

CAUGHLIN RANCH HOMEOWNERS ASSOCIATION  
**Minutes of the Board of Directors Meeting**  
Wednesday, August 10, 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

**Directors Absent:**

Ken Walters, Director

**Others Present:**

Paul Hershey, Manager  
Linda Jussen, Office Manager  
Dovie Joy- Secretary/Assistant  
Katrina Rehkop, Secretary  
Randy Lisenby, Landscape Supervisor  
Shawn Oliphant, Legal Counsel  
Gayle Wassenberg, Recording Secretary  
Approximately 8 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 new and improved Violations Log; minor changes were requested for clarity.
- Management has requested fence repair costs from a contractor and will be providing the information to homeowners.
- Adherence to governing documents was discussed.

***1.2 Status of Member Assessments***

- Certain numbers in the report do not reconcile; Paul will research.
- Evaluating collectable and uncollectable accounts was discussed.
- Finance and Budget Committee will be adding a forecast to the Yardi report.

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 Caughlin Club, 4100 Caughlin Parkway, 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.

- Pump Stations 1 and 2 along Caughlin Parkway are completed.
- Trees and drip system are in.
- Water Conservation Project will proceed onto River Run in two weeks.

A homeowner reported his neighbor had seen a bear in the Steamboat Ditch area.

A walker complimented Randy and his crew on their landscaping accomplishments.

Director Burke commented on the condition of the ponds, with silt and “things growing.”

Randy advised that after Thanksgiving, they will be draining the ponds so they can dry out; in January the clean-up will begin with the use of heavy equipment. Millie asked Randy to notify homeowners of the project, via the newsletter. Paul advised that a rough cost estimate would be about \$35,000. Director Burke asked him to have a firm estimate by the next budget meeting.

4. **CONSENT AGENDA**

#### **4.1 Approval of July 13, 2011 Board Meeting Minutes**

Approval of the July 13 minutes was tabled until next meeting due to a discrepancy in numbers and the fact that there was a problem with the recording system at the meeting. Homeowners were assured that the matter would be resolved and a draft of the minutes would be posted on the website in a timely manner as required by NRS.

### **5. BUSINESS ITEMS**

#### **5.1 Report on the July 21, 2011 Neighborhood Advisory Committee Meeting**

Paul advised that no action was taken at the meeting; there were only four members present (no quorum established). Director Burke noted that a quorum is not required for this committee. Items discussed included CC&R compliance issues, paving, collections, and foreclosure maintenance. Director Burke advised--for future meetings-- that the Association has a commitment to provide homeowners with minutes of the NAC meetings.

#### **5.2 Draft Budget for 2012**

Community Manager, Paul Hershey announced that there will be no increase raise in assessments for 2012. Paul then highlighted line item amounts that differ from the 2011 Budget and explained the reason for each increase/decrease. Paul also noted that an adjustment to the insurance line item in the 2012 Budget was necessary due to the fact that insurance costs are increasing, and our carrier is no longer offering health insurance. Management is in the process of requesting bids from insurance brokers.

Director Burke noted that Caughlin Creek has not yet made a payment this year as required in the CRHA/Caughlin Creek water settlement amendment that was signed last year for reimbursement of water usage. Paul advised that CRHA has not yet billed Caughlin Creek for the money that is due this year; that billing is forthcoming. He added that in the future, the bill will be sent in June for payment in December; then a second bill will be sent for payment the following June. Caughlin Creek will be making two payments per year.

Director Heffner noted that money budgeted (line item 95, \$300,000) for the Water Project is merely an estimate depending on how the pilot period goes and how fast the project moves. The Board has already approved these funds from capital reserve (cash on hand). Director Heffner recommended that line items 94 and 95 be pulled off and placed in a separate category for the Pilot Project because the cash is already available and will not affect assessment revenue. Director Burke emphasized that making this adjustment will increase the transparency of the capital expenditure for homeowners. In answer to a homeowner's inquiry, Director Heffner explained that "building the system" will be paid out of the capital budget; utilities to run the pump stations will be paid from the operating account; maintenance would be a reserve expense. Director Burke polled the Board, who unanimously agreed that the recommended line item changes should be initiated.

Other information that is needed before the September 7 Budget Workshop:

- Community Events allocation adjustment. (Michele will provide management with an estimate prior to the September 7 meeting.)
- CRHA staffing plan. Paul will present his staffing plan at the September 7 meeting. The necessity for re-writing job descriptions was recognized.

Director Heffner emphasized that the 2012 budget, as presented tonight, is merely a preliminary draft. The version that the Board will approve in September will then go to the homeowners for their approval at the Annual Membership meeting.

#### **5.3 Discuss and Approve the June 30, 2011 Financial Budget Report**

It was determined that the Budget Report approval would be included in 5.4.1, below.

#### **5.4 General Manager's Report – Paul Hershey**

##### 5.4.1 Update on the June 30, 2011 Financial Charts

Paul briefly highlighted information provided by the new financial charts, noting there are currently 12 homes in foreclosure. Director Heffner noted we are presently \$200,000 under budget in the operating account.

**MOTION:** Director Heffner made a motion, which was seconded, to approve the June 30, 2011 financials, including the budget report, as presented. Motion carried unanimously.

##### 5.4.2 Discuss Investment Policy, Morgan Stanley/Smith Barney

Paul advised that the Morgan Stanley representative who was supposed to have made a presentation tonight, cancelled at 4:00. He previously made a presentation to the Finance and Budget Committee, and Paul is recommending Board approval of his CD Plan proposal. Paul reported that the approved investment policy is in compliance with NRS 116 Statutes.

CRHA currently has surplus reserve funds at Morgan Stanley, who is offering to place the funds in CD's that are federally insured, with maturities that will match our financial needs, and that will potentially earn about \$12,000 per year. A homeowner inquired about Morgan Stanley's fees. That information was not readily available, since specific rates and terms of the CD's have not yet been discussed. The Budget and Finance Committee will make a recommendation, which will be presented to the Board for their approval on September 7. Paul reported that he would be providing the Board and Finance Committee with quarterly comparisons on industrial standards.

Paul also would like a recommendation from the Finance and Budget Committee to re-invest surplus operating funds in the same manner. Director Heffner noted that this would be a separate investment at another bank and is not part of tonight's proposal. He added it would be based on CDARS program.

Director Heffner requested complete proposals for both operating and reserves, to include rates and fees, for the Board's consideration at the September 7 meeting. He asked that the Board be provided with the actual written contracts and information comparing what we are currently earning vs. what we would be earning with each proposal. Director Heffner noted that we presently have 22 bank accounts, which would be consolidated into two or three, which would be more efficient and less costly, while still maintaining the federal deposit insurance on our money. Paul was directed to obtain proposals from additional financial institutions as well.

##### 5.4.3 Update on Phase 2 Water Project Report

Paul reported that John Enloe, of Stantec Engineering, has completed the flow rate and will be available for the September 7 presentation.

##### 5.4.4 Recommendation for Unsightly Property Foreclosure Clean-up

Paul spoke of hiring an outside landscaping service, with their own water supply, to clean up foreclosure properties that are in a distressed condition (watering, weeding, and mowing). He estimated that the maintenance cost would be approximately \$200 per property and should be done every two weeks for the 12 homes currently in foreclosure. He intends to add a 10% administrative fee.

Paul emphasized the need to maintain foreclosure properties for the sake of community property values and emphasized that the money can be recovered through a lien, which is in front of the first

mortgage. He requested the Board's approval to file priority liens against foreclosure properties, which would allow the following:

- The front yards of the properties would be maintained under the direction of the Association until such time as they are sold.
- A third party would be hired to maintain the front yard, precluding any liability risk to the Association.
- Through the lien, which is "in front of the first mortgage, CRHA would ultimately be reimbursed in full for maintenance expenses.

Director Burke reminded the Board that a policy giving management the authority to enter properties for this purpose was recommended by the manager, sanctioned by legal counsel, and approved by the Board of Directors on March 10, 2010.

Director Heffner expressed concerns that for 12 homes, too much money could be tied up for too long with a blanket approval for continued maintenance of all foreclosures. He suggested that management provide specific recommendations, on an individual basis, for the properties most in need of maintenance, for consideration at the September 7 meeting.

Director MacNeil opposed postponing action for another month on the grounds that the cleanup is already long overdue, and bad weather could prevent anything from getting done until next year.

Director Burke requested that Paul provide a list of the properties that are in the worst condition, along with projected costs for cleanup and maintenance for a specific length of time.

Shawn Oliphant, legal counsel, noted that whether in the case of abandoned property or foreclosure property, notice must be given to the owner that action will be taken if the property is not cleaned up in a certain amount of time.

Director Pedrini suggested that an administrative fee of only 10% would not cover administrative costs. Paul agreed to propose a higher fee.

Director Heffner requested that Paul provide the following: (1) a list of the properties that need immediate attention, (2) projected costs for the cleanup of those properties, (3) a proposal from a third party, and (4) anticipated time for the recovery of costs for each property.

Director Pedrini suggested using contingency funds for this year and then creating a line item in the 2012 budget.

**MOTION:** Director Heffner made a motion, which was seconded by Larry MacNeil, to grant Paul the authority to spend \$10,000 (from the contingency fund) in order to immediately address some of the most distressed properties; to come back on September 7 with a proposal addressing the budget for 2012; to direct Paul to periodically report to the Board regarding what properties have been addressed, including costs. Motion carried unanimously.

Paul will begin sending out notifications as required. Administrative fees will be discussed at the September 7 meeting.

Paul asked for homeowner participation (by contacting state senators and congressmen) in initiating a campaign to get the State to raise the "fine limits" in NRS 116 to \$500 per violation with a continuing fine of \$5,000.

5.4.5 Recommendation to Increase the Village Green Park Rental for Non-Members

Paul recommended raising the park rental for non-members from \$25 to \$125.

**MOTION:** Director MacNeil made a motion, seconded by Director Chern, to approve an increase in Village Green Park rental for non-members to \$125. Motion carried unanimously.

5.4.6 Recommendation to Increase the Administrative Fine Structure

Paul recommended increasing administrative fines to the maximum allowed by the governing authority, effective immediately.

**MOTION:** Director Chern made a motion, seconded by Director Pedrini to approve an increase in the Administrative fine structure to the maximum allowable by State statute. Motion carried unanimously.

A concern was expressed that there is a requirement to notify homeowners of a change in fine structure. Paul said homeowners would be noticed and the new fines will be effective September 1, 2011.

5.4.7 Discussion of Regulations and Requirements for Wind Turbines in Washoe County

This matter was tabled until the September 7 meeting to allow for further research.

**5.5 Update on the Community Events Committee**

At the July 13 Board meeting, Director Attaway advised that \$6,000 had been set aside for a community barbecue; however, initial estimated costs of the event were \$2,100 over that budget. Director Attaway also requested the appointment of seven committee members to assist in the planning and development of the event.

Director Attaway advised that they did find ways to cut costs. The event is planned as follows:

- Chips and beer will be purchased from the Club; what is not used (if member participation is lower than estimated) will be put back into inventory.
- Music will be provided by Jake's Garage Band.
- Two drink tickets will be included with each adult barbecue ticket.
- The Lyons Club will do the cooking.
- New prices:     200 people - \$5,184.60                   300 people - \$6,572.60

**MOTION:** Director Pedrini made a motion, seconded by Director Heffner, to approve Director Attaway's proposal for the above-described event with (1) the expenditure of \$6,572.60 for 300 people for a September 18, 2011 community barbecue to be held from noon until 4:00 p.m. at the Caughlin Club, and (2) the appointment of the following committee members: Gwen Clancy, Cathy Rossner, Lisa Gorman, Lisa Ericson, Larry Winkler, Sabine Beach, and Michele Attaway, board liaison, (3) the invitations as discussed and amended. Motion carried by majority, with Director MacNeil opposing.

**5.6 Approval of the Eligibility Notice to Serve on the Executive Board/Ballot Election Packet**

Paul commented that the notice meets all required standards. Director Pedrini asked if the Nevada Day holiday might interfere with the mail delivery of the ballots. Paul assured her there would be no issue with Grant Thornton relative to mail delivered on that date.

**MOTION:** Director Pedrini made a motion, which was seconded, to approve the Eligibility Notice on the application to serve on the Executive Board, and the election ballot dated August 11, 2011, subject to adding the "requirement to vote for two parties," as recommended by legal counsel. Motion carried unanimously.

MEMBERS' COMMENTS

Norman Huckle suggested that the Board consider bear-proof garbage cans. He added this would discourage the bears and would also lessen the volume of trash that blows throughout Caughlin Ranch.

Director Heffner noted that following a solicitation for interested members to apply to join the Budget and Finance Committee, Parker Stremmel came forward. The committee has considered his application and will formally make a recommendation to the Board. Director Heffner requested that this item be placed on the next meeting agenda.

6. ADJOURNMENT

With no further business to address at this time, the Board Meeting was adjourned at 9:00 P.M

Respectfully submitted by:  
Gayle Wassenberg  
Recording Secretary  
Transcends Transcription Services

Approved by:

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Caughlin Ranch Board Member