

CAUGHLIN RANCH HOMEOWNERS ASSOCIATION
MINUTES OF THE BOARD OF DIRECTORS' QUARTERLY MEETING
FEBRUARY 5, 2009, 6:00 P.M.

The following issues were discussed at the February 5, 2009 meeting of the Board of Directors of the Caughlin Ranch Homeowners ("Association" or "CRHA"). The meeting was held pursuant to notice on February 5, 2009, 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, Chris Simon, Gina Pedrini and Michael Chern. Also in attendance were Michael Trudell, General Manager, Linda Marino, Administrative Assistant, Katrina Rehkop, Secretary and Michael Chapman, Legal Counsel for the Association. Attached is a sign in sheet for the members who attended.

Chairman Magrath called the meeting to order. It was noted there was a quorum to conduct business. Chairman Magrath introduced the Board members and CRHA staff. Chairman Magrath called for member comments.

HOMEOWNER COMMENTS

A homeowner asked about the number of foreclosures the Association is currently experiencing. General Manager Mike Trudell stated that the Association currently has approximately five properties in foreclosure. He added that there are a number of other properties that are severely delinquent. Manager Trudell stated that unlike a lot of homeowners' associations, Caughlin Ranch is very fortunate because there are relative few foreclosures and this economic downturn was factored in during the preparation of the 2009 budget. Manager Trudell reported that the Association has been very successful in the collection of delinquent accounts. The Association has collected assessments for all but one property when there was a transfer of ownership; he added that in all but one case the fines and late fees have also been collected. Per Nevada Revised Statutes, a purchaser at a Trustee's sale can claim that CRHA can only collect six months of past due regular assessments, which may not include fines and late fees.

Chairman Magrath stated that Nevada law provides that if the assessments or fines are not paid, a lien can be recorded against the property. The Association cannot foreclose on a property for the failure to pay a fine – but the obligation to pay the fine plus interest and late charges remains secured by a lien against the property. However, if the Association has recorded a lien for unpaid assessments, the Association can begin the foreclosure process and must do so to receive payment for the assessments needed to fund operations of the Association. Many times a lien results in the people realizing their equity in the home can be sold, unless the account is paid including all fees and costs the Association incurred to process the lien. Under Nevada law, a lien recorded by the Association for unpaid assessments is given a "super priority" status over the first deed of trust on a property assuring the Association payment for up to six months of assessments if a foreclosure occurs of that first deed of trust. The good news is the Association has a low foreclosure rate. The Association does have some delinquencies in assessments; however, the Association has a good collection rate. Director Burke reiterated Manager Trudell's previous statement that the Board was very conscientious of the economy during the 2009 budget process. Included in the 2009 Budget was a line item for bad debt in the amount \$10,000.

A Caughlin Creek Unit 4 homeowner requested that the Board respond to his concerns regarding Caughlin Creek homeowners' front yard water usage. He stated that the water usage issue in Caughlin Creek is a financial accountability responsibility of the Association. He stated that irrigation for the front yards of 63 Caughlin Creek properties comes from water meters that are a part of the Association's common area irrigation systems and that without a system in place to meter their irrigation usage, there is potential that the Association will not be properly reimbursed for this usage. He added that the back-yard and the residences of the 63 Caughlin Creek properties are on individual meters paid by the property owner; however, this omits the water usage for the front yard, and when applicable, the side yard. He added that this situation was created in 1998, when the construction of the DeerCreek subdivision was developed, and the end result was a restructuring of the assessments which evolved into the Class "C" assessment category. At that time, the Caughlin Creek Homeowners Association began reimbursing CRHA for the water usage for the 63 front yards which were watered from the CRHA water meters in the common areas. He suggested that potentially DeerCreek homeowners could be paying for Caughlin Creek front yard water usage since the Class "C" assessments includes maintenance costs (including water use) of common areas. The homeowner asked the Board to consider the following alternatives to obtain accurate water expenditures: (1) install new dedicated water lines and water meters to separate the water pipes irrigating these 63 Caughlin Creek front yards from the current meters which jointly irrigate the 63 Caughlin Creek front yards and the CRHA common areas; (2) require the installation of water meters for the front yard irrigation of each of the 63 individual Caughlin Creek homes to measure individual usage in the front and side yards of each home; or (3) require the 63 Caughlin Creek property owners to redesign their individual irrigation systems to connect the front yard watering system

to the existing backyard watering system.

The homeowner also said that following a survey that was conducted in 1998, an estimate was made in 1998 to determine the amount of water used to water these 63 Caughlin Creek front yard areas from the CRHA meters and that the Caughlin Creek Homeowners Association currently reimburses CRHA for this estimated use. The homeowner stated his belief that the 115 homes in DeerCreek are directly impacted by this water consumption and he concluded that the water usage should be properly accounted for. He also noted that since the 63 different Caughlin Creek properties can't determine how much water is consumed in the watering of their individual front yards and the flower beds, a large disparity can occur from home to home. He concluded that it is the responsibility of the Association to ensure that each of the 63 homes in Caughlin Creek is accurately charged for their water usage. He said that any cost of his three suggested recommendations should be borne by the 63 Caughlin Creek homeowners.

Chairman Magrath explained that CRHA has been annually reimbursed for the water usage for this front yard irrigation of these 63 Caughlin Creek homes since 1998 under an Agreement reached in 1998 which converted the "townhome style" Caughlin Creek development of 63 homes into the new Class C assessment category. Prior to 1998, the Caughlin Creek Homeowners Association was solely responsible for all of the common area maintenance fees for all parts of Caughlin Creek, including the front yards. This neighborhood was designed and developed like a condominium project where the Caughlin Creek HOA paid for all common area irrigation, including the front yards of each of the 63 residences. One single common system of irrigation meters and pipes was installed in this entire area and under the paved private streets, and parking areas. The Caughlin Creek HOA funded this irrigation expense with its assessments directly to the 63 residents. The 63 Caughlin Creek homeowners also paid separate Class A assessments to CRHA. When the Caughlin Creek developer was not successful in the build out of the Caughlin Creek project, the Caughlin Creek HOA Board faced escalating costs of operating and maintaining this separate neighborhood HOA and approached the CRHA Board regarding the possibility of deeding the Caughlin Creek common areas to CRHA – but that this created unique problems because the existing irrigation system in Caughlin Creek did not distinguish between common areas and individual front yards. To attempt to resolve this issue in 1998, the Caughlin Creek homeowners proposed that they would pay Class C assessments to CRHA to pay for the maintenance of the Caughlin Creek common areas which would become the responsibility of CRHA. In addition, the parties agreed that the Caughlin Creek HOA would separately reimburse CRHA for the water consumed irrigating the 63 front and side yards from this common underground system. Chairman Magrath reported that Manager Trudell explained that a formula was developed in 1998 to estimate the percentage of water used by the common area compared with the front yards and that this formula has been used since then. He added that over the years, Manager Trudell reports that the amount of reimbursement has increased each year to reflect that the water rates have been increased. Chairman Magrath said that when the homeowner brought this issue to the his attention, he directed Manager Trudell to work with Randy Lisenby, Landscape Supervisor, to determine an accurate measurement for the front yard irrigation usage in Caughlin Creek. Chairman Magrath stated that the Association's staff should be able to determine if there is a disparity in the current formula and that if Caughlin Creek HOA is not adequately reimbursing the Association for this water usage, there should be an adjustment made to ensure the correct reimbursement is made. Chairman Magrath noted that the proposed requirement that the Caughlin Creek residents install new underground lines and meters or 63 separate meters would be a considerable expense which was not required under the 1998 Agreement. Chairman Magrath directed Manager Trudell to work with Randy Lisenby to complete the calculation and instructed CRHA staff to place this item on the Agenda for the next Board meeting.

A Caughlin Creek homeowner stated that when he purchased his property in Caughlin Creek, it was represented to be a townhome community and the front yard maintenance by the Caughlin Creek HOA was a selling point when he purchased his property. He stated his disagreement with some of the comments made by the other Caughlin Creek/DeerCreek resident which does not take into account that every property is different. He added that his property does have a very small front yard that is being watered by the original irrigation system installed when his neighborhood was developed and he pays his Caughlin Creek HOA assessments to cover this expense. Caughlin Creek HOA then reimburses CRHA. He concluded by stating that he is surrounded by common area on both sides and to the rear of his property.

There were no other comments from members.

THANK YOU RETIRED DIRECTOR MIKE GINSBURG

In appreciation for many years of service as an elected member of the CRHA Board of Directors, Chairman Magrath presented Mike Ginsburg, a Board member who retired from the Board at the end of his term in November, 2008, with a plaque for his years of service and volunteering his time to the Caughlin Ranch community. A similar plaque will be presented to retired Board Member Grant Sims at the next meeting.

DISCUSSION AND CONSIDERATION OF TRANSITION TO LOCKBOX SERVICE

Manager Trudell stated that one of the recommendations from the Association's independent auditors, The CFO Group, was that the Association implement changes to internal controls for processing membership receivables. He added that there is a service known as the Lock Box System for the processing of members' payments. The Lock Box System would free up a considerable amount of CRHA staff's time as staff would not be spending as much time with the manual portions of the process (i.e. opening envelopes, looking up account numbers, and processing the checks). Manager Trudell stated that the service would accomplish two things: (1) The payments would be more secure because staff is not actually handling and processing all the checks; and (2) Once the procedure is established, and it would save a considerable amount of staff's time. He added there would still be some homeowners who choose to come into the Association's office and hand-deliver their check or pay cash. He stated with the new proposed system, those checks would be scanned and the information electronically transferred to the third party company to be included in any reports. He estimated that the Association's staff spends roughly three weeks of every quarter processing checks.

A presentation was made by Craig Huntington, of Alliance Association Financial Services ("Alliance") which is affiliated with First Independent Bank. Mr. Huntington stated that currently CRHA staff prints out statements, and there is additional time preparing the Caughlin Ranch quarterly statement packet. The proposed new Lock Box procedure would require outsourcing the Caughlin Ranch quarterly statements for printing because a routing number and barcode would need to be printed to on the statements for processing. The members' checks would be mailed directly to Alliance. Alliance will open all the envelopes, scan all the checks, and then create a file that is compatible with the Association's current property management/accounting software. The Association would receive daily reports to download into the current Yardi Property Management Software system. Mr. Huntington stated another benefit of this process is that the Association could elect to allow the homeowners an option to make a payment by credit card or an automatic electronic debit (like an echeck); however, Mr. Huntington cautioned that there is separate fee for this service, which is assessed to the homeowner.

Director Cassinelli asked for local references and inquired about the company's experience. Mr. Huntington replied that some of his clients include Somerset and Associated Management, which manages many large HOAs in Northern Nevada. He added that Alliance has been in business since October 2008; the majority of their business is in southern Nevada. The Board asked about the FDIC regulations and about transferring funds into accounts covered by FDIC. Mr. Huntington stated that all funds received by Alliance are deposited into an FDIC insured bank providing coverage for the account up to \$250,000. A homeowner asked Mr. Huntington about the health of Alliance's bank. He responded that the Alliance is associated with First Independent Bank, which is very healthy; largely because the members in their group of affiliated banks (Western Alliance Bancorporation) did not make sub-prime loans. The Board discussed the security and protection of personal information for each individual homeowner. Mr. Huntington discussed the security of their site, he indicated that each individual check is scanned and only the image is retained. The original checks are destroyed. The Board directed the Manager to further investigate the Lock Box Service and report back to the Board with his findings at the May 6, Board meeting.

LANDSCAPE SUPERVISOR'S REPORT

Manager Trudell provided a brief report on the work performed by the CRHA landscape crew. He reported that the crew is in the process of cleaning up leaves, performing maintenance on all the meters and irrigation equipment, monument sign maintenance, and this is also the time of year when the year round members of the crew take their vacations. The Association has five crew members during the winter months. A homeowner asked about the work being done by a contractor near the ponds off Caughlin Parkway near the entrance to Cottages. Manager Trudell explained that TMWA is installing a major underground shutoff valve. Director Cassinelli asked if TMWA would restore the area back to its original condition. Manager Trudell indicated that TMWA has been coordinating with Randy Lisenby and the area that has been disturbed will be restored.

JANUARY 15, 2009 NEIGHBORHOOD ADVISORY COMMITTEE MEETING

Chairman Magrath provided a report from the meeting where Directors Burke and Chern, as well as nine Neighborhood Advisory Committee (“NAC”) members were in attendance.

Chairman Magrath reported that some homeowners at the NAC had raised questions regarding the restrictions against on street parking in the Juniper Trails cul-de-sacs. The original developer, not the Association, posted the “No Parking” signs. He reported that this item is on the agenda for further discussion. Chairman Magrath reported there were concerns regarding the parking of commercial vehicles on public city streets and on a specific vehicle that has been parked in a driveway that is unsightly. Chairman Magrath added that the Board or CRHA staff, by law, cannot discuss specific enforcement procedures against any individual member, as it is deemed confidential under the law. He added due to legislative changes to NRS Chapter 116, the Association can only enforce the part of the CC&Rs that restrict parking of trailers, RVs, and boats, on public streets. He reported that NRS 116 prohibits staff or the Board from enforcing any other traffic ordinances on public streets. He added that the Association can’t regulate how many cars are parked on any public street. He added homeowners are encouraged to call Reno Direct (775-334-4634 or www.renodirect@cityofreno.com) if they have specific parking complaints. City personnel will investigate and possibly issue a ticket if necessary to enforce the law.

Several NAC members also discussed the use of firearms and target shooting in the area above the Caughlin Ranch Mini-Storage. Chairman Magrath encouraged homeowners to contact the Washoe County Sheriff’s Office and the City of Reno Police Department if they hear firearms being discharged. The NAC also discussed a concern about rental properties in Caughlin Ranch and homeowners renting to multiple residents in a single-family dwelling. The NAC members discussed providing a two-three page Summary of the most frequent CC&R violations – as a friendly reminder to the residents of these requirements. Chairman Magrath reported that the CRHA Board has referred this suggestion to the Association’s attorney in the past and Mr. Chapman cautioned that by identifying “common violations;” the Association would potentially be emphasizing that some of the CC&Rs are more important than others. All CC&Rs apply to each property.

Chairman Magrath reported that the NAC discussed that some of the DeerCreek and River Run members have launched a “Neighborhood Watch” program. Director Burke raised a question at the NAC about the recent property tax valuation increase experienced by many Caughlin Ranch homeowners and asked whether or not the Board could facilitate a group of members to look into the property tax assessment issue. Chairman Magrath directed CRHA staff to place this item on the May 6, 2009 agenda. There was a report to the NAC of a gunfire incident within the DeerCreek community. Again, Chairman Magrath encouraged homeowners to call the Reno Police Department. Several NAC members expressed concerns that CRHA must be diligent in saving money during these hard times. A committee member expressed his concern about the cost of irrigation water and methods to conserve water and suggested that the Board consider a 50% reduction in irrigation in the Alum Creek corridor and to accelerate certain maintenance responsibilities while costs are lower. A River Run committee member reported that the River Run Homeowners Association had installed certain moisture controls which help monitor the moisture in the ground and impact the irrigation valves which could result in savings in irrigation costs. Chairman Magrath stated these topics can be discussed at the Board’s Strategic Planning Session.

Chairman Magrath told the NAC members that the Mayberry Meadows Unit 4 neighborhood residents are seeking to limit access to their neighborhood and Riverberry Drive from Idlewild Drive. Chairman Magrath indicated that this item is on the Board’s agenda for further discussion. There were also questions regarding the re-zoning of the old Caughlin Ranch home located on Mayberry Drive. A Mayberry Meadows NAC homeowner reported that he attended the Ward One Neighborhood Advisory Board meeting. The owner of the Garden Shop Nursery has purchased the original Chrissie Caughlin ranch home and property on Mayberry Drive. The proposed overlay zoning allows them to enter into commercial enterprise on the site. However, the integrity of the original structure and historical integrity must be maintained. The new owners actually sought to have the property added to the historic structure registry. The historical structure will be available for public and community functions. The homeowner reported that the new owners made a presentation to the Planning Commission, and subsequently the zoning change was approved. It was noted that the property must remain as it was originally zoned, which is agriculture. Also, one of the provisions of the adjacent land being donated to Washoe County was that the land remains open.

Chairman Magrath reported that a NAC member indicated that there had been discussions from some of the Vista Pointe homeowners about the value of continuing as a member of the Caughlin Ranch Homeowners Master Association since Vista Pointe members pay assessments to a separate association to maintain their pool and private common areas. Chairman Magrath pointed out there are other neighborhoods in Caughlin Ranch where there are dual memberships and homeowners who pay two separate homeowners' association assessments. Mr. Magrath also noted that the CC&Rs would require the consent of over 50% of the entire CRHA membership if any neighborhood wanted to leave the Association and, since any reduction in the number of members paying the common costs of operating the Association would likely require the assessments for the remaining members to increase, it may be difficult to obtain required consent.

Chairman Magrath stated that a NAC committee member asked about a potential survey of the Caughlin Creek/DeerCreek members regarding the gates and this item is on the agenda and would be discussed later. Chairman Magrath concluded that there were several other issues that were reported at the Neighborhood Advisory Committee meeting and that the minutes of the Neighborhood Advisory Committee were available for review.

APPROVAL OF MINUTES

The next item on the agenda was the approval of the November 17, 2008 Board minutes. Upon a motion and a second, the Board unanimously approved the minutes.

REPORT ON THE 2008 BUDGET

Manager Trudell reported that he provided the Board with a 2008 Budget Report and report on the Association's financial accounts. The Manager noted that the Board of Directors opened several new accounts in 2008 with various banks in compliance with the Board's resolution to keep all of the Association's funds in FDIC insured accounts. The Manager provided a brief update on the 2008 Budget. He reported as of 12/31/08, the Association had a total of \$1,396,665 in Reserves and cash accounts. Attached hereto as Exhibit A are the balances of the Association's accounts as of 12/31/09.

Manager Trudell reported that the accrual budget reports currently illustrate a deficit of <\$7,189.98> for membership assessments. He stated that in response to requests from several Board members, he prepared an Excel spreadsheet illustrating the 2008 Budget using a cash accounting method. He stated that although the Board had added a line item for "bad debt" in the new 2009 Budget, there was no line item for bad debt in the 2008 budget. He explained that he added a new line item for Aged Accounts Receivable to illustrate the Association's current balance for aged accounts. He reported that as of December 31, 2008 there 53 members delinquent by one quarter; 18 members are two quarters behind; and, another 18 members are 3 quarters or more delinquent in assessments. He added that in executive session, CRHA staff will be recommending that the Board instruct CRHA staff to initiate foreclosure against several properties.

Manager Trudell's report included the end of the year status of CRHA's Reserve Accounts. During 2008, the Association's reserve funds benefitted from two unexpected events, both of which allowed the Association to increase the reserve funding for 2008. Such funding will (1) reflect a healthier reserve fund to weather unexpected future events, and (2) enable the Association to potentially decrease future reserve fund contributions if future reserve fund expenses are incurred as projected.

Manager Trudell also reported that while operating revenues in 2008 were \$16,409 lower than budgeted, operating expenses in 2008 were also under budget by \$57,188, resulting in a preliminary budget surplus of \$40,000. Even though the operating fund is currently showing a surplus over budgeted amounts, this may change because uncollectible dues may result in future charge off against expenses should such dues be determined to be uncollectible. At the present time, the Association has \$50,809 in overdue receivables, which the Association is diligently attempting to collect. Such efforts have resulted in collections of \$11,973 of these past due receivables, leaving approximately \$40,000 in currently uncollected receivables. Assuming a worst case scenario with no remaining collections, the preliminary budget surplus of \$40,000 would offset the uncollectible receivables of \$40,000, essentially leaving 2008 revenues equal to 2008 expenses. Since the original 2008 budget showed a projected deficit of \$12,000, actual results appear to have reduced any 2008

deficit to -0-. To the extent the Association can recover additional receivables, all of those sums will add to a surplus for the Association.

Chairman Magrath stated would like to see another surplus for 2009 and encouraged CRHA staff to be diligent in looking for cost savings. Chairman Magrath asked if there were any questions from the Board or members who were present. There were none. Upon a motion and a second, the Board unanimously approved the fourth quarter Budget Report ending December 31, 2008.

2009 BUDGET REPORT

Manager Trudell reported that the Association has not received the 2009 January Bank statements at this time. Director Burke stated that she doesn't want to wait another three months to see a Budget Report. Manager Trudell stated that he would provide the Board with monthly budget reports if the Board wanted monthly reports. The Board members agreed that the Manager should provide these reports to the Board. No further action was taken.

ELECTION OF OFFICERS FOR THE BOARD OF DIRECTORS

The Board discussed the election of Officers for 2009. Director Burke made a motion to nominate William Magrath President; Jeannie Cassinelli Vice-President; Millie Burke Secretary; and Michael Chern Treasurer. Chairman Magrath stated that he would welcome any Board member who would like to serve as President and that he would be happy simply to be a Director for the upcoming year. Manager Trudell stated that he appreciates Chairman Magrath's efforts and all his contributions to the Caughlin Ranch community. The Board agreed. Upon a second, the motion was unanimously approved for the election of the following Officers of the Association for 2009: William Magrath as President; Jeannie Cassinelli as Vice-President; Millie Burke as Secretary; and Michael Chern as Treasurer.

NEW SIGNATURE CARDS FOR VARIOUS FINANCIAL INSTITUTIONS

Chairman Magrath reported that in accordance with past Board policies, the Association's Board traditionally authorizes all Directors to sign checks drawn on all Caughlin Ranch cash and reserve bank accounts. Two (2) signatures are required on all checks. Chairman Magrath stated that per state law, the manager cannot sign reserve account checks and two (2) Board Members are required to sign all checks drawn on the Association's reserve accounts. He added that the Caughlin Ranch operating cash account checks also require two (2) signatures and that traditionally, Manager Trudell is authorized to be one of the two (2) signatures on these (non-reserve) account checks. The exception to this rule is that Mr. Trudell is not authorized to sign any check made payable to himself. Upon a motion and a second, the Board unanimously approved the above stated policies on the signatures required to move funds from the Association's reserve accounts and operating accounts.

UPDATE ON THE COTTAGES TREE REMOVAL AND REPLACEMENT POLICY

The Manager reported that in December, the tree inventory for each property in the Cottages had been completed. The tree inventory documented the type and size of each tree located the front yards of each property. The inventory accounted for a total of 326 trees in a neighborhood of 90 lots; an average of 3.59 trees per lot. The Manager's preliminary report findings were reported to the Cottages residents at a meeting held for those residents on February 2, 2009. The Manager's report included a list of recommended trees prepared by Dr. Ed Kleiner. Upon review of the CC&Rs, the Manager confirmed that the homeowners are responsible for the maintenance of the trees. He reported that the sycamore and the silver maple trees have aggressive root systems and that the Board should adopt a policy which allows homeowners to remove these species of trees to prevent further damage to the sidewalks and driveways. Manager Trudell had invited the City of Reno's Urban Forester, Steve Churchillo to attend the neighborhood meeting. Mr. Churchillo spoke to the homeowners and answered several of their questions.

The Manager stated that he is asking the Board to adopt a Board policy regarding tree removal and replacement of trees in the front yards in the Cottages neighborhood. He recommended that the Board establish a policy to assist CRHA staff and the Architectural Control Committee ("ACC") in the review process. The Board discussed the recommendations made by the Manager. It was agreed that in conformance with the CC&Rs, if a homeowner wants to remove any trees, they must obtain the ACC's approval in writing. Director Pedrini asked the Manager about size requirements. The Manager recommended that the minimum height requirement for a replacement evergreen tree must be six-foot, and that deciduous

trees must have a minimum size of 2" inch caliper. The Board determined that the ACC is to make recommendations for replacement trees when approval is given for the removal and replacement of trees; however, the original concept of tree-line streets is to be encouraged by the ACC as much as it is practical. Furthermore, CRHA staff are to review the Cottages neighborhood and contact people who have removed trees without ACC approval. CRHA staff and the ACC are to require trees be replaced as much as it is practical in the opinion of the ACC. Upon a motion and a second, the motion was unanimously approved. The Board thanked Mr. Churchillo and Dr. Ed Kleiner for their assistance, and instructed CRHA staff to send a personal "Thank you" to them from the Board. Director Burke thanked Manager Trudell for the excellent quality of work he performed on the Cottages tree project and acknowledged the time-intensity of this project.

MAYBERRY MEADOWS UNIT 4 TRAFFIC ISSUES AND PROPOSED RESTRICTED ACCESS

On behalf of the Mayberry Meadows Unit 4 neighborhood, a homeowner made a PowerPoint presentation regarding traffic and speeding concerns in that neighborhood. It was noted on December 7, 2008, several Board members and Manager Trudell attended a meeting of the Mayberry Meadows homeowners regarding traffic safety concerns and issues about the perception of that neighborhood being a high crime area. A homeowner reported that City of Reno Traffic Engineering Department has determined that approximately 1,000 vehicles drive on Riverberry Drive daily, not including Mayflower Drive. He added that there are only 41 homes on that street. The homeowners originally requested that the City of Reno close Riverberry Drive to through traffic at Idlewild Drive. The Traffic Engineer's response was that the City of Reno's criteria for vehicle trips on a public street with the specifications of Riverberry Drive is 2000 or more vehicles per day. As a result, the City's Traffic Engineering staff denied the request to close Riverberry at Idlewild Drive. In hopes of getting the decision appealed by the Reno City Council, the Mayberry homeowners have signed a petition and presented it to the City's Ward One Neighborhood Advisory Board ("NAB"). The homeowner reported that Riverberry Drive and Idlewild Drive are a thoroughfare for the Reno High, Swope, and Hunter Lake Schools. The homeowner stated that the crime rate and vandalism have increased in the neighborhood. The issue is about safety and security for the neighborhood. He added the residents are proposing limiting access from Idlewild Drive with a barrier similar to one installed at Sierra Highlands and Mae Anne and a creation of a one-way street where Riverberry Drive exits onto Idlewild Drive to reduce traffic flow and speed. Chairman Magrath stated that the Board is prohibited by law from taking any action to impact or alter traffic flow on public streets per NRS 116. The homeowner stated that the residents are seeking Board support and requested a written statement showing the support of this proposal. The Board agreed that they would provide a letter to City of Reno in support of the Mayberry Meadows homeowners' petition and application to restrict access from Idlewild Drive to Riverberry Drive. Upon a motion and second, the Board unanimously approved the motion to provide a letter of support.

MEMBERS REQUEST TO SERVE ON THE NEIGHBORHOOD ADVISORY COMMITTEE

The Board received applications submitted by Kevin Futch and Christie Howard, to represent the Mayberry Meadows neighborhood on the Caughlin Ranch Advisory Committee. Chairman Magrath stated that the Board encourages homeowners to volunteer and become active members of the community. Upon a motion and a second, the Board unanimously approved both homeowners to be members of the Caughlin Ranch Advisory Committee.

APPEAL

A Juniper Trails homeowner had filed a written appeal to the Board regarding the Board's decision at the November 17, 2008 meeting regarding his landscaping improvements and his request to be reimbursed for the expense to re-sod the front yard of his property. Before proceeding with the appeal issues, the homeowner was informed that he was entitled to appeal this decision as part of an Executive Session since he was entitled to a confidential hearing before the Board. The homeowner acknowledged that he wanted to proceed with his appeal in an open meeting of the Board. The homeowner acknowledged that he had removed the sod from his front yard without ACC approval. However, he claimed that he did not receive a copy of the CC&Rs when he purchased the property, and was not aware that he needed ACC approval for these landscaping changes. The homeowner claims he had called the Association's office several times to speak to Manager Trudell; however, he said the manager did not return his calls. Finally, he claimed that he was given permission by one of the CRHA office staff to remove the sod from his front yard. After the sod was removed, he claimed that CRHA staff notified him to stop this project and that a landscape plan would need to be submitted. The homeowner submitted a proposal to plant various shrubs but the ACC did not approve the landscape plan because it did not provide adequate plant material in conformance with the written "ACC's Landscape Guidelines." The homeowner then decided that it would be too expensive to provide the amount of plants required by the "ACC's Landscape Guidelines." The

homeowner claims that he then decided to replant his yard with grass seed. The homeowner asked the Association to reimburse him in the amount of \$5,000.

Chairman Magrath stated that the Association's office staff members have been with the Association for years and that he is confident that all CRHA staff understand the Association's policies and there is no misunderstanding that ACC approval must be granted before a member can make any exterior changes to their landscaping. Chairman Magrath stated the difficulty he has with this issue is that the homeowner acted upon what he believed to be a verbal approval from a female voice over the phone in the office. Manager Trudell stated that when he was in the process of measuring the path network in the Spring for future repaving, he spoke to the homeowner. He stated that he cautioned the homeowner not to make any additional changes to his property, and that he needed to submit a new landscape plan prior to making any changes to the exterior property. The manager indicated that after the homeowner presented his first submittal to add several shrubs, the ACC responded that it encouraged xeriscape landscape designs, and recommended that the homeowner hire a landscape contractor to assist him with the design and proper plant spacing in conformance with the "ACC's Landscape Guidelines."

The Board discussed the homeowner's appeal and request. During this discussion, the homeowner conceded that he knew about the requirements of approval by the ACC because he had previously submitted a request to the ACC to change his roof before the changes were made. The Board members agreed it was evident that the homeowner had sought ACC approval for past projects, so he was aware of the process at this time. Furthermore, the CC&Rs require that ACC written approval must be obtained for any exterior changes. In light of this information, the Board members stated that they did not believe there was any reason to change the Board's prior decision on the appeal from the last meeting. There was no further action taken by the Board regarding the appeal and the Board's prior action was confirmed. The homeowner said he was considering taking the Association to Small Claims Court over this issue.

Chairman Magrath stated for the benefit of all members, the Association's CC&Rs, as well as other governing documents, are available online (www.caughlinranchhomeowners.com) in addition to being available in the Association's office. The CC&Rs clearly state that you must receive written approval from the ACC before making any exterior changes.

REQUEST FOR POLICY ON CUL-DE-SAC PARKING IN JUNIPER TRAILS

Manager Trudell stated that this subject has come up several times over the years. The most recent complaints from the homeowners regarding the "No Parking" signs in the Juniper Trails cul-de-sacs are from opposite view points. Several members have suggested that the signs be removed, while others have requested that the Association strictly enforce the "No Parking" signage. The Manager stated he had contacted the Washoe County Sheriff's Office to request that the Sheriff clarify his departmental policy. As a result, the Manager stated that Sheriff's deputies posted warnings on several vehicles, informing the drivers that parking in cul-de-sacs where signs were posted was not allowed and the vehicles were subject to being ticketed. The enforcement began a couple of weeks after the warnings were issued. At that time, some Juniper Trails residents received parking tickets. One homeowner contacted the Association stating that since the signs were installed by the developer they should be removed by the Association. Manager Trudell stated that the Association is not in support of removing signs because they were originally required by Washoe County's Planning Commission. The streets in Juniper Trails are narrower than typical Washoe County streets, and Washoe County required that "No Parking" signs be posted in all Juniper Trails cul-de-sacs to allow access for emergency vehicles. Chairman Magrath agreed that the signs were originally installed by the developer and that the Association has no legal right to remove the signs which are located in the public street right-of-way. Chairman Magrath noted that NRS 116 prohibits any association from regulating roads and other right-of-ways designed for public use. The Board declined to take any action as they have no jurisdiction in this matter.

HOLIDAY LIGHTS

The Board discussed a complaint received regarding the holiday lights placed at the entrances on River Run Parkway. The homeowners voiced their concern that the holiday lighting in that location were very dim. Manager Trudell explained that the only electrical power available is the miniscule source that runs the irrigation clocks and that the output is not adequate to power the lights. The Board directed the Manager to obtain proposals from three electrical contractors for the installation of a full powered outlet for the holiday lighting at the entrances located on Run River Parkway and Westpoint and report back to the Board.

MEMBERS' REQUEST PROPOSING 24/7 CLOSURE OF BOTH CAUGHLIN CREEK GATES

The Board discussed a request regarding the Caughlin Creek gate hours of operation and wants the gates closed 24 hours a day for all seven (7) days of the week ("24/7"). The homeowner is requesting that another survey of the Caughlin Creek area be conducted. Another resident of that community disagreed with the first member's representation that the majority of the members are unhappy with the current hours of gate operation or want the gates closed 24/7. He requested that the Board include the members of the Caughlin Creek HOA Board to work together on the language of the Survey. The Board agreed. Upon a motion and a second, it was determined by a majority vote that a Survey will be conducted and that the preparation of the survey will include members of the Caughlin Ranch Staff and Board, with comments from interested members of the Caughlin Creek Board and member Larry Morris. Director Simon voted in opposition of the motion since the Caughlin Creek members have been surveyed on this issue before. He stated that he opposes the survey and requested that CRHA staff provide the cost to conduct the additional survey on the survey itself. He feels that the Board should formally state this is to be the final survey for this issue.

HOMEOWNERS COMPLAINTS AND CONCERNS

The Board discussed a concern regarding a property located in Vantage Pointe. Director Pedrini inquired about the enforcement procedures for CC&R violations in Eaglesnest. Manager Trudell explained the enforcement procedure which is outlined in the Administrative Rules and Fine Structure. He added there are some instances where the violation continues indefinitely. He stated the enforcement of a violation can go as far filing ADR by the Association's attorney. The Board directed CRHA staff to follow-up on the complaints.

SET DATE FOR THE BOARD'S ANNUAL WALK THROUGH

The Board determined that the Board's annual walk through will be held on April 18, 2009. The Board will meet at the Caughlin Ranch Association office at 9:00 a.m.

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

EXECUTIVE SESSION

APPEAL TRADITIONS

The Board discussed the appeal by a member of the ACC's requirement that the homeowner repair the homeowner's damage to the common area adjacent to the homeowner's property located in the Traditions subdivision. The property owner was not present for his appeal. The Board noted that the improvements made on the member's property had disturbed the Caughlin Ranch common area. The Board denied the appeal and requested that the property owner revegetated the disturbed area with a native seed mix and reestablish the native plant material, as required by the ACC.

FORECLOSURE

The Board directed CRHA staff to initiate foreclosure against the seven properties where member assessments are delinquent and send these lien foreclosures to Nevada Association Services for processing. The Board directed CRHA staff tighten the standards for collection of past due assessments. The Board agreed that in these economic times CRHA staff need to be more aggressive with the foreclosure process and to proceed to initiate the foreclosure process without waiting for Board approval if the account is 120 days past due. The Board discussed the request from various homeowners requesting monthly installments to bring their quarterly assessment current. The Board directed Mr. Chapman to draft an agreement for members to sign if they want extensions and to defer foreclosure. If the homeowners do not comply with the payment terms of the agreement, CRHA staff are directed to initiate the foreclosure process with Nevada Association Services.

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

Respectfully submitted,

Mildred Burke, Secretary