

**White Bluff Property Owners Association
Town Hall Meeting
White Bluff Conference Center
December 5, 2020**

1. **Call to Order** – The town hall meeting was called to order at 9:00 AM by Leonard Critcher, Board President.

Board Members Present – Leonard Critcher, John Bass, Jim Fletcher, Jeff Williams, Marshall Snyder, Joe Manders, Mark Hepworth, and Gerry Mayer.

Absent – Mike Ellis (proxy held by Jeff Williams)

Leonard Critcher began the meeting by presenting the following comments regarding emailed questions received by the Board.

Town Hall Comments 12-2020

Thank you for your presence this morning. We request that all attendees wear their facemasks throughout the meeting and respect proper social distancing. I have received several emails from property owners requesting information about a variety of subjects and issues. In this meeting I and other Board members will provide you with responses and updates on the topics raised by our property owners. If these responses are deemed not to give an adequate response, I ask that any attendee request additional clarification from the Board.

As in previous Town Hall Meetings, property owners requesting additional information or making comments are asked to do so from the standing microphones. You are also requested to keep your comments to the issue at hand. If you have questions or comments about an unrelated issue to that being addressed, please bring it up at the appropriate time. In essence, we want to keep on subject, and we welcome your comments and/or questions on other subjects.

Property owners who have read the Board Meeting Agenda have noted that the Board will be discussing a Special Assessment for all property owners in our open Board Meeting. After we have addressed all concerns regarding other issues and have heard from all property owners, we will open the discussion of a Special Assessment at this

meeting. We will also broach this subject in the open Board Meeting and give attendees in that meeting an opportunity to provide their comments and/or ask pertinent questions.

When I became President of the POA Board, I immediately implemented an addition to the standard Board agenda. Property owners have always had the opportunity to address agenda items in a Board meeting. Five years ago, I expanded this open interchange to giving property owners the opportunity to also ask the Board any question or questions they wished. This is one of many examples of long term and continuing Board transparency.

The following are issues and/or questions that have been submitted in advance of this meeting. Some of these I will respond to, and some will be addressed by other Board members or our General Manager, Bill Finney. After we have gone through the list, I will go back through each submitted issue and/or question in order that anyone can further explore that issue. After all submitted issues and/or questions have been thoroughly responded to, the Board will then respond to any additional issues or questions. Following this, we will then begin a discussion of a Special Assessment.

The first request was for an **update on addressing the need to thoroughly clean all of the POA pools**. A second request was for an update on converting the pools to salt water. The Board has discussed the conversion and has decided to table any further discussion at this time. I will ask Bill Finney to respond to the cleaning of the pools.

Bill Finney, WBPOA Manager, reported the pools were drained and cleaned, then refilled to reduce acid levels. Consideration of conversion of the pools to salt water has been tabled given current financing.

The next question was about the **status of repairs to the RV parks**. Before Bill gives you an update, I want everyone to be aware that we inherited pretty much a mess with the RV parks. The posed question specifically referenced electricity needs. There are many, and the reason for the needs is simple. When the RV parks were built, the underground electrical lines were run without any protective conduit. Thus, every time the ground or rock shifted, which was often, the lines

were damaged. We realize the importance of the parks to some property owners, and management is addressing what we can do within the constraints of our Capital Expense Budget. Bill, please give us an update.

Bill Finney reported POA crews are replacing water lines to repair leaks at Bear Creek Campground. The electrical problems will not be addressed in the near future.

The next suggestion was for us to **use White Bluff talent in lieu of our management companies**. While we have a broad spectrum of talent and experience in White Bluff, the complex nature of running a \$5,000,000+ business involves professional and full-time management. While it sounds appealing to forego the expense of management companies and replace them with White Bluff volunteers, it simply would not work. I seriously doubt if there is a single property owner who would be willing to work full time at no compensation.

The next question was **why the ACC does not allow property owners to take filed house plans off property and have them copied**. First, these are the property of the ACC, not the property owner. Second, the ACC references the plans continuously for any number of reasons, and if property owners were allowed to take plans off property there is a very high likelihood that some would not be returned.

A question was asked about **people speeding on our roads**. Property owners should understand that our Security personnel are not the police; they act as a deterrent to those who choose to violate the published rules and covenants. I receive a Security Report every month, and I can assure you that there is a strong effort to enforce adherence to the speed limits. This does not mean that there aren't those who feel their time and personal entitlement is more important than the safety of others who drive our roads.

Roads. This is one of the capital expense items we will address when we discuss the Special Assessment. We budget a certain amount each year for road repairs and plan on increasing that amount in the future. One property owner wanted to know the long term and short term plans for our roads. He even suggested his research indicated it would

cost us between \$500,000 and \$1,000,000 per mile to replace the roads. We have a long-term plan as a result of the work Milt Bergman did as Chairman of the Roads Committee. A study by a professional engineering firm indicated that to replace all 62 miles of roads in White Bluff would cost approximately \$12-13,000,000. As most of you have known, we had planned to implement the first phase of road replacement, which was White Bluff Drive and Golf Drive, but acquisition of the amenities put this on hold. Acquisition significantly altered the planning process, and the wholesale replacement of roads is on hold. The short-term plan will be addressed later in this meeting. But I can say that I'm glad we're not looking at the suggested researched price of between \$31 and \$62,000,000!

The Marina Store and The Lighthouse Bar. I will ask Jim Fletcher to give you information about the alternatives available to the Board as we address opening facilities like the store and the bar. After Jim has informed you of the alternatives, I will update you with some specifics. Jim Fletcher?

Jim Fletcher presented his remarks using a PowerPoint presentation on the amenities restored between October 2018 and December 2020. A copy of that presentation with before and after photos is posted on the WBPOA website. The title is **White Bluff Amenity Improvements - October 2018 – Present**. <https://whitebluffpoa.com>

Options for Restoring Remaining Amenities *by Jim Fletcher*

Our goal is:

- ▶ Make the amenities available to property owners and guests
- ▶ Within a reasonable timeframe
- ▶ In a *cost-efficient* manner

Options for achieving that goal:

1. Restore and manage amenities with POA funds.
2. Lease amenities to private entrepreneurs to restore and manage.

3. Sell amenities to investors to restore/redevelop and manage.

Advantages and disadvantages of each option:

1. Restore and manage amenities with POA funds.

Advantage

- Total POA control over restorations and operations

Disadvantages

- Longer timeframe for completing restorations
- All costs paid by property owners

2. Lease amenities to private entrepreneurs to restore and manage.

Advantages

- Some or no restoration costs to POs
- No ongoing operating costs to POs
- Shortens timeline for restorations

Disadvantage

- Some loss of control over restorations and operations

3. Sell amenities to investors to restore/redevelop and manage.

Advantages

- No restoration costs to POs
- No ongoing operating costs to POs
- Shortens timeline for restorations

Disadvantage

- Loss of control over restorations and operations

Applicability of each option:

1. Restore and manage amenities with POA funds.

- ▶ Applicable to all amenities
- ▶ The only option for amenities that do not generate revenue (such as roads)

2. Lease amenities to private entrepreneurs to restore and manage.

- ▶ Applicable only to amenities that have the potential to generate sufficient revenue to support ongoing operations and make a reasonable profit

3. Sell amenities to investors to restore/redevelop and manage.

- ▶ Most applicable to amenities with high restoration and operating costs
- ▶ Amenity must have the potential to generate sufficient revenues to recover capital and operating costs over the usable life of the amenity

The Marina Store. Bill Finney and I have had meetings with three different entities or individuals who have expressed an interest in the Marina Store. At this point we are awaiting a Term Sheet from an individual who is very interested in opening the store as well as the gas dock.

The Lighthouse Bar. This past Monday the Board approved an agreement with a group who wish to lease the bar and deck. The agreement has been forwarded to our attorneys for review, prior to the formal execution of the agreement by the parties involved. There have been a long series of discussions and alterations to terms with nine different revised term sheets. The negotiations have been amiable as both the group and the Board approached this idea with it being advantageous to both the group as well as the POA. If and when the agreement is formally signed, you will see immediate activity in getting the facility ready for opening.

The Marina. Several questions were asked about the recent announcement of expansion of the number of slips as well as the 10% increase in slip rental fees for 2021. I am going to ask Mark Hepworth, Board Liaison to the Marina Committee, to give an update on the work of this committee as well as future plans. Mark Hepworth?

Mark Hepworth reported the members of the Marina Committee advise the Board on safety issues, maintenance and repairs, structural

improvements, and revenue enhancements. **Improvements made during 2020** include:

- Addition of new rock on the peninsula south shore, the boat ramp, and ramp shoreline to prevent shoreline erosion
- Rebuilt 10 rusted winch stands
- Refurbished 6 winches and replaced steel cable
- Reset the anchors for the marina
- The concrete ramp for Dock 3 has been rebuilt, and the other three will be rebuilt as the weather permits
- All four metal ramps have been fitted with flotation devices to assist in repositioning the ramps
- 16 new boat ramps have been approved for addition to Dock #1.

Projects currently under consideration include:

- Initiating food service in some form
- The cost of providing fuel service at the marina docks and store
- Future addition of docks #5 and #6
- Relocating docks #2 and #4 a few feet to the north to open up boating space
- Adding security cameras with Internet capability
- Additional parking

The Board's last workshop required much thought and discussion about our 2021 budget including budgetary considerations regarding the marina. White Bluff is experiencing a surge in demand for boat slips. All slips are currently leased, and we have a waiting list of more than 20 individuals requesting slips. Based on feedback from real estate agents, demand for slips by new residents continues to grow. Lease rates for slips have not been changed in 10 years, and the Board made a decision to raise rates by 10% for 2021. Mr. Hepworth stated he made a rookie mistake as a new board member by failing to consult the Marina Committee prior to recommending the 10% increase to the Board.

Property Owner ID Cards. Bill Finney?

The POA has property owner ID cards ready to distribute as soon as Arcis and Associa IT specialists can determine how to utilize their data on ownership and delinquencies together with the golfing T-time reservation software. Mr. Finney is hoping this task will be completed by January 1st so that ID cards can be sent to property owners.

The next issue was the **status of the rebates from our new water and sewage company**. John Bass?

The new water and sewer rates have been implemented and are reflected in each ratepayer's monthly bill. Midway Water Utilities Company owes ratepayers a total of \$690,000 for past overcharges made by Double Diamond Utilities. The Texas Public Utility Commission is considering a proposal to credit each ratepayer's account with the total amount owed, then debit monthly charges from that credit until that credit is exhausted. Thus, a ratepayer will not owe a monthly utility payment until their credit is exhausted. The proposed start date is February 2021 pending PUC approval.

The next to the last question was the **status of the burned house on Ash Drive**. Joe Manders?

The POA won a summary judgment ruling in 66th Judicial District Court in August 2020. Defendant Haight Family PLC moved for a new trial which was denied by the court.

Last month the Defendants filed notice of appeal to the Texas Court of Appeals in Waco. We anticipate 1 to 1.5 years for the appeal process to be completed and a verdict rendered.

The POA Board considered clearing the lot at our own expense. Our trial lawyers advised that could have a negative effect on our summary judgment damages award. So, we will stand pat waiting for the appeal for the moment.

The last issue addressed was not sent as requested via email, but that wonderfully productive platform of social media, **Nextdoor**. One of our former board members referenced this Town Hall Meeting and suggested that attendees voice their negative opinions about

Mulligan's. I would like to ask if Wayne Findley is in attendance. Wayne? Wayne, I am going to try and address each issue you raised. If I do not cover them all, please bring up anything I missed when we bring this topic back up.

I will repeat myself once more - nothing is ever resolved on Nextdoor. I am constantly amazed how some property owners post negative comments about our community and various amenities when those comments serve no constructive purpose at all. I will attempt to organize and address what was said in Wayne's Nextdoor post as well as replies others posted.

In case you haven't noticed, we have been in a pandemic since early March. This dictated proper response to government directives, and Mulligan's went to take-out only. Yes, this affected the "terrible hours of operation", but we gave our community and guests a viable alternative for take-out dining when restaurants all over the country were struggling if not going out of business. While providing take-out only, Mulligan's experienced a steady and profitable flow of business. As governmental directives allowed, we opened for inside dining in October. This was, and is, subject to patrons maintaining proper social distancing. We expanded our hours to being open on Wednesdays, Thursdays, Fridays and Saturdays with breakfast being offered on Saturdays. I cannot fathom someone being critical of the hours of operation when we are in the midst of providing a service in the middle of COVID.

Jake, not from State Farm. Let's turn back the calendar several years to when Jake was here. Jake was the Food & Beverage Manager. He did not dictate the menu, Double Diamond did, he did not cook the food and he was only here for a very short time, contrary to the misguided fond memories.

I am shocked that anyone could possibly suggest that the food being served now is not top quality. We are absolutely blessed to have not one but two qualified chefs on staff, two dedicated people who bring a wealth of experience and genuine caring to our community and guests. And, they do so with farm to market offerings that rival anything in the surrounding area at comparable pricing. I also cannot fathom that

anyone would possibly suggest that the prices at Mulligan's are high when compared to eating venues in the surrounding area. Four area restaurants were mentioned, and if you place all of the menus side by side you will find that the pricing for the same or similar entrees at these restaurants is comparable to or higher than Mulligan's.

Why is there not a **discount for property owners**? Believe it or not, there was a time that Mike Ward and I actually spoke and even enjoyed playing a round of golf. I remember vividly his telling me with a big grin on his face that the property owner discount was a joke. He raised the prices 10% then allowed the discount.

Why don't we **lease Mulligan's to a good restaurant manager**? Again, a simple answer. This approach would actually increase the prices for property owners and guests. The cost of menu entrees would have to cover the rent paid to the POA, liability insurance costs, restaurant accounting and payroll costs, staff costs, cleaning, serving pieces and then turn a sufficient profit to allow the "good restaurant manager" to make a living. Plus, and it's a big plus, we would have to give up our Liquor License for the restaurant and ancillary facilities. The POA has a vested interest in the quality of the food served, the service rendered, the prices paid, hours of operation, cleanliness and proper maintenance of the equipment and furnishings the POA owns. It simply would not work.

Which brings me to a common misconception- the property owners own Mulligan's, the building, the fixtures, and equipment, etc. That is not the case. All POA-acquired White Bluff amenities are owned by the Property Owners Association. Property owners are members of the association. Property owners have no incidence of ownership at all.

Why is Mulligan's trying to be a 5-Star or "exotic" restaurant? We are not. Michelin has not rated any restaurant in the entire state of Texas as a 5-star establishment. Exotic is a very subjective term, and I have absolutely no idea of what the perception of exotic is. Bill, would you provide some additional information about our non-5-Star, non-exotic restaurant?

Wayne, did I miss anything?

Before moving on let me make one more, somewhat redundant comment. Nextdoor is not the place to vent and make negative comments about your community. Some of you have been in business for yourself, and some of you are in business for yourself. You, who have this real life experience are well aware of the sometimes irreversible damage that can be done with negative comments and especially today on social media, especially when most of the comments have little, if any, rational basis. What possible joy or personal satisfaction can be attained by knowing that your comments are harmful, detrimental and pretty much personal opinions directed to the very people who feed off negativity. Is Mulligan's perfect? No. Is Mulligan's and its menu perfect for everyone? No. Is any restaurant perfect? Absolutely not. Is the menu for any restaurant perfect for everyone? Absolutely not. I will say this one more time- nothing is solved on Nextdoor. Take your comments, constructive criticism and complaints to the source that can do something about it. It's always interesting to me that there are those who feel empowered to complain and intentionally do damage while hiding behind a computer screen.

Comments and Questions from Property Owners

Let's move on to the open comments and/or questions portion of our meeting. I will go back to each emailed topic, and you will be given the opportunity to ask additional questions or provide the Board with comments. Please note that in order to streamline this I ask that your questions or comments be restricted to the singular topic being addressed. If you wish to speak please go to the microphone, give us your name, White Bluff address and confirm that you own the property identified.

- **Status of cleaning the pools.**
No questions or comments were offered by property owners.
- **Saltwater conversion of the pools.**
No questions or comments from property owners.
- **Repairs to the RV parks.**

One lot owner said he and other lot owners have used the RV parks in past years to spend time in White Bluff. He recommended repairs to RV parks be part of the Board's plan for renovations to help increase visits by lot owners from outside the area.

- **Substituting WB talent for the services provided by our management companies.**
No one came forward with questions or comments.
- **Copies of ACC owned house plans.**
No questions or comments were offered by property owners.
- **Speeding violators.**
No property owners requested information or presented comments.
- **Repairing bad places on the roads.**
No comments or questions.
- **Status of the Marina Store.**
Marty Penney said the Marina Store could be reopened as a community store with fuel and boat rentals. It could serve as a community gathering place for White Bluff residents. The Board has asked for lease proposals from interested parties. To date, three have expressed an interest.
- **Long-term and short-term plans for the roads.**
No one came forward with questions or comments.
- **Marina**
No questions or comments.
- **Property Owner ID cards.**
No one presented questions or comments.
- **Water/Sewage Rebates.**
No questions or comments from property owners.
- **Burned House on Ash Drive.**

No property owners asked for information or made comments.

- **Mulligan's**

Clay Smith recommended changing the signs from Trophy Grill to Mulligans so visitors can find the restaurant.

- **Other**

The new **WhiteBluffResort.com website** should go live next week.

One property owner asked if attention has been given to **restoration of the baseball field and playground**. Bill Finney, POA General Manager, reported the baseball field is not scheduled for restoration. However, new fall material will be installed below the equipment on the playground.

Repairs have been completed at the **wastewater treatment plant** and the utility company is caught up on replacement of sewer grinders. The company plans to continue making upgrades.

The new owners of the **Range Condos and Trailwood Condos** are completing remodels. Units in the Range Condos may be available as soon as January 1st. Rental management may be done by the POA contingent on approval of an agreement between the company that owns the condos and the POA.

The POA has a **collections process for delinquencies**. A committee consisting of three Board members work with delinquent owners to develop a plan to cure delinquencies. Jeff Williams, Board Treasurer, report that major progress has been made on curing delinquencies. Collections have increased from 60% in 2018 to approximately 77 to 78% to date. The Texas Property Code prohibits property owners associations from publishing lists of delinquent owners.

Jeff Williams said the **POA has three revenue sources**.

- Revenues from revenue-producing facilities such as the golf courses.
- Maintenance fees
- Special assessments

We have now addressed all of the issues submitted by property owners. Does anyone have any other topic you wish to address?

Special Assessment

Let's move on to the second segment of this Town Hall Meeting. One of the agenda items in the Open Board Meeting that will follow this Town Hall Meeting is the Board's discussion of a special assessment. Other than the revenue that comes from the operations of the POA amenities, your association only has two other sources- Maintenance Fees and Special Assessments.

Base Maintenance Fees for property owners have not changed in over 8 years. Those property owners who have homes in White Bluff do pay additional fees such as the Occupancy Fee and the Volunteer Fire Department Capital Expense Fund Fee. Non-homeowners also referred to as lot owners pay approximately 70% of what homeowners pay. This differential is appropriate. Because they have greater access to amenities, homeowners should pay more in fees than those who are not on property every day or most every weekend.

Are the fees reasonable? Well, reasonable is a very subjective term, but allow me to make a blanket statement then support it with fact. White Bluff property owners have a very, very good deal. Consider the amenities you have access to and what you pay. Realtors will tell you that most everyone looking to buy or buying in White Bluff are pleasantly surprised at how low our fees are and how expansive our amenities are. I will give you two comparisons. Mary Tullie and I had a home in Dallas in the Glen Lakes gated community and sold it 5 ½ years ago. We had 24/7 security, maintenance of the common grounds, one swimming pool, two tennis courts, no meeting facility, no fitness center, no pickle ball courts, no restaurant and certainly not two championship golf courses. Our HOA dues were \$500 per month and that was over 5 years ago. Without belaboring the point I'll give you one more example. Imperial House Condominiums have no security, one maintenance man and one swimming pool and the HOA fees are over \$900 per month. Our maintenance fees at White Bluff equate to \$120 per month. We all have a very, very good deal at this resort.

Board Secretary, Jim Fletcher did an excellent job in the Town Hall Meeting showing those in attendance what things looked like THEN and what they look like NOW, and the NOW is one heck of a contrast to the THEN. We were able to do what we did for four reasons- the Board had a plan, the Board executed its plan, volunteers in our community responded with countless hours of dedicated service, and... we had the money to make all of this work.

Let me remind you once again, the POA has owned this place for just over two years. You've seen and you've experienced what we have done. Now it's time for us to move to the next stage, long term planning. Over the past several months a lot of the Board's attention has been directed toward long term planning. As was reported at the deferred Annual Meeting, we had never operated with a Capital Expense Budget. Today you have seen the results of that budget- a Fitness Center that will soon be open, exterior repairs and addressing deferred maintenance on the Fitness Center/Spa/Salon complex, the Lighthouse Restaurant and the facility we're meeting in at this moment. We also replaced two Security vehicles and addressed some critical safety issues on one of the golf courses.

Your Board establishes and works with two budgets, an Operational Budget and a Capital Expense Budget. The Operational Budget anticipates income from the operation of amenities and Maintenance Fees, and anticipates the expenses we have in operating the resort. You will have the 2021 Operational Budget presented to you in the Board Meeting. Thanks to the work of the Board, Arcis, Associa, and especially Treasurer Jeff Williams, that budget reflects a surplus for 2021. But the Board has to deal with the realities associated with acquiring \$4.8 million dollars of amenities, all of which were or are experiencing the effect of Double Diamond deferred maintenance. It is time to generate the needed funds to pay Double Diamond what we owe them and create a realistic, segregated fund to meet the needed work on other amenities.

Let's deal with the biggest elephant in the room - our **debt to Double Diamond**. We bought the amenities for \$4,800,000. We paid Double Diamond a down payment of \$1,250,000. The remaining \$3,550,000 is

being financed by Double Diamond. The first two years we paid interest only; that two-year period ended on September 30th. Our payments now are still at the same 5% factor but now include interest and principle based on a 20-year amortization. This means we are paying very little principle while still carrying an annual interest debt expense of right at \$180,000. We absolutely must pay this debt off as soon as possible, and the only possible source of funds is through an assessment.

Bill is going to pass out a sheet that details our revenue needs for capital expenditures (***See Attachment 1***) and how the Board will propose meeting those needs over the next three years (***See Attachment 2***). Once everyone has a copy, I will go down the plan. As you are looking at this, keep in mind that once I have explained the elements of the plan we will be totally open to your comments and questions. Likewise, we will also invite the comments and questions in the Board meeting to follow. Also keep in mind that the figures you are looking at contain assumptions and variables. We had to look at the variables and make assumptions, but the reality is still there. We absolutely MUST get out from under Mike Ward and we absolutely MUST have the funds necessary to continue in our master plan for White Bluff.

Those who want things to be the way they were 20 years ago sometimes forget that the amenities were supported by Maintenance Fees, but much more so by Land Sales and group sales. DD needed the LHR and Bar opened so they could showcase them to people coming to take the tour, get the free golf clubs and buy a lot at an inflated price. Mike sold over 6,000 lots many of them several times over, and a certain amount of the considerable profit from each one subsidized the operations of amenities to a more than significant level. Today we do not have that luxury. We must be self-sustaining, and we will be self-sustaining because there is no alternative.

One property owner asked what will be done with the \$180,000 annual savings from interest payments when the amenities are paid off. Jeff Williams explained the money will be deposited into the POA Reserve Fund. The current balance in that fund is approximately \$1.2 million.

The Town Hall Meeting was adjourned at 12:00 PM.

Attachment 1

**3 Year Projected Revenue Needs
(for Capital Expenditures)**

Paying Off Double Diamond Debt (Interest burden = \$180,000/yr.)	\$3,550,000
Opening Lighthouse Bar	\$ 60,000
Increase Road Maintenance	\$ 100,000
Vehicle Replacements	\$ 120,000
Marina Store Repairs	\$ 50,000
Marina & Dock Gasoline Repairs	\$ 100,000
Marina Extension	\$ 130,000
RV Parks	\$ 100,000
Water Well	\$ 600,000
Hotel Renovations Renovate 28 rooms & structure (\$500,000) Add reception room, patio & fire pit (\$250,000)	\$ 750,000
TOTAL	\$ 5,560,000

Attachment 2

**Proposed Special Assessment
Billable in 6 month increments for 3 years**

Homeowners - \$500 assessment semi-annually

Lot Owners - \$150 assessment per lot semi-annually

Projected 3 Year Revenue

620 Homeowners -	\$1,860,000
Less 10% delinquency	(\$186,000)
Projected Net	\$1,674,000

5,800 Lot owners -	\$5,220,000
Less 25% delinquency	(\$1,305,000)
Projected Net	\$3,915,000

TOTAL Revenue Needs - \$5,560,000

TOTAL Projected Net Revenue - \$5,589,000