-key" project.

Manager Trudell stated that during the 18 years as the manager of the Caughlin Ranch Homeowners Association, homeowners have complained about the hydraulic gate operators at Caughlin Creek Gate II. The homeowners have voiced concerns that there is no battery back-up and in the event of a power outage, Gate II would remain closed. He added that most of the gate malfunctions are in the middle of the night. The hydraulic arms are susceptible to the wind, and constantly require to CRHA staff reset the gate arms, due to high winds, or tie them off in an "Open" position. When the gates are tied in the "Open" position the appearance is highly unprofessional and is not in keeping with Caughlin Ranch standards. In addition, the RFP required that the gate motors be heated to ensure operation during the winter months.

The Manager stated that the Caughlin Creek homeowners have been waiting for these gate improvements for more than one year. He added that further delay would create more dissatisfaction for some homeowners. He added that the Board should consider the peace of mind that will be provided if this project is not delayed and a reliable gate operating system is installed before the end of this year. He agreed that the downside of the tighter specifications in the RFP may have resulted in a bid which exceeds the original proposal obtained for budgeting purposes. However, a portion of the higher costs are related to ensuring that the trenching, asphalt, conduit, and electrical work are completed to the new specifications provided in the RFP. The trench work is required because the original design provided by the developer did not provide for the proper connection between the master and slave design of a two-gate system. In addition, the two (2) year warranty and service guarantee were not included in the original proposal used for budgeting purposes only.

The Manager recommended that the Board award the contract to Tholl Fence for the proposed cost of \$36,910 with the conditions that the Agreement not be executed until the Contractor has provided all of the required insurance documentation and warranty bond specified in the RFP. If the Contractor does not provide the documentation required in the RFP, then the offer to contract will be withdrawn and the RFP will be brought back to the Board for reconsideration. In the event that the Board offers the contract to Tholl Fence for the bid

proposal amount of \$36,910 and the Agreement is executed, the Contractor shall have 45 days to complete the work and the funds for the work will be paid from the Class C Reserve Account.

A Caughlin Creek homeowner commented that he believed it is premature to accept this proposal and that he felt that new motors need to be considered in the RFP. He said he spent considerable time looking at gate design and feels the RFP is incredibly detailed. Excessive details were outlined by Tholl and he feels it was overpriced because of the detail. He also added that the homeowners want the "home-link" feature added. He stated that some of the homeowners want surveillance cameras as well. He stated that a person from Artistic Fence said that company did not receive the RFP. He also felt that too much construction would be required with the present RFP. Director Cassinelli commented that this is similar to the asphalt contractor problem. She commented that the Manager should be allowed to review the responses and make his best recommendation to the Board. She knows Tholl Fence to be a reputable contractor and that "cheaper is not always better." A second Caughlin Creek homeowner stated that while he does not speak for the entire neighborhood, he feels that there cannot be too much detail in an RFP. He also feels that the Manager should be allowed to make an educated, experienced selection. In response to the first homeowner's comments, this member stated that the modifications should not be piece-mealed to different contractors who will not be qualified to maintain the gate.

Manager Trudell responded that he personally hand-delivered the RFPs to four of the five contractors' offices, including Artistic Fence. One RFP was sent via email at the request of a contractor. The Board discussed giving more time for the other contractors to respond to the RFP. Mr. Chapman interjected that all contractors should be kept on even footing. Now that it has been disclosed that Tholl responded to the RFP and the submitted bid amount had been disclosed in public, Mr. Chapman concluded that Tholl Fence would be at a disadvantage if new bids were obtained. Director Simon made a motion to accept the bid from Tholl Fence. Director Ginsburg seconded the motion. The Board discussed the fact that there was only one bid received. It was agreed that the Board had received a valid bid from Tholl Fence and the other contractors had been given the same opportunity to respond, and elected for what ever reason not to respond. The Board voted unanimously to approve the motion to accept the bid from Tholl Fence in the amount of \$36,910.

UPDATE ON THE COTTAGES TREE REPLACEMENT POLICY

Manager Trudell reported he had met with Dr. Kleiner, an Association member and member of the Landscape Committee who is an Emeritus Professor of Biology at UNR with expertise in trees. Dr. Kleiner agreed that a thorough and complete tree inventory needs to be conducted. Manager Trudell requested a time frame of one month to accomplish the initial task of compiling the inventory. A meeting with Dr. Kleiner, the City's Urban Forester, and Director Chris Simon can be conducted to establish guidelines. A meeting can then be held with the homeowners in the Cottages to develop a consensus with the homeowners, and a formal policy can be developed with homeowners input for Board approval. Director Simon recommended the Manager send a letter to the homeowners with hard dates for proposed meetings. The Board agreed and took no further action.

DATES FOR FUTURE STRATEGIC PLANNING SESSIONS AND BOARD MEETINGS

The Board agreed to again retain Bob Rowland as consultant for the Board's Strategic Planning Sessions. The Board agreed to conduct the Strategic Planning sessions on March 14 and August 29, 2009. The Manager reported that the 2009 quarterly Board meetings are scheduled for February 5, May 6, September 21, October 5, and November 16, 2009 at 6:00 p.m. and are in conformance with the Nevada law requiring a meeting to be held every 90 days. The Annual Members' meeting would be held on November 12. Upon a motion and a second, the Board voted unanimously to approve the proposed meeting dates.

CREEKRIDGE SOUTH UNIT THREE-REQUEST TO RELEASE BOND, SECURITY DEPOSIT

The Manager reported the developer of the Creekridge South Unit Three has requested release of the bond. Manager Trudell recommended that the Board accept the Creekridge South Unit Three common area. He noted that a deed will be recorded for the property. The Board agreed to take over ownership and maintain these common areas. Upon a motion and a second, the Board unanimously voted to accept the common area and release the developer's bond and security deposit.

INSURANCE UPDATE – MEDICAL AND WORKERS’ COMPENSATION

The Manager reported that quotes have not yet been received for medical coverage. He reported that Alpine Insurance has submitted a quote from Northwest WorkCare for the Association’s workers’ compensation renewal with a proposed savings in the amount of \$1,174 over the 2008 budgeted amount for workers’ comp. Chairman Magrath asked if more bids were expected before the current policy lapses and the Manager indicated that more bids were expected. The Board discussed the workers’ compensation insurance and noted in the event a lower bids comes in from a responsible insurer before the policy’s renewal date, the Manager be given the authority to accept such a bid. The Board agreed. Upon a motion and a second, the Board unanimously voted to accept the bid from Northwest WorkCare as the Association’s workers’ compensation insurance, or a lower bid from an equally qualified insurance provider, if one is received before the policy’s renewal date.

HOLIDAY LIGHTS

The Board discussed the holiday lights. The Manager reported that several homeowners have requested holiday lights at the entrances to their neighborhoods. He stated that the Association has traditionally placed lights at both main entrances from McCarran into Caughlin Ranch, the entrance at Cashill and in the entrances of River Run Parkway and Mayberry Meadows. He stated that some entrances have electrical problems. He added that certain neighborhoods have asked why they do not get the same benefits as others. Director Ginsburg stated that he feels that if the homeowners from a certain subdivision feel strongly about holiday lights at their entrance, then they should get together as a community and put up lights in their subdivision and get involved. He added that in the past the homeowners in the Evergreen subdivision were active and installed holiday lights. He suggested that it builds a sense of community involvement. He added Caughlin Ranch should pay for the electricity for any lights in a common area, but the individual neighborhoods would be responsible for the installation expense. The Board generally agreed. Upon a motion and a second, the Board unanimously voted to continue the Board’s past policy of putting up the holiday lights at the entrances of Caughlin Ranch at McCarran and Caughlin Parkway (upper and lower), and Cashill; and, at Mayberry and River Run Parkway. Director Burke added that she would like to see additional lights and decorations at the locations discussed. The Board agreed.

CONSIDERATION OF AND VOTE ON BONUSES/INCENTIVES FOR CRHA STAFF

The Board discussed the consideration of potential bonuses for CRHA staff. A chart summarizing the bonuses paid in the past was reviewed by the Board. The Board noted that while this involves certain personnel issues which must remain confidential, the final decision on any bonuses must be made in an open meeting forum. Chairman Magrath stated that the Manager had previously been authorized to disburse \$5,000 among the members of the seasonal landscaping crew at the end of October. He added that Manager Trudell has conducted detailed, individual evaluations for each member of the CRHA staff, and had made recommendations to the Board regarding proposed bonuses for CRHA staff. Chairman Magrath added by law, evaluations are personnel issues and should not be conducted in public.

Director Burke stated the Board should appoint a committee who will (in the future) set policies for each position. There have been on-going issues regarding bonuses and policy that needs to be set. The Board agreed that Directors Burke, Cassinelli, and Simon will be on this subcommittee. Chairman Magrath will serve as an alternate if necessary. Upon a motion and a second, the Board voted unanimously to form a subcommittee with Director Burke chairing the subcommittee.

The Manager noted that bonuses have been recommended based on job performance and accomplishment of goals established for 2008. The Board acknowledged CRHA staff’s hard work with appreciation. The Board approved the Manager’s recommendation and authorized the following bonuses for 2008: Katrina Rehkop \$1,500, Linda Jussen \$2,500, Randy Lisenby \$3,500, Luis Guzman \$2,500, Jose Guardado \$1,500, Martin Venegas \$1,000, Alejandro Chavez \$1,000 and Camilo Martinez \$500.

The Board discussed a bonus for the General Manager. Director Burke stated that this year, more than ever before, the evaluation and review process was very thorough. She added that last year the Manager received \$3,500 and the year before he received \$6,000. Director Burke stated that any bonus for the Manager has to be

connected to his accomplishment of specific goals. This year, the Manager was given detailed goals and duties and with completion dates and parameters that were set and Mr. Trudell has met all the goals and deadlines. Director Burke acknowledged that he has exceeded the Board's expectations. She recommended a \$5,000 bonus. She added that the Manager stepped up and there are definite improvements that are evidenced and the Association is better for it. She concluded that the Manager should be acknowledged and rewarded for his efforts. Chairman Magrath reiterated Director Burke's comments. Chairman Magrath asked if there were any other comments from the members present. Upon a motion and a second, the Board voted unanimously to approve Manager Trudell a \$5,000 bonus.

Chairman Magrath asked if there were any other comments on general business matters. There being none, the Board thanked everyone for attending the meeting and moved into executive session.

EXECUTIVE SESSION (Conducted before the Regular Meeting)

Notice of Lawsuit Alleging Premises Liability-Referral to Insurance

The Association has been served with a Complaint alleging premises liability. The Manager has contacted the Association's insurance carrier, and the insurance carrier is providing legal representation for the Association in this matter.

CC&R Enforcement/Violations

The Board reviewed an appeal of fine and continuation fines for a homeowner. The Board upheld the fine and the continuation fine. The Board acknowledged that the owner of the property must ensure that the property is maintained in conformance with the CC&Rs, even when the property is rented or leased. The continuation fines are assessed until the violation is corrected.

The Board reviewed a complaint that the Association was responsible for costs a homeowner incurred when the owner removed sod from his yard. The Board agreed that the CC&Rs are clear that changes to a property cannot be made until the changes constructed or placed on any lot or parcel are approved by the ACC. The owner had not sought or received ACC approval before the sod was removed. The Board denied the claim.

Settlement with Asphalt Protectors

The Board was notified that a settlement was reached with Asphalt Protectors.

CRHA Employee Evaluations

The Manager provided the Board with his evaluations of CRHA staff and his proposed bonuses for CRHA staff. The Board discussed employee evaluation issues. The Board discussed the Manager's proposed bonuses and the criteria used by the Manager to make recommendations. The Manager indicated that the evaluations of CRHA staff included job performance and accomplishment of goals established for 2008.

Manager Evaluation

The Manager provided the Board with his Professional and Personal Development Plan in response to his written evaluation process. The Board discussed the Manager's Development Plan for 2009. The Board approved the leadership and training seminars proposed by the Manager with the exception that the leadership and training seminars must be specifically related to homeowners' association management and leadership development. The Board required that all seminars and travel be pre-approved by the Board.

The Board discussed the Manager's written evaluation, and discussed potential salary increases for 2009 and bonuses for 2008. Final decision on this matter would take place in the open meeting of the Board.

Respectfully submitted,

Mildred Burke, Secretary

Exhibit A

List of Association Accounts as of September 30, 2008