

PROPERTY OWNERS ASSOCIATION OF HILLTOP LAKES
BOARD OF DIRECTORS MEETING
Thursday, September 22, 2011
EXECUTIVE SESSION @ 4:00 P.M. – WELCOME CENTER CONFERENCE ROOM
OPEN SESSION @ 7:00 P.M. - TONKAWA ROOM

MINUTES

PRESENT AT OPEN MEETING: Jack Stork, Randy Schiamara, Gary O’Neal, Larry White, Mike Miller, Emitt Herod, Jim Pool and Connie Saxton

ABSENT: Ed Hughes and Don Madewell (Larry White has proxy)

- I. EXECUTIVE SESSION-Legal & Personnel
- II OPEN SESSION - CALL TO ORDER – Director Stork
- III. INVOCATION – Director Miller
- IV. APPROVAL OF AGENDA – Director O’Neal motioned to approve the Agenda; Director Pool seconded the motion. Vote was unanimous.
- V. APPROVAL OF MINUTES FOR AUGUST 25th, 27th, 29th. September 8th – Director Pool motioned to approve the Minutes stated above; Director Schiamara seconded the motion. Vote was unanimous.
- VI.
 - A. DISCUSSION-Speaker-2010 Audit Report (Item moved to VI.B)
 - B. DISCUSSION-Speaker-Dean Player-Mr. Player commented on the fire event that occurred and the county’s need to improve communications: 1) Reverse 911- have the word out in 30 minutes in any effected area. Only were able to reach 30% of the people during the fire event due to corrupted data. System was fixed and a test call was put out last Monday. If you did not receive a reverse 911 test call, please call 903.536.4407. This reverse 911 issue is being worked on for better coverage. 2) Leon County Emergency Management has a web page. They are working hard to have accurate and useful information. Since the fire, Mr. Player has had several meetings with the County, Hilltop Lakes, the fire department and EMS to look at things that need work on. There is a flexible plan to make sure things go as smooth as possible. Plan is to keep things focused. There were zero fatalities, zero accidents, in a 5,000 acre fire that took 31 homes because of everyone working together. Use caution-it is drier today than it was on that day. Be vigilant and DO NOT BURN.
 - A. DISCUSSION-Speaker-2010 Audit Report-Kay Dobbins. She has done the audit for Hilltop Lakes the last seven (7) years. The audit for 2010 ended with:
 1. \$3.6 million in total assets which included:
 - a. \$1 million in cash
 - b. \$543,000 restricted by the Board for use for capital improvements, for

- replacement reserve and operating reserve
- c. \$400,000 in available cash
- 2. Total liabilities of \$725,000
- 3. Available cash was not enough to meet current liabilities at that time.
- 4. 2010 was a good year for Hilltop Lakes; 2009 was not a good year financially- had a \$272,000 net loss. For 2010, audit financials reveal a \$3,000 net loss, a much brighter picture, a much better performance due to several factors. One factor was holding the line on expenses and, two, money received from pipeline.
- 5. An unqualified audit opinion:
 - a. Nothing was seen to cause the auditor to say finances were not fairly stated.
 - b. Nothing was seen established during audit procedures to doubt management's integrity in any way.
 - c. Letter was presented with several recommendations for improvement- some of which has already been done.
 - d. In letter, same comment as made in last year's audit, there is no one in office who has the ability to produce financial statements on a generally accepted accounting basis, meaning there is no CPA on staff capable of producing financial statements that are adjusted.
 - e. Seventeen adjustments (called material weakness) were made such as equity roll, deferred maintenance revenue, fixed asset account, reclass some of the income items, reverse prior year adjustments that had not been booked correctly, and depreciation.
 - f. Office staff is good at what they do but no one knows GAAP accounting. Options would be to: 1) hire a CPA at \$70,000 2) hire someone at end of year to make adjustments at \$4-5,000 or 3) let the auditor make the adjustments during the audit.
 - g. Books and records were in better shape in 2010-was easier for her to do audit.

VII. OLD BUSINESS

- A. DISCUSSION & POSSIBLE ACTION-Patrol Services Contract-Director Stork replied same contract as previous years with following changes benefiting Hilltop:
 - 1. Pay comp time earned only while working at Hilltop Lakes
 - 2. One (1) year contract, not two (2) yearsDirector O'Neal motioned to approve the patrol contract with Leon County; Director Schiamara seconded the motion. All voted for with the exception of Director Miller abstaining.
- B. DISCUSSION & POSSIBLE ACTION-By-Law Changes-Director Pool made a motion to approve the changes that were posted September 12, 2011; Director Miller seconded the motion. Vote was unanimous.
- C. DISCUSSION & POSSIBLE ACTION-Policy Changes-Director Stork explained these are the new laws State of Texas passed regarding shingles, solar energy devices, rainwater storage, flags/flagpoles, and religious articles effective June 17, 2011. If we don't file policies and record them, then they don't exist.

Copies of these guidelines will be available at the Welcome Center. Director O'Neal made a motion to accept the guidelines with the changes; Director Schiamara seconded the motion. Vote was unanimous.

- D. DISCUSSION & POSSIBLE ACTION-Community Center-Director White made a motion to authorize the Long Range Planning & Development Committee to enter into an exploratory meeting with Archery Buildings for an itemized proposal of a turn-key building to be brought before the Board for final approval. There will probably be a town hall meeting to look over the recommendation and for any input property owners may have. Director Miller seconded the motion and vote was unanimous.

VIII. NEW BUSINESS

- A. DISCUSSION & POSSIBLE ACTION-Approval of Well Work-Director Stork explained the pump and motor on the well at Hole #14 froze up and expenses were \$18,900. Director O'Neal recommended using money from the emergency reserve and made that motion. Director White seconded it. Vote was unanimous.

IX. COMMUNICATIONS

A. COMMITTEE REPORTS

- 1. TREASURER / FINANCE COMMITTEE REPORT-Director O'Neal reported:
 - a. August was another good month-Revenues over expenses totaled \$45,000.
 - b. There is \$922,000 + in the bank.
 - c. Of that, \$767,000 is in reserve (\$250,000 in emergency funds, \$221,000 in replacement fund, \$10,000 in trail fees, \$286,000 prepaid maintenance fees).
 - d. Cash balance of \$154,000.
- 2. ACC COMMITTEE-Director Schiamara stated:
 - a. One (1) new house in construction.
 - b. ACC is going to post meetings 72 hours in advance so submit any application permits before that time. This will allow sufficient time to gather the necessary information to back up the applications.
- 3. PLANNING & DEVELOPMENT COMMITTEE-Director White stated an exploratory meeting with Archery Building will be scheduled and then present an itemized proposal to the Board.
- 4. WILDLIFE MANAGEMENT-Director Miller stated:
 - a. Thirty-two (32) hogs taken out last month
 - b. Hog population has done \$10 billion of damage to Texas
 - c. Navasot 4H having 3D shoot this weekend @ old campground
- 5. GOLF COURSE REPORT-Director White reported:
 - a. Member/guest tournament last weekend-George Pauley, Mona & her staff did a good job. Thanked Shirley Schiamara, Georgia Gibson, JoAnn Pool, and Lorraine Guilford for their help.
 - b. Next tournament is October 1st and 2nd for the MGA Championship. Must be a property owner, 21 years or older and a member of the MGA. So far, fifty (50) have signed up.

- c. Ladies Championship was today, continuing tomorrow.
 - d. Volunteer Fire Department Appreciation Tournament will be a scramble-October 29th-\$25 for each player. This is to show appreciation for all of our firefighters and EMS personnel. Money raised will help purchase an all-terrain vehicle.
6. LAKES COMMITTEE-Director Pool gave an update on pipeline:
- a. Not going as quickly as thought
 - b. Have about 800' of pipe laid
 - c. Thanked Don Hughes, Bill Lyle, Mike Savell and Herman Sullivan for all their help.
 - d. He also thanked Royce's crew for their hard work.
 - e. Invited everyone to the Annual Fly-In this Saturday from 9-1:00 p.m. Lots of planes and b-b-que.
7. EMS/FIRE-John Neukom reported:
- a. Twenty-one (21) runs last month
 - b. Paramedic program is doing wonderful. With the experience and capabilities of these paramedics, run time has been cut by ten (10) minutes.
 - c. Contract was worked out with the ESD to ensure the best possible medical care when needed.
- Steve Halliburton reported:
- a. Thanked everyone for their assistance and help with food, water, Gatorade, etc.
 - b. Lot of lessons learned-major issue was communication. Next response like this, the Fire Department will set up an information center at the Welcome Center. The dispatchers were overwhelmed trying to deal with people, the radio, firefighters, etc.
 - c. The website Leon County Emergency Management will be the #1 place to go for information.
 - d. Looking forward to the golf tournament to raise money for the ATV
 - e. Fire Department is now trying to get equipment back in shape.
 - f. Thanked everyone again for their assistance and help.
- B. PRESIDENT'S REPORT-Director Stork reported:
- 1. Thanked the firefighters, everyone that donated, the maintenance crew that came in Monday and got the equipment ready and then went out on Tuesday and worked the fire.
 - 2. Working on an appreciation dinner in December for the fire department
 - 3. He (Jack Stork) cannot call an evacuation for Hilltop Lakes. The county judge or someone above him can only make that call.
 - 4. He cannot call the fire department back to protect Hilltop Lakes.
 - 5. Had a communications meeting this morning with Steve Halliburton, John Neukom, Dean Player, Karen Preston, Gerald Powell and Randy Schiamara to look at what went right, what went wrong. It was decided the Welcome Center will be the prime spot to go to for information, drop off food, etc. The dispatcher can then concentrate on her job. There will be no information on our website, only on the Leon County Emergency Management website so as

to avoid conflicting information. The reverse 911 will be used to evacuate; if it doesn't work, then there will be personnel going door to door to give evacuation notices. Subject of the siren was brought up. Question is if the siren went off, what would that tell a person? It doesn't let one know which way to evacuate and is not audible over the entire Hill.

6. New blinds are installed in the Tonkawa Room.
7. POA Craft show on October 22. If you want a space, contact Stacie.
8. Looking at Veteran's Day for fireworks if burn ban is lifted.
9. Horse is back up-new painted and with a new base.
10. Pool is open thru September; Teen Center is closed.

X. MEMBERS TO BE HEARD

- A. R. D. Kizer-How do we stand on getting a General Manager? Seems to him that the employees are in a bind having nine (9) bosses. Director Stork replied nothing has been done since the last time he asked the question.
- B. Jack Wimbish-Standing here as a result of the meeting for the community center. Seems to him that the whole jest of the community center was because a few people said they wanted. In his opinion, something that significant, costs that much money, and has a long-term impact needs to be done by the consent of people that live here and not by a few, but powerful people. Needs to be put to a vote before it is followed thru. Has a petition with 54 signatures.
- C. Jim Thornton-I don't understand what is going on around here but I heard a lawsuit has been filed against the Hilltop Lakes Community and part of the POA Board and if this is true, are you at liberty to discuss it?
Jack Stork answered it has been discussed with our attorney yesterday but are still in process of hiring a POA attorney to represent all of you. It has been filed by Ms. Linda Lovett and Mr. Richard Vasquez against the Property Owners Association of Hilltop Lakes, myself, Randy and Ed Hughes. I am not going to get into what all is involved but it has been filed and we retained an attorney to fight that and an attorney to represent you.
- D. Nora Griffis-You hired an attorney to represent us?
Director Stork explained the POA attorney represents Hilltop Lakes. The way the lawsuit is written the attorney representing Randy, Ed Hughes and himself cannot represent the POA because of conflict. Another lawyer will be necessary to represent the POA. Nora-How much will this cost? Director Stork-We have a \$5,000 deductible so that would be \$10,000. Nora-You mean each property owner will have to pay \$5,000? Director Stork-No, \$5,000 per lawyer.
- E. Jim Thornton-If this lawsuit is filed, and they lose it, are they responsible for the expenses? Director Stork-Am not going to get into that.
- F. Tim Cranston-Are we able to see what the contents are in that lawsuit?
Director Stork-As soon as our attorneys have a chance to look at it, yes.
- G. Jack Wimbish-Why is a lawyer necessary to represent the people living here if the lawsuit is between Linda Lovett, Richard Vasquez, Ed Hughes, Randy Schiamara and you, Jack Stork? Director Stork-I was served twice – 1) myself and 2) Property Owners Association of Hilltop Lakes, Inc., by serving its president, Jack Stork (me). As a member of the POA, you were sued.

XI. ADJOURN-Director Pool motioned to adjourn the meeting; Director Schiamara seconded it. Director Stork adjourned the meeting.

Prepared by:

Date:

Approved by:

Date: