

MINUTES OF THE BOARD OF DIRECTORS' MEETING

December 29, 2025

The following minutes reflect the discussions and actions by the Board of Directors (the "Board") of Land's End HOA (the "Association") at the executive meeting of the Board conducted on December 29, 2025, at The Clubhouse, 285 PR 5980, Yantis, Texas 75497 at 3PM.

Brad asked if he had a motion to call the meeting to order. So moved by Carl and seconded by Joey. All in favor. Meeting called to order at 3:04PM

Attendees: Brad Rogers, Carl Shafer, Cathy Bastyr, Beverley Haynes, Joey Bush. A quorum is present.

Members in attendance: Barbara Woosley, Juli Neace, Phil Bandel, Kathy Scheumack, Suzanne Bauer

1. Meeting Purpose

This meeting was explicitly held as a budget workshop for the 2026 fiscal year. No formal votes were taken. The Chair emphasized that the purpose was to challenge assumptions, review the evolving draft budget, and explore long-term financial and infrastructure strategy before bringing a final proposal to the Annual Meeting.

The discussion intentionally built upon prior meetings, particularly the December 4, 2025 Board meeting, where concerns were raised about declining construction income, reserve usage, and the sustainability of the ongoing road rehabilitation program.

1.1 2025 Financials

The Treasurer provided updated financials through the end of November 2025. The Association remains approximately \$9,000 under budget entering December. December expenses including the Christmas party, Christmas lights, utilities, and landscaping are expected to reduce that surplus, but the HOA still projects finishing approximately \$4,000 under budget for the year.

Projected year-end balances were discussed in detail. The checking account is expected to close the year between \$15,000 and \$17,000. The Certificate of Deposit balance stands at approximately \$117,766, bringing total combined reserves to roughly \$132,000–\$135,000. While this position appears stable, the Board cautioned against viewing this balance as excess or discretionary given known infrastructure needs.

2. Draft 2026 Budget

Brad reviewed the revised draft 2026 budget incorporating feedback from prior discussions. Several line-item adjustments were highlighted:

- Landscaping and fountain-related expenses were rebalanced internally to better reflect likely pump, irrigation, and fountain maintenance needs.
- The mowing budget was increased to \$8,500 based on anticipated vendor price increases.
- The Christmas lights budget was set at \$2,000, reflecting reduced costs after initial material purchases in 2025.
- The Christmas party budget was adjusted upward to include a newly added bartender fee.
- Utilities (water and electricity) were increased to \$5,500 based on 2025 spending trends.
- Road repair and maintenance was reduced in the draft to \$95,000.

The resulting draft budget was nearly balanced, showing a nominal deficit of approximately \$35, which was intentionally left unallocated.

3. Road Rehabilitation Program

The reduction of road spending to \$95,000 became the central topic of the meeting. Brad expressed strong reservations about stepping back from the road program after four consecutive years of progress.

He explained that road construction costs are dominated by fixed mobilization expenses, including reclaimers, mixers, water trucks, asphalt trucks, and multiple 18-wheelers. These costs remain largely constant regardless of total project size. As a result, reducing the overall budget increases the cost per square foot and reduces the amount of roadway that can be completed.

Brad shared feedback from the Association's primary road contractor, who indicated that a significant budget reduction could result in higher unit pricing or difficulty securing qualified bidders at all. The Board discussed the risk that reduced spending could reverse gains made in recent years.

4. Reserves

A lengthy discussion followed regarding the purpose and appropriate use of reserves. Roads were identified as the Association's primary capital asset. Brad articulated that catastrophic events representing true financial risk would most likely involve flooding or structural damage rather than routine deterioration.

The Board examined flood risk in detail, noting approximately eight low-water crossings within the community where erosion could occur during extreme rainfall events. Even in a severe flood scenario, the estimated damage would likely represent a fraction of the annual road program and could be absorbed through reallocation rather than representing unrecoverable loss.

The discussion also addressed insurance coverage, FEMA floodplain considerations, and the relative flatness of the peninsula, which reduces the likelihood of high-velocity flood damage.

Based on this analysis, Brad stated that he no longer felt comfortable reducing road spending and proposed using approximately \$30,000 from reserves in 2026 to restore road funding closer to \$125,000. It was acknowledged that this would reduce reserves to roughly \$102,000–\$105,000 by the end of 2026.

4.1 Concerns About Long-Term Reserve Depletion

Several Board members expressed concern that repeated use of reserves could lead to depletion within three to four years if dues remain unchanged. Questions were raised about how long the road program is expected to continue, with estimates suggesting approximately five to six more years to fully rehabilitate remaining road sections.

Carl asked if there were alternative methods of funding infrastructure improvements. Ideas discussed included special assessments, entry or transfer fees for new homeowners, and other revenue mechanisms.

Concerns were raised about fairness and timing, particularly the perception that one-time fees or assessments disproportionately burden current owners while future owners receive long-term benefits. Brad noted that special assessments are generally better suited to reactive situations, such as catastrophic damage, rather than planned capital programs.

No decisions were made, but the Board agreed that these concepts should remain part of ongoing long-term planning discussions.

The Board acknowledged concerns that the focus on roads may unintentionally defer other visible maintenance needs, such as fencing repairs, signage alignment, headwalls, culverts, and flower bed structures.

Brad acknowledged the concern and emphasized that roads, landscaping, gates, signage, and architectural features all contribute to property values and must be addressed in balance. The Board discussed the inevitability of recurring damage to decorative structures due to delivery vehicles, trash trucks, and recreational vehicles, and the ongoing tension between aesthetics and durability.

5. Landscaping Committee

The landscaping committee presented a detailed overview of proposed 2026 projects, including pea gravel placement, irrigation improvements, battery replacements, repainting structures, plant replacement, dead tree removal, fountain upgrades, lighting concepts, and culvert and headwall repairs.

Discussion emphasized the importance of volunteer labor to supplement contracted work, noting that organized community workdays could significantly reduce costs while improving overall appearance.

6. Bill Russell Recognition and Accounting Transition

The Board discussed formally recognizing Bill Russell for nearly 15 years of volunteer bookkeeping and financial oversight. It was noted that his behind-the-scenes work saved the Association thousands of dollars annually in professional fees.

With Bill stepping back, accounting responsibilities will transition to the Association's CPA. Plaque options and pricing were reviewed, and Brad will finalize wording and recognition plans for the Annual Meeting.

7. Next Steps

The Board agreed that another meeting will be scheduled in January after final 2025 year-end numbers are available. At that time, the 2026 budget will be finalized and formally voted on in advance of the February 7, 2026 Annual Meeting.

8. Adjournment

Brad made a motion to adjourn. So moved by Beverley and seconded by Cathy. All in favor.