

Annual Rangerider Homeowners' Association (RRHOA) Meeting

Thousand Oaks Bible Church

October 10, 2017, 7:00 p.m.

SAFFE Officer Zackary Knox – thanked the HOA for their invitation to speak and gave a brief presentation on crime in our neighborhood. HOA residents asked about recent criminal activity in our subdivision, including smashed car windows, keying of vehicles, and trespassing. One resident commended the SAPD on their professional response to a group of teenagers trespassing on his property.

1. **Call to order. Mike Costello** introduced himself as the RRHOA Interim President, indicated there was a quorum of homeowners present at the meeting, and called the meeting to order.
2. **Agenda for tonight's meeting.** Mike presented a copy of the agenda for this meeting, 2017 Annual RRHOA Meeting, which was previously provided to the RRHOA electronically and in hard copy (via USPS). He asked if anyone had any changes. No one requested changes so Mike asked for a motion to have the agenda approved. The motion carried and the agenda for the meeting was approved.
3. **Meeting Minutes.** Mike presented copies of meeting minutes from the 2016 Annual RRHOA Meeting, held on October 12, 2016, and the Special RRHOA Meeting, held on September 19, 2017. These minutes also were previously provided to all residents.
 - a. One homeowner said there was an error in the minutes from the 2016 Annual RRHOA Meeting, under "*New Business*". After some discussion it was decided to modify the minutes to accurately reflect the RRHOA's decision on Item 1b). Placement of signs in the neighborhood was NOT approved; therefore, the phrase, "*and signage will be added to all entrances*" was replaced with "*Cameras for mailboxes were approved.*" Also, the last part of the final sentence under Item 1), *ITEM WAS APPROVED*, will be deleted since the homeowners did not realize the cameras and signs were included as line items in the 2017 Budget and thus approved simply by passing the budget. A motion was made to approve the minutes from the 2016 Annual RRHOA Meeting with the aforementioned changes; the motion carried and the meeting minutes were approved.
 - b. No changes were requested to the 2017 RRHOA Special Meeting minutes so they were approved, as presented, by the RRHOA.
4. **2016 End-of-Year Financial Statement.** Mike presented the 2016 End-of-Year Financial Statement to the RRHOA. This statement was approved without changes.
5. **Old Business.**
 - a. **Signs and Security Cameras.** **Jake Foulke**, RRHOA Interim Vice President, discussed the current status and projected requirements and costs for the security cameras and signage. He provided an explanation of events from the 2016 Annual RRHOA Meeting to the present. One homeowner said the signs by the mailboxes had been approved last year, but not the entrance signs. Mike displayed one of the mailbox signs to help the homeowners make an informed decision. Jake wondered how the signs were purchased sight unseen, and indicated communication about the signs and cameras was not properly handled. He emphasized the RRHOA Board must communicate better to the RRHOA residents. One homeowner asked how much was originally budgeted for the cameras. Jake referred the homeowner to the 2017 Budget and Mike said that we basically had \$2,841.89 remaining in the 2017 Budget that could be used to purchase cameras already approved. After much discussion, one homeowner suggested the discussion on the signs and cameras be tabled so the meeting could move forward. Another homeowner said the signs were illegal per the RRHOA Covenants, and a fourth homeowner explained what changes to the Covenants would be

required if the RRHOA decided to erect the signs. Another homeowner reiterated that the Covenants could be modified, if approved by a majority of the RRHOA. One homeowner said the previous president did his job but failed to communicate his intentions to everyone. Jake reminded the RRHOA to “hold the RRHOA Board accountable for its actions”! Another resident said that 75% of RRHOA and their mortgage companies must approve any modifications of the Covenants. Mike said the RRHOA cannot update the Covenants inside of 30 years unless approved by 90% of the residents, and that the number required to approve changes drops to 75% after 30 years. He then explained the process of how modifications to either the RRHOA Covenants or By-Laws must be made. Another resident suggested the meeting move forward by tabling this discussion with the intent of holding another special meeting later to discuss only this topic. Questions continued about what transpired at the last annual meeting and storage of the signs for the near and long term. Mike said he hoped the RRHOA could make a decision about the signs at this meeting but acknowledged the Board was not prepared with sufficient details to inform the homeowners so a decision could be made. He made a motion to postpone further discussion and a decision regarding the cameras and signs until the Board meets at its next quarterly meeting. A Special Meeting will be necessary to present all of the details/options to the RRHOA before a final decision can be made. Mike’s motion was seconded and approved.

- b. **Urban Farm.** Mike then brought up the concept of the Urban Farm, as presented at the 2016 Annual RRHOA Meeting, and said the committee that had already been formed said there was not enough interest to proceed. He asked if the HOA wanted to form a new committee to gather additional details. However, the RRHOA did not express any interest in an Urban Farm so Mike made a motion to drop this topic from further discussion. The motion carried.

6. Annual Budget.

- a. **Current Status 2017 Budget.** Mike presented the 2017 Budget and explained how to read it. Column 1 is the proposed annual budget, Column 2 is the actual expenditures to date, and Column 3 are those budgeted items remaining to be paid in Oct-Dec 2017. The net income for 2017 is \$2,841.89, assuming the estimate for all remaining line items in Column 3 is accurate. One homeowner questioned whether the dues collected tonight were for the 2018 annual dues. Mike said yes and explained how money collected in this calendar year is counted as income in 2017. Another homeowner volunteered an explanation for moving the annual meeting to January, saying it would negate the confusion over using next year’s due for the previous year’s budget. A third homeowner asked if everyone in the HOA was current on their dues. **Marbeth Arnold**, RRHOA Interim Treasurer, replied yes. Jake defined calendar year versus fiscal year to the HOA and explained the RRHOA By-Laws requires the annual meetings to be held the second Tuesday in October each year. Jake said that changing the By-Laws is difficult and communication among the RRHOA and the Board is key. One homeowner asked for clarity of the line items on page 2, under Expenses, and a motion was made and carried to change “Security Equipment” to “Signs.” Another homeowner asked if the Board was giving up on reviewing and updating the RRHOA By-Laws and Covenants. Mike explained that the Board is only postponing the update until 2018. Marbeth then explained that \$500 was seed money to recover delinquent dues, if needed. Another homeowner asked what “Other Legal Fees” of \$330, represented, under Expenses for Professional Fees, and what was the \$525 charge already spent on Covenants. Marbeth simply said the \$525 was for a legal review but did not provide additional details on the \$330 as this was used for legal counsel for possible litigation. One homeowner pointed out apparent discrepancies in the budget: the amount of dues collected and projected does not appear to add correctly; there is insufficient detail under General Operating Expenses for Office

Administration; and although taxes were paid in 2017, they were not projected in the budget. Marbeth explained they would not seem to add correctly because the amount of dues used for projecting the year amount was more than the amount of dues used to project the remaining dues income for 2017.

Discussion on the layout of the budget and apparent discrepancies led one homeowner to recommend a greater level of accuracy and detail be provided in future budgets. Overages must be explained/added in the form of a “financial note” to specific line items, where needed. Jake praised the HOA for this discussion, saying it demonstrated good communication, which is a must between the RRHOA and the Board members. A motion was made to add a column to future budgets for variances and explanations. The motion was seconded and approved. One homeowner said the RRHOA had not paid Marbeth enough for her treasury work for the HOA. **Bruce Troxel**, RRHOA Interim Member-At-Large, mentioned the RRHOA has had no problems these last 24 years with the current fiscal year cycle (Jan-Dec). He explained a benefit to the existing process allows for a 3-month preview of the next year’s budget. Another homeowner asked for a second clarification of fiscal versus calendar years and Bruce provided it. Mike then made a motion to approve the 2017 Balance Sheet and Projections through Dec 2017. The motion was seconded and approved.

- b. **Proposed 2018 Budget.** Mike explained the line items and mentioned the fee for cameras and cloud monitoring. One homeowner pointed out an addition error under Professional Fees. The total should be \$3,000, not \$2,500. Another homeowner again questioned the fees for the cameras, and a third homeowner asked that this discussion be tabled (as previously decided) so the meeting could move forward. Bruce explained the purpose of this fee in the 2018 Proposed Budget and a fourth homeowner reminded the RRHOA that it’s okay to remove line items from a proposed budget because budgets are routinely amended throughout the year. One homeowner pointed out a multiplication error in the budget associated with the security monitoring fee...it should be \$900, not the \$801 listed. Mike made a motion to delete line items in the 2018 Proposed Budget associated with the cameras and monitoring fees. The motion was seconded and approved. One homeowner asked why RRHOA dues collected for 2018 were lower. Mike explained that the RRHOA Board lowered the amount of the dues for 2018 because the HOA made a profit on the dues the previous two years. Mike then made a motion to approve the 2018 Proposed Budget with the aforementioned amendments. This motion was seconded and approved. Marbeth explained that HOA dues are exempt from federal taxes and immediately stated that the interest made on the two certificates of deposit (CDs) was not exempt.

7. New Business.

- a. One homeowner wanted to share information from Texas Property Code §209(d) regarding signatures on ballots. He suggested the RRHOA members sign their ballots tonight to be more in line with the law. However, to help the homeowners more fully understand the context of this law, Mike read another section from the same code on secret ballots. Mike explained that by signing in for this meeting, the ballots could remain unsigned without grounds for a legal challenge. A motion was made and seconded to sign the ballots; however, the verbal ayes and nays appeared to be equal. A second vote was taken on the motion by holding up the colored ballot set so it could be counted. The second vote resulted in a failed motion to sign the ballots with 34 (for) and 41 (against).
- b. The same homeowner then challenged the Board’s decision to allow more than five (5) candidates to run for the five available positions. The homeowner did not believe anything other than simple plurality voting was fair. He explained the length of the terms (one year, two years, and three years) for the five positions was irrelevant to the voting process. He also said the process being proposed by the RRHOA Board was illegal according to Texas Property Code,

pages 255-256. Mike countered this discussion by referring to the RRHOA Articles of Incorporation and By-Laws, which provide for the option of a random selection of candidates to run for vacant board positions. Another homeowner said that each candidate should have his/her choice of term (one year, two years, or three years) before being elected. Mike made a motion to disregard the recommendation of the RRHOA Interim Board to conduct the vote by individual ballot and allow the HOA to vote by a simple plurality system. The motion failed by a vote (hand-held ballot) of 18 (for) to 40 (against).

One homeowner said our voting process was very biased. He believes the plural method of voting should be used tonight using two (2) voting events: once to vote for the candidates and a second vote to select the term for each candidate. Another homeowner spoke their opinion by saying, "if it [the voting process] ain't broke, don't fix it." Jake explained that the RRHOA just needed to conduct the vote for the candidates already selected by the Nominating Committee.

8. Election of Board of Directors. Mike presented the candidates selected by the Nominating Committee. Then nominees were taken from the floor. Mr. Tim Specht nominated himself for all five of the vacant board positions. Mike explained that each ballot can only list one (1) candidate's name per position. At this Annual RRHOA Meeting there are five vacant positions and one ballot for each position (each ballot is a different color for easier reference). Only one candidate can be voted on per position. Jake also explained that the ballot set (all five ballots stapled together) will be invalid if the same name is listed for more than one position. Mike stated the RRHOA By-Laws prohibit a "cumulative" vote for a Board Director.

Ms. Ellen Lockwood also was nominated from the floor. She said she would like her name to appear on the list for all five positions.

Each candidate then introduced themselves and provided a brief description of their platform.

9. Voting. Mike told the RRHOA that Matt Roesler and Bill Faucher would act as the independent vote counters and anyone could oversee the vote counting process on behalf of their candidate. Door prizes (\$50 HEB gift certificates) were awarded to four lucky participants during the vote counting process. The winners were Jeff Case, Jake Foulke, John McCusker, and Brad Peak.

10. Announcement of results. Bruce called the meeting back to order and announced the winners as follows:

| Name | RRHOA Positions | | | | |
|-----------------|-----------------|-------------|-------------|------------|-------------|
| | Position 1 | Position 2* | Position 3* | Position 4 | Position 5* |
| Judy Hoover | 59 | | 3 | | |
| Tim Specht | 12 | 4 | 2 | 7 | 5 |
| Mike Costello | | 1 | | 57 | 4 |
| Jake Foulke | | 74 | | 1 | |
| Staci Gonzales | 3 | | 75 | | |
| Ellen Lockwood | 8 | 1 | 3 | 17 | 1 |
| Virginia Cardin | 1 | | | 1 | 63 |

* blank ballots were returned for these positions

The winners are:

| | |
|-------------------|-----------------------------------|
| Position 1 | Judy Hoover for a 1-year term |
| Position 2 | Jake Foulke for a 2-year term |
| Position 3 | Staci Gonzales for a 2-year term |
| Position 4 | Mike Costello for a 3-year term |
| Position 5 | Virginia Cardin for a 3-year term |

With the election of the new officers listed above, Marbeth Arnold and Jennifer Gouteriez will be removed from the HOA bank accounts as signers and Virginia Cardin and Judy Hoover will be added and assume the signing responsibility for bank transactions.

11. Mike Costello made a motion to adjourn the 2017 Annual RRHOA Meeting at 9:18 pm. The motion was seconded and approved and the meeting was adjourned.