

**MINUTES OF THE MEETING
OF THE GAINNEY RANCH COMMUNITY
ASSOCIATION BOARD OF DIRECTORS
OCTOBER 19, 2023**

A Board of Directors meeting of the Gainney Ranch Community Association was held on Thursday October 19, 2023 at 9:30 am via ZOOM and in the meeting room at the Estate Club Scottsdale, Arizona.

Board members present.

Karen Epstein – via Zoom
Carey Hyatt – via Zoom
Eugene Kaulius
Richard Brown
Andy Orent

Jim Funk, David Merrill and Monika Goodwin were present by invitation. President Karen Epstein called the meeting to order at 9:30am.

President Epstein welcomed Carey Hyatt to the GRCA Board as the representative of the non-residential (commercial) members on the GRCA Board. Carey is a retired Scottsdale, Phoenix, and Maricopa Superior Court Judge who currently offices out Gainney Ranch Financial Center with a mediation practice. All Directors welcomed her to the GRCA Board of Directors.

President Epstein requested Vice President Eugene Kaulius to chair the meeting as she was attending by Zoom.

Eugene Kaulius asked for any changes or corrections to the Minutes of the June 7, 2023 meeting. None were required and the Minutes were unanimously approved as published.

Eugene invited David Merrill to speak on the current financials. David Merrill reviewed the September 2023 Financials resulting in a current operating cash of \$252,242, reserves of \$305,477 and capital reserves of \$558,546. The operating budget and subsequent operating revenues resulted in a net operating deficit of \$46,445. David went into detail on the operating deficit being a result of increased legal expenses, increased utility costs, as well as water and landscaping expenses due to the excessive heat. Finally, David spoke to the receivables balance of \$44,115.

Capital Project Update

Jim Funk reviewed the enhancement fee revenue to date. Management is projecting 50 property sales by the end of 2023 resulting in approximately \$477,000 of enhancement fee revenue. The yearly average home sales over the last 10 years has been 80 per year, with an average revenue of \$417,000 over the last three years. The 2023 enhancement fee revenue combined with the member capital assessment will provide approximately \$700,000 capital revenue for 2023 with \$500,000 earmarked for the Estate Club loan. During 2024 GRCA must maintain a capital balance from 2023 to meet the loan terms irrespective of the number of home sales.

During 2023, management implemented the following projects **Website upgrade, Acoustic mitigation of the Estate Club social area, and finishing of the Estate Club lawn landscaping.** The **Website upgrade** includes a member portal that will allow members to access the Estate Club calendar to easily register for all activities at the Club. The approved capital projects are projected to be completed by the end of 2023.

2024 Budget

David Merrill/Jim Funk presented the draft budget for consideration at the November 9, 2023 Board meeting. Considerations for the 2024 budget are the continued pressure on wages, projected increased utility expenses, overall increase in operating expenses, and adoption of the recommendation by the finance committee to increase the reserve fund from 21% to 25%. The Board asked that the finance committee review the draft budget prior to the November meeting. Directors also asked that management bring back specific information on each operating center (i.e., administrative, pool, fitness center, courts and Estate Club) as well as specific wage information.

Estate Club Construction

Gcon will complete outstanding construction issues this week resulting in the release of the remaining contingency funds of \$30,860.

Estate Club planning

The Board packet included current Estate Club fees and Estate Club activities for 2023/2024. The Board discussed at length the fees and resulting revenue for use of the tennis/pickleball courts by Gainey residents. The Board considered a motion by Mr. Brown to eliminate residential monthly and daily court fees but tabled the motion to the November 9 meeting to have a better understanding of the impact of the elimination of such fees on the monthly assessment. Several homeowners presented their opinions on the elimination of the residential court fees citing that such fees were discriminatory and not uniformly applied to the other Estate Club facilities such as the fitness center, pool and social room. Management was directed to provide detailed expenses for each area of the Estate Club.

Amendment to Declaration

The Board packet included information on modifying the Declaration expanding the GRCA Board from four residential Directors to six residential Directors. The Board discussed the desire to have more homeowner representation on the GRCA Board. A short discussion was held on a similar attempt in 2008 to expand the Board and why it failed. The Board agreed to further discuss the issue and send the Amendment out to a membership vote after the November 9, 2023 Board meeting.

Liquor License Review

The Estate Club holds a Series 14 Club liquor license which permits consumption of alcohol on the licensed premises by members of the club and their bona fide guests. Only the Estate Club may purchase, store, and sell alcohol on the licensed premises.

With the variety of activities that occur at the Estate Club there have been inquiries as to whether members might bring their alcohol to the club for their personal consumption. The short answer is "no" as bringing alcohol onto the licensed premises would be a violation of the liquor law. There are private member uses of the Club that could qualify the members to bring their alcohol, which would include notice to the Department of Liquor control.

The GRCA Board discussed the liquor report and adopted the recommendation to maintain the Private Series 14 club liquor license.

Gazette discussion

Jim Funk discussed the decision to stop publishing the Gazette as it had outlived its usefulness and cost approximately \$3000 per publication. Jim Funk proposed instead he would write a communication to be emailed to the community. The Board had no comment and agreed to consider the proposed communication going forward.

Fision Fiber Optics

The Board considered a proposal by Hotwire to install fiber optics in all residential properties at Gainey Ranch. The installation of fiber optics would be at the expense of Hotwire with a contractual commitment to move cable and internet for Gainey Ranch from Cox to Hotwire. The current contract with Cox Cable allows for exiting the cable agreement during 2024 and the internet portion of the agreement in August 2025. The Hotwire representatives are aware of GRCA contractual obligations and seem willing to move forward. The GRCA Board discussed and determined that a committee should be formed to review this proposal.

Scottsdale Police Camera

The Scottsdale Police Department has approached GRCA to determine if the community would be interested in entering into an agreement to allow Scottsdale, during emergency situations, to access our camera systems. The ability to have live images during an emergency situation would allow Scottsdale to better respond and protect the community. Scottsdale has been building this interactive system for a number of years working with other police departments and private individuals. The GRCA Board discussed and would like to have further conversation with Scottsdale representatives prior to any decision.

7400-127 Appeal

The Board took up the 7400-127 appeal of the 7400 Board's denial of the installation of four-panel sliding doors on the owners' patio facing their backyard. The Board was provided communications from the homeowner, the 7400 Board President and Master Architectural Committee member Alan Gorzynski. Adrian Arlund, the contractor representing the homeowner, stated that there are other examples of similar doors in the 7400 Association as well as other Gainey communities. Further, the contractor

obtained a structural engineering report to ensure that the integrity of the building would not be compromised by the proposed installation. The Board had a short discussion and agreed that Mr. Gorzynski's opinion was clear and to the point on the MAC's approval of the four-panel door. The Board voted unanimously to approve the installation of the four-panel door overturning the 7400 Board's denial of the project.

At 11:45 am Eugene Kaulius called for a motion to adjourn the meeting.

Submitted,