Action to approve meeting minutes -- Oct 2017

Email 10-17-17 from Dick Dabney to directors --

dabney <r.dabney07@gmail.com> Attachments6:50 PM (16 hours ago) to linda, jeannie, Laurel, bernita

See attached -- your copy #2 of DRAFT minutes of the meeting on Tuesday, Oct 10. I believe this incorporates requested changes. Areas of change are in red. If no additional revisions are needed, please indicate your approval with a reply, for the record. When we have this in final form, I can pass it along to Sandie Miller, with copies to Directors. Thanks. dd

Jeannie McCandless 7:33 PM (15 hours ago) to Linda, laurel, me, Bernita

Approved

laurel hargis 7:03 PM (16 hours ago) to bernita, me, jeannie, linda

Approved.

Linda Lindan 8:11 PM (15 hours ago) to laurel, bernita, me, jeannie

Approved

bernita.hoa@suddenlink.net 9:04 AM (2 hours ago) to jeannie, me, Laurel, linda

Approved.

Secretary Summary --

Action taken to approve form of minutes recording meeting of Oct 10, 2017. 10-18-17

Cove of Nantucket Homeowners Association

Minutes of Board Meeting

Date and Time: October 10, 2017, scheduled to begin at 6:00 p.m.

Location: Fire Station No. 5, 1601 Wm. D Fitch Parkway, College Station, TX.

Purpose: Board meeting.

Attendance: Directors Linda Lindan, Jeannie McCandless, Dick Dabney, Laurel Hargis, Bernita Clark; Neighborhood Partners representatives Sandie Miller, Lorena Spicher. Attorney representative Heath Poole (Hoelscher, Lipsey, Elmore & Poole, P.C.). Reference attendance list at end of minutes also notes homeowners in attendance.

A. **Call to Order -** Linda Lindan called the meeting to order at 6:02 p.m.

B. **Attorney Advice -** Heath Poole, attorney representative for the Cove of Nantucket, was in attendance by special request. Mr. Poole's presentation was moved to the start of the meeting. His comments were arranged to respond to questions from Directors regarding the way the HOA and Board should conduct business, earlier discussed with him in a meeting on September 21, 2017. He addressed those questions as follows.

   a. **What resident contact information can be shared?** This matter is not addressed in state law. The recommendation for best practice is to be conservative and prudent. The HOA is not an information service and is advised to not be a distributor of private information.
   b. **Regarding property liens, should detailed information, such as names and addresses, be listed in the open agenda, or just a count of occurrences?** This matter is not addressed in state law. The recommendation for best practice is to not have such detailed information in the open agenda. It would be appropriate to show a count of how many and what type of violations represent the data. This is a matter for the Board's discretion.
   c. **Is there a guideline to determine how large a reserve fund that Board of Directors should maintain, and when to use it?** This matter is not addressed in state law. The Board is tasked with establishing a budget appropriate for the expenses that can reasonably be anticipated. There is no legal requirement to have a reserve fund, but it's wise to have an amount set aside to address unforeseen circumstances that seem to inevitably occur.
   d. **How many bids must Board of Directors solicit for services?** There is no legal requirement for a particular minimum or a specified threshold stipulating additional bids. The recommendation for best practice is to use common sense with regard to the amount of expenditure expected. Projects especially involving more significant expense would justify the additional administrative effort of a greater number of bids. The Board must exercise their sound judgment.
   e. **Can the Board of Directors establish a purchasing policy on their own?** The answer is yes. This matter is not addressed in state law or the HOA covenants. It is a primary task

of the Board to deal with business of the Association, which will sometimes call for setting an appropriate policy to support acting in the best interest of the Association, within the parameters set out in the HOA covenants.

f. **Can the Board of Directors make decisions on expenditures, such as landscaping & maintenance, if there is money in the budget for doing these things?** The answer is yes. The Board exists for planning, budgeting, administering actions for the needs of the community, as determined by their reasonable judgment and within the guidelines of the HOA covenants.
g. **Are the Directors required to get bids for everything that is authorized?** The answer is no. For instance, when a proposed item is within the amount and description indicated in the approved budget, nothing further is necessary for the work to be authorized. If the work proposed exceeds the amount budgeted, it may be appropriate to solicit bids.
h. **Could Board of Directors put a limit on expenditures that could be authorized without soliciting bids?** The answer is yes, but practicality would advise against a decision like this because there's no reason to impose such a limitation. When the Directors in one particular year create unnecessary and artificial limitations that become a handicap or obstacle for a future Board, this can lead to greater difficulty in meeting the needs of the community. The Board should be as flexible as possible in making decisions for administering the needs of the neighborhood. This is the point of having an approved budget, to define accepted levels of expenditures for various interests throughout the year.
i. **(Related to the previous question) If a project is $3000 or less and bids weren't readily obtainable, could the Board of Directors make the decision to go forward with the project if it is determined that the cost quoted is fair?** The answer is yes. There's nothing in the HOA covenants that would restrain from a decision like that. It's not required that the work be awarded to the lowest bid received, since the HOA is not a public entity like the government. These would be matters for the Board's judgment and discretion, as stewards of the HOA funds.
j. **Educate Board of Directors on responsibilities and limitations in these things as board members. For example, it has been suggested that it's not necessary to get bids on projects that cost less than $3000. In some states that would be illegal.** This concern is not addressed in Texas law. It is not an illegal act for the Board to conduct business in this way without soliciting any particular bids. This is a matter of common sense and good judgment.
k. **What does Texas law say about the bid process?** Texas law does not address the bid process with regard to HOA administration. The concern of authorizing work and expenditure of funds is a matter of prudence and judgment. If it's felt that the proposed work is particularly expensive (often a relative determination), the Board should probably solicit several bids to ensure good value for the HOA.
l. **Are Directors or their friends permitted to bid?** The answer is yes. There is a process for compliance with the Texas Property Code, providing for adequate transparency in the proceedings. Directors or their friends may submit bids for the HOA's work when the procedures outlined in the Texas Property Code are followed.
m. **Are Board of Directors allowed open or closed meetings without resident approval?** There have been revisions over the last couple of state legislative sessions regarding HOA meetings, emphasizing that Board meetings are to be open meetings. Notice is to be given, stating the purpose of the meeting. The notice is to be available at least 72

hours before the meeting if the meeting will involve a quorum and include an item where formal action is taken. It's not required to invite persons to the meetings, but there must be the stipulated advance notice. These requirements don't apply for social events where HOA business is not under consideration or is only incidentally discussed.

n. **Could Cove of Nantucket do away with our HOA covenants and just use the Texas Property Code?** It would be possible to do this, but it would not be advisable. The Texas Property Code, even as improved in recent years, does not provide the level of homeowner protection that is found in the HOA covenants.
o. **Could new HOA covenants be adopted, like some other subdivision has, that would be better suitable for the Cove?** The answer is yes. But rather than wholesale changes, advice would be to make revisions where desired, as change and amendment is provided for in the existing covenants. There would need to be the minimum number of property-owner approvals as expressed in the existing covenants.
p. **Discuss clarification of HOA policies and procedures and the way Texas law relates. The purpose is to verify that Cove of Nantucket operations are in compliance with Texas HOA laws.** From Attorney's view of things, Cove of Nantucket is compliant. The covenants don't necessarily have to exactly track the state law, but there must be management certificate when law changes, ensuring that HOA administration incorporates the requirements in the revised law. The Board must have ongoing vigilance, but there also is significant help from a competent HOA management company, such as Neighborhood Partners.
q. **What can Board of Directors legally discuss in closed sessions?** The Board may decide to meet in a closed session whenever they desire. This typically would focus on personnel issues or contract enforcement, or any other business that touches on the privacy of a resident, if the Board feels that is necessary at the time. Any item that would call for voting would be a matter for the open meeting and would be included in the notice for the open meeting. But discussion of the item could occur in the closed session. Records of the discussion are to be documented in the meeting minutes.
r. **Is the Board of Directors' informal process of electronic approval of expenditures (email) acceptable?** The answer is yes. The matters conducted in this manner are subject to guidance for quorum, meeting minutes, making of motions and voting, just as if meeting in person.
    i. **Bernita Clark: Taking and recording the minutes would meet the requirements?** The answer is yes. After the email process, the matter should be documented in minutes as for a person-to-person meeting. The attorney is talking about taking and recording minutes of email threads where board business is conducted.
    ii. **Simone Woodall: In lieu of email, is HOA required to provide a printed notice in advance of a scheduled meeting?** State law requires that notice be either posted in a prominent place or be mailed to the individual. Neighborhood Partners provides a sign at the Parkland Drive entrance to the neighborhood.
    iii. **Nancy Moss:** Suggestion that our notice process incorporate a second sign as well, to be placed near the Twin Pond/Parkland intersection. Generally, we need to be more efficient having notice of meeting provided.
s. **Instead of lowering HOA dues and having the possibility of having to raise them again, which would be objectionable to some residents (property owners), could Board of Directors adjust the dues, maybe on the annual basis, by giving a credit on the statement when sending out the notice for payment?** The answer is yes, as a

practicality, but there should be a caution against this step. It is very difficult to properly budget and plan for yearly needs when the numbers are constantly changing, especially along with change in Board members.

t. **What is the difference between "At Large" and "Alternate" position on the Board?** This question is not rooted in the Cove of Nantucket documents. Position description as "At Large" or "Alternate" is artificial and inaccurate. This discussion actually regards the number of voting positions on the Board. Attorney advice is that, in recognition of past action to have five positions on this board, all five members should be voting members. The number of board members is to be not less than three. Designation of member positions (e.g. President, Treasurer, etc.) is to be determined by the Board.

u. **Bernita Clark: In a context of whether or not rental properties are to be allowed, can the Board of Directors change our deed restrictions without an open meeting?** Bernita's concern focused on action that removed language restricting rental properties in the community. Linda Lindan responded with recollection that Bernita's question referred to policy statements established in previous years, assisted by legal guidance with the HOA's attorney at the time. In subsequent attorney guidance, the Board was informed that state law provided that a property owner could indeed rent or lease his/her property if so desired, and that state law would prevail over any HOA statements. Based on that information, the Board in the previous years was advised to formally rescind the earlier policy statements. Related to this discussion, Mr. Poole encouraged that we investigate amending the HOA covenants for protection against "short-term rental" uses of property.

v. **Bernita Clark: In a context of establishing fines and burden of lien due to violations, can the Board of Directors take action like this in a closed meeting?** The answer is yes. Generally, the Board has the ability to establish policies for administration. It's unclear presently whether or not this Board action occurred before recent legislative changes, which might have caused this action to be in conflict with the revised state law. Mr. Poole clarified that the Board would be able to enact such a policy without discussion with all the property owners. If the action occurred in a closed meeting, there still is the duty to make the information available once the action has occurred. The attorney stated that the fine and lien structure allowing $100/day fines for violations 25 days after first notice can be changed by the board.

C. **Meeting Minutes -** Minutes of the previous meeting, conducted July 13, 2017, were previously reviewed through email distribution. Minutes were accepted at this meeting (motion McCandless, second Hargis).

D. **Treasurer's Report -** Laurel Hargis reviewed financial information, current as September 30, 2017. Comments were made regarding noteworthy items in the 2017 Budget/Actual Profit & Loss Comparison. Expenses show about 79%, which is appropriate for this third quarter report. Cash reserve account shows $14,016. We continue to expect to add about $7000 to reserves at the end of the year. Treasurer's Report was accepted (motion Dabney, second Lindan).

E. **Management Report -** Sandie Miller presented the Neighborhood Partners Management Report.
   - **a.** Accounts Receivable stands at $51.25, representing a fine and finance fees.
   - **b.** Liens - There are no liens in place.

c. Billing for assessments for 2018 will be mailed on December 15, 2007, along with the notice for the annual meeting.

d. Current concerns - No reports for concerns have been received recently.

F. Committee Reports

a. Architectural Review Committee - Dick Dabney reported that there was one action for the ARC this period. The homeowner at 1703 Parkland proposed to paint the front door a different color, and it was approved.

b. Yard of the Month Committee - Jeannie McCandless reported that one award for Yard-of-the-Month occurred in this period, for 1702 Twin Pond.

c. Landscaping Committee - Jeannie McCandless reported that the Landscaping Committee would propose a three-year plan of improvements, addressing part of the common area at the intersection of Twin Pond/Parkland and a spot near the large pond. These improvements are to address persistently unattractive areas. The idea of developing the three-year proposal was approved (motion Clark, second Dabney).

d. Social Committee - Linda Lindan reported that, due to a low level of interest, there is no social event planned for this year. This will be considered again next year.

G. Finished Business -

a. Mowmasters submitted a proposal to continue with maintenance of common areas and related grounds-keeping. The proposal was accepted and contract renewed.

b. At suggestion of Bernita Clark, the three-year plan being promoted for the Landscaping Committee will include Bernita's previous ideas to seek involvement by others in improving the common area where Parkland and Twin Pond intersect. Bernita volunteered to help with that effort.

c. Bernita also reported that the College Station Parks Department has not provided any follow-up information regarding improvements possibly considered for Cove of Nantucket Park.

H. Unfinished Business -

a. The county appraisal office had earlier notified of a new annual tax that would apply to our common areas. Neighborhood Partners has received unclear signals as to whether this tax will actually be levied. For now, NP is standing by without acting on this notice, waiting for more clarification from county or city authorities.

b. It was previously considered to create a policy for not requiring three bids for work not exceeding $3000. As a result of discussions with Mr. Poole, Board understands that such a policy is not required and is an unnecessary administrative burden. Board will follow his advice to not take the step of establishing such a policy.

c. It has been clarified and agreed that all five positions on the Board of Directors are voting positions.

d. Bernita Clark's questions for the HOA attorney were addressed in the earlier portion of the meeting.

e. Barbara Moore, City of College Station Liaison for Homeowners Associations, was invited to attend this meeting, but was unable to attend.

I. New Business - Discussion for the 2018 budget was led by Laurel Hargis. Property assessments continue at $550/lot. Total income is expected to be $37,900. Of that amount, $7000 is earmarked for transfer to reserves at the end of the year, resulting in a working amount of

$30,900 for the year. Laurel described the various items comprising the expected expenditures for the year. In discussion, some minor amounts were moved around to better address things like landscaping projects, as well as funding for a second ground sign for notices of meetings (item noted previously in this meeting). The result of budget analysis indicates expected expenditure of $30,867. This is within the working amount available for the year, with a remainder of $33. The addition of $7000 (with interest) to reserves at year's end would bring our expected amount of reserves to $21,032. The 2018 budget was approved, including minor revisions discussed at this meeting (motion Dabney, second McCandless).

J. Adjourn - Meeting was adjourned at 7:43 p.m.

Reference – list of homeowner attendance:

1703 Parkland – Laurel Hargis
1700 Twin Pond – Jeannie McCandless
1710 Twin Pond – Simone Woodall
1712 Twin Pond – Linda Lindan
1728 Twin Pond – Dick Dabney
1733 Twin Pond – Bernita Clark
1740 Twin Pond – Bob & Nancy Moss
1742 Twin Pond – Karin Partin