

Annual Meeting of the White Bluff Property Owners Association

Saturday, May 17, 2014

Call to Order: Milt Bergman, President, called the meeting to order at 10:15 am on Saturday, May 17, 2014. The meeting took place at the New Course Pavilion, White Bluff Resort.

Attendance: Attendees included: Board Members Mike Ward, Fred Curran, Larry Groppe and Clark Willingham, former Board member and President of the Board Milt Bergman, Double Diamond employees Fred Molsen, and Shari Snow.

Welcome and Introduction:

After welcoming all present, Bergman announced that with 342 lot owners represented and 2,300 proxy votes registered, there is a quorum for this meeting. After introducing the board members and Double Diamond employees mentioned above, Bergman also introduced former Board Members George Collins, Bill McKee and Don Fritz. Bergman also introduced the Double Diamond employees Kevin Shea, Assistant Secretary of the WBPOA and VP of Accounting, Pat Gibson, Senior POA Administrator, and Sherrie Tarver, Senior Customer Service Representative.

General Review of 2013- 2014:

Milt Bergman noted that since the start of the WBPOA Board of Directors, there have been 6 members. In October of 2012, the Board decided to expand the number of members to nine, adding one member per year starting in 2013. The election scheduled to take place in May, 2013 was to be for two expiring terms and the first newly added position. Without a quorum for the 2013 Annual Meeting, the election did not take place. The Board continued to function with only four members. This year, we will elect a total of six new members – the three unfilled positions from 2013 plus the three (two expiring – Mr. Ward and Mr. Curran – plus another new position) for this year. The election will follow the Audit Report.

Bergman also directed attention to the handouts given to Property Owners at check in including the Audit Report, Status of Litigation, and bios for the six candidates for Board Member positions. Bergman also noted that because both lawsuits are ongoing, the Board will not comment on either at this time.

Audit Report:

Fred Curran gave a brief overview regarding the 2013 Audit Report. Curran then introduced Andrew Freundlich of The Weaver Company, who was present to give the Audit Report. Mr. Freundlich noted that some copies of the Audit Report may be missing the opinion page of the report. He noted that it is a standard opinion for this report, and a “clean” opinion, that is, there are no questionable entries or transactions on the financial statements prepared by Double Diamond Accounting. Freundlich also noted that the annual audit is the only service performed for Double Diamond Companies by The

Weaver Company. Lastly, he noted that as mentioned in Note 6 – 16% of the revenue for 2013 was spent on the costs of litigation. Overall, 2013 was a break-even year.

Property Owner Lou Storm raised the question of why the number for the A/R “doubtful accounts” on page 9, note 2 is increasing.

Fred Curran explained that in the past, the Company pursued all remedies to collect late fees, up to and including foreclosure on properties. With new laws in place, the costs of some of the remedies are too high. For example, the Company is not pursuing foreclosure as often as it did in the past. Curran also noted that with a total billing for the year of approximately four million dollars, we do collect about ninety percent of the fees billed, which leaves an uncollected amount of four hundred thousand.

The Financial Report for 2013 will be posted in its entirety on the White Resort website by five o’clock Monday afternoon, May 19, 2014.

Property Owner Jim McMahon asked why the revenue reported on page 4 of the Report does not include revenue from the fees charged at the golf courses. Freundlich explained that the revenue taken in at the golf courses are part of a different entity, and not considered POA revenue.

Property Owner Jeff Sladeczek asked why the General Maintenance expense has gone up by four hundred thousand dollars. Fred Curran explained that the G & A includes all of the legal fees that have been incurred for the ongoing lawsuits. Curran also noted that the major road repairs that were budgeted for 2013 were never done, so there is a carryover of approximately three hundred thousand dollars that will be used for major road repairs in 2014.

Property Owner Jim Morgan asked if the Audit Report was sent to those involved in the litigation. Freundlich responded that yes, all reports have been forwarded to the attorneys and there was a thorough review of all legal fees charged. Some of the attorneys involved offered no comment, while others did give lengthy responses, most of which are reflected in the foot notes regarding the legal fees.

Property Owner Vicky Miller requested that the legal fees be broken out of the General Maintenance expenses, so Property Owners can better understand the charges. Andy Freundlich responded that the request is a fair one and that the numbers could be separated.

Property Owner Jay Clary asked why the POA was charged for golf course expenses (specifically, maintenance fees) but does not receive any revenue. Andy explained that the original documents for the creation of the POA allow for the maintenance of the golf courses and the assessments for the expenses are part of those documents.

Property Owner Jim Morgan asked if it was possible to separate the golf courses from the POA. Fred Curran answered that part of the value and beauty of White Bluff is the beauty of the golf courses. In order to have a beautiful place, the cost of maintaining it has to be paid. The POA *only* pays for the Superintendent, crew and maintenance equipment. The POA does *not* pay for the carts, the PGA Pro, the shop staff, etc.

McMahon then asked if a separation has been considered. Curran asserted that it will not work. Most do not want to pay for the golf courses, but most do want to play golf.

Lou Storm questioned whether the recent judgment in the Hidalgo County case was included in the liabilities contingency. Mr. Freundlich noted that all disclosures are up to date on the financial report. The judgment in question occurred after the close of the year.

George Collins moved to approve the Financial Report. The motion was seconded by Larry Groppe. The motion to approve the Financial Report as presented passed.

Nominations for Board Members:

Milt Bergman thanked those who served on the Nominating Committee and noted that there are six names on the ballot, all of whom have agreed to serve if elected. Bergman then asked for nominations from the floor.

Lou Storm, 1366 Spring Valley Trail, nominated Rodney Castle. Mr. Castle stated that he is willing to serve if elected. Bergman then asked Castle to come forward and give a short bio.

Castle has been a Property Owner for ten years, plays golf regularly, is involved in the lawsuits but pays his fees to the POA. He also noted that he would like to see control of the assets turned over to the POA.

With no other nominations from the floor, a motion was made to close the nominations and proceed to the voting process. The motion was seconded and passed unanimously.

Mr. Bergman instructed all present to add Rodney Castle to their ballots then cast their votes for no more than six individuals. Ballots were gathered and taken to be counted.

General Manager's Report:

Fred Molsen started by introducing POA staff members including Danny Holt, Golf Course Superintendent, Jimmy Tamborello, General Maintenance Supervisor, Tar McKamie, Chief of Security, and Yvonne Banaszek, POA Administrative Assistant.

Molsen reported that the staff met the 2013 budget except for the legal fees incurred and the uncollected fees. White Bluff Land Sales is currently ahead in budgeted lot sales for this year. Additionally, the number of homes under construction and/or completed this year is up as is the value of homes.

Fred thanked all who serve on the various committees here at White Bluff and noted that all committee members are volunteers.

Among the improvements completed this year were the renovation of the "Waterfall" pool, and the purchase of new deck chairs for the Cascade Pool, and the replacement of the decking at the North Lake. Molsen also noted that the renovations on number 16 and 17 on the New Course were all completed "in house."

Molsen closed his comments by announcing the spaghetti lunch immediately following the meeting, with \$3.00 for each meal going to the WBVFD. He also expressed his appreciation for Richard Ashley and all those who serve on the WBVFD.

Committee Reports:

Milt Bergman introduced Brett Schiffner to deliver the committee reports. Mr. Schiffner started by thanking all who serve on the five different committees at White Bluff.

- Architectural Controls Committee – Meets bi-weekly. George Collins is the Committee Chairman. With the increase in building at White Bluff, the ACC has been much busier than in the past few years. Schiffner gave the Construction Activity Report and submitted a report to attach to the minutes.
- Community Services – Lead by Dottie Redding and Sandy DiLorenzo, the Community Services Committee prepares Welcome Packets for new residents and arranges various social functions such as the monthly POA Covered Dish Dinner.
- Roads Committee – With Milt Bergman serving as Chairman, the Roads Committee is responsible for inspecting all roads at White Bluff Resort and deciding the best course of action to maintain and repair those roads. The Roads Committee oversees a budget of approximately seven hundred thousand dollars.
- Greens Committee – The Greens Committee meets monthly with Mike Moodt serving as chairman. Their task is to maintain and improve the golf experience at White Bluff Resort.
- Protective Services – Chaired by Gloria Blair, the Protective Services Committee strives to maintain a safe and secure environment at White Bluff. The PSC is responsible for various citations including speeding tickets.
- Advisory Committee – Comprised of two members from each of the five standing committees it is chaired by Brent Schiffner. It acts as the conduit for ideas from the standing committees to the POA Board.
- Milt Bergman noted that there is one more committee established a few years ago to serve the Board with advice from a *property owner perspective*. The Litigation and Legal Committee (LLC) consists of two attorneys and two businessmen. Bergman thanked them for their assistance.

White Bluff Volunteer Fire Department:

Richard Ashley, Chief, reported that the WBVFD has responded to 18 medical calls, 6 structure fires, 2 motor vehicle accidents, 1 gas leak call and various other calls. After the need to assist with fighting the fires at Possum Kingdom Lake, the department applied for a grant for a new truck. The new truck is under construction and is due to be delivered to White Bluff in the next few months. Richard closed by reminding those present of the various fund raising activities.

County Commissioner's Report:

Danny Bodeker, County Commissioner, Precinct 2, noted that Hill County also relies on a large number of volunteers. Many of those volunteers are White Bluff Residents. Bodeker named all the White Bluff Residents who serve on various committees and thanked them for their time and effort.

Open Forum:

Larry Smith, 7157 Sandy Oaks, started the open forum by telling the Members about the most valuable asset at White Bluff, the night sky. He has five suggestions to submit to the Board in an effort to preserve the night sky.

Robert Tennison, 27050 Stonewood, noted that he has been an owner for 10 years. He referred to a postcard he received in the mail on Friday. He noted the name on the return address and asked if that individual was present. The individual was not present.

Steve Johnston suggested that the great night skies at White Bluff should be mentioned by the Land Sales Representatives.

Election Results:

Ron Roberts (2616 votes), John Bass (2610), and Wayne Findley (2605) were elected and will all serve three year terms.

Don Ford (2582), Robert Woods (1604) and Mike Ward (1461) were elected and will serve two year terms.

Rodney Castle received 1132 votes.

There being no further business, Milt Bergman adjourned the meeting at 12:02pm.

Clark S. Willingham, Secretary