

**THE VILLAS OF SOUTH PADRE HOMEOWNERS ASSOCIATION**  
**June 19, 2023 Board of Directors Meeting**

The Board of Directors of The Villas of South Padre Homeowners Association (HOA) met on June 19, 2023. In attendance were Directors Barbara Hays, Gerald Geletzke, Juan DeAnda, Dabney Helms, Ruben Solis, and property manager Pat Marchan.

- 1) Board President Barbara Hays gave an overview of the state of The Villas:
  - a. One home has been added to the rental pool, and will be managed by Coastal Lifestyles, a local rental management company. A second home is in the process of completing the city and The Villa's requirements to also begin to rent. That brings the total number of rental properties to 17.
  - b. The City will be installing additional sand fences in the fall as part of the dune renourishment program. The Villas dune line is in consideration for these sand fences.
- 2) Pat Marchan and Ruben Solis presented the financials year-to-date July 1, 2022 through May 31, 2023. Pat indicated that the HOA will end this fiscal year at a projected ~\$7,000 deficit, and money from cash reserves will be used to supplement this deficit. Issues included:
  - a. Security – Eddie Garza has taken some personal days to deal with extended family health emergencies. This has resulted in unexpected overtime security pay. In addition, the cost of armed security for Spring Break and Semana Santa was higher than budgeted due to the rising labor costs.
  - b. Pool and Hot Tub – the hot tub heater failed in January and required a new part.
  - c. The main entry gate was damaged in the late April high wind storm.
  - d. We underestimated the general maintenance emergencies (clubhouse electrical and plumbing, beach gate electrical repairs, to name a few).
- 3) The HOA maintains a \$75,000 line of credit at First Community Bank in the event of major damage from a natural disaster. This allows access to immediate funds to begin repairs. The line of credit expires every June 30. The cost annual cost for this credit is \$750. Dabney Helms moved and Ruben Solis seconded a motion to renew the line of the credit with signature authorization to the Board President, and the motion passed by a vote of 5 yes, none opposed.
- 4) The contract security company proposed a price increase effective July 1, 2023. Pat Marchan was successful in negotiating the increase down to \$1/hr adjustment, for a new price of \$18/hr for security. This increase is \$4/hr less than the hourly price with two other security firms. A motion was made to accept the price increase (Ruben moved, Dabney seconded) and the motion was approved. This increase will result in an additional \$7,000 in security costs over the 2022-2023 fiscal year operating costs.
- 5) Maintenance Issues for consideration for July 1, 2023-June 30, 2024 budget:
  - a. The tennis court is scheduled to be resurface this upcoming fiscal year. It will be resurfaced as a dual tennis/pickle ball court. The anticipated cost is over \$10,000. Considering our already strained budget, Gerry Geletzke will coordinate getting an evaluation of the current remaining life of our existing surface, plus an estimate of the cost to resurface. The board will postpone further action until the evaluations are complete.

- b. The street surface on Fountain Way around the fountain and at some driveway-to-street junctures are crumbling and need repairs. Pat Marchan is having issues getting a reliable quote for the work because of increasing labor costs. Contractors are currently reluctant to give cost estimates months in advance. He will request another quote in the fall and the Board will take action at that time.
  - c. Pat and Gerry will re-evaluate the Rainbow Play Yard immediately after today's meeting and will put together a list of required parts (chains, hooks, swings, rope ladder, etc.) to be replaced, including a new tarp that was destroyed in the late April wind storm. Pat will then order the parts and will get them installed, have the structure re-leveled, and have wood sanded and then stained.
  - d. Pat, Gerry, and Juan will do a maintenance walk-through on July 3 to assess the condition of The Villas common property short- and long-term maintenance needs and recommend any changes to the proposed 2023-2024 fiscal year budget.
- 6) The insurance policies for the common property and the HOA are up for renewal July 31. Last year property insurance premiums alone increased by 52%, and the overall insurance premium (including liability, windstorm, flood, plus property) increased 25%. The flood insurance for the clubhouse and pumphouse is based on a zero foot elevation. Pat Marchan is getting a new elevation certificate that will reflect a more accurate and above sea level elevation. This should decrease the wind storm premiums for this upcoming year and hopefully minimize a new insurance premium. He will also send out a request for quote to a second insurance company before the end of June.
- 7) The board discussed the proposed budget for the July 1, 2023-June 30,2024 fiscal year. With the increase in the security contract price, and the deficit we encountered in our 2022-2023 operating costs; it was determined that without another dues increase we could not continue to remain fiscally sound. The cash reserve fund is set up to support the 5- and 10-year maintenance plans but instead we had to draw it down this year just to support emergency repairs and the impact of high inflation on labor and supplies. Without a dues increase to maintain a balanced budget and replenish the reserve funds we will also not be able to make needed wear-and-tear repairs on streets, the tennis court, pool and hot tub issues, the beach boardwalk, and other common property maintenance. It was determined that an 8% increase in dues should be sufficient to meet our financial needs. Gerry moved and Ruben seconded a motion to increase the HOA dues by 8%, effective July 1, 2023 and retroactive to the June 1, 2023 quarterly billing statement. The motion passed by a vote of 5-0. Board President Barbara Hays will write a letter to the owners with the increase and the reasons for having to take this action.
- 8) At the February 2023 Board meeting the board approved amendments to the CCRs that are mandated because of state legislature changes in the Texas Property Code. Barbara updated the board on her meeting with the attorney regarding those amendments. The attorney will be finalizing the actual wording in the next couple of weeks and will have these amended articles recorded with the county. Once the documents are recorded, copies will be posted on the Villas webpage. These changes are:
- a. Collection and Payment Plan Policy Section 3.02 – changed from 30 days to 45 days the time an owner is given to cure any fees/fines delinquency before it is sent to collections.
  - b. CCR, Section 5.17 – revised the criteria for an owner to have a hearing regarding any violation or issue to a hearing directly with the Board of Directors (instead of a committee appointed by the Board), and clarified the information the Board must give an owner prior to any hearing.
  - c. CCR, Section 6.2 – revised the make-up of the ARC to not allow any board member to serve on the Architectural Review Committee.

- 9) Barbara updated the Board on the City of South Padre new rental ordinances. The City is considering rules to minimize trash, parking, and noise issues with rental properties to reduce the number of these phone calls to the police for enforcement. Since The Villas is a private, gated community the City has informed us that we are not subject to these new ordinances but instead have our own recorded rules in place for rentals and those are the ones we will follow. The City has also contracted with a software firm to implement a 24/7 call center with a toll-free number for anyone to call to report nuisance issues and non-compliance with the city short term rental rules (such as renting without a permit). The number is also to be used for any nuisance call that an owner would typically make to the police. The call center will determine if it is a rental property and reach out to the rental manager, or if it is an owner property and reach out to the police to investigate. Here in The Villas we will continue to have security be the first call to address nuisance issues for both rental and owner issues. Pat will send out an email to all owners with the hot line number to have for information.
  
- 10) It was brought to the Board's attention that several homes need to be brought into compliance with city rules:
  - a. 7 homes are out of compliance with City ordinance 4.64 requiring the street number to be visible on the property and in a contrasting color to the background. This is a safety issue and allows emergency services to quickly find an address. Pat will notify these owners that are not in compliance with the City. The City has informed us that after notification the owners have 10 days to comply with the ordinance or risk a fine.
  - b. Also, 8 homes have garage doors that are significantly rusted and detract from the appearance of The Villas. Dabney mentioned that she recently had her garage door stripped, primed, and repainted. She will get the contractor information to Pat so he can give this option to the 8 owners.
  
- 11) The Villas Annual Homeowners meeting will be Saturday, November 4, 2023, at 10:00 a.m. in The Villas Clubhouse. Zoom option will be available. Proxies are at the gate with Eddie Garza.

Dabney Helms  
Secretary  
Villas HOA Board of Directors