

**Minutes of the  
White Bluff Property Owners Association Annual Meeting  
Location: New Course Pavilion  
White Bluff Resort, Whitney, Texas  
Date: September 26, 2020**

**Call to Order**

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

**Introductions and Comments from 2019-2020 – Leonard Critcher**

Before I begin with my remarks, I will ask POA Secretary, Jim Fletcher- do we have quorum? I declare this meeting open and an official meeting of the White Bluff Property Owners Association.

What a year we have experienced! This meeting, which I thought would never actually happen, marks the 4<sup>th</sup> time that I have stood before you, our property owners, as President of the White Bluff Property Owners Association. Even with the trials, the challenges and the tangible effects brought on by COVID19, your Board, the committees of this association and our wonderful and dedicated employees have diligently continued the business of the association.

Before I continue with my remarks, I want to give tribute to two individuals who are no longer with us but who left behind an incredible legacy of accomplishment in their volunteer positions in the POA.

Mike Bell served as Chairman of the Marina Committee. He was a natural leader whose organization skills guided this vital committee in laying out a blueprint of both immediate and future Marina needs. Those of you who knew Mike were blessed to know a man of honor, a man who served our country and our community, a loving husband and family man, a genuine friend and someone who was a pure joy to be around. White Bluff is and will be better off because of Mike Bell.

Roy Miller was just a scant seven months into his second term as a Director of this association when his remarkable life was cut short due to a tragic automobile accident. Roy was a Navy man through and through and was an incredible contributor to the Board and this association. He lent a distinctively rational and logical rendering to every issue the Board faced. But most indicative of what he gave was his willingness to volunteer for projects that went publicly unnoticed but were absolutely vital to the successes of your Board. One example is the significant amount of time he gave to preparing a complete, documented list of every tangible asset acquired by the POA from Double Diamond, not the obvious ones like the golf courses, condos and log cabins but things like maintenance equipment, tools, machinery, and vehicles. He then assessed the condition of each one and chronicled his work. This gargantuan effort was invaluable, as the Board has continued its arduous task of completing our Seven Step Plan. Roy never sought public recognition but took pride in a job well done.

Mike Bell and Roy Miller should be examples to all of our property owners that positive actions build a community while negative words and actions try to tear it down. Mike Bell and Roy Miller chose to give their time and their talents to this community while some choose to give nothing but negative and misguided comments, critical to and about those who don't agree with their singular issue priorities. Or, said another way Mike Bell and Roy Miller were builders of White Bluff while a few vocalize negatively while building or contributing absolutely nothing.

So much has happened in a short, four-year timeframe, and even more in the last year and a half. For those who have joined our community at sometime within the last four years, I suggest you go back in time and see just what we have been able to accomplish with what at times seemed like insurmountable barriers.

When I say, we, I am referring to the totally dedicated Board, our totally dedicated employees and the phenomenal, tangible efforts of dozens and dozens of property owners. It was these dozens of property owners, who, only two years ago in the summer of 2018, gave so unselfishly to cut down 4 feet high thistles in fairways and sand traps, who took their mowers out in 100+ degree weather on Mow Day, who organized relief teams that took them water, who used sharp shooters and dug up countless dead plants and shrubs at the New Course entrance, New Course complex and the Old Course complex, who worked their butts off sandblasting, repairing the wood structure and clearing away excessive growth around the Old Course pavilion, who initiated the fund raising efforts to establish a perpetual fund for the maintenance of the pavilion (thank you Men's Golf Association), who gave their talent to create a permanent sign acknowledging the name and a permanent plaque of dedication to our dear friend, Danny Morrow, (thanks, Harry Sauerkamp, Mike Moodt and Rueben Reyes), Whitney-based MyTCoat and more specifically White Bluff residents Troy Stephens and Rodney Webb who donated the beautiful and functional tables, those who spent days scrubbing, painting, and re-arranging furnishings and furniture in the Old Course 19<sup>th</sup> Hole (thank you, Jerry & Candy Barnette, Kathy & Martin Coons, and Cathy & Jack Maze), those who spent two days digging countless holes at both course complexes and planting all new landscaping, contractors and sub-contractors who were fantastically cooperative in their responsiveness and some of whom gave much-needed discounts.

I also want to specifically acknowledge two Board members. The first is 1<sup>st</sup> year Board member, Mark Hepworth. You will hear from Mark later in his capacity as Board Liaison for the Marina Committee, but I want to recognize him and his wife, Debra, for stepping forward and volunteering to head up a massive effort to power wash and stain the Lighthouse Bar Deck. They organized a committee of volunteers who not only helped them with the massive amount of staining- look at how many rails there are when you're there next- but also cut back brush and trimmed trees to the tune of well over 10 trailer loads. Our beautiful lake is now totally visible thanks to Mark, Debra and their volunteers. They didn't stop there. Debra almost single handedly painted the exterior of the large storage facility adjacent to the Conference Center and playground. Their efforts saved our association thousands of dollars. Mark, Debra- please stand and accept a tangible thanks.

I now wish to acknowledge "retiring" Board member, Jay Elder. This will be Jay's last meeting, and his seat will be filled in today's election for an upcoming 3-year term. Jay hit the ground

running when he was appointed Board Liaison for the Golf Committee. During the somewhat contentious acquisition negotiations with Double Diamond, Jay gave invaluable input. But his star shined most brightly when he supervised the immense task of completely rebuilding 36 greens, 2 putting greens and innumerable bunkers. He was instrumental in making constructive recommendations about how best to keep the work progressing while preserving what had been done by restricting property owners and guests access to the two golf venues. Jay worked closely with the Golf Committee, both before and after acquisition. After the acquisition documents were signed, we entered the due diligence period and numerous problems were encountered with survey issues with the courses and cart paths. I cannot tell you how many times Jay would pick me up in his golf cart and we would spend incalculable time driving the problem areas and coming up with alternatives that helped get the deal done. In addition, he agreed to serve on the 3-person Board Committee that reviews Delinquency Waivers and Payment Plans. I could always count on Jay to respond with spontaneity and common sense. Perhaps the best thing any of us who have played golf with him are thankful for is during his tenure on the Board he miraculously turned his Charles Barkley golf swing into a thing of beauty. Jay, please stand and accept out thanks for a job more than well done!

I now want to make one thing absolutely clear- White Bluff is a golf resort. Whether you play golf or not, whether you did or did not do your research prior to buying property here, the fact remains that this is a golf resort. Yes, we have other enticing amenities, but the singular most important asset we have are our two championship golf courses. It is the high caliber golf that has a positive effect on property prices. It is the high caliber golf that attracts golfers and families to our resort, visitors who have money to spend, visitors who will buy property and build homes and pay POA maintenance fees, visitors who will support our amenities, new property owners and homeowners who will become an integral part of our community and add fresh ideas, energy and involvement.

I bring this up because there are a few property owners who question the Board's decision to a) resurrect the golf courses, and b) allocate the money to maintain the courses. I'll address these briefly but factually. It would have been an absolute travesty and disaster to have not brought our courses back to the pristine state they are in. The naysayers need to think long and hard about the immediate and irreversible effect of what two overgrown, neglected courses would have had on property values. Property values would have pummeled and never recovered. Everyone should be aware that in actuality, we paid for the resurrection of the courses with money we saved by refusing to maintain the courses while we were in litigation with Double Diamond.

I have often said that the future is a series of falling dominoes. One thing must happen before the effect of what happens is felt. We have two gems that are magnets for golf groups, weekend getaways, group sales efforts, and potential buyers of property. The next domino that will fall is an increased number of lodging units. We can then house more visitors, who will spend more money, which will offset expenses associated with maintaining the courses. Said a different way, the future of White Bluff is tied to a number of interrelated issues that this Board meticulously considers in its work.

Next, I want to address ignorance, and no, ignorance is not bliss. Ignorance is not having an awareness of facts. And, making public statements without knowledge of the actual facts

surrounding an issue is not only ignorant but can be extremely damaging. Let me give you a classic example of an actual series of statements put on social media. The facts that are associated with these ignorant statements are actually meant to give you very valuable information about the operations of the Board.

Ignorant Statement #One- There is a perceived lack of financial planning by this Board.

Fact- You will hear more details when POA Treasurer Jeff Williams gives his financial report, but this Board has spent literally dozens of hours in intense Work Sessions working on the 2020 Operational Budget. Those who remember the facts will remember that when the budget was presented and passed in an open Board Meeting, we fully disclosed that we would have an operating deficit at the end of 2020. What you will learn today is that because of “financial planning” the revised budget, which we hammered out under the leadership of Jeff Williams, will not have a deficit.

We carried our “financial planning” to the next critical task and have tackled Capital Expenditures and creating a Capital Expense Budget for the first time in over 25 years. We have detailed immediate capital expenditure needs, prioritized those needs and have addressed numerous additional capital expenditures. You will hear much more about these efforts, but suffice it to say this Board without any doubt meticulously plans for the financial future of White Bluff.

Ignorant Statement #2- The POA will miss our large debt payment in early 2021 and White Bluff will go bankrupt.

Facts- There is no large debt payment in 2021. The terms of our acquisition stated that we would pay interest only on our debt to Double Diamond for the first two years. Beginning in the third year, which starts October 1, 2020, we begin paying interest and principal based on a 20- year amortization schedule. At the end of ten years there is a balloon payment due for the balance owed. You should also be aware of some additional facts. We consistently stay one month ahead in our payments, we have over \$1,000,000 set aside in reserve and we have no debt except what we owe Double Diamond.

Ignorant Statement #3- The POA was established by the Double Diamond lawsuits.

Fact- The POA was established in 1990.

Ignorant Statement #4- POA General Manager was a 20-year employee of one of our management companies- Arcis.

Fact- Bill Finney was White Bluff General Manager 20 years ago and worked for Double Diamond. I knew Bill and Brenda when we built our home in 1999 and was sorry to see them leave for another opportunity in Oklahoma. The Board was fortunate to bring him back, and those who were here when he was previously General Manager know of his talents, his dedication and his love for White Bluff. He is technically an employee of Arcis as are all White Bluff employees, but his only employment with Arcis has been since he was hired by the POA.

Ignorant Statement #5- Proper due diligence was probably not followed when the POA hired the management companies.

Fact- The exact opposite is the case. When we first broke away from Double Diamond controlling our finances, we sent out RFPs to well over half a dozen management companies. All respondents were given the opportunity to make a presentation to the Board in an Open Meeting. In an unparalleled effort at transparency, I allowed direct questions to be posed by property owners in attendance. We made the decision to sign a contract with FirstService Residential. It became obvious after we acquired the amenities from Double Diamond that FSR was incapable of assisting us in managing the hospitality amenities we now own. We duplicated the previous search procedure, had several meetings and contracted with Arcis and Associa.

Ignorant Statement #6- Were their competitive bids received before granting the contract for the remodeling of Mulligan's to Mrs. Critcher?

Fact- My wife's last name is Critcher, not Critcher. And, the answer is no, there were no competitive bids. I am certain that the vast majority of property owners who have actually taken the time to read previous communications are more than well aware that she did not charge the POA one dollar for her efforts in remodeling Mulligan's. There were no contractor fees on any of the work done by subs, and her design efforts were also done at no charge. If this had been bid out, the contractor fees would probably have exceeded \$100,000; her fees were zero. Additionally, as you heard last year neither she nor Sherry Williams received any compensation whatsoever for their combined efforts in renovating the condos or the log cabins.

Ignorant Statement #7- The only way to increase dues is by a vote.

Fact- Property Owners do not pay dues. Property Owners pay Maintenance Fees. It is true that maintenance fees can only be increased by a vote. However, the distinct insinuation in Ignorant Statement #7 is that any increase must be approved by a vote of property owners. That is simply not the case. State statutes require that any discussion about and a vote on an increase in maintenance fees or special assessments must be done at an open meeting of the Board of Directors in which the Directors receive input from interested property owners. The meeting is subject to the standard 30-day notification. Section 4 of the POA By-Laws states, "The Board of Directors shall have the following additional rights, powers and duties:" Section 4 (c) specifically states "to increase, decrease, amend or modify the maintenance fee schedule applicable to each and all lots, the time and method of collection and any and all matters and aspects of any kind or character whatsoever arising out of or related to the maintenance fees." The governing documents provide the same procedure relative to special assessments.

I'd like to tell you a little story that will be a prelude to my next comments.

An old man, a boy and a donkey were going to town. The boy rode on the donkey, and the old man walked. As they went along, they passed some people who remarked, "What a shame, the old man is walking; the boy is riding."

The man and the boy thought maybe the critics were right, so they changed positions. Later they passed some people who remarked, "What a shame, he makes that little boy walk."

So, they decided they'd both walk. Soon they passed some more people who remarked, "They're really stupid to walk when they have a decent donkey to ride." So, they both decided to ride the donkey.

They passed some people who shamed them by saying, "How awful to put such a load on a poor donkey." The boy and the man figured they were probably right, so they decide to carry the donkey. As they crossed the bridge, they lost their grip on the donkey, the donkey fell into the river and drowned.

The moral of the story: if you try to please everyone, you might as well kiss your ass goodbye!

This Board receives a lot of well-intentioned suggestions and comments. We get some that fall outside "well-intentioned." The most vocal of these suggestions and comments generally fall into one of two categories- a feeling of personal entitlement or a singular issue that affects them directly. In either case we, as your Board, simply cannot and will not take the posture of pleasing everyone. It is financially imprudent. Feelings of personal entitlement and singular issues are singular in dimension and do not take into consideration the Big Picture of the cause and effect of every decision we make. Singular issues are issues that are asked to be made in a vacuum. The Board does not have that luxury. We are charged with making decisions for the welfare of 6,000+ property owners, and we will continue to do so.

Delinquencies remain a challenge, but a challenge we are addressing. We inherited over \$5,000,000 of uncollected maintenance fees from when Double Diamond was managing POA financial affairs. On the recommendation of our CPA firm, Timothy, Devolt and Company (who by the way are conducting today's election of Directors) we wrote off a significant amount of this as uncollectable. 1099s were sent to every property owner who was affected by this, and they had to include the amount in their taxable income. After this unpleasant but necessary financial decision, we seriously cranked up the process of collection. Last month alone we filed liens on over 65 properties in a single day. Last month alone we had 75 homeowners with delinquencies. Those still delinquent on August 31<sup>st</sup> were mailed a demand letter on September 1<sup>st</sup> that also informed them that they would no longer have access to any White Bluff amenity until they were current.

As of today, we still have 46 Homeowners that are delinquent on paying required Maintenance Fees. The delinquencies total \$138,489. These Homeowners should be aware that we will take every legal measure available to us to collect these fees, inclusive of foreclosure.

The Board established a special committee to try and work out payment plans for delinquent property owners. I receive on the average 2-3 requests per day, and in the vast majority of cases we are able to put together a plan that will help the property owner get current in a reasonable amount of time and simultaneously bring real dollars into the POA. A Board Committee composed of Jay Elder, Marshall Snyder and John Bass reviews my proposal on every request, and each responds accordingly. At the present time we have almost 50 payment plans

established representing over \$100,000 of delinquencies. Our tangible actions of credit bureau reporting, filed liens and possible foreclosure are having their effects as delinquent property owners are now fully aware that we are serious about this. Things were way too lax for way too long.

Another area of being too lax for way too long is rules compliance. Everyone wants rules to be obeyed unless it is a rule that affects them. I will be the first to admit that some of the rules are not good rules and need to be changed. There is a domino or two that needs to fall, but when they do, we feel confident we can get Declarancy and for once make our own rules, rules that are fair and equitable. But in the meantime, the rules must be obeyed. I will be proposing to the Board as we begin the budgeting process for 2021 that we employ a full-time Compliance Officer, whose only duty is to secure property owner compliance with rules. We have way too much at stake with the anticipated numbers of potential new property owners and guests. Let me be perfectly blunt- White Bluff must be a shining example of a singular mind when it comes to appearance. There will be no tolerance with regards to landscaping requirements, boats and trailers parked where they should not be, and improperly maintaining homes. And most importantly, enforcement will be uniform.

COVID19 has affected us all. This meeting was postponed for four months. POA Town Halls cannot be held. We cannot enjoy inside dining at Mulligan's. Socialization is limited. Masks hide smiles. And, tempers are short. But this has not stopped the work of your Board.

We hold regular Work Shops to address the myriad of operational details on our plates, not the least of which are the four properties included in a Request for Proposal that will be sent to potential developer-partners. The Board hired a professional commercial real estate appraiser to appraise the hotel, Lighthouse Restaurant, Conference Center, the Fitness Center, Spa and Salon, the land between the hotel and restaurant and all parking areas. I asked for volunteers to serve on an RFP Committee. This committee was chaired by Steve Hunt, and it was charged with developing an RFP. The draft was presented to the Board, and then COVID reared its ugly head. There is definite interest beginning to surface as I have been contacted by three different entities even before the RFP is sent out. I anticipate having the final version ready to send out within the next two weeks.

Our vision of White Bluff is detailed in this document. If there is anything positive about COVID, it is that people are realizing that places like White Bluff can be a temporary or permanent sanctuary from the "COVIDs" that will come but also the absolute insanity of urban living. We have already seen the effect on White Bluff real estate. There is more activity in the real estate market than there has ever been since the beginning of WB. There are virtually no homes for sale, well over 30 lots were sold last month, spec houses being built are at an all-time high as well as custom homes. The pent-up demand in the DFW area will send droves of people to our resort, again people who will play golf, enjoy the amenities, buy property and build homes. We are on the verge of not only making White Bluff Great Again but making White Bluff THE destination for the Metroplex and beyond.

Our property owners need to totally understand that we cannot survive, much less flourish, being dependent on the existing community. The reality is we have somewhat mature demographics,

and the support of our amenities by the community is limited at best. If we are going to open additional amenities like the Lighthouse, it cannot be done with the historical, limited support of the existing community.

The Lighthouse was opened two nights a week and a few times for Sunday Brunch or special occasions like Easter, Mother's Day & Thanksgiving in the 21 years we have had a home at White Bluff.

The only time it was well patronized was when we had large, outside golf groups or when we had Group Sales (non-existent for well over 10+ years) or when Double Diamond was actively selling lots and bringing prospective lot purchasers in to stay at Double Diamond lodging facilities and dine on Double Diamond's nickel. I know of the very limited support of the local community because we ate there virtually every Friday night, and there were usually more wait staff than patrons actually eating. The perception that the bar was a resounding success is also simply not true. Friday Happy Hour would attract a significant number of patrons, but they would mostly disappear as soon as half-price drinks were no longer available, and food was seldom ordered.

To suggest that the Lighthouse should be open instead of Mulligan's because it has greater seating capacity is suggested without a business understanding of the simple fact that Mulligan's has a built-in clientele from golfers because of its location. The Lighthouse does not.

I'm going to say it one more time. We absolutely must attract large numbers of people from outside the existing community, people who have money and who are willing to spend it and also hopefully buy property and build homes. Some will not like to hear this as they want a relatively closed little community. This simply will not work. We must grow, expand, attract groups, attract younger families, and this starts with marketing our resort.

The Board approved the development of a professionally created website that will market what we have to offer. A professional photographer has taken numerous pictures, videos and drone shots that will be used. At this point Arcis has developed a White Bluff website, but we believe it is imperative that we control the content and direction going forward. I received an email yesterday from the website developers indicating that the first mock-up should be ready within 2 weeks. This is one of several major steps in our planning, and it is being integrated with a carefully designed comprehensive plan to market White Bluff.

I will next comment on Board transparency. Following my election as POA President, the first thing I did was implement a Communication Campaign. We established a POA website that includes all email blasts, current updates on any and all litigation, our governing documents, financial statements, full contact information for all Board members and management and a host of other valuable information and links, like complete Covenants and Rules for each White Bluff section, the ACC Building Packet and signing up for email blasts. I remind you that you must opt-in to receive emails, and it can be done right there on the POA website.

The second thing I did was for the Board to host a Town Hall Meeting called "Ask the GM." At that time virtually no one knew the structure of the complex operational aspects of the POA.

Then General Manager, Fred Molsen, answered all questions submitted to him by property owners through the Board and then answered any additional questions in an open forum.

The Board has consistently sent informational email blasts keeping all property owners informed of what is happening in our community. There are almost 500 emails posted on the website under News; I know because I wrote 99% of them. We have a very careful procedure before anything goes out to property owners. The email draft is submitted to the Board, they have an opportunity to edit the content for clarity, then it must be passed unanimously via email before it is sent out. This is important to understand. Information is disseminated as quickly as possible, but there is still a procedure. A procedure that can take a few days before an email blast can be sent out. A few critics suggested on the social media platform, Next Door,” that we did not communicate on a timely basis as to why we made the decision we did with regards to the release of funds to the Voluntary Fire Department for a third brush truck. That is simply not true but is indicative of a misunderstanding of proper procedure.

You should also remember that another important change implemented was the way open Board Meetings are conducted. Property owners could always address agenda items in an open meeting. For five years now you have had the opportunity to address any issue in an Open Forum at meetings or ask the Board any question you wish to ask.

We have had several Town Hall meetings and as soon as COVID is behind us we will schedule the next one. I have already invited representatives of our new water and sewage company to be there. The Board will be totally open to answering any and all questions posed to us about any subject.

These comments about transparency are in no way defensive comments. They are meant to be a reminder of what this Board has actually done to assure you, our property owners, are constantly and consistently informed of what we are doing in our capacity of representing you. One last word- if you have a question, a comment, a criticism or a suggestion you should feel free to contact me or any Board member directly. Next Door is not the place to vent or make comments based on a misunderstanding of facts. Posts on Next Door will not be responded to by Board members or by management; however, every Board member is more than happy to answer any question posed to them verbally or by email. One last thing about Next Door, and I've said this repeatedly- nothing is ever resolved on Next Door. I ask each person who uses this public social forum to ask themselves these questions before you post something negative, are you posting to create dissention, are you posting with an understanding of facts, or are you posting just to see your name in print? There is way too much dissention and negativity in our country right now, and we don't need dissention and negativity in our community. If you want to get clarity ask a Board member directly or seek information from our wonderful POA staff.

I want to return to a comment I made earlier- your Board does not work in a vacuum. This is especially true when it comes to Capital Expenses. We have spent well over a dozen hours, Treasurer Jeff Williams many more, assessing and prioritizing capital expense items. This assessment and prioritization, again, was not done in a vacuum. We meticulously discussed every ramification of every decision on every item. Said another way, if we chose to do “A”

what were the ramifications when looking at “B”, “C”, and “D”. Let me say it yet once again, we absolutely MUST look at the cause and effect of every decision and every action we take.

We have developed what we call a Must-Do list of absolute priorities. This list includes two critical needs relative to the golf courses- replacing a bridge that is structurally unsound and taking down a tree that is split and could seriously hurt someone if it fell. These are both obvious safety measures. In addition to these, we absolutely must address the exterior repair and painting of the Conference Center, the Lighthouse Restaurant and Bar, and the Fitness Center/Spa/Salon. These structures must be preserved, whether they are renovated and used as a potential development partner or renovated and run by the POA.

On this same note, if there was anything positive about COVID 19 it was that we could defer replacing and re-working the air conditioning at the Conference Center. We chose not to spend money until it was necessary. With the exterior repairs we anticipate and the proper climate control systems in place, we will have a very functional meeting facility going forward, whether for Town Hall Meetings, Open Board Meetings, large community functions, or for rental opportunities.

Even as I speak today, we are in the throes of addressing other major expenses, not the least of which is paying off the indebtedness to Double Diamond as soon as possible. The other major capital expenses are obvious- lodging, the Lighthouse Restaurant & Bar, the Marina, the Fitness Center Complex, a much-needed new lake pump system (which you’ll hear more about later), the RV parks, the camp grounds, and of course our roads.

Some may look at the above as an overloaded plate at a Boarding House lunch. Your Board looks at the above as an opportunity to take this resort to the next level of excellence, and we are willing to continue in our efforts to accomplish what must be done with total fiscal responsibility and meticulous planning, planning not done in a vacuum.

We are constantly seeking ways to provide more functional amenities with the least amount of expenditure of POA funds. As we explore these methodologies, we remain steadfast in making decisions that will enhance White Bluff while simultaneously assuring that the future success of White Bluff is protected.

One example of these ancillary efforts is the Lighthouse Bar and Deck. Several months ago, Board member Joe Manders volunteered to prepare a feasibility study on the ramifications of having the POA open the Bar and Deck. The results of his study were presented to the Board as well as communicated to all property owners. However, we did not stop in our efforts to try and come up with an alternative to POA funding and the POA operating the Bar. I am cautiously, very cautiously, relating to you that I have had two very productive meetings with a third-party group and that I have received a Term Sheet that details the intricacies of establishing a contract for opening this facility. I received the Term Sheet Thursday night and immediately forwarded it to Board member Joe Manders and GM Bill Finney. The three of us will begin a review of the terms and respond on a very timely basis. We are cautiously optimistic that we can hammer out an agreement that is mutually beneficial to all parties involved including our property owners.

Once we have come to a mutual understanding, the finalized Term Sheet will be presented to the Board. This effort has been moved to the top of a long list of anticipated enhancements.

In conclusion, we are poised for greatness, greatness that can be achieved with mutual cooperation, continued property owner involvement, laying aside past differences, continued transparency, patience as the process of fiscal responsibility takes place, and with the elimination of pettiness from a dissident few. The train to White Bluff Greatness has pulled out of the station and is gaining momentum with every day that passes. Every domino that falls, every positive and pro-active action, every open and civil discussion, every constructive suggestion, every minute of personal involvement, and every tangible action that represents the soul of White Bluff will carry the train at a faster and faster speed to the full realization of our goals.

White Bluff has an unparalleled spirit that will be infectious when others see and experience it. Yes, we are building it and they will come. And they will be welcomed because you are the very fabric and essence of the foundation for greatness.

## **Report and Action Items**

### **1. Election of White Bluff POA Directors – Jim Fletcher, Board Secretary**

Jim Fletcher informed the property owners in attendance five candidates were running for three open positions on the Board. The candidates were:

- Linda Turner
- Gerry Mayer
- Cassie Fleming
- Mike Ellis
- John Bass

Property owners who had not granted a proxy or voted on line were informed to vote for up to, but no more than three of these candidates on their ballots. Property owners could also make write-in votes for persons not listed on the ballot.

Each of the Board candidates were given three minutes to make a brief campaign statement, then property owners were asked to complete their ballots. Sam Timothy, CPA, collected and tallied the ballots during the meeting.

### **2. Audit Report – Pending – Jeff Williams, Board Treasurer**

Jeff Williams reported the amenities were fully open and operational earlier this year, and it became clear the WBPOA needed to move our accounting from Associa's system to Arcis' more robust platform. That shift happened early in the year, but has resulted in a delay in the completion of the annual audit. He was told the audit firm now has the information they need to complete their work. Upon completion, the results of the audit will be posted.

### **3. POA Financial Report – Jeff Williams, Board Treasurer**

Financials: As of 8/31/20, our cash position totaled \$3.3 million with \$1.3 million in reserve cash, and \$2.0 million in operating accounts. We are solvent and have adequate liquidity to sustain operations and meet our financial obligations.

Revenues: Collections of maintenance fees are running just shy of 75% of billings, lower than our budgeted 75% rate. We hope we will see that number improve prior to year-end. If not, we will revise our bad debt number up slightly in Q4.

Lodging: Revenues are up 35% above our conservative budget.

Golf: Revenues are about 15% below budget reflecting Covid-19 and the late opening of the Old Course for play.

Food and Beverage: Revenues are 45% below budget due to Covid-19 closure.

Expenses: As a result of Covid-19, our management team has tightened its belt and reduced expenses generally.

Payroll: Costs are 12% below budget due to cuts in staffing. Year to date expenses total \$1.4 million, which represents 31% of operating revenues.

Total Other Expenses: The year to date (YTD) total is \$1.6 million of which \$790,177 represents our anticipated bad debt expense (uncollected maintenance fees). Excluding bad debt, other operating expenses of \$855,857 are 19% of operating revenues.

Fixed Charges: We are about \$80,000 over budget due to overages in utilities, property taxes and insurance.

Management Fees: YTD, \$162,769 (annualized \$244,153) have been paid to Associa and Arcis. For that amount, we receive the functions of both firm's accounting staff, their accounting systems, billing and collection, tech support, payroll coordination, Human Resources, and employee benefits. The Board has studied the issue and do not believe we can replicate what these firms do for us for the same amount of money.

Cash Flow: Based on our results through August, we see positive cash flow from operations of slightly more than \$300,000. If our collections do not improve in Q4, we will be forced to take a higher bad debt expense, and therefore, will reduce that positive cash flow in a like amount.

#### **4. Volunteer Fire Department – Chief Hugh Corbin**

Twenty-five years ago, residents of this community saw the need to form a fire department to protect the homes and provide rescue and medical response. This started with just a few volunteers and one brush truck.

The department has continued to serve the residents and has steadily grown to what we have today. Your White Bluff VFD has three brush trucks, two fire engines, one 3000-gallon water tanker, and a special truck for medical, auto accidents and rescues. This truck carries the jaws of life and oxygen, AED and other medical supplies. We also have the only Fire Rescue boat on Lake Whitney.

The department is immensely proud to have the only active Rehab unit in Hill County. This is a van stocked with water, food, fans and tents for shade to provide relief for the firefighters during calls that can last several hours or more. The fire department's Support Team operate this Rehab Unit with six of its approximately twenty members. Its members are also responsible for organizing and working the fundraising events throughout the year.

The department currently has seventeen volunteer firefighters that include five EMTs and three ECAs who provide the medical response in White Bluff. Ordinarily if you have a medical problem or a fall and call 911, the first responders to arrive will be White Bluff VFD medical response members. However, due to concerns about the spread of the corona virus, your fire department is not being notified about calls in White Bluff by order of the Hill County Emergency Manager Tom Hemrick. My efforts to resume responses in White Bluff have been rejected.

Fire departments are awfully expensive businesses, but they provide the emergency response for a fire, accident or medical emergency. It also affects the cost everyone has for home insurance by ratings of the ISO.

The Fire Department is paid \$40,000 dollars a year by the POA to provide fire and medical services. This is the same amount paid for as long as anyone can remember. During the last year, water leaks to the roof of the two-building cost \$14,000 for the repair sealer, \$23,000 dollars was paid on the loan for the tanker, \$14,678 for repairs to the trucks, and \$2,246 for personal protection equipment. These expenses are in addition to the normal cost to run a fire department such as fuel, routine maintenance of the trucks and building, and utilities. We also pay for the insurance for the trucks and firefighters.

You can see that in order to just maintain the equipment requires all our money plus all the generous donations we receive from the residents of White Bluff. This does not include upgrading the old vehicles that are twenty to twenty-five years old. We had hoped to replace one of the 2000-year model brush trucks that was costing more to maintain than it was worth, but the request for the money to replace the truck using the capital improvement fund collected by the POA was turned down.

One urgent issue involves the air we breathe from compressed air tanks at fire scenes. These air tanks allow a firefighter to enter a burning structure for rescue or to fight the fire. This requires the air tanks to be refilled after each use with clean breathable air. We became concerned that the refill station previously used was not changing filters or getting periodic inspections of the pumps, and therefore the purity of the air was in question. Our temporary solution has been to take the empty cylinders to the fire station in Hillsboro to be refilled, but because of scheduling and manpower availability, this may not happen for several days after use which could limit the

number of firefighters that could have clean air to breathe at the next fire. The solution to this issue is a refill station here in White Bluff, but the cost for a pumping station is almost \$25,000.

Another project is the replacement of the outboard motor on our Fire Rescue boat. The 90hp motor on the boat has proven unreliable and restricts the speed of the boat which has been noted on the last two rescues. To solve this problem, a new motor with more hp is needed. We are happy to report that donations and a grant from Hilco Electric Cooperative will allow this improvement to happen.

Our fall BBQ and music fund raiser has been cancelled this year due to the restrictions on the number of people allowed to be present because of the coronavirus. We also look forward to being able to resume the Sunday morning pancake breakfast at the Fire Station.

As stated at the beginning this is our 25<sup>th</sup> anniversary and as such we need to begin thinking about future upgrades to the buildings and what new apparatus is going to be needed to maintain the high level of fire and medical response we are striving for. There are currently about 650 homes plus the buildings owned by the POA in our community. This number is growing with more homes being built each year.

I would like to have all the Fire Fighters and support members stand. These are your neighbors that volunteer their time and energy day or night so we all can be safe. Thank you for your support and help to make this department that belongs to everyone in White Buff the best in Hill County.

## **5. Golf Courses Report – Michael Shelton**

### General Observations (Before Employment):

- Both courses were not kept in the same condition; the Old Course was closed.
- Weeds were problematic on both courses, especially poa annua grass.
- There were several thin/bare areas in the main playing corridor.
- Detail work was not being kept on an adequate schedule.
- Water features were in terrible condition.

### **Primary Goal: Continue growing in turf and reduce the weed pressure.**

### Progress Made during my First Six Months:

- Immediately shifted focus to improve Old Course conditions.
- All thin areas on greens have been corrected.
- Weak/bare areas in main corridor have greatly improved.
- Both courses were sprayed for weed control.
  - Focusing primarily on main corridor.
- Bunker audit for sand depth is being conducted bi-weekly.
- Gravel contamination problem was addressed during May.
- Finally found a comparable sand for bunkers!
  - Our original sand is no longer available due to plant closure.

- Fountain was repaired and installed at OC #9.
- Submersible pumps were repaired for NC #1/9 and #18.
- Sand topdressing on greens completed more frequently.
- Detail scheduling back on track; stayed on 2-week rotation during summer.

Projects on Schedule for this Fall:

- Continue installing Latitude Bermuda around #2 and #3 green on the New Course.
- Tree management program on schedule, thanks to a stellar staff!
- Overseeding all tee boxes this winter to improve aesthetics and playability.
- Will continue sodding bare spots in fairways; six more weeks of growing weather.
- Fall pre-emerge applications will begin next week.

**Overall, I am extremely happy with progress this summer! We still have a lot to accomplish.**

**6. Greens Committee Report – Terry Ehrhardt**

Current members of the Greens Committee (GC) include:

Terry Ehrhardt – President  
 Mike Moodt – Vice-President  
 Betty Moodt – Secretary  
 Larry Smith – Chairman of the Marshall Program  
 Ed Helmbeck  
 Robert Woods  
 Gary Williams  
 Rosemarie Patterson  
 Larry Groppe  
 Jay Elder – Liaison to the POA Board of Directors  
 Mike Shelton – Director of Agronomy  
 Bill Finney – POA General Manager  
 Mike Hicks – Head Pro  
 Monica Copeland – LGA Rep  
 Jay Canada – MGA Rep

The GC meets the 3<sup>rd</sup> Thursday of every month beginning in March through November.

**Mission Statement:**

To prepare, preserve and maintain the Old Course and the New Course as major White Bluff POA assets and to afford the opportunity to provide enjoyment to its members and guests.  
 To protect, understand and fulfill the golf course architect’s vision and goals for a firm, fast, and fair golf challenge for all levels of player abilities.

To plan and execute programs and procedures that maintains a superior golf experience as well as enhance and protect the environment, property and aesthetics of WB.

**Objectives:**

The course will be maintained such that excellent playing conditions exist for both the championship and average golfer. The golf course should play near championship standards, within weather limitation, on a continued basis and at a higher championship level for certain events determined annually by the WBPOA Board and Management staff. The GC provides support and guidance to the Director of Golf, Director of Agronomy but does not make management decisions.

The goal of maintenance is the least amount of interference and inconsistencies as possible. Environmental stewardship and resource management will drive the selection and application of products. Wildlife habitats and native grasses will be maintained or introduced for esthetics and proper land management. Trees on both courses will be evaluated annually for health, playability, and esthetic contribution to each course – with safety concerns and turf establishment being a top priority. A tree replacement program will be established and implemented. These objectives will be met through clear communication with each party involved. Approval and implementation of any project suggested by the GC comes from the WB Board of Directors.

### **Accomplishments:**

Our first meeting was June 22, 2018.

#### ***Remove dead and unsafe trees on the property & hire a mechanic.***

I was operating as “superintendent” and GC president at that time. Greg Fjelland came in September 2018 and staging for construction started October 2018 with the planting of temporary greens. Construction began along with opening temporary greens in November 2018.

March 2019 - construction on both courses were half finished.

New Course was sprigged late May 2019; Old Course was sprigged in early June because irrigation water had to be replenished. Opened the New Course for play on August 24, 2019. Forward tees, senior tees, and yardages were established and courses were set to be rated.

New course ratings 2020.

GC met again in May and established maintenance standards with Mike Shelton with attention focused on fairways surrounds, and bunkers while our greens matured. Maintain consistent putting surfaces. (10 stemp meter reading)

**Future Plans** – focus our resources on areas that are in play. Reduce our water usage by reducing acreage under regular maintenance. Establish wildflower and native grasses adjacent to play in an effort to reduce labor hours spent in areas outside normal play. Develop a one, three, and five-year plan to introduce and reestablish native wildlife and turf areas. Investigate organizations such as Texas Audubon Society, GCSAA Environmental Initiative, USGA Greens Section and others for input and guidance in developing our plan.

Continue and improve our Golf Course Marshall Program started this year.

Continue to foster high school golf program with Whitney, Blum, and Aquilla, and hopefully some high school tournaments this spring.

Orange tees to match other tees will be made this winter, 100-yard marker Red plate will be installed, and course marking will continue – Red, Yellow, and White with a goal to have the both courses marked correctly by next season.

Support Mike Shelton in his efforts to correct the problems with our ponds and other maintenance issues at his request.

## **7. Marina Committee Report – Mark Hepworth, Board Liaison**

Mr. Hepworth began by thanking the Board and those present for the opportunity to serve the community. He assumed he was speaking deep into the meeting, so he chose to break up the monotony of the presentation by using several props to remind the Property Owners of our many and varied outdoor amenities. His comments about the White Bluff Marina and the Marina Committee centered on how our Marina serves as a "Front Door" to our beautiful Lake Whitney.

He discussed the 4-dock layout of our marina, and that all 114 slips were fully rented. As a result, our \$150,000.00 revenue projections were exceeded and we realized \$186,000.00 in actual revenues. This opens the door to our Board addressing the financial feasibility of adding boat slips to the Marina.

Mr. Hepworth summarized how our floating Marina is tethered to the ground through a system of winches, winch stands, cables and anchors. Most of these were upgraded or refurbished this year. We added floats to the boat ramps; rebuilt and fortified the concrete base for each of the four ramps; and addressed erosion problems with addition of three large truckloads of limestone rock for the boat launch ramp and levee. The committee identified several areas on our future wish list including more slips; food, ice and beverage sales; adding a working fuel line to Dock 3 and or the Marina Store; moving dock 2 and 4 twenty feet north to open more access to existing slips. He thanked the recently departed Mike Bell and told the crowd that Ned Wilmarth is an informed and well qualified person to lead the committee forward. He asked the committee members to raise their hands.

## **8. Water/Sewage Report – John Bass, POA Vice-President**

The Texas Public Utility Commission has ordered the new water utility company to begin rebating overcharges from the past two and a half years to the ratepayers. The total amount overcharged for all ratepayers is \$689,000. The average total overcharge per ratepayer with one meter is about \$900 to \$1,000. The overcharged amount will be rebated on each ratepayer's monthly bill over the next two years beginning with the November 2020 billing.

## **9. Surface Water Well Project Status – Marshall Snyder**

I first, wanted to thank all of you who came to this Annual Meeting. As POA constituents, it is important that you become aware of your Board activities, and how our planning maps into future investments for the White Bluff Community. Secondly, I would like to thank all Board Members for their collective commitment towards achieving a shared vision for the White Bluff Community that is inclusive of both Homeowners, and Property Owners. Thirdly, I would like to give a special thanks to an individual who continues to step up with his time, and expertise, allocated to projects that support our Community Development; That individual is Richard Ashley. Richard has given his free time to perform the System Design of our newly proposed,

“Surface Water Irrigation System” to replace a “Legacy System” that we inherited from the previous owner. So, thank you Richard!

Let me now pivot to a discussion of the Board’s plan for replacement of the current Lake Pump System.

### **Background**

- During the reconstruction of both White Bluff golf courses, deficiencies were noted in the fundamental design of the Irrigation Water Distribution System.
- Namely, the water delivery capacity from Lake Whitney was inadequate, both during periods high water usage for the Golf Courses, and during the lake level changes that are common on a monthly basis.
- As a result, maintaining adequate reservoir levels to support extended operation during the summer months is virtually impossible.

So, what does the new system look like?

Some key features and benefits of the new design are:

- The system will pump water during both the average high and low lake levels.
- An air-conditioned shelter will house the newly procured turbine pumps and controller electronics. This will:
  - Enhance system reliability
  - Improve the system life cycle
  - Reduce maintenance costs
- The new system will provide redundant backup during failure outages.
- Prohibit unauthorized access to high power circuits.
- Enables greater pumping capacity to achieve faster recovery of reservoir levels during periods of high-volume demand.

Based on these facts, the Board undertook a study in November of 2019 to develop the design and budgetary costs for this new system.

### **Elements of the Plan**

- A below-ground water storage system with new dual Turbine Pumps will be elevated above the floodplain, and replace the old ground-level Lake Pumps.
  - Well depth – 65 feet
  - Well diameter – 5 feet
- The storage well will be located on White Bluff Property behind the Hotel.
- An air-conditioned shelter will be constructed over the new pumps, and include all control electronics.
- Bore an interface to Lake Whitney for water extraction at approximately 515 ft elevation.

## **Supply Chain Requirements**

- Buy, or construct a shelter, to be located at the site
- Conduct Subcontract competition for the Driller/Bore Supplier
- Conduct Subcontract competition for the Pumps, and the Controller Electronics
- Reroute Power Interface, and existing water pipe interfaces to the new Shelter.
- Obtain USACE approval of the new Lake interface

That should give you some idea of the magnitude of the effort. Now, let me give you a short synopsis of what we have accomplished.

## **Accomplishments**

- Preliminary System Design was completed.
- We have begun preliminary discussions with candidate subcontractors for both drilling/bore effort and pump/controller subcontractors.
- We briefed the Plan to the U.S. Army, Corps of Engineers at White Bluff on August 21. Preliminary discussions indicate that the USACE favors this change.
- The formal request for approval from USACE for the Lake Whitney Water Extraction Interface will go out the week of 9/28/2020.

## **Near Term Actions Required**

- Monitor receipt of formal approval from the USACE on the new lake interface for water extraction.
- The Board will be developing a funding plan.
- The team will create a detailed Schedule for Project Execution based on the Funding Plan.

We are targeting Fiscal Year 2021 for completion of the Project.

## **10. Report from the Hill County Commissioner – Presented by Danny Bodeker for Commissioner Andy Montgomery**

Approximately 87% of the road repairs required because of damages caused by heavy rains in 2018 have been completed. Delays in completion have been the result of waiting for funds from FEMA.

Hill County has decreased property taxes by 2 cents per \$100 of assessed property value. If the assessed value of a person's property does not increase, that property owner should see a slight decrease in her or his tax bill.

Three large lot subdivisions have been approved and lots are being sold north of White Bluff. These front on Farm Road 933.

### **Election Results – Jim Fletcher, Secretary**

Jim Fletcher invited Sam Timothy, CPA, to the podium to announce the election results. Mr. Timothy announced that Gerry Mayer, Mike Ellis, and John Bass were the three candidates who receive the largest number of votes. Mr. Timothy also provided a certified written copy of the election results to Jim Fletcher.

### **Open Forum Comments**

Property owners were invited to come to one of the two microphones to ask questions or offer comments. Four property owners commented during the open forum.

### **Adjournment**

The meeting was adjourned by Leonard Critcher, Board President, at 1:07 PM.