

**CAUGHLIN RANCH HOMEOWNERS ASSOCIATION
MINUTES OF THE BOARD OF DIRECTORS' QUARTERLY MEETING
JULY 8, 2009, 7:00 P.M.**

The following issues were discussed at the July 8, 2009 meeting of the Board of Directors of the Caughlin Ranch Homeowners ("Association" or "CRHA"). The meeting was held pursuant to notice on July 8, 2009, at 7:00 p.m. at Dickson Realty, 1030 Caughlin Crossing, Reno, Nevada. The following Directors were in attendance: William Magrath, Jeannie Cassinelli, Millie Burke, Chris Simon, Gina Pedrini, Gail Sande, and Michael Chern. Also in attendance were Michael Trudell, General Manager, Linda Jussen, Administrative Assistant, Katrina Rehkop, Secretary, Eric Krownaweter, the Association's Accountant, and Michael Chapman, Legal Counsel for the Association. Attached is a sign in sheet of the members who attended.

Chairman Magrath called the meeting to order. It was noted there was a quorum to conduct business. Chairman Magrath stated at the May Board meeting the Board revised the 2009 Board meeting dates. Beginning with new dates there will be a change in the order of business; the executive session portion will be conducted at 6:00 PM before the open session which will begin at 7:00 PM. The Board has also adopted a consent agenda to allow the Directors the option to approve specific items without discussion. Chairman Magrath added that a structured timeframe will be implemented and a "two minute limit" for comments rule will be enforced.

Chairman Magrath opened the floor for members' comments.

HOMEOWNERS COMMENTS

A Cottages homeowner stated that she had spoken to Randy Lisenby, Landscape Supervisor regarding several evergreen trees in her neighborhood that have died, and was told that the trees would be replaced this spring. She stated that the trees have not been replaced and there are several areas with the Cottages that are in need of some attention. She provided photos of the areas that she feels are not being maintained adequately. Manager Trudell stated that trees are planted in the fall as that is the optimum time of year for planting. The Board agreed that the common areas in the Cottages subdivision are not up to Caughlin Ranch standards and instructed the Manager to have the landscaping crew address the issue and to direct Randy to contact the homeowner regarding the replacement of the evergreen trees.

Chairman Magrath asked if there were any other comments. There being none, the Board moved to the next item on the agenda.

LANDSCAPE SUPERVISOR'S REPORT

Randy Lisenby, Landscape Supervisor was not in attendance. Director Chern provided the Board with the report. Recently the crew repaired four broken main water lines at the Village Green Park, as well as the regularly scheduled tasks. Director Chern reported that Caughlin Club project is on hold due some technical issues with boundary lines. While waiting for the final approval, the crew will begin the water conservation projects previously scheduled for the end of the season.

APPROVAL OF MAY 6 MINUTES

The Board discussed the approval of the May 6, 2009 Board meeting minutes. Director Burke stated that on page five of the minutes, the first sentence is inaccurate. It reads "of this water for this upcoming irrigation season." She stated she had listened to her copy of the recording and those words were not on the tape.

Chairman Magrath stated it was never his intention to seek reimbursement for the total cost to date. Discussion followed and a motion was made to postpone the approval of the May 6, 2009 minutes until such time as the matter can be clarified. Staff was directed to listen to the recording and make any necessary corrections. The motion passed unanimously.*

APPROVAL OF THE 2009 BUDGET REPORT THROUGH MAY 31, 2009

Manager Trudell provided the Board with an update. He provided the Board with four (4) budget reports. The CFO Group completed the 2008 financial audit April 27, 2009. Accordingly, the Year to Date figures illustrates a combination of 2008 and 2009 financial records, and seemingly are not an accurate representation of 2009. This year, a soft close will be implemented at the end of the year, thereby ending any confusion created by reflecting two separate years' totals. Month to Date NET INCOME/LOSS, indicated on the bottom of Page 2, illustrates a balance of **\$22,925.71** through May 2009 the balance sheet illustrates the balances of the Association's various bank accounts. The ending balance in the Association's Operating (Checking) Account as of May 31, 2009 was \$52,494.90.

Chairman and Magrath concluded that the balance of all the Association's accounts is \$1,833,283.59. He also clarified with Manager Trudell that all of our money is insured. Manager Trudell recommended the Balance Report be attached to the minutes as Exhibit A.

ADVISORY COMMITTEE REPORT FROM JUNE 18, 2009

On June 18, 2009 the Caughlin Ranch Neighborhood Advisory Committee met. Directors Pedrini, Burke and Simon attended the meeting. She reported that ten (10) Advisory Committee members were in attendance. Director Pedrini provided the Board with a summary report on the various issues that were discussed at the meeting. The Board instructed CRHA staff to place this item on the Caughlin Ranch website for members to review.

Director Simon made a motion to direct staff to prepare a spreadsheet to identify the issues raised at the Advisory Committee meeting. The spreadsheet is to list out the key issues as well as dates and action taken up to a completion date. The motion passed unanimously.

CAUGHLIN CREEK REIMBURSEMENT

The next item discussed was the Caughlin Creek reimbursement issue. Manager Trudell was directed to take the results of the audit to the Caughlin Creek Board. He explained the procedure used to make Caughlin Creek homeowners aware of the situation and a meeting has been scheduled to discuss the potential special assessment.

Chairman Magrath clarified that no final decisions have been made as to amounts to seek reimbursement for. He reminded the members that this issue dates back to 1998 and is going to take extensive research to get to the bottom of it. A member of the Caughlin Creek Board was present and stated they will be prepared to take action when the Caughlin Ranch Board makes a decision.

Chairman Magrath feels that no decision can be reached until our legal council has opportunity to review all the documents and render advice. Director Burke has reviewed the history and agreements from 1998. She prepared a synopsis of the information that she was able to obtain. Chairman Magrath requested she not read the synopsis until our legal counsel has reviewed it.

A homeowner asked who the manager was for each Association when the agreements were reached. Manager Trudell acknowledged that he was. The homeowner asked if that wasn't a conflict of interest. Manager Trudell stated that he does not make policy. He simply carries out the policies of the board.

Chairman Magrath pointed out that reimbursement has been made every year. The initial reimbursement amount was \$3,300. Every year there was a rate increase that amount went up accordingly.

Discussion followed regarding the history and agreements. Michael Chapman stated he feels very strongly that all the facts need to be gathered and presented to the board.

Larry Morris, a Deer Creek homeowner stated that he has spent a considerable amount of time researching this issue and that he had composed a letter to Director Magrath. He asked that he be allowed to read the letter and to have the document attached to the minutes as part of the official record. Chairman Magrath asked that he not read the letter in the interest of time and the fact that the Board has not received the opinion of the Association's legal counsel. Director Cassinelli made a motion that this item be postponed. The motion failed.

Mr. Morris was allowed to proceed and per his request, the document is attached.

Director Chern asked that the motion to table this matter until such time in our legal counsel was prepared to render his opinion be revisited. The motion passed unanimously. (See attached transcription of the discussion of this agenda item).

MEETING WITH THE ACCOUNTANT

The next item discussed was a meeting held on Tuesday, June 23, attended by Director Burke, Director Pedrini, Eric Kronawetter, C.P.A., and Manager Trudell. Manager Trudell reported that most of the issues focused around the Budget Comparison report and a need to make changes to the report. Staff has made those changes. Prior to the changes, the totals were misleading because the books have not been closed for 2008. It was agreed that at the end of the year, a soft close will be conducted. The previous year end total won't carry forward into the following year's balances and throw off the totals for year end comparisons.

The other issue was the NRS statutory requirement of the Board to review certain information such as financial reports, bank statements, and reconciliation reports. The accountant was asked to prepare a simplified reconciliation of all the of the reserve accounts instead of ten separate reports for each of the ten different accounts.

Director Burke wanted to clarify the point of the importance of the NRS requirement. "When the reconciliation comes to the Board, and we see it, it is the only thing that this Board has that is outside of us is that bank statement. It is important that you know that the number on that bank statement reconciles to the number we are reporting to the Board. Things like outstanding deposits or that sort of thing is what a Board should look for." Eric Kronawetter affirmed Director Burke's statements. He went on to say that he currently does reconciliations for the operating account on a quarterly basis and he feels it would be logical for him to expand that to include all the reserve accounts. Director Burke stated this is part of the reason the statute requires that the original bank statements be brought to the Board meeting.

Bad debt was discussed and accounting for it correctly so that there's a fund for a bad debt. There is a foot note that is required to be on that report that states that none of the funds in the reserve account have been used for operating expenses.

APPROVAL 2008 FINANCIAL REPORTS & STATEMENT ON AUDITING STANDARDS LETTER

The next item discussed was approval of the 2008 Independent Auditors SAS letter. Manager stated there is an amount on page 13 of the report has a discrepancy on the road maintenance expense amount and needs to be clarified before it can be approved.

Director Burke asked about the identified control deficiencies. The first one is that Trudell is able to sign checks to pay his own credit card. There needs to be an internal policy set. There should be a response from management to answer each of the deficiencies. There was a motion to direct the manager to prepare a response. The Association's accountant will participate in preparing the response. The motion was seconded and passed unanimously. Director Burke wants a form to accompany each check approved by the manager.

Manager Trudell was directed to prepare the response and distribute it to the Board members as soon as it has been prepared.

There was a motion to approve the audit, subject to clarification of the road maintenance expense raised by the manager. The motion passed unanimously.

UPDATE ONE-WAY EMAIL AUTHORIZATION & PROJECT

Director Pedrini and Katrina have sent out a series of tests and are in the process of fine tuning the email. The next step is transmitting the mechanical work to Katrina. She has worked out a way to maintain optional fields in the new Yardi program so that she can query out lists so that we don't have to have duplicate databases to track each member's delivery preference. The blasts will be sent out from a "no-reply" mailbox to ensure it is a one-way communication. The plan is to send out an official blast for the August notice. The response was more favorable than we expected; we have approximately 400 hundred authorizations. Chairman Magrath stated the savings are immediate. Director Chern stated that a mailing was costing us about \$2,500 so if we could get 1000 addresses we would save over \$1,000. There was a motion to formally approve the revised authorization form. Manager Trudell was directed to attach the form to the minutes.

ALTERNATIVES TO IMPROVE IRRIGATION EFFICIENCY

At the May 6th meeting, Directors Chern and Pedrini took the task of forming a committee to improve irrigation efficiency. Director Chern requested formalizing this committee. Some of the items the committee will review are to review costs per meter by studying the meters for one year to identify the high usage areas and to look at things like sewer charges, and any other runoff problems associated with the water. They would look at current plans for water conservation as well as future projects. It would also assemble information from vendors as available on a no fee basis for suggestions and technical changes. At some point, the committee may come back to the Board and ask for some kind of third-party study or even an RFP for a more intense study. The action item is intended for the Board to formalize the existence of the committee, complete with guidelines and give them the power to go forward and hold official meetings. Director Chern and Director Pedrini will remain as the board members on the committee, and they want to solicit homeowners to serve on the committee as well. A motion was made to officially designate the committee. The motion was seconded and passed unanimously.

BOARD OF DIRECTORS' TERMS

A change in the statute this year changes the maximum term of office for a board member from two years to three years. Caughlin Ranch's re-stated bylaws are worded to read "as the maximum term allowed by law." Therefore, when three members of this board are up for re-election in the upcoming election, it will be for a three year term. By law, the terms have to be staggered so that the following year four members will come up for re-election. One suggestion was that the two highest vote-getters would be elected to three-year terms and next highest vote getters would be elected for a one-year term. To restate the issue; three positions that will be open this year would be for a three-year term.

UPDATE ON THE NEVADA LEGISLATIVE SESSION

Chairman Magrath recommended that the manager and Michael Chapman review all the legislative changes to ensure that our Board is fully informed of any radical changes so that, if necessary, we may change our current practices to ensure that the Association is in full compliance. Some of these bills are effective July 1, some of them are October 1st, and one is for 2013 so the Board really needs to seek input from our counsel.

DISCUSSION ON NO CASH POLICY

Michael Chapman reported that the law reads that money is legal tender for all debts public and private. What it doesn't say is that you have to accept cash for all purchases. For example, going to a liquor store late at night with a hundred dollar bill; they don't have to do business with you. However, when somebody already owes

you money, the interpretation is a little different. When a homeowner owes the dues, and they come up with cash, we have to accept it. Staff can tell people that we don't accept cash as a matter of policy to encourage them to send their checks to the bank.

LETTERS TO THE EDITOR

The Board currently does not have a policy regarding the Caughlin Rancher; whether or not to accept letters to the editor. Mr. Morris requested in writing that this item in place on the agenda. The NRS statute is affected by the latest legislature and Manager Trudell advised that the Board should ask our legal counsel to review this issue and make a recommendation. Staff was directed to place this item on the agenda for the next meeting.

HOMEOWNER COMPLAINTS

An appeal of a decision by the Architectural Control Committee in the year 2004 was received. Chairman Magrath stated in respect to the laws regarding privacy issues this item is to be moved to executive session.

A homeowner requested that the Board adopt a policy to restrict rentals. Manager Trudell reported that the law was just changed to strengthen prohibiting restrictions in this area. The Board cannot restrict rentals. Therefore, Manager Trudell recommends that our legal counsel prepare a response to the homeowner, explaining that Nevada law prohibits restricting rentals.

Director Simon reported that during the last week, he heard what he thought to be a car alarm. After it went off for about hour and a half, he called the police. It turned out to be a home alarm, but the point he wanted to make is the officer told him that his was the only call they had received. The officer also said that he has been an officer for 30 years in the Reno area and that he is surprised at the types of crimes are starting to occur in Caughlin Ranch. Director Simon feels that this dis-interest towards crime is something to the community needs to be aware of.

The remaining agenda items were postponed to the next meeting. The open session was concluded and the Board moved to executive session.

Mildred Burke
Secretary

****Unofficial transcripts of the Board of Directors meeting conducted on May 6th and July 8, 2009, prepared by a member of the Board of Directors, are available for review at the Caughlin Ranch Homeowners Association's office upon request, and will be kept on file with the Association as an unofficial transcript of the board meetings.**