

Exotic Isle Annual Homeowners' Meeting Minutes

Saturday, February 16, 2018, 1:00pm

Exotic Isle, Bay City, TX 77414

Directors Present:

James T. Juhl, President

Laine D. Lindsey, Vice-President

Caryn Arnim, Treasurer

Jay Hughey, Secretary

HOA Members Present:

Penny Juhl

Skip Porter

Biddie Porter

Melissa Braniff

John Braniff

Wayne Hutto

Mike Zabransky

Member Proxies:

Mark Pruitt: Jimmy Juhl

Jack Montgomery: Laine Lindsey

Greg Arnim: Caryn Arnim

- I. **Call to Order:** at 1:10 pm by Jimmy Juhl
- II. **Quorum:** 11 persons present, 10/12 homes represented including (3) by proxy.
- III. **Approval of Minutes:** President, Jimmy Juhl, asked if there were any suggested changes to minutes from last meeting. None were suggested. Motion to accept minutes by Laine Lindsey seconded by Jay Hughey.
- IV. **Financial Issues/Treasurer's Report:** Jimmy Juhl presented an updated 4-year analysis of HOA income and fixed expenses recorded for years 2015 through 2018, in part to establish a working budget for the current year, 2019. The effort was also conducted in support of an effort to reduce monthly fixed expenses and to determine whether a reduction in monthly expenses dues was possible.

Dues Reduction Proposal: Jimmy presented a proposed 2019 Annual Budget of Expenses including projections based on a yearly average of actual expenses, including detailed yearly subtotals for 17 unique categories of fixed expenses over the past 4 years, 2015 through 2018. Monthly expenses for preceding years 2015-2017 ranged

from \$12.5k/mo to \$15.6k/mo. Significant efforts to reduce monthly fixed expenses were undertaken during the past year 2018, successfully reducing monthly fixed expenses to an average of \$9.9k/mo. Based on this promising effort, the proposed Annual Budget for 2019 assumes an average \$10k/mo for fixed expenses. Jimmy reviewed 2019 income projections based on both, existing monthly dues as well as a proposal for reduced rate for monthly dues. The analysis showed that dues could potentially reduced by approximately 17%, equally across all income sources, including dues for homes, lots and boat stalls as follows:

Proposed Monthly Dues Reduction:	Current Dues	Proposed Dues
A. Homeowners with a boat stall	\$835/mo (x10)	\$700/mo (x10)
B. Homeowners without a boat stall	\$800/mo (x2)	\$665/mo (x2)
C. Lot Owners only	\$400/mo (xX)	\$335/mo (xX)
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Monthly Income	\$12,150.00	\$10,180.00

A discussion of the proposed rate reduction followed with input from all present and addressed a wide range of concerns such as a potential for budget shortfall due to increases in non-fixed expenses, or unanticipated expenses due to extraordinary equipment failure, and the increased likelihood of supplemental assessments. The discussion resulted in a motion and vote to reject the proposal at this time, but the vote was accompanied by broad support to revisit the proposal at a later time, predicated on the future track record of stability in actual expenses and on the development of a sustainable surplus of funds to cover emergency events and/or unanticipated, non-fixed costs. Jimmy distributed hard copies of all the above referenced supporting documents and analysis to attendees, (documents distributed are listed below). John Braniff made a motion to reject the proposed reduction in dues, Wayne Hutto seconded. Members voted 3 nay and 8 yea on the motion to reject the proposal.

Treasurer's Report: Caryn distributed and reviewed the current Profit and Loss Report for 2018, noting that non-fixed or variable expenses for 2018 were largely absorbed by the efforts undertaken with SBA funds. She advised that the Annual budget should include a line item for such non-fixed and variable expenses as these costs are inevitable and must be anticipated in the budget. Johnny Braniff recommended a budget of \$10-\$12k/yer for these anticipated, but variable expenses. Caryn reviewed the Accounts Receivable Aging Summary emphasizing the need for timely payment of dues. Jimmy pointed out the extremely disrupting effects to ongoing monthly operations when funds are not available due to delinquent payment of dues.

Delinquent Dues: the A/R Aging Summary shows that several members are severely delinquent and an immediate remedy is needed to address the problem. Caryn strongly recommended that liens, as allowed in the bylaws be enforced. The issue of

lien enforcement was discussed especially relating to members with dues over 90 days past due, including those owed for the Badillo, Groth and Devitt properties. Following a discussion of the issue it was determined that liens shall be issued on any property with unpaid dues over 4 months delinquent. Jimmy stated that the necessary documents would be prepared and issued as soon as possible. Caryn made a motion to enforce liens on all properties with dues over 4 months delinquent. Laine Lindsey seconded, Attendees voted unanimously to approve the motion.

Financial Document handouts:

- Income and Fixed Expenses 2015-2018 (summary)
- Expenses 2019 - Proposed Annual Budget (by category)
 - Actual Expenses 2015-2018 (by category)
- Exotic Island Income (existing/proposed dues)
- Accounts Receivable Aging Summary
- Prosperity Bank - SBA Loan
- Exotic Isle - Profit and Loss Report

SBA Loan Proceeds: Jimmy reviewed the loan expenditures, balance of funds available and the goals for repairs left to complete in the Harvey recovery effort. . Expenditures for 2018 from the SBA account total approximately \$114k and the balance remaining for the continuing effort in 2019 are approximately \$104K.

Repairs to capital improvements and infrastructure completed to date include:

- Well replacement
- Silt mitigation
- Pool rehabilitation
- Ring road re-grading and gravel surfacing at South end of Island
- Barge Landing relocation and reconstruction on Selkirk
- Access road to new barge landing at Selkirk
- Island clean up

Repairs planned for completion in 2019 include:

- Ring road re-grading and gravel surfacing at North end of Island
- Barge landing rehabilitation at Island
- Deflector wall repair
- Ranch road grading

Future repairs needed on Island: The following general maintenance and future repair items were identified and discussed including:

- Painting tram towers
- Tram car repair or replacement due to corrosion
- Raising level of tram car landing at Island
- New roof panels at well pump house
- Replace tram electric panel
- Replace door at tram house

Tram house power washing and repainting
Replace metal roof fasteners and repair fascia boards at Selkirk tram landing roof
Pool house repair and maintenance
Parking area grading and surface stability

Water distribution plumbing: The Island water distribution loop required installation of several shut off valves to isolate broken pipes and leaks following the hurricane. The valves have effectively interrupted the circulating loop creating dead leg conditions that have resulted in intermittent cloudy water in some homes. Repairs will be undertaken, especially at the Huerta property to correct the situation.

V. A second interim meeting proposed: It was agreed unanimously that a follow up meeting will be held estimated for mid-May.

VI. Other Business

Burned House Mitigation: The issue of delays and timeliness of removal of remaining materials and site clearing for homes destroyed by fire were discussed. It was resolved that, in the future, dues will remain at the full amount for destroyed homes until the subject sites are cleared, but dues rate can be mitigated sooner only after the owner of the property presents a case for mitigation to the Board of Directors and the Board issues a resolution for such mitigation.

VII. Board Elections:

Melissa Braniff was nominated by Bidy Porter to the Board of Directors, Jay Hughey seconded. Melissa was added to the ballot in addition to existing 2018 slate of Board members. Ballots were distributed for member votes to approve the 2019 Exotic Island Homeowners Association Board of Directors as follows:

James T. Juhl, President
Laine D. Lindsey, Vice-President
Caryn Arnim, Treasurer
Jay Hughey, Secretary
Melissa Braniff, Board Member

The proposed Board of Directors for 2019 was unanimously approved.

VIII. Adjournment: Jimmy Juhl moved to adjourn. Penny Juhl seconded. Meeting adjourned 3:30 pm.

Submitted 5/10/19, Re-submitted 5/24/2019 with revisions to Section VII,
by Jay Hughey, EIHOA Secretary