

**MINUTES OF THE ANNUAL MEETING
OF THE GAINNEY RANCH COMMUNITY ASSOCIATION
FEBRUARY 22, 2017**

The annual meeting of the GRCA was held on February 22, 2017 at 7:00 p.m. at the Gainey Ranch Golf Club, Scottsdale, Arizona.

Board Members Present

Dick Lockwood
Shannon Vaughan
Pat Collins
Eugene Kaulius
Karen Epstein

Others Present

Jim Funk, GRCA Executive Director
David Merrill, CPA, GRCA Controller
Scott Williams, Director of Maintenance
Anne Blazek, Director of the Estate Club
Mike Anderson, Director of Security

The meeting was called to order at 7:30 by GRCA President Dick Lockwood. Lockwood introduced the rest of the Board and staff. He next asked for a motion to approve the 2016 minutes. A quorum was present and, upon motion and second, the minutes were approved.

State of the Ranch: The ½% enhancement fee is charged to all Gainey Ranch buyers. In 2016, it generated \$263K which is about 20% more than was budgeted and will allow the Board to prioritize additional capital projects. The GRCA also received \$166K from residents and commercial memberships, which is \$10 per month of the master association dues. This means the Board had \$429K to use in 2016-2017 for capital projects, loan repayment and the final payment to the loan from reserves which was borrowed in 2012 to begin the major landscape renovation (\$635K). The Board is proud of those activities.

2016 was a very good real estate year with 85 sales, up from 52 the previous year. The Ranch continues to be one of the finest places to live in AZ.

Regarding cable TV, a year ago, a committee (Jonathon Levy, John Demetra, Bruce Miller, Jim Funk, David Merrill, and Dick Lockwood) was created to review the bulk service agreement. After discussions with various television providers, an agreement was made with Cox Cable and Jim Funk was instrumental in the final negotiation. The package includes: no cost for the digital boxes (free first year, small amount thereafter), basic service, advanced service, Showtime and Faith channels, Contour II equipment for 2 TVs plus DVR service. Also, Cox technicians (not sub-contractors), plus a 5-year contract that could be extended. Monthly cost remains at the current rate, around \$33. The committee also researched bulk Internet pricing. That would need to be in a separate agreement since it was not in the CC&Rs. Funk has been discussing the Internet with each satellite and, to date, the responses are positive.

Mentor Kids USA Organization (Lockwood is chairman of the board) has a vision "a world where all youth reach their full God-given potential." Please consider donating to MK this year. An annual golf marathon is held at Gainey on Sunday May 21. Golfers will play 100 holes and hope to raise \$60K. This qualifies for a tax deduction as well as a credit on AZ taxes of \$400/single or \$800/joint. Lockwood thanked all for attending and for allowing him to serve for the past 8 years.

David Merrill gave the financial summary. The GRCA has 3 separate funds: Operating - day to day activity; Reserves - to replace and repair existing assets; and Capital - for new assets that are not on the reserve schedule. The budget process starts in August. The service hours,

expenses and initiatives are taken into account. This determines what the assessment will be and the goal is to have it cover all expenses. The results for 2016 were that Operating total revenue was \$2451 under budget, Operating total expenses were \$3715 under budget and total net income is \$1264 over budget. Some of the reserve fund activity in 2016: 3 tennis courts were rebuilt, 2 vehicles were replaced, more work was done in the Estate Club, the entry gates were painted, etc. The Reserves are healthy. The number of homeowners in collections has dropped from 19 in 2010 to only 4 last year. The unqualified financial audit opinion commended GRCA on the financial controls. The Board strives to meet budget and provide the best service possible to residents. If there are any questions, please contact David and he can discuss more in detail.

Jim Funk commented on the reserve balance being in good shape but continuing to build for future work that will be needed on the roads. With the capital fund, the GRCA rolled into the year with \$160K but, since it's dependent on sales, the final amount is an unknown. The GRCA and most satellites were on budget. That helps build cash basis. Minimum wage went up to \$10 an hour and will continue to increase 50 cents a year for the next 4 years. This will have an impact on GRCA. The Community Watch Program has been successful and 158 homes participated in the program. There were 1556 house checks performed. GRCA had only 4 crime events compared to Scottsdale's 6000. Mike Anderson's focus is employee retention with a step program that makes staff feel they are advancing. The Estate Club activity level is up around 200%. A tennis pro was hired and GRCA gives back to the community with the ASU Intern and Graduate Music Programs. The Arborist Initiative reduces tree damage from storms. Palm lighting is handled by the tree crew's monthly inspections and changing bulbs. Water conservation is important to Funk. Back in 2009, Gainey used 79 million gallons. This dropped each year to a low of 50 million in 2015. With new plantings and a slight drought, more water was used than planned but management continues to look for ways to conserve water throughout the Ranch. Operational success with Administration and the continual efforts to update community image, management communication training and sound financial capital plan. Capital success is the repayment of loan to Reserve, timely payments to Mutual of Omaha loan (\$300K annual payment), continued capital improvement implementation, and continued planning for improvements. Some projects completed: Estate Club awning, lighting, and landscape enhancement; median enhancement; shade structure at pool; doors to separate fitness and weight rooms; Doubletree fruit tree replacement; and West gate signage. The capital focus will be: Doubletree Road medians; Scottsdale Road landscape; security informational electronic signage; landscape improvements on portions of Mountain View.

Pat Collins and Doug Phares, were elected to the Master Board. An award was presented to Dick Lockwood by Karen Epstein.

A resident asked about Doubletree median maintenance and Funk explained that a small stipend is paid by the City. Funk agreed to send Cox-related information via e-mail. A resident complained about API, Funk suggested calling Monika Goodwin to assist. An owner asked about night time security personnel. Two officers are on patrol and 2 man gate houses.

The meeting was adjourned at 8:47.

Submitted,

Deborah Goodwin