

THE FALLS OWNERS ASSOCIATION, INC.

Minutes of Meeting of Board of Directors

February 27, 2016

Annual Meeting

The Board of Directors (“Board”) of The Falls Home Owners Association, Inc. met on February 27, 2016 10:00 AM New Ulm Lions Club 1031 FM 109, New Ulm, TX 78950 in accordance with the duly posted notice of the meeting, with a quorum of directors present as follows:

Directors Attending:

Linda Skiles: President
Jay Abbott: Treasurer
David Gruszecki: Secretary
Ken Wied: Director at Large
Larry Wiley: Director at Large

Sub Committee Members:

Steve Rogers: Legal Research
Rochelle Wiley: Record Keeper
Baiba Gruszecki: Welcome Committee

Homeowners in attendance as recorded with Ballot Receipts:

Dennis Hackler attended the meeting as observer

1. Call the meeting to order. 10:03 AM
2. Establish Meeting Rules: The meeting will be conducted in accordance with Robert's Rules of Order.
3. Introduction of Directors & Officers

Linda Skiles — President
Jay Abbott — Vice President, Treasurer
David Gruszecki — Secretary
Larry Wiley — Director
Ken Wied — Director
4. Announce Presence of Quorum (25% of the total votes entitled to be cast (257).

Number of owners present. 30.5
5. Number of owners present by proxy 89.5

6. Approval of the February 28, 2014 General Meeting Minutes (previously posted to the website)

Ken Bowman Motion to accept February 28, 2014 Minutes 2nd Ken Wied... all In Favor Unanimous

7. Approval of the February 28, 2015 General Meeting Minutes (previously posted to the website)

Ken Wied Motion to accept February 28, 2015 Minutes 2nd Ken Bowman... all In Favor Unanimous

8. Review of the 2015 Actions of the board.

- a. Created a Website

1. Posted Association Documents
2. Provide notices of meetings including agendas and minutes

- b. Conducted a monthly B.O.D. process to ensure the matters of the association were advanced.

- c. Set up sub-committees to assist with work of the association

1. Steve Rogers — Legal Research
2. Rochelle Wiley — Record Keeper
3. David Dusek — Parliamentarian
4. Debbie Hudler — Accounting
5. Baiba Gruszecki — Welcoming Committee

- d. Set up a separate mailing address

- e. Moved our banking to a separate bank from The Falls Resort to ensure separation of funds.

1. Collected bank records and old comingled accounting records.
2. Check signing requires 2 signatures for an check less than \$1000., and 3 signatures for amounts over \$1,000.

- f. Put accounting procedures in place via the utilization of Quick Books

1. Separated duties for check handling and deposits

- g. Prepare Monthly Financial Statements

- h. Completed a Financial audit with Miller Grossband
- i. Completed tax returns & corrections to historical documents.
- j. Obtained Legal Opinion relating to the questions posed by the board and members of the association.
- k. Created a contact data base for email notifications to members.
- I. Distribute a monthly E-Mail as follow up to the board meetings to ensure communication with members.
- m. Street Signs — Larry Wiley
- n. Logo — Debbie Hudler

Linda Skiles Reviewed and updated all present of the above 2015 Actions provided by the Board

8. Architectural Control Committee Report — Dave Gruszecki

- a. Review of types of projects to be submitted

David Gruszecki reported the requirements as posted on the ACC application

- b. Summary of projects reviewed and approved

17 Applications

16 approvals

2 New Residences approved 1 under construction 1 Cancelled

2 New Additions 1 under construction near completion 1 pending

3 Fence applications all completed

Balance Roof replacements and Color Selections for exterior enhancements

9. Deed Restrictions — Linda Skiles

- a. Review of duties to uphold our Covenants.

Linda Skiles confirms Deed Restrictions will be enforced, Including Lot Owners requirement's per home Owners Documents. The HOA does not recognize any Falls Joint

Venture agreements that may exist.

Question from the Floor:

Q: Ken Bowman asked if the maintenance fee included lot clean up?

A/Q: Skiles Does any Lot Owner have and existing contract that states Lot cleanup is part of maintenance fees?

Q: Ken Bowman, It was implied

A: Skiles Owners Association has no legal requirement to maintain individual lots. Any owner that can provide a document that states it is included the Board will review and obtain a legal opinion

Q: Kerry Townsend, Any recommendations for local service providers for lot clean up

A: Larry Wiley Potential to add service providers to the Welcoming committee format

Financial Report — Jay Abbott

Assets	\$77,000
On Hand	\$65,000
Receivables	\$170,000

Net Income	\$37,000
------------	----------

Jay Abbott Reported on P & L

No Questions from the floor

Graphs added at end of Minutes report

10. Collection Process — Linda Skiles

Linda Skiles explained the current collection process and time period of collection for aged association fees up to 4 years old.

HOA has the responsibility to uphold all assessment requests to pay

The Board cannot have any contact with any association member in arrears that has been served legal notice to pay past due assessment's

All Fillings will have liens attached to lot owners for delinquent association fees.

Q: Ken Bowman, Is the Board Requesting payment from the Falls for overcharging the HOA

A: Skiles, The Board is first requesting Association Fees past due and current due, The second maybe considered in the future

Skiles states all collection processes and late fees are treated the same for all owners

12.VOTING MATTERS:

- a. Proposal for the Amendment to Declarations of Covenants for the ACC.

NOTE: 119 votes present this action requires a minimum of 128 present. NO VOTE TAKEN

- b. Amendment to the By-Laws for a Quorum of Voting Directors

Ken Wied Motions to vote on Amendment to the By-Laws for a Quorum of Voting Directors, 2nd Larry Wiley

30.5 Present 80.5 Proxy unanimously accept

- c. Amendment to the By-Laws for the Selection & Term of Office of Directors

Ken Wied Motions to vote on Amendment to the By-Laws for the Selection & Term of Office of Directors, 2nd Larry Wiley

30.5 Present 80.5 Proxy unanimously accept

13. Director Election - 2016

Current Director Terms of Office

Linda Skiles 2015-2018
Jay Abbott — 2014-2017
Dave Gruszecki — 2014 — 2017
Larry Wiley - 2014 — 2017
Ken Wied — 2013 – 2016

Discussion/Qualifications, Ken Wied described his financial background as CFO and Full Time Resident of the Falls

Discussion/Qualifications, David Gruszecki described his Manufacturing and home construction background and Full Time Resident of the Falls

30.5 Present 80.5 Proxy unanimously accept

14. Nominating Committee for 2017 —

- a. Baiba Gruszecki
- b. Fran Rogers
- c. Larry Wiley

15. Recognition of the Water Board

16. Planned Board Actions for 2016

- a. Write procedures for our new accounting processes
- b. Work on the correction of our formal documents — update to current laws and remove conflicting and erroneous language
- c. Continue pursuit of arrears fund collection
- d. Write procedures for collection process
- e. Continue research & dialogue regarding historical erroneous billings
- f. Clarification of ownership records on all lots

17, Establish Next Meeting Date - February 25, 2017

18. New Business

- a. Discussion/comments from resident and guests

NONE

19. Adjournment 12:32 PM

_____*DAG*_____

David Gruszecki
Secretary