

## **Cliff House Board of Directors Meeting**

### **2015 Annual Meeting**

**January 17, 2015**

**715 South Upper Broadway, Suite 101, Corpus Christi 78401**

*Meeting opened at 10:10am*

*JJ opened the meeting / welcomed everyone to the meeting.*

JJ began with a roll call – (Mike Boudloche was not present – The remainder of the board members were present – JJ Hart, Trey McCampbell, Karen Pohlmeier and David Walker).

*JJ asked for comments regarding the minutes from last year's meeting.*

Comment/Discussion:

Concern was offered that there was no follow up on the by-laws and that it must be signed off on/voted on in the same way as the Declaration. JJ said he would check on that.

Discussion arose that the by-laws are different from the declaration. The by-laws are subject to the declaration but can be changed at any time by a vote of the members. The by-laws are separate from the declaration.

JJ stated that the board will check on it and follow up with the lawyer to see what protocol needs to happen.

Comment: Paul Koepke said the minutes from last year's meeting did not include a show-of-hands vote on whether or not the by-laws passed. JJ explained that the by-laws were on the ballot last year and passed by a vote of 73% in favor.

Comment: Were last year's minutes considered notes or minutes? JJ stated that they were the official minutes and agreed to change the 'notes' to identify them as 'minutes' from last year's annual meeting.

A motion was made to pass the 2014 Annual Board meeting minutes with stated concerns regarding by-laws and declarations. A motion was offered by Bob Rawson and seconded by Jama Drake. Show of Hands Vote: The motion passed by a show of hands (no votes against).

*The 2014 Financial Statements Report from Trey McCampbell (Treasurer)*

Trey gave an overall explanation of the financial reports including the 2015 Balance Sheet and Income Statement.

A motion was made to pass the 2014 Financial Statements and enter them into the record. A motion was made by Monica Vaughan and seconded by David Walker. The motion was passed by a show of hands (no votes against).

*The 2015 Cliff House Budget*

Trey McCampbell gave an overall explanation as to how the budget was shaped and decided upon. He reviewed key changes in the budget from the prior year.

Comments/Discussion/Questions

Did you anticipate increase operations cost? JJ stated that the operations cost did not include the exterior brick loan.

It was clarified that 2015 is the year that we will pay off our Frost Bank loan – and in 2016 the reserves can be built back up.

Question: What is the plan for the elevators?

JJ stated that it will cost approximately \$100k to fix the elevators. There is an option to finance that cost, but the board did not want to burden the residents with the extra cost right now. Discussion arose about the elevators needing to be fixed.

JJ mentioned that the board is finding out what the residents want to spend money on. A 3 cent increase per resident would pay for the elevators over the next five years. Would the residents be willing to increase their dues to pay for that cost?

The general feedback was that the residents would be willing to raise their dues to make sure that they feel safe and not inconvenienced with elevators that could break down.

A question arose regarding the Frost note. Was it just to cover the roof? JJ said yes – and it was confirmed (originally it was partly for AC and the roof was rolled in and refinanced).

A motion was made to pass the 2015 Cliff House Budget The motion was made by David Walker and seconded by Karen Pohlmeier. The motion was passed by a show of hands (no votes against).

#### *Assessment for External Brick Repairs*

JJ gave an overview of the need of this assessment. He explained that this is a high priority due to the compromised structure of the building. The board is obligated to follow-up. A firm was hired with the members consent to study the problem. The board has kept members updated via email as to the progress that was being made. A report was also drawn up and sent out. The urgent priorities are:

Southeast corner – Should be done within one to two years (urgent).

North corner – This could be delayed for a while, but is still priority #2.

If both priorities are done together, there would be an approximate savings of \$35k. However, based on feedback received from the tenants, many would be interested in doing priority 1 and waiting on priority #2. The options of approving only priority #1 or approving priority #1 and #2 are on the ballots.

#### *Comment/Question/Discussion*

The option of “cutting out the middle man” was brought up. Is there added value to having a project manager? JJ said that the board will look into that. JJ commented that he would feel more comfortable having the work overseen by a professional (referring to AGCM).

A question arose about liability. Who can be held responsible if the brick repairs are not done and something bad occurs? JJ responded that he believed that everyone in the building could be held responsible if such events occur.

Jama Drake took the floor and described her recent visit to the apartment complex next door to The Cliff House. She described the amenities in that building and suggested that The Cliff House should be always striving to keep our building attractive to potential buyers/renters.

A comment was made that, regardless of whether the repairs are approved or not, owners who are trying to sell a unit have a duty to disclose what is wrong with the unit/building.

JJ indicated that our attorney has said that as long as we are doing our due diligence and fixing what we know to be wrong, we are taking proper steps and possibly mitigating liability.

A question was raised: Could a committee of members be established to help oversee the project? JJ responded that it is a good idea to have more owners involved with the upkeep of the building and that a committee of members would be helpful.

Trey explained how the vote will happen according to what is listed on the ballot.

*Candidates for the board offered short speeches explaining their candidacy*

Short Bios of each candidate were available and were passed out prior to the meeting.

*11:25 – Election.*

1. Election of directors for the three open board positions.
2. Approval of just Priority 1 and the accompanying loan
3. Approval of Priorities 1 & 2 and the accompanying loan

Craig Hewerdine, David Lescalleet III and Tim Grace counted and tallied the votes in Craig's office.

*Voting Results*

**88% Voted (Quorum was met)**

***Top Three Board Members Voted in:***

***Trey McCampbell***

***JJ Hart***

***Brad Padgett***

***Regarding the External Brick Repair:***

***Option #1 (Assessment and bank loan to fund Priority 1 \$300,000 of brick repair):***

***Carried – 84%***

***Option #2 (Assessment and bank loan to fund Priority 1 & 2 \$600,000 of brick repair):***

***Did not Carry – 46%***

*Meeting adjourned at 12:24pm*