

May 31, 2018

TO: White Bluff Property Owners
FROM: Your Board of Directors
RE: 2018 POA Annual Meeting Minutes

We are pleased to provide you with the detailed minutes of the POA Annual Meeting held on May 19, 2018. You may listen to an audio recording of the meeting or view a visual recording of the meeting at www.whitebluffpoa.com. The minutes will be posted on the website.

**Minutes of the
White Bluff Property Owners Association Annual Meeting
Location: Whitney High School Gymnasium
(1400 N. Brazos St. Whitney, TX 76692)
Date: May 19, 2018**

Call to Order

The meeting was called to order by Leonard Critcher, WBPOA Board President, at 10:00 AM. A quorum was confirmed by Jay Elder, Board Secretary.

Introductions and Comments from 2017-2018 - Leonard Critcher

I began last year's meeting with the statement, "It's been quite a year!" And I repeat it once again but will add one word, "It has **indeed** been quite a year!"

If we thought last year's happenings like dealing with two illegally called meetings, a vague and heavily funded country club proposal, a massive proxy procurement campaign, an unsigned amenities acquisition agreement and changing management companies was quite a year, someone should have told me, "Leonard, but you ain't seen nothing yet!"

Before I re-cap the past year and get into what most everyone here wants to hear about, it is only fitting that I make some introductions of the people who stood together and gave unselfishly and untiringly to meet the challenges faced over the past twelve months.

I smile to myself when I hear from some property owners that the Board needs a "breath of fresh air" and an "influx of fresh ideas." Twelve months ago this Board did NOT receive an infusion of "fresh air". It got a **gale force wind** with the addition of six new Board members bringing new ideas, strong voices, an incredible array of experience and experiences, rational thought processes, methodical approaches to meeting challenges, and a steadfast resolve to do what was right for ALL property owners.

I ask that each Board member stand when I call your name.

Jay Elder has served on the Board for one year and is presently POA Secretary.

Jeff Williams has served on the Board for one year and is presently POA Treasurer.

Mike Ellis has served on the Board for one year and serves on the POA Litigation Committee and Liaison for Rules Compliance.

Roy Miller has served on the Board for one year and has directed our efforts in creating an inventory of just what the POA owns and the condition of our assets.

Marshall Snyder has served on the Board for one year and served on the Rate Payers committee that led the fight against the proposed 45% rate increase for water and sewage. He also heads up the newly created Long Term Planning Committee.

Joe Manders has served on the Board for less than a year having been appointed to fill the unexpired term of Terry Newman. Joe's legal background and expertise have been invaluable to the Board.

That's six Board members who all hit the ground running last May and promptly became integral pieces in the incredibly complex operations of the Property Owners Association. Gentlemen, I thank you for your service and wish I could award each of you the POA Medal of Honor for your unwavering efforts.

I now ask Jim Fletcher to stand. Jim has served on the Board for two years and as POA Secretary oversaw last year's massive effort of proxy verification. It should be noted that his thoroughness and attention to detail allowed the POA to successfully defend two Double Diamond attempts to have last year's election overturned in court.

And lastly, I ask John Bass to stand. John is the Board's senior citizen having now completed his fourth year on the Board and fourth year as the POA Vice President. He also led the charge in the water sewage rate case and has been my rock during the last two years as I served as your President.

Please give these men a round of applause and show them your appreciation for the countless hours they have given for this association.

Lastly, I want to introduce our lead association attorney, Chad Robinson with the law firm Riddle & Williams. Yes, this is the guy who is 14 for 14 in Hill County District Court.

Before moving on to what you really want to hear, let's make this official. Secretary Jay Elder, do we have a quorum?

I declare this Annual Meeting of the White Bluff Property Owners to be an official meeting of the association.

The last twelve months have been like an ongoing soap opera with some very bad scriptwriters. I have often called the seemingly never-ending saga, "As White Bluff Turns." The first plot development was when Double Diamond refused to fulfill their commitment to pay for one-half of the Independence Day fireworks show. The plot thickened when the POA said, that's OK we'll pay the entire cost only to hear that we could not use Double Diamond leased corps land to shoot the fireworks from. What did this community do? Within 2 weeks we found some new scriptwriters who orchestrated an Independence Day Street Dance Celebration complete with a nine-piece band, food trucks and activities for young and old alike. The theme for the night was We Are Family! And indeed we were and indeed we are!

This was proven yet again when the Christmas Season came around and the POA decorations were locked up. Property owners and our POA staff jumped right in, procured new decorations and lit up White Bluff like it had never been before.

We went through more litigation than I can count, but this Board would not back down on doing what was right for our property owners. As I said earlier we are 14 for 14, and Double Diamond has been held in contempt of court three times for failure to give us what is rightfully ours, and we will not stop until OUR records are in OUR hands and YOU can see what Double Diamond did with YOUR money.

Unfortunately, litigation is sometimes the only recourse when all rational efforts at resolution are exhausted. Twelve months ago we were dealing with having to get out a manual maintenance fee billing because Double Diamond would not give us valid billing information. We were dealing with not having our financial records so we could make educated decisions about our finances. We were dealing with not having an accurate property owner database. And, we were dealing with having over \$1,000,000 of YOUR money removed from our bank account without authorization of any kind from the POA.

That was twelve months ago. Today FSR has managed to create an automated billing system that is effectively sending out maintenance fee notices. Today we have a system in place with real people who really care address the relatively few glitches that crop up from time to time. Today we are still dealing with not having received all of the financial information we requested and also ordered by the court. It is for this reason that you will note that for the second year in a row you will not be provided with an audited annual financial report. You can't audit something you don't have. Today we have established an accurate database of property owners who receive a constant flow of communications from the Board and various committees. Today we have an incredible website with virtually every aspect of the POA's business fully posted and available for all to see. Today, and for the first time ever, we know precisely what we own and the condition of our assets. And, today we are in possession of YOUR \$1,125,000.

It was not easy to accomplish all of this, but the perseverance of this Board, the support and active involvement of our property owners, and the dedicated involvement of our POA staff has made it possible.

I wanted to detail the above so that you are aware of the monumental accomplishments we have had. But in the midst of these accomplishments comes the reality of what we are facing in regards to the amenities at White Bluff. I literally want to cry every time I drive alongside the 16th fairway and see what has been done to our golf courses. I cringe with disbelief every time I pass by the Lighthouse Restaurant or the Conference Center or the shuttered and locked hotel or any of the other facilities that are visibly suffering from a total lack of maintenance. And, I get angry when I look at the greens, for which the POA paid half the cost, and know that our efforts to cover and protect the greens from the ravages of freezing weather were unilaterally destroyed by the developer dictating that they be removed.

You are aware that the Board has been actively seeking to acquire the White Bluff amenities. You are also aware that just prior to last year's meeting we went through a court-ordered mediation in which a mediator's proposal was made to both the Board and Double Diamond. The Board has not previously disclosed the proposal because we were instructed by the mediator not to do so. However, it is apparent from numerous sources as well as the always factual Nextdoor posts that this information was leaked.

The mediator proposed a purchase price of \$5,925,000. It is important to know that contrary to rumors and posts from people in the know that Double Diamond never accepted this proposal. It is also important to know that the Board did not accept this proposal. Our non-acceptance came for two reasons. We thought the price was too high and because we had not been given our financial records we could not possibly commit to something of that magnitude without knowing the financial implications of such a decision.

This court-mandated mediation was not our first attempt to seek resolution. I want to remind all of our property owners that we had reached an agreement with DD almost three years ago for acquisition, had the agreement drawn up for signature, and Double Diamond refused to sign it. I also want to remind our property owners that we made a written offer to DD to lease/purchase the golf courses well before they were unilaterally closed by DD so that property owners could continue to enjoy the courses and their integrity preserved. DD never responded to our offer.

Fast forward ahead. After a succession of POA court victories, three contempt of court rulings, fines and awarded attorneys fees in excess of \$80,000 and looming litigation of great magnitude, Double Diamond requested we sit down and negotiate a settlement. The Board was more than willing and agreed to a meeting in the offices of the law firm, Riddle & Williams. We were to be represented by Chad Robinson, one of the nation's leading POA association attorneys, and Randy Addison of Addison Law, one of the nation's top specialty firms in golf course and resort amenities acquisitions.

Two days before the scheduled meeting, Double Diamond notified our attorneys that they did not want to meet face-to-face across a conference table but wanted to hire a mediator. Even though we had positively anticipated having the opportunity to discuss acquisition issues openly and directly with Double Diamond, we acquiesced and agreed to mediation.

It did not go well as there was no movement from Double Diamond on virtually all of the salient points under discussion. At 5:00 we made a final and totally reasonable offer, which was subsequently rejected.

Please allow me to digress for an explanation of the negotiating process in situations of this complexity. The process involves so much more than determining what assets are to be acquired, the price to be paid, and the terms of any financing agreement. There are literally dozens and dozens of interrelated issues that have far-reaching implications for our association, our property owners and future generations. The actual negotiations are done between the attorneys with direction from the two parties involved. The Board has a Litigation Committee composed of John Bass, Jim Fletcher, Mike Ellis and me. We were charged with making the day-to-day decisions on what was acceptable, what could be acceptable with modifications and what was not acceptable. As the process unfolded the entire Board would be brought in to address major items and direction. This is a very fluid process with things changing sometimes by the day if not by the hour.

I applaud those who would wish to contribute their negotiation skills, but something of this magnitude and with all of the ramifications is just not like negotiating the price of yard service or what you'll pay for used equipment. It takes skilled attorneys being driven by concerned and informed Board members who understand the intricacies of the effect their decisions will have on those who elected them.

In the days that followed the aborted mediation, discussions began again. The result of these discussions was what is known as a binding Mediated Settlement Agreement. This agreement was signed by me and Double Diamond on March 17th. The terms of the binding Mediated Settlement Agreement are confidential, so we cannot disclose the specific terms. However, the binding Mediated Settlement Agreement contained all essential terms necessary to resolve the Hill County litigation, as well as for the POA to purchase amenities, including both golf courses, from Double Diamond.

The binding Mediated Settlement Agreement provided for entry of additional agreements to effectuate the terms of the agreement and a closing date where the amenities would be conveyed to the POA.

Unfortunately, Double Diamond has refused to abide by the terms of the binding Mediated Settlement Agreement. They have persistently insisted on the POA agreeing to **new** terms that are not part of the binding Mediated Settlement Agreement, they have refused to abide by terms to which it agreed in the binding Mediated Settlement Agreement, and DD has refused to sign off on standard terms in the Purchase and Sales Agreement.

It seemed like each discussion we had with DD, they would raise new terms and backtrack on terms that were completed.

Notwithstanding the foregoing, the POA continued discussions with DD and entertained agreeing to some of DD's new demands in hopes of getting a deal done for all the lot owners and the homeowners. The POA entertained agreeing to provide:

A significantly more beneficial financing structure that would benefit DD, including a cash up front down payment of \$1,125,000 and reducing the repayment period in half.

In the event of a foreclosure and DD taking back ownership of the amenities, agreeing to pay for golf course maintenance for up to three years.

The POA even attended a third round of mediation in the hopes of resolving these matters. Unfortunately, most of the day was spent discussing a new term raised by DD after the binding Mediated Settlement Agreement was executed and which was not part of that agreement.

After the third round of mediation, discussions continued. The Board and legal counsel diligently worked to resolve this matter but there seemed to be little to no sense of urgency on the part of DD, despite clearly defined deadlines in the binding Mediated Settlement Agreement. It is the Board's and legal counsel's view that DD was a constantly moving target through the entire process and it is difficult to close on the agreement in that situation. As much as the Board wanted to close on the agreement, at the end of the day the Board was not comfortable closing with the new terms on which DD insisted and could never get DD to stop raising new issues.

We believe the binding Mediated Settlement Agreement is a binding, enforceable agreement and we intend to pursue enforcement of it- so this is not over. It is just unfortunate that DD is again making the POA incur the expense of a legal action instead of amicably working matters out for the good of our property owners.

That's where we are. We remain committed to resolution but on terms that are definable, rational and to the benefit of all property owners. We will continue to be receptive to discussing resolution but also know that we must continue with our efforts on things we can control.

Double Diamond has been noticed that as a property owner in White Bluff it is held to the same standard as any other property owner when it comes to maintaining the property they own. There is a procedure that FSR follows in this regard, and DD has already received correspondence that they must maintain their properties inclusive of the golf courses and physical properties. There is a careful procedure that is in place, and if DD does not mow and water the courses, the POA will perform this function, bill DD for these services, and if DD does not pay for these services a lien will be filed with potential foreclosure on the properties.

The Lone Star Room at the Cascade Pool has been completely renovated with all new windows, added window trim, flooring, texturing, décor, painted inside and out and new landscaping around the building complex and pool. New AC/Heating units have also been installed. You have also probably noticed that the fencing around the pools we own has been repaired and painted and the arbors are being stained. Contracts will soon be let for needed refurbishing of the pool house facilities and the mail centers we own.

I also want to announce that the Board will be addressing a reduction of maintenance fees for lot owners at our next Board meeting. In advance of this meeting and this reduction, lot owners will be asked for input for the Board to consider. Presently lot owners' maintenance fees are 77% of what homeowners pay, and we wish to make sure that this differential is equitable. This poses the question of why we have not considered this before now. The answer is simple. The Board simply did not have financial records at our disposal to make an educated decision on any reduction. Even though DD has yet to provide the requested and court-mandated information, we now feel we are in a position to properly do this. FSR has been on board for a little over a year, and we feel we now have adequate information to go forward with this consideration.

Our charge is to do what is best for all property owners. This we have done, this we are doing, and this we will continue to do. You should understand that your frustrations are our frustrations. To a person we are totally committed to our fiduciary responsibility and will not waiver from that. We thank you for your input. We thank you for your support. We welcome constructive criticism. And, we hope beyond all else that we can work together to accomplish our mutual objectives of peace, tranquility, enjoyment of what God has given us and the preservation of that for future generations.

Report and Action Items

1. Election of White Bluff POA Directors-- John Bass, POA VP
John Bass announced the election and introduced Timothy, DeVolt and Company, CPA, as the accounting firm that would collect and tally ballots. Completed ballots were passed to representatives of Timothy, DeVolt and Company for collection and counting.
2. Audit Report- delayed
The annual audit reports for the WBPOA for 2016 and 2017 are delayed due to Double Diamond not relinquishing the POA's financial records as ordered by the 66th District Court.
3. POA Financial Report- Jeff Williams, POA Treasurer
Mr. Williams reported that quarterly financials and the POA's annual budget are posted to the WBPOA website (www.whitebluffpoa.com). The current cash position of the POA is \$4.6 million. He reported the POA's collections rate for maintenance fees has fallen to around 65% and encouraged non-payers to send in their checks.
4. White Bluff POA General Manager's - Duane Dauphin, FSR
Quite A First Year for me to say the least!

First off I want to thank the FSR Team for coming to Whitney and helping facilitate the sign-in as well Pete Willding our Regional Director for his support and guidance throughout the year.

I want to recognize a few individuals that have been instrumental through this past year which all of you know was certainly challenging.

- Amanda Opela - my right hand and Office Manager
- Victoria Pereira – our latest asset to the office staff and I truly mean an asset
- Chief David Sanders – I am very proud of the consistent steadfast 24/7 service and thousands of warm welcomes to everybody coming through the gate is what David, Assistant Chief Glenda Vineyard and the entire Security Team provide
- Jimmy Tamborello – Head of Grounds Maintenance and knows White Bluff well
- Henry Alderson – Jimmy’s go to individual and quite a handy individual especially at 2:30 this morning when I was glad he answered his phone.

As a Team we have throughout this past year continually stressed with all Associates the FSR Values:

- Do What’s Right
- Own it
- Improve It
- Aim High
- Build Great Relationship

We have these values posted on the walls in the Office, at Security as well as Grounds Maintenance. In all decisions we make, we refer to those values.

One of the major concerns of the Board a year ago was with the constant turnover of staff with turnover rates in the 70% range. During this last year, we have had less than a 25% turnover rate. I know from speaking with the associates and senior staff it is due to the improved morale of all the associates. They all state that the transition to FSR has been incredible with a greatly improved work environment, benefits and sincere care shown by management as well an occasional merit increase that always helps.

I would like to commend all the associates for maintaining their positive morale with everything happening around them.

Another key thing we corrected was our payment processes with all our vendors. Vendors have been very appreciative of getting paid with the efficiency they have never known at White Bluff.

Throughout the past 6 -7 months we have developed Standard Operating Procedures for Grounds Maintenance. Chief David in Security was well ahead of the process and only needed a review and minor tweaking. Chief David runs quite a tight ship.

These are a list of what we maintain regularly and how we continually work through the list to implement specific guidelines and specifications. A simple example: Air filters are dated and changed monthly with pleated Merv 5 and above filters. Previous maintenance was accomplished at bare minimum cost with little regard for long term results. This has changed!

Improvement of regular vehicle and equipment maintenance and cleanliness is a priority. We have developed a weekly checklist for each vehicle to improve preventative maintenance and communication with Jimmy T. and Garrett, our mechanic, as well much needed maintenance documentation.

I meet with Jimmy T. constantly, like daily if not multiple times daily, to discuss grounds maintenance and equipment priorities and how to improve it and do it right the first time. Yes, at times a quick fix is necessary. However, we follow that up with a fix for long-term stability.

A few major accomplishments this past year, outside of their regular weekly task by the grounds maintenance staff you see in their new uniforms giving the POA staff a consistent professional look, include:

- Tree trimming throughout the property, minimum height over streets and an expanded line of sight at intersections
- Front fountains replaced much brighter with seasonal color capabilities
- White wood fences by the north and south ponds repaired and painted
- Extensive work done repairing and painting the fences at Waterfall and Cascade pools; iron pickets in the fences were simply rotted through and many had to be replaced
- Every street sign on property has been recently hand cleaned
- Repaired and painted all POA picnic tables and trash receptacles on property as well all the arbors at Bear Creek
- Arbors at the pools were power washed and are currently being stained

We have recently installed new security cameras at POA Security for improved coverage throughout the front.

- Radaring priority continues; verbal and written warnings have positively minimized speeding
- The plan is to continue the seasonal banners at the front entrance
- The pickleball striping has been completed

We are very proud of the remodeling of the Lone Star Room and I would like to thank Mary Tullie for all her hard work, dedication and guidance to the improvement of that property. Mary Tullie, I have so enjoyed all the compliments I have received on the complete makeover. It all looks fantastic! Thank You!

We will never be done with grounds maintenance, and we have a lot yet to accomplish. Am I happy with our accomplishments? Absolutely!

Another priority of the Board was to improve compliance with the CC&R's. Here is the Violation Update.

We have sent 305 violations with currently 38 open, so I extend a tremendous Thank You to all the property owners that have contributed to the greater than 85% closure percentage, helping us with compliance.

I have enjoyed the fun and conversation on Nextdoor of some the homeowners dressing up their trash cans for the picture taking and glad we had some fun with that. However, the CC&R's are something we do take seriously and will continue to seek compliance.

My door is always open and I always look forward to meeting and hearing from property owners regarding how we can improve. Thank You!

5. Volunteer Fire Department Report- Chief Hugh Corbin

The past year was very busy for the White Bluff VFD with 159 calls for grass fires, structure fires, and medical assistance. All medical calls within White Bluff are answered by White Bluff VFD.

The department was established in 1995 and began service with one fire truck. Today the department has three fire trucks, two smaller trucks for fighting grass fires, a 2000 gallon water tanker truck, and a boat, which is the only fire department boat on Lake Whitney. This boat is used for rescues and well as drowning searches and recovery efforts.

White Bluff VFD will take delivery of a new 3000 gallon tanker truck next month. In addition, the department is planning to install a high volume water pump on the fire boat to fight fires and to fill the tanker trucks from the lake.

All White Bluff VFD personnel are volunteers and live in White Bluff. Currently, the department has 15 firefighters and medical personnel as well as 24 support personnel.

Chief Corbin invited everyone to the department's annual barbecue and dance scheduled for October 20th. He said the department is also planning a "Fill the Boot day at the White Bluff front gate, which will probably be held on Memorial Day.

6. White Bluff Committee Reports- Cassie Fleming, Chair Advisory Committee

ADVISORY COMMITTEE

The purpose of this committee is to review input, reports, and recommendations from each of the other POA committees and prioritize any recommendations for submission to the POA Board of Directors for their next meeting.

This committee meets the second Monday of odd number months (Jan., Mar., May, July, Sept., Nov.) at 2:30 pm in the Lone Star Room. Periodically, the advisory committee meeting will be open to the property owners at large for their input, suggestions, and recommendations.

This committee is headed by property owner Cassie Fleming,
cfleming@windstream.net.

ARCHITECTURAL CONTROL COMMITTEE (ACC)

The primary purpose of this committee is to adopt Construction Rules and Regulations, a Building Code, and an Inspection System to provide minimum standards in single-family residential building at the Resort. In addition, this committee ensures that Construction Rules and Regulations conform to the White Bluff Covenants and Restrictions. This committee also enforces compliance with approved building code-International Residential Code for One and Two Family Dwelling. The updating of building packets and lists of approved builders within the Resort fall under the domain of this committee. In addition to these duties, this committee also is responsible for the issuance of building permits, certificates of occupancy, and maintains a schedule of building projects currently in progress.

In the last 3 years there have been 23 building permits issued with 6 months remaining in this year. Of these 23 permits, 21 homes were completed with 10 of the homes being completed in 2018. There are currently 3 homes still under construction and the total number of residences now totals 636.

This committee consists of seven property owners and an independent licensed building inspector who meet the first and third Wednesday of each month at the POA office.

This committee is headed by property owner George Collins,
Gcstocks13@gmail.com.

COMMUNITY SERVICE COMMITTEE

This committee is comprised of two sub-committees: The Welcome Sub-Committee and the Activities Sub-Committee.

The Welcome Sub-Committee visits all new residents of White Bluff and presents them with a Welcome Packet which provides information about White Bluff and the Whitney area.

The Welcome Sub-Committee is headed by property owner Linda Turner,
lindasturner@att.net.

The Activities Sub-Committee plans, schedules, and communicates some of the social activities in the community. These activities include game nights, water aerobics, covered dish dinners, and other activities. The POA Covered Dish dinner is held the second Tuesday of each month at White Bluff Chapel. Lately, there have been between 40-48 people attending. Water Aerobics is currently underway at the Ash Pool. Right now the time is 2 pm M-F, but depending on the weather will change to 9 am no later than the week of May 28. Game Night is the last Thursday of the month in the Lone Star Room. There were no activities there

in February and March due to the renovation of the room; however, 24 people attended the festivities in January and 16 attended in April.

The Activities Sub-Committee is headed by property owner Dottie Redding, dottieredding@yahoo.com.

GREENS COMMITTEE

This committee is temporarily suspended while the golf courses are closed.

This committee is headed by property owner, Terry Ehrhardt, terryehrhadt@gmail.com

MAINTENANCE AND ROADS COMMITTEE

The purpose of this committee, in support of the paid POA Maintenance and Road staff, is to recommend changes or actions if needed, formulate plans for resort improvements and assists toward rapid implementation, assists in planning for the long-term improvements of the roadways and assists in preparing the annual budget, surveys for dangerous road conditions and made suggestions for improved safety, and works within budget limits to achieve maximum benefits for the betterment of White Bluff residents. Property owners pay a Road Fee as part of the semi-annual POA dues. These Road Fee funds are dedicated to the exclusive repair and maintenance of all roads in White Bluff.

This committee meets on an as needed basis with no set schedule. The chair of this committee is property owner Milt Bergman, MiltBergman@msn.com.

PROTECTIVE SERVICES COMMITTEE

This committee works with the employed Security Staff to provide adequate resources for the security and protection of people, registered guests, property, and facilities. They help to provide for efficient and effective traffic and safety needs. They also act as a liaison between the White Bluff Volunteer Fire Department and the POA.

This committee meets the first Monday of each quarter (Jan., Apr., July, and Oct., unless that day is a holiday) at 4:30 pm in the Lone Star Room.

This committee is headed by property owner Gloria Blair, tgbair@windstream.net.

7. Long Term Planning Committee Report- Marshall Snyder
Mr. Snyder reported the names of the members of the Long Term Planning Committee. They are:
 - Marshall Snyder - Team Leader
 - Donna Collins
 - Jim Fletcher
 - Teal Lang
 - Gerry Mayer

Roy Miller
Cheryl Robinson
Scott Shelton
Bruce Smith
Linda Wilmarth
Ava Wood
Duane Dauphin - FSR Liaison

The committee has the following charge.

"We are dedicated to the proposition that we can and will provide a better plan to achieve effective Community development!"

8. Roads Committee Report- Milt Bergman

There are 62 miles of roads in White Bluff.

They were deeded to the White Bluff Property Owners Association from Double Diamond on May 20, 1999. The ownership and the responsibility to maintain the roads has been ours ever since. All money spent on road repair is approved as a part of the POA annual budget. Your roads are the highest valued asset of the POA.

Last year I reported to you that we had hired a specialized civil engineering firm to provide a comprehensive review and a master plan for all roads in White Bluff.

That firm, Baird, Hampton & Brown, out of Fort Worth:

- a. Gave us standards for all roads - including width, contouring, curbing and surface material.
- b. Analyzed and recorded the condition of every foot of every road in White Bluff.
- c. Developed the detailed costs that would be necessary to restore and maintain all roads to the never-before-established standard. White Bluff and Golf Drives (approximately 6.5 miles) will continue to be asphalt; all residential streets will be chip seal.

With the goal "to restore/maintain all of our roads to a new standard", a thorough plan was developed jointly by our civil engineering partner and the Roads Committee and presented to the POA Board last December.

In 2017 dollars, the estimated total cost was **\$12.2 million**.

Separated in phases, the costs were:

- a. White Bluff Drive (from the front gate to the Marina): **\$1.6 M**
- b. Golf Drive (from the Marina back to White Bluff Drive): **\$.5 M**
- c. All residential streets, other than above, to properties east of the covered bridge (Cedar Creek): **\$1.4 M**

d. Streets between Cedar Creek and Bear Creek that are north of White Bluff Drive (the area around the New Course): **\$1.9 M**

e. Streets between Cedar Creek and Bear Creek that are south of White Bluff Drive (area south of the Waterfall Pool, including the Bear Creek RV): **\$3.1 M**

f. Streets between Bear Creek and the lake that are north of White Bluff Drive (area around North & South Lake including Quail Run RV): **\$2.7 M**

g. Streets between Bear Creek and the lake that are south of White Bluff Drive (area around the Old Course and The Highlands): **\$1.0 M**

In December as a part of the 2018 POA Budget process, the Board approved the allocation of **\$2.2 M** from association reserves for the rebuild of White Bluff and Golf Drives. The project includes the widening of 14 intersections and the replacement and enlargement of at least 17 culverts.

So why did we recommend White Bluff and Golf Drive first? Quite simply, White Bluff and often Golf Drives are used by every property owner, guest, employee or service provider every time they enter the front gate. We all realize the residential streets need major attention but there were not enough funds to cover that large an expense. We will now have to make some very difficult decisions as to which phase(s) to do next year and how those funds can be made available.

Our civil engineering contractor converted the approved standards into detailed specifications for the rebuild of White Bluff and Golf Drives and released the Request for Bids to prospective contractors a few weeks ago. We expect to have a decision for the chosen contractor in June. The approval process will include recommendations from Baird, Hampton, Brown then a review by the Roads Committee and then a submission to the Board to approve the contract and contractor. The dates of construction will depend on the selected contractor's prior commitments but our work will be scheduled as soon as possible.

Lastly, because White Bluff Drive is the single in/out artery, the Roads Committee developed a multi-phase Traffic Control Plan that was incorporated into the Request for Bid specifications. That plan will require periods of lane closures or detours and even use of the emergency exits. Jointly with the chosen contractor, we will attempt to minimize traffic disruption but we absolutely have to consider safety and construction time as compared to driver inconveniences. I have met with POA staff, Security and the Fire Department and will be doing the same with other groups as we get closer to the start of the work. For sure, there will be e-mail notifications, signage and Security staff assistance when the time arrives.

9. Water/Sewage Increase Report- John Bass
Vice-President Bass also serves as chair of the White Bluff Rate Payers (WBRP). Other members include Marshall Snyder, Scott Shelton, and John Upchurch.

The PUC final hearing on the Double Diamond Utilities (DDU) rate application was held in Austin, Texas on May 10th. Commissioners hearing the case were Chairwoman De Ann Walker and Commissioner Arthur D'Adrea.

On August 1, 2016, Double Diamond Utilities submitted an application for a 42% increase in rates. The 2015 test year revenues totaled \$863,484 with a monthly base rate for water of \$31.01 and sewer of \$41.00. The revenue requirement increase under the Double Diamond application would be \$366,666 for an annual total of \$1,230,000. The new monthly base water rate would be \$45.00 for water and \$57.50 for sewer.

The primary issue in this rate case is who paid for the water and sewer infrastructure. DDU started at 100% contribution by DDU in the application. Once challenged, this contribution was 80%-20%. During testimony, the fact that DDU did not exist until 1997 was established. The Administrative Law Judge recommended the following monthly rates: \$21.15 for water and \$33.23 for sewer.

The WBRP spent \$150,000 to challenge the DDU rate application, and we saved the White Bluff rate payers \$510,000 per year in perpetuity, which is an average savings of \$796.88 per rate payer per year. The WBPOA currently owns 17 meters, and the new rates will save the POA \$13,547 per year. When the WBPOA acquires additional amenities, the total number of meters could be in excess of 60. For simplicity, if we assume the total number of meters will be 50 for the POA, the savings will be \$39,844 per year in perpetuity.

10. AT&T Report- Bill Campbell

Bill Campbell reported that he interacted with AT&T officials for more than a year in an attempt to convince the company to locate a cell tower within or near White Bluff to facilitate better cell phone coverage. However, the company has not committed to installing a cell tower.

11. Hill County Government Report- Andy Montgomery, County Commissioner, Precinct 1

Commissioner Montgomery reported that Hill County Precinct 1 has completed substantial work on the loop road that adjoins White Bluff on the north side and is used as an alternate route for ingress and egress. This route is ready for use by White Bluff property owners when the White Bluff road improvement projects commence and an alternate route is needed.

Open Forum Comments-- Leonard Critcher/John Bass

Several property owners asked questions and offered comments during the open forum. The open forum as well as the entire meeting can be viewed through the video link posted on the WBPOA website (www.windstream.net).

Election Results - John Bass, Board Vice-President

Mr. Bass reported that Timothy, DeVolt and Company, P.C., had not completed the vote tally. He assured property owners that an email announcement and posting on the WBPOA website (www.whitebluffpoa.com) with election results would be available as soon as the vote count was completed.

Adjournment - Leonard Critcher, Board President

The meeting was adjourned at 12:25 PM by President Leonard Critcher