

**THE LAKES OF SOUTH SHORE HARBOUR C.A. INC.
REGULAR BOARD OF DIRECTORS MEETING
MEETING MINUTES - August 2019**

The following meeting minutes reflect the actions taken by the Board of Directors (the "Board") of The Lakes of South Shore Harbour C.A. Inc. (the "Association") at the regular meeting of the Board conducted August 14, 2019 (the "Board Meeting"). Location: League City Police Department – Community Room 555 W. Walker League City, Texas 77573

Attending: Rob Schuler, Mike Lee, Allison McIntyre, Cindy Pratt, Michael Goodnight (via teleconference)

Guests: Kristin Hooker (Property Manager), Tully Dunlap, Jay Mehta, Mary Ann Matlock, Claudia Foutz, Steven Day

I. MEETING CALLED TO ORDER AT 6:37 PM

II. CONSIDERATION OF AGENDA

Motion: Approve the Agenda with proposed edit: Table the Agenda item # VII. Old Business - Discussion/Comments on proposed edits to Board Code of Ethics/Board Code of Conduct to the September 11, 2019 Board meeting.

By: Cindy Pratt; 2nd Mike Lee

Result: Motion Passed

III. CONSIDERATION OF MINUTES

President stated that, in the June meeting, we made the decision that it was too late at that point to investigate the insurance. Secretary clarified that no decisions were made in June regarding insurance.

Motion to approve minutes as written

By: Rob Schuler; Opposed: Cindy Pratt

Result: Withdrawn

Treasurer suggested there was a timeline for insurance agreed to in June meeting. Secretary clarified no dates were discussed. Treasurer would like to see more specifics included in minutes regarding insurance policy renewal research.

Vice President suggested amending minutes regarding description of Legal POC as he understood we are appointing a contact for communication efficiency with the attorney, relaying information back and forth, rather than making decisions for the Board.

Treasurer stated decisions would be communicated to our POC, and the POC would engage the rest of the Board to communicate and disseminate information. Also, the POC would keep us all informed of what was going on, but that there was a consistent lack of response and delays.

President stated that attorney's request was that Board needs to have a single point of contact who has authority to sign, and to file, so that you do not have to take a vote and get permission for all of the actions that we take. President suggested editing minutes to state Board will appoint someone to serve as a legal POC and signatory. Vice President requested to amend role description to pertain only to decisions made by the Board. President stated the Vice President's amendment will run into some issues if it's going to require an email vote by five Board members before the permission to file, etc., can happen.

Secretary stated he also required legal information to be brought to the Board for a decision for him to support a Legal POC. Secretary suggested the Board could nullify the Legal POC decision to discuss further and clarify the role description and vote again to include all the suggestions. The President denied the Secretary's suggestion.

Motion to withdraw the verbiage regarding the legal POC from the June 12, 2019, minutes and re-discuss it and re-vote so that the minutes themselves are not approved as inaccurate.

By: Rob Schuler; 2nd: Null

Result: Failed

Motion to table the voting on Agenda item III (Approval of the Minutes) until the Board can review the audio recording and vote via email within 72 hrs.

By: Mike Lee; 2nd Rob Schuler

Result: Motion passed

IV. MANAGER'S REPORT

AppFolio / Assessment Receivable Status By: Kristin Hooker

The Property Manager gave a report on the current number of homeowners using AppFolio and the payment methods utilized. 43% of the community has not signed up, 43% of the community has activated their portal and are currently utilizing the platform. 13% of the community has provided an email address, however, has not activated their portal. Property Manager and the Treasurer are working on two projects within AppFolio. The treasurer is working on entering the historical data into AppFolio, and the manager is working on the compliance portion of the platform. Michael Goodnight will meet with the property manager regarding the issues with AppFolio and overall platform performance. The Treasurer suggested that we hire temporary help to assist with the letters and templates within AppFolio.

Accounts Payable Review: By Cindy Pratt

The Treasurer stated that the monthly expenses are historically about \$19,0000 per month which includes the grounds/lakes maintenance contracts, management fees and pool management. The treasurer noted that the HOA spent \$20,000 for the reconciliation of the past 3 years of finances, homeowner account balances, as well as obtaining financial reports and end of year statements for each year.

By: Mike Lee; 2nd Michael Goodnight

Result: Motion passed

Summary for Collection Activity: By Kristin Hooker

Property Manager gave a brief overview of the collection activities for past due assessments – The HOA has collected \$26,000 in past due assessments over the last 3 months. There are currently 22 accounts in collection status with the attorney. The Secretary would like to see a collection report with historical data at next month's meeting. The President would like to note that the homeowners that have not paid the 2019-2020 dues will be assessed a \$25.00 initial late fee, with a \$10.00 late fee monthly until paid.

V. DIRECTORS REPORTS

Treasurer's Report: By Cindy Pratt

Treasurer provided the financials for 2018-2019. A draft budget was distributed to the Board and meeting attendees. (attached). The Treasurer briefly discussed moving funds, renaming the checking accounts to capital accounts, and creating a maintenance replacement fund. The Treasurer presented the taxes that were filed for 2017 and 2018. The Board discussed income that has not been collected from the CMA. The 2019-2020 Budget was presented and discussed. The President would like to add discussion of an audit plan to the next agenda.

Motion to approve the final versions of the 2019 fiscal year and post the financials as presented with the P&L and balance sheet for the comparative years 2018-2019 and the budget with the revisions to the reserve fund and the landscaping line items.

By: Cindy Pratt; 2nd Mike Lee

Result: Motion passed

Motion to approve the invoice for the 2017 & 2018 tax preparation

By: Mike Lee; 2nd Cindy Pratt

Result: Motion passed

Secretary's Report: By Rob Schuler

The Secretary reported his status on the reserve study. He reviewed the list of companies that was recommended by CAI. Five companies have responded to our bid requests, with proposals ranging from \$2000 for a basic paper review to \$7000 for a physical review. The secretary recommended a local engineering firm out of Stafford to perform the study from scratch, at a cost of \$7,000. The Board will review the proposals and decide via email vote.

VI. COMMITTEE REPORT

Landscaping Report: By Mike Lee

Mr. Lee stated that he had nothing to report for the landscaping committee at this time. The landscape management company is currently trimming the trees throughout the community. The property manager and the contractor have inspected the property and noted the areas that need attention. The Board would like to discuss the idea of putting a policy in place for "force tree trimming" and develop a fine schedule associated with enforcement.

Maintenance Report: By Mike Lee

The Plexiglass in the lighthouses has been 90% removed and is ready to have the new plexiglass installed. The committee is currently looking for a contractor to perform the installation.

Mr. Lee reported that a volunteer/ homeowner has expressed interest in updating the tennis court area. He will present his proposal to the Board at a later meeting.

VII. OLD BUSINESS

~~(TABLED) Discussion/Comments on proposed edits to Board Code of Ethics/Board Code of Conduct~~

Role Definition for Board Legal Point of Contact- Collaborative

Secretary stated he spoke with attorney regarding request for Legal POC, and the interest was based in efficiency. He also stated the intent was that information to the Board would be shared with the Board under full disclosure, a Board vote could occur, and the Legal POC would communicate the decisions back to the

attorney. The President stated that the Secretary's statement was his recommendation, but that is not what the attorney recommended in the email note that she sent to the President.

The Treasurer relayed an example of urgency when the Legal POC, taking upon themselves to respond, agrees with the attorney to go ahead and settle a claim and move forward because the deadline is fast approaching for the offer to expire, and they won't extend the offer for settlement any longer. The Treasurer believed this type of scenario is what the attorney stated when requesting us to have a single point of contact that would make that decision. The Secretary suggested going back to the attorney for clarification of the request for a Legal POC.

The Vice President expressed concern about a single person making a decision that is not known to the rest of the Board. The President stated there's nothing that she would sign that would not be copied to the Board.

The President stated she sent the attorney's reports out to the whole Board and asked the Board to review it so that we could talk about the details and make decisions that were required in Executive Session based on the report, and there's nothing that's going to come up that isn't reflected in that report. The Secretary stated he has only received a few of the monthly attorney reports. The Secretary also noted the attorney reports are generated as a result of action and a signature from the Board has already been issued for items in the report. The Treasurer stated that the delinquent actions in the report have already been voted on.

The Secretary stated that some legal action had been agreed upon, but some were not ever discussed as a Board. The President stated the Secretary was in error.

The President stated she would like for the attorney to write a statement as to what she would like for that POC to have responsibility for that is within the property code, and that what the attorney would like to avoid is requiring a Board vote when she needs one signature from the Board for a piece of paper. The President states she knows what the attorney wants.

Motion: Mike Lee to contact via email to ask the HOA Attorney to clarify the role of the point of contact.

By: Mike Lee; 2nd Rob Schuler

Result: Motion passed

VIII. NEW BUSINESS

Planning for Annual Meeting and Election By: Rob Schuler

Mr. Schuler reviewed the information packet regarding the upcoming Annual Meeting. The Annual Meeting will be held September 15, 2019 at 4:00 PM at Hometown Heroes Park.

Motion: To approve the Annual Meeting and Election packet as written

By: Rob Schuler; 2nd Mike Lee

Result: Motion passed

Review Quotes for Additional Pool Seating/Shade By: Kristin Hooker

The Board reviewed several options for additional picnic tables at the pool. The average price per picnic table is \$750.

Motion: Approve the purchase of 3 picnic tables and umbrellas for the pool area

By: Rob Schuler; 2nd Cindy Pratt

Result: Motion passed

Review Quotes for Tennis Court Bench Replacement: By Kristin Hooker

The Board reviewed options to replace / upgrade the benches at the tennis court. Motion to approve the purchase of four benches (60" length) for the tennis courts.

By: Cindy Pratt; 2nd Rob Schuler

Result: Motion passed

IX. RESIDENT COMMENTS

Ms. Claudia Foutz noted that she represents the walkers in the community. She informed the Board of a safety issue that is caused by bike traffic on the sidewalks. Ms. Foutz asked that the Board discuss and take a position on the issue and post their position accordingly. The President agreed to add the item to the agenda for the next meeting.

Mr. Jayesh Mehta inquired as to which social media outlets the HOA utilizes to distribute information. Mr. Mehta asked that we make the posts regarding meetings more visible. Several questions were asked regarding historical delinquency in comparison to the current delinquency.

Mr. Tully Dunlap commented on the revenue reports that were presented in the meeting, deed restriction violations and the upcoming election. Mr. Dunlap stated his intention to run for a position on the Board of directors in the upcoming election.

X. CLOSE OF OPEN BOARD MEETING: 9:48 PM

XI. EXECUTIVE SESSION:

The following items were discussed in Executive Session:

Attorney Status Report

The Board voted and approved a motion to proceed with further legal action on a delinquent account.

Review payment plan requests

The Board reviewed and approved five payment plan agreements.

Violation Status Report

XII. MEETING ADJOURNED: 10:18 PM

The Board of Directors for the Lakes of South Shore Harbour, C.A. Inc. after being duly sworn, does solemnly swear or affirm, these minutes are a true and correct record of the facts of the specified meeting.

SIGNED _____ TITLE _____

_____ DATE _____

NOTARY SEAL _____ MY COMMISSION EXPIRES _____

By: _____ DATE: _____

CONFIDENTIAL

EXECUTIVE SESSION MINUTES

The Board met in Executive Session on August 14, 2019 9:49 PM

Attorney Status Reports

Reviewed the collection status provided by the attorney.

Blakeley Morgan (3264 Gladewater Ln.): Property Manager is to clarify with the homeowner that a payment plan needs to be setup with the attorney.

Kimberly Puckly (3105 Bent Sail Ct.): The home was recently brought out of foreclosure and has changed ownership. New homeowner will need to set up a payment plan or pay off past due amount. Property Manager is to contact the owner.

Tabassum Virani (2925 Auburn Creek): Attorney would like permission to move forward with filing for foreclosure. Motion to approve with filing foreclosure on 2925 Auburn Creek, Tabassum Virani. The Board decision to move forward with foreclosure is meant as a final attempt to collect the delinquent assessments and fees, and the Board does not intend to take possession of the home.

By: Cindy Pratt; 2nd Mike Lee

Result: Motion passed

**ACTION ITEMS:

Property Manager is to request copies of the active payment plans made with the attorney.

Property Manager is to answer the attorney status report prior to going on vacation, August 28, 2019.

Review Payment Plans:

Board reviewed the following payment plans:

Nugent- Approved

Lawless- Approved

Dubcek- Approved

Eckles- Approved

Hernandez- Approved

Violation Report- The property manager provided a report of the current violations in the community and the status of enforcement efforts.