

Exotic Isle Annual Homeowners' Meeting Minutes

Saturday, July 5, 2020, 2:00pm

@ Arnim Residence

Exotic Isle, Bay City, TX 77414

Directors Present:

Mark Pruitt, Interim President (via Zoom)

Caryn Arnim, Treasurer

Jay Hughey, Secretary

Melissa Braniff, Board Member

HOA Members Present:

John Braniff

Wayne Hutto

Skip Porter

Biddie Porter

Darrell Rogers

Michelle Rogers

Mike Zabransky

Member Proxies:

Travis Hughey: Jay Hughey

Jimmy Juhl: Mark Pruitt (?)

Greg Arnim: Caryn Arnim

- I. **Call to Order:** at 2:10 pm by Jay Hughey
- II. **Quorum:** 11 persons present, 8/12 homes represented including (?) by proxy.
- III. **Approval of Minutes:** Interim President, Mark Pruitt, asked if there were any suggested changes to the minutes for the 2019 Annual EIHOA Meeting. None were suggested. Motion to accept minutes by Mark Pruitt, seconded by Skip Porter. The motion was approved by a unanimous consent of members present.
- IV. **Treasurer's Report:** Caryn distributed and reviewed the current Profit and Loss Report for 2019, noting the most significant non-fixed or variable expenses for tram repair as well as reviewing changes from the previous year to several fixed expenses in 2019 as follows:
 - Tram repairs and other unanticipated barge and tractor expenses total approximately \$25,000.

- Utility costs are averaging approximately \$150/mo under a new contract, reflecting a slight reduction in cost.
- Insurance cost has increased from \$9,700 to approximately \$11,000/year.
- Contract labor expenses increased for upkeep and maintenance due to the effects of several river rise events during the year.
- No legal fees (except for expenses for filing liens) were incurred in 2019 which typically average \$500 - \$1,000/yr.
- Lien filings fees and expenses totaling \$1,900 will be charged to the homeowners subjected to the liens.
- SBA loan of \$208k requires payments of \$900/mo.
- Bookkeeping review of monthly reports is being provided at a cost of \$600/yr.
- Emergency funds are being maintained and currently total \$14,600.

Delinquent Dues: the A/R Aging Summary shows that late payment and nonpayment of dues by homeowners and lot owners remains as a major hindrance to the wellbeing of our community. Several members are severely delinquent and an immediate remedy is imperative to address the problem. Caryn strongly recommended that liens, as allowed in the bylaws be enforced. The issue of lien enforcement was discussed at length. Darrell Rogers recommended that a more strict adherence to the requirements and remedies prescribed in the bylaws be followed to correct the situation promptly. Corrective actions, including property liens and restrictions on use of infrastructure and amenities to members with dues over 60 days past due are allowed and may be necessary to solve the problem. Currently such remedies are applicable and needed to secure delinquent dues including those owed for the Badillo, Groth, Devitt and Juhl properties. Following a discussion of the issue it was determined that liens shall be issued on any property with unpaid dues over 2 months delinquent. Mark Pruitt recommended that the issue and related bylaw requirements be revised by the Board of Directors and that a recommendation regarding enforcement be determined.

Groth Property: a tentative agreement had previously been discussed with Carl Groth to transfer the deed to his lot over to the EIHOA in lieu of payment of delinquent dues owed on the property. Several attempts have been made by members to secure and finalize this potential solution, but none have been successful as yet. Mark Pruitt will review the matter and determine the best course of action in this matter.

Prosperity Bank:Line of Credit Renewal

- The purpose for the line of credit was agreed to act as a bridge for possible major expenses that may arise and ultimately result in an assessment
- It was noted that this resource needs to be used periodically to avoid having it rescinded by the bank.
- A proposal was suggested that the line of credit be used annually to pay for the Island property taxes, with that expense being repaid from HOA dues.
- Approved signatories need to be revised to include Mark Pruitt.
- It was agreed that use of the line of credit shall require an HOA vote.
- Jay Hughey made a motion to use the line of credit to pay the EI yearly property taxes and repay the amount after 2 months time EIHOA dues income, Darth seconded. The motion was approved by unanimous consent of members present.

SBA Loan Proceeds: Caryn reviewed the loan expenditures to date and stated that a balance of \$9,000 in funds are available.

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

Additional repairs completed 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
- Parking area grading and surface stability
- Replace metal roof fasteners and repair fascia boards at Selkirk tram landing roof
- Tram car repair due to corrosion
- Flood valve at the South end of Island needs to be replaced.

Goals for remaining SBA loan funds:

- Major clean up and regrading of burn pit at North end of island is estimated to cost approximately \$10,000. Michelle Rogers made a motion to approve and proceed with the North end restoration

project with Garth seconding the motion. The motion to proceed with the work with a budget of \$10,000 was approved by unanimous consent of members present.

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

- Painting tram towers
- Raising level of tram car landing at Island
- New roof panels at well pump house
- Replace tram electric panel
- Replace door at tram house
- Water distribution plumbing repair:

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.

VI. Updating Bylaws: Caryn reviewed a number of issues regarding the bylaws that are in need of attention, including some that are required to meet current revisions to State law as outlined below. Attorney fees estimated to be \$3,500 - \$5,000 will be necessary to complete the revisions and file the amended document with the State of Texas. Caryn made a motion to hire an Attorney to review and revise the bylaws as needed with a budget of \$5,000. Jay Hughes seconded the motion. The motion was approved by unanimous consent of members present.

- Compliance with revised State of Texas requirements for Annual Homeowner Association Meeting Notification timeframes.
- Caryn has uploaded a copy of the current bylaws to the HOA website for access and review by HOA Members.
- The 2019 HOA unanimous approval of dues delinquency action to be enforced at 4 months past due does not comply with existing bylaws, which sets a 3 month threshold. This item will be included in the annual meeting agenda for discussion and final decision.
- Use of the Line of Credit, its purpose and rules for use, should be discussed with HOA members and considered for addition to the Bylaws.
- Rules and restrictions for use of Island equipment and facilities such as the barge tram tractor and other equipment should be reviewed and discussed with HOA members. Possible changes to the bylaws may result if approved by the HOA Members.
- An attorney will need to be hired to review Adam and bylaws in accordance with the above. A budget of \$5,000 was suggested and will need to be approved by a vote of HOA Members.

- Caryn will work to secure a letter of engagement, including hourly rates, from a suitable attorney at law.

VII. Other Business:

Use of equipment and other EIHOA resources by non-Homeowners, such as guests, guests of guests, 3rd party contractors and crew labor has become a source of problems, service disruption, increased operating costs and additional expenses for repairs resulting from improper use or handling. Such use of our resources is specifically prohibited within the current bylaws. Mark Pruitt and Jay Hughes agreed to study the bylaw restrictions and the evolving needs of island residents, homeowners and families that comprise the Island community in order to propose workable and enduring solutions to the issues raised in the lengthy discussion. As a part of this effort, revisions to the Tram Operator Agreement and Use Policy will be developed and presented to the Board for review and recommendations.

VIII. Board Elections:

Darrell Rogers was nominated by Mark Pruitt to the Board of Directors, Jay Hughey seconded. Darrell was added to the ballot in addition to the existing slate of Board members. Ballots were distributed for member votes to approve the 2020 Exotic Island Homeowners Association Board of Directors as follows:

Mark Pruitt, President
Darrell Rogers, Vice-President
Caryn Arnim, Treasurer
Jay Hughey, Secretary
Melissa Braniff, Board Member

The proposed Board of Directors for 2020 was approved by unanimous consent of members present..

- IX. Adjournment:** Mark Pruitt moved to adjourn. Jay Hughey seconded and the motion was approved by unanimous consent of members present. Meeting adjourned at 3:30 pm.

Submitted 12/9/2020,, by Jay Hughey, EIHOA Secretary