

# Deerfield Village Community Association

## MINUTES OF FENCE SPECIAL BOARD MEETING

September 11, 2019

A special meeting of the Board of Trustees of the Deerfield Village Community Association was held at 4045 Deerfield Village Drive in Houston, Texas 77084. Purpose was to allow Board Trustees to continue to discuss the findings and proposals from the Fence Committee, hear from residents and determine if and how to proceed. President Eric Toureilles called the meeting to order at 7:09 PM.

Trustees in attendance were Eric Toureilles (President), Brent Burris (Vice President), Bruce Bott (Secretary), Chris Saldana (Treasurer), Dave Flick, Terry Gray, John Murphy and Bob Shortle.

### I. DETERMINATION OF A QUORUM (6 required)

- a) Eric determined there was a quorum. Trustees introduced themselves to the crowd. Approximately 110+ residents were in attendance.
- b) Eric introduced the Fence Committee members and thanked them for their work.
- c) A summary (Attachment I) of the Fence Committee presentation made to the August 26<sup>th</sup> DVCA Board Meeting was given to Board members and multiple copies were distributed to the crowd. Eric noted that all of the Committee documents and reports are available on the Deerfield Fence Committee webpage.
- d) Eric outlined the steps the Committee was to perform. (i) Formation of the Committee, (ii) determine if the HOA could legally and financially build and maintain a perimeter fence [current point], (iii) approach the perimeter homeowners and socialize the concept within the community and further develop a plan, (iv) present the perimeter homeowner buy-in results and final plan for Board approval and (v) execute the plan to build and (vi) maintain the perimeter fence.
- e) A "strawman" timeline for the project has perimeter homeowner approvals by the end of 2019 and, if approved, a new perimeter fence in place by the end of Q2-Q3 2020.
- f) A resident asked if the new fence was damaged, is the homeowner responsible for repairs. The answer is no. With a homeowner easement agreement in place, DVCA would own the fence and be responsible for maintenance and repairs. It was noted that the homeowner would still own the property under the fence.
- g) A resident noted that the fence design on Windsong would need special consideration due to the erosion problem caused by the drainage ditch. The Committee said they were aware of the issue and the current concept for the Enhanced Wood design includes 6"x6" posts sunk at a greater depth than normal.
- h) Eric responded to a question on why past attempts to address the perimeter fence had failed noting that they involved purchasing the property which compounded the legal complexity and cost, and sought more expensive fence options (brick, etc.).

## II. CONTINUE TO REVIEW FENCE PROPOSAL BY FENCE COMMITTEE

- a) The Fence Committee is seeking Board approval for spending up to \$10,000 to draft and finalize the perimeter homeowner easement agreement, socialize the concept in the community, approach the perimeter homeowners and further develop the plan. The majority of the expenditures are envisioned to be legal fees.
- b) The Committee funding request is not in the form typically presented by DVCA committees. Eric noted that a funding request on the standard form could be produced if necessary, or the Board could vote to waive that process.
- c) The Committee does not have a final plan on how to approach the perimeter homeowners. They are considering a series of town halls, door-to-door contacts, etc. Volunteers were requested to assist with this process.
- d) It was noted that the current concept only includes perimeter fence that runs parallel to the exterior roads of Clay, Barker Cypress, Keith Harrow and Windsong. It does not include fence sections that extend into the neighborhood on entry roads, replacement of the brick/iron fences in the Patio Homes, fences that face the pipeline right-of-way/greenbelt/Wilson Elementary or the fence that runs south of Spellbrook to the water treatment plant. The Committee stated that they did this in order to do the current financial analysis and the fence locations could be altered by the Board with corresponding changes to the cost.
- e) Chris asked that a prorated assessment be considered, noting that a large portion of the perimeter fence around the Patio Homes section is not included in the current concept.

## III. DISCUSS FINANCE OPTIONS

- a) Eric stated that DVCA has over \$1M in its reserve accounts, but that we do not want to self-finance 100% of the project. Multiple banks have been contacted about financing and all but one (Chase) were receptive and could provide 5 or 10-year loans. Additional funding sources (crowd-finding, etc.) need to be explored.
- b) Bob requested the Finance Committee to do a detailed review of DVCA reserve accounts and expected future expenditures to determine the availability of reserve funds for this project.
- c) Eric explained that the insurance included in the cost analysis was for catastrophic damage (hurricane, etc.) to the fence 400K and 1% deductible. Typical damage (car accident, etc.) would be considered a maintenance cost, unless exceeding \$4K.

## IV. RESIDENTIAL COMMENTS

- a) A resident stated thanks to the Committee for their work-to-date and expressed support for the project to go forward.
- b) A resident asked the Board to consider reduction of current annual budgets and spending to help pay for the fence. The Board will consider.

- c) A resident noted that the DVCA annual assessment is much lower than that for similar subdivisions in our area.
- d) In response to a question, Eric stated that the Fence Committee may become a permanent committee if the fence project proceeds.
- e) A resident asked that the fence that faces the pipeline right-of-way, greenbelt, Wilson Elementary and extensions along entry roads be included in the plan. It was noted that this would be a significant increase in the scope and cost.
- f) A resident asked for more detail and transparency in the financial calculations used to develop the current concept and annual assessment impact. Eric agreed.
- g) A resident stated that an 8' fence around the entire subdivision would enhance our security. The feedback will be considered.
- h) A resident asked that all of the fence south of Spellbrook on Barker Cypress be included in the project. It was noted that this would increase the cost.
- i) A resident asked the Committee consider paying for a study to quantify the value enhancement to subdivision properties as a result of the fence project. The Committee will consider this idea, but noted that they don't know of a business that would do such a study.
- j) In response to a question, the Committee stated that they do not foresee doing a survey of the entire perimeter as part of the project. Replacement of the current fence, in its current location, is part of the plan. Surveys may be considered in the future.
- k) A resident stated their support for the project going forward and that the \$10,000 expenditure is not an excessive amount to fund the next step.
- l) A resident identified himself as a perimeter homeowner and noted that replacement of his fence is estimated to cost him over \$3,000. He stated his support for the project, and would donate to the GoFundme page, if one is created.
- m) A resident asked if the project doesn't move forward, can the Deeds Committee enforce standards and maintenance of the current perimeter fencing. Eric stated that they can, as they do today. However, each resident will likely complete the work at different times, resulting in checkerboard effect, with new and old fences. Problem we are having would continue.
- n) A resident stated support for the project and urged that the final plan be based on the longest-lasting fence possible.

#### V. VOTE ON HOW TO PROCEED WITH FENCE

- a) Bruce motioned to suspend the rules and policy for Committee funding requests and consider the request without the standard Committee funding request form. Eric seconded and the motion passed unanimously.
- b) Eric motioned to approve the Fence Committee spending up to \$10,000 to proceed with development of the perimeter owner easement agreement, contact with the perimeter homeowners, socialization of the perimeter fence initiative and further development of the plan. Bob added to the motion the Boards thanks to the

Committee for all of their work-to-date. John seconded, and the motion passed unanimously.


- c) During the session a resident brought up that the specific expense request for legal was not on the agenda and should not be voted on. To be transparent, the Board will add this to the September Board meeting agenda to make sure there is the clarity and 10-day notice. Same resident noted that we did not have the reason for Executive session on the agenda, so I clarified that it was to discuss legal and our new office manager employment details. Nothing was to be voted during or after executive session.


#### VI. EXECUTIVE SESSION

At 9:45 PM Eric made a motion to go into Executive Session to discuss a resident financial issue and feedback on the office staff. Bruce seconded, and the motion passed unanimously. The session ended at 10:05 PM.

#### VII. ADJORNMENT

Bob motioned to adjourn the meeting. Terry seconded, and the motion passed unanimously. Eric called the meeting adjourned at 10:07 PM.

  
Submitted by: Bruce Bott  
DVCA Secretary

  
Accepted by: Eric Toureilles  
DVCA President

## Deerfield Village Community Association

### Fence Committee Presentation Summary September 11<sup>th</sup>, 2019

**Introduction:** The Fence Committee was ratified by the Deerfield Village Community Association ("DVCA") Board of Directors ("BoD") on September 24, 2018 and has operated in a manner consistent with its Charter.

**Primary objective:** Gain control of the perimeter fence.

**Motivation:** Real Estate Professionals, including Appraisers, stated DV property values are negatively impacted by the varying degree of deterioration of the perimeter fence.

<b>Data:</b>	1,058	Home Owner's ("HO")
	119	Perimeter Home Owner's ("PHO") – 11.25% of the total
	12,400 LF	Perimeter Fence (LF to be confirmed by contractor)

#### Legal Issues:

- HOA documents forwarded to Rick Butler of Roberts, Markel, Weinberg, Butler, Hailey PC – Attorneys and Counselors at Law, for review. Rick Butler has advised numerous HOA's dealing with perimeter fence issues and several of those involved Friendswood Development.
- Generally speaking, if the HOA documents are silent regarding an issue, then the **Texas Business Organization Code governs.**
- Mr. Butler advised that this Code provides the HOA Board the legal vehicle by which the **HOA can make an expenditure for an improvement benefitting all community homeowners.**
- Further, **Mr. Butler read nothing in the HOA documents that would prevent the HOA Board from proceeding forward with replacing and maintaining a community perimeter fence with BoD approval.**
- **Mr. Butler recommended an Easement Agreement be signed by each Perimeter Home Owner and the HOA, respectively, whereby:**
  - A) Each Perimeter Home Owner would retain ownership of this land and
  - B) the HOA would have the right to replace and maintain the perimeter fence thereupon currently and in future time.

#### Fence Product Designs (Top 3 of 8 Options Provided)

(See attached worksheet(s) for detail. Numbers are approximate but based on bids)

	Fence <u>Exp. Life</u>	Annual <u>Cost (Per Yr)</u>	Annual <u>Mtnc \$</u>	Mtnc <u>Assessment</u>
• Enhanced Wood:	15	\$600K (\$40K)	\$13K	\$12.29
• Trex Composite:	25	\$1.1M (\$44K)	\$5K	\$4.73
• Wood:	10	\$425K (\$43K)	\$12K	\$11.34



## **RECOMMENDATION**

*In its effort to maximize attractiveness & durability while minimizing costs, the 2018-2019 Fence Committee hereby recommends the following:*

1. Perimeter Home Owners (PHO's) to sign Easement Agreement
2. Town Hall Meeting with all Home Owners. Discuss in monthly newsletter.
3. Enhanced Wood Fence
  - a. 8' Height, Clay & Barker Cypress
  - b. 7' Windsong & Keith Harrow
4. Secure Loan.  
Finance Terms:
  - a. 10 years
  - b. 10% Down Payment ("DP" \$60K, if financed)  
Possible contribution from other source
  - c. HOA contribution NTE \$250K (from Reserve Fund)
  - d. Est 6%, or less, interest on 10-year loan.
5. Insurance on fence is \$2,800 per year, with 1% deductible

### **Recommendation Assessment: \$600,000.00 Enhanced Wood**

Includes \$37,200 Stain & \$59,400 columns totaling \$96,600.00  
10% Down Payment = \$60,000.00 – Possible Contribution from Other Source(s)  
Plus \$250K from HOA reserves as internal financing.  
\$290K Financed, 10 Years, 6% = \$3,220/month or \$38,635/Year  
Assessment = \$36.80 per Home Owner (1,058 total Home Owners) per Year for 10 Years  
Plus \$12.29/Home Owner/Year for maintenance costs beginning Year 1.

**Total Assessment \$49.09/Home Owner/Year, beginning year 1.**

### **Going Forward – 2<sup>nd</sup> Generation Fence**

Assume 15 year 1<sup>st</sup> Gen. Fence Life & 10 Year Loan.

This provides an additional 5 years for the original assessment = a total of \$193,175.

Then....

15 Years From Now:

Assuming a 20% Down Payment for Trex = \$218,230. (HOA adds \$25,055.00 for DP)

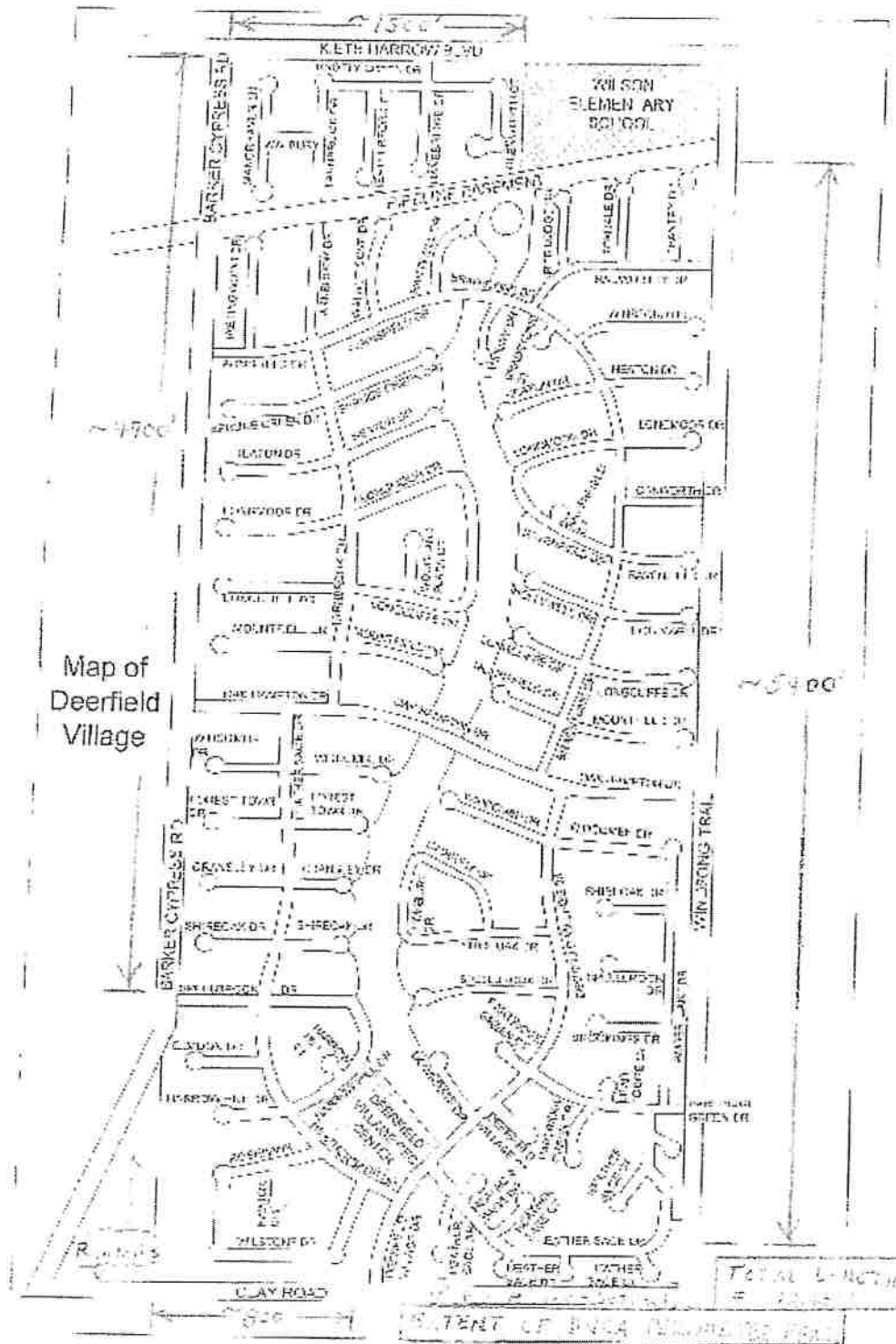
\$1,091,138 Trex Fence – \$218K DP = \$872,908 Amount Financed.

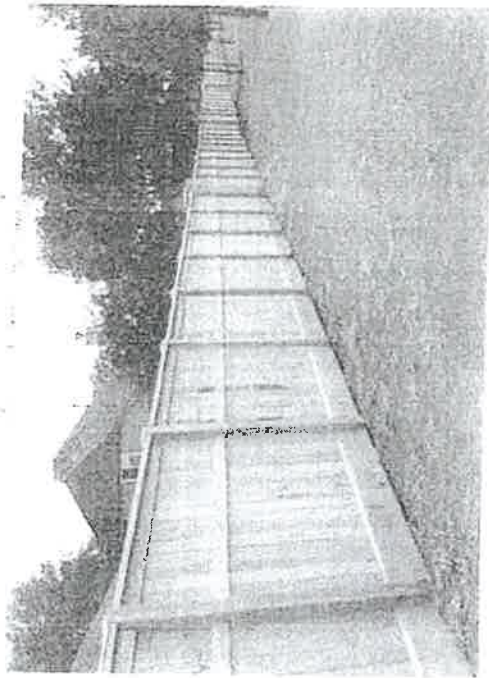
Also Assuming a 15 Year Trex Loan @ 7% = \$7,845.94/month = \$94,151.33 =

\$88.99 Fence Annual Assessment per Home Owner.

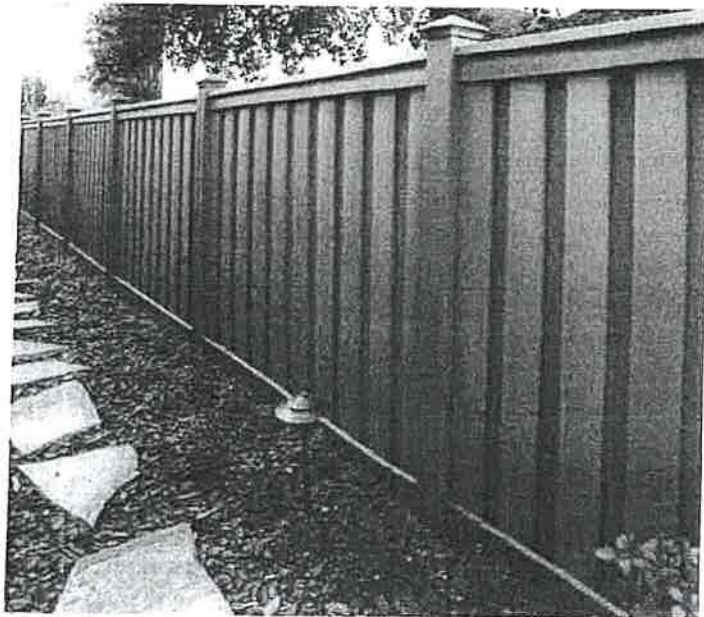
\$4.73 Annual Maintenance Assessment per Home Owner

\$93.72 Total Estimated Annual Assessment per Home Owner for Trex Fence in 15 Years.





Enhanced Wood



Trex Composite "Seclusions" Fence

Trex Composite