

WHITE BLUFF PROPERTY OWNERS ASSOCIATION  
ANNUAL MEETING MINUTES  
LOCATION: TROPHY GRILLE – WHITE BLUFF RESORT  
MAY 19, 2012  
10:00 A.M.

INTRODUCTION AND WELCOME

George Collins welcomed all members to the Annual Meeting of the White Bluff Property Owners' Association and thanked them for their interest and desire to participate in the meeting.

Then he introduced the Board of Directors – Mike Ward, Fred Curran, Milt Bergman, Larry Groppe, and Clark Willingham.

George introduced the following special guests to the meeting:

1. Fred Molsen – WB General Manager
2. Bob Kruse – Representing the WB Fire Department
3. Andrew Freundlich – Representing the accounting firm of Weaver LLC, the Association's independent auditors.

Other special guests include:

1. Jonathan Hawkins – Associate General Counsel for Double Diamond
2. Kevin Shea – VP of Accounting for Double Diamond and acting Secretary for today's meeting.
3. Stack Bowers – VP Hospitality
4. Pat Gibson – Accounts Receivable Coordinator
5. Sherrie Fraley – Customer Service Manager
6. Don Fritz – Past Director of Property Owners Association

George then made some additional remarks.

1. During its meeting on May 18, 2012 the board voted to expand the board of directors from 6 members to 9. Larry Groppe will head a Board Expansion Committee to recommend policy and procedures for the expansion process.
2. The Texas Legislators changed the voting rules for the POA last year. Members certified as of the record date are entitled to vote either by proxy or in person this year regardless of their account balance status.
3. George thanked all the volunteers for their contributions on the various committees at White Bluff.
4. The ladies quilting committee have donated quilts to be raffled at today's meeting. All proceeds of the raffle will benefit the WB fire department. Also a spaghetti lunch will be served following the meeting of which \$3 of the cost

of the lunch will go to the White Bluff Fire Department so please plan to join us for lunch.

## NEW BUSINESS

George asked Fred Molsen, White Bluff General Manager, to give a report. Fred stated the following:

1. Fred thanked the Volunteer Fire Department and Emergency Response team.
2. Commented on hotel rates offered to property owners and the HRCP rate. The HRCP rate is a 2 day stay for \$60.00 or one night stay for \$40.00. In addition there are property owner rates that owners and 4 guests may take advantage of.
3. We did not get an AT&T tower and encourage owners to call AT&T customer service. We did get WiFi in all venues except log cabins and spa.
4. The covered bridge has been resurfaced.
5. We have 2 new land based pumps to pump water out of Lake Whitney for golf course irrigation.
6. Garbage costs have been cut in half. A recycling program has been established and implemented.
7. Radde Road has been regraded, this is an alternate emergency road access.
8. The Cascade pool and decking have been redone.

George then asked Milt Bergman, Chairman of the Advisory Committee, to give a report on the various committees at WB. Milt stated the following:

1. Milt stated that there are five committees at WB. They are (1) ACC, (2) Community Services, (3) Greens, (4) Roads and (5) Protective Services.
2. All these committees above report to the Advisory Committee who in turns reports to the Association Board of Directors.
3. Milt stated that all members on these committees are volunteers and work tirelessly to make WB a better community
4. Milt went through each committee functions and recognized the committee members that were present at the meeting.
5. The Construction Activity prepared by the ACC was presented and is included with the annual meeting minutes.

Milt then gave a Roads Committee report - Milt stated the following.

1. WB has about 60 miles of roads.
2. The road repair budget for 2012 is \$433,000; this includes a \$143,000 carryover from 2011. This larger amount should provide a basis for more attractive bids.
3. The committee on an annual basis surveys the roads to determine major repair needs.
4. The committee identified 8.5 miles of proposed repair work needed and requested bids. Two competitive bids were received and a contractor has been

selected to perform the work. Email blasts and postings in the post office locations on site will advise owners of the activity.

Milt introduced Robert Woods; chairman of Greens Committee – Robert stated the following:

1. The Greens Committee has recommended the greens on the New Course should be converted to Mini-Verde Bermuda. This project has been approved by the Advisory Committee and the POA Board. The project cost will be shared on a 50%/50% basis between Double Diamond and WBPOA. Conversion will begin on June 18<sup>th</sup>. The course will re-open in September.
2. While the New Course is closed for replacement of the greens Danny Holt plans to do some leveling and rework of many tee boxes and the 14<sup>th</sup> fairway will be heavily aerified and top dressed in hopes of improving the stand of grass.
3. A question was asked whether the bid included a nursery. The bid included the cost to plant grass in an area designated as a nursery.
4. A comment was made regarding consistency of the putting greens. The Greens Committee will work with golf personnel to establish standards to improve the consistency throughout the year.

George introduced Don Fritz, former board member. George recognized Mr. Fritz for his past service as a board member and his involvement in establishing the White Bluff Chapel.

George then asked Bob Kruse, WB Fire Chief to speak. Bob made the following comments:

1. Everyone should be aware and cautious of dry conditions with the new spring growth.
2. Insurance rates for homeowners have gone down for 2012. White Bluff has one of the best fire ratings in Hill County.
3. Bob recognized Richard Ashley and Howard Yeary for their hard work.
4. A request was made for volunteers, training is provided.
5. The volunteers meet 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Monday of each month.

Election of Board of Directors:

Prior to the election of Directors, the quorum statistics were announced as follows:

- The total number of eligible members is 6,701.
- 25% of that number is 1675 needed for a quorum.
- 2763 votes were present or represented by proxy.

Therefore, this meeting will be considered an official annual meeting for purposes of the corporate records in accordance with Article 11 of our Bylaws.

George stated that Clark Willingham's and Larry Groppe's current terms have concluded.

George opened nominations for Director Position 1 – George nominated Clark Willingham. George opened nominations for Director Position 2 and George nominated Larry Groppe. George asked for nominations from the floor. NO nominations were made from the floor.

A motion to approve the nominations by acclamation was made by Leonard Critcher and seconded by Frank Marshall; and the motion was passed.

Both nominees were voted another three year term by acclamation.

George then asked Andy Freundlich with Weaver LLP to comment on the 2011 Association audit. Andy reviewed the Auditors opinion letter, discussed a prior year correction regarding depreciation of a capital improvement to land (major roadwork) reviewed each final report and covered the footnotes in some detail. He emphasized the following:

1. Management continues to expand the footnote disclosure.
2. Liabilities to related parties reflect a significant reduction from \$1.8 million to \$1.25 million.
3. Andy reported that this is the first year the association has a positive equity.
4. The association is moving toward all expenses being paid out of the association's bank account.

Questions regarding the audit report:

1. Is the association getting value for services provided, are they competitive? George Collins reported that the value for services was exceptional.
2. Why is there a separate bank account for roads? It is easier to see and manage funds designated specifically for roads.

Next, George opened the meeting to questions or comments from the membership.

1. A property owner expressed concerns on the condition of the campgrounds. George informed the membership that a committee was formed in 2010 to evaluate the improvements needed at the campgrounds. They recommended we concentrate our improvement expenditures primarily on Bear Run and minimize expenditures to Quail Hollow until a complete redesign of the park is considered. The association spent \$20,000. On improvements in 2010. The problem is that there is not enough usage of the campgrounds to justify the cost of major renovations.
2. Bob Stahl asked about the possible purchase of the hospitality assets by the association. George advised that Addison Law has been engaged to assist in

considering asset acquisitions from the Developer. Mr. Ward has stated he would consider selling these assets. A vote to purchase the assets would be by all members not by the board. The Board is in the very early stage of this process and they plan to keep the membership informed during the process.

3. Why can't we use our own golf cart? George said that the board would take allowing personal carts under consideration.
4. There have been rumors that White Bluff would be incorporating. The board reviewed this subject and voted not to pursue incorporation at the present time in its April meeting.

There being no further business the meeting was adjourned at 11:55 a.m.

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Sherrie Fraley  
Acting Assistant Secretary