

**MINUTES OF THE MEETING
OF THE GAINNEY RANCH COMMUNITY ASSOCIATION
BOARD OF DIRECTORS
EXECUTIVE SESSION
September 12, 2024**

A Board of Directors Executive Session meeting of the Gainey Ranch Community Association was held Thursday, September 2024, at 9:30 a.m. at the Daniel C. Gainey Estate Club, Scottsdale, Arizona.

Board members present.

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

Jim Funk, Michael Hunter, and Monika Goodwin were present by invitation.

President Eugene Kaulius called the meeting to order at 9:30 am.

- 1) Eugene called the meeting to order @ 9:30 am. Jim welcomed Michael Hunter as our new controller to replace David Merrill.

Eugene turned meeting over to Andy Orent, who entered proof of notice regarding the meeting from Moniker in record

- 2) An amendment to the minutes of the May 30, 2024, was made by Rick Brown to reflect his motion made that date to eliminate tennis court fees as of 7/1/24 instead of the current plan to eliminate them by January 1, 2025. That motion was defeated at the May 30th meeting. Eugene moved to approve the May 30th meeting minutes as amended; Gary Lev seconded. The minutes as amended were unanimously approved.

- 3) Michael Hunter reviewed the accounting handouts (the Balance sheets/Operating fund/Reserves/Capital Fund as of 8/31/2024.

Mention was made of efforts being pursued by HOs Rob Ekern and Jamie Lowe to propose that a coalition of the satellites and GRCA for insurance pricing for future insurance renewals.

There was discussion regarding the recent switch of brokers this year for the employee insurance benefits package that reduced the percentage increase in

costs for this year from a 33% increase by Gallagher to an approximate 15% increase with the new broker Stern - kudos given to Andy Orent and Rick Brown for quickly helping to make this happen.

- 4) Jim Funk gave the capital project update per the exhibit within agenda item #4. Andy made the suggestion to look into beginning a “rainy day fund” out of the incoming enhancement fees to help cover unexpected expenses and inflation. The Financial Committee, which includes Rick Brown and Eugene Kaulius as members, will look into this suggestion during their upcoming meeting.
- 5) Michael Hunter led a discussion regarding the budget for 2025. It is projected/proposed that the budget include a 3% increase in staff costs, an inflation rate of 2.4% and a 5% increase in arbor care. These proposed fund increases would result in an assessment increase of \$23.19 per month per property (an increase of approximately 7% over last year’s assessment. This is not set as yet, but will need to be decided by the Board by late October. Inflation increased to 2.5 Current month as of 8/31/2024.

Our auditors suggested we keep 3 months of operating expenses as cash in the fund. Jim and Michael believe that 1.25 months of expenses in cash is sufficient. It was suggested that the Financial Committee look at this issue.

Charles Page posed a question regarding the chances devising some way of making the Operating Fund Cash income producing. Jim indicated that was being done with the Reserve Funds but not the Operating Funds because of the need to keep these funds liquid. It was proposed that the Financial Committee also look into this issue.

- 6) Anne Blazek reviewed Estate Club policy proposals from the Estate Club Committee for implementation by Nov 1st. The policies were provided as an agenda handout. The discussion resulted in some changes to the proposed policies as follows:

Total number of Guest/House passes were reduced from 20 to 12 annually.

Tennis/Pickleball Courts - No pickle ball guests will be permitted in the mornings through 11:30 am, unless the courts are open on that day and then Guest Passes can be used or Guest Fees of \$15 charged. Homeowners may have Guests in the afternoons from 11:30 am on and may again use their Guest passes and or be charged a Guest Fee.

Consequences for violating the Guest Policy of Estate Club. An increasing set of penalties was proposed by the Committee, modified during the meeting due to the reduced number of annual Passes from 20 to 12:

1st infraction = \$15 plus a warning –

2nd infraction = \$15 plus lose 3 Guest passes

3rd infraction = \$15 plus lose 5 passes

4th infraction = \$15 plus losing remaining passes

Jim will look into what the costs might be for implementing gate card reader access, which to date has not been implemented for swimming pool access.

Gary Lev set forth some recommendations for an increasing set of consequences for Estate Club members abuse of staff (assuming minor abuse, not major abuse such as a physical assault requiring the involvement of law enforcement) –

1st infraction = warning

2nd infraction = no Club access for 30 days

3rd infraction = no Club access for 90 days

4th = potential legal action

It was suggested that there be an established grievance mechanism involving an appeal to the full Board by the filing of an appeal within 10 days of the imposition of the consequence and a meeting of the Board regarding the appeal with 30 days of the filing.

Infractions of this nature are currently being documented by Anne and any involved Staff member as to each instance.

- 7) Jim Funk talked about Cox cable service issues and the Communications Consultants Group (CMG) proposal. This consultant's group is based out of Florida with an office in the Phoenix area. The proposal from CMG is for GRCA to sign a GRCA representation agreement with CMG to negotiate with bulk cable and bulk internet providers to achieve the best deal for Gainey Ranch. Through the negotiations they believe they can provide Gainey Ranch with a lower cost for the bulk services. CMG would be paid 30% of the incentive the carriers might provide and/or 30% of any savings achieved over the negotiated contract. The CMG proposal could be rejected by the GRCA without any cost. The Board stated this was worth looking into but needed more information prior to any representation agreement being executed. The board would like to evaluate how the current contract is headed and how this consultant's agreement could benefit the GRCA and over what period of time.

What is the cap on the return, if no increase on next contract does the payment continue into the future. Is the second contract continue the fee or does it continue.

At 11am the Board took a short break and then moved into executive session to discuss the search for a new executive director.

Minutes to august 6 change verbiage from outsourcing to review software.

Discussed CAI posting for executive director.

If we are going to post need to communicate to the community.

Reviewed the document to send out to the community.

The Board went into Executive Session at 11:25am pursuant to A.R.S 33-1801 to discuss the search for executive director.

CAI post Jim posts the position and reviews applicants. Applicants are provided to search committee who reviews and moves two applicants forward to the

The committee came out of executive session at 11:40am and discussed the court fees.

A discussion in the lost revenue occurred it was determined that let the budget reflect the decision no funds to be moved from capital fund.

The board determined it would remove the owner fees and let it reflect in the minutes of the decision. No funds would be moved from the capital fund to the operating fund in 20245

Eugene stated that Carey needed to get this decision into the board minutes.

The board adjourned the meeting at 11:45am