

# City of Meadowlakes Special Called Meeting Minutes October 31, 2018

The City Council of the City of Meadowlakes held a Special Called Meeting at Meadowlakes Municipal Building in Totten Hall on October 31, 2018, beginning at 1:00 p.m. in accordance with the duly posted notice of said meeting.

## Present:

Mary Ann Raesener, Mayor  
Mike Barry, Councilmember  
James Woods, Councilmember  
Jerry Drummond, Councilmember  
Ed O'Hayre, Councilmember  
Bob Brown, Councilmember

## Staff:

Johnnie Thompson, City Manager  
Evan Bauer, City Secretary  
Erin Selvera, City Attorney

**1. CALL TO ORDER AND QUORUM DETERMINATION.** Mayor Raesener called the meeting to order at 1:00 p.m. and announced the presence of a quorum.

**2. Discussion/Action – Adjournment into executive session per Section 551.071 (Consultation with Attorney regarding Lease Agreement with the Meadowlakes Property Owners Association, Inc., i.e. “Lease Agreement for Recreational Storage Area.”)** Mayor Raesener adjourned Council to Executive Session at 1:01pm.

**3. Reconvene into Open Session and action as may be required.** Mayor Raesener called the meeting back to order at 2:06pm. There was no action taken.

Prior to adjourning, Mayor Raesener asked Councilmember Woods to read a statement for the purpose of clarifying some of the issues between the City and the POA.

The statement reads as follows:

“You very likely received a recent email from the POA Board of Directors criticizing City Council actions to (1) increase the annual contract cost for the City’s support of the POA and (2) recover the property leased by the City to the POA for RV Storage.

As with most issues, there are two sides to the story.

Let’s look at issue 1 first. Several months ago, the City Council decided that it was time to end the subsidizing of the POA using City and taxpayers’ resources. For decades, the City has performed most of

the responsibilities of the POA within the POA's Covenants, Conditions and Restrictions (the CCRs) under a contractual arrangement that was put in place literally decades ago. The annual agreement has been renewed each year. Regrettably, the prior years' contracts did not recover the full costs of support of the POA.

Please consider these points:

1. The POA is responsible for streets, parks and fences. But, the City has for decades performed or contracted on the POAs behalf all of the repairs. The POA pays for the contract costs and for materials. The City incurs the labor and administration costs to assure the work gets done. And, the work is not always as planned – last week, the City was clearing the roads, the park, and the boat ramp following the flood of 16 October. It was POA responsibility, but City performance. Same for construction of the Veteran's Memorial, the First Responders' Memorial, and the dedications of those memorials. The City did all of the work creating the memorials ordering and installing the commemorative bricks, including placing the seats and electronics for the ceremony and directing traffic. The condition repeats virtually every week with some repair at the POA facilities, removal of trees from streets, vegetation from fences, and on.
2. The POA is responsible for enforcement of the many restrictions cited in the CCRs. But, the POA has no enforcement activities. The City incorporated many of the CCR restrictions as City ordinances, so the City staff enforces and the POA has no performance. Indeed, the cost of enforcement and litigation for enforcement has been done by the City and taxpayers.
3. The POA is responsible for architectural control within the community. But, the City through its Building Committee and administrative staff have been the sole review and approval of new construction and remodels for over 10 years, to include monitoring during construction. The costs of administrative support are the City, and the POA has no performance. And, again, the cost of enforcement and litigation for enforcement has fallen to the City and taxpayers.
4. The POA is responsible for enforcement of land use restrictions within the community. But, the City through its Zoning Committee and administrative staff perform all of the work.
5. The POA is responsible for its administrative support, and contracts with the City for much of that support. In reality, the City performs all internal controls, all purchasing, all payroll, all disbursing, and all accounting for every POA dollar. When the POA receives a "clean" annual audit every year, it is the City's administrative controls that earn that designation. In the past, annual contracts ignored the costs to maintain the administrative infrastructure needed to provide these services.
6. The POA is responsible for holding monthly and annual meetings. But, the POA has no facilities, and they pay no facilities fees. The City provides facilities and staff to man an office for receipt of correspondence and visitors for the POA. The costs of facilities operations fall to the City and taxpayers.

Now, let's look at issue 2. The POA leased the property currently used as the RV Storage facility for 99 years from the Meadowlakes MUD, now a part of the City, for \$99 -- \$1 per year.

Early-on, the POA allowed a committee of those people who had vehicles in the storage area to manage the facility, including setting an annual dues to offset the costs of maintaining the facility. Any surplus funds were given by the committee to the POA for general use. Key here is the point that the intent of the use of the facility was a convenience (amenity) for resident owners of Meadowlakes properties -- the intent was not profit. The intent of the POA was not profit, and the intent of the lease was not profit.

But, the POA intent apparently changed over the years. First, the POA board started setting the dues, and at a profit-making level. And, the POA board directed that all covered facilities installed or purchased by storage users at POA approval were no longer salable at time of transfer. And, the POA board increased the fee for new tenants of covered storage by 200 percent. And, lastly, the POA began entering into formal lease agreements with users.

Now, the POA board annually budgets for a profit from RV storage equating to almost 6 times the costs of operating the facility. Clearly, the POA changed the original intent of the lease, and changed the business and management environment of the lease and facility. Simply, the POA is using City property under lease provisions to subsidize its general funds revenue stream.

So, that is the other side of the story.”

**4. ADJOURNMENT.** Mayor Raesener adjourned the meeting at 2:12pm.

**Approved:** /S/ Mary Ann Raesener  
Mayor, Mary Ann Raesener

**Date:** November 6, 2018

**Attest:** /S/ Evan Bauer  
City Secretary, Evan Bauer

**Date:** November 6, 2018