

Meeting minutes from July 31, 2023

Adrian G
Maddy
Victor
stacy
Tom Langeland
david Carroll
Mary beth and ... Delano

Adrian called meeting to order at 7:32pm

quorum established

review of prior meeting minutes - Adrian made a motion, Madeline 2nd. All approved.

Presidents Report:

Adrian spoke about his and Bridget's walkthrough with Quin at Coastal Lawn this morning. He took over through a quick transition and took over a majority of Island Rock's contract. He took it over at the height of the season, and some of the work he didn't know about and it has taken quite a bit of transition to get to quality of services. Adrian did speak with Quin that he would need to rebid all of the contracts before the 2024 budget. For example, the gates might not be in Quin's wheelhouse to do routinely. We will sort that out and see if we need to contract out to more companies. Island Rocks was able to do all the items, and it is yet to be seen if the new company will be able to handle it. We also learned that the weed control part of Island Rocks went to Jordan. He also didn't have much information on the homeowners when he took over. Bridget is going to reach out to both of them to get a grid going to see who is covering which units.

We need some street sweeping done quarterly, we are woefully short of landscaping rocks throughout the entire neighborhood. We also are thinking we should pressure walk the walks during the off-season. Adrian washed the part outside of his gate and it looks much better. Please take a walk by Unit #10 and see what you think.

Madelon noted that Rahman did most of the "boots on the ground" for Bridget while she is remote. Madelon said for his fee he fixed things included. She said she thinks this is a problem due to our "city manager" style of property management is the reason for needing more companies involved. Madelon also thinks that Quin is probably saying he didn't know certain things were supposed to be done might have been on purpose, she feels we need to be smart and she feels we may be being manipulated. Bridget mentioned there are specific certifications that companies need to do certain items (pool cleaning, as well as weed control). Adrian said we won't be changing any vendors mid-season. Adrian also asked Quin if there was anything in his contract that he didn't want to handle. Quin replied that he is comfortable with all aspects. Madelon said we should have an extensive checklist to make sure things are being done. Victor mentioned that he is disappointed that Quin stated he "didn't know that" when he started. As Victor would watch them, they wouldn't stay long onsite and he feels some days that may not

have come at all. Victor says we should do some monitoring on his company. Madelon wondered about Victor's idea of making each company check-in while on site. Discussion ensued. Adrian said we could write in a contract that self reporting may be included. Stacy mentioned that Quin is now 100% clear, the adjustment period starts and then we evaluate them again this fall.

Timeline: get lists of services, any contracts for vendors (except for pool), bid out and return before putting the 2024 budget together.

Managers Report:

Bridget sent out the following information to the board the day before the meeting and then sent it out during the meeting to the owners who attended.

There are 5 owners with outstanding invoices that were due July 7th. Notices and reminders have been sent out.

Old Business:

Adrian gave the following report on the legal opinion we hired to specialize in our documents and declarations.

Summary:

- It is clear the path to increasing our capital reserves by any significant level will require a homeowner and lienholder vote/approval.
- However, the lienholders must exercise very specific steps to hold voting rights. Based on various requirements, there is high confidence none of the lienholders have met these requirements. Please remember this as you read the summary.
- The Board **cannot** levy a Special Assessment to increase capital reserves. Special Assessments can only be levied for costs **already** incurred.
- Special Assessments are subject to homeowner vote if greater than 25% of the prior year's special assessment.
- Board Questions: Prior questions raised by the Board were passed along. Counsel's response is included in the memo.
- Bank Loans: The concept of the HOA borrowing a significant amount of the required funds will likely require an assessment schedule by the lender. The exercise of any loan and subsequent assessment schedule would also require homeowner approval.
- City of Port Aransas: The concept of moving VW from a gated community to an open neighborhood to shift maintenance to the City of Port Aransas would require each of the following:
 - Negotiated proposal with the City of Port Aransas.

- A vote by the City Council, which would likely require a recommendation by the city's Public Works department.
An initial conversation with the head of Public Works gives me the impression this is unlikely given the city did not build the streets or the accompanying storm water.
- A homeowner vote to move from a private/gated community to public.
- Any changes to the Declarations would also require homeowner approval.

Conclusion:

Counsel recommends setting a long-term (multi-year) assessment schedule which meets the needs of the HOA and presenting this to homeowners for vote.

EG: \$XXXX per home for XX years.

No assessment can be greater than 25% of previous assessment unless the board has already spent the money. (except in the event of a deficiency assessment)

We also do not believe there are any legal lien holders, so the board only needs the homeowners approval of 67% to approve any assessment over 25% over prior assessment.

We can assess, the owners CAN veto, but would have to organize themselves and 67% would be needed to vote it down.

Special assessment is written to defray surprise costs not to fund anticipated future costs. Per counsel: special assessment can not be used to build reserve funds.

How do we go about increasing our reserve funds -- we are limited by the 25% without an owner vote. There is also liability for the board to execute assessments against the homeowners will.

**Adrian's suggestion is to go get a homeowner vote in order to build reserves. we need 67% to approve. If we need to build reserves, go 1 time for a 5-10 year assessment plan. Only have to vote on it once.

If we would have some of the funds and then if we want to get a loan for an HOA, then we have to commit to a special assessment schedule as an assessment to obtain the loan. Which would need another vote of 67% to approve the loan and the assessment.

Put a schedule together, build your case and when the October meeting comes you can talk about it and vote at that time for it.

another idea that the lawyer brought up --

we could ask the city to take over our streets. We would lose our gates, but we would also gain the city services of trash pickup and would not have to cover the street repairs. Adrian will reach out to the city to even see if that is an option to give to homeowners. He will report back on his findings.

Victor asked about updating the declaration - Adrian said it would be 67% approval needed to change the documents. We would have to pick the declarations changed, or to pick the assessment. Change one provision and ask the voters for their help to get the assessments needed.

Madeong brought up some points about the documents being written as a ying and a yang. Each side can give and take for good checks and balances.

Adrian also mentioned that there are some legal rules about having certain amounts in your reserves and Bridget will check with our accountant.

If we don't build up the reserve fund we don't have a creditworthy score to even get a loan if ever needed.

David Carrol asked if a poll might be able to be done to get a grass roots idea of owners thoughts. Adrian said there might be too much background information that people don't have all of the knowledge for an initial poll. Adrian mentioned again that the October HOA meeting is well attended and if we send out enough information ahead of time people can make an educated vote.

Madlone wondered that if we have a massive hurricane, and our roads were completely demolished would insurance after deductible be covered. Adrian and Bridget said that our roads are not covered under insurance.

Even though the streets are the biggest cost, even if we didn't have to replace them, we still do not have our reserves where they need to be. We could also do other items with the reserves like fence the neighborhood, update pools, etc.

Phase 1 walkway: could only get one company to look at it, and they were not interested. We will continue to look for a company to replace the boards and fix cement sometime in the off-season.

New business: HOA Meeting Saturday Oct 21st at 11am at Hampton Inn in Port A. Bridget will email a tentative agenda

Elections for board: Up for election -- Stacy, Adrian terms up.

Victor asked who is responsible for rentals that are not complying with city rules for signs in the windows. Bridget said the city is responsible for enforcing. Victor mentioned maybe there weren't even rentals at that house.

Next meeting is set for Sunday Sept 10th at 6:30pm.

Motion made by Adrian to adjourn meeting. All approved.

Meeting adjourned at 9:12pm