

LAKEWOOD RANCH HOMEOWNERS ASSOCIATION, INC.
MINUTES OF THE DECEMBER 4th, 2014
BOARD OF DIRECTORS MEETING

Location: Lakeview Baptist Church, 7717 Hwy 317, Belton TX
Directors Present: Tom Brautigan, Sandi Kalmar, Teresa McCoy, John Kiella, Jason Brumbalow, Richard Whitten, Joe Sullivan
Directors Absent: Josh Thomas
Also Present: Property Manager Glen Colby

Agenda Items 1: Call To Order

The meeting was called to order at 6:35pm by Board President John Kiella. Quorum was present.

Agenda Item 2: Closed Session

The Board reviewed the minutes of the 10/27/2014 called meeting. It was noted that the 6/17/14 minutes had not yet been approved, so they will be given to Mr. Colby for agenda placement at the next meeting. Ms. McCoy motioned to approve the minutes of the 10/27/2014 meeting as presented; Mr. Brautigan seconded the motion, which was then approved unanimously

Agenda Item 4: Action Items

At the chair's request and with Board agreement, the Action Items were reviewed next. Discussion items will come later in the meeting as time allows.

Mr. Colby review the year to date 2014 financials with the Board. The reports presented to the Board generally agreed with financial statements from the previous property management company at points in time where financial statements were received from Accent. Basic items such as cash position on specific dates, size and type of expenses incurred by the HOA, and gross income matched, and could be tied back to the HOA's bank statements.

It was shown to the Board that the cash position of the HOA has dropped relative to the beginning of the year, but when factoring in 2015 income received in December, 2014 and the capital projects performed during 2015, the delta can be accounted for.

A draft budget was presented to the Board showing estimated 2015 expenses based on 2014 actuals, and factoring in any anticipated changes. As the Board discussed the budget, it was projected onto the wall and updated in real time as the Board suggested changes. Mr. Colby pointed out how some expenses that had been put off in the past, but then had been tended to recently, were actually expenses that were ongoing in nature and needed to be built into the normal operations budget. It was also discussed and agreed that a 2 month operational float be retained in the bank if possible to allow for unexpected disruptions in cash flow, or unanticipated large expenses.

The need for the HOA to begin routinely setting aside funds for capital maintenance and replacement costs was discussed. The Board agreed that it was necessary to begin doing that. Mr. Colby will assist the HOA with developing a capital reserves study that will help guide the HOA with future saving efforts. It was noted the study is also useful for explaining to residents why the funds have been set aside, once the fund grows to a significant amount.

After reviewing projected expenses, it became clear to the Board that the time had come to consider raising the annual assessment, which has not been raised in over 10 years. Inflation has eaten away at the purchasing power of the revenue earned, while expenses have continued to rise. Sales of new homes have not occurred at a fast enough pace for the additional Lot counts to offset these effects. The Board is limited to a 10% increase in the assessment without resident approval at a meeting of the Association.

Ms. Kalmar motioned to approve the 2015 Budget as modified by the Board. Mr. Brumbalow seconded the motion. The motion was adopted unanimously.

In order to support the expenses outline in the 2015 Budget, which are estimated to be \$81,312, the 2015 annual assessment would need to be raised by \$24. On a motion by Mr. Whitten and a second by Mr. Brautigam, the Board unanimously approved setting the 2015 Annual Assessment to \$264 per Lot.

Agenda Item 3: Discussion Items

As expected, the 2015 Budget consumed much of the meeting's allotted time, so the Board agreed to reconvene in the near future to cover many of the remaining items.

In the time remaining, Mr. Colby reviewed several items for the Board that were noticed during a review of the HOA's many sets of Declarations. The ACC authority is reserved to an entity that is not the HOA, which will be a liability once the developer is through with the neighborhood. Mr. Colby suggested a solution would be to have the developer record a document for the subdivision sections that are complete transferring the authority to the HOA. Mr. Kiella and Mr. Colby will confer on the matter and bring it back to the Board.

A copy of the HOA's revised solar policy will be sent to Mr. Colby as well for possible action and recordation.

Officer election as spelled out in the Bylaws was noted. Mr. Kiella expressed a willingness to resign as president in advance of the Annual Meeting, stating that it was time for the residents to lead the HOA. The realignment of Board officer was requested as an agenda item for the next meeting.

The Board agreed in principle to aim for an Annual Meeting date no later than Jan 31. This will also be decided at the next meeting.

Agenda Item 5: Adjourn

The Board agreed to meet again on December 15, 2014, 6:30pm, at the potential future clubhouse. With no further agenda business before the Directors, the meeting was adjourned at 9:06pm.

Date: 12/15/2014