

**MINUTES OF THE MEETING
OF THE GAINNEY RANCH COMMUNITY ASSOCIATION
BOARD OF DIRECTORS
May 30, 2024**

A Board of Directors meeting of the Gainney Ranch Community Association was held Thursday, May 30, 2024, at 9:00 a.m. at the Daniel C. Gainney Estate Club, Scottsdale, Arizona.

Board members present.

Eugene Kaulius by Zoom
Gary Lev
Richard Brown
Andy Orent
Carey Hyatt

Jim Funk, David Merrill and Monika Goodwin were present by invitation.

President Eugene Kaulius called the meeting to order at 9:00 am.

Eugene Kaulius asked Andy Orent to preside over the meeting due to Eugene's participation in the meeting by Zoom teleconference.

Monika Goodwin provided the Affidavit to verify that proper notice of the meeting had been duly given to all association members.

Andy Orent asked for changes to the April 11, 2024, meeting minutes. Richard Brown proposed the following changes to the minutes as presented. Mr. Brown dissented on the approval of the 2024 architectural committee members' approval, further the finance committee may choose who chairs the committee. Mr. Brown requested proper legal language be used anytime the GRCA Board goes into executive session. The Board agreed with the changes and by motion by Gary Lev the April 11, 2024, minutes were adopted.

Andy Orent then welcomed Mr. Paul Hansen from Butler and Hansen audit firm reported on the 2023 GRCA financial audit. Mr. Hansen began by thanking GRCA management for their cooperation in providing assistance with the audit review. Paul thanked David for his professional approach and cooperation. Paul stated there were no significant adjustments to accounting entries and he contributed that to David's professional team. Further, the audit firm will be issuing an unqualified opinion that GAAP is adhered to. Mr. Hansen addressed the GRCA operating and reserve fund with his recommendation that both should be boosted. Currently the operating fund is a 1 to 1 ratio and GRCA should have a 2-to-3-month operating fund. Mr. Hansen pointed out the inflationary impact of a 30% decrease in purchasing power since 2019, insurance and construction costs are up by 60%, and continue to increase, all applying pressure to the operating cash fund. Mr. Hansen encouraged action be taken sooner than later as other communities they serve have fallen behind and are having a difficult time catching up. Paul reminded the board they have a fiduciary duty to maintain the GRCA facilities and encourage a dynamic budget process to amend budget to maintain necessary cash balances. The board invited questions from the homeowners attending the meeting.

Andy Orent asked David to report on the April financials. David thanked the board for the opportunity and discussed the financials which were provided to homeowners who attended and presented them on the presentation screen. David stated the operating cash had improved slightly and were lower at this time of year due to several prepay expenses which are spread by month over the entire year. The reserve and capital funds are doing well. The operating expenses are 3% over budget; due to water, electricity, and gas expenses.. Payroll costs are within normal budget, noting the Estate Club contract labor is negative to budget, but fitness revenues are positive resulting in a neutral to budget expenses. Currently accounts aged receivables are doing well with non-residential assessment collection behind but expected to catch up

After David was finished Carey Hyatt asked for the floor to discuss the overage of financial budget in 2023 because of legal expenses. Specifically, while acknowledged Carey does not believe the issue was well vetted in open session and thus lacked transparency. Carey reminded the board that the GRCA attorney had expressed concern for continued actions by Board member Mr. Brown that caused management to seek legal review. The 2023 GRCA financials were over budget by \$9000 which could have been prevented had issues requiring attorney opinion and impute not continue to arise. *Eugene stated the Board has dealt with our legal fees being above budget in 2023. In reviewing these billings, a good portion of the increase was for normal GRCA legal needs. Additionally, at the outset, there were some instances where a new Board member had pursued additional legal clarifications and personal involvement in assisting a homeowner, which was not productive and resulted in some additional legal fees. The Board has dealt with this matter and has instituted additional policies for obtaining professional services. We believe this will prevent future problems of this nature.* Carey Hyatt expressed concern that Mr. Brown specifically responded in an inappropriate manner when she requested the board discuss this topic at the May 30, 2024, meeting. Eugene stated that he had addressed this issue with Mr. Brown by email and had copied the board. The Board acknowledged her concern and expected all board members to respond in a civil manner no matter the topic.

Andy Orent then opened the Employee Group Benefits Renewal for 2024. The renewal presented was provided by benefits broker Gallagher and has significant increases for 2024 of 33% as presented. Andy Orent discussed research that pointed to increasing the deductible from the current \$1000 or as present the new plan at \$1500, as a \$1750 deductible is an average nationwide. Further Gainey currently provides \$1000, \$2500, \$6500 deductible plans with an HSA benefit tied to the \$6500 plan. Due to the number of GR employees, consider less plan choices with emphasis on the higher deductible/Out of Pocket plans to bring down the overall expense. It was agreed that management would go back to Gallagher requesting a \$2000 deductible plan quote as well as provide an HMO alternative to the current PPO benefit plan for consideration.

Gary Lev reported on the Estate Club Operation committee.

The minutes of those meetings are provided in the board packet.

Gary discussed family guest day passes proposing each household will be assigned 20-day guest passes. Each day pass would allow a homeowner to bring multiple family members up to 10 per day to the Club. Homeowners must register guests at the Estate Club desk. Homeowners who use the court facility after hours must declare prior to use through email. Any homeowner who does not prearrange or send after hour email will be charged \$15 per guest per day. The committee defined Family pass as direct family members and friends.

Fitness facility rules were discussed with 14 years of age or younger must have adult supervision. Children below 8 years of age may not use the fitness facility without Estate Club Director permission. Guests and friends of members must be registered and accompanied by the member unless approved by the Estate Club Director.

Rick Brown discussed the homeowner court fees that will be eliminated on January 1, 2024. Rick made a motion to eliminate the homeowner court fees on July 1, 2024, the motion failed due to lack of a second.

Pool rules and guidelines were discussed with additional cameras installed for pool use. Additional clarification of pool rules will be developed.

Jim Funk reported on website development and the progress made. Several communities have provided documents within the website and Jim encourages all communities to provide minutes and memos to be placed on the website for review by homeowners. Many of the comments from the previous board meeting have been modified on the website. Gary Lev pointed out the opening page of the website the "See available properties" tab is too prominent and should be moved. Jim reminded the board that the goal of the outward facing portion of the website is to market Gainey Ranch properties providing more real estate demand. Jim will look into a better location for the tab. The website meets the goals of updating the Gainey Ranch image. One aspect of the homeowner directories is not functioning and will be addressed.

David spoke to the Yardi portal for financial reports for all members. Roll out has occurred and approximately 150 members have registered to enter the portal for GRCA and satellite monthly financials. As financials are published each month including them on the portal is a part of the process. David mentioned he is working on email statements through the Yardi system for all homeowners.

The Board then asked for comments from homeowners.

The Board concluded the board meeting at 12:15pm.

The Board went into Executive Session at 12:20pm pursuant to A.R.S 33-1801. Section 3.

It was determined the board was satisfied with the actions taken by management on an issue created by a homeowner and there was no need to discuss.

The Board closed executive session and adjourned the meeting at 12:30pm.