

**WHITE BLUFF POA BOARD MEETING  
JULY 16, 2012**

**CALL TO ORDER:**

George Collins called the meeting to order on July 16, 2012 at 1:02 p.m. The meeting took place at the White Bluff Conference Center.

**ATTENDENCE:**

Attendees included: Milt Bergman, Fred Curran, Fred Molsen, Jonathon Hawkins, Larry Groppe and Clark Willingham. Mike Ward was not present.

**INTRODUCTION:**

- 1) **Welcome:** George Collins made the following remarks:
  - a) He thanked those in attendance for their continued support and interest in the White Bluff Property Owners Association.
  - b) He announced the agenda will be revised to add number 7 under New Business as follows: New Course greens renovation status report. And that topics denoted under item 11 would be discussed before those topics denoted under item 9 on the agenda.
- 2) **Open Forum-any topic:** Attending Members were invited to discuss any Association issues. The following members spoke:
  - a) Gail Heinen – Lot #901..246.
    - i. Wanted to know what happened to the recycle program suggested by Jerry Gribble. Fred Molsen reported that the recycling program could not be accommodated on White Bluff property as there are no companies willing to supply one dumpster for collection of all recyclable materials. The WB Volunteer Fire Department is collecting recyclable aluminum cans.
  - b) Tom Parker – Lot#930..81.
    - i. Had a question about mandatory watering restrictions, specifically the night hour watering, at White Bluff. When did they go into effect? Fred Molsen reported that the restrictions have not been made mandatory. They are only a

suggestion at this time. An e-mail was sent to that effect, Fred was unsure of exact date. Also mentioned that the water used at the amenities where daytime watering takes place, the Chapel, Land Sales, etc. are all part of a non potable water system.

- c) Brett Schiffner – Lot #914..19.
  - i. Following up on Gail Heinen’s question, do the restaurants recycle aluminum cans? Fred Molsen answered yes.
  - ii. Brett also asked about the discussion of the ratification of the modifications to the Resort Credit Program. The ratification issue will be discussed in Executive Session.

**3) Open Forum-agenda topics:** Attending Members were invited to discuss any topic on the agenda. No Members came forward

**UNFINISHED BUSINESS:**

- 1) Status of Ratification of Modifications to the White Bluff Resort Credit Program – this item will be discussed during the Executive Session.
- 2) Open Forum comments from April 16, 2012 meeting:
  - a) Dale Wilkinson (Lot#927..048)-Dale owns 3 lots and feels he should receive comp golf rounds for each lot. Under the Multi Lot Discount program, the comp golf rounds apply only to the first two lots owned. Milt Bergman suggested discussing the discount program further at the fall board meeting. Fred Curran suggested that recommendations regarding the program be deferred to the Developer.
  - b) Karen Williams (Lot#924..11)-Karen asked that the Board consider a By-Law change on the meeting date and time for future Board meetings. The date and time for meetings is currently the 3<sup>rd</sup> Monday of the month and does not require previous notice. Clark added that the meeting must take place in Hill County or an adjacent county. Jonathon noted that the Board must now operate under new rules i.e. the “without notice” part of the By-Laws for meetings in now not

legal. Clark added that the desire was to move the meeting to a weekend rather than a week day. George noted that moving the meetings to a weekend would require Double Diamond Corporate Officers, other corporate employees and White Bluff General Manager to attend a meeting on a non-work day. There was no motion to change the By-Laws.

**NEW BUSINESS:**

**1) Approval of Meeting Minutes-**Milt Bergman made a motion to approve five sets of Board meeting minutes (Meeting Minutes of April 16, 2012, Executive Session Minutes of April 16, 2012, Special Meeting Minutes of May 18, 2012, Executive Session Minutes of May 18, 2012 and Annual Meeting Minutes of May 19, 2012-Agenda items 1 through 5 under New Business). George noted that the minutes had been distributed and reviewed before meeting. Clark seconded the motion and the motion passed.

**2) Election of Officers –** Milt Bergman made a motion to nominate the following as officers of the WBPOA Board for the coming year:

Chairman of the Board: Mike Ward

President: George Collins

Secretary: Clark Willingham

Treasurer: Fred Curran

Assistant Secretary and Assistant Treasurer: Kevin Shea

Larry seconded the motion.

George asked all nominees if they were willing to serve in the capacities noted. George spoke for Kevin Shea that he agreed to serve. Motion was approved.

**3) Special Projects Reports:**

**a) Review of Management Services-**Larry reported that the committee was evaluating both the cost and quality of services performed. The committee is looking at specifications to go out for bids. An estimate for payroll services has been received. Other reports are also being sent to

committee. A complete report should be ready for the October Board meeting. George asked if they included the costs of the tasks involved in the Annual POA Meeting, i.e. proxy vote preparation, registration of attendees, etc. Larry confirmed the tasks are included. Milt asked if the cost of legal services was also being considered. Jonathon answered yes. George noted that the legal services discussed only included those performed by Double Diamond Legal Department representatives. No further comments.

- b) **Board Expansion Committee**-Larry discussed issues of expanding the number of directors on the Board from six to nine as previously approved. He noted that it must occur in an orderly fashion and that the board must consider whether it is prohibited in By-Laws to designate a position, i.e. for a non-resident property owner. The authorization to increase the Board to as many as fifteen directors is already in place.
- c) **Financial Management Committee**-Larry indicated they will have a recommendation from the Financial Management Committee to present to the Board at the October Meeting.
- d) **Web Site Revisions**-Milt has been working with Ann Vincent and Nina Baiocco in the corporate office to update the White Bluff web site. Ann noted to Milt the project was “in the queue” 2 years ago. The desire is to reorganize the web site with a better grouping of information and expand the information as needed. The web site will also have restricted access for property owners. The information will be divided into groups such as; Directors bios, Newsletters, Meeting Notes, Audit Reports, Minutes of Board Meetings, Financial Reports. Milt has also discussed the site with property owner Linda Wilmarth. Linda is the web master for White Bluff Now. Linda does not wish to duplicate information on the White Bluff Now site and is working with Ann Vincent to accomplish links from White Bluff Now to the White Bluff Resort web site. She has also made recommendations regarding the posting of documents on the web site, specifically that all documents should be clearly dated when posted. Milt

asked that any board members who have not submitted a bio for the web site to do so by the end of the month. Clark asked who owns and maintains the web site – Double Diamond owns and maintains all DD Resorts web sites. Milt noted that after the initial reorganization of the web site, the up keep would be minimal. Clark asked if it was possible to go directly to the POA portion of the web site. Milt will ask Ann if this is a possibility. Also to be included on the site is committee information and information about the White Bluff Volunteer Fire Department. No further comments.

- e) **Potential Amenity Asset Acquisition**-George reported that a letter agreement has been executed with Addison Law Firm to handle the potential acquisition of Amenity Assets by WBPOA. Addison Law signed a waiver of conflict of interest and a non-disclosure/confidentiality agreement. This project can go forward with agreements in place. George also noted the sensitivity of this topic. As a board, they have not discussed their personal opinions on this issue. The Board must research and evaluate this issue objectively. No further comments or questions.
- f) **New Course Greens Renovation** – Fred Molsen reported this project is on schedule. The front nine greens can be mowed this week but the back nine greens are about a week behind in growth. They have requested that the installer come out to check greens and give a reason for the discrepancy in growth, as the installation of the back greens was only a day behind the front. There are no problems however and we are still on track for a Labor Day opening. Larry asked if there were any other projects planned. Fred said no there are not. There has been discussion of moving a tee box on the New Course, but it is still just discussion. The bridge on the tee box Old Course number 15 is being repaired. George noted the new greens are installed by an outside company then it is Danny Holt's job to grow in the grass. George requested a copy of report when installer returns with explanation of growth difference. Milt asked about

storage of tarps for new greens. Fred said it has been arranged with very little cost, less than \$1,000.00. No further comments.

**4) Financial Reports** – Fred Curran reviewed the financial report for period ended April 1, 2012. He noted that he had made a change to the report. After analyzing the legal fees, it was discovered that certain legal fees had been accrued in prior year in connection with the audit and then entered in the current period when the fees were actually paid, essentially recording the fees twice. He made the adjustments to department 9065. Fred estimated that there is \$71,875.00 in maintenance fees pay to the court registry from the Walkinshaw law suit. Jonathon noted that both the court and the plaintiffs' lawyers are collecting money. Fred mentioned that there is a big variance to the budget in transfer fees, as there are not as many fees being collected this year. Employee costs are under budget. In department 9065, we are under collections in general maintenance and over collections in road repairs. We are also under budget in occupancy expense for the year. It was asked if the professional fees included the cost of the audits, Fred confirmed that it does include those fees.

Milt reported on the scheduled road repairs and explained the reason for the delay. The equipment was on property to do the base work. However, due to tremendous amount of rain and flooding in the San Antonio area, the equipment necessary to do the chip seal work was delayed. They have rescheduled the crew for July 30, 2012. Brian Burrows estimates the work will take about one month to complete. Fred Molsen noted that the check requests have been sent through and will hit the budget during period 6 and 7. No checks have been given to contractor yet, as no materials have been brought on to property. There was a carry over of \$143,000.00 from last year's road repair budget. Payments for the Radde Road improvement project totaled approximately \$16,000.00. Department 9066 (Roads) is on or under budget for the most part.

Fred Molsen reported that a new AED had been purchased for the security vehicle and the cost would hit in period 7. He also noted that a new Chief of Security has been hired and starts work today.

Fred also mentioned that the cost of the new tarps for the New Course greens were unbudgeted but will be capitalized. He noted that we have saved money in payroll and electricity, \$10,000.00 and \$15,000.00, respectively. We have also seen a savings in the cost of uniforms, as we have now purchased uniforms and now longer pay an outside company to clean the uniforms. With the New Course greens renovation, we will see a savings for fertilizer, seed and top dressing sand – about \$75,000.00 total savings.

The budget for water from the Brazos River Authority reflects an estimated use of 1,100 acre feet. We used 1,370 acre feet in 2011. We have contracted with the Brazos River Authority to pay \$16,000.00 (unbudgeted) for an additional 300 acre feet for 2012. Larry noted that the costs of maintaining the greens will continue to go down with the installation of the Mini Verde. George Collins made a motion to approve the financial report. Milt Bergman seconded and the motion passed.

**5) Other Business:**

**a) Engage Auditors for 2012** – Fred Curran stated that he was satisfied with the auditors and recommended that the Board engage them again for the 2012 audit. Larry asked how many times this firm had performed the audit for the POA. This will be the third year. Fred Curran made a motion to engage Weaver LLP for the 2012 Association Audit. Larry Groppe seconded the motion. Larry then noted that the board should consider a rotation of the principals when engaging the same firm for multiple years. George Collins agreed. Milt Bergman questioned if the Board was overstepping its bounds to commit to 2 year contract with the firm. Fred Curran stated it was not necessary. The motion to engage auditors for 2012 passed.

**b) Annual Meeting** – Input for possible changes. Clark noted the May meeting went well. The sign in process went well. It was noted that there

was not any arranged activity after the meeting, specifically a golf tournament. It was noted that the response was so low the previous year, it was decided that a tournament was not necessary. Milt mentioned that there needs to be more sound system speakers toward the back of the seating area, as many of the owners could not hear in the back rows. Fred Molsen said there would be two more speakers for the next Annual Meeting. Milt also questioned the voting process, i.e. the paper ballots handed out to owners but not used. It was noted that the paper ballots are part of the sign in process and would have been used if there were any contested board positions. George asked about the spaghetti luncheon after the meeting and if it should be repeated next year. Fred Molsen said it was a big success and we are planning on continuing the luncheon in the future. There were 50 guests who took advantage of the buffet for a total of \$150.00 to be donated to the WBVFD. There was further discussion about other possible activities on the golf course after the meeting. Among suggestions were a putting contest, a "Beat the Pro" game or a closest to the hole contest.

**c) Property Sold at Auction**-the topic of the properties sold at auction for the school taxes was mentioned for discussion. George and Jonathon explained that the lots were among the lots purchased by National Resort Property Inc. (NRPI). When the company closed, the properties were transferred to Capital Resources. Shortly thereafter, Mike Ward bought back many of the lots, with the option to purchase the other 300 still held by Capital Resources. The option expired and the school taxes were not paid on the 300 lots so the county exercised its right to foreclose and sell the properties for the taxes owed. It is unclear how many of the lots were sold. George raised the question of when the new property owners should be billed for maintenance fees. Fred Curran mentioned that there was a possibility of the company (Capital Resources and or NRPI) having a two year time period to pay taxes on property and take back lots that had been sold. Jonathon noted that once someone owns a White Bluff lot, they are



obligated to pay the fees. Clark mentioned that once the fees are paid, the new owners would then be entitled to property owner benefits. A property owner in attendance said that a lawyer who apparently represented the previous owners stated that it may take one to two years to get titles on the properties sold. Another owner noted that 118 lots were purchased by one person at the auction. It was stated that no lots were purchased by Double Diamond Companies at the auction. Fred Molsen noted that there will be another auction at a future date due to errors made on lot numbers at this sale. Fred Curran will follow-up on the question regarding billing for maintenance fees.

**d) Privately Owned Golf Carts**-The topic of use of privately owned golf carts on White Bluff golf courses was discussed. It was determined that the policy was in place many years ago that states the use of privately owned carts is permissible only if cart looks exactly the same as the carts used on the course. Board decided that this is not an issue under their control and not one they wish to pursue.

**6) Executive Session**-Milt made a motion to recess to Executive Session. Motion seconded and passed.

**7) Verbal report of Executive Session** – George reconvened the Board meeting at 5:40 p.m. and made the following comments:

**a) Walkinshaw/Castillo Cases**-Discussed legal matters regarding cases.

**b) Saturn Case**-Discussed legal matters regarding case.

**c) Sayles Werbner**-Discussed formal engagement of firm to represent WBPOA in Walkinshaw Case-motion to follow.

**d) Written Undertaking** – Discussed document affirming obligation of Directors regarding legal fees paid by Association on their behalf and affirming good faith belief they met the standard of conduct necessary for indemnification-motion to follow.

**e) Special Assessment for Legal Fees**-Discussed possibility of special assessment for legal fees.

- f) **Discussed Double Diamond Letter of Consent** – the document takes place of the Ratification of Modifications to the White Bluff Resort Credit Program under unfinished business.
- g) **New Contract with Brazos River Authority**-Reviewed terms and conditions of new contract with Brazos River Authority-motion to follow.
- h) **Legal Invoices**-Approved invoices as required by Financial Management Committee guidelines.

**8) Motions resulting from Executive Sessions-**

- a) **Written Undertaking**-Clark made a motion whereby the Board authorizes the payment of legal and professional fees incurred by the POA and acknowledges the undertaking attached hereto by the current and former Board members so that future legal and professional fees, if any, incurred by these Board and former Board members may be paid in a timely fashion. Milt Bergman seconded and the motion passed.
- b) **Budget Revision**-Larry made a motion to modify the budget to increase Legal Fees by \$100,000.00. Increase to be accomplished by freezing debt repayment to Double Diamond and freezing any additional reserves for improvements to golf courses. Clark seconded the motion.  
Discussion: George noted that there is still some money in the budget; however the Board has approved the payment of several recent invoices that will exhaust the remaining budget. The motion was passed.
- c) **Sayles Werbner**- Larry made a motion to engage Sayles Werbner Law Firm per the July 12, 2012 letter reviewed in Executive Session. Milt seconded and the motion passed.
- d) **Brazos River Contract**-Larry made a motion to ratify an agreement with Brazos River Authority dated June 26, 2012 as executed by Fred Curran. George seconded and the motion passed.

There being no further business the meeting was adjourned at 5:50 p.m.

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Clark S. Willingham, Secretary