

August 23, 2017

TO: White Bluff Property Owners
FROM: Your Board of Directors
Jim Fletcher, Secretary
RE: Minutes of 08/18/2017 Board Meeting

Minutes of the Special Called Meeting of the White Bluff POA Board of Directors

Invitees: Members of the WBPOA
Location: Conference Center- White Bluff Resort, Lake Whitney, Texas
Date: August 18, 2017
Time: 9:00 AM

1. Call to Order

The meeting was called to order by Leonard Critcher, Board President, at 9:00 AM.

a. Confirm Quorum

With all eight board members present, Mr. Critcher confirmed a quorum.

2. Adjournment in to Executive Session

Following the confirmation of a quorum, the board adjourned to executive session.

a. Discussion of confidential litigation issues.

The board discussed several legal matters including litigation in the Walkinshaw Case and the Hill County lawsuit. The board also discussed the 2016 financial audit for WBPOA.

3. Reconvene Open Session

The board reconvened to open session at 1:19 PM.

4. Summary of Executive Session - Leonard Critcher

The board discussed several legal matters including litigation in the Walkinshaw Case, the Hill County lawsuit, and the lawsuit filed by Double Diamond in the Justice of the Peace Court regarding the May 2017 election held to fill vacancies on the WBPOA Board of Directors. More specifically, Mr. Critcher briefly explained plans to amend the Hill County lawsuit to address matters that had not been included in the original pleadings. The hearing on the \$1.125 million in disputed POA funds will be held in 66th District Court in Hillsboro on September 1st. To date, there has been no movement on the Justice of the Peace lawsuit regarding the board election.

The board also discussed the status of the 2016 financial audit for WBPOA. Additional information from Double Diamond is needed by the CPA firm for completion of the audit. This information has been requested from Double Diamond by the CPA firm.

5. Open Forum

- a. Discussion of Agenda Items by attending members
(limited to 4 minutes per member and a total of 20 minutes)
No comments or questions regarding agenda items were presented by property owners in attendance.
- b. Questions for the Board- deferred to end of meeting

6. Agenda/Discussion Items

- a. Election of Board Director Replacement
Jay Elder, POA Board Member, chaired the Board Nominating Committee. He sent an email blast to property owners several weeks ago asking for nominations for the open board position created by the resignation of Terry Newman. The term for the board position occupied by Mr. Newman ends in May 2018. The nominating committee received six nominations and resumes from each nominee. Joe Manders was elected unanimously by the board to fill the vacant board position. Mr. Critcher welcomed Mr. Manders to the board.
- b. Brazos River Authority Report- Marshall Snyder
The WBPOA purchases lake water through contracts with the Brazos River Authority for the purpose of watering the common areas and golf courses in White Bluff. These contracts will remain in effect through 2022. The current price per acre foot of water is \$72. That price will increase to \$74 in September 2017. Mr. Snyder explained that the POA water allocation under these contracts is 1,300 acre feet, and the POA pays for this water whether it is used or not. However, this allocation is needed during drier years to assure that common areas and the golf courses receive adequate irrigation water.

Mr. Snyder reviewed the lake water distribution system used to distribute lake water to the common areas and golf courses. The North Lake and South Lake are integral parts of this distribution system. Currently, 70% of the water is used to maintain the North Lake, South Lake, and ponds in White Bluff. Monthly reports on water usage are prepared and are being tracked so that a model for better forecasting of future needs and usage can be developed.

The current system for the distribution of lake water was set up as a single payer system that was funded and paid by WBPOA. The current funding is one major element in the planning process that is being reviewed and will likely be discussed by the POA Board in the near future.
- c. Roads Committee Report- Milt Bergman
 - i. Engineering Study
Mr. Bergman reported the first phase of the White Bluff roads study has been completed and submitted by the engineering firm contracted to

conduct the study. The firm is now working on Phase 2 - Cost Study, which will be followed by Phase Three - Plan for Implementation. Leonard Critcher, Board President, announced the Roads Committee and POA Board will schedule a joint work session in the near future to review the findings from Phase 1.

ii. Status of Saw Cutting repair

Mr. Bergman reported that saw cutting of White Bluff roads has been halted and will not be permitted in the future except for emergency repairs of water mains that may rupture under roadways.

d. Liaison Director Reports

i. John Bass, VP- Proxy Procurement

Mr. Bass reported the WBPOA will prepare new proxy forms that grant individual proxies for a period of 11 months consistent with Texas law. A new proxy campaign will begin within the next few weeks. He emphasized that volunteers will be needed again in March and April of 2018 to solicit proxies prior to the annual meeting in May 2018.

ii. Jim Fletcher, Secretary- Mega Board

Mr. Fletcher reported the purpose of the Mega Board as information exchange only. Contacts in other developments that face challenges with management of their POAs can exchange information and ideas through this informal group. This exchange includes information on fiduciary obligations of board members and strategies for meeting those obligations, policies to improve the provision of services to property owners, long-term planning, and other key responsibilities of board members.

iii. Jeff Williams, Treasurer- Financial

Mr. Williams reported that he is working with FSR (FirstService Residential), the WBPOA's management company, to create a new bookkeeping system for the POA. He is also working with the CPA firm retained to complete the WBPOA audit to obtain the financial information needed to complete the 2016 as well as future audits. Mr. Williams explained that FSR has hired a new employee devoted to addressing and correcting billing issues for the WBPOA. He emphasized that she is making excellent progress and usually addresses issues within 24 hours of a reported problem.

iv. Mike Ellis, Rules Compliance

Mr. Ellis reported that he is coordinating with FSR to reinstitute a compliance system for covenants and restrictions. He emphasized that anyone can report a violation and FSR will check reported violations. Fines for violations are currently being reviewed by FSR. A

recommendation on these will be made to the POA Board in the near future.

v. Roy Miller, POA Equipment

Mr. Miller reported that a full inventory of all equipment in the maintenance area was conducted on July 19th. The current value of equipment owned by the POA is in excess of \$500,000. The ownership of some equipment is still in dispute. However, he is working with FSR to attempt to resolve remaining questions regarding equipment ownership.

Mr. Miller stated that an incentive for properly maintaining equipment was lacking in past years. Instead, equipment was replaced with new equipment purchased with POA funds. He is working with FSR to review equipment maintenance standards and practices, which should prolong equipment life as well reduce maintenance and repair costs.

Mr. Miller stated the next task is an inventory and assessment of vertical (buildings) and horizontal (parking lots, roads, tennis courts, etc.) structures for ownership, condition, and deferred maintenance.

vi. Marshall Snyder, Long Term Planning

Mr. Snyder reported that a working group of WBPOA constituents is being formed to create priorities and a long term plan for White Bluff. He emphasized the plan is dynamic and will likely change over time as needs and expectations change. He explained that long term planning is an on-going process intended to identify and address changing needs and expectations. He asked for volunteers to serve on the committee.

vii. Jay Elder, Standing Committees

Mr. Elder serves as liaison between the POA Board and the standing committees. He emphasized the need for more volunteers to serve on the various committees. A sign-up sheet for volunteers was passed out to property owners in attendance at the meeting.

e. Board approval of flow meter- front gate ponds

Marshall Snyder explained the ponds at the entrance to White Bluff are leaking. The rate of leakage and evaporation can be measured by metering the water. The cost of a meter is \$500 plus labor to install it. A motion was made by Mr. Snyder and seconded by Roy Miller to approve the installation of the meter. The motion passed on voice vote.

f. Water tap for Meadowmore Condos

Marshall Snyder stated that a request to supply irrigation water to Meadowmore Condos from lake water purchased by the WBPOA from the Brazos River Authority had been made by that property owners association.

The landscaped areas for those condos are currently irrigated with potable water. Mr. Snyder said that more information on the feasibility and cost for fulfilling the request would be collected and presented to the POA Board at a future meeting. No board action on this issue was needed at the August 18th meeting.

g. Ash Pool

i. Installing heater

Members of the water aerobics group want heaters installed in Ash Pool. The WBPOA already owns the pool heaters. The approximate cost for installation will be \$250. Roy Miller moved and Marshall Snyder seconded a motion to install the heaters. The motion passed on a voice vote.

ii. Extending shaded area

Some property owners requested that a shade cover be installed at Ash Pool. The cost for the cover will be \$14,000 to \$15,000. This item was tabled until the next board meeting.

h. Reinstating agreement with Lake Whitney CC

Jim Fletcher asked if the board would consider reinstating the temporary agreement with Lake Whitney Golf Club to allow White Bluff property owners to play at that course. Property owners would be required to provide their POA membership number and a photo ID when signing up to play a round of golf. The POA would reimburse the L.W. Golf Club for the rounds played. Mr. Fletcher also asked about exploring a similar arrangement with other golf courses in the area. After some discussion, Mr. Elder and Mr. Fletcher were assigned to investigate the feasibility of these arrangements and to report back to the board. No formal action on this matter was taken by the board.

i. Purchase of land by POA

John Bass explained that the POA has an opportunity to purchase 8.2 acres of land consisting of four lots at the corner of White Bluff Drive and Pebble Drive for a total price of \$48,000. These lots are well suited for any future facilities the POA may want to construct to serve the property owners at White Bluff. A motion was made by John Bass and seconded by Jim Fletcher to purchase this land. The motion passed on a voice vote.

j. Smoking policy- POA pools

The POA board discussed the smoking policy for POA swimming pools. Marshall Snyder moved and Jay Elder seconded a motion to prohibit smoking in the pool areas. After discussion and amendments to the motion, the board voted to prohibit smoking inside the fences and the changing areas at the pools owned by the POA. Duane Dauphin, General Manager for the White Bluff

POA, was directed to prepare and post the appropriate signs as well as brief POA staff regarding the new policy.

k. POA Financial Condition- Jeff Williams

Jeff Williams reported the POA is currently in a good cash position and that maintenance fee payments continue to come into FirstService Residential on behalf of the POA as a result of the July 2017 billing. He emphasized the need to establish reserve funds and set up a plan for allocating those funds to meet future needs, such as facility renovations and replacements. The board will be discussing plans for reserve funds at a future board meeting.

l. Status of D&O Insurance- Roy Miller

Roy Miller reported that he will be meeting with Insurers of Texas to discuss a bid package for D & O (Directors and Officers) insurance. He expects to have the insurance coverage issue resolved within 30 days.

m. WB Rate Payers Group Report- John Bass

John Bass reported that the Public Utility Commission administrative law judge assigned to the Double Diamond Utilities rate increase application granted a 265 day reprieve on the implementation of new utility rates. This period is being used to gather information and to address disputed issues in the rate application.

Mr. Bass reported that White Bluff utility rates are lower than Hilco, which has increased rates each year. However, he reported that Hilco has drilled five new wells in the past five years, and that Double Diamond Utilities has made no infrastructure improvements.

Mr. Bass reported that most of the funds collected through donations and matched by the WBPOA to challenge the utility rate increase have been exhausted. He asked for another \$25,000 in matching funds from the WBPOA to help defray the ongoing costs associated with opposing the proposed rate increase. Mr. Bass moved and Marshall Snyder seconded a motion to allocate the requested matching funds. The motion passed on voice vote.

Mr. Bass asked for \$100 donations from rate payers to match the funds authorized by the board. A WBRP web page on the WBPOA website is being developed with a link to a Paypal account for donations. Paypal will provide a convenient way for rate payers to make their donations. In addition, rate payers can drop their donations off at the WBPOA administrative office; mail them to P.O. Box 37, Whitney, TX 76692; or, give them to one of the directors of the White Bluff Rate Payers.

7. Property Owner Q&A for the Board

Gloria Blair pointed out that emergencies should be called into 911 and NOT to POA Security. Non-emergency issues can be called into Security at 254-694-4471. She

also asked that property owners participate in neighborhood watch by reporting suspicious activities.

Paul Jacobus made a presentation regarding the revocation of his privileges related to using Double Diamond amenities in White Bluff.

Jane Willingham suggested that POA staff be moved back to the Double Diamond administrative offices to save money. Leonard Critcher, Board President, explained that (1) the POA has a 1 year lease on the current office space, and (2) the POA Board believes that co-location of Double Diamond and the POA is ill advised due to the current conflicts between Double Diamond and the POA.

Jonathan Whalen asked why the POA cannot maintain the Double Diamond-owned golf courses in White Bluff. Leonard Critcher explained the salient points related to the golf courses in the two on-going lawsuits as well as the fiduciary responsibilities of the POA Board in setting policy.

Clark Willingham made a brief statement regarding golf course maintenance and the Board's consideration of alternative golf arrangements for property owners.

Kevin Watson asked that the board consider salt water for Ash Pool. He stated that salt water is healthier as well as "easier" on the pool plaster.

8. Adjourn

The meeting was adjourned at 3:20 PM.