

December 23, 2021

TO: White Bluff Property Owners
FROM: Jim Fletcher, Secretary WBPOA
RE: POA Board Meeting Minutes, 12-15-2021

**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
Date: Wednesday, December 15, 2021**

1. Call to Order – John Bass

John Bass, Vice-President of the WBPOA Board, called the meeting to order at 2:00 PM.

a. Confirmation of a Quorum – Jim Fletcher

A quorum of seven board members was present. Board members in attendance included John Bass, Vice-President; Jim Fletcher, Secretary; Jeff Williams, Treasurer; Joe Manders; Gerry Mayer; Mark Hepworth; and Trena Chagnon. Leonard Critcher, President, granted his proxy to Jeff Williams. Teal Lang granted her proxy to Jim Fletcher.

2. Open Forum – John Bass

**a. Discussion of Agenda Items by attending members
(Limited to 4 minutes per member and a total of 20 minutes.)**

Mike Hubbell raised the following concerns regarding the POA budget – (1) funds for managing items, such as drainage, should be included in the budget; (2) funds for properly maintaining the marina. Bill Finney, GM, briefed the Board and audience regarding marina maintenance during 2021.

Paul Jacobus – Addressed election of members of the Board and its officers. His concerns centered on property owners who owe maintenance and/or special assessment fees voting through proxies as well as the Board soliciting proxies from property owners and casting those proxies in the election of new association directors. Texas law, passed after the adoption of the WBPOA bylaws, prohibits POAs from denying property owners the right to vote in association affairs regardless of their delinquency status. John Bass explained the need to establish a quorum to conduct business and hold elections for board members at the POA annual meetings per the POA bylaws. He stated this as the reason the Board solicits proxies, and further explained that correspondence requesting proxies informs property owners they may assign their proxy to anyone for the purpose of voting.

Cassie Fleming – Raised concerns regarding the POA Bylaws provision that a delinquent property owner cannot vote. Texas law no longer permits the enforcement of this bylaw.

b. Questions for the Board

Paul Jacobus – Raised an issue regarding flooding caused by diversions. His porch was flooded during heavy rains, and the water almost entered his house. He requested the installation of a drainage ditch or swale to divert water coming off the golf course away from his property.

Mike Hubbell – Reported having problems with drainage overflow onto his property from a drainage ditch that has reduced capacity due to siltation.

3. Agenda/Discussion Items

4.

a. Ratification of Board actions previously taken via email and during Board workshops (see attached list) – John Bass

Jeff Williams moved and Mark Hepworth seconded a motion to ratify the Board actions. The motion passed unanimously.

b. Payment to Double Diamond – Bill Finney, POA General Manager

A payment of \$750,000 was made to Double Diamond this week to reduce the outstanding debt on the purchase of the POA assets. This brings the debt to just over \$1.9 million, which will be paid in full in early 2023.

5. Seating of Trena Chagnon as a POA Board Member – John Bass

Jim Fletcher moved and Gerry Mayer seconded a motion to seat Trena Chagnon to the Board of Directors. The motion passed unanimously.

6. Election of POA Board Officers – John Bass

Newly elected Board of Director officers for 2022 are Leonard Critcher as President, John Bass as Vice-President, Jim Fletcher as Secretary, and Jeff Williams as Treasurer.

7. Walkinshaw Lawsuit Update – Joe Manders

Joe Manders summarized rulings by the district and appeals courts to date, and explained the ongoing litigation for this case.

- In October 2020, attorney Marty Rose, representing approximately 1100 plaintiffs, filed the 11th Amended Petition in the Walkinshaw case in the 191st Judicial District Court (JDC), Dallas County, Texas. This Petition requested: (1) equitable relief from the court including reimbursement for money paid to and received by Double Diamond for golf course maintenance fees and the food and beverage program; (2) attorney fees for Marty Rose; and, (3) unspecified damages from the WBPOA for violating a restrictive covenant in paying maintenance fees to maintain the golf courses and implementation of the food and beverage program.

- On April 5, 2021, Marty Rose filed a Motion for Partial Summary Judgment in the 191st JDC on this 11th Amended Petition.

- On August 19, 2021, Judge Slaughter ruled on this Partial Summary Judgment. (a) She did not grant the equitable relief requested (money had and received, unjust enrichment, restitution), thus requiring a trial on these issues. (b) She did rule the WBPOA breached a restrictive covenant in paying for golf course maintenance and in implementing the food and beverage program.

- A jury trial will be scheduled in April 2022 to determine the amount of damages by the WBPOA for breach of a restrictive covenant and attorney fees for Marty Rose.

The WBPOA believes Judge Slaughter is simply wrong in her rulings and that we stand on firm legal ground for appeal to overturn her rulings on the law and any jury determination of damages. Procedurally, we are advised that since this is a Partial Summary Judgment action, we cannot appeal immediately, but must proceed to trial first to determine damages and then appeal the legal rulings of the judge and jury damage awards afterwards.

8. Repairs to White Bluff Roads – Bill Finney, POA General Manager

Bill Finney, GM explained the POA has purchased approximately \$200,000 on road maintenance equipment during the past two months, as well as hired a road maintenance supervisor and a crew member. A second crew member will be hired as soon as a qualified applicant is identified. Although the maintenance equipment has been purchased, delivery of some equipment is expected within the next 90 days.

9. 2022 Budget – Jeff Williams

Jeff began with a review of the POA's latest financials. First, the POA's cash position remains strong. The Association is both solvent and maintains a strong liquidity position. At 10/31/21, the POA had operating cash of \$3,471,686 representing between five and six months of operating cash, and cash reserves of \$1,379,250.

Through October, POA income and expenses were running in line with the POA budget projections. Per information received yesterday, the POA collections rate for maintenance fees year to date is running slightly ahead of projections at 77%. Golf, lodging and marina revenues are running well ahead of last year, reflecting the first year that our golf operations were fully up and running since the POA acquired the amenities three years ago. Food and beverage operations are running at near breakeven levels.

Expenses are up about 15% year over year reflecting higher payroll levels as the POA has returned to near full staffing. Costs for utilities and insurance have increased substantially year over year. The POA incurred a number of one-time costs as a result of the February freeze. We also made a number of capital expenditures during the year, replacing two security maintenance vehicles, buying new greens covers, and replacing maintenance equipment.

With proceeds from year one of our Special Assessment, the POA was able to pay down the note to Double Diamond by \$1.5 million. The original note balance was \$3.55 million and after the latest payment, the note stands at just over \$1.9 million. The POA is on track to fully pay off the Double Diamond loan by sometime in 2023.

During the Board's last work session, the Board reviewed changes to our budget year over year in significant detail. Based on the review of POA financials, the Board is projecting modestly higher revenues from golf operations based on slightly higher prices that will be charged to outsiders coming to play golf in White Bluff, and from an expected pickup in outside tournament play. Golf fees for property owners and the fee for annual unlimited golf will remain the same year over year.

Lodging revenues are projected to be higher in 2022 based on higher prices for both the condos and log cabins, but more importantly, from the opening of the Inn at White Bluff, hopefully sometime during the first quarter of 2022. The Board believes it has been very conservative in revenue estimates for the hotel, both in terms of occupancy rates and pricing.

The Board is projecting year over year increases in operating expenses approaching 25%. These include increases in payroll, maintenance costs, and a significant increase in anticipated legal expenses.

If the POA did not have to budget for the increase in legal expenses to defend ourselves against the ongoing lawsuit, the POA would produce a positive cash flow next year. As projections stand, the Board is budgeting a cash shortfall next year of approximately \$270,000.

Jeff Williams moved and Jim Fletcher seconded a motion to adopt the proposed 2022 budget for the White Bluff Property Owners Association. The motion passed unanimously.

Jeff Williams also reported the White Bluff Volunteer Fire Department has found a replacement fire engine for the 1996 engine they have that will not pass inspections. The VFD has made a deposit on the replacement truck. Jeff Williams moved and Gerry Mayer seconded a motion to release the \$180,000 in accumulated funds collected by the POA for this purchase as well as the funds that will be collected in the first half of 2021 to the VFD to assist with the fire engine purchase. The motion passed unanimously.

The meeting was adjourned at 3:28 pm.