

**DRAFT**

**CAT MOUNTAIN HOMEOWNERS ASSOCIATION, INC**

**ANNUAL MEETING OF THE MEMBERS**

**Date:** February 22, 2012

**Time:** 7:00 pm

**Location:** CMHOA Clubhouse, 6007 Mt Bonnell Rd, Austin, TX, 78731

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1. CALL TO ORDER: 7:10 p.m. Present at the meeting were: the Directors (Mr. Schley, Mr. Harrison, Mr. Grant, Mr. Dully and Mr. Blanchard); the Manager Jesse Chargualaf); 35 individual homeowners in attendance; and 144 members either personally attending or by proxy. The number of homeowners required for a quorum was 143. Mr. Schley, the President, called the meeting to order and asked the other members of the Board of Directors to introduce themselves.

2. APPROVAL OF 2011 ANNUAL MEETING MINUTES

Mr. Jack Otto moved that the draft minutes of the February 16, 2011 annual meeting of the members be approved; seconded by Mr. Sergio Maggi; the motion was unanimously adopted.

3. COMMITTEE REPORTS:

a. Communication Committee. Mr. Richard Schley, the President, reported on the activities of the Communications Committee, discussing the Association's website and the arrangement with Theresa Rose and N2 Publications to prepare, publish, and distribute the newsletter. Mr. Schley stated that the preparation, publication, and distribution were made at no cost to the Association, but as a result of the advertisers who viewed the Association membership as a demography that would benefit from their products and services. Mr. Schley encouraged the members to recognize this by considering the advertisers in the newsletter when in the market for the products and services they offer. Mr. Schley expressed the profound appreciation which and the other members of the Board held for the efforts of Ms. Rose.

b. Environmental Control Committee. Mr. Schley recognized the contributions by the ECC as being a key factor in assuring the preservation of the character of the neighborhood, preserving the value of the homes in the neighborhood, and enforcing the covenants. Mr. Schley thanked the ECC members for their contributions for the benefit of the members. A report prepared by the Chairman of the Committee, Mr. Less Blanchard was distributed to the persons attending the meeting.

c. Reserve Committee. The Chairman of the committee, Mr. Davison Grant, described the reserve study prepared by the Association in late 2006 and addressed the continuing monitoring of the results of that study over the succeeding years. The study considers anticipated expenditures by the Association over a thirty-year period for repairs and replacements to its capital assets and provides guidance on how funds should be reserved the anticipated funding. Mr. Grant mentioned that the maintenance of an adequate reserve was a means of helping to preserve the value of homes, by planning adequately to

avoid the need for unexpected special assessments when the need to repairs to the Association's infrastructure arose. Mr. Grant indicated that the past Boards had recognized this by establishing a dedicated cash reserve of \$102,000 and then, starting in 2007 adopting the policy of adding \$35,000 a year to the cash reserve. As of the end of 2011, the cash reserve was projected to be \$261,000 by the end of 2012, which would be above the targeted level of \$249,000, based on the 1991 target in the Bylaws of \$150,000 escalated for the Cost of Living index. The reserve study indicated that over the next five years, 2012-2016m the cost for repairs and refurbishment of the Association's physical assets were expected to be in excess of \$149,000. Mr. Schley added that compared to other homeowners associations, Cat Mountain was in excellent condition to withstand an unanticipated need for funds to address a capital need, under circumstances where other associations would require special assessments.

d. Social/Activities Committee. The Chairman of the Social/Activities Committee, Ms. Charlene Casillas, distributed a report on the activities held during 2011 and anticipated to be held during 2012. Three social events were held during 2011; the Easter Egg Hunt; the Summer Barbeque; and the December Holiday Party. Mr. Schley recognized the substantial contributions which Ms. Casillas had made, noting the extraordinary enthusiasm she brings to each endeavor which she undertakes.

e. Welcome Committee. Mr. Schley stated that the Committee welcomes new homeowners by delivering a basket of "goodies" and introducing them to the neighborhood. A report prepared by the Committee's chairman, Ms. Nishi Goel, was distributed to the meeting listing the Committee's activities during 2011 and to date during 2012. Ms. Goel solicited donations for the gift baskets that the committee delivers to new homeowners in Cat Mountain.

#### 4. PRESIDENT'S REPORT.

Mr. Schley provided a report of the Association's activities during 2009, highlighting the program that the Association instituted to systematically address potential reduce the risk of wildfire which the prolonged drought during 2011 exacerbated. The program involves removing dead brush, trees, and limbs and other combustible materials in the Common Area. The Association owns substantial areas designated as wilderness in which it has implemented the program by systematically targeting areas in which substantial potentially combustible materials near dwellings are present. But homeowners must take action as well, by removing combustible materials on their property. Mr. Schley indicated that the experience with the Bastrop and Steiner Ranch fires indicated that homeowners should remove combustible materials near their house and urge the homeowners to take appropriate action. Because of its strong financial condition, the association was able to incur the substantial unplanned costs of commencing and accelerating the program to remove combustible materials.

Mr. Schley emphasized the importance of maintaining the attractiveness of the exterior of our houses. He especially targeted the importance of promptly removing garbage cans after trash removal. The presence of garbage cans can have a significant adverse effect on a property's curb appeal. Accordingly he urged homeowners to "take your trash cans up."

Mr. Schley also discussed legislation passed by the State Legislature which affected property owners associations. He described the additional actions taken by the Association to conform to the new

requirements of the legislation and noted the extent to which the Association already complied with many of the requirements now imposed on associations.

As a final matter, Mr. Schley indicated that he was not standing for re-election, but believed it was desirable to have a flow of "new blood". He stated that he has appreciated the opportunity to serve for the four years he was on the Board and the three years he was President.

## 5. FINANCIAL REPORT

Mr. Grant, the Treasurer, reviewed the Association's financial statements for 2011, consisting of the Balance Sheet and the income Statement. The Association had net change in members' equity of negative \$12,360. The negative result was primary due to: (1) the unanticipated expenditures for the program to reduce the potential of wildfires and (2) litigation costs related to an enforcement proceeding brought against a homeowner who was in arrears and had not adequately maintained the house on the property. A settlement had been reached in the litigation and the Association's legal costs going forward should be less than experienced during 2010 and 2011. Notwithstanding the negative change in members' equity for 2011, cash flow was positive and sufficient to allow the cash reserve for capital improvements to be increased to \$35,000 in accordance with the policy previously established by the Association. Mr. Grant also mentioned that in January 2012, an insurance reimbursement of approximately \$30,000 in connection with the litigation had been received which allowed 2012 to start on a strong basis. By year-end 2012, the 2012 budget projected net members' equity would increase by more than \$21,000. Also, the Association included in the budget expenditures of \$40,000 for various physical assets such as repairs and reimbursement of the tennis courts and certain roads.

Mr. Ed Gardner made a motion to approve the financial report; the motion was seconded by Mr. Harter; the motion was unanimously adopted.

## 6. ELECTION OF DIRECTORS

The President indicated that three positions for Directors were up for election at the meeting and three candidates had submitted their names earlier this year in response to the letter soliciting candidates for the two-year term beginning in 2012. These candidates were John Harrison, Davison Grant, and Bryan Harter. Mr. Dully made a motion that the three candidates be elected to fill the three positions on the Board of Directors; the motion was seconded by Mr. Blanchard; the motion was adopted unanimously.

## 7. ADJOURNMENT. The meeting adjourned at 7:44 pm.

