

CAUGHLIN RANCH HOMEOWNERS ASSOCIATION
MINUTES OF THE BOARD OF DIRECTORS' QUARTERLY MEETING
November 18, 2009, 7:00 P.M.

The following issues were discussed at the November 18, 2009 meeting of the Board of Directors of the Caughlin Ranch Homeowners ("Association" or "CRHA"). The meeting was held pursuant to notice at Caughlin Ranch Elementary School, 4885 Village Green Parkway, Reno, Nevada. The following Directors were in attendance: William Magrath, Jeannie Cassinelli, Millie Burke, Chris Simon, Gina Pedrini, and Michael Chern. Also in attendance were Michael Trudell, General Manager, John Magness, Assistant Manager, Linda Jussen, Administrative Assistant, Katrina Rehkop, Secretary, Randy Lisenby, Landscape Supervisor, and Michael Chapman, Legal Counsel for the Association. Attached is a sign in sheet for the members who attended.

Director Cassinelli provided a presentation to William Magrath in appreciation for his 21 years of service as a member of the CRHA Board of Directors and who will retire from the Board at the end of his term on November 21, 2009. Director Cassinelli presented William Magrath, with a plaque for his years of service and volunteering his time to the Caughlin Ranch community.

During the presentation, Director Cassinelli provided the following statement in honor of William Magrath. She stated Director Magrath was appointed to the Board in 1988. She summarized the number of hours Director Magrath has unselfishly given, conservatively over 21 years, it adds up to approximately 6,000 hours: 105 board meetings, 420 hours; 105 executive sessions, 290 hours; 21 annual walk through, 105 hours; plus 1 year of battling the reform board, 40 hours. That doesn't count the miscellaneous activity, miscellaneous HOA activities, legislative sessions, fine hearings, answering communications and e-mails. Sometimes we see e-mails from Bill sent at 1:00 AM. On average, this is equal to 20 hours a month. In addition, if Bill Magrath was a full time employee, he would have been employed two years and nine months with no pay. She concluded that's total commitment and dedication to this Association. She turned to Director Magrath and said, "Bill, this Association and its members cannot thank you enough for what you have given so unselfishly to us. You started in the infancy of this Association back in 1998 and made it what it is today; one of the most prestigious homeowners associations in northern Nevada. Bill has fought many battles for us overseeing the recovery of \$200,000 in legal fees in the Pappas litigation, spending numerous hours in Carson City on your own time addressing legislative issues affecting homeowners associations, and also in numerous times at the City Council and planning commission on various homeowners' issues. Most importantly you are the encyclopedia of this Ranch. You know and remember everything going back to 1988. Speaking for myself, as well as for the staff and the homeowners who are here and the homeowners who are not here tonight, there will never, ever, be another Bill Magrath on this board. You will be sorely missed but it's time for you take your 6000 hours and enjoy it with Judy and your family, and even though she's not here tonight, please thank her for giving you to us. We know you love this Association and you have proven it over the last 21 years."

Chairman Magrath stated it has been a labor of love. He stated that he is proud of the fact that Caughlin Ranch has a wonderful reputation and is one of the best places to live. He is also proud of the fact that Caughlin Ranch is known to a lot of legislators and Caughlin Ranch has had a positive impact there. He said that he will be available to assist in any way he can in the future.

Chairman Magrath then took a moment to acknowledge Gail Sande, although she couldn't be at the meeting. Director Sande needs to be thanked. Gail served during the most tumultuous time with the reform board attending very confrontational meetings. She is now the head of the KNPB board, the public broadcasting affiliate here in Reno. Caughlin Ranch would not be what it is today without her service.

Chairman Magrath also acknowledged Jeannie Cassinelli's years of service to the Caughlin Ranch Board. He stated that Director Cassinelli has served on the Board twice and is the founder of the Neighborhood Advisory Committee. He stated that she and her husband really stepped up when the reform board tried to take over the Caughlin Ranch. He presented her with a plaque of appreciation for her volunteer service to the Caughlin Ranch community.

Chairman Magrath called the meeting to order. It was noted there was a quorum to conduct business. Chairman Magrath stated that the Nevada Legislature has adopted a new law requiring the Board to allow any members comments at both the beginning and the end of an executive board meeting. He stated comments at the beginning of each meeting must be limited to items on the agenda. He stated the homeowners' comments on any topic (not on the agenda) must wait until the end of the meeting. Chairman Magrath asked if there were any comments on any item on the agenda.

Larry Winkler reported that there is about \$3,000 left in the Concerned Caughlin Ranch Homeowners account. He asked if the Board has any suggestions on how to best use the funds. He added that he was open to suggestions.

LANDSCAPE SUPERVISOR'S REPORT

Randy Lisenby provided the Board with a current update. He reported that the seasonal crews have left, as of October 23rd, so the crew now consists of five men. They are currently working on the holiday lights and cleaning up leaves. He reported that the irrigation systems have been shut down. The crew is also performing equipment maintenance, sign maintenance, attending to trash cans and repairing bridges. He reported that they will be in the processes of draining six of the ponds that will be cleaned this winter.

CONSENT AGENDA

There are eight items on the consent agenda. The items to be approved are as follows: The Manager provided the Board with the 2009 budget report through September 30th. The report indicated that it was projected in the 2009 budget that membership dues of \$1,503,361.53 would be received through September; however, \$1,505,391.10 has been received. Based on the Budget Comparison Cash Flow – Accrual report, there is currently a surplus of approximately \$2,569.57 in membership dues through the month of September. He added that the September Cash Report spreadsheet shows a larger surplus for membership dues.

The Manager reported that quarter ending September 30, 2009 has been reconciled by the Association's accountant. The Manager recommended that the Board approve the third quarter budget report and that the Summary Reserve Balance for September 2009 spreadsheet be attached to the minutes of this meeting as Exhibit A. The Association's other financial records are available at the office.

The next item on the consent agenda was the approval of the September 2 and September 16, 2009 Board minutes.

The Manager recommended that the Board support the Department of Natural Resources and Environmental Sciences of University of Nevada project regarding water quality of the Alum Creek. It was noted that the Alum Creek was recently added to the 303(d) list of impaired waters in Nevada; with problems related E.coli occurrence, temperature, turbidity, and concentrations of total orthophosphorus sulfates, iron and total suspended solids.

The next item on the consent agenda was the summary logs of CC&R Violations & Crew Updates. These are confidential reports (because they contain members' names) that are prepared for the Board.

The next item on the consent agenda was the draft report of the October 10, 2009 Strategic Planning Session. At the Strategic Planning Session, Bob Rowland indicated that the Board members ran out of time, and he was going to provide assignments and general guidelines to the most recent list of Objectives and Tasks. The Manager recommended that the Board review the DRAFT report with the understanding that it is still a working document.

The Board reviewed the resolution of Employees Section 125 POP Plan. The Resolution for the Section 125 Premium Only Plan (POP) is for tax purposes. It addresses the way the employees pay their portion of the medical premiums to have it be tax deductible for employees and the employer saves on payroll taxes (FICA). It is a simple plan that is an IRS approved change in the Association payroll calculation that allows

the employee to use pre-tax salary dollars to pay the employee's portion of the medical benefit premium. Employees are required to fill out a salary reduction contribution form to either elect or decline participation in the POP plan. The Resolution is a formal adoption of the Section 125 POP plan and allows the Association to be in compliance with the latest IRS regulations.

The Board moved item 4.7 the appointment of architectural control committee members from the consent agenda for further discussion.

The Manager recommended approval of the remaining items on the Consent Agenda. Upon a motion and a second, the Board unanimously approved the Consent Agenda items with the exception of item 4.7.

APPOINTMENT OF ARCHITECTURAL CONTROL COMMITTEE MEMBERS

The Board discussed the staggered terms of the Architectural Control Committee members. The Board noted that four of the ACC members' terms will expire. Those members are: Dean Abbott, Jeff Codega, Lew Zaumeyer, and Ken Walters. The Board discussed Ken Walters' term. The Board noted that Ken Walters has recently been elected to the Board of Directors. Director Burke asked that if Mr. Walters is a voting member of both the Board and the ACC, does that cause a problem for our members and could that create a conflict? Director Cassinelli stated that Mr. Walters could abstain from voting in any situation where there is a conflict. A homeowner stated that Mr. Walters' platform during the campaign was that he was an ACC member and wanted to continue to serve on the ACC to help enforce the CC&Rs. Chairman Magrath agreed that if there is an appeal of an ACC decision, that would create a conflict. Mr. Walters could certainly abstain from voting. Chairman Magrath stated that the volunteers give hours and hours of time every two weeks serving on the ACC. Director Burke agreed that his expertise is important. Director Burke stated that she is more concerned with the perception of the Association members that there might be a conflict. Chairman Magrath stated from a practical point of view, there is nothing in the Association's ByLaws that would prevent him for serving on both. He added that Mr. Walters should be commended for wanting to serve. He added historically there have been other members who serve on the Board and on the ACC. The Board agreed to re-appoint Dean Abbott, Jeff Codega, Lew Zaumeyer, and Ken Walters for a two year term on the Architectural Control Committee. Upon a motion and a second, the Board unanimously voted to approve the re-appointment the four existing ACC members for a new two (2) year term ending December 2011.

APPROVAL OF THE MAY 6TH 2009 AND JULY 8, 2009 MINUTES

The Board discussed the approval of the May 6, 2009 and July 8, 2009 minutes. Director Burke requested that the transcripts that she had prepared of the Caughlin Creek irrigation reimbursement be attached to each set of minutes. Legal counsel Michael Chapman stated that he does not agree with attaching the transcripts to the minutes. He feels that if the Board wants to attach transcripts, then a court reporter should be retained. He stated the purpose of the minutes is not to provide a verbatim recap; they are to be a record of actions taken by the Board. He added a staff member could be appointed to prepare a verbatim transcript or a court reporter could be retained. Director Burke asked for clarification whether or not CRHA staff could be directed to do go back and prepare a transcript. Chairman Magrath stated that members should be advised before the meeting begins so that anyone who speaks is aware they will be part of the official record. He suggested that perhaps there could be a statement in the May and July minutes that the transcripts are available for any member. He doesn't feel that the transcript should be attached. He added that NRS requires a record of the action taken, not verbatim transcript. A homeowner asked if there was an archive of the minutes on tape. Chairman Magrath stated that Nevada law now requires that board meetings be taped, and members can request a copy of the tape at no charge. Director Burke stated she was dissatisfied when she went back through the history of the 1997 and 1998 minutes, and the notation that "item discussed" had no detail regarding the discussion or decision of this issue, and that she was frustrated especially about this critical issue. Chapman agreed with Chairman Magrath, and he suggested that the statement indicate that a transcript is available, however not be made part of the official record of the minutes, but have it be available for any one who requests a copy of the transcript. Director Pedrini stated that the Caughlin Creek reimbursement issue was serious enough that the transcription should be included. Director Cassinelli

reiterated that the Board should strongly consider the attorney's legal opinion. She moved that the transcript be noted in a statement and kept as an unofficial record. Chapman restated that there should be a clarification that the transcript is unofficial. Upon a motion and a second, the Board unanimously approved the May 6, 2009 and July 8, 2009 minutes along with a change in the minutes noting that a transcript is available, and that the transcript be kept as an unofficial record.

LEASE AGREEMENT FOR 1100 CAUGHLIN CROSSING

The Board discussed the lease agreement for the association's office. Manager Trudell reported that the Board directed him to contact the landlord and provide the Board with a new lease agreement. The Landlord proposed that the Association enter into a new lease agreement for a period of three years, and offered to reduce the monthly rent by \$50. Director Pedrini requested the square footage of the office be provided to the Board, so a comparison to other office space could be made by the Board. The Manager reported that the office space is approximately 1,280 square feet; and does not include the loft (200 square feet) where the Association stores the achieves of house plans and the development in Caughlin Ranch, material samples of homes under construction and boxes of office documents (required by NRS 116 to be retained). The rental price per square foot is approximately \$1.44 per square foot per month. The Manager reported that he had found a rate that was less per square feet, but that location was about half of the size. The Manager stated that the benefit of being adjacent to the maintenance shop is to be considered. Chairman Magrath directed legal counsel's to review the terms of the lease agreement. Upon a motion and a second the Board unanimously approved the three year lease upon review by legal counsel, and subject to any changes he suggests to the lease agreement.

UPDATE ON CAUGHLIN CREEK IRRIGATION SUBCOMMITTEE

Chairman Magrath reported, as follows, on the findings of the CCRK Irrigation Subcommittee relative to their research into the irrigation water reimbursement issue: In April, 2009, a study was conducted to determine the amount of water that irrigates private front yards within Caughlin Creek because there has been an issue as to whether or not Caughlin Ranch is being fully reimbursed under an agreement reached in 1998. This year it was discovered that the amount budgeted by Caughlin Creek for front yard irrigation was based on calculations from the 1998 agreement. It was further discovered that those calculations are in error, and consequently, the budgeted amount does not adequately compensate Caughlin Ranch for irrigation of Caughlin Creek's private front yards.

The under-reimbursement was figured to be approximately \$16,000 for 2009. Caughlin Creek held a meeting and sought a special assessment from its members to make up the difference, and the sum of \$260 was charged to the 63 members of Caughlin Creek as a special assessment so that Caughlin Creek could pay in full the value of the water that irrigated their front yards in 2009. This discovery raised the issue of obvious under payment for the past ten years.

The Committee studied both sides of the issue. Caughlin Creek members are also members of Caughlin Ranch and pay dues to both Associations. Committees from both Associations met and assessed the situation and have come up with a recommendation that they hope both Boards will approve.

Chairman Magrath described the Committees' analysis as follows: The watering systems for the common areas and the Caughlin Creek private front yards are intermingled. Ten years ago a mutual mistake was made in estimating the square footage of the front yards of Caughlin Creek private homes compared to the Caughlin Creek common areas. An actual survey was not done at that time. In fact, a survey was not done until April of 2009. The 2009 survey indicates that an error was made in the 1998 calculations and as a result, Caughlin Ranch has been inadequately compensated for the ten years that this mistake has existed.

Chairman Magrath emphasized that neither side should be faulted for the error. The Committee's conclusion is as follows: In view of the fact that no single party is responsible for the ten-year mistake, the two sides should split the reimbursement 50/50, with Caughlin Ranch and Caughlin Creek each absorbing five years. Caughlin Creek has already paid for one of those years. Therefore, Caughlin Creek will be responsible for

four additional years of the under-reimbursement, which becomes the following: \$260 per unit of the 63 units in Caughlin Creek times four years, totaling \$1,040 per unit. The Caughlin Creek committee has advised us that they, too, will be recommending this agreement to their Board of Directors. Chairman Magrath suggested that in light of this analysis and compromise, the Caughlin Ranch Board should approve reimbursement from Caughlin Creek to Caughlin Ranch, through a special assessment process, for four years of reimbursement as described above. He noted the details of the assessment process would be up to the Caughlin Creek Committee and Board of Directors.

Additionally, the Caughlin Ranch attorney recommended that an addendum be made to the 1998 agreement, clearly describing what is being done and why it is being done. The addendum would also release all claims to the past water reimbursement. The committee recommends a water survey at least once every two years during the peak watering season. They also agreed that details can be worked out between the Boards in future years.

Chairman Magrath noted that ideally two separate irrigation systems would make things simple, but it would be economically foolhardy to consider a major irrigation system modification at this time. In the future, however, to the extent that Caughlin Creek wants Caughlin Ranch to continue to maintain front yard irrigation inside private property at Caughlin Creek, we will do so, but expenses incurred will be recorded by Caughlin Creek address and invoiced to Caughlin Creek to seek reimbursement on a monthly basis. This will ensure that Caughlin Creek receives documentation of any work done. In case of a significant expense such as a broken major valve replacement, there will be a pro-rata sharing of associated expenses.

Chairman Magrath recommended that the Caughlin Ranch Board approve the proposed settlement contingent upon the Caughlin Creek Board's approval, and that the Caughlin Ranch lawyer will prepare an official addendum to the 1998 agreement that will provide Caughlin Creek and Caughlin Ranch with a clear, documented understanding of this compromise. Chairman Magrath asked if there were any Caughlin Creek members present, who would not agree with the recommended compromise; no one disagreed. A motion was made and seconded to accept the tentative agreement, subject to an amendment to the 1998 agreement to be provided by the Caughlin Ranch Attorney. Motion carried unanimously.

Chairman Magrath and Director Burke expressed their appreciation for the cooperation and willingness shown by the Caughlin Creek Committee and Association members in reaching a compromise.

CONSIDERATION OF POTENTIAL BONUSES/INCENTIVES FOR CRHA STAFF

Chairman Magrath provided an explanation that the Board had approved new policy that was implemented this year for the Salary and Bonus Structure. He stated that the Board made adjustments according to industry standards. It was determined that all salary or pay adjustments must be based on position in the pay scale and level of job performance. He reported under the new salary and bonus structure policy, all employees whose salary are at or exceed the 75th percentile range are eligible only for a wage increase equal to a cost of living increase based on the Consumer Price Index (CPI) Western Urban. These employees are Mike Trudell, Linda Jussen, Randy Lisenby, and Katrina Rehkop. He stated there could be a cost of living increase but the final CPI for the year has not been determined. Chairman Magrath recommended that the new board make a final decision at its meeting on January 6, 2010.

He stated the second issue is staff bonuses. He reported that the new bonus structure provides for different levels of job performance and work that far exceeds the current job description. Manager has conducted evaluation on each employee and has provided the Board with his recommendations. He stated that the General Manager's evaluation will be conducted this year and the Board will go through the same process as last year. Chairman Magrath added that it is only fair the Manager's evaluation to be conduct by this Board. He stated that the Manager's recommendation for eligibility for the gold bonus, which is based on 4% of the employees annual salary, are the two top performing employee's: Linda Marino for her accomplishment on the lockbox system and Luis Martinez for his ongoing contribution to the maintenance to the Association's common areas. He reported that the two employees recommended for the silver bonus, which is based on 2%

of their annual salary, are Katrina Rehkop and Randy Lisenby. He concluded that the four remaining employees are recommended for the bronze level, which is based 1% of their annual salary, are John Magness, Jose Guardado, Martin Venegas and Alejandro Chavez.

A homeowner stated he feels no bonuses should be paid. He feels that income levels are down nation wide and state wide, so no bonuses are warranted. He said homeowners are shocked about the whole issue. He feels we should cut 10 to 15% from wages and benefits. Labor is 51% of our budget. Director Burke asked the homeowner if he was aware of the new salary structure policy put into place this year. He stated he was not familiar with the Board's new policy. Director Burke responded and clarified the new policy was implemented this year and a lot of the homeowner's concerns have already been addressed. She added that extensive research was conducted and because of the research, salaries have been capped. She stated this Board has reacted in a responsible manner. There should not be an assumption that raises will be awarded just because there is a budgeted amount. She added that there will be a 62% decrease in bonuses awarded this year as compared to last year. This Board has tried very hard to be responsible. Chairman Magrath asked for clarification about the Employee Benefit Committee. The Board noted that the committee members would be appointed in January when the new Board members are in office. The homeowner was invited to join the committee and assist the benefit review committee.

Chairman Magrath stated that we do represent ourselves to be a premier association and that is due to our premier employees. Chairman Magrath stated that the Board has reduced the amount budgeted for bonuses. The homeowner feels that no matter what there should be no bonuses no matter how reduced. Director Cassinelli stated that the new Board should take a closer look at the bonus structure next year. She added that Caughlin Ranch employees are paid well and she does not support bonuses this year, based on the state of the economy. Chairman Magrath stated that he feels the Board should follow the policy they have implemented. Director Chern stated that in reality that the aggregate salaries are going to be lower this year. He added, "Under state law, our primary charter is to protect and preserve the quality of Caughlin Ranch." It's not necessarily to reduce costs of Caughlin Ranch but we have all been working to that extent including staff." He added, "Preserving the quality of the Ranch is one of the key legal directives under NRS 116 and that makes us a lot different really from the City of Reno or the University." The motion was made and seconded to accept the Manager's recommendation for bonuses in accordance with the Board's new policy. Chairman Magrath, Director Pedrini, and Director Chern voted affirmative. Director Cassinelli, Director Simon, and Director Burke voted nay. The motion was not approved. Director Pedrini stated for the record that the Board has made an effort to respond to the requests from the homeowners just in showing the reduction from \$26,145 that was budgeted as anticipated; realizing that amount had come down from \$26,145 to about \$7,800.

ASSOCIATION'S DISASTER RECOVERY PLAN FOR COMPUTER DATA

Manager Trudell reported that the CFO Group commented in the SAS 112 letter that the Association's disaster recovery plan is not in conformance with their recommendations. The Manager has met with the Association's IT consultant, Mason Vonnahme, of Cypress Systems. The Manager discussed ways to improve the Association's Disaster Recovery Plan. He stated that Mr. Vonnahme has suggested that the Association purchase new software, Symantec Backup Exec Small Business Server Standard Edition 12.5, so that the Association's back up data can be encrypted. He added that Chapter 603A of NRS (as amended by SB 227), would allow for data to be stored off site if it was encrypted. The new policy would require that the data storage media be removed daily and returned the following business day, to ensure that a back up of the Association's computer data is safely stored off site, and the storage media is returned to the Association's office, as allowed by the amendment to state law. The Board discussed the disaster plan recovery. Director Chern agreed that the proposed policy was a good start, but did not satisfy all of his concerns. He stated that the recovery plan must have a step by step detail of how it works and how it is implemented in the event of a disaster. Director Burke stated that she did not feel comfortable taking the backup tapes off site. The Board directed staff to have Cypress System provide a step by step detailed policy and to contact other vendors for off site storage. Upon a motion and a second, the Board approved the proposal from Cypress Systems for the software update.

REPORT ON THE OCTOBER 28, 2009 ADVISORY COMMITTEE

On October 28, 2009 the Caughlin Ranch Neighborhood Advisory Committee met. Director Pedrini, Director Millie Burke, and Director Simon attended the meeting. Director Pedrini provided the Board with a summary report on the various issues that were discussed at the meeting. The Board approved the October 28, 2009 Advisory Committee meeting report.

REVIEW ESTIMATES FOR WALKWAY MAYBERRY TO RIVERBERRY DRIVE

The Manager reported that the Association received three estimates for the walkway for Mayberry Drive to Riverberry Drive. He stated it was represented in the bids that that the City of Reno may not require the construction of an ADA ramp at River Run Parkway and Riverberry Drive, if the side walk is connected from the ADA ramp at Mayberry Drive and River Run Parkway to the existing sidewalk on the south side of Riverberry Drive. He stated that, in his opinion, this does not mean that the new sidewalk would comply with ADA requirements, ADA is a federal law; it simply means that the City of Reno may issue a permit for the sidewalk without the construction of the ADA ramp.

Manager Trudell explained that all of these bids assume that Lisenby and the Association's crew would be responsible for the removal of 8 inches of excavated material and preparation of the sub-grade. The construction of the sidewalk would also require the relocation of all of the irrigation equipment, controls, and electrical systems and the removal of the existing landscaping at the southeast corner of the intersection of River Run Parkway and Riverberry Drive. If the Board pursues the option, that does not include engineering, testing, and inspection, it is the Manager's opinion that if the concrete or the asphalt fail at any point in the future, the contractor is not liable for the replacement of the concrete or the asphalt. The Association would assume all the risk.

The Manager recommended accepting the Valley Concrete proposal and accept the bid with the option for ADA compliance; he further recommended transferring the necessary funds out of the park tax account (this account is not a reserve fund and the sidewalk would be a recreational facility used by the General Public). The Board agreed and added that the construction of the two (2) ADA ramps should not exceed the \$2,500. The Board directed Lisenby and the crew to be responsible for removal of the plant material, relocate the irrigation system and the excavation. Upon a motion and a second, the Board by a majority vote accepted the proposal from Valley Concrete and that the funds would be transferred from the Park Tax account to cover the expense. Director Cassinelli abstained from voting as she is related to the owner of Valley Concrete.

POLICY REGARDING FORECLOSURES & POTENTIAL CRHA MAINTENANCE

The Board discussed the policy regarding the foreclosure and the potential maintenance of foreclosed properties by the Association. The Manager reported that changes in NRS 116 now allow associations to enter private properties, which are in foreclosure, and perform maintenance, and then impose a lien to recover expenses. The Manager noted that it has been the policy of the Caughlin Ranch Board, based on advice from the Association's legal counsel that the Association's employees not enter onto a homeowner's property without permission from the property owner, due to concerns about trespassing and liability. The Manager reported that during the most recent legislative session, the Nevada Legislature adopted a new law that allows the Association crews to enter onto a property that is in foreclosure to maintain the exterior of the unit, including landscaping, and not be liable for trespass. The Board directed legal counsel to review this new law and the liability issues and bring this matter back to the Board for review.

MEDIANS ON CAUGHLIN PARKWAY

An Advisory Committee questioned why the existing mugo pines were removed and replaced with less attractive plant material along the medians on Caughlin Parkway. Manager Trudell reported that the clean up of the medians was in response to a Board directive initiated by homeowners requesting to provide better visibility for site distance and traffic safety issues. The Board agreed and no further action was taken.

SPEEDING ON CAUGHLIN PARKWAY

At the Advisory Committee meeting, members were concerned about vehicle speeding issues on Caughlin Parkway. Manager Trudell stated this issue has been brought up in the past and the Association contacted the City of Reno and requested that they provide more traffic controls in the area. Additional speed signs were installed and a traffic calming device was present at one time. At the 10/28/09 Advisory Committee meeting a member commented about the possibility of installing a solar powered speed limit sign, similar to the one installed in the Caughlin Ranch Elementary School's zone. Manager Trudell stated the cost for the solar speed sign is approximately \$5,000. The Board discussed the additional speed signs and directed staff to contact the City of Reno and Ward One, and to investigate different options. The Board took no further action.

POSTING ADVISORY COMMITTEE MEMBERS ON THE WEB-SITE

Director Pedrini stated that a comment was made at the Advisory Committee meeting that being on the committee is to act as a liaison and it can be difficult to get in touch with someone on the committee if there is no contact information available. Manager Trudell stated at the request of previous Board CRHA staff has contact each member on the Advisory Committee to see if they were interested in placing their personal contact information on the Association's website. There were only a couple who responded and many did not. He added this information is made public and this could be a liability issue. He stated that the Board may want the Advisory members to provide a statement in writing that allows their personal contact information be posted on the Association's website, prior to posting any personal contact information. He stated a waiver similar to the email authorization might be appropriate. The Board agreed and directed legal counsel to review Nevada law and the liability issue and report back to the Board.

REQUEST FOR MAINTENANCE OF FENCE DAMAGE IN MAYBERRY MEADOWS

The Board discussed the maintenance of the fence damage in Mayberry Meadows. The Manager reported that a section of fencing was removed by the Association's crew at the direction of the Board. A homeowner complained about the damage to her fence caused by the Association's crew when a section of the fence was removed. The Manager reported that staff has sent letters for maintenance of the fences. Many homeowners have commented that the fence was damaged by the Association's crew with weed eaters and overhead sprinklers. The Manager stated that he has instructed that Mr. Lisenby to have the Association's crew repair the damaged area in response to one complaint, and paint the area where the damage occurred. The Board agreed and requested Lisenby to replace the end cap on the fence. The Board discussed the fence repair for the other fences in Mayberry Meadows Unit 4. The Board postponed further discussion on this issue until the Board schedules the Board policy meeting to review this issue.

REVIEW ESTIMATES FOR HOLIDAY LIGHTS MAYBERRY MEADOWS IV-RIVER RUN PARKWAY AND WESTPOINT ENTRANCE

The Board discussed the holiday lights on Mayberry Drive and River Run Parkway. The Board received complaints last year that the holiday lights were dim at the entrance into the River Run and Mayberry Meadows Unit 4 medians areas. Chairman Magrath stated that he inspected the area, and agreed that the lights were in fact dim. He stated that there was never any electrical outlets installed in these areas by the developer, and the CRHA crew uses the low voltage irrigation electrical system to generate power for the holiday lights. At a subsequent Board meeting, the Board instructed CRHA staff to get bids for providing a new electrical service to those areas. The Manager reported that the proposal received by Action Electric for the River Run entrance is \$10,025 and the proposal for the Westpoint entrance is \$13,300. He added that these expenditures were not approved in the 2009 budget. Director Chern asked if the Board could spend reserve funds. The Manager stated "no" because the reserves are set up for repairs of the major components of the Association's common area improvements (pursuant to the reserve study) and should not be used for additional capital improvements. A homeowner asked why there was only one bid. Lisenby stated that the Association has a long standing relationship with Action Electric. The Manager stated that the issue is that there is no power there now. A separate transformer unit has to be installed and streets must be cut to get power to the medians. The Board agreed that getting more bids was not the answer. The Board discussed the holiday lights and noted that during these tough economic times, it is not feasible to spend the funds. The Board stated that there are several other subdivisions in Caughlin Ranch that have no holiday lights in their

medians. A homeowner asked about solar lights. Manager Trudell stated a large battery would be required and that would be very costly. The Board did not take any further action and extended their apologies to the River Run and the Mayberry Meadows members.

DISCUSSION OF COMMENTS FROM HOMEOWNERS AT 2009 ANNUAL MEETING

The Manager reported that there were few comments made at the annual meeting regarding the 2010 budget. A Juniper Trails homeowner stated that he had conducted a survey of 5 members in Caughlin Ranch protesting the salary wages increases, bonuses and the employee benefits that are provided to the Caughlin Ranch staff.

APPROVAL OF THE CRHA 2010 BUDGET

Chairman Magrath explained that a quorum of Association members was not present at the Association's Annual Members' Meeting on November 12, 2009. 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 2010 Budget, whether or not a quorum is present, the Association's proposed 2010 Budget is ratified in accordance with Chapter 116 of the Nevada Revised Statutes. The Board proposed a balanced budget with a NO increase in members' assessments. The Board may make changes to the 2010 Proposed Budget based on line items that indicated that they were illustrated for budgeting purposes, and were intended not to exceed the amounts illustrated in the 2010 Proposed Budget. The Manager noted that the approved 2010 budget must be sent to the entire membership along with the Board's collection policy. Upon a motion and a second, the Board unanimously voted to approve the 2010 Budget with no increase in membership assessments.

REPORT ON RESULTS OF 2009 BOARD OF DIRECTORS ELECTION

Chairman Magrath reported that the meeting of Caughlin Ranch homeowners was held on November 6, 2009 at the offices of the accounting firm Grant Thornton. Chairman Magrath reported that the Board had received the Independent Accountants' Report from Grant Thornton with the election results of the election of three members to the Association Board of Directors to serve new terms starting in 2010. Chairman Magrath stated that Grant Thornton reported there were 703 valid ballots and 50 invalid ballots were received. Chairman Magrath reported the election results for 2010-2013 Board members in descending order of the number of votes received are as follows: Michael Heffner, Caughlin Creek/DeerCreek, 543 votes; Michele Attaway, Juniper Trails, 540 votes; Ken Walters, Alum Creek, 454 votes. Chairman Magrath stated that Senate Bill 183 passed at the legislature. He reported that the maximum term of office for the executive board has changed from a 2 year term to a 3 year term. He added that this was a very important change in the law to allow HOAs to extend the terms of the executive board members. He reported that the term of office for a member of the executive board will extend to the maximum of a 3 year term requiring the terms to be staggered terms to prevent the majority of positions from being vacant at the same time in accordance with the Nevada Revised Statutes. Chairman Magrath stated that the candidate with the highest number of votes will have a three (3) year term ending in November 2013. He reported that the 2 individuals who receive the second highest votes will receive a two year ending in 2012. He added that Norman Huckle, of Caughlin Creek, received 262 votes; and Al Dennis, of Mayberry Meadows, received 202 votes. He concluded that Michael Heffner has received the highest number of votes; his term will be a 3 year term and expire in 2013. Michele Attaway and Ken Walters will be serving a 2 year terms, their term will expire 2012.

Chairman Magrath thanked all candidates and encouraged members to run for the Board.

BOARD APPOINTMENT OF INTERIM PRESIDENT

Chairman Magrath recommended that the Board appoint an interim President until all of the Officers can be elected at the January 6, 2010 Board meeting. Director Burke was nominated as the interim president of the Board, to take office on November 21, 2009 at 5 p.m. Upon a motion and a second, the Board unanimously appointed Millie Burke as President until the new Board votes for officers.

APPROVE 2010 BOARD OF DIRECTORS MEETING DATES

The Board discussed the proposed 2010 Board of Directors meeting dates and other important dates. Director Pedrini suggested that an additional Neighborhood Advisory Committee Meeting be scheduled for August 19, 2010. The Board agreed. Upon a motion and a second, the Board unanimously approved the 2010 meeting dates.

LEGISLATURE CHANGES IMPACTING DRAFT BOARD MEETING MINUTES

Chairman Magrath provided the Board with two new statutes SB 182 and SB 183 that became in effect October 1, 2009. He stated that the former "30 day" law on draft documents such as meeting minutes or any document which is in the process of being developed for final consideration by the executive board should not be provided to the membership until they are finalized or placed on an agenda for approval by the Board. He added that an "audio tape" is not a document, so the Association could provide members a copy of the audio recording within 30 days. A motion was made that the draft copies of the minutes or any other document will not be available to members in conformance with the amendments for NRS 116. Upon a motion and a second, the Board unanimously approved that the draft copies of the minutes or any other document will not be available to members in conformance with the amendments for NRS 116.

HOMEOWNER COMPLAINTS

The Manager stated that a homeowner has voiced concerns regarding the private tennis lesson being conducted at the Village Green Park. He stated that homeowners have complained that the tennis instructor that uses the Association's tennis courts without following the rules posted on the courts. The problem appears that the instructor books lessons by the hour, and although he is teaching many Association members and their children, he attempts to complete the lesson based on the time he has blocked out, not the rules of the court. In the past the Board has allowed the tennis instructor to use the courts based on following the rules that are posted at the courts. The Board directed staff to contact the tennis instructor. The Board postponed this item until the Board meets to adopt various policies. No further action was taken.

COMMON AREA MODIFICATIONS-BUILDING AND FENCE PROTECTION

The Board postponed this item until the next Board of Directors meeting scheduled for January 6, 2010.

BOARD POLICY AND DIRECTION TO STAFF

The Board discussed the policy on weed and dry grasses for removal for fire protection. The Board agreed that this item be postponed until the Board meets to adopt Board policies. The Board discussed the policy of the replacement of sod for CC&R violations. The Board agreed that this item be postponed until the Board meets to adopt Board policies.

The Manager stated that the statute has changed on the foreclosure procedures. He stated that the lending institutions must mediate before foreclosure is initiated, if requested by the homeowner. He was concerned that his new procedure may impact the Association's collection policy. The Board directed legal counsel to review this matter and report back to the Board.

JUNIPER TRAILS UNIT SEVEN REQUEST FOR CONSTRUCTION OF IMPROVEMENT ON CRHA COMMON AREA DRAINAGE

An Eaglesnest homeowner has requested that the Board authorize the builder of the residence on lot 746 to move excavated material onto the Association's common area and create a berm to divert storm water that travels down the Association's common area onto the private driveway, which provides access to 3 lots, thereby diverting a huge mess. Manager Trudell strongly recommended against allowing any excavated material to be transported onto the Association's common area unless a set of plans are prepared by a civil engineer, the plans are reviewed and approved by the ACC and the contractor obtain a grading permit from Washoe County. The Board recommended legal counsel review the issue. No further action was taken.

BANK OF AMERICA TRUST ACCOUNTS

The Manager reported on the Association trust accounts from Bank of America. He stated that Bank of America is charging service fees based on commercial accounts. The Manager is requesting authorization to

remove the funds from these accounts, and establish new accounts or return the remaining funds to the member. The Board authorized the Manager to change financial institutes at bank that does not charge a fee. Upon a motion and second, the Board unanimously approved the authorization of the Manager to move funds to a bank that does not charge a service fee.

UPDATE ON THE STEAMBOAT DITCH AGREEMENT/RULES & REGULATIONS

The Board instructed the Manager and Michael Chapman to meet with the members of the Steamboat Ditch Company to discuss this matter. The meeting with Steamboat Ditch Company has not taken place. There is no update at this time.

MEMBER COMMENTS (on any topic)

Chairman Magrath stated this part of the agenda has changed in SB 182 to require that the Board allow any member's to comment at the Board meetings at the beginning and at the end of an executive board meeting. Chairman Magrath asked if there were any other comments relating to any topic. There were none.

EXECUTIVE SESSION

The Board discussed a potential settlement agreement with the Association's legal counsel regarding the Caughlin Creek front yard irrigation reimbursement. The Board agreed that if a settlement is reached that the Association's legal counsel needed to prepare an addendum to the 1998 agreement outlining the new terms.

The Manager provided the Board with a brief review of the narrative evaluation of the Association's employees, as required by the Board's new policy. In conformance with the Board's new policy regarding the Association's Salary and Bonus Structure, the Manager provided his recommendations for employee bonuses for 2009. The Board discussed that there was a substantial reduction in bonuses below the amount budgeted for 2009. In addition, it was acknowledged that there has been a 72% reduction in bonuses since 2005, and a 62% reduction from the bonuses approved in 2008. No action was taken in executive session on this matter. Any further action was taken in the open meeting.

There being no further business to come before the Board the meeting was adjourned at 10:00 p.m.

Respectfully submitted,

Mildred Burke, Secretary