HIGHLANDS PROPERTY OWNERS' ASSOCIATION, INC.
SPECIAL MEETING OF BOARD OF DIRECTORS
MAY 16, 2026

A Special Meeting of the Board of Directors of the Highlands Property Owners' Association, Inc. (the "Association") was held at the Highlands Pavilion on Saturday, May 16, 2026. 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, Brad Branstetter, and Michael Pollard.

President Gerry Mayer called the meeting to order at 2:45 pm.

Vice President Brad Branstetter declared that a quorum existed. Mr. Mayer then welcomed the members in attendance. The first order of business was to review the Consent Agenda and ratify previous actions of the Board taken by unanimous consent via email or text. Mr. Mayer then called on Mr. Michael Pollard.

Mr. Pollard explained that each of the consent actions to be ratified were related to the recent renovation of the swimming pool and its funding. In order to keep these actions in context, Mr. Pollard first provided a recap of the prior open Board meeting held on December 20, 2025, then presented the items to be ratified.

Recap of Board meeting on 12.20.25

During that open meeting, the Board discussed the need to renovate the Highlands pool due to the poor condition of the coping, mastic, tiles, and pool deck. The Board acknowledged that the Association's primary responsibility is to provide its members with exclusive access to a high-quality swimming pool in the Highlands. This amenity alone creates special demand for Highlands homes, condos, and lots and contributes to maintaining property values for all members. After discussion, the Board concluded that the Association should move forward with the renovation in 2026. Based on a quote from a pool contractor, the Board estimated the total cost to be $55,000, including a 10% contingency.

The Board discussed various funding options in light of the Association's current financial condition. As of October 31, the Association's cash holdings totaled $69,000, of which $24,000 was dedicated to Capital Reserve. The Board reviewed a preliminary 2026 Operating Budget which projected operating expenses, excluding debt service or any capital improvements, to be $50,000. Based on 2025 assessment rates, the Board estimated that assessment collections would also be $50,000, a break even. This approach was not viable since it could not provide the funds needed to make the Association's $10,000 debt service payment to Double Diamond Inc. ("DDI") due on 5/1/26.

The Board then considered two options to be able to fund the pool and provide for debt service.

- Authorize a one-time special assessment of $300 per lot, leaving regular assessment rates at 2025 levels . This option would provide ~$55,000 in additional cash in 2026; or
- Authorize an increase of $100 per lot (single-lot rate, proportionately reduced for multiple lots) in the regular assessment for 2026. This option would provide ~$18,000 of additional cash per year.

The Board unanimously decided to increase the annual assessment. This consensus was based on two main considerations. Generally, special assessments are less favorable to property owners than an increase in regular assessments, and regardless of the pool renovation, the 2025 assessment levels do not provide enough cash flow to cover the Association current debt service.

The Board then considered a quote from Sundown Pools of ~$49,000 and concluded to move forward with that proposal, noting that the proposal did not include leveling a section of the deck which had apparently been raised by a tree root. The Board also discussed that other capital improvements, such as the security fence and pool furniture, would be required in the coming years.

The Board also approved a $30 000 increase in the Association's Capital Reserve, raising the balance to $54,000, an amount sufficient to fund almost all of the expected renovation cost of $55,000.

Actions to be Ratified

In mid-January, based upon recommendations from White Bluff POA, the Board compared the work quality of Sundown Pools at the Ash pool to that of Lemaster Custom Pools at the Rustic pool. The Board concluded that Lemaster's work was superior to that of Sundown, so the Board asked for a quote from Lemaster. That quote came in at $80,000, excluding any costs that may be necessary to chip out existing plaster before applying the new coat of plaster. What the Board learned from the Lemaster quote is that the Sundown quote did not include new skimmers or the deck leveling, both of which were needed. Agreeing that Lemaster was a better choice, Mr. Mayer requested a discount, and Lemaster lowered their quote to $70,000 ($15,000 more than what was proposed in December). By email, the Board unanimously agreed to enter into a contract with Lemaster on the terms discussed above. The Association made a 50% down payment to Lemaster on February 19.

Renovation work began in early March, beginning with replacing the coping, tile, and skimmer; replacing a section of the deck that had become unlevel; and resurfacing the entire deck with cool deck material. In early April, the pool was drained in order to re-plaster the pool, and upon inspection, the Board learned that there were numerous soft spots in the existing plaster. As a result, 100% of the existing plaster had to be chipped out before proceeding with the new plaster. At this point, there was no viable option, so the Board authorized a modification to the Lemaster contract for the necessary chip-out work at a cost of $12,500, bringing the total contract cost to $82,500.

Mr. Pollard, as Treasurer, began exploring various financing alternatives to fund the excess cost of the project. In March, Mr. Pollard asked DDI to consider waiving principal payments that would otherwise come due on 5/1/26 and 5/1/27, allowing the Association to make interest only payments on those dates until maturity on 5/1/28. This request was denied.

In mid-April, Mr. Pollard applied for an $80,000 loan from a local bank to finance the remaining payment due to Lemaster ($47,500), payoff the DDI note ($28,000), and provide working capital ($4,500). The bank approved a five-year, $80,000 loan, at an annual interest rate of 8.5%, with monthly installments of $992 based on a 10-yr amortization and a balloon principal payment of $48,000 at maturity. However, this loan would require personal guarantees by the Board. For the time being, the Board is not pursuing this option.

In mid-April, knowing the annual note payment to DDI would be due on 5/1/26, and knowing that available cash will be limited once the Board pays the remaining contract price to Lemaster, Mr. Pollard, with the prior knowledge of Mr. Mayer and Mr. Branstetter, offered to personally purchase the Association's note from DDI at its payoff value so that Mr. Pollard could then agree to waive principal payments until maturity at 5/1/28. DDI verbally accepted his offer, but DDI did not immediately follow through with the needed documentation. To avoid a late payment, Mr. Pollard personally paid DDI $9,712.84 on behalf of the Association prior to the due date. On May 13, Mr. Mayer and Mr. Branstetter consented to Mr. Pollard's purchase of the DDI note in a text vote. Mr. Pollard wired $18,090.27 to DDI and now holds all rights as noteholder of the DDI note. Mr. Pollard delivered a copy of the Assignment and Endorsement to the Association. Mr. Pollard has offered to amend the DDI note to restore the principal balance to the outstanding amount prior to the 5/1/26 scheduled payment and waive all principal payments thereafter until maturity on 5/1/28. These amendments will accomplish the same goal as the terms proposed to and denied by DDI in March.

At this point, Mr. Pollard made a motion to ratify all actions described above that occurred after the last Board meeting, namely:

- Approval of a $70,000 contract with Lemaster instead of Sundown;
- Approval of a $12,500 modification to the Lemaster contract to chip out the existing plaster;
- Consent to the purchase of the Association's note to DDI by Mr. Pollard and acknowledge that future payments due under that note will now be paid to Mr. Pollard, as the current noteholder.
- Consent to amending the terms proposed by Mr. Pollard to amend the note to restore the principal balance to $25,450.49 (the balance prior to the 5/1/26 payment) and waive all principal payments until maturity on 5/1/28; and reimburse Mr. Pollard for the interest portion of the 5/1/2026 payment ($1,322.52).

Clearly, the pool renovation is putting a strain on the checkbook. But the Board has options that will be discussed in the Annual Meeting to begin immediately after this Board meeting is adjourned.

Mr. Mayer adjourned the meeting at 3:10 pm.

Highlands Property Owners Association, Inc.

Notice of Meeting
Special Called Meeting of the Highlands POA Board of Directors
Invitees: Members of Highlands POA
Highlands Pavilion
White Bluff Resorts on Lake Whitney
Saturday, May 16, 2026
2:45 p.m.

Agenda

1.	Welcome	Gerry Mayer
2.	Call to Order	Gerry Mayer
3.	Declaration of Quorum	Brad Branstetter
4.	Consent Agenda (Ratification of Email Approvals): • Approval of pool renovation contract • Other	Michael Pollard
5.	Questions/Comments from Property Owners	Gerry Mayer
6.	Adjournment	Gerry Mayer

Current members of the Board are:

Gerry Mayer, President
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Michael Pollard, Sec/Treas
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