

Pelican Isle Owners Association
Owners/Board of Directors Meeting
September, 14, 2013

Larry Ganaway opened the owners meeting stating that Juan (Perez) and Glenn (Aycock) would be the first speakers.

Juan stated that one of the purposes of the meeting was to address certain alleged improprieties concerning the Board of Directors and the way they're executing the By-Laws and the Covenants of the POA and to get our questions answered.

Glenn stated that his view of the By-Laws is that only the President and Secretary have the right to actually sign and appropriate monies and no one else. Also, only the President is entitled to execute legal documents. Larry stated the Secretary also signs documents with the President. Glenn stated that there have been violations of the By-Laws, specifically Article IV paragraph 4.4, 4.5 and 5.9 which relate to meeting notices and open meetings. He stated that there have been violations of the Texas Property Code, Section 209.0051 in regards to open board meetings, and the handling, the communication and the notification of the Home Owners Associations. This was named the Homeowners Protection Act enacted in 2012 as a direct result of violations by homeowner associations. Allegedly, there had been closed door meetings with third-party interest. He stated he wasn't there. He stated he doesn't hold a grudge or blame business owners for doing anything they can to enhance their business, since that's what they're in business for. They're trying to keep their business afloat and make a dollar. They're trying to do everything they can to enhance the status, their business and business capabilities since that's the American way. He stated that he has a problem with this board's members meeting with people in secret and that relates back to sharing property owner wealth or expenses at the benefit of private business. He stated he doesn't get involved too much in politics, homeowner association, or things like that. He stated that his feeling and impression of the secretary was inept, egregious, and unjust. He stated he didn't understand why it had to happen so quickly after a year or so of service. He stated that he has no confidence in the Board. He stated this is his opinion, and he asked Jim (Hadd) and Dora (Jacobs) to resign from the Board. Then he stated he had one other issue. Addressing Dora, he stated that records at Navarro County were found showing she was not a property owner, and therefore, not allowed to be a board member. Dora responded saying he was right - it was a mistake. She put her sons on as co-owners, and they filed it. She stated she remembered Mike Griffith being President, and he was not a property owner. Mike responded that he was, and had been before she came here.

Several people started talking, and Larry stated this would be an orderly meeting or security would be called. He stated that Glenn had asked her if she's a property owner, and she said "no." He stated she has to resign immediately and can have her views about this action. Dora stated "guilty," and thought that's part of the personality agenda. Rick Gullett stated that the (board) meeting hasn't started. Dora asked, "Will you accept my official resignation?" Larry requested it on an official piece of paper with her signature and to do it immediately. She stated, "all right, I'll document it." Larry stated, "with the secretary." Dora responded "All right," and attempted to introduce the appointed secretary, but Rick stated, "Not yet." Larry stated that she wasn't the secretary yet, but the board would appoint her at the open Board Meeting.

Dana Tate was the next to speak. She stated the (Dora's) deed transfer happened on May 10th before the election on May 19th, and so Dora knew when she was elected she was not eligible to be a director

at that time. Dora responded that she did not know that until they acknowledged that she was not on there, and she was already on the Board. She stated her sons will put her back on it when they come. She stated she was not arguing with the situation and would resign. Dana stated that an election would not have been needed since there were three candidates. Dora asked her if she was next in line, and Dana responded "Yes." Rick stated it should be her since she was on the election. Dana stated that since the election was invalid at the time and there were only three eligible people on the ballot, the three of them should be on the Board. Dora stated she didn't have to pay any more dues. Rick stated that her sons do. Rick stated that they needed to vote, but Dora stated that it wasn't necessary at that time. Dana stated that she would accept the position if they appointed her. Larry stated he would break all ties. Rick stated she got the spot, and Larry agreed. Rick stated the board can appoint after a board member resigns.

Scotty Carson was next to speak. He thanked Glenn and Juan for their comments. He stated she was not a property owner and shouldn't have run for the Board. He stated he didn't defend that and wouldn't say if it was right or wrong, but probably wrong. He stated we have had an excellent Board. He stated they followed the By-Laws as best they could, and had started a budget which the By-Laws read to have a yearly budget and audit. He then asked for confirmation that as a property owner he can see every record in the office. An unidentifiable voice stated he was correct. He introduced Janie Goodman and asked if we meet the guidelines to keep our property owner exempt status since she was working on the books. He asked if the state audited our books, would we be in trouble? Janie answered she thought we would be OK. Scotty continued that he had been on the Board to get an audit and budget done, and this Board is trying to get it on Quick Books and brings us to code, and abide by the By-Laws. He stated this Board has not gone behind closed doors. He asked, "Have you ever gone behind closed doors and talked about any property owners?" Rick responded he was not invited to the meeting they held at Denny's. Scotty stated he was involved in the issue concerning the Denny's meeting because Rick came to his house. Rick stated he came to seek his advice on a subject the Board was discussing. Scotty stated a director came to his place around noon on August 24th (his wedding anniversary). Rick stated that he was the one who came to ask advice on a subject the Board was discussing, and at the time the information he had was factual. Scotty stated that Rick came to his place around noon and reported that two board members made a proposal that involved the rentals and wanted his advice. He said he gave his opinion that it wouldn't happen because of the expense involved, the courts would be involved because of previous mediation, and the POA should not endure any expense because of that. Rick stated the reason he said something was to get it out in the open. Scotty stated that he suspected that if it occurred it probably would be a trade-off if people wanted that office back. He then stated that on Sunday the 25th, a property owner came by. Michael Couture stated that was he. Scotty stated Dora was there but he guessed she wasn't there as a board member, and he asked if she discussed the meeting with them. Michael stated she gave her version. Scotty stated they were told it was a discussion that involved rentals, and the owner would not go along because they were going to pay their dues. Michael agreed. Rick stated on Saturday when he talked to Scotty they were not going to pay their dues according to the proposal, and then Sunday they were going to pay so they had a meeting somewhere to discuss that. Scotty stated the rentals did not accept the proposal. Larry asked who made the proposal, and Scotty stated he didn't know why or where it was made because he wasn't there. He said it didn't come to fruition and nothing was put on paper. He stated he was under the impression that the discussion would go no further. He stated he planned to ask the Board for an explanation about the meeting- where and why it took place, what their thinking was, and if the rentals were going to give up their monthly dues. He stated he couldn't answer because he wasn't there, and anything he would say would be hearsay. He stated that, other than having someone on the Board that shouldn't have been seated, they've done an excellent job. He stated that there are three different

personalities involved, and after you put them in a room, they would give three versions as to what took place in it when they came out of the room. He asked the Board if everything they approved this year was unanimous. Rick stated he thought maybe there was one time, then asked, "there wasn't?" Scotty then asked Rick and Jim if either fired the secretary/treasurer. Rick and Jim each answered, "I did not." Scotty asked at any time during their discussion were they not only trying to get help for our secretary/treasurer to get the books in shape? Rick answered, "always." Scotty asked if he met with any resistance, and he replied, "No." Scotty asked if he ever hired anybody to help her. Rick stated they tried but they wouldn't do it. Scotty stated that twice they tried, but one had a lack of credentials because she got another job, and let her credentials expire. He asked if she was a Quick Book pro, and Rick answered, "yes." Scotty stated that the second one turned it down because he wasn't getting involved in this mess, and now they've hired a CPA to do our books and bring them up to code. Larry stated it wasn't approved, and Jim stated it was. Larry stated they didn't have a legal meeting, but Jim said they did to which Larry responded, "it must have been a secret meeting."

Scotty stated that Larry has read the By-Laws, and Larry stated that he'd also read the state laws. Scotty asked if he read both versions of the House and the Senate. Larry stated he read the online published version. Scotty stated he called the Texas Attorney General on Wednesday. He called the number in the phone book, told the lady what he wanted, and she gave him another number to call. He got another lady who said they can't give you any information on property owners associations. She told him he could go to the law library and look up both versions for the difference in opinion in it, then she strongly recommended to get an attorney. He stated, "the state of Texas doesn't want to have anything to do with associations, get an attorney, that's your only alternative if you think they have done wrong." He stated, "It's going to cost you because the board is covered by insurance." Larry asked him if he asked her what kind of lawyer she recommended, but Scotty stated he didn't ask. Larry stated he did-a real estate attorney. Scotty stated he found out that people who say they've talked to the attorney general means "squat." Larry stated he didn't talk to the attorney general, but rather a person on his staff.

Scotty then thanked Glenn for his comment and said he was "right on." He then asked about the vote on the playground. Rick stated, "to do it." Dana stated there was no vote, but Rick stated there was. Dana stated that it wasn't in the minutes. Scotty stated the final comment on his list was to get an accurate account of the meeting beginning with the next called meeting. He stated, "meeting minutes will be taken and published. Nothing else will be accepted." Rick asked him to repeat. Scott asked, "how many of the minutes you got in the past year does not reflect what was said by the Board. It is somebody's opinion as to what was said. That's not right, is it?" He stated they want facts, who made the recommendation, who seconded it, and who all approved it.

Debbie Worley stated she felt like they're hashing out a lot of things. She stated she heard a rumor that there was a meeting regarding Fred and Debbie Hunke getting four lots on the front and moving their office there and possibly not paying dues on those. She stated the dues didn't bother her but was concerned about being noncompliant with the covenants and by-laws which the Board is elected to do. She stated you can't have a business anywhere except in the clubhouse. She stated she hears things that Tarrant County and Steve from Tarrant County say, but she's never seen them in writing from a Board member so she can take it to Tarrant County to confirm what they've said. She stated she's heard vicious things from her neighbors such as rude situations involving Betty Cheek and Carol Claus, although she thought that's resolved now. She stated she was offended by the way Debbie Lile was treated. She stated that as long as they have been in a board, nothing has been said about the computer being taken away from the POA. She stated she thought that when Jim Hadd and Fred Hunke were on the Board, they helped set the computer up so Carol could carry the computer home. Carol

Claus responded that she used her own computer, and she used Gotomypc.com to load in from home. Jim stated he'd been saying that for six months. Debbie then stated that she felt it was ridiculous to have ordered Debbie Lile to FedEx the computer and four signed blank checks while she was in Oklahoma after her son-in-law died. She stated that Debbie was treated cruelly and rudely and deserved an apology from the Board.

Sharon Hay asked who wanted to get rid of Debbie Lile and why. Jim stated that for the last 11 years they have not been able to get an accurate audit. Dana stated that an audit was done after Patti Johnston was treasurer, and Jim stated it was incomplete because they couldn't do one due to incomplete information. Dana stated that they couldn't do it because it was going to cost too much, so they audited what they could. Jim stated that they're going to do it no matter what it costs. Charles Worley stated a budget was needed before an audit. Scotty asked if they were working on both of them, and Jim replied, "yes." Jim stated if they don't do it we would lose our tax exempt status. Dana stated that we don't have tax exempt status. Sharon stated she still didn't get an answer why they wanted to fire Debbie Lile. Jim stated that he did for insubordination because he asked for different things. Carol Claus asked Jim if he would sign checks and give them to anybody if he was responsible for the money as treasurer. Jim stated he was responsible for everything that happens here-even though his name isn't on the checking account. He asked Sharon to read the By-Laws concerning a director's ability to establish a bank account for the common treasury. Jim then read, "The powers and the duties of the Board of directors shall have the power and duties to enter into contracts within the scope of their duties and power." He stated the Board of Directors sign contracts. Carol disagreed stating the President and Secretary do. Debbie Worley said that "it's stupid to send blank signed checks in the mail," and said she would have to be fired if that's insubordination. Jim stated it takes two signatures. Buddy Satterfield stated that it was safe to do. Several people started talking, and Larry called to restore order. Jim continued reading the By-Laws pertaining to examination of the books by the owners which can't be done if they're in Oklahoma. Rick asked Jim about wanting to fire Debbie before this act of insubordination. Jim denied it, but several voices said, "Yes." Rick stated they had a meeting, and Jim asked Rick what he did, and Rick replied he fought for Debbie. Jim stated, "Oh no, we're not doing the fought for Debbie deal." Rick stated he was. Jim said they had someone in the office who was able to work on the books but didn't have any credentials. Rick said she said Debbie did a great job. He said Jim wanted a Board of Directors meeting about the Financial Committee without including the committee members. Jim said that's what a Board of Directors does.


Buddy Satterfield asked who gave permission to Debbie Lile to take the computer and checkbook with her, because any business, partnership, or corporation that he knew keeps the computer and checkbook. He asked what would happen if she died or the records were damaged. He stated he felt it was not appropriate for Debbie to work on POA things while dealing with a family death. He stated he didn't think taking the computer would be allowed. Larry stated that the secretary/treasurer and he are responsible for all of the monies. He stated he deposited four checks at the Chase Bank in Spring, TX and asked a lady the Corsicana branch on how to handle this. Buddy stated that no one could write a check in an emergency. Larry stated he pulled out his money. Buddy stated he shouldn't have to do that-the checkbook should be right here. Larry said he can't write a check but he signs the checks. Rick stated that if he found a check with two signatures, he could fill in a name and amount and cash the check. Buddy said the POA wouldn't be responsible because the bank wouldn't know who signed so it would be a forgery. Larry stated he got an email from Elizabeth Van Burkenburg at the bank with whom Debbie and he dealt with when they became President and Treasurer stating, "As we discussed on the phone earlier today to add or remove a signer on the account, you must be present along with the signers to be added to the account. In addition to you being present, we would also need the meeting

minutes that state who is going to be added and removed and those peoples' titles. The minutes of the meetings must be signed by whoever took the meeting minutes." He stated that he's responsible for that account, and Debbie was not insubordinate to Jim because he (Larry) told her not to send the computer. Jim stated he didn't have the authority. Some people stated that he didn't and others stated he did as President. Mike Couture stated there was a tie between board members telling her whether to send it or not and another who shouldn't have been a board member. Larry stated the president breaks ties when the third member is removed or not present. He stated in order to conduct a legal meeting all three directors and all officers need to be present, and usually there are usually a maximum of 15 owners present at the open board meetings. Larry stated that they are trying to present the facts themselves.

Dorothy Perez asked why a president is needed if the board doesn't want him to make decisions. Larry stated that Scotty has read the Covenants and By-Laws over and over to make sure they're being followed. Scotty asked if the By-laws were being broken because of not having a budget. Larry stated that there is a proposed budget for 2013-14, but it hasn't been approved yet.

David Mullin asked what size of an office building would be built, if it would be bigger than 399 square feet. Scotty stated the property owners nixed it. He asked Larry if he saw an accurate proposal. Larry said he had one but it wasn't accurate because it was not a POA proposal- two directors proposed it. Scotty stated they had a discussion about a proposal. David asked if it was approved, could they have an office bigger than 399 square feet and would it be on wheels and made of metal. Scotty stated he agreed that's what he heard, that wasn't what he heard. He said what he heard was they were getting a park model and then they were going to build a building to keep their maintenance equipment in. He said that until it's presented, it just a discussion.

Jim stated that he and Rick were going to talk. He stated they agreed to one thing- to appoint a board member as they stood there. He asked who wanted to be on the board. Several people began talking. David stated he wasn't through, But Jim stated they were through. Juan asked David if he was through, and he said Larry was going to answer his question. Larry stated he could answer David's question. He talked to Phil Seely at zoning and planning because Tarrant Regional Water District has nothing to do with this. He said they (the Board) can't say what they can put on the lots but they have to go by our Covenants which states 120 square foot with a five foot side easement. They have to get a building permit from Zoning and Planning instead of TRWD. They don't have to make a proposal to the POA about buying the lots. He stated the proposal they wanted was to break the agreement which they can't because a judge signed off on it regardless of whether they want them out of the office or not. Scotty asked if that was hearsay or did they actually said they were going to buy the lots, and Larry stated he didn't know.

Jim stopped the discussion and stated they as a Board were appointing Dana to replace Dora.  Dora said the board meeting needed to be called.

Charles Worley asked who owns or operates the equipment that has nothing to do with the rental properties and POA. Jim stated Fred (Hunke) does and he can park it anywhere he wants, and it's OK that it comes in and out loaded with things. Several started talking.

President Larry Ganaway called the meeting to order and read Roll Call with Rick Gullett, Director, Jim Hadd, Director, Larry Ganaway, President, Linda Abel, Vice President responding. Dora Jacobs, Director, was absent.

Larry moved to accept Dana Tate as a Director to replace Dora Jacobs who resigned as Director. Rick and Jim voted yes, and the motion passed. Jim Hadd announced his resignation as Director. Rick Gullett also announced his resignation as Director and stated Dana Tate will appoint the other two Directors. Rick requested that the audit proceed as planned. Jim stated he will file a complaint with the Internal Revenue Service if the audit is not done.

Debbie Lile requested to respond to earlier statements made at the Owners Meeting that preceded the Board Meeting. She stated she takes the computer home and has forwarded the office phone to her cell phone to handle business. She stated she is fine with using GotomyPC.com so she doesn't have to spend her weekends in the office. She stated she took the computer with her to Oklahoma so she could take care of business. She also took four checks with her. The box of checks are still in the office. She stated that the computer is backed up in case of loss due to an accident. She called Intuit to confirm that the backup information could be downloaded to a new computer and the representative stated that it could. She stated she copies all of the checks she writes, and if she writes one at a store she documents it on the check attachment, and is not concerned with the audit except for not categorizing an expense correctly since she is not a bookkeeper.

Dana stated we are not continuing the meeting.

Larry moved to adjourn the meeting, Dana seconded, and it passed.

Janie Goodman CPA requested to report on her work on our Quick Books. She stated she lives on the lake at North Shore, is an owner in a Property Owners Association and has been secretary, has been a comptroller of corporations, got her CPA in 1972 at Oklahoma University, went to work for Arthur Young CPA firm. She stated she was asked to get the books ready for another lady to do the audit. She has chosen not to pay the fees to do tax returns and audits and be subject to peer reviews. She stated she worked 40.7 hours. She stated she cleaned everything up except the loans. She compared the balance sheets before and after her work. She stated the books showed Accounts Receivable of \$38,000, and she got it down to \$4,000. She stated she found bank accounts with balances that were inactivated. The audit report is 350 pages. She stated there were old owners who still owed. She stated each invoice has to be dealt with, and that's why it took 40 hours of work. She stated that Scotty asked if we were compliant as a nonprofit. She stated she is not an attorney. She stated what she knows for her own property owners association, not filing franchise taxes can get us in trouble with the state, and we need to keep up with our tax returns. She stated we file a form 1120-H as a property owners association. She recommended that someone stay on top of the A/R. She stated she wrote off balances from old accounts. She stated she didn't find any improprieties, just accounting issues. She stated the books are good enough for the audit person. She recommended sending invoices with due dates which causes aging. She stated she prepared an owners list in Excel to compare with Quick Books the number of lots to bill for.

An owner requested to make a statement, then Dana stated she had already adjourned the meeting.

Larry stated they had adjourned earlier, and he was adjourning the meeting.

A handwritten signature in cursive script that reads "Deborah Lile". The signature is written in dark ink and is positioned above the printed name and title.

Deborah Lile
Secretary