

**HIGHLANDS PROPERTY OWNERS' ASSOCIATION, INC.**  
**SPECIAL MEETING OF BOARD OF DIRECTORS**  
**DECEMBER 13, 2024**

A Special Meeting of the Board of Directors of the Highlands Property Owners' Association, Inc. (the "Association") was held at 42089 Crooked Stick Dr, Whitney, Texas, on Friday, December 13, 2024. Members of the Association were properly notified of the meeting and were invited to attend. The Notice and Agenda for this meeting is attached to these minutes. Directors in attendance were Gerry Mayer, Tommy Edgar, and Michael Pollard.

Gerry Mayer, President and Director of the Association, called the meeting to order at 3:02 pm. Mr. Mayer advised those Members in attendance that they were not allowed to participate in the Board's discussion during the business portion of the meeting. Instead, Members would be invited to make comments and ask questions before and after the Board's conduct of business.

Mr. Pollard acknowledged that all three Directors of the Association were in attendance and declared that a quorum existed.

Mr. Mayer then invited any of the Members in attendance to address the Board with initial comments or questions. None of the attending Members accepted the invitation at that time.

The first order of business was the Consent Agenda to allow the Board to ratify, in open Board meeting, all actions taken by unanimous email votes since the last open meeting. Mr. Pollard presented three email actions to the Board for ratification:

- July 16, 2024 email action to authorize the final billing from C&C Lawn and Tree in the amount of \$8,725 for work done to replace grass between the crepe myrtle trees along Highland Blvd with stone and replace the unsightly rocks located under the columns at the gate. This work was approved at the May 18, 2024 Board meeting at an estimated amount of \$6,000. A motion to ratify the \$8,725 invoice for this work was made, seconded, and unanimously approved.
- October 1, 2024 email action to proceed with entering into a definitive financial services agreement with Castle Group Texas LLC to serve as the Association's financial manager. The agreed-upon monthly service fee was \$500 per month. A motion to ratify entering into this agreement was made, seconded, and unanimously approved.
- November 1, 2024 email action to purchase and install a new gate control system at the Highlands Pool based on a quote from Assa Abloy. A motion to ratify entering into this agreement at a cost of \$3,000 was made, seconded, and unanimously approved.

Mr. Mayer called on Mr. Pollard to submit the 2025 Annual Operating Budget for approval by the Board. Mr. Pollard handed out a report (copy attached) that compared the proposed 2025 budget with 2024 estimated, 2024 budgeted, and 2023 actual. He called attention to a few of the more significant line items, as follows:

- Maintenance Fee Assessments:

We collected \$74,100 in 2024 vs. \$52,000 in 2023. Of that amount, about \$50,000 was for 2024 assessments and the remainder for 2023 and prior year assessments (82% current collection rate for 2024 vs 77% in 2023). Collections were higher due to an enhanced effort to collect past due accounts, including the use of Debt Collectors Inc., and large and reputable collection agency. We submitted to DCI 30 accounts totaling over \$49,000; they were able to help us collect 12 accounts totaling over \$20,000.

The 2025 budgeted collection amount of \$55,000 assumes a conservative 80% collection rate, plus an additional \$6,000 of prior period delinquencies.

- Water/Sewer:

Budgeted water for 2025 is down significantly from 2023 levels due to fewer line breaks and other volume discrepancies. Usage in 2024 was unusually low and was not used as the basis for estimating 2025.

- Insurance:

Insurance is based on actual policy rates and is higher than prior year premiums as a result of rate increases which have been common in the industry.

- Management and Accounting Services:

These services are budgeted based on the contractual terms with Castle Group Texas LLC.

A motion to approve the 2025 Operating Budget for expenditures of \$44,000 was made, seconded, and unanimously approved.

Mr. Pollard recommended to the Board that we add \$33,000 to our capital reserve. Currently, the balance in our reserve account stands at a \$3,000 deficit resulting from a combination of insurance deductibles, uninsured repairs to the pool house, and the front entrance landscaping. This \$33,000 addition will restore our capital reserve to \$30,000 to provide funds for future capital improvements. A motion to approve the transfer of \$33,000 into the Association's capital reserve account was made, seconded, and unanimously approved.

Mr. Mayer then opened the floor for questions from Members in attendance. No matters requiring action by the Board were brought to its attention during this time.

The Special Meeting was adjourned at 3:45 pm.

# *Highlands Property Owners Association, Inc.*

## **Special Called Meeting of the Highlands POA Board of Directors**

**Invitees: Members of Highlands POA**

**Location: 42089 Crooked Stick Dr, Whitney, Texas**

**Date: Friday, December 13, 2024**

**Time: 3:00 p.m**

### **Agenda**

- |     |  |                 |
|-----|--|-----------------|
| 1.  | Welcome  | Gerry Mayer     |
| 2.  | Call to Order  | Gerry           |
| 3.  | Declaration of Quorum                                  | Michael Pollard |
| 4.  | Comments from Property Owners                          | Gerry           |
| 5.  | Consent Agenda (Actions Taken Outside of Board Meeting | Gerry           |
| 6.  | Treasurer's Report                                     | Michael         |
| 7.  | Appointment of Castle as Management Agent              | Michael         |
| 8.  | Approval of 2025 Operating Budget                      | Michael         |
| 9.  | Questions/Answers                                      | Gerry           |
| 10. | Adjournment  | Gerry           |

**Highlands Property Owners Association, Inc.**  
**Annual Operating Budget for 2025**  
**As Compared to 2023 Actual, 2024 Budget and 2024 Estimated**

	<b>2025 Budget</b>	<b>2024 Estimated</b>	<b>2024 Budget</b>	<b>2023 Actual</b>	
<b>Income</b>					
Maintenance fees	\$ 55,000	\$ 74,100	\$ 52,000	\$ 52,000	Note 1
<b>Expenses</b>					
Electricity	6,000	5,400	6,000	6,000	
Water/Sewer	6,000	3,300	10,000	10,000	
Telephone/Data	1,000	900	1,000	1,000	
Insurance	6,000	5,300	3,000	2,500	
R&M - Grounds	9,000	7,400	9,000	8,000	Note 2
R&M - Pool/Pavillion	8,000	8,000	8,000	10,000	Note 2
R&M - Entry	1,000	-	1,000	-	
Management and Accounting Fees	8,000	3,700	6,000	5,000	Note 3
Legal and Collections	1,000	5,600	-	-	
<b>Total Expenses</b>	<b>46,000</b>	<b>39,600</b>	<b>44,000</b>	<b>42,500</b>	
<b>Operating Cash Flow (Deficit)</b>	<b>\$ 9,000</b>	<b>\$ 34,500</b>	<b>\$ 8,000</b>	<b>\$ 9,500</b>	
<b>Supplemental Information:</b>					
Cash committed for annual debt service to DDI (due May 1)	\$ 9,713	\$ 9,713	\$ 9,713	\$ 9,713	Note 4
Cash committed for major improvements to pool/pavilion	\$ 3,000				Note 5
Cash committed to capital reserve (proposed)	\$ 33,000				Note 6

**2025 Budget Notes:**

- Budgeted annual maintenance fees collected from property owners is based on 80% collection rate on current billings, plus \$6,000 in past due collections.
- Budgeted repairs and maintenance costs for grounds and pool/pavilion are based on current terms with existing service providers.
- Budgeted management and accounting fees based on higher Castle rate of \$500/month, plus office supplies and postage.
- At the annual meeting of the Association's property owners held on April 26, 2018, the directorship of the Association changed from a board controlled by Double Diamond, Inc. ("DDI") to an independent board comprised solely of the Association's property owners. In connection with this change of control, the Association issued an unsecured promissory note to DDI in the principal amount of \$75,000, bearing interest at 5% and payable in 10 equal annual installments of \$9,712.84 beginning May 1, 2019. The promissory note was issued in full settlement of all then-existing obligations to DDI and its affiliates, whether known or unknown, including approximately \$87,000 of recorded indebtedness to DDI and its affiliates as of the date of the change of control.
- Reserved for installation of new gate controller at pool entrance.
- Proposed increase in capital reserves for future major repairs/replacements, including coping around the pool edge, equipment, and furniture (up to ~\$30K).