

Fair Oaks Ranch Homeowners' Association
September 18, 2018 6:00 p.m.
Fair Oaks Ranch City Hall, City Council Chambers, 7286 Dietz Elkhorn

- I. CALL TO ORDER** – Carolyn Knopf, President, called the meeting to order at 6:02 p.m. Directors attending were Frank Chesworth, Jonathan Cluck, Debra Grandjean, Beki Hutchison, Tom Jaster, Ken Nichols, Carolyn Knopf, Kristen Koroncok, and Mike Saletta.
- II. GUEST COMMENTS** – There were 42 guests in attendance (*list attached*). Carolyn Knopf introduced each of the 13 guests who wished to speak. A number of guests voiced support for FORHA's acceptance of The Arbors Preserve. Some guests voiced concern over the potential assessment increase and the scope of the Parks Master Plan.
- Charlan Beal requested the letter sent to the FORHA Board from nine former Board members be entered into the meeting minutes (*see attachment*). A non FORHA member, Tim Corley also requested his speaking notes also be entered in the minutes.
- III. EXECUTIVE SESSION** – The Board of Directors adjourned for a closed executive meeting pursuant to Section 209.0051 of the Texas Property Code at 7:14 p.m. to consider personnel matters and to discuss contract negotiations with legal counsel regarding the Arbors Preserve.
- IV. RECONVENE OPEN SESSION** – The Board reconvened into open session at 8:27 p.m. The Board announced they made changes to the FORHA employees compensation package in closed session. The Board announced that they would not be voting on acceptance of the Arbors Preserve at this time, as more information is needed to make an informed decision. The city and developer will be working together to extend the development agreement conveyance period from September 30th to November 30th.
- V. ARBORS PRESERVE: OVERVIEW/DISCUSSION & CONSIDERATION** – This agenda item was deferred due to the announcement made above in Item IV.
- VI. 2019 BUDGET WORKSHOP** – Directors reviewed a draft budget prepared by the Treasurer and business cases for new budget items. The draft budget assumed an assessment increase of \$75 for homes in 2019. The assessment increase will be voted on by the Board at the October 2nd meeting. If the \$75 increase passes, the Board will vote on the draft budget as amended in this workshop. If the \$75 increase does not pass, the Board will meet on October 4th to alter the budget so that expenditures will match revenues.
- A. Operations and Programs
- *Labor*: Accepted in draft budget for \$109,227.
 - *Technology*: Now includes IT support/consulting and a new security firewall. The IT Support & Security business case was reduced by \$2,200 (for a new total of \$1,200). Technology budget accepted at \$34,078.
 - *Other*: Increased since 2018 due to increase in billing (supplies, postage, etc.). Draft budget accepted for \$31,081.
 - *Legal*: Accepted in draft budget for \$30,000.
 - *Insurance*: Frank Chesworth recommended this budget be increased by \$1,300 to account for the addition of cyber crime coverage. Draft budget accepted for \$30,300.
- B. Community and Communications Programs
- *Adopt-A-Highway*: Accepted in draft budget for \$515
 - *Meet the Candidates*: Accepted in draft budget for \$500 (event will only be held if there is a contested city election)
 - *Shred Day*: This event is at no cost to FORHA. GVTC has agreed to donate \$3,000 for this event in 2019.
 - *Visit with Santa*: Accepted in draft budget for \$567
 - *HOA Forum*: Accepted in draft budget for \$700
 - *Peace Tree*: Accepted in draft budget for \$600
 - *New Resident Welcome Package*: Accepted in draft budget for \$700

- *Directory/Maps*: Will be treated as a project for 2019. Ken Nichols noted his opposition to this change. Carolyn Knopf will lead the project as part of the Communications Committee. Budget was reduced by \$728 to new total of \$18,000.
- *Trail Events*: Accepted in draft budget for \$1,000
- *City/Volunteer Appreciation*: Accepted in draft budget for \$2,000
- *Restriction Committee Forum*: New for 2019. Budget reduced by \$200 and accepted at \$500.
- *Other Community Events*: Will be treated as a project, since each event will need approval by the Board before budget can be spent. Increased budget by \$1,500. Accepted in draft budget for \$2,000.

C. Parks and Trails Programs

- *Grounds Maintenance*: Accepted in draft budget for \$29,000
- *Parks & Trails Maintenance & Inspections*: Now includes funds to replenish safety fall surfaces at parks and to have professionals inspect safety of play equipment on an annual basis (to be done prior to insurance renewals). This also includes correcting erosion issues on Trail 3. Accepted in draft budget for \$14,400.
- *Parks & Trails Trimming*: Name of program changed to “tree trimming”. Accepted in draft budget for \$8,000
- *Vestal Annual Water Bill*: In draft budget for \$5,428. It coincides with Vestal Park Phase 1 Project (see under item D below).
- *Arbors Mowing & Tree Trimming*: This item is contingent on FORHA’s acceptance of The Preserve. Debra Grandjean explained that this \$6,000 budget is for annual maintenance of the property to include: mowing/weed eating, spraying, tree trimming, taxes, insurance, and some signage.
 1. Ken Nichols moved to accept only \$1,500 of this \$6,000 budget for insurance, taxes, and signage only. Jonathan Cluck seconded.
 - The motion failed with 2 in favor and 7 opposed.
 2. Tom Jaster moved to accept the full budget of \$6,000 for Arbors mowing and tree trimming as stated in the draft budget and business case. Debra Grandjean seconded.
 - The motion passed with 7 in favor and 2 opposed (Ken Nichols and Jonathan Cluck).
- *Replacement Fund Contribution*: Accepted in draft budget for \$24,410

D. Projects

- *Vestal Park Phase 1*: Debra Grandjean explained that this budget item is Phase 1 of the Parks Master Plan. It would address the erosion/drainage issues in Vestal Park. It would also beautify the creek with rock and vegetation where there is erosion. Before the work is awarded, it will be bid out to numerous contractors.
 1. Ken Nichols moved that the Vestal Phase 1 budget item for \$324,145 be removed from the budget. Jonathan Cluck seconded.
 - The motion failed with 2 in favor and 7 opposed. This item was accepted into the draft budget for \$324,145.
- *Office Ceiling*: Debra Grandjean explained that there may be a potential health risk in the FORHA office due to the condition of the ceiling insulation. The Board discussed whether FORHA or the city should be responsible for the repairs. This item was kept in the draft budget as a placeholder of \$12,000 until city can investigate the potential health risks.
- *Arbors Preserve Fence*:
 1. Ken Nichols moved that the Arbors Preserve Fence Project for \$14,000 be deferred and removed from the 2019 budget. Jonathan Cluck seconded.
 - The motion passed with all in favor.

VII. ADJORNMENT

The meeting adjourned at 10:29 p.m.

Submitted by:


 Frank Chesworth, Secretary

Prepared by:


 Jennifer Dubois, Office Manager

GUESTS – SEPTEMBER 18, 2018 FORHA BOARD MEETING

1. Gary Barnes
2. John Bartlett
3. Charlan Beal
4. Nonie Bird
5. Jenks Boston
6. Chris Cook
7. Tim Corley
8. Roy Elizondo
9. Blake Federico
10. Sara Federico
11. Pete Fera
12. Carroll Floyd
13. Conrad Fothergill
14. Bobbie French
15. Zachry Godfrey
16. Gail Graban
17. Linda Graban
18. Barbara Hanson
19. Teal Harris
20. Steve Hartpence
21. Edward Heath
22. Lorainne Heath
23. Jim Hilliard
24. Clarence Huff
25. Mary Lynn Jaster
26. Cheryl Landman
27. Dee Anna Manitzas
28. Garry Manitzas
29. Tobin Maples
30. Al McDavid
31. Seth Mitchell
32. Bruce Murchison
33. Wes Pieper
34. Grace Ramsey
35. Bernal Reneer
36. Jim Roff
37. Al Schmidt
38. Jaci Sprencel
39. Debby Stephens
40. Donna Taylor
41. Carol Thompson
42. Irene White

18 September 2018

Dear FORHA Board of Directors:

Each of the undersigned served as volunteer directors of the Fair Oaks Ranch Homeowners Association at one time or another over the 30 year history of FORHA. Several served multiple terms as officers. We know the time and effort each of you, and the office staff, contribute to this great community.

We, both individually and collectively, are very concerned about the current plan to increase annual dues to an amount that exceeds funds actually needed to operate and expand necessary and reasonable services to FORHA membership.

The purpose of this letter, coupled with the detailed attachment, is to express and quantify our opposition to dues being raised by 100% beginning in 2019 with incremental increases thereafter. Given the unprecedented volume of membership engagement, push back, and harsh rhetoric over the past month we recommend disapproval, or at a minimum, tabling, the proposed 2019 dues increase. We believe it is in the best interest of the FORHA BoD and this community to re-group and re-set your message to over 3,100 homes.

The attachment quantifies our concerns and is prepared by former board members with much experience. Dollars can be assessed but Trust cannot. It is earned, or lost, by actions. Please consider this carefully and do the right thing.

Respectfully,

Bobbie French

Bobbie French

Charlan Beal

Charlan Beal

John Weir

John M. Weir

Conrad Fothergill

Conrad Fothergill

Al McDavid

Al McDavid

David Fairhurst

David Fairhurst

Hugh Exton

Hugh Exton

Harold Manning

Harold Manning

Carroll Floyd

Carroll Floyd

MAJOR CONCERNS BY FORMER BOARD MEMBERS

As former members of the FORHA Board of Directors the purpose of the signed cover letter and this detailed attachment is to quantify our opposition to the current FORHA BoD's proposal to raise dues 100% beginning in 2019 with incremental increases thereafter. Here's why:

FORHA By-Laws: By-Laws regarding dues require judicial financial stewardship. Article XI (Assessments), define the purpose of annual assessments and state that assessments "shall be made in such amounts as are necessary to cover actual expenses or services furnished and other authorized expenses of the Association and shall not exceed such expenses." (Para 3b). That means all assessments levied must be quantifiable, justified and well-grounded needs, not wants based upon an unapproved vision.

Citizenship Priority: In the city's recent survey, over 50% of the respondents indicated the Parks and Trails conditions were satisfactory as is. Moreover, the #1 priority of survey respondents was to keep taxes (read dues) low. P & T came in 4th in priority with only 12%. We understand FORHA has a new survey pending and request full transparency of those results before any final decision.

Funding: Sufficient funding to sustain/improve the P & T program, as well as other FORHA programs, is available under the current dues rate. The FORHA position that you are under funded by \$124k in meeting your operating expenses does not accurately represent your true funding situation. Your analysis failed to include \$100k of annual revenues for real estate transactions (which you have forecast as sustainable) and your operating expenses included discretionary expenditures not essential to FORHA's day to day mission. When you include the beginning cash balance, assessments and real estate revenue, the 5-yr financial forecast shows that FORHA will have over \$552,000 for 2019 without a dues increase.

Master Plan: The proposed Master Plan is \$4 million of "want" (not need) projects, none of which are critical to the P&T program. The recent survey you distributed will likely assess the relative priority of the master plan projects, but it doesn't take away from the fact that \$4M worth or even \$1M worth of "want" projects challenges your credibility as our financial stewards. These are "hill country" nature parks with a few playground assets for youngsters, not

amusement, adventure or sports parks. Additionally there is a large maintenance tail to sustain any new assets and Boots Park is in a flood plain.

Process: None of the proposed projects have been thoroughly vetted and approved by the BoD. Essentially you are requesting the money now for your "vision" and asking us to Trust that you will figure out how best to spend it. We do not believe most informed Fair Oaks Ranch citizens would accept such.

Trust: FORHA's Trust and Confidence to its membership are at stake. While the BoD clearly has the right to levy dues assessments in accordance with the By-Laws, you cannot assess or mandate Trust and Confidence of the membership. That is earned, or lost, through actions. That is a major issue at hand given the membership wide interest in this matter. For most citizens, it's not the dollar amount of the proposed increase, but Trust that FORHA is presenting a truly transparent, accurate, and honest justification for doubling current dues.

Project Management: The former board members signing this have many years FORHA experience and know that any major annual construction program is beyond the capability of FORHA . Expertise in contracting, construction management and construction oversight will be required for successful execution, further increasing costs.