HIGHLANDS PROPERTY OWNERS' ASSOCIATION, INC.
ANNUAL MEETING OF MEMBERS
MAY 16, 2026

An Annual Meeting of the Property Owners ("Members") of the Highlands Property Owners' Association, Inc. (the "Association") was held at the Highlands Pavilion, White Bluff Resort on Lake Whitney, on Saturday, May 16, 2026. Members of the Association were properly notified of this meeting and were invited to attend. The Notice and Agenda for this meeting is attached to these minutes.

Gerry Mayer, President and Director of the Association, called the meeting to order at 3:05 pm and began by welcoming all Members in attendance. Other directors in attendance were Brad Branstetter and Michael Pollard.

Mr. Mayer then called on Mr. Branstetter, Vice President, to establish that a quorum exists. Mr. Branstetter reported that proxies for 77 lots had been submitted prior to the meeting, representing 27% of all voting lots in the Highlands, and stated that the Association's bylaws require 25% to establish a quorum. Mr. Branstetter declared that a quorum existed.

Mr. Mayer then reported on the Association's operations. He explained that the pool renovation has been the primary activity for 2026. He also mentioned that the front gate security system is old and may need to be replaced in the near future, but for now the software and hardware are operating properly most of the time.

Mr. Mayer then called on Mr. Pollard to report on the Association's financial matters. Copies of the Association's balance sheets as of December 31, 2023, 2024, and 2025, along with the associated Profit and Loss Statements and Cash Flow Statements were made available to Members in attendance. Copies of these statements are attached to these minutes.

Mr. Pollard encouraged all in attendance to review the financial information provided and ask any questions. For the three-year period, the Association had a high degree of liquidity, with over $60,000 in cash for all periods. Revenues were fairly consistent (between $58,000 and $62,000 at the assessment rates then in effect) due largely to collection efforts on delinquent accounts. Those efforts are continuing in 2026 with the engagement of a collection agency, Debt Co. This firm has reported over 30 of the Association's delinquent accounts to two of the three credit bureaus. The Board is hopeful that these efforts will improve the collection rate.

This year, the Board's primary financial concern is the lack of liquidity caused by the pool renovation as discussed in detail during the open meeting of the Board that immediately preceded this meeting of Members.

At December 31, 2025, the Association had a cash balance of $65,386, of which $54,183 was earmarked for Capital Reserve. However, the pool renovation project cost ~$85,000 to complete. The Board projects that the Association will not have enough cash on hand to meet its budgeted operating costs for the remainder of 2026. As discussed in the prior Board meeting, the Board applied for a loan from a local bank in April, but the bank required personal guarantees from the Board. Each of the Board members declined. Discussions are underway with another bank, one that specializes in loans to homeowner associations, but early indications raise doubt that the Association's assessment collection rates will meet the bank's lending criterion.

One option would be to ask three Members each to agree to loan $10,000 to the Association on terms to be negotiated by the Board. While this approach is an option, the process would be fairly involved in order to establish that the terms are fair and in the best interest of the Association.

Mr. Pollard then introduced the concept of a voluntary assessment prepayment plan and requested Members in attendance to offer feedback on this option. Under this plan, all Members in good standing would be encouraged to prepay 2027 and 2028 assessments. Member prepayments would be made directly to the Association and would result in a credit balance in such Member's account with the Association. Mr. Pollard estimated that if 75% of all local Members would participate, the Association would receive an additional $30,000 this year which would essentially be a non-interest-bearing bridge loan from Members. The feedback was overwhelmingly supportive of this approach, noting that this option gives the Board time to work on collecting past due assessments from delinquent Members to help absorb the impact of the pool renovation.

Regarding assessment collections, discussion ensued about lots that are currently owned by Whitney ISD and Flatiron since those lots are either exempt from assessments or subject to phase out under the Association's multi-lot discount policy. The Board acknowledged that the Association would benefit significantly if lots owned by either of these entities could be acquired by non-exempt owners. It was suggested that White Bluff POA and Highlands POA work together to increase demand for lots within the White Bluff subdivision, if possible.

Mr. Mayer then proceeded to the agenda item for election of directors. He explained that the Association's bylaws provide for the election of directors bi-annually. The Board sent two emails to property owners in advance of this meeting requesting nominations for board candidacy. None were received. As a result, each of the three incumbent directors – Gerry Mayer, Brad Branstetter, and Michael Pollard - agreed to serve another 2-year term as director. Mr. Mayer asked for any other nominations from the floor. Hearing none, a motion was made and seconded to elect Gerry Mayer, Brad Branstetter, and Michael Pollard for an additional 2-year term as directors of the Association. The motion was submitted to the vote of the Members present or represented by proxy. As a result, Messrs. Mayer, Branstetter, and Pollard were duly elected.

The meeting was adjourned at 3:30 pm.

Highlands Property Owners Association, Inc.

Notice of Meeting
Annual Meeting of Property Owners/Members
Highlands Pavilion
White Bluff Resorts on Lake Whitney
Saturday, May 16, 2026
3:00 p.m.

Agenda

1.	Welcome	Gerry Mayer
2.	Call to Order	Gerry Mayer
3.	Declaration of Quorum	Brad Branstetter
4.	Report on Operations	Gerry Mayer
5.	Report on Finances	Michael Pollard
6.	Election of Directors	Brad Branstetter
7.	Report on Voting Results	Brad Branstetter
8.	Questions/Answers	Gerry Mayer
9.	Adjournment	Gerry Mayer

Current members of the Board are:

Gerry Mayer, President
42056 Crooked Stick Drive
gm@mayeradvertising.com

Brad Branstetter, Vice President
42003 Crooked Stick Dr
brad.branstetter@msn.com

Michael Pollard, Sec/Treas
42089 Crooked Stick Drive
mlpollard76692@outlook.com

Highlands Property Owners' Association
Balance Sheet

	December 31,		
	2023	**2024**	**2025**
ASSETS			
Current Assets:			
Cash	$ 61,686	$ 67,939	$ 65,386
Assessments Receivable	73,303	41,936	27,535
Less: Allowance for Doubtful Accounts	(73,303)	(41,936)	(27,535)
	-	-	-
Prepaid Expenses	2,427	-	3,269
Total Current Assets	64,113	67,939	68,655
Fixed Assets	4,500	39,510	42,310
Total Assets	$ 68,613	$ 107,449	$ 110,965
LIABILITIES AND ASSOCIATION EQUITY			
Current Liabilities:			
Accounts Payable and Accrued Expenses	$ 3,919	$ 1,148	$ 9,368
Prepaid Assessments	1,952	3,020	8,010
Delinquency Fee Payable	18,084	-	-
Current Portion of Note Payable	7,610	7,990	8,390
	31,565	12,158	25,768
Long-Term Note Payable	34,442	26,451	18,061
Association Equity:			
Unrestricted Surplus (Deficit)	(15,231)	38,928	12,953
Capital Reserve	17,837	29,912	54,183
	2,606	68,840	67,136
	$ 68,613	$ 107,449	$ 110,965

Highlands Property Owners' Association
Profit and Loss Statements

	Years Ended December 31,		
	2023	2024	2025
Revenues:			
Assessments	$ 58,063	$ 61,033	$ 60,899
Other	-	-	29
Total Revenues	58,063	61,033	60,928
Expenses:			
Repairs and Maintenance:			
Pool and Pavilion	9,364	7,977	8,061
Grounds	7,557	7,400	15,687
Gate	-	-	100
	16,921	15,377	23,848
Utilities:			
Electricity	6,037	5,387	4,061
Water and Sewer	11,556	1,643	9,119
Telephone	950	882	1,264
	18,543	7,912	14,444
Administration:			
Management and Accounting	4,465	2,396	6,020
Insurance	1,946	6,264	3,522
Collection Charges	970	5,890	-
Other	1,064	1,400	714
	8,445	15,950	10,256
Provision for Bad Debts	3,193	(17,576)	7,780
Interest on Note Payable	2,223	1,849	574
Reserve Expenditures - Repairs and Maintenance			5,730
Total Expenses	49,325	23,512	62,632
Operating Profit (Loss)	8,738	37,521	(1,704)
Gain on Settlement - Delinquency Fee Payable	-	14,627	-
Net Profit (Loss)	$ 8,738	$ 52,148	$ (1,704)

Highlands Property Owners' Association
Cash Flow
($000's)

	Years Ended December 31,		
	2023	**2024**	**2025**
Operating Activities:			
Assessment Collections	$ 55	$ 75	$ 58
Total Expenses, before non-cash adjustments:	(49)	(24)	(63)
Prepaid Expenses	(2)	2	(3)
Payables and Accrued Expenses			8
Bad Debts	3	(18)	8
Cash Provided by (Used in) Operating Activities	7	35	8
Investing Activities:			
Fixed Asset Additions	-	(35)	(3)
Cash Provided by (Used in) Investing Activities	-	(35)	(3)
Financing Activites:			
Proceeds from insurance claim	6	14	-
Principal Payments - Note Payable	(7)	(8)	(8)
Cash Provided by (Used in) Investing Activities	(1)	6	(8)
Net Cash Provided (Used)	6	6	(3)
Beginning Cash	56	62	68
Ending Cash	$ 62	$ 68	$ 65

Highlands Property Owners' Association
Association Equity Rollforward

	Years Ended December 31,		
	Unrestricted Surplus (Deficit)	**Capital Reserve**	**Total Association Equity (Deficit)**
Balance 12/31/22	$ (23,969)	$ 12,086	$ (11,883)
Insurance Proceeds - Hail Damage	-	5,751	5,751
2023 Profit (Loss)	8,738	-	8,738
Balance 12/31/23	(15,231)	17,837	2,606
Insurance Proceeds - Hail Damage		14,085	14,085
2024 Profit (Loss)	52,148		52,148
Transfers:			
Board Approved Transfer to Capital Reserve	(33,000)	33,000	-
Use of Capital Reserves for Fixed Assets:			
Pool House/Pavilion Improvements	26,285	(26,285)	-
Entrance Landscaping	8,725	(8,725)	-
			-
Balance 12/31/24	38,927	29,912	68,840
2025 Profit (Loss)	(1,704)		(1,704)
Transfers:			
Board Approved Transfer to Capital Reserve	(30,000)	30,000	-
Use of Capital Reserves for Repairs and Maintenance:			
Replace Pool Pumps	5,730	(5,730)	0
			-
Balance 12/31/25	12,953	54,183	67,136