

Timberlake Estates Property Owners Association

TEPOA • P.O. Box 452 • Cypress, TX, 77410-0452

Quarterly Board Meeting, October 10, 2005
Cypress Creek Volunteer Fire Department, Station 22, Cypress, Texas

Agenda

Call to order	Chairman
Confirm quorum	Chairman
Reading and approval of minutes not heretofore read	Secretary
Announce purpose of meeting (Special Meeting)	Chairman
Committee Reports Secretary Security Treasurer Legal Architecture/Grounds Communications Chairman Election Update Emails addresses and call chairman if you have issues reading what is sent.	Board and Committee Chair(s)
Unfinished business Tractor research Pavilion committee Volleyball court weeds Lake trash can maintenance Carport violation letters June legal bill breakout Timbergram	Chairman to lead
New business, motions and resolutions	Chairman
Special programs	Chairman
Election and/or installation of officers (if required)	Chairman
Close	Chairman

Meeting Summary

Brett welcomed everyone and stated that it has been brought to the Board's attention that non-owners had been voting in the past and that only, legal property owners could speak and vote at these meetings.

Minutes Read by Michelle Murray. Jeff Gunn stated that he'd like the minutes changed to reflect that in order to form a committee there is a form that needs to be filed. He needs to receive a written request in order to form a committee. A discrepancy exists between what was in the minutes and what is needed. Jeff said a written request needs to be received in order to form a committee. Monica Woodman said that if they had known that, a request would have been sent. Jeff said that it needs to be in written form. Motion to accept minutes with this modification was made by Anne Pavalock, Ed Reid seconded. Motion passed.

Treasurer's Report

Bob Dow reported that as of 9/17/05

- ✓ Collected \$28,740.73 in dues which represents 79% of neighborhood.
- ✓ Not collected \$13,381.84 which represents 39 resident and 17% of the neighborhood.
- ✓ Liens \$32,992.20 which represents 10 resident or 4% of the neighborhood
- ✓ 3rd quarter income \$959.00

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- ✓ Proposed 2005 budget \$27,200.00. Expended \$20,460.47 or 75% of budget. Remaining budget is \$6,739.53.
- ✓ Money in bank account as of 10/10/05 is \$20,829.02.
- ✓ Reported that we are over budget on legal in the amount of \$3,675.37 and with the additional two invoices that came in last month the legal budgetary expenditure will be over \$4,000 over budget.

Bob stated that he and George had purchased three 30 month, \$10,000 CDs with interest rates of 4.4%. He also stated that they had done so without the approval of the board but with the approval of the membership who attended the July '05 General Meeting. Bob stated that he had tried to get the Board to approve and sign on the CDs at last meeting but that Brett and Jeff had declined. When asked, Brett stated that the CDs were purchased without their approval and that they did not have the authority to purchase without the Board's consent. Bob replied that he and the membership had continually expressed that they wanted CDs which would be earning money and that he and George did what the community had wanted.

Discussed at last two meetings, we are \$3,675.37 over our legal expenditures and two invoices in last month put us over by \$4,000. Said supposed to get approval and this has not been done. Total amount in bank \$50,829.02.

Monica Woodman asked if CDs will be cashed out and not touched or who can cash in. She stated that with the Board members changing every two years it could be a problem. Bob Dow said it takes two members of the Board to cash in the CDs. It was explained by Bob, George and Brett that this is the check and balance system in place in the By Laws.

Philip Harmon asked how we know if our expenditures won't need the CD money. With the cost of lights bills going up, who knows what will happen.

Legal expenses should be voted on to extend the amount of the legal budget.

Ed Reid said that membership should amend something that states that membership has to vote to cash out the CDs. Brett read the By Laws, Article IV, Section 5 reads, "...In the event a surplus accumulates or is anticipated, the Treasurer shall, with the consent of the Board, invest said surplus in a secure, interest bearing account..."

Brett clarified that the first issue being discussed is the over budget on legal. The second issue is the CD signatures. Brett said Board did not agree to CDs. That's why they are not signed at this point – a direct violation of By-laws. Monica said the members voted last meeting. Pat Franklin asked why they the other two Board members would not agree. Julia Gaitz asked why the Board members refused to sign on the cards. Jeff and Brett said they are not signing because the CDs and the way they were purchased are a violation of the By Laws. Pat Franklin asked Brett to explain why there were not wanted. Brett says there are more things that are more important right now based on advice of attorney, total budget, total expenditures and not knowing if we are going over. Brett said that one of the pieces of advice from the attorney was to stagger maturity dates so that money is available based on budget needs. Request from attorney was to consult with CPA but that had not been done. Bob Dow replied that he got tired of the stalemating by the Board. Ed Reid stated that because the membership voted that CDs be purchased, the Board leadership should have done what was asked by the membership. Brett responded that the way the By Laws read is that no purchase like this can be made without consent of the Board.

Lance Siegmund said that since the CDs are already purchased, why signatures can't be completed and everyone move on. Brett said it is on the topic of the next Board meeting.

Motion by Virginia Jones – leave the CDs as it is and as the CDs mature then stagger the reinvestment. Seconded by Ed Reid. Motion passed. Two opposed. Jeff Gunn and Brett Basford abstained since they were the subject signatures being discussed.

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Axel Kirchgessner wanted clarification for the minutes this act constituted that a Board member or two could decide to do things on their own without the consent of the Board.

Monica Woodman said the entire membership had voted on the CDs at the last meeting and that Bob and George did not purchase these CDs without the backing of the community. She also stated that every time the issue of CDs came up at a meeting, the issue was pushed aside like it didn't matter. Pat Franklin said Bob and George purchased the CDs after what they considered to be the general consensus of the membership. Jeff stated that in the meetings a money amount was never discussed. Bob Dow correct Jeff Gunn stating that an email was sent to the board on April 25th exploring the CD rates, it was brought up at the May and July Executive meeting and was pushed aside. The April 25th email was sent back to Jeff Gunn on August 10th showing that the email was sent to all board members with no reply.

Brett said that the Board is allowed to make decisions on the best interest of the community and that in speaking with the attorney about the CDs they had been advised to go to the CPA which had not yet been done.

John Laney stood up and said he is a 20 year resident and all past Boards bought CDs, no problem. The fact that the treasurer bought CDs should not be problem. The penalties that exist if the CDs need to be cashed out in emergency pales to the interest that would be accrued by the CDs, not losing money here.

Brett said that we throw the By Laws out the window if we let this sort of procedure go on.

John Laney said to just get along and work it out.

Axel Kirchgessner asked the membership what would happen if the other two Board members did something like this. If not in your favor will you revert back to the Bylaws and yell that procedures weren't followed? Follow rules or don't follow rules. John Laney said his point that before this the Treasurer has always handled checkbook and numbers. Melissa Seureau asked if the issue here is that the CDs were purchased without consent. Brett answered yes.

Ed Reid stated that some on the Board have gotten the idea that their own agenda is above the wants of the community. He said that the community voted Treasurer and the treasurer should have the ability to due his duty and job responsibilities without consulting the Chairman and Board on every move.

Legal

Ed Reid asked how many times attorney has been called and do we receive an itemized statement. George Franklin responded that the attorney has been told to give itemized list of contacts before an invoice is paid. George said so far the invoice and attorney request form is being utilized.

Monica asked if anyone on Board could contact legal. George responded that presently any board member is authorized to contact the attorney. What he wants is accountability for that contact through this form. He made suggestion that Board members contact him for discussion. He also stated that we are making headway in straightening it out. Monica asked who is responsible when we go over budget. George said this procedure is in response to previously going over budget. Pat Franklin asked who was the Board Member who had the most contact and who had made the over budget and George stated that it was Brett Basford. Pat Franklin said that legal has tried numerous times that nothing can be done without calling the attorney and Brett will not take the legal advice. She asked have you (Brett) let George carry through with anything he has researched. Brett said that it is the job of the Board to check and balance.

Lance Siegmund asked why legal representative isn't only one that is allowed to contact lawyer. He said it sounds like everyone can call the lawyer. Why not have the Legal to be the only one who can call. Brett said we already have an agreement to work this way. Lance said that he had heard in this conversation that Legal only gets a piece of paper telling him that a Board member had contacted the attorney and

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what it was for, not a request to call the attorney. Why can't it be a request to talk to attorney approved by the Legal person?

George said it is not being done. George stated a specified time that Brett had called the lawyer without contacting him first. Brett responded saying that it was done at a time George was out of town and not available.

Lance asked if we could motion that there be a request requirement when contacting the lawyer.

Axel Kirchgessner said that in all organizations there are always checks and balances. But if the Legal person decides that they'll do whatever they want, it will take away the check and balance system if it is motioned. Bob Dow stated that the Legal person should be focal point for legal.

Monica Woodman said you never know who is going to be in the legal or any position and should be checked and balanced. Legal should be able to do their job, shame on anyone who does not allow any position on the Board to do their job.

Ed Reid moved Brett's motion of Legal – Legal will look at anticipated legal expenditures through the end of year and come back with proposed current revised budget that we'll call a special meeting to approve. Second by Ron Koen. Motion passed. 16 For, 1 Opposed.

Suggie Harmon asked if a special meeting is just the Board. Brett said no all the members would be included in this special meeting. Discussion: in the event that the Legal person is out of town, a majority of the board can execute the legal. George Franklin said the Board and membership should follow protocol then through to Chairman.

Julia Gaitz asked what we could do to get everyone to get along. Everyone do his or her own jobs. If there is a problem then members should be able to contact the person responsible and with the appropriate title. Brett said we are working on it. Brett said protocol for legal responsibilities to fall to chairman if legal is not available. Julia asked if a board member has a job to do, does everything have to be approved by chairman. Brett responded saying no it is only communication that is needed. Julia asked what the chain of command is. Brett responded that all could be done according to the By Laws. She stated we are not the Timberlakes of Enron. All positions are independent and always have been.

Jeff Gunn stated that we lost our status as a corporation in the past due to the way everything was done before. It is with the consent of the board that things like the CDs should be approved. Julia asked why did the Board not approve the CD and why it was tabled at every discussion. Brett said the CD issue was taken care of earlier in this meeting and we have agreed to keep the CDs as noted in the Motion above. Brett said he was not against the CD, only that it was against the By Laws in the way it was done.

Axel Kirchgessner asked what would happen if the subdivision got hit with a lawsuit? The money tied up by the CDs is a large amount.

Virginia asked if we have insurance to cover lawsuits. Bob Dow said we have three and half times the amount of money in the bank that is left for the budget. \$20,800 in the checking account. In a few months we'll pick up the money from dues. Bob asked why do we need the money in the checking account right now and can't the money be in CD form making money.

John Laney said that there is no problem he sees, that two members can go cash the CD. The only issue here is if the treasurer can handle the money. The Board should do its job.

John Laney brought up the issue of late fees from property owners who have not paid their dues this year. He asked why late fee notices have not been sent out. Bob said we have a nice letter that will go out. Let's go ahead and send out this year's invoices. Brett said that the reason we have not done that is

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because we got legal advice not to send out invoices until the legal matters are settled and signatures filed. Brett said not prudent to ignore advice of attorney.

Ed Reid asked if we are not in fact a legal entity how can we establish a lien against a person. Brett said we are a legal entity and that was resolved in February. The subdivision can put a lien legally against a property. The signatures that were not filed with a recitation and that the filing of signatures would make the change in fees stronger in a court of law if needed. Attorney advised that the Board file the signatures with verification of ownership. Bob Dow said that the By Laws need to be taken care of at same time because they are not much better than anything else recorded. Axel Kirchgessner said that the action filed in 2004 is not wrong, but that the signatures will only enhance the strength of that vote by homeowners.

Melissa Seureau said she had that she did not pay the fees because she did not know to pay her fees because she is a new homeowner. Jeff Gunn said that the attorney advised that we can put a window on our late fees. Melissa said filing fees just went up to file with county clerk. George Franklin thanked Melissa for that information.

Bob Dow said we don't have a certified By Laws we can enforce. He doesn't believe that we could stand on the By Laws and Deed Restrictions right now.

Monica asked if for those who were not given notice can we give them a break or a letter. George said that is one item that any interest charged in excess of their dues is negotiable and up to the Board. Brett said we'd have to refund the ones who paid the late fees.

Axel Kirchgessner asked Bob Dow how much the late fees are along with penalty. He stated that there is a responsibility of the homeowner to pay the fees. Bob Dow said in the By Laws states that \$40 late fee and that interest would calculate at 10%. He thinks it should be like Harris County and charge 7% and add 2% to it. Nothing written in the By Laws to charge 10%. Jeff said that is why the attorney said to establish a collection policy and that's where the percentage could be established. Monica said that we should be understanding toward homeowners and their individual circumstances.

Julia Gaitz stated that she would think that homeowners should know that dues are to be paid.

Ed Reid said we've been neighborhood for 30 years and Board were neighbors. He stated that the subdivision has become so polarized and that the Board needs to kiss and make up and get it rolling again.

George Franklin said the executive board in September conclusion was to get the signatures filed and out to residents so everyone would have information on the deed restrictions. Brett advised to contact lawyers to get approval on the file he had put together. On 9/16/05 George Franklin sent letter to attorney, looking for standard letter for filing. George read the letter he sent to attorney in the meeting. He stated that on 10/5/05 he received a reply from attorney on re-recording that said we should bring it to his office to put everything together. Lawyer said it might be best that his office record the papers. In addition George got a month end statement for a contact he made 9/16 re-recording. \$125 for one hour for an email. He says that all this money was spent for advice that was already known. Brett asked if we knew what the response was. George said that he already knew that information prior to contacting the attorney but had been told by Brett to pass it by the attorney. George asked why we as a board didn't agree that we could have called the county for advice and bypassed these attorney charges. Brett said county cannot give legal advice. George said that there are letters out there that we can duplicate and that it is done all the time, no need to bring the attorney charges into it.

Brett clarified for membership that the deed restrictions filed in 2004 were without the signatures. Lawyer asked that we do title search and verify all property owners match the signatures. Once that is done, what is needed: a letter of explanation or a deed restriction and a letter of recitation. Monica asked if Harris County would tell us if the letter was right or not. Brett again stated that the County cannot give legal

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advice. Brett expressed that they are only trying to get everything right this time, so that this sort of problem does not happen again.

Axel Kirchgessner asked how much is paid for legal. He asked George if he had followed up with attorney after the initial email to find out why an answer was not sent sooner. George said he could have gone to courthouse and saved money.

Membership asked why this had to be done and why such a big deal.

Brett stated that is was brought to the Board's attention at an April meeting between the Board and the attorney (that Brett was not able to be at due to being in the hospital).

Philip Harmon asked if the deed restriction filing had been wrong or not. Brett said that while going thru all the subdivision documents and during the process of resolution on the corporate status the attorney had found that the deed restriction filing showing the vote of approval for the change in homeowner dues did not contain all of the homeowner signatures. The attorney advised at that time that we verify the signatures for ownership, then re-file with the county along with a letter of recitation. It took until 3 weeks ago to verify signatures.

Brett also stated that the way the law reads, when TEPOA re-filed with the state it was as if TEPOA never lost the corporate status. The issue here is that while going through this process, these papers were found to be incomplete. Brett said that if we are not covered on all bases it leaves us open to lawsuits. To spend \$250 bucks now is negligible in retrospect to lawsuits.

Melissa Seureau asked if current attorney was the same attorney that was supposed to do it last year. Brett said that the filing last year by the previous Board and was done without the attorney's knowledge. Brett deferred to past legal person on the previous board, Cheryl Kirchgessner, who said that last year they didn't consult attorney due to worry about legal fees. Cheryl said that in retrospect we should have talked to attorney. Board filed it without the final approval of the attorney. She said it puts pressure on everyone to try to do everything without losing an attorney fee. These things can slip through when you don't follow through with the attorney. Allowing legal to check with lawyer long term will save money. Done right the first time will save money. Brett said spending a lot more now due to the past mistakes that had been made due to not consulting an attorney. He also said that had the previous legal person had the approval to spend attorney money, we wouldn't be sitting here discussing this.

Juia Gaitz asked if all signatures found. George said yes. Julia asked if we can file now. George said yes it can be filed. Monica asked if it has to go to lawyer. Brett said the lawyer needs to look at it. Pat Franklin said the letter needs to be written. George said there is a form letter available or legal can go to another property association and get a sample from them. George said these letters are out there and we don't have to draw from an attorney. Axel said it is worth paying \$250 or so to make sure we don't get sued.

Julia Gaitz asked that we motion that the filing be done. Monica Woodman seconded. Cheryl Kirchgessner said that to make a decision and not understand all the consequences was a bad idea. Don't want to end up like the past. George Franklin said to withdraw the motion. Julia agreed, but wanted an explanation.

Communications

Michelle Murray reported that the Timbergram was emailed to those who have given emails and will be mailed by the 14th. There was a delay in printing and submissions due to the storm and travels. Directory is in print.

Security

Charles Neff was not present at the meeting and did not provide a report in advance of the meeting.

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Chairman

Brett Basford stated nothing more to report that had not already been covered.

New Business

George Franklin then stood and addressed the membership turning in his resignation from the board via a written and verbal letter (recorded). George stated various reasons including not being able to do his job as he sees appropriate.

Virginia made a motion that the letter back and take it back. George declined and stated nothing will change the way it is and he doesn't want to be a part of it.

Monica said that she'd like to see all members see the By Laws to make sure no changes have been made. George said no changes have been made other than the changes made in 2004. Monica said that this is the first time anyone has ever quit. Good job.

Monica asked who takes Legal's place. Brett said since we haven't voted for last year's person, maybe we could vote. We'll have to send out an additional election ballot. Board needs to verify what is in the By Laws on this issue. Brett said an election for this position is needed.

John Laney said that of the 4 Boards, the way this thing works it takes two people to do things and sign checks, He stated that he doesn't want anyone to quit, he doesn't want to take the Board's place. He wants everyone to talk to each other. Be reasonable. He made note that if anyone asked anyone in our subdivision they would not know of this squabble. Twenty people trying to get along.

Lake

Jeff said the pump for the water level at the lake which pumps water from the ground into the lake to keep the water level constant has pumped 1 million gallons and that's what we have a permit for. But more water is needed; the water level is too low. He can amend the permit for a \$25 fee. He can file for the permit. Philip Harmon asked if we pumped this year. Jeff said a million gallons this year. He wants one and half million more for this year. He wants to raise level.

Lance Siegmund motioned to get permit for more pumping. Ron seconded. Discussion: none. Motion approved unanimously.

Jeff said Timbergram will state a lake workday on 11/5/05. Philip said that is bad day – opening day of deer season. Jeff says it stays, but hopes all will come out if they can.

Lance Siegmund asked about weeds at lake. Jeff found WeedPro and LakePro who can attack the weeds. He can put Revive in right now which reduces the growth. Then in spring a product to reduce. Lance said a cheaper way would be sterile grass carp and Ron Koen said it didn't work last year.

Elections

Brett said he had called everyone who was nominated four agreed to run for office. Three positions will be open for next year.

Bob asked that since CDs had been approved earlier in the meeting that Jeff and Brett sign the signature card. He then went to Jeff and Brett who both signed the signature card.

Membership expressed thanks to George Franklin for a job well done and wished him well.

Motion to adjourn by Julia Gaitz. Ed Reid seconded. Motion passed. Adorned at 9:20 p.m.

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Meeting Attendees

Count	Last Name	First Name
1	Basford	Brett
2	Basford	Joyce
3	Dow	Bob
4	Franklin	George
5	Franklin	Pat
6	Gaitz	Julia
7	Gunn	Jeff
8	Harmon	Philip
9	Harmon	Suggie
10	Hopkins	Tami
11	Jones	Virginia
12	Kirchgessner	Axel
13	Kirchgessner	Cheryl
14	Koen	Maria
15	Koen	Ron
16	Laney	John
17	Murray	Michelle
18	Pavalock	Ann
19	Pavalock	James
20	Reid	Ed
21	Reid	Edna
22	Seureau	Melissa
23	Siegmund	Dee
24	Siegmund	Lance
25	Stewart	Madge
26	Stewart	Ted
27	Woodman	Monica