

SUMMARY OF OPEN B-BOARD MEETING

JULY 14, 2009 HOLLY HALL

NOTE: This is an open meeting where agenda items are presented and explained to the property owners of Holly Lake Ranch (HLR.) Comments and questions from participants are summarized and discussed. The property owners may present additional agenda items during the Open Discussion segment of the meeting, if they make arrangements to get on the agenda. No action is taken at this meeting. Where necessary these agenda items will be brought before the Combined A & B Board meeting for discussion and action. The A/B meeting will be held July 21, 2009. B Board members present were Larry Bowman, Treasurer, Jeanette Sterner, Secretary and Bill Beggs. Rob James, the GM was present. Several department heads were also present.

Bill Beggs opened the meeting. The following items were presented and discussed:

I. Roads Update. HLR Maintenance Manager, Dave Grover, gave a report.

A. All Emergency Exits were examined after the heavy rains. The one in Section 8 was found to be impassible. A culvert had to be installed and asphalt had to be laid so it would be easier for cars to exit out that gate. Dave did not put asphalt from the gate to the main road because he did not want to give the appearance that this was an "entrance" as well. These exits are for emergencies only.

B. Dave reviewed some of the special repairs that were completed due to the heavy rains and the water main break on the West side. He said these repairs did take away time from other road work scheduled for this year, but he feels most if not all of the paving and improvements outlined for 2009 will be completed by the end of the year. He has prioritized the roads as to which ones need the most attention and that is how he will schedule his work crew.

C. Dave said the repair of the road and the water main break was charged back to the water company. There were some road repairs completed at the Silverleaf condos. Silverleaf paid for these repairs. This project did not take long and did not hamper the work schedule for HLR road repairs. Again, these companies paid HLRA for the materials and services of our crew, so these costs were not paid with HLRA dues.

D. Some asked how thick of an overlay is Dave putting down. He said two inches. The gentleman asked if that was enough to handle the big trash trucks. Dave said that even four inches probably is not thick enough because of the dual axle trucks being used by the company. Dave said the only real answer is for the company to use single axle trucks. A lady asked if we could request a different pick-up system, which would minimize the use of the double axle trucks. Rob said he just signed a contract with the company and it did not specify to use only single axle trucks. Rob said he could talk with the company about the size of trucks to use at Holly Lake Ranch. He does not know if we have an option on the type of truck to pick up trash or if the costs would be different. He will check into this matter.

E. Larry said the Board setup a "Contingency Fund" for emergencies, the budgeted funds for road repairs was not used for these "special" repairs. HLR has set aside money every month to be placed in the Contingency Fund. To date, \$19,200 from the "Contingency Fund" was used for these road repairs due to the storms. This money would have come from some other account, be it "roads" or some other budgeted area. But, with the Contingency Fund, the HLRA

budget has not been touched because of these weather emergencies.

II. Deer Count Survey. The issue concerning the number of deer we have on HLR has been discussed at previous Open B Board Meetings. A Wildlife Work Group has been formed and they have met with a Ranger from Texas Parks and Wildlife. The Ranger provided some interesting information and suggested the first step is to assess the problem. The Ranger has instructed the WG in counting deer and the first count will be tonight. The procedure is the same one completed by Parks and Wildlife through out the county. The Ranger will assist with the count. There will be two more counts, one two weeks from tonight and then the last one in another two weeks. Rob has notified the property owners of this upcoming procedure. The vehicles will be well marked, so people will know why the vehicles are out in the area for most of the night. Eventually, the Wildlife Work Group and the Ranger from the Texas Parks and Wildlife will present their report. Possible solutions and costs will be included in the presentation.

III. Golf Course Projects. Clayton Wood gave a report on the projects completed or to be completed by the end of the year. Clayton said on hole 11 there were four separate drainage areas on the left side of the fairway. Water was draining straight to the street and was causing some major problems with the roads. He said four or five homes were also greatly affected by the water drainage. With the new drainage system, half of the water goes one direction while the other half goes a different direction. The Greens Committee recommended the repairs and improvements for hole 13. Clayton has added 6 sprinkler heads to better water the area on the right side of the fairway. New sod will be planted in the area just recently prepared by his crew. Bermuda grass has a hard time growing in the shaded areas so a different type of grass will be planted. Plus, his crew has trimmed the trees so as to allow more sunlight to get to this area. One of the biggest complaints is the difficulty for the carts to get off and on the cart paths because the ground is so uneven. This is because there is mostly sandy soil around the trees. Due to the lack of water and the proper grass along the cart paths, you are going to have rough terrain in the shaded areas. So, with the addition of sprinkler heads and grass more suited to shaded areas, we should have a more beautiful golf course. Plus, a course with less erosion of soil in the shaded areas. If this works well, then such a project will be considered for other holes. The other hole to be improved is number 7. An engineering firm looked at the drainage problem leading from hole 2 and onto hole 7. The main problem is the drainage of water between the tee boxes and green of number 7. Clayton said the sand drains down through hole 7 and is emptying tons of dirt into Lake Greenbriar. The last project to report on at this time is the building of a new gold tee box for hole 1. The work schedule is about two weeks behind due to the flooding in May. Some of these projects cannot be started until the course dries out. Yet, he feels the work planned for this year will be completed on time.

IV. Algonquin Water Rate Update. Bill said that TCEQ has received the protest letters from HLR property owners. Approximately 400 letters were sent to TCEQ. Rob said the HLRA mailed around 300 letters for property owners and individuals sent in another 100 letters. If you recall several weeks back, we gave property owners a sample letter to use to protest the rate increase. A lady mentioned the letter is on the HLR website as well. Someone asked if one could still send in a letter or protest. Bob Adams said you could. Bill said TCEQ is now verifying these letters to determine if a hearing should be convened. If TCEQ does determine that HLR

property owners have a legitimate complaint against Algonquin, then a hearing may be called in October. Bill said the basic complaint is the large jump in the base rate. The cost has jumped from \$21 to \$39. The cost per gallon of water has dropped from \$1.94 to \$1.30 per gallon. Someone asked if these increases would pay for new improvements. Bob Adams said the current increases are to pay for existing assets, NOT new improvements. If the company makes any improvements, they could technically ask for a bigger increase in water rates. Someone asked if property owners could drill their own wells. Bill said HLRA Restrictions prohibit the drilling of personal wells. However, this issue can be voted on by Section.

V. Section 3 Clean Up. Rob said there has been a real effort to clean-up Section 3. He sent a letter to the residents of Section 3 to inform them HLRA can go to District Court to file charges against resident who do not clean up their property. After residents had a chance to read the letter, we had a hot dog night with the residents. Everyone who came was enthused about the chance for everyone to clean up his or her property. For 30 days we placed special dumpsters in Section 3. The result was no charges had to be filed against any of the residents. Other improvements include a new ramp was built at the pool area so wheel chairs could enter the pool area. Attendants at the pool have been selling snacks and drinks at the pool to raise money to buy paint for the pool buildings. The effort has been well received by the residents who use the pool. Bill said we wanted to stop the neglect of the section. We still have some abandoned trailers that are in need of repair or need to be removed. HLRA cannot haul trailers or items off abandoned lots without homeowner approval. Rob said 14 lots have been returned to HLRA. He noted that other areas on the Ranch might need to be reviewed for having extraordinary trash on the property.

VI. Collections. Larry said HLRA has been working on property owners who are not current on their dues. This process started in September and it has taken some time to get a good procedure in place and to work out problem areas during the start-up phase with JVSG, the collection agency. He reminded everyone HLRA had over \$3,000,000 in write-offs. This number of write-offs has been building up for 10 to 15 years or more in some cases. Some have been in this status for years and it is difficult to find the owners of some of these properties. Some owners have died, family members are hard to locate or the property is in litigation. Larry feels most of the properties have been researched and some seem as though the owners will never be found. We do have 22 lots back from the write-offs. Over \$50,000 has been collected and we have paid \$10,000 in collection fees. This year we have collected \$25,000 and \$7,000 has been paid in collection fees. The collection fee is included in the amount paid by the property owner. To try and avoid such a situation again, the policy is, if the owner is over 120 days delinquent, HLRA informs the owner of the situation and that the account will be turned over to a collection agency. The owner is given the opportunity to setup a payment plan. If the owner does not respond, then the account is turned over to JVSG and collections. Bob and Barbara are working hard to keep up with these accounts and clean up the old write-offs. People who are in the "collections" phase can either work out a plan of payment or turn the deed over to HLRA. The account does stay in collections until the bill is paid. The late fee was increased to \$25 and \$11,000 has been collected this year from this program. If the property owner wishes to turn the property back to HLRA, it must have a clear title. We do not take a property that has back taxes or liens against it. The owner has to pay the cost of obtaining a clear title. Otherwise we would not be able to resale the property. Someone asked about selling price of these properties and Bill said the appraised value is the asking price. He suggested that an interested buyer contact the office for more information. Someone asked if these individuals are also behind on their

taxes. Bill said some are, but again we will not take the property back unless there is clear title. The county in a "tax sale" has sold a few properties. Bill said the object is to get these properties sold to people who are dues paying members of HLRA. This helps all of us. Someone asked how many people are late paying his or her dues every month. Larry said between 130 to 150 people are late every month, but that does not mean all of those go to collections. Some people just do not stay current, but usually pay up before the 120-day window. Bill said that out of 2,000 people, it does not sound as bad. The percentage is approximately 10% who are delinquent every month.

VII. ACC Workgroup Report. This is not the actual ACC, but a special workgroup made up of Leon Ward, Chuck Davis, and Morris Reinhardt. It has always been a problem as far as guidelines for building or adding on structures to the property. The report is very thorough as far as definitions and guidelines. The workgroup tried to review different statements that had been written over the years and come up with a more concise document. These guidelines will be valuable to the builders and the property owners so they will have more accurate and precise information to go by before they begin building a structure.

VIII. Lake Workgroup Report. Rob said the chairman of the workgroup is Russ Thureau and he always gives a very thorough report. Rob said the group has been obtaining weeds from various parts of the lake and golf course area. The weeds have been analyzed and the good news is the most dreaded types of weeds are not present at HLR. The spraying of some common areas will begin this week. Once it is determined how well the spraying eliminates the weeds, more will be done in the common areas. If an individual wants spraying done on his or her private property, they will have to pay to have it done. Clayton is licensed to spray these chemicals. Russ came up and gave a very interesting and informative report on the types of weeds we have in our lakes. He also gave some tips on how to recognize the type of weeds that can destroy a lake and fish. Russ also will give a report on the type of fish we have and which do well in our lakes. He is going to start a Fish Club in September. More information on the date of the first meeting will be given later.

IX. Open Discussion. Below were comments and questions given by homeowners:

A. Steve Kehoe said he and Barbara Eamma want to start a Community Theater. The first meeting will be held on Thursday, September 10 at 6:30 at the HLFD. So far, 35 people have expressed interest. Types of entertainment will be one of the topics for discussion.

B. Carol Harper said the old bait house was being used for people to bring and trade magazine. Someone stole the containers and the magazines.

C. Cazzie Husbands said the new HLR directory would be coming out soon. If any one wants to buy an ad for their business, please call her.

D. There were no other points of discussion or further questions. A motion was made and seconded to adjourn. Motion passed.

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