

**MINUTES OF THE ANNUAL MEETING
OF THE GAINNEY RANCH COMMUNITY ASSOCIATION
FEBRUARY 23, 2011**

The Annual Meeting of the Gainey Ranch Association was held on Wednesday, February 23, 2011 at 7:30 p.m. at the Gainey Ranch Golf Club, Scottsdale, Arizona.

Board Members Present

Dick Lockwood
Shannon Vaughan
Pat Collins
Eugene Kaulius
Tom Cochill

Staff Present

Jim Funk, GRCA Executive Director
Donna Corcoran, CPA, Director of Finance
Scott Williams, Director of Maintenance
Anne Blazek, Estate Club Director
Captain Ed Gallo

The meeting was called to order at 7:30 by GRCA President Dick Lockwood. Lockwood introduced the other board members and staff. He next asked for a motion to approve the 2010 minutes. A motion was made, seconded, and approved.

Next, Lockwood reported for the Board of Directors. He mentioned that GRCA met most of its financial objectives for 2010 without raising dues in 2010, the second year in a row. Jim Funk and his team accepted challenges and met or exceeded most of them. Some highlights were: implementing the new security camera system, rebuilding four tennis courts, and improvement of maintenance supervision. The outstanding responses to the windstorm last winter and the hail storm last October were noticed and appreciated.

The cash flow is stable but is challenged by the weak economy. Lockwood noted that Donna Corcoran would go over finances in more detail, later.

Lockwood next commented on real estate figures. GRCA had 49 sales in 2010, about the same in 2009, and far below those in 2004 (146), 2005 (135), and 2006 (82). Starting in 2011, 9 homes were in escrow and 13 in escrow as of February 19.

Ranch issues were addressed next. Arizona's new Medical Marijuana Law will require the GRCA Board and Human Resources to develop policy regarding this law. Scottsdale proposed the use of Doubletree Ranch Road as a truck route. All members are encouraged to write letters and attend the City Council meeting on March 22, 2011. The Excellence Committee was created to determine the capital needs and methods to fund those needs in the future. Two letters were sent to all members and an opportunity for discussion can be taken at a town hall meeting on March 1, 2011 at the Gainey Ranch Golf Club. The Board felt the standards of the community have slipped over time and there is a need to replace and repair plants, trees, and roadways. The Excellence Committee estimated a need for \$1.5 million over the next 5 years, but the actual need could approach \$3.5 million. The Board supports the needs for these funds and will adopt the final approach after the town hall meeting.

Lockwood announced the members of the Excellence Committee: Mark Slicker as chair, Dick Bowman, Vern Krier, Patti Waner, and Dave McKelvey. Jim Funk and Dick Lockwood serve as GRCA Board liaison.

Eugene Kaulius introduced Vern Krier, GRCA's Volunteer of the Year. Krier has been a long time volunteer at the satellite and GRCA level. He has been on the Oasis board since 2000 and president since 2005. He also served on several GRCA committees. Under his guidance, the Oasis Excellence fund was established and he oversaw many enhancements in the Oasis which made a huge difference for owners, visitors, golfers, and the entire community.

Jim Funk spoke next. He confirmed there was a quorum with over 300 absentee ballots received.

There were no nominations from the floor. Nominations were closed and members, who had not voted previously, were asked to vote. The electors collected the ballots.

Donna Corcoran, CPA, Director of Finance was introduced. She explained that this past year was another great year for Gainey Ranch, with performance nearly matching budgeted expectations. Both revenues and expenses varied from the budget by less than 1%. This was accomplished with skillful management and focused Board direction.

The balance sheet reflects that GRCA is very healthy. The largest component of assets is the Reserves- \$1,099,639 followed by Plant, Property, and Equipment with \$935,208. Current assets are just over \$436,313, which includes Accounts Receivable. On the liability and equity side, the largest component is Member Equity of over \$1.9 million. GRCA's liabilities are composed of current liabilities of over \$292,000, Deferred Income, and the Loan from Reserves. Loan funds are scheduled to be repaid to Reserves over five years starting in 2011.

GRCA has been affected by collection issues due to the real estate woes the economy has experienced. In comparison to other communities in Scottsdale, Gainey Ranch is in a relatively good position. In 2010, there is some good and bad news in relation to our homeowner accounts receivable. Good news is the total of past due accounts is 70, which is more than 63 in 2009, but less than 89 in 2008. The bad news is the growth in the category of past due accounts that are over 90 days old. They grew from \$10,000 in 2008 to \$40,000 in 2009 to over \$50,000 in 2010. Gainey Ranch is in much better shape than most Arizona communities with reference to past due accounts. This is partly because of aggressive collection efforts. When there is no potential for collection, the community is forced to write off these bad debts and the cost must be shared among all homeowners. \$45,000 has been budgeted for bad debt and these costs are rolled into the 2011 GRCA operating assessment.

The focus for 2011 is to continue to hold the line on expenses and to continue to look for new areas of cost savings. GRCA will also be continuing to hone its maintenance cost allocation model to provide savings and clear understandings of how costs are allocated. Finally, Board and management will continue their aggressive collection efforts to ensure that collections are maximized and bad debt write-offs are minimized.

Jim Funk covered highlights of 2010: Changes in crew assignments to foster pride and accountability; a water initiative that already saved almost 19 million gallons; impressive emergency responses to the January windstorm and the October hail storm; a new security camera system; creation of a Manager on Duty system; and increased activity at the Estate Club.

Regarding the proposed Doubletree Ranch Road truck route. A council meeting will be held on March 22 to adopt this. Funk encouraged all members to write letters because each letter will be counted. More information will be in the March *Gazette*.

Election results were announced -- Dick Lockwood and Pat Collins were reelected.

The meeting was adjourned at 8:42.

Submitted,

Deborah Goodwin