

December 21, 2017

TO: White Bluff Property Owners
FROM: Jim Fletcher, Secretary
White Bluff POA Board of Directors
RE: Summary of 12/13/2017 Board Meeting

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

Location: White Bluff Chapel Fellowship Hall- White Bluff Resort, Lake Whitney, Texas
Date: December 13, 2017
Time: 10:00 AM

1. Call to Order

The meeting was called to order at 10:02 AM by Leonard Critcher, President of the Board of Directors. A quorum was confirmed with six board members present. Jim Fletcher, Joe Manders and Mike Ellis were absent. Fletcher joined the meeting at 10:10 AM.

2. Adjournment into Executive Session

The meeting was adjourned to executive session to discuss confidential litigation issues.

3. Reconvene to Open Session

The Board reconvened to open session at 12:59 PM. Seven board members were present. Joe Manders and Mike Ellis were absent.

Board President Critcher explained that a board meeting was scheduled because of the budget deadline for reviewing and approving the 2018 WBPOA budget, and the White Bluff Chapel was the only place available to hold the meeting.

4. Summary of Executive Session - Leonard Critcher

- Walkinshaw Case Settlement Agreement - Mr. Critcher reminded the audience that the Board approved a settlement agreement for the Walkinshaw Case at the last meeting. However, Marty Rose, Counsel for the plaintiffs in the case, refused to sign it. Mr. Critcher stated that the Board expressed willingness to meeting with Mr. Rose through the Board's legal counsel regarding the agreement if he is willing to meet. However, The Board has not received a reply from Mr. Rose.
- Facilities Closure - Mr. Critcher explained the Board is working on resolution regarding the facilities closure at White Bluff through a step by step process. The Board has contracted with an appraiser to begin preparing an appraisal of the facilities. He will tour the inside and outside of each facility on Friday, December 15th. The appraisal should be completed within one week of the tour. This is an

important step in an effort toward a fair and equitable acquisition of these facilities.

- Refurbishing POA-Owned Properties - Mr. Critcher stated the WBPOA will be continuing its efforts to systematically refurbish POA-owned properties. The current project is a refurbishment of the Lone Star Room and locker rooms at the Cascade Pool. These facilities are heavily used by property owners.

5. Open Forum

a. Discussion of Agenda Items

Property owners in attendance were given an opportunity to discuss agenda items. One property owner presented commentary that was offered regarding golf course maintenance costs at White Bluff and costs at other area golf courses.

b. Questions for the Board

- One property owner expressed concern that "for sale" signs cannot be placed on individual lots, and that local realtors do not want to list nor show lots for sale. This presents a challenge for individuals wanting to sell their lots. Mr. Critcher explained that a change to this would require a 2/3 vote of all property owners, or for the Board to be granted declarancy rights through a 2/3 vote of property owners.

6. Agenda/Discussion Items

a. Water/Sewer Rate Increase - John Bass

Mr. Bass explained that a utility company must prove the need for a rate increase to prevail in a contested rate case. This requires ratepayers to make sure the Texas Public Utility Commission scrutinizes the application for a rate increase to find it is justified. In the current rate case with Double Diamond Utilities, the White Bluff Rate Payers are attempting to have the Texas PUC establish a rate base upon which all future rate applications must be based. This was not done in the 2008 rate case, resulting in much more work and costs for the WBRP rate expert and rate attorney. Mr. Bass stated that property values are impacted by water and sewer rates.

b. POA Matching Funds to WBRP Group - John Bass

Mr. Bass moved and Roy Miller seconded to have the WBPOA match funds to pay for the rate case up to \$25,000. The motion passed on a voice vote.

c. Proxy Procurement Report - John Bass

Mr. Bass stated that a proxy helps to guarantee a quorum at the annual meeting so that everyone can vote. Based on the WBPOA governing documents, if a quorum is not established, property owner votes cannot be held. He also pointed out that no declarancy rights were reserved in the original WBPOA governing documents. Thus, we must have a 2/3 vote of all property owners to change the CC&Rs of the POA. Proxies are a mechanism to allow individual property owners to vote or assign their vote so the POA can attempt to make changes when needed.

d. Confirmation of Engagement of an Appraiser - Leonard Critcher

Mr. Critcher explained the Board wanted to engage an appraiser to determine a fair market value for all closed amenities. Jeff Williams moved and Jay Elder seconded to engage an appraiser at a cost of \$14,000. The motion passed on a voice vote.

e. Management Report on Burned Home on Ash Drive - Duane Dauphin, General Manager

Duane Dauphin reported the insurance company has released the property and the property owner must clean up the site. Mr. Dauphin has emailed the property owner regarding site cleanup.

f. Plans for Refurbishing POA-owned Properties - Leonard Critcher

Mr. Critcher thanked Sherrie Williams and Cindi Ellis on behalf of the Board for volunteering to plan Christmas decorations in White Bluff.

Mr. Critcher explained the Board and management is beginning a step by step process to refurbish POA-owned properties on a property by property basis. Mr. Critcher moved and Marshall Snyder seconded to adopt this policy. The motion passed on a voice vote.

g. Lone Star Room Improvements - Leonard Critcher

Mr. Critcher and Duane Dauphin, General Manager, summarized the planned improvements for the Lone Star Room and adjacent locker rooms. These include replacement of the flooring, windows, window sills, doors, lights, and some dry wall. Any exterior with dry rot will be replaced, and the inside as well as the outside will be repainted. New exterior lighting and HVAC system will be replaced. The final motion by John Bass and second by Jim Fletcher was to authorize up to \$40,000 for this refurbishment. The motion passed on a voice vote.

Jay Elder moved and Marshall Snyder seconded a motion to award the bid for replacement of the HVAC system to After Five A/C. The motion passed on a voice vote.

h. 2018 WBPOA Budget - Jeff Williams

Mr. Williams thanked FirstService Residential (FSR), Pete Willding, and their accounting team for their assistance in preparing the proposed budget. The budget proposal was based only on partial 2017 financial reports compiled by FSR, since financials have not been received from Double Diamond.

Mr. Williams pointed out that a budget is a planning tool. The 2018 budget proposal was based on best available information. Quarterly financial information will be available to property owners on a quarterly basis throughout the budget year on the WBPOA website (www.whitebluffpoa.com).

The budget proposal for 2018 includes a 3% salary increase for employees, which will be approved when the budget is approved. Jeff Williams moved and Roy Miller seconded to approve the 2018 budget. The motion passed on a voice vote.

Duane Dauphin reported that five former Double Diamond employees with years of experience at White Bluff had been hired by FSR to fill vacant positions at White Bluff. Leonard Critcher moved and Jay Elder seconded to waive the waiting period on benefits for these five employees. Duane Dauphin assured the Board that FSR would make every effort to make this waiver.

Leonard Critcher moved and Roy Miller seconded to adopt a 6 year roads plan for White Bluff including authorization to spend \$2.2 million to complete Area A (White Bluff Drive) and Area B (Golf Drive) in 2018. Of the \$2.2 million, \$1 million was authorized in the 2018 budget, and the remaining \$1.2 million will be expended from current WBPOA reserve funds. The motion passed on a voice vote.

7. Adjourn

The meeting was adjourned at 2:46 PM by Leonard Critcher, President.