

LAND'S END HOMEOWNERS' ASSOCIATION
MINUTES OF THE BOARD OF DIRECTORS' MEETING
May 31, 2022

The following minutes reflect the actions taken by the Board of Directors (the "Board") of Land's End HOA (the "Association") at the executive meeting of the Board conducted on May 31, 2022 at 285 PR 5980, Yantis, Texas 75497

Brad asked if he had a nomination to call the meeting to order. So moved by Cathy and seconded by Paul. All agreed. Meeting called to order at 4PM

Attendees Brad Rogers, Cathy Bastyr, Joey Bush, Paul Tibbets, Beverley Haynes.
Absent: None were absent. A quorum is present.

Also in attendance were homeowners: Juli Neace, Judy Johnson, Greg Charles, Rachelle Rogers, and Arlan Jaegar.

I Approval of Minutes

Brad asked for a nomination to approve the Annual Meeting minutes. So moved by Paul, Seconded by Cathy. All agreed. Annual Meeting minutes are officially approved.

Beverley said that the March meeting minutes were approved by the Directors unanimously by email and posted on the website.

Pulling from the March minutes, Brad initiated a discussion about item IV CCR amendment relating to short home rental such as ARBNB or VRPO. The Board had previously received attorney input and had discussed suggestions to the wording, but no decision had been made. Brad initiated a discussion which centered around new State Laws, the definition of short term, the validity of the PRs, the voting requirements to change a CCR, the attorney cost of pursuing and making the change, the desire to keep the neighborhood quiet and free of excessive traffic, haphazard cleaning schedules, the likelihood of an owner challenging our CCR, and the possibility that if vote did not pass it could be used against the HOA. Our CCR states clearly no commercial activity, although long term rentals have been previously approved. If challenged, our attorney has stated we would likely win in JP court with our current CCRs. If any board member is asked about short-term rental, they need to bring it to the Board. Any short-term rental could only be approved as an exception.

Brad stated the action item, 'Do we pursue further legal research and member vote on the issue of rentals?' The Board unanimously agreed not to take any action at this time.

II Committees

Events & Welcoming Committee: The men have been holding their own events. Di Honey and Judy are talking about some ideas for events later in the year when it is cooler. Dawn McCampbell has been contacting the latest three new property owners, leaving them welcome packets and brownies.

Maintenance (aka Roads Committee): There was nothing new to report from the Maintenance Committee. Brad said he did want to talk about the roads later in his agenda item no. 3.

The Architectural Committee: No new construction permits have been issued. Brad himself resigned from the ACC to take up a position on the Board and is actively seeking one additional member. Brad asked the Board to let him know of any suggestions.

Landscape Committee: Brad met up with 4 members of the landscape committee. They had a quote of \$1100 for materials such as mulch, shrubs, bushes and crushed granite. The committee also had a quote from East Texas Blooms to come in and do the work in the four common areas, plus maintenance four times a year for \$4300. Brad will go back to the committee to figure out what the one-time cost will be to bring these areas up to a standard in keeping with the real estate in our neighborhood, and how much it will cost to maintain annually.

Shared Use Committee (Villas): Greg Charles reported to the Board that the members were having a quarterly meeting with a fish fry and a short meeting to discuss changes. The biggest obstacle is getting the irrigation system up and running at the north end. Matt Smith from Green Acres said he installed the pump the way the manufacturer said to. Brad said he has looked at the installation and there is a big problem with it. Brad explained there was no relay between the controller and the pump. Brad was unable to find the Green Acres or Matt Smith irrigation license on the Texas Commission for Environmental Quality website. Brad offered technical assistance from people in the neighborhood who have technical skills. Cathy said she needed to receive Matt's W9. Greg said the work on the boathouse is complete and confirmed the gutters will not be added this year.

Wildlife Committee: Brad has not received any further update since the presentation at Annual Meeting. Paul said he had received a couple of texts to the effect that we should hold people who are feeding the deer to our covenants. Brad questioned whether it is a violation. Cathy said the Board stated it was a violation by PR. Brad questioned whether that would hold up in court. At this time no action will be taken by the board regarding the deer.

Brad confirmed no action items on the committees.

New Business

I The Position of Treasurer

Our Treasurer, David resigned because he hasn't yet secured his license, he is still working with clients, and there may be a conflict of interest from the securities and licensing standpoint.

After checking that our Bylaws do not prohibit us from appointing an officer who is not a member of the Land's End HOA, Brad contacted a retired CPA whose successful career spanned 40 years in Sulphur Springs. Brad has personally known this gentleman for many years and he is willing to help us out for a year or two. His name is Wayne Bawcum, he is 74 years old and lives between Yantis and Sulphur Springs. As a non LEHOA member, he will have absolutely no conflict of interest in any financial matters pertaining to our HOA.

Brad asked for a nomination for Wayne Bawcum to be our Treasurer. Joey nominated Wayne Bawcum and Beverley seconded. All agreed. The Board voted unanimously to appoint Wayne Bawcum as the LEHOA Treasurer.

II 2022 Budget and Revisions based on HOA needs

Brad confirmed the numbers on the 2022 Budget with the Board members. Beverley pointed out that the 2021 actuals presented at the Annual Meeting had been changed since the Budget meeting in March and had not been presented to the Board before the Annual Meeting. The Balance Sheet and Profit and Loss Sheet were not presented to the Board before the annual Meeting. Brad believes that we should charge Wayne, our new Treasurer, with ensuring the balance sheet and income statement are correct. It is our fiduciary responsibility and one of our objectives to ensure the financials presented as at 12/31/22 are accurate and we can readily explain the numbers. Brad said that Lorrie and Wayne will review the numbers and if there is a need to restate the 2021 sheet, it would be sent to all the members of the association.

Beverley confirmed that the annual maintenance contract of \$10,100 is included in line 520 of the Budget 2022. Cathy pointed out that we only have a summary of the maintenance items, but the Board has not seen the actual agreement. Greg Charles said he had a copy of the HOA agreement and would pass it on. In the past, no change has been made to the budget during any year. Cathy confirmed unexpected items have been discussed by the Board and approved as necessary. Brad confirmed the 2022 budget is what we will work with for now. Beverley asked how much of the 2022 budget has already been spent. No Board member at this time has the numbers. For now, all we are paying is what has already been committed to. At the next meeting of the Board, we need to have a line by line running total of expenditure year to date. Brad said we need to get our figures straight so that if we are audited our numbers would be accurate.

III Financial Long-Term Strategy relating to Roads

The roads in Land's End were built prior to 2011. James from Bar None has said that the original base of the roads had no soil stabilization. Therefore, regular usage, construction traffic, weather, and time has brought serious problems to the surface of the roads. For years, the HOA has patched up the roads. In 2021, Bar None rebuilt the road alongside fairway one from the base upwards. They prepared a strong, hard base with a chip seal top. Roads can be built like this throughout our neighborhood for approximately \$190,000 per mile. Pure smooth asphalt would cost 5 times as much.

Brad noted that we have an income of around \$105,000 with the same dues of \$700 per year for many years. The special assessment of \$0.30 was increased in 2021 to 0.60 per total square foot

under roof to pay towards construction damage to our roads. An HOA cannot get a commercial loan because we don't have any collateral. As an HOA with dues, we are classified as a Private Government Entity. Therefore, we could go out and issue bonds on the open market with underwriting fees and interest rates.

Example: Assume 3½ miles of road left to rebuild, \$190,000 per mile x 3.5 = \$ 665,000 plus administrative fees of say 5% brings the number to around \$700,000. We would issue a million-dollar bond for say 20 years. We would put \$50,000 into a Sinking Fund guaranteed each year so the bond will be retired in year 2042, then we will get a better interest rate. If we take the million all at once we will pay \$50,000 to the sinking fund and \$50,000 in interest at 5%. This would cost us \$100,000 a year which would sustain commercial traffic and the biggest issue which is the weather. To solve our problem of the roads, we need to increase the dues by \$300 so that we can service the bond and service our common areas, maintenance, property taxes, utilities etc.

We need a long-term strategy to avoid a negative impact to our home values.

Another option is a singular assessment but that means the cost will not be passed onto future buyers of property. A bond will ensure that future buyers are paying towards the cost.

Action item: Does the Board want the HOA (led by Brad) to pursue the idea of putting together a current budget to reclaim all the roads to the spec, the roads committee, members to approve and to take it to underwriters and brokers to get a projection if approved for the Board and a special meeting of members to approve the long-term investment. It is a long-term strategy which will take months to research.

Cathy asked for confirmation that the plan for 2022 to rebuild the road from the service gate to the tee junction will still be completed. The budget is in place for that road to be completed in 2022. Cathy also reminded us that State law requires three bids if possible and Board approval for bids above \$50,000.

Every seven years on average a chip seal road may need to be resealed. The cost may be around \$15,000 per mile. Bar None has said they can complete the rebuilding of all the roads, weather permitting, in about 10 weeks.

Brad asked for a motion to pursue the research on a bond as a long-term strategy to solve the problem of our infrastructure? So moved by Paul and seconded by Cathy. All agreed. The Board voted unanimously to pursue the research into issuing a Bond.

Brad will consult with Road Committee to get measurements, and work on the bids. After we have numbers, he will work with treasurer, and will likely invite a bond broker to present to the members of the Board.

IV HOA Expenses

Cathy is paying the bills, depositing checks and is up to date. Beverley raised the item of office expenses as it was over budget in 2021. It was likely due to a software program purchase for Toya. There was a short discussion about costs that the HOA pay, such as the fountain on 18th tee and the electric bill for the villas. Brad intends to secure a better definition of each expense category. No further questions from the Board at this time.

V Any Other Business

Paul asked about the residential gate, which is closed all the time and can be opened by a gate opener or a code. Does it need to be closed all the time? The gate could be reset to open and close on a timer. There was a discussion about the gates being open when perhaps they shouldn't be and unfortunately the entrance that most people use is the least attractive as it is the service gate. In general, the common areas near the entrances and the pavilion need cleaned up and improved. Brad added that he intends to approach Tom Keenan about putting together a committee of members from both the Sporting Club and HOA members to work together to improve the overall appearance of the neighborhood.

Juli Neace said that the gate was closed after a previous Board member said that as we have a gated community the gate should remain closed, to be opened with a gate opener or a code. She also said that there was an agreement with the Sporting Club for maintenance of common areas in previous years. Last year there was no agreement.

She asked if the new Treasurer was going to be paid. Brad confirmed he will not be paid.

She also asked if we need approval from the members to increase the dues. Brad says we can check the law if we want to increase the dues, but in any case, he would not be willing to increase the dues without a vote of members. At this time, Brad doesn't know what percentage of votes would be required to count as a vote.

Greg congratulated the new Board and existing Board members and thanked them for the work that they do. He will check if he has a copy of the irrigation license for Green Acres Landscape. He will also see if he has a copy of the W9 form.

XII

Brad asked for a motion to adjourn. Paul motioned. Joey seconded. All agreed. The meeting adjourned at 6.00PM.