

WHITE BLUFF PROPERTY OWNERS ASSOCIATION MEETING
WEDNESDAY, MAY 16, 2007 6:00 P.M.
MINUTES

Mike Ward – Director and President of the White Bluff Property Owners Association – called the meeting to order at 6:00 p.m. He welcomed everyone to the annual meeting. He stated that since White Bluff Property Owners Association is a Texas non-profit association, 25% of eligible voters must be represented in order to hold the annual meeting. The required number of votes is 1,772 and we have 2,026 represented either in person or by proxy. Mike stated the meeting will consist of the following:

1. Committee Reports.
2. Reporting the financial condition of the White Bluff Property Owners Association.
3. Election of Board of Directors.
4. General comment and questions.

Mike then introduced the remaining White Bluff Board of Directors:

Fred Curran
Don Fritz
Larry Groppel
Randy Gracy
Clark Willingham

Mike made the following introductions of Committee Members – he said they are all doing a great job, putting in a tremendous number of hours, and working very hard. Advisory – George Collins, ACC - Nancy Behrens along with George Collins, Greens – Danny Morrow, Bill Torman, Protective Services – Bill McKee, Rob Tennison, General Maintenance - Milt Bergman, Brent Shipman, Welcome – Betty Fritz, Activities - Dottie Reedy. Everyone thanked the committee members with a round of applause.

Mike then asked Board Member Don Fritz to speak.

Don stated that it has been 12 years since he accepted the challenge to become a board member and he felt this would be the right time to relinquish his board duties. Don then stated that he would like the property owners to consider George Collins as his replacement. Mike then thanked Don for his many years of service and the White Bluff Property Owners owe a debt of gratitude to Don. The members present gave Don a round of applause.

Mike then asked George Collins to speak on several issues:

1. George stated that he is always asked how many homes are at White Bluff. George stated that we have currently 564 homes which are up from 545 from the previous year.
2. George stated in 2006 we had 20 building permits issued for a construction cost of about 6.3 million compared to 29 permits in 2005 for a construction

cost of about 7.7 million. The average cost per square foot increased from \$95 in 2005 to \$111 in 2006. The activity for the permits has slowed mainly due to the increased interest rates and the slowdown in the economy. George felt even though the activity has slowed we still are on a pretty good pace.

3. George then commented on the widening of Highway 933 at the entrance. This project consists of a turn lane into the main entrance and a new acceleration lane going south. George stated that we have been working on this issue for three years with TXDOT. George said excellent progress has happened and does not anticipate anything getting in the way of this project starting within the next 12 to 18 months. TXDOT officials have assured that the funds are in place to complete the project. TXDOT has scheduled a public meeting for May 31 at 6:00 in the conference center to address any concerns.
4. George then commented on the road construction work at White Bluff. The roads committee two years ago put together a 5 year plan for roads. George felt that we are well on are way to meeting that 5 year plan.

Mike then commended Danny Holt, Golf Course Superintendent, on his efforts in getting the golf courses into better playing shape. This was met with a round of applause.

Mike then asked Dan McGinnis to speak with regards to the volunteer fire department. The fire department in 2006 responded to 89 calls. The department drove 1,503 miles in 2006 and currently has 16 firemen.

Mike then asked Randy Gracy to speak on the following issues.

1. The new entrance is complete. Randy feels that we now have an entrance property owners can brag about.
2. Added a playground area by the big pool in 2006.
3. Currently expanding the maintenance facilities by building a new golf maintenance barn. This new building will allow the separation of general maintenance and golf maintenance. Completion of construction should happen in the next 30 days.
4. Expansion of Marina. Randy stated that the new marina will be outside the current break water. The marina will consist of 500 slips along with a ship store. Randy stated that the first phase of construction would consist of roughly 200 slips. Corp of Engineers has agreed tentatively with this proposal and we are currently preparing an Environmental Study. Randy felt construction could start as early as late summer or early fall 2007.

Mike then asked Fred Molsen to speak with regards to new sirens proposed at the development.

Fred stated that the development currently has one siren by the administration building and can only be heard within a small radius. Fred stated that we want to expand the radius of the sirens. Fred stated to expand the radius to cover the entire property an additional three sirens are needed. The fire department will be in charge of triggering the

sirens. The total cost to complete this upgrade is \$60,000. Fred stated that the Protective Services committee will submit a proposal to the board in the next 30 days.

Mike stated that when he came to the development in the summer of 2006 and looked at 36 burned up greens, a golf course that was in tough shape and a development that was not being maintained very well he and the Board of Directors knew White Bluff was moving in the wrong direction and something had to be done. Mike felt that the money being spent at the time was just enough to keep the property going and not enough money was being spent to bring the development to a first class level. Mike stated that if you keep the philosophy of just spending money to keep things going that this philosophy will catch up to you and this is exactly what happened at White Bluff last year.

Due to this, Mike stated a dues increase was voted on and approved by the Board of Directors at a meeting earlier today. The board feels a dues increase is needed to get White Bluff moving in the right direction.

The following increase was approved:

1. Lot owner's dues would go up by \$120.00 per year or \$10.00 per month.
2. Homeowner's dues would go up \$180.00 per year or \$15.00 per month.

Mike stated this increase should give us the funds needed to upgrade the property to the first class development that all property owners want.

Mike further stated that he guarantees no dues increase in 2008 and probably none in 2009.

Mike Ward introduced Fred Curran – Senior Vice President and member of the Board of Directors who reviewed the Financial Statements. Huselton, Morgan and Maultsby, Certified Public Accountants based in Dallas audited the financial statements with a “clean opinion”- stating the financial statements present fairly the financial position of the POA. Copies of the audited financial statements will be available at the administration office and also available on the website. Please see the Audit Report for more information.

Fred answered the following questions:

Q: Can you explain how the increase in maintenance fees will be billed?

A: Starting in July 2007 a lot owner's fee will be increased by \$60.00 and if you are a homeowner the fee will increase by \$90.00.

Q: Why increase maintenance fees when we can take the money from the food and beverage fee?

A: The F&B fee is designed to support the hospitality operations at the development. The approach for the hospitality operations is to break even and the F&B fee helps achieve this goal.

Q: Why can't golf revenue be used to help offset the golf maintenance expenses?

A: These are two separate operations. The golf fees are property of the hospitality division and helps the hospitality division achieve the break even mentioned before.

Q: Golf Maintenance was over budget in 2006 by \$250,000. What caused this?

A: The extra dollars spent in 2006 were to get the burned out greens and the course back in good playing condition. Irrigation and lake pump problems also contributed to the over budget amount.

Mike then asked Randy Gracy to comment on the status of Utilities at the development.

Randy stated that the development had a major leak in 2006. This leak was found and corrected. White Bluff currently has four water wells and three are currently being used. Randy further stated that the three wells that are being used are not even running to their capacity. Due to this, Randy felt that the current wells can keep up with demand on the water system and that there is significant capacity for future growth. Randy also said that the sewer plant is also not running at capacity and has room for additional growth. Randy felt that we currently do not need to make any major changes to either system.

Board of Directors:

Motion was made to elect the following individuals for a 3 year term to the Board of Directors:

Randy Gracy
George Collins

Motion was seconded and passed.

Questions and comments.

Q: Update on the drilling of gas wells on the property?

A: The mineral rights are owned half by Double Diamond with the other half being owned by other individuals. Double Diamond has been approached but at the present time there is no deal in place for any drilling to be done. Mike stated to the board that his intentions are to share the income from any potential wells with the association as long as there is no fighting within the association. If this were to happen then the money flow to the association would cease. Mike stated that if wells were to be drilled Double Diamond would make sure the drilling would not disrupt the operation and the property owners of the development.

Q: Open the old course grill on holidays?


A: Mike had no problem with this and said he would give this to Stack Bowers, VP of Hospitality, to implement.

Q: Finish the project of moving the ladies tee boxes?

A: Mike agreed that the project needs to be completed

Property owner from the audience then gave accolades to the security staff for the work they have been doing cracking down on security issues at the development. This included doing a better job with regards to the pool areas. This comment was welcomed with a round of applause.

There being no further business, the meeting was adjourned at 7:05 p.m.

A handwritten signature in black ink, appearing to read "Kevin Shea", written over a horizontal line.

Kevin Shea
Acting Secretary