

CAUGHLIN RANCH HOMEOWNERS ASSOCIATION
Minutes of the Board of Directors Meeting –Wednesday, July 13, 2011, 7:00 P.M.

Board of Directors Present:

Millie Burke, President
Michael Chern, Vice President
Michele Attaway, Secretary
Michael Heffner, Treasurer
Larry MacNeil, Director
Gina Pedrini, Director
Ken Walters, Director

Directors Absent:

None

Others Present:

Paul Hershey, Manager
Linda Jussen, Administrative Assistant
Dovie Joy- Secretary/Assistant
Katrina Rehkop, Secretary
Randy Lisenby, Landscape Supervisor
Shawn Oliphant, Legal Counsel
Glenn Hibel, The CFO Group
John Enloe, Water Engineer, Stantec
Gayle Wassenberg, Recording Secretary
Approximately 10 Homeowners

1. **EXECUTIVE SESSION SUMMARY (Closed Session Prior to Board Meeting)**

Shawn Oliphant, General Counsel, was present to advise the Board relative to any potential legal matters, as allowed by NRS 49.035 to 49.115 (Attorney-Client Privilege).

1.1 Summary Log on the CC&R Violations and Crew Update

The Board reviewed the Violations Log

- Properties are being inspected on an ongoing basis.
- Approximately 80 letters were recently sent out.
- Some hearings have been scheduled.
- There are pending fence issues on both private property and common areas.

1.2 Status of Member Assessments

The Board discussed collection of delinquent dues that the title company failed to turn over to CRHA upon the sale of a home that was in foreclosure. Shawn Oliphant, legal counsel, advised that the matter will soon be resolved, and CRHA will receive nine months of assessment fees, which is the maximum allowable by NRS. Additionally, NAS will pay 90% of Shawn's legal fees in this case as a result of the "defend and indemnify" clause that he added to the Association's contract with NAS before it was executed.

2. **OPEN MEETING – CAUGHLIN RANCH BOARD OF DIRECTORS**

The meeting of the Board of Directors was called to order by President and presiding officer, Millie Burke at 7:05 P.M. at 1070 Caughlin Crossing, Reno, NV. A quorum was established.

2.1 Members' Comments (Agenda Items Only/2 Minutes per Member)

There were no comments at this time.

3. **LANDSCAPE SUPERVISOR'S REPORT**

Randy Lisenby reported the following:

- Two pump stations
- Water Conversation Project
- The crew is working on landscaping on Caughlin Parkway.
- 60 of the 70 trees that were lost in the windstorm have been replaced.
- The UNR weather station has been dismantled as a result of homeowner complaints.

Director Burke commended Randy and crew for the spectacular wildflowers in the common area.

CONSENT AGENDA

4.1 Approval of May 18, 2011 Board Meeting Minutes

MOTION: Director Heffner made a motion, which was seconded, to approve the minutes of the May 18, 2011 Board meeting. Motion carried unanimously.

4. BUSINESS ITEMS

5.1 Presentation and Approval of 2010 Audit Report and 2010 Audited Financial Statements

Glenn Hibel, The CFO Group, summarized the audit report for 2010:

- There were a few minimal adjustments and no material weaknesses.
- A couple of checks (early in the year) had only one signature (two are required); duplicate checks were entered into the computer. It was recommended that the Finance Committee scrutinize cleared checks in the future.
- There were a few outstanding checks on the check register. Payees should be contacted; if the checks were never received, duplicate checks should be issued.

MOTION: Director Heffner made a motion, seconded by Director Chern, to approve the 2010 audited year-end financial statements and the 2010 Audit Report as presented. Motion carried unanimously.

5.2 Review and Accept the May 31, 2011 Financials and New Financial Charts

Community Manager, Paul Hershey reported that a position was recently filled. However, the person was unable to continue. That secretarial position was filled by Dovie Joy. Dovie was previously employed at Squaw Valley in the membership department, her responsibilities with Caughlin Ranch will be answering phones and providing secretarial assistance. The Manager indicated that there would be shortfalls on that line item. The Manager reported on the following:

- Irrigation expenses are under budget due to the wet spring this year. Director Heffner added TMWA rate increase will be pushed out another year than was originally expected.
- Legal expenses are currently \$10,000 under budget.
- Seasonal labor is currently \$30,000 under budget.
- In Reserves, water conservation and contingency expenditures are currently under budget.
- The following new financial charts have been prepared for Board approval:
 - Revenue vs. Budget
 - Operating Expense vs. Budget
 - Reserve Expenditures Actual vs. Budget
 - Irrigation Actual vs. Budget
 - Fund Summary
 - Accounts Receivable for Assessment Delinquencies.
- If the Board approves the new charts, copies will be passed out after each meeting.

MOTION: Director Heffner made a motion, seconded by Director Chern, to accept the May 2011 unaudited financials as presented. Motion carried unanimously.

MOTION: Director Heffner made a motion, seconded by Director Chern, to approve the monthly production of the six new charts. Motion carried unanimously.

Director Burke thanked Director Heffner for accomplishing so much as a Board member, and especially for his work with the Finance and Budget Committee.

5.3 General Manager's Report – Paul Hershey

5.3.1. Business and Staff Planning

The Manager is recommending to the Board the following Committee Structures:

ACC
Finance and Budget Committee
Strategic Planning Committee
Investment Committee Ad Hoc Committee
Nomination Committee
Events Committee

The Manager is recommending the following items to be discussed in the future:

Filling the Assistant Manager position at a future date-September
Budget analysis- August
Wind turbine issue- August
Accounts receivable rate- September
Management plan for consolidation-September

5.3.2 Irrigation Project – Results and Recommendations

John Enloe, of Stantec Engineering, who has been working with Caughlin Ranch throughout the Steamboat Ditch water irrigation project, summarized his findings and recommendations for water conservation project:

CRHA currently pays TMWA up to \$400,000 per year. In the future, water rates will be increasing. The Homeowners Association has rights to 163.9 acre-feet of water for irrigation and aesthetics in the community. Using the ditch water below Steamboat Ditch for irrigation would result in significant cost savings to CRHA.

PHASE 1 - Research

Options Considered

- Storage reservoirs, new and enlarged existing
- Off-site storage
- Direct supply from Steamboat Ditch
- Consolidated irrigation zones (currently there are 17 service connections)

Recommended Options

- Combine up to 17 service connections into 7 pump zones
- Enlarge/improve 5 existing ponds
- Construct 2 new ponds
- More flexible irrigation schedule

Estimated Costs

Estimated Annual Savings:

Other cost factors to consider include:

PHASE 2 – Recommendations

Recommendation

- Ultimately consolidate service connections to 7 pump zones and 2 new ponds.
- Initially install one new pump system at Zone 3 for a trial period.
- Planning level construction cost estimate \$ 80,000
- Planning level savings estimate 35,000
- Provide results of Phase 2 design study prior to September budget meeting, with a more complete estimate of cost and savings and reduce unknowns and financial risks.

Suggested Schedule

- Phase 2 results, September 2011
- Install pilot pump system, winter of 2011/2012
- Operate new system and validate savings, summer 2012
- Phase 3 decision for remaining 6 areas, September 2012

Paul assured a skeptical homeowner that the Engineer, Board and Management are thoroughly researching the matter prior to any final decisions.

MOTION: Director Heffner made a motion, seconded by Director Walters, to approve the irrigation project's Phase 1 results and to approve the proposal for Phase 2, including the submittal for \$14,000 for Phase 2 engineering costs. Motion carried unanimously.

5.4 Community Events Committee Appointments/September Event Proposal

Director Attaway advised there is \$6,000 reserved for community events. A community barbecue will be held at the Caughlin Club (at no charge to the Association). Seven committee members are needed for the event, which is currently in the planning stage. Initial estimated costs are at

approximately \$8,100, which is \$2,100 over budget, so committee input is needed. Katrina will be in charge of committee member interest. The Board directed Attaway to bring this matter back to the Board for further review.

5.5 *Solicitation of Application for Appointment to Architectural Control Committee*

Paul advised that applications will be submitted to the Board for consideration. CC&R's require one architect or engineer.

5.6 *Solicitation of Application for Appointment to Finance and Budget Committee*

Director Heffner noted Finance and Budget is a committee of seven, including four homeowners. The committee reviews all investment options. Applications will be accepted through July for presentation at the August Board meeting.

6. MEMBERS' COMMENTS

A homeowner asked about the wind turbine issue that was mentioned in the manager's report. "What is the standard in Nevada?" Paul responded that there is a two-acre minimum requirement, and written approval from two neighbors must be provided if the turbine is within 300 feet of boundary line. The ACC will be addressing the issue.

A homeowner reported that she is very unhappy with the wind turbine that has been installed by her neighbor, adding that it has been placed to impact the views, peace, etc. of others.

She questioned why the ACC approve the installation of two turbines. Paul advised that the turbines were approved in May of 2010 by the ACC. The above-mentioned requirements were in effect in May of 2010, but were apparently overlooked by the ACC. Paul stated that CRHA will be establishing standards.

5. MEETING ADJOURNMENT

With no further business to address at this time, the Board Meeting was adjourned at 8:55 P.M

Respectfully submitted by:
Gayle Wassenberg
Recording Secretary
Transcends Transcription Services

Approved by:

Caughlin Ranch Board Member