

Exotic Isle Homeowner's Association Meeting

May 26, 2012

Carl Groth, President of EXIHOA called the annual HOA meeting to order and welcomed our newest resident, Kenny Warr and his family to the island. The homeowner's in attendance were as follows:

Carl Groth
Pat and Denise O'Connell
Ken and Diane Lindsey
John Hughey
Mike Zabransky
Johnny and Melissa Braniff
Bubba and Caryn Arnim
Jack and Barbara Montgomery
Ed and Debbie Fiori
Kenny Warr
Frank Dorr
Greg and Chris Baxter

Those not in attendances were as follows:

Greg and Emily Arnim
Steven Loveless
Billy Devitt
Skip Porter
Jose Huerta

The following Proxy's were announced to the HOA's:

Porter by Hughey
G. Arnim by Bubba and Caryn Arnim
Loveless by Bubba and Caryn Arnim
Devitt by Bubba and Caryn Arnim
Huerta – none

Johnny Braniff confirmed that a quorum was present in order to transact any island business that may be acted upon.

I. Carl Groth welcomed all and notified all that the BOD had invited our caretakers, Russell Abbott and Russell and Vernon addressed the homeowner's and were both gracious for the opportunity to work at Exotic Isle. In addition, homeowner's were given the opportunity to give feedback to both caretakers. In general, all feedback was very positive and Russell and Vernon were excused from the meeting.

Carl explained to all homeowner's that when he became President, this board conducted an Affinity exercise in an effort to establish short and long term goals, determine the cause of the division of the island, and construct and implement a plan to move forward in a positive manner. Carl commented that while all BOD members had some of the same and different business objectives for the year, everyone agreed that the most important goal of the BOD was to restore harmony, friendliness, and kindness to the island. Carl also commented that there really is never a reason to be disrespectful to any homeowner for that does not poster good will to the community.

II. Treasurer's Report – Ken Lindsey

Ken handed out a detailed balance sheet and P/L statement. The current cash on hand was \$55,126.13 and accounts receivable was \$8,972.51. Ken reported that the total tram assessment was \$138,875 and to date we had spent \$94,376, with an unspent balance of \$44,499.

Ken reported that the BOD had approved and acquired a new barge motor and jackplate for \$10,640 paid for in cash, a new service cart financed for \$9,069, and that as of May 2012, Exotic Isle had spent \$10,785 on the Fiori lawsuit.

Debbie Fiori inquired as to if any electrical expense was included in the \$138,875 Tram assessment and Ken commented that he believed so but would defer to Mike Zabransky, Chairman of the Tram Committee and our charge in leading the repair of the Tram.

Pat O'Connell made a motion to approve the Treasurer's report and John Hughey seconded the motion.

III. Tram Report - Mike Zabransky

Mike Zabransky gave a detailed report on the status of the repair of the tram reporting that the cables for the tram have been replaced along with the sheaves and bearings. In an answer to Debbie Fiori's inquiry regarding whether there were dollars included for the electrical components, Mike confirmed that there were. He also confirmed that the electrical system was evaluated and that while our system is dated, it is sufficient and safe at this time. He commented that the expense to replace the electrical system could be as much as \$20,000 and that it was not necessary to spend those dollars at this time.

Caryn Arnim inquired as to the swaying that exists now that was not prevalent prior to the tram being shut down. Mike commented that it may be a result of the Urethane needing grooves in them simply from regular usage.

Mike reported that we still need to repair some rusting on the cross members on the towers and that we could utilize Vernon for that and save some money.

Mike reporting that we have installed a greasing system that we can see when we go through the towers. This will save us money and help us properly maintain the tram which Mike believes we have been lacking for some time.

Mike commented that Cody has been a great help to him and that Cody is the only person that has the capability at this time to properly code the tram for homeowners. Those that do not have codes need to get with Cody, go through the training and proper operational procedures and have a code issued.

Pat O'Connell asked about the life of the cable system and it is estimated that these cables have a life span of 15 years.

Pat O'Connell asked why we have a red car and Mike reported that Bitty Porter wanted a red car so that is why we ordered a red car. There was a brief discussion about repainting it green but at a later date.

There was a discussion about wind variances and when the tram should be shut down. There must be some protocol established with proper notification to all homeowner's. We can't simply shut the tram down without letting everyone know.

Kenny Warr discussed purchasing a digital wind gauge and establishing a specific mile per hour for prudent safety usage. In the event that wind gusts exceed the established level, the tram could be shut down and all homeowner's notified via e-mail.

Wind socks were also discussed. Kenny will look into both items and Mike Zabransky said that he will contact First Interstate and inquire as to what is the mph safe zone.

As the tram repairs to date are under budget, the question was posed as what to do with any excess funds that may be available after the completion of the project. Should funds associated with the assessment be refunded or should we keep the funds on account in the event that we may need additional dollars down the road?

Jack Montgomery commented that he would be in favor of keeping the excess funds on account but only if they are earmarked as a "cushion" for future tram expenses. After discussion, everyone agreed that reimbursement of any excess assessment dollars did not make sense.

Carl thanked Mike for his effort with the Tram on a job well done.

IV. Maintenance Report - Frank Dorr

Frank that both Russell and Vernon are doing a good job to date and that since he has been on the island, he believes that we are fortunate to have both of these guys working for us. He believes that Vernon is a really good hand and that we should consider making him a full time employee.

As respects barge usage, Frank reminded everyone that it is really important for everyone to plan your trip and contact the guys prior to your arrival, especially if our only mode of transportation is the barge.

Frank reported that the slip on the Selkirk side will need to be dredged or blown out probably before the first of the year, especially in light of the problems we have with the Tram. There are times that the guys have difficulty because of the silt level with a low tide.

Frank reported that the aluminum posts on the barge had to be repaired and that we need to be careful as it is very difficult to find people qualified to weld aluminum.

The navigation lights are in good working order along with the heavy duty winches and the battery. In addition, we have a battery charger for the batteries as well.

Caryn Arnim discussed the inspection that may be needed for insurance purposes. JRB2 is trying to get that requirement waived and will keep all posted.

Ken Lindsey commented that we will need to notify all homeowner's if and when we have to take the barge to Palacios with at least a weeks notice. Personal boats may have to be utilized for transport. Bubba and Caryn offered to have their boat in the water and would be happy to assist anyone during that time.

Frank reported that the pool is in good shape and that we have a sufficient supply of chemicals. We do have a persistent algae problem but we are managing it the best we can. In order to completely eliminate the algae, we will have to drain the pool and treat it accordingly.

Frank gave a report on all of the equipment, mowers, and tractor and commented that the guys are maintaining them properly and that Vernon is very good at general repairs and general maintenance.

V. Insurance Report - Johnny Braniff

Johnny reported that our insurance policies are renewed as expiring and basically came in flat on renewal. JRB2 explained the difference between the general liability policy and what it is intended to cover versus the Director's and Officer's policy.

The cargo sub limit of \$50,000 for the barge was discussed and deemed sufficient.

VI. By Law Review - Carl Groth

Carl the discussed the general need for EXIHOA to review all it's by laws in the near term, and while this can be expensive, it is probably necessary to do so.

Architectural Control Committee

This particular BOD acts as the Arch Control Committee with a focus on keeping the island in the best condition is can possibly be in. Carl encouraged all homeowner's to comply with any request when and if a request is made by them to a specific homeowner.

Contractor's Amenity Usage

Carl discussed the dilemma we face when we allow our hired contractor's to using the island amenities while they are on the island working on our respective homes. He emphasized that we as a group need to establish a friendly culture amongst ourselves so problems do not arise. Simply put, our contractor's should not prohibit us from enjoying our island by occupying fishing spots, pool usage as examples.

VII. Fiori Lawsuit

Carl mentioned how sorry he was that this incident happened and that it is our job to make sure that the island operates itself as a safe environment for all. Pat and Denise O'Connell immediately objected to this subject being discussed in any context due to the pending litigation brought forth by Ed Fiori.

Carl agreed and this matter was not discussed any further.

VIII. Bulkhead Repairs

Carl addressed the need for individual homeowner bulkhead repair as well as island common ground bulkhead repair and solutions moving forward. A lengthy discussion ensued. Specifically, Pat O'Connell and Greg Baxter have agreed to proceed with their individual bulkhead repair and proposed that we collectively need to assess all options. The first order of business proposed by Baxter and O'Connell encompassed a formal pricing evaluation inclusive of soil testing. Greg Baxter presented pricing of \$9,500 for this formal evaluation to take place and Pat O'Connell and Baxter proposed that this expense be shared equally as follows:

O'Connell	\$3,166
Baxter	\$3,166
Island	\$3,166

Jack Montgomery commented that before we spend any money on bulkhead repairs, he would like to see all options explored inclusive of Rip Rap pricing and wing wall diversion.

Johnny Braniff agreed that all of these options should be explored in complete detail, and pointed out that the information gathered from the O'Connell/Baxter assessment is needed and will be beneficial in determining what is the most cost effective course of action to ultimately take.

A motion was made by Caryn Arnim to vote on the O'Connell/Baxter proposal and seconded by Greg Baxter. A vote was taken and passed by majority to proceed with the bulkhead evaluation and soil testing as proposed by Pat and Greg.

In addition, a motion was made by Johnny Braniff to vote on Kenny Warr securing pricing on Rip rap options as an alternative to bulkhead reparation. It was seconded by Kenny Warr. A vote was taken and passed by a majority.

IX. Parking Lot Repair

Carl discussed the need to repair/fill in holes on the Selkirk parking and driveway areas. He commented that we have utilized oyster shells on a trial basis and it seems to be working. It is probably the most cost effective way to fix the problem at a cost of approximately \$300 per dump truck load.

Everyone agreed that it is a need of concern but a formal vote was not taken. It was agreed to table this until the 4th quarter of 2012.

X. Pool Furniture

The need for pool furniture was discussed and Carl reported that we have removed pieces of furniture that create a liability for the island.

A written Pool Replacement Proposal was submitted to all homeowner's and voted upon. Jack Montgomery noted that we really need to prioritize our expenditures before we spend any money on new furniture. The ballots were collected and the proposal was defeated by a vote of 13 - against and 6 for.

XI. Gasoline Powered Vehicles

A written proposal was submitted to all homeowner's to amend the by laws to allow gasoline powered vehicles on the island. After a count of the ballots, the proposal carried by a vote of 15 for and 1 against.

XII. For Sale Signs

Ed Fiori addressed the meeting and asked for the by laws to amended to allow for sale signs to be placed in yards on the island side in an effort to help market his house that is for sale. A discussion ensued and Barbara Montgomery pointed out that if we place signs on the island it can in fact hurt the marketability of the island. Frank Dorr agreed with this premise, however, a motion was made for a vote by Johnny Braniff and seconded by Greg Baxter. A vote was taken to amend the by laws per Ed's request and was not carried.

XII. Board of Director Election

Johnny Braniff passed out ballots for the election of EXIHOA BOD'S which included all homeowner's on the ballot. Before casting of the ballots, all homeowner's were notified that the following homeowner's did not wish to be considered for the BOD. They were:

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Jack Montgomery
John Hughey
Carl Groth
Skip Porter
Ed Fiori

The ballots were cast and the new BOD was elected as follows:

Caryn Arnim
Kenny Warr
Greg Arnim
Frank Dorr
Mike Zabransky
Pat O'Connell
Greg Baxter
Ken Lindsey
Johnny Braniff

Carl Groth thanked everyone for allowing him to serve as President of EXIHOA for the 2011 - 2012 term.

Meeting was adjourned.