

PADRE ISLES PROPERTY OWNERS' ASSOCIATION, INC.

BOARD OF DIRECTORS' MEETING

TUESDAY, APRIL 28, 2026

1. Call to Order: 5:28 P.M.
2. Board Members' Present: George Reed, Drew Diggins, Randy Eaton, Natasha Muse, Jim McFadden, Terry Brown, Ross Garcia

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| Motion: Drew Diggins: Adjourn annual board meeting | | |
| Second: Ross Garcia | | |
| Aye: George Reed, Natasha Muse, Randy Eaton, Terry Brown, Jim McFadden | Nay: 0 | Abstain: 0 |

3. President's Comments:
 - o Voting results concluded with new members.
 - o Appreciation for previous board members
 - o The board has made meaningful improvements for communication with the community
 - o The current conditions of the bulkhead system and the need for reconstruction and repairs show with the current budget are not sufficient to fully address the scope of work. An increase in budget is necessary to fully fund the repairs for long-term stability.
4. Conflict of Interest: N/A
5. Office Elections for board members:

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| Motion: Drew Diggins: Appoint George Reed as POA Board President | | |
| Second: Terry Brown | | |
| Aye: Natasha Muse, Randy Eaton, Ross Garcia, Jim McFadden | Nay: 0 | Abstain: 0 |

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| Motion: Ross Garcia: Appoint Randy Eaton as POA Board Vice-President | | |
| Second: George Reed | | |
| Aye: Natasha Muse, Drew Diggins, Jim McFadden, Terry Brown | Nay: 0 | Abstain: 0 |

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| Motion: Natasha Muse: Appoint Terry Brown as POA Board Treasure | | |
| Second: Randy Eaton | | |
| Aye: Ross Garcia, Drew Diggins, Jim McFadden, George Reed | Nay: 0 | Abstain: 0 |

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| Motion: Terry Brown: Appoint Natasha Muse as POA Board Secretary | | |
| Second: George Reed | | |
| Aye: Ross Garcia, Randy Eaton, Drew Diggins, Jim McFadden, | | |

6. Bulkhead Presentation – Jerry Watkins (Project Manager)
 - 241 linear feet were installed for bulkhead repair.
 - Pictures provided for installation process. Refer to meeting agenda.
7. ACC Presentation: Mike Gdula ACC Chairman
 - April received 11 applications received
 - Year-to-date for 2025: 47 applications
 - Year-to-date for 2026: 35 applications
 - A noted decrease in applications volume compared to previous year.
8. Executive Director Report- Rick McGinley
 - Office closure to walk-in traffic on Wednesday’s afternoons 12P.M. to 5P.M. for reconciliations, property audits continuation
 - Well project update:
 - Passed electrical inspections
 - Island Pride Committee along with the POA is sponsoring a volunteer initiative to (decoratively) paint the fence around the well equipment
 - In-house “Hot Zone” low study accomplished using recently provided high-definition videos.
 - captured by a property owner when the canals were first opened (18 Feb 2024 - 4 months before TS Alberto) *Information in Agenda*
9. Treasurer’s Report – Terry Brown
 - The accounting basis adopted by the Padre Isles Property Owners Association is the CASH basis. Accordingly, revenues and expenses are recorded as incurred.
 - Accounts Receivable and Delinquent Accounts. .

- Total delinquent Accounts Receivable balance, as of April 23, reflects a decrease over the prior period. The APHI delinquent balance is \$538,467 compared to the Match balance of \$551,329 for a \$12,862 reduction Of 2.32/0.
 - In summary, a six-month comparative overview, September 2025 through March 2026 reveals a reduction of the total delinquent balance in the amount of \$176,560 Of 24.6%.
 - On February 2, our approved Maintenance Charge Collection Policy was implemented with the issuance of the Initial Notice of Non a meant to target large-balance delinquent accounts. Accordingly, Notices representing over \$132,000 have been issued* We expect to continue the collection efforts with the Initial Notice being sent to additional large-balance accounts.
 - Collection effort results will continue to be reported to the board monthly with recommendations for accounts that need to be submitted to legal counsel for implementation of the lien process as prescribed in our Collection Policy.
- Auditors' Report for the fiscal period ending 12/31/2025:
 - Our CPA audit firm, Adamson and Company, has started the audit for the 2025 fiscal year ending 12/31 / 2025.
 - Accordingly, staff and leadership will be working with our CPA auditors to review and advise in all areas of our systems and practices to help ensure timely, complete and accurate financial reporting.
- Summary of Financial Operations vs. budget for the period January and February: Financial operations through April 23 reflect the following:
 - Gross revenues of \$1,595,494 vs. a prorated plan of \$690,303 for a positive variance of \$905k. This, of course, is based on our cash accounting system which reflects \$2.2m in budgeted gross revenues for the entire fiscal year extended through 4/23/26 vs. actual revenues collected over the same period. Accordingly, actual total expense for the same comparative period of 4/23/26 reveals \$710,770 vs. prorated planned expense of \$925, 821 for a negative variance of \$215,050* This positive operational variance of \$1,120,050 (\$905k positive revenue and \$215,050 below plan in expense) should carry us through the beginning of the 4th quarter when we will need to consider a withdrawal from our reserves in order to carry us through the end of the fiscal year.
- American Bank Activity through March 31:
 - Our American Bank primary account balance as of March 31 is \$870,485. This includes \$705,992 in deposits; these deposits represent 32^o/0 of our expected annual revenue. Essentially, we

collected most of our fiscal year's revenue in the first quarter. Accordingly, we utilize these early collections to fund our operations throughout the entire fiscal year.

- **Summary of Investment Accounts through December:**
 - The March Herndon Plant Oakley investment statement reflects a total portfolio value of \$14,472,419 as of 3/31/26. Net annualized investment income earned for the 12-month period ending 3/31/26 is \$459,661 Of 3.1%, Compared to the prior reporting period, the net annualized investment income was \$682,565 or 4.75% Of an overall decrease of \$56,987 or 11.0%. Essentially, while our investment accounts earned \$50,905 in interest, this was offset with a market drop which reduced our overall portfolio balance in the amount of (\$123,145).
- **A Financial Overview of Revenue and Delinquent Account Collections As suggested in previous Treasurer reports**
 - Approximately 25% of our income available for operations comes from our investment portfolio interest income. In that light, every effort should be made to avoid using our investment principle for general operations where reasonably possible. Enhanced delinquent account collection resources should be considered to recover the outstanding receivable balance.

10. New Business:

- Next meeting:
 - May 26, 2026, at 5:30 p.m.

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| Motion: George Reed: Schedule workshop with board members and legal counsel | | |
| Second: Terry Brown | | |
| Aye: Drew Diggins, Ross Garcia, Jim McFadden, Randy Eaton, Natasha Muse, | Nay: 0 | Abstain: 0 |

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| Motion: Natasha Muse: Adjourn Board meeting | | |
| Second: Jim McFadden | | |
| Aye: George Reed, Drew Diggins, Terry Brown, Ross Garcia, Randy Eaton | Nay: 0 | Abstain: 0 |
| Meeting adjourned 6:45 P.M. | | |