

**MINUTES OF THE MEETING  
OF THE GAINNEY RANCH COMMUNITY  
ASSOCIATION BOARD OF DIRECTORS  
November 9, 2023**

A Board of Directors meeting of the Gainey Ranch Community Association was held on Thursday November 9, 2023, at 9:00 am via ZOOM and in the meeting room at the Estate Club Scottsdale, Arizona.

**Board members present.**

Karen Epstein – President - via ZOOM  
Carey Hyatt – Non-residential Board member  
Eugene Kaulius – Vice President  
Richard Brown - Secretary  
Andy Orent - Treasurer

Jim Funk, David Merrill, and Monika Goodwin were present by invitation. Approximately 14 members were present via Zoom and 16 members were present in person.

President Karen Epstein called the meeting to order at 9:04 am.

President Epstein asked for any changes or corrections to the Minutes of October 19, 2023 meeting. None were required and the Minutes were unanimously approved. Mr. Brown asked that all approved Minutes be uploaded to the Association website and management agreed to do so. Further, all Minutes shall be immediately uploaded following approval by the Board.

President Epstein requested Vice President Eugene Kaulius to chair the meeting.

The Board members were asked to introduce themselves to the members attending the meeting which they did.

VP Kaulius reported that he had convened a Finance Committee meeting to review the draft budget which 4 of 7 members attended. At that meeting, the Committee agreed that increasing the assessment to include \$2/month for the Capital Reserve was advisable. The Committee was split on eliminating the monthly and daily residential court fees. Mr. Kaulius then asked Jim Funk and David Merrill to provide an overview of the 2024 budget.

David Merrill addressed the proposed assessment increase. There are three funds for GRCA; namely, the operating account, reserve account, and capital reserve. The operating account is to fund all operations for administration, security, Estate Club and maintenance. The reserve fund is for fixed assets that require replacement or maintenance over the life of the asset. The Capital reserve is for improvements or additions to GRCA facilities that are not covered by the reserve funds. Repayment of the Estate Club loan of \$496,000/year is paid from the capital reserve pursuant to the loan terms.

David stated that, in developing the 2024 budget, a zero-based approach to each line item within the departmental budgets was utilized. The result of the budget process resulted in a proposed increase of \$21/month to the GRCA assessment from \$304 to \$325 per residential membership for each of the 1035 members. The proposed increase for the 348 non-residential memberships is \$8.28 per month from \$150.52 to \$158.70.

Eugene requested Jim Funk provide a detailed review of the increase for the members.

The \$21.00 assessment increase is a result of wage increases and other operating line items including utilities, landscape, pool, plants tools, alarm monitoring and other operating expenses increases. Reserve funding is proposed to increase by \$5.00 per membership per month following the recommendation of the outside auditor to increase the reserve from 23% to 30% of full funding.

**The Operating budget is proposed to increase by \$16.00 per membership per month.**

**The proposed Administration budget** is \$6.88 of the \$21 per month increase which is comprised of \$1.68 per membership per month increase to administration staff wages, \$1.71 per membership per month increase in security patrol wages, and \$3.49 per membership per month increase in operating expense, including the Arbor Care contract services for trees, plant replacements, as well as computer and bulk internet increases.

**The proposed Security gate budget** is \$4.04 per membership per month increase which is comprised of \$2.54 for gate officers' wages and \$1.50 per membership per month for operating cost increases including water, tools, and alarm monitoring.

**The proposed Estate Club budget** is \$5.17 which is comprised of a \$2.89 per membership per month increase in Estate Club labor costs and a \$2.28 per membership per month increase in operating expenses for electricity, natural gas, pool repair, plants, trash removal, computer, janitorial and cable expenses. The Estate Club increase is a result of higher prices for utilities and services and an increase due to higher activity use levels at the Club.

**The proposed Maintenance budget** is a zero-based budget where service revenues from GRCA and satellite communities drive expenses with all costs allocated to GRCA and the satellites. For 2024 the allocation to satellites will not increase while, at the same time, wages have increased by average of 4%. This is a result of reorganization of the department by Maintenance Director Heather Anderson. It should be noted that maintenance depends on a temporary labor source to maintain crew levels, and the arborist contract to maintain trees, allowing supervision to work closely with communities to meet their service levels.

Jim talked briefly about the wage consideration review of a Phoenix-Mesa-Scottsdale study that states the living wage is \$18.29 per hour for an adult/no children and \$24.07 per hour for 2 adults/2 children. To retain quality staff, Gainey Ranch must have competitive wages that exceed the living wage.

Mr. Kaulius discussed the fact that a \$21 increase in the assessment is unusual and a discussion with the Council of Presidents should occur prior to adopting the budget. The \$21.00 assessment increase is a

result of wage increases and other operating line items including utilities, landscape, pool, plants tools, alarm monitoring and other operating expenses increases. Reserve funding is proposed to increase by \$5.00 per membership per month following the recommendation of the outside auditor and the Finance Committee, to increase the reserve from 23% to 30% of full funding. The Board agreed and the budget discussion was tabled until the Council of Presidents could be convened.

Mr. Kaulius then spoke about the continued focus to remodel or rebuild the Administration offices and to do so would require increasing the capital assessment to create a fund for the purpose in the future. Following discussion of a proposed \$2 per month per membership increase, Ms. Epstein moved with Mr. Brown's second, to increase the capital fund by \$2.00 (or \$33K annually). The motion was passed unanimously. Mr. Orent suggested that an in-depth analysis of wages of all personnel, including benefits be held at a subsequent meeting to understand the true expense to GRCA.

Mr. Orent next moved with Mr. Brown's second to eliminate the residential court fees consisting of \$25/month and \$5/day per player for tennis and/or pickleball. Mr. Kaulius opened discussion to the membership and 10 individuals spoke to the issue. Most of the comments were to the effect that the charge was discriminatory and divisive because no other Estate Club use (i.e., fitness, pool or social area) was charged an additional fee. It was pointed out that the Estate Club incurs a direct cost of approximately \$32,000 for unreimbursed fitness classes and the cost of gas incurred by the Estate Club exclusively benefits the pool. Mr. Brown emphasized that adding a \$2/month per membership (\$24/year) to the assessment increase would cover the lost revenue. Mr. Kaulius wanted to defer the decision until after the meeting of the Council of Presidents and all agreed.

Mr. Brown made a motion with Mr. Orent's second to issue a limited number of "Friends and Family passes" with an option to purchase additional passes in lieu of the 3 free weeks currently allowed for Thanksgiving, Winter break and Spring break. The motion was discussed by the Board and several homeowners. The initial suggestion was one pass per member, per day. Owners in attendance also questioned the classification of guests, friends, and family. The motion failed to gain sufficient approval with Mr. Kaulius and Ms. Epstein in opposition.

The issue of an Amendment to the CCRs to increase the number of residential directors was raised. The Board had previously agreed to the Amendment to increase the number of residential directors to six from four but the steps to implement the process had not yet proceeded. Ms. Hyatt suggested that if the number of directors was to be increased that the non-residential directors should also be increased to two. Ms. Hyatt moved to amend the previously approved motion to increase the Board membership to include two new Board members - one from the residential membership and one from the non-residential membership for total of 7 Board members from the current number of 5 Board members. Mr. Orent seconded the motion and discussion ensued. The motion failed by a 3:2 vote (Epstein, Brown and Orent against. Hyatt and Kaulius in favor). After the vote, Ms. Epstein requested to change her negative vote and was denied that opportunity and no further motion was made.

The Scottsdale Police representative was unable to stay at the meeting due to other commitments and that item was agreed to be rescheduled to a later meeting.

A homeowner brought forth an issue with respect to an alleged verbal assault of a resident by and individual walking on the golf course. A complaint had been lodged with the GRCA administration and security as well as the manager of the golf course. The resident was referred to the Scottsdale police department and GRCA administration is to follow up with the aggrieved resident.

The Board went into executive session pursuant to A.R.S. 33-1804 Sec. 4 to review wages at 11:23.

The executive session ended at 12:00 and the Board meeting was adjourned at 12:02

Submitted by:

Richard I. Brown, Secretary