

STEPHENS HILLS PROPERTY OWNERS' ASSOCIATION, INC.
(SHPOA)
BOARD OF DIRECTORS MEETING MINUTES
January 18, 2025

Board Members Present:

Tim Richardson
Chris Crowell
Kim Chatman
Matt Ball
Mike Monteleone
Cecelia Bentz

Bookkeeper:

Teresa Eddinger

President Tim Richardson called the Board meeting to order at 9:05 a.m. and established a quorum. Robbie Boulet was absent but assigned his proxy to Tim. This month's meeting was held at Tim Richardson's home due to temperature issues at the Clubhouse.

Prior to conducting any Board business, Deputy Chris Acly from the Polk County Sherriff's Office (and resident of Sub III, by lease) dropped by to speak to the Board regarding ideas and suggestions for improving safety and possible assistance in enforcing adherence to laws, deed restrictions, and rules in the subdivisions. Of most importance, he suggested that we request "extra patrol" by the San Jacinto County Sherriff's Office, particularly for the boat launch areas in Sub II and Sub III, to try to minimize non-resident traffic. Officer Acly stressed that minimizing non-resident traffic is critical to curbing the risk of theft and other criminal activity within the subdivisions.

APPROVAL OF MINUTES:

Through earlier email, motions to accept Minutes from December's Board meeting minutes, as submitted by Cecelia Bentz, were approved unanimously by the Board.

TREASURER'S REPORT:

\$47,570.79 beginning bank statement balance (12/01/2024)

+ 5.99 interest (annual rate 0.15%); no deposits

<\$ 3,607.30> expenses (checks cleared)

= \$43,969.48 ending bank statement balance (12/31/24)

<\$ 3,008.87> uncleared checks

+ \$ 600.00 payment checks received but not deposited (as of 12/31/24)

= \$41,560.61 Reconciled Balance - General Fund (as 12/31/24)

+ \$8,529.79 Assessment Fee (2021) bank statement balance (as of 12/31/24) [no change for month]

+ \$16,222.00 Assessment Fee (2023) bank statement balance (as of 12-31-24) [no change for month]

+ \$150,000.00 CDs (separate bank as of 12-31-24)

+ \$2,500.00 Vera Bank account

= \$218,812.40 Total SHPOA Funds (as of 12-31-24) [\$221,286.69 at end of November]

= <\$ 2,574.29> Change in Position from November 30, 2024

\$80.00 Petty Cash on Hand

The Property Collections Report for 12/31/2024:

\$ 98,343.73 Prior Maintenance Fees Outstanding [\$1,605 decrease from \$99,948.73 last month] *

\$ 30,223.50 Special Assessment Fees 2021 / 2023 Outstanding [\$125 increase from \$30,098.50 last month] *

\$ 27,793.00 2024 / 2025 Maintenance Fees Outstanding [\$600 decrease \$28,393 last month]

\$ 9,965.00 Prior Mowing Fees Outstanding [no change this month]

= \$166,325.23 Total Fees Outstanding as of 12/31/2024 [\$2,080 decrease from \$168,405.23 last month]

* The Board questioned the figure for these line items; the Bookkeeper is to research and report back to the Board

The Board approved the November Financial Report but only acknowledged receipt of the Property Collection Report. Likewise, the Board approved the December Financial Report but only acknowledged receipt of the Property Collections Report. The Bookkeeper is preparing the supporting data in a useful format for the various dollar amounts of outstanding fees shown in the Property Collections Report.

The Bookkeeper provided a detailed report prior to the Board meeting that shows ~\$75k of liens have been filed against properties. This dollar amount is included in the aforementioned Property Collections Report amount of ~\$166k. The Board requested data for the ~\$91k difference in order to determine what outstanding debt can be written off this year (exceeds statute of limitation for filing liens), what liens need to be filed this year (no later than the end of June), and the outstanding dollar amounts due each subsequent year. The Board was informed that filed liens are valid for ten (10) years and need to be renewed (refiled) if not settled before exceeding the 10-year validity.

In the future, the Treasurer's reports will address ageing receivables rather than a Profit and Loss statement or Balance Sheet. The P&L and Balance Sheet will be provided with the end-of-fiscal-year financial reports, or for special purposes.

The Board's current focus is on filing liens on delinquent properties and compiling good addresses for each lot owner. The 2025 / 26 invoices for Maintenance Fees, if returned to sender, may be of some help in identifying invalid addresses, but other means of obtaining good address information are still needed.

SHPOA's Director and Officer ("D&O") liability insurance policy premiums were paid prior to the deadline last week. The policy coverage is currently being reviewed to ascertain whether or not changes in the policy are necessary. To the best knowledge of current Board members and the Bookkeeper, this policy was placed approximately ten (10) years ago and has not been subsequently review or changed.

The 2024 Tax Statements from the San Jacinto County Tax Office have been received and reviewed. Payment is due by January 31, 2025. Kim's visit with the Tax Office confirms that responsibility for property taxes for the two (2) sold lots by the Sub III boat launch have been transferred to the new property owners.

Updated signatory authority paperwork from The Bank of San Jacinto County was circulated for signature at the meeting, and subsequent to the meeting, has now been signed by all of the Directors.

Documents required by the Bank for transferring funds and closing out special assessment accounts, when applicable, were also presented to the Treasurer. The Board approved the motion and second to transfer such funds into CD accounts when the time is deemed appropriate.

The Board agreed that the 2025 / 26 Maintenance Fees invoices will be mailed separately from the Annual Newsletter and Ballots again this year.

Kim provided a recap of his conversation with SHPOA's CPA this week:

- There are no issues from an accounting perspective for transferring the remaining dollar amounts in SHPOA's separate bank accounts for assessments to the General Fund bank account - as long as there is a record of the transactions (debits and credits).

- There is no issue from an accounting perspective if SHPOA uses a collection agency to pursue overdue payments. They did not have a name (suggestion) for a specific collection agency.
- Sale of SHPOA reserve property does not incur Federal Taxes AS LONG AS the funds are used for the purpose intended when the POA was established. POA documents should be reviewed to confirm the “intended purpose.”
- Ditto for interest earned on CDs or in bank accounts. Likewise, POA documents should be reviewed to confirm the “intended purpose”.
- From an accounting perspective, a Balance Sheet and Profit and Loss (P&L) statement does not need to be produced by SHPOA each month; it is needed for the fiscal year or may be needed for special purposes.
- Neuwirth Slaughter & Associates, LLP has access, as SHPOA's CPA, to the on-line QuickBooks account. The CPA recommended that the Treasurer (or another Board member if the Treasurer declines or is unable to perform this function) be the only person that has overall system rights. This right restricts anyone else from deleting the account or adding / deleting access by others. The Bookkeeper still retains the right to enter data and run reports. The data in the system is backed up by QuickBooks.
- SHPOA's federal tax return needs to be filed by July 15, 2025 (based on a fiscal year ending 3/21/2025). The CPA requested that financial information be provided to them around the end of May but not earlier. If needed, a six (6) month extension can be requested.
- There is no charge to SHPOA if Neuwirth Slaughter & Associates, LLP is asked a quick question by SHPOA that does not entail more than a short answer. This conversation lasted 30 minutes. As such, SHPOA received an invoice for this ½-hour conversation.

Liens: The Board continued its discussion of the magnitude of outstanding fee payments by property owners and a phased approach to addressing this matter. The Bookkeeper was requested to provide the data for outstanding payments that have exceeded the statute of limitations before the next Board meeting. The current plan is to write-off this debt before the end of the fiscal year.

The Bookkeeper was also requested to provide data for the debt that is approaching the statute of limitations this June. Once the Board has reviewed this information, the current plan is to file liens against these delinquent properties. Subsequent years will be addressed in a sequential manner until liens have been filed for all delinquent payments; however, circumstances may dictate filing liens sooner, e.g. a property in Sub III that is currently listed for sale that owes SHPOA +\$1,000. The Board voted to file a lien on that property as soon as possible to hopefully capture the payment at the closing of the sale.

COMMITTEE REPORTS:

ARCHITECTURAL COMMITTEE: Tim has added needed forms to the SHPOA website to be used by property owners when submitting a request for ACC approval. Certain forms are being finalized by Tim and Chris; and Tim will be adding a tab for sketches, etc. to be uploaded.

MAINTENANCE COMMITTEE:

Sub II Boat Ramp: Collection of signed paperwork required for the repairs and upgrading of the paving is close to being complete. Only the signed Lien Waiver is still outstanding at this time. The needed documents for the addition of a gate and bollards are currently circulating among SHPOA, the property

owner who will be paying for the gate work, and the contractor, Cornerstone Construction. Once all documents are signed and received by SHPOA, installation of the gates and bollards by the contractor may move forward. Utility markers have been placed across the launch property. Tim volunteered to measure and flag locations for bollards to be installed.

The Board had a discussion regarding the appropriateness of using the remaining funds in the 2023 Special Assessment account to reimburse the property owner who paid for the paving and gravel work portion of the work that was performed. The Board approved use of the remaining balance in the 2023 Assessment Account as a contribution to or source of the \$15,000 already approved for payment by the Board. The foregoing is subject to Cecelia confirming that the language for this specific assessment does not prohibit using the remaining funds for the aforementioned purpose.

The Board requested Teresa to provide separate detailed financial reports for the 2021 and 2023 Assessments (i.e., supporting detail for the debits and credits).

The Board also discussed the option of using the same access card currently being used for Sub III for Sub II once the gate system is installed.

Sub III Boat Ramp: The gate has been open and inoperable for several days. An initial assessment of the gate system indicates that major repairs are needed (possible replacement) for the control panel and motor and a contractor that has experience with this type of gate system is needed. Tim has volunteered to take the lead on this issue.

Other: Sub III:

Bulkhead: The Board approved Mike's request to procure and place one (1) load of concrete spoils from Brad Street LLC, where needed, in the bulkhead section facing Onalaska. The contractor will also spread the existing piles of dirt in low areas and place the existing pile of big rocks on top of the concrete spoils in the bulkhead. The existing piles of gravel will be spread in the driveway leading to the boat launch. The aforementioned work is to be done within the approved "not to exceed price." The contractor's work will resume once he recovers from his illness. Robert O's \$500 bid to spread the existing piles of dirt and place the large rocks at the boat launch area was deemed too high. Mike plans to solicit volunteers from the neighborhood to assist in spreading the dirt and placing the rocks already down there if the contractor is not able to get it done soon.

Elm Street Pond (aka "Harvey's Pond"): The contractor will commence the work there once the wet soil conditions dry out and Brad Street recovers from his illness. Fill material will need to be procured to fill the large void on the backside of the berm.

Mirror Lake: The scope of work will be complete after a slight dip in a section of the berm is addressed. This remaining work will be completed once Brad Street recovers from his illness.

The \$1,200 bid from Robert O. to haul off the three (3) downed trees at the clubhouse was deemed too high. Mike plans to solicit volunteers from the neighbor to assist in burning the tree debris. Robert O's \$500 bid to cut down the remaining pine tree near the Club House was also deemed too high. The Maintenance Committee volunteered to do this work themselves.

NOMINATING COMMITTEE: Three names of interested property owners were submitted to Matt Ball, the Chair of this committee, to be added to the ballot for Director positions at the May meeting. He will follow up with them, solicit interest from others, confirm qualifications, and request bios for each qualified candidate.

DR ENFORCEMENT MATTERS: The Board discussed a variety of ongoing violations – mostly inoperable vehicles parked on lots, abandoned items parked on lots, and downed trees and debris - and the need for notice letters to be sent to property owners once all the pertinent information is gathered. There were a few violations that have been resolved by way of amicable discussions; some were resolved promptly after sending letters. Other violations that have been cited continue to exist, with follow-up efforts to be made.

OLD BUSINESS:

Town Hall Meeting: The Board will hold a Town Hall Meeting open to all SHPOA members on Sunday, March 2 from 2 - 4:00 p.m. at the Pearl in the Pines Venue and RV Park in Point Blank. Kim has ordered signs to be posted at each entrance to Sub II and III. Tim will add the foregoing information and agenda to SHPOA's website (shpoaonthelake.com). A draft of the agenda has been circulated and will be approved by the Board prior to posting it online.

Admin: Lisa Richardson has generously agreed to help with administrative work that needs attention since the Board lost its admin a few months ago. Depending upon how good a fit it is for her (abilities and availability) and the needs of the Board, it could turn into the approved paid position for her. Lisa will begin by compiling valid contact information for all property owners, utilizing the online county tax office information. The Board approved this matter.

Property surveys: Property surveys for the Lake Livingston Water Supply Corp (LLWSC) property at the end of Shadow Lake and the clubhouse / pavilion /pool area have been put out for cost estimates by Kim. The Board has already approved obtaining these surveys and will vote to approve the surveying company and dollar amounts subject to the information Kim collects.

Working documents: Tim will, when deemed appropriate, post various documents generated and updated by the Board under separate tabs on SHPOA's website. It was agreed to keep the list of pending action items for Board access only, but the goals (proposed), accomplishments, concerns, prioritized project list, and various other documents will be updated on a periodic basis and made public on the website so as to keep property owners informed of Board activities, projects, and direction.

NEW BUSINESS:

Annual meeting: The Board approved conducting SHPOA's 2025 / 26 annual meeting at 1:00 p.m. on Sunday, May 18, 2025 in lieu of the first Sunday in May. The Board also approved holding the meeting at Pearls in the Pines Venue and RV Park in Point Blank, pending availability.

Matters to be placed on the ballot were briefly discussed. This topic will be added to the agenda for next month.

Newsletter and ballot drafting: Cecelia will begin drafting the annual 2025 / 26 Annual Newsletter and ballot / proxy statements in advance of the Annual Meeting.

Kim presented a draft of a Board calendar to the Board for review and comment. This document includes various deadlines (file tax returns, pay property taxes, pay insurance premiums, etc.) and dates for meeting and events.

The meeting was adjourned at 12:05 p.m.

Next Regular Meeting - February 15, 2025, at 9 a.m.
Location TBD