OFFICIAL NOTICE OF ANNUAL MEETING OF MEMBERS

BEXAR COUNTY HIGHLANDS RANCH HOMEOWNERS ASSOCIATION, INC.
c/o Diamond Association Management & Consulting
14603 Huebner, Bldg 40, San Antonio, Texas 78730
Phone (210) 561-0606 Fax (210) 690-1125

SENT by REGULAR MAIL & EMAIL

January 30, 2023

Dear Member,

In accordance with Section 5.05 of the Bylaws, this is the Official NOTICE to Members that the Annual Meeting of Members shall be as follows:

Date: Saturday, February 25, 2023 **Time: 10:00 A.M. (Sign-in 9:15 am).**
NOTE: Change from prior years.

Place: Fair Oaks Country Club
Main Dining Room
Breakfast tacos, coffee, etc.

Address: 7900 Fair Oaks Parkway
Fair Oaks, TX (210-755-7216)

Enclosed with this NOTICE are the following documents:

- **Agenda of Annual Meeting**
- **Notice on Method and Eligibility for Voting at Annual Meeting**
- **Set Up/Login to Member Portal with DAMC (needed to cast a vote Online)**
- **Report of Nominating Committee for Board Positions**
- **Biographical Data for Board Nominees and Other Candidates**
- **Absentee Ballot for Vote on Directors**
- **Proxy to allow another Member to vote for you**
- **Minutes for February 19, 2022 Annual Meeting**
- **December 31, 2022 Financial Statements and 2023 Budget**

This Notice and all of these documents can also be obtained at our website at www.highlandsranchhoa.org. If you attend in person and wish to have copies at the meeting, please bring copies with you. To hold an official meeting, we must have a quorum of 30% of the Members (total of 40) who attend in person, by Absentee Ballot, and by Proxy. You are urged to vote ONLINE with Absentee Ballots, via your portal with DAMC, in advance so that we can be assured of having a quorum.

Mary Teders, Secretary of the Board

BEXAR COUNTY HIGHLANDS RANCH HOA

AGENDA for ANNUAL MEETING

February 25, 2023 – 10:00 a.m.

1. Call to Order, Record Attendance and Verify Quorum
2. Introduction of Directors, Other Volunteers, and Guests
3. Vote on Election of Directors (Two 3-Year Terms)
4. Approval of February 19, 2022 Annual Meeting Minutes
7. Report of President - Jo Ann Browne
5. Reports of Committees
   - Architectural Control & Welcoming—Pat Hopkins
   - Beautification—Elizabeth Rogers
   - Roads/Safety—David Thackrey
   - Social—David Cerminaro
   - Newsletter—Martha Grant
   - Finance & Oak Wilt Advisory—Jimmy Junkin
6. Old Business
   - None
7. New Business
   - Any New Matters Proposed by Members
8. Announce Vote Results for Election of Directors
9. Recognition of Directors whose terms ended
10. General Discussion and Questions
11. Adjournment

NOTICE ON METHODS AND ELIGIBILITY
FOR VOTING AT MEMBER MEETINGS
Bexar County Highlands Ranch Homeowners Association, Inc.

A. Methods for Voting

A Member can cast votes by one of the following methods (use only **one** of these three):

1. **Absentee Ballot,** to arrive at DAMC prior to the meeting day (use only **one** of the following three methods).
   (a) **Preferred Method:** Cast ballots **online** by signing into your Portal on DAMC's web site at www.damctx.com or by using the special Link provided to you by DAMC when you set up your Portal. Then, click on "Elections" and follow the prompts.
   NOTE: You must first have your Portal set up (to set up your Portal, go to "Members/Set Up Portal with DAMC" page on the HOA's website at www.highlandsranchhoa.org – or see attachment hereto). **OR**
   (b) Send a **paper** Absentee Ballot (and Proxy, if you are a Proxy Grantee) by regular mail, courier service, facsimile (to 210-690-1125) or in person delivery to Diamond Association Management & Consulting (at 14603 Huebner, Bldg 40, San Antonio, TX, 78230---Attention: Eva Hecox, manager). **OR**
   (c) Send a **paper** Absentee Ballot (and Proxy, if you are a Proxy Grantee) by email (as attachments), to Eva Hecox at eva@damctx.com.

2. **Proxy**. Member provides a completed **paper** Proxy form (cannot be granted online) to the Board Secretary or another Member naming them as the Grantee who will cast the vote for the Grantor by submitting a **paper** Ballot (cannot be cast online). The Grantee must then submit the **paper** Proxy with the completed **paper** Ballot (as per 1(b) or 1(c) above).
   NOTE: The Proxy given by the Grantor, and the related Ballot cast by the Grantee, CANNOT be submitted online. The Proxy Grantor must give the **paper** Proxy to the Grantee prior to beginning of the voting process on the meeting day for it to be valid.

3. **Meeting Day Ballot.** Member (or the Proxy Grantee) attends the meeting in person and completes a **paper** Ballot, if necessary.

By casting your vote by Absentee Ballot, you forgo the opportunity to consider and vote on any action from the floor that changes the related proposal, unless you attend in person. This means, if there are any new proposals at the meeting or amendments to previously presented proposals, your votes by Absentee Ballots will not be counted on the final vote on these measures. If you desire to retain this ability, please attend the meeting in person. You may submit an Absentee Ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail.

B. Eligibility for Voting

Section 4.02 of the Bylaws states that each Owner is permitted to cast one vote for each Lot they own. A Lot is defined in Section 2.09 as any separately numbered plot of land shown on the Subdivision Plat OR any consolidation of two or more such adjoining plots to form a single homesite (as approved by the Architectural Control Committee or the Board of Directors). To be entitled to vote, you must be a Member of the HOA at least 5 days prior to the meeting.

Highlands Ranch Homeowners Association

Set Up/Login to Member Portal with DAMC

and Update Member Information

- **Set Up Portal with DAMC**

  Members are encouraged to register with Diamond Association Management & Consulting (DAMC), our management company, by setting up their online Portal with DAMC. To do so:

  1. Go to www.damctx.com.
  2. Click on "Initial Login."
  3. In the next screen, fill in the form with your Account Number (shown on your billing statement), Last Name, Highlands Ranch street address (NUMBERS ONLY), and current email address. Click "Get Initial Login Info." Login your Name and select a Password that you will use in the future to login.
  4. An email will be sent to you providing a URL Link. Click on this Link and a screen will appear for you to complete by filling in your Last Name and selecting a Password, which you can use when logging into your Portal in the future.
  5. After clicking on the URL Link, you will see a screen for you to verify your information that appears and add additional information as needed. Once done, click "Continue."
  6. In the next screen, click on "Go to my site" and you will be logged into your Portal.
  7. Another email will be sent to you providing a special URL Link that you can save on your computer to take you directly to your Portal login. After opening the special Link, enter Last Name and Password.

- **Future Login to Portal**

  1. Go to the special URL Link mentioned above OR to www.damctx.com.
  2. Enter your Last Name and Password and click "Login now."

- **Future Changes to Member Information with DAMC**

  1. For changes, such as email address, phone numbers, etc., login to your Portal.
  2. Click on Homeowner Profile.
  3. Follow the "Edit" prompts on your profile screen.
  4. Also, please provide such changes to Pat Hopkins, Homeowners List Coordinator/Welcoming Committee Chair, by sending a separate email to pdhopkins18@gmail.com.

REPORT of NOMINATING COMMITTEE for BOARD POSITIONS

FEBRUARY 25, 2023, ANNUAL MEETING

BEXAR COUNTY HIGHLANDS RANCH HOMEOWNERS ASSOCIATION, INC.

January 30, 2023

Dear Members:

In November 2022, you received notification of the Board's appointment of the Nominating Committee, whose purpose under our Bylaws is to evaluate and nominate Members to serve on the Board of Directors. Two Members are to be elected for three-year terms each to fill the positions currently held by two directors whose terms are ending.

In selecting any Nominee, the Committee considered such things as: objectivity; willingness to serve as an officer and/or on a committee (including as a chair); willingness to listen to other views and to be a team player on Board decisions; leadership skills; professionalism; other volunteerism; commitment to attend meetings; professional and work experience; and other activities. In accordance with the Bylaws, the Nominating Committee has selected the following Nominees to place on the Ballot for election.

- **Philip Miller**
- **Mary Teders**

The Committee selected the above nominees because they meet the selection criteria set for above and we believe that they will provide outstanding service to the membership.

Please see the accompanying biographical data for each of the Nominees and the other Candidates who submitted their names to be placed on the ballot. These four individuals are listed on the Absentee Ballot enclosed. Members may also be nominated from the floor at the meeting.

Thank you for your support in this process.

Nominating Committee:

Aaron DeWispelare, Pat Hopkins and Jimmy Junkin

Mary Katherine Teders
27310 Ranch Crest
Boerne, Tx 78006
(210) 744-1267
mkteders@gmail.com

Personal

I have lived in San Antonio since 1978. I graduated from Churchill H.S. in 1986. I met Mike here in San Antonio and we were married May 24, 2003. We have four children (his, mine and ours); Austin (28), Adelaide (25), Sean (15) and Zachary (12). Austin is married (Jocelynn) and working for Valero in Port Arthur Texas as a Mechanical Engineer. Adelaide is in Nursing school at Incarnate Word. Sean is a sophomore at Champions HS and Zachary is a 7th grader at Boerne Middle School South. We have two dogs and a cat.

We are active in the Boerne ISD through Sean and Zach, who are both in band. We are active in the community through our church, Spring Creek United Methodist.

We moved to Highlands Ranch in November 2015. We love it here! We have hosted two HR HOA Christmas parties. We love the community and the social network offered here.

Professional

I am a Speech Language Pathologist. I work part time at Pediatric Therapy Specialists, a private clinic in San Antonio, since 2/2016. Prior to that I worked in home health for 7 years. As such, I teach communications and feeding skills to children ages birth to 21 years of age. I am required to manage my caseload through evaluations, report writing and data collection. I provide a Home Education program to parents and counsel them how to facilitate the language skills their children need. This experience has of course helped me develop good leadership, communications and professionalism skills.

Education

Master of Arts in Communication Disorders, Our Lady of the Lake University, 2003

Hobbies

Family, camping (RV), reading, hiking, travel.

HOA Board Experience

I have served on the Highlands Ranch HOA board since February 2020 and have served in the officer position of Secretary. This requires me to be in attendance, listen and record discussions, as well as participate in these discussions, take the minutes and report these accordingly. I have attended all meetings but one since my time on the board. I look forward to the opportunity to serve on the HR HOA board for another 3 years in whatever position I am asked to fill.

Philip Miller
9419 Highlands Cove, Boerne,
TX 78006
(281) 685-7691

Personal

- Married to Holly for 36 years
- Three children: Andy – 29; Mason – 26; Maggie - 23
- Born and raised in San Antonio, Texas
- After many years in other locations, relocated to Boerne in 2019 upon retiring
- Moved to Highlands Ranch in November 2019

Professional

- 36 years' experience in Public Accounting as a Certified Public Accountant
  - Carneiro, Chumney & Co, San Antonio (1984 – 1991) Associate – Sr. Associate
  - Ernst & Young, Houston (1991 - 1997) Sr. Associate – Director, Expatriate and Foreign National taxation
  - PricewaterhouseCoopers (1997 – 2019) Director – Partner, Expatriate and Foreign National taxation
    - Dallas, TX – supervised a practice of 35 professionals
    - Houston, TX – supervised a practice of 100 professionals
    - Boston, MA – supervised 30 professionals in Boston and oversaw the US individual tax practices in Bangalore, India (300 professionals) and Singapore (100 professionals)
    - Clients generally represented were Fortune 1 to Fortune 100 companies
  - Worked with many Boards of Directors while in public practice
- Authored published articles on international tax topics in the Journal of Accountancy and the Journal of International Taxation
- Frequent lecturer at UT Austin and Texas A&M on various tax and ethical topics

Community and Volunteer Experience

- Board member, Center for Leadership and Ethics, University of Texas at Austin
- Recent Board member, McCombs School of Business Dean's Advisory Council
- Board and Finance Committee member, Children's Advocacy Center of Harris County
- Board, Finance and Executive Committee member, San Antonio Botanical Garden
- Weekly volunteer at the San Antonio Botanical Garden
- Willing to serve in any position appointed to by the Highlands Ranch Board

Education

- Churchill High School, San Antonio
- BBA in Accounting, University of Texas at Austin

Hobbies

- Ultra-distance hiking and ranching

David Cerminaro
26970 Ranchland View
Boerne TX 78006
210-884-8301

David Cerminaro and his family have lived in Highlands Ranch since April of 2018. David now 63 Years young has served on the HOA board for the last three years and is currently in charge of the social committee. David is a retired Air Force Officer and business owner in San Antonio. He started his military career as a private in the U.S. Army, 24th Infantry Division and retired as a Captain in the US Air Force. As an Officer David has had extensive leadership training and is experienced leading teams of people and in working with others and sharing differing viewpoints. He retired from the Air Force in 1997 and during his military career he received numerous awards and decorations. He is a graduate of Angelo State University in San Angelo Texas where he earned a bachelor's degree in computer science with a dual minor in physics and accounting.

David founded Diligent Consulting Inc. in 2001, an Information Technology Company specializing in providing Cyber Defense and Legacy Software Modernization Services to the U.S. Government. David also serves as Chairman of the Board for his company and is well versed in board operations, contract negotiations, writing contracts, review contracts and is experienced in HOA legal issues. His Professionalism and Communication skills are event by the success of his company, having built a company with a 21-year proven track record defending our nation with 25 million dollars in annual revenue. He is well respected in the community and is a supporter of local 4H clubs and other youth programs in Bexar and Atascosa counties. In addition, David and his company are supporters of the Military Warrior Support Foundation (MWSF, www.militarywarriors.org) here in San Antonio providing; hands on mentoring, rehabilitation, cars and homes to wounded veterans across the country. David and his company have enabled 1 wounded veteran and their family to receive a new home every year for the past 17 years, the total homes given away by MWSF exceeds 1000. They also Adopt a military family each Christmas providing gifts, food and funds for a joyful Christmas.

David and his family love living in Highlands Ranch and he enjoys serving on the HOA and is willing to serve in any board or committee position needed including President.

Thomas Springfield
9211 Highlands Cove
Boerne, Tx 78006
(830) 734-3285
(888) 252-5992 Fax
Email: tspringfield@gvtc.com

12/22

Personal
About to reach 73 years of experience, been married to Lisa for 41 happy years. Our daughter and son-in-law, Sara and David, live next door in Limestone Ranch with our two grandsons, Benjamin and Aiden.
Previously served two terms on the board (2015-2020).
We really enjoy our home in Highlands Ranch and have to say it is the most enjoyable place we have ever lived.

Education
1968-1972: Studied engineering at UT Austin for four years; then began my real education, OTJ.

Professional
Worked as an electrician for three years after college; then on to farming with my father.

Farmed for five years; then decided to seek gainful employment (something that paid me instead of the other way around).

1980-1985: Worked as Engineering Manager for Sunbeam Oster at their Cd. Acuna, Mexico facility.

1985: Started Dominion Engineering as a consulting/mechanical/general contractor operation, spending the next eighteen years constructing maquiladora facilities in northern Mexico, as well as doing commercial contracting in the Del Rio area. In all, worked on more than 2,500,000 SF of industrial facilities.

2003: I consolidated operations in the Del Rio area and began acting solely as General Contractor. Work has included everything from bank construction to a country club to a funeral home, with retail remodeling and warehouse construction thrown in.

While I do the occasional residential project my primary focus remains commercial/industrial construction and commercial warehouse leasing.

ABSENTEE BALLOT---ELECTION OF DIRECTORS

_____

Bexar County Highlands Ranch Homeowners Association, Inc.
Annual Meeting on February 25, 2023

Instructions

1. If you have more than one Lot for which to vote, use separate Ballots.
2. If you are voting the Proxy for another owner and that Proxy HAS been turned in (paper copy), but you have not yet cast the vote, place an "X" in the upper right corner of this Ballot.
3. If you are voting the Proxy of another owner and that Proxy HAS NOT been turned in (paper copy), attach the Proxy to the Ballot.
4. Vote for ONLY two below (place an "X" next to the name). If more than two are selected, only the first two selected will be counted.

Voter Information

(A) If you are voting as the Proxy Grantee, enter the Grantor's name and address below.

(B) If you are the Proxy Grantee, enter your name below.

Print Name of Member Eligible to Vote (A): _____

Highlands Ranch Address (A): _____

Print Name of Member Casting the Vote (B): _____

Signature of Member Casting the Vote: _____

VOTE

_____ David Cerminaro

_____ Philip Miller

_____ Tommy Springfield

_____ Mary Teders

PROXY GRANTED BY A MEMBER

Paper Copy Must Be Submitted

FOR ANNUAL MEETING OF MEMBERS ON FEBRUARY 25, 2023
Bexar County Highlands Ranch Homeowners Association, Inc.

The undersigned hereby appoints one of the following Members ("Grantee") of the Association to exercise this Proxy (select only one):

- _____ **Secretary of the Board of Directors**
- _____ **Name:** _____
  Address: _____

I instruct the Member named above to vote in accordance with his/her best judgment on all matters requiring a vote of the Members at said meeting in accordance with the number of votes to which I would be permitted to cast if I were present at said meeting.

This Proxy is also for the purpose of establishing a Quorum for the Meeting. To be valid, I understand that this Proxy must be fully completed and submitted in accordance with the "Notice on Method and Eligibility for Voting."

This Proxy shall be revocable until such time as the authority granted herein has been exercised.

Member Granting the Proxy ("Grantor"):

- **Number of Entitled Votes** _____
- **Highlands Ranch Address (es)** _____
  _____
- **Current Mailing Address** _____
- **Date Proxy Granted:** _____
- **Printed Name of Member** _____
- **Signature** _____

NOTE: Grantor must provide a **paper copy** to Grantee Member. The Grantee Member must then submit a **paper Ballot** for Grantor, per the "Notice on Method and Eligibility for Voting," with a copy of the Proxy attached. The Proxy and ballot cast by the Grantee cannot be submitted online at DAMC. If the Proxy and Ballot are sent to DAMC, they must be received by 3 pm on February 24 by DAMC. If not, they must be submitted at the meeting.

DRAFT
(to be approved at next annual meeting)

Minutes of the Annual Meeting of The General Membership of Bexar County Highlands Ranch Homeowners Association, Inc. February 19, 2022

The Annual Meeting of the General Membership of Bexar County Highlands Ranch Homeowners Association, Inc, a Texas nonprofit corporation (the "Association") was held at Fair Oaks Country Club, located at 7900 Fair Oaks Parkway, San Antonio, Texas and Via ZOOM pursuant to call by the Directors of the Association.

Call to Order

- The meeting was called to order at 9:06 a.m. by JoAnn Browne, the President of the Board.

Determination of Quorum

- The Bylaws of the Association require 30% of the 132 Owners (40) to be present in person, by proxy or by absentee ballot to constitute a quorum. The total number of owners present in person, by Proxy, and by Absentee Ballot was 83. Therefore, quorum requirements were met.

Introduction and Opening Remarks: JoAnn Browne thanked everyone for attending and provided the following information.

- Housekeeping items (food, drinks, rest rooms)
- If you need a copy of the DCCR or Bylaws, you can find these on our website, along with several other useful items.
- The HOA's website is www.highlandsranchhoa.org. To access all confidential information on the Members page, you need to use the password "hrhoa78006" (in lower case letters).
- There is a sign-up Sheet at the sign-in table for our:
  - Committees: ACC, Welcoming, Beautification, Finance, Roads and Safety, Social, Newsletter, and Oak Wilt Advisory
  - Clubs: Book, Gardening, Wine and Cards.
- For those of you on Zoom, please email me at joann.highlandsranch@gmail.com and let me know what committee you volunteer to serve on.
- There is a sheet at the sign-in table or being passed around for you to update your information, such as physical address, emails and telephone numbers, if necessary. If you are attending via Zoom, you can find the homeowners list on the website under the "Members" page. Please review this and email Pat Hopkins at pdhopkins18@gmail.com if you need to make changes.
- If you have questions during the meeting, please raise your hand. Once acknowledged, please give your name and state your question. After all questions from those here in person are answered, I will ask if anyone present via Zoom has questions.
- Lastly, we know that your time is valuable and we appreciate you taking time this Saturday morning to be here. Therefore, we will try to cover each item as quickly as possible. If you don't get your questions answered while we are on a particular topic, please ask one of us after the meeting adjourns and we will work on getting your questions answered.

Joann Browne introduced the following Board, Committee Chairs/Officers, and guests:

- **Directors and Officers**---Jo Ann Browne (President); Mary Teders (Secretary)—present via Zoom; Joe Zimmerman (Treasurer)—not present; David Thackrey (Roads and Safety Committee Chair); Max Martin (Social Chair) and David Cerminaro.
- **Other Committee Chairs and Officers**--- Pat Hopkins (ACC, Gates, and Welcoming); Lil Rogers (Beautification)—not present; Martha Grant (Newsletter); Jimmy Junkin (Finance and Oak Wilt Advisory, Assistant Treasurer and Assistant Secretary); Aaron DeWispelare (Assistant Treasurer) .
- **Guests:**
  - Eva Hecox, Association Manager, and Vickie Johnson, Administrative Assistant, with DAMC.
  - Tom Newton, Association Attorney, and his associate Ariel Erwin are here to help answer any questions on the Bylaw and DCCR amendments and to serve as our parliamentarian.

- **First order of business**—Jo Ann
  - We will handle the voting for 2022 directors and the Bylaw and DCCR amendments first, in case any of you need to leave early. Then, we will handle other business.

- **Proceed with Voting**---Jo Ann Browne
  - First, to those attending via Zoom today:
    - If any of you have not already voted, please cast your votes online at **www.highlandsranchhoa.org** today.
    - Use the **Absentee Ballots** for Bylaw amendments and DCCR amendments.
    - Use the **Meeting Day Ballot** for your Directors' Vote only if there are nominees from the floor for Board positions today and you wish to vote for one or more of those nominees. Insert the names of nominees from the floor that you wish to vote for. Otherwise, use the Absentee Ballot for Directors.
    - Also, we have previously informed you that you can recast one or more of your ballots if you wish to do so and that only your last ballots will count. That still applies during the meeting today.

Before moving to the voting, I would like to say a few words about the board nominations process.

- **Nominations Process**—Jo Ann:
  - The Bylaws state that the board will appoint a nominating committee consisting of three members to select at least two nominees for the two open board positions. The committee consisted of members who have lived in Highlands Ranch for many years and have gotten to know a lot of our members. You were sent a Notice naming the members of the committee and asking you for recommendations for them to consider. The committee considered a number

of good candidates, but the committee has told me that a big part of their decision was based on who had the most available time and their commitment to serving as a Board officer or committee chair. After much consideration, they selected two Nominees and sent you their report setting forth their process and decision. There were also two other members who requested their names be placed on the ballot.

- There were no nominations from the floor. Nominations closed.

❖ **As to the Bylaw and DCCR amendments**, we have provided you with a Summary document that discusses these and we have had a few questions submitted prior today. But, before proceeding to the voting, are there any remaining questions about these amendments? None were asked.

- Those of you here in-person who have not already cast votes, or wish to recast your votes, and therefore need Ballots, please raise your hands.
- Those of you attending via Zoom will need to have cast your votes online no later than today, unless there are acceptable motions today to further amend any amendments already presented, in which case you can vote in the next few days once amended ballots are posted online.
- Use the Meeting Day Ballot for Directors if there are nominees from the floor, or otherwise use the Absentee Ballots for all voting.
- Because we might have uncounted votes from yesterday and might receive votes in person and online today, this will delay the announcement of the results. DAMC will send out an email with the results of the voting in a few days once the tallying is completed.

A few ballots were handed out and the meeting will be recessed for 15 minutes while Ballots were completed. Then the meeting continued.

Approval of Minutes---Jo Ann Browne

❖ A motion was made and seconded to dispense with the reading of the minutes of the Meeting of February 20, 2021, as presented. Motion passed.

Report of President ----Jo Ann Browne

- Discussed duties per Bylaws, Section 8.04, as follows:
  - Serves as CEO of the Association.
  - Presides over meetings of the members and the board.
  - Has the general powers and duties usually vested in such an office.
- Meetings of the board:
  - Have met generally on a monthly basis, except for the 3 summer months and December.
  - Notice and agenda for the meetings are posted on the website.

- Involved in such things as the matters to be covered today, approval of contracts and routine expenses, coordinating efforts of the committees, work on various issues such as our roads, the review and follow up on deed violations and legal matters.

- Drainage construction at front entrance:
  - As we previously informed you, in 2020 we settled our lawsuit against the Developer of the apartment and commercial property at our front entrance concerning the water drainage issue. This process began about 5 years ago.
  - The Developer agreed to pay for the installation of a pipe underneath Ranchland View to divert the water from over the road to under the road, to pay up to $20,000 for restoration of the eroded landscaping, and to pay the HOA $20,000 toward our legal cost. In conjunction with this, the board decided to have the road repaved from outside the gate to inside the gate to the first home on the south side.
  - All of this work has now been completed, including the landscaping restoration.
  - Jo Ann for any questions and there were none.

Oak Wilt problem—Jo Ann asked Jimmy Junkin to report.

- As we have previously told you, we discovered oak wilt fungus in 2017 in oak trees in Country Bend on the west side of our community, adjacent to several lots at the north end of Ranch Creek, and north of us in Windwood Estates. At the time, the board approved payment to trench about 1600 linear feet along the perimeter between Highlands Ranch and Country Bend to help prevent the fugus from spreading underground into our neighborhood.
- Since then, it was also discovered on at least three lots in Highlands Ranch, each of which have been treated by BioGreen Tree Care. There has been some success with this, but not entirely.
- The board suggests that each of us look closely at our trees periodically and report it to one of the members of the Oak Wilt Advisory Committee or to the Board. These members will be glad to come to your home and look at your tree with you to help identify any oak wilt.
- Also, we suggest that you look at the information on the website, which includes photos of leaves that show what oak wilt looks like.
- Oak wilt can be spread in different ways, including by the oak wilt beetle which can infect open wounds on the trees and by woodpeckers.
- If you find any oak wilt, it needs to be treated immediately.
- A final reminder is that when you have your trees trimmed, please be sure that any equipment that is used is first disinfected with bleach and that every single cut is immediately sealed.
- Jimmy asked for questions and there were none.

Speeding and tailgating: Jo Ann asked David Thackrey to report.

- There is still a good amount of speeding, with speeds up to 60 MPH, even when crossing the speed humps and around curves. Please slow down.

- Tailgating continues at our gate, causing broken gate arms and gate damage, which costs us all money when we cannot get the offender to pay.
- The Board has discussed at length the remedies for the speeding, each of which we recognize will be objected to by some. The Board has discussed three options:
    - Adding more speed humps.
    - Using equipment that captures a driver's speed and license number so that fines may be assessed, and
    - Speeding equipment that shows the drivers the speed they are going in hopes that it will cause them to slow down.
    - The less invasive method seems to be the third option. Therefore, the board has voted to purchase 4 of these initially to see how they work. If satisfied with them, the board might vote to add more. If this does not work, the Board will reconsider the other two options.
    - David asked if there were any questions. Some expressed concerns about more speed humps. But, no serious objections were made to the board's actions.
    - David also stated that the board has voted to install new stop signs, as the current ones have been up for about 20 years and are showing significant deterioration.
    - Jo Ann added that some good gate etiquette to follow includes (1) stop inside the gate and wait for the arm to come down to prevent tailgaters, (2) when visitors call from the keypad, wait a few seconds to punch 9 to let them in, so that the gate won't begin closing before they can get in.

Committee Reports—Jo Ann introduced each of the following for their reports. Before doing so, she stated that all of us should appreciate the work that our committee chairs and members do for the rest of us.

- **Welcome Committee**--Pat Hopkins, Chairperson
    - Pat stated that he delivers welcome kits to each new owner.
    - He said that we have 139 lots. 7 are adjacent lots owned by one owner, thus leaving 132 as actual homesites. 8 are undeveloped, but 4 are being built on.

- **ACC** --Pat Hopkins, Chairperson
    - Pat said that the committee has 9 members.
    - Review and approve secondary construction, such as a pools. New construction plans are still reviewed and approved by Denton Development.
    - 2021 activities: 12 requests were made for such things as pools, spas, well house, sheds, lighting, patio, landscaping, and fences.
    - He advised that members can view a copy of the DCCR on Highland's website for construction requirements and to contact him with questions.

- **Beautification**--Lil Rogers, Chairperson--Report by Pat Hopkins
    - Landscaping at entry has been restored after drainage project was completed.
    - Some of the new grass has not survived and needs to be replaced, as well as some plants.
    - There is a Heritage Oak on right hand side on developer's property. Pat is going to ask the developer to do something to make sure it is preserved.

- **Finance Committee**--Jimmy Junkin, Chairperson
  - Jimmy stated that the committee consists of the Board Treasurer, Aaron DeWispelare as Assistant Treasurer and himself as Assistant Treasurer.
  - They review the monthly reports prepared by DAMC, prepare the annual budget, prepare the annual Reserve Fund analysis, and handle the HOA's investments of the money held by the Reserve Fund. The Reserve Fund accumulates money for use on future major asset expenditures, primarily the roads.
  - He asked for questions, but there were none.

- **Roads/Safety**--David Thackery, Chairperson.
  - David said that some dogs have been running loose and being aggressive. This has been addressed with the owner of the dogs.

- **Social**--Max Martin, Chairperson. No report.

- **Newsletter**—Martha Grant, Chairperson. Martha stated that she prepares and sends a newsletter each three months. She asked for any input any members want to provide. She also said that the Little Free Library has seen some good activity and asked that everyone feel free to use it.

- **Unfinished Business:** Jo Ann asked if there was any unfinished business and there was none.

- **New Business:** Jo Ann asked if there was any new business and there was none.

- **Results of the election and the amendments.** Jo Ann again stated that the vote tallies will be provided by DAMC in a few days. Supplemental Report from Eva Hecox on February 24, 2022 went to all member via email:
  - The two members with the most votes elected as directors were Jo Ann Browne and Adam Pope.
  - On the Bylaw amendments:
    - 83 total members present in person, by absentee ballot and by proxy. Passage required a majority of those present, which would be 42 Yes vote.
    - 74 Yes votes for Sections 6.1 and 6.16.L, those required by changes in law, so a Yes vote was only option given. Thus, 9 did not vote. Passed.
    - 67 Yes votes for Section 12.01. Passed.
  - On the DCCR amendments:
    - 78 total ballots. Required 88 to pass any amendment.
    - 62 Yes votes for Articles II.10, II.18, III.2, III.5, VII. 1, and XII.1-3, those required by changes in law, so a Yes vote was only option given. Thus, 16 did not vote. Failed.
    - 61 Yes votes for Article III.26. Failed.

- 64 Yes votes for Article XI.1. Failed.
- 71 Yes votes for Article XI.2. Failed.
- 34 Yes votes for Article XII.1.b. Failed.
- 56 Yes votes for Article XIV. Failed.

❖ **Recognition of and thanks to Directors whose terms ended.** Jo Ann thanked the outgoing directors, consisting of Joe Zimmerman and herself, and presented them a gift for their service. She also had a gift for Lil Rogers, Beautification Chairperson (not present), who did a great job on the landscaping restoration.

❖ **General Discussion and Questions**—Jo Ann asked for any discussion and questions.
- One member stated that the board should send out e-blasts if gates are going to be open for some time.
- Someone asked about an emergency entry/exit for our neighborhood. Jimmy stated that there is a dirt road on the south end of Ranch Creek that is used by the water company for Country Bend to access the water well at the cul de sac. The property it is on is owned by Highlands Ranch, but that water company has an easement on it. Also, part of it might cross over a Country Bend resident's lot, which means we would not have access across it there unless we get that owner's permission. Brad B. stated that he knew the Country Bend HOA board chair and would will talk to him.

❖ **Closing remarks**—Jo Ann
- Jo Ann made more closing remarks about volunteerism.
  - We have had a couple of comments about certain members perhaps serving too long as a board member or committee chair.
  - There are some reasons why we are fortunate that these members continue to serve:
    - One, they have the time, when others do not, and have willingly volunteered.
    - Two, they have done a great job for our HOA and the boards have accordingly continued to appoint them.
    - Please take the time to thank these volunteers.
    - Any of our members are always welcome to volunteer for the board or committees

Adjournment

❖ There being no further business, Jo Ann adjourned the meeting at 10:58 a.m. and thanked everyone for coming today.

_____ _____

Jo Ann Browne, President Mary Teders, Secretary

Highlands Ranch HOA, Inc.
Budget---Year Ending 12-31-23

Date Prepared: 1-16-23

Operating Fund Income Statement

Account Description	2023 Budget Amount	2022 Actual Amount	2022 Budget Amount
Assessment Income:			
Assessments--Homeowners	103,208	97,800	**97,152**
Assessment interest	200	206	**330**
	103,408	98,006	97,482
Other Income:			
Interest on invested cash	20	18	**25**
Gate Remotes	540	540	**0**
Collection fees	180	210	**300**
Fines for DCCR and policy violatons	500	0	**0**
	1,240	768	325
Total Income	104,648	98,774	97,807
Operating Expenses:			
Administrative:			
Office supplies	120	63	**120**
Postage	800	592	**800**
Printing	120	71	**120**
Management company contract	8,700	8,700	**8,700**
Accounting fees	275	250	**275**
Legal fees	7,000	10,417	**3,000**
Website	600	1,203	**945**
Collections fees	138	0	**230**
Other professional fees	10,400	320	**500**
Permits and recording fees	0	25	**0**
Miscellaneous	100	45	**300**
	28,253	21,685	14,990
Gate Expenses:			
Gate maintenance contract	839	785	**800**
Gate security monitoring	8,769	9,587	**9,600**
Gate supplies and repairs--minor	4,000	2,813	**5,000**
Telephone for gate	2,500	2,371	**2,500**
Camera monitoring	700	677	**700**
Gate remotes	450	844	**0**
	16,807	17,076	18,600
Grounds Maintenance:			
Landscaping improvements/maintenance--minor	13,600	1,930	**11,600**
Landscaping maintenance contract	19,167	19,167	**19,167**
Irrigation maintenance	3,260	2,707	**5,200**
Landscaping maintenance--trees	3,900	996	**0**
Irrigation well	2,000	(1,485)	**2,000**
Oak Wilt treatment	4,500	0	**4,500**
	46,427	23,315	42,467
Insurance:			
Insurance--property/general liability	1,487	1,075	**1,075**
Insurance--directors	1,557	1,557	**1,557**
Insurance--workers' comp	280	0	**0**
Insurance--umbrella	1,528	1,205	**1,929**
	4,852	3,837	4,561

Highlands Ranch HOA, Inc.
Budget---Year Ending 12-31-23

Date Prepared: 1-16-23

Operating Fund Income Statement (cont'd)

Account Description	2023 Budget Amount	2022 Actual Amount	2022 Budget Amount
Other Expenses:			
Holiday lighting	1,700	1,500	**1,500**
Social (includes Holloween & Christmas)	3,500	1,269	**2,100**
Meeting expenses (Board/Members)	4,250	2,963	**3,000**
Bad debt expense	0	15	**0**
	9,450	5,747	6,600
Other Maintenance:			
Signage	200	298	**0**
Street maintenance--minor	0	0	**300**
Drainage improvements	0	51	**0**
Electrical lighting/bulbs	150	175	**0**
Wall and fence repairs	0	162	**0**
Animal removal	0	0	**0**
	350	686	300
Taxes:			
Property Taxes	50	3	**80**
U.S. Income Taxes	5,456	1,500	**3,693**
	5,506	1,503	3,773
Utilities:			
Electricity	2,500	2,183	**1,500**
Sanitation	0	0	**0**
	2,500	2,183	1,500
Total Expenses	114,145	76,032	92,791
Net Income (Loss) Before Transfers	-9,497	22,743	5,016
Transfers from (to) Reserve Fund	**-50,000**	0	**0**
Net Income (Loss)	-59,497	22,743	5,016

Reserve Fund Income Statement

Account Description	2023 Budget Amount	2022 Actual Amount	2022 Budget Amount
Reserve Fund Income:			
Current year assessments--Homeowners	72,352	69,631	**69,168**
Interest income	14,853	10,180	**8,975**
Total income	87,205	79,811	78,143
Reserve Fund Expenses--Major Costs:			
Street improvements	75,000	0	**0**
Safety (signs, etc.)	0	33,828	**47,000**
Entrance lighting	0	7,224	**7,300**
Total expenses	75,000	41,052	54,300
Net Income (Loss) Before Transfers	12,205	38,759	23,843
Transfers from (to) Operating Fund	50,000	0	0
Net Income (Loss)	62,205	38,759	23,843

See the General Notes to Budget also (includes comparison of 2022 actual to 2022 budget).

Highlands Ranch HOA
Income and Expense History and Budget
(* =Formulas)

Operating Fund Account Description	Acct. No.	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*	Budget 2023*
Assessment Income:																
Assessments	4011	84,155	87,150	84,538	85,383	87,038	89,064	85,902	86,755	87,120	89,232	89,232	89,232	97,152	97,800	103,208
Assessment interest	4131	271	416	290	381	395	642	701	478	533	487	426	325	328	206	200
		84,426	87,566	84,828	85,764	87,433	89,706	86,603	87,233	87,653	89,719	89,658	89,557	97,480	98,006	103,408
Other Income:																
Forced moving reimbursement		0	0	0	0	423	1,496	245	0	0	0	0	0	0	0	0
Interest on invested cash	4030	50	0	0	2	18	26	37	27	30	41	36	62	28	18	20
Legal/Lien fees	4070	50	95	50	0	0	0	0	0	0	0	0	0	0	0	0
Returned check fees	4075	0	0	0	0	0	0	10	0	10	35	0	105	0	0	0
Gate Remotes	4090	0	0	0	0	0	0	0	0	0	0	0	0	0	540	540
Collection fees	4150	150	60	105	225	120	225	0	0	32	205	130	345	330	210	180
Administrative fees	4160	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fine income	4165	0	0	0	0	0	0	0	0	0	0	0	10,500	0	0	500
Legal/engineering settlement income	4171	0	0	0	0	0	0	0	0	0	0	0	20,000	0	0	0
Drainage settlement income	4172	0	0	0	0	0	0	0	0	0	0	0	64,650	0	0	0
Landscaping settlement income	4173	0	0	0	0	0	0	0	0	0	0	0	0	20,000	0	0
Insurance recovery income	4174	0	0	0	0	0	0	0	0	0	0	0	33,650	0	0	0
Miscellaneous		525	2,205	10,000	0	0	0	97	-97	16	0	0	0	0	0	0
		775	2,360	10,155	227	561	1,747	389	-70	88	281	166	129,312	20,358	768	1,240
Total Income		85,201	89,926	94,983	85,991	87,994	91,453	86,992	87,163	87,741	90,000	89,824	218,869	117,838	98,774	104,648
Operating Expenses:																
Administrative Expenses:																
Office supplies	6101	110	62	0	0	77	20	670	346	761	1,185	176	0	247	63	120
Postage	6102	610	863	597	677	415	468	959	647	1,024	895	353	564	587	592	800
Printing and copies	6103	300	476	371	1,161	193	366	875	333	352	500	556	171	38	71	120
Management company contract	6104	5,004	5,004	5,838	5,838	5,838	5,838	6,981	6,681	6,681	8,807	9,449	8,700	8,700	8,700	8,700
Bank service fees	6106	34	6	6	44	0	0	21	0	10	10	-25	30	0	0	0
Accounting fees	6108	850	1,400	475	475	1,550	525	250	250	250	250	250	250	250	250	275
Legal fees (see Note B)	6109	1,508	136	768	5,262	2,090	1,201	4,886	3,443	8,428	11,591	24,532	8,182	4,752	10,417	7,000
Website	6110	0	200	200	500	350	350	425	400	400	1,519	866	550	915	1,203	600
ACC processing fees		0	0	0	0	0	0	21	-150	0	0	0	0	0	0	0
Collection fees	6112	0	0	0	0	0	0	-35	-45	181	482	270	0	0	0	138
Other professional fees (see Note B)	6115	0	4,320	-120	0	0	0	75	5,633	4,680	10,660	3,117	3,945	1,157	320	10,400
Permits and recording fees	6116	0	0	0	0	0	0	55	160	0	139	0	0	0	25	0
Miscellaneous	6117	0	0	0	0	0	0	377	0	985	566	293	328	139	45	100
		8,416	12,467	8,135	13,957	10,513	8,768	15,560	17,698	23,752	36,604	39,837	22,720	16,785	21,685	28,253
Gate Expenses:																
Gate maintenance contract	6201	610	610	610	610	610	647	683	720	721	721	721	774	785	785	839
Gate security monitoring	6202	0	4,290	6,820	7,388	6,820	6,820	6,820	6,820	6,250	7,388	7,050	8,788	9,587	9,587	8,769
Gate repairs--minor	6203	1,064	5,647	4,775	7,398	6,917	10,786	10,528	2,332	13,420	4,924	6,923	44,591	14,322	2,813	4,000
Telephone for gate	6204	409	1,515	1,799	1,867	1,960	2,187	2,559	2,630	2,332	2,885	2,172	2,350	2,410	2,371	2,500
Gate equipment		0	0	0	0	0	0	0	0	0	483	0	0	0	0	0

Highlands Ranch HOA
Income and Expense History and Budget
(* =Formulas)

Operating Fund (continued)	Acct.														Budget
Account Description	No.	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023*
Camera monitoring	6207	0	305	508	610	513	0	560	614	614	747	614	667	676	677	700
Gate remotes purchases	6210	0	1,766	0	0	0	0	0	0	0	0	0	0	0	844	450
		2,083	14,133	14,512	17,873	16,820	20,440	21,150	13,116	23,337	17,148	17,480	57,170	27,780	17,076	16,807
Grounds Maintenance:																
Landscaping improvements--minor	6301	2,382	6,612	2,104	1,290	2,695	3,443	3,522	5,584	3,998	12,265	7,477	10,034	30,791	1,930	13,600
Landscape contract	6302	6,423	9,746	9,156	9,113	9,314	13,082	20,415	16,705	16,822	16,822	17,211	17,882	18,392	19,167	19,167
Service HO Lots (with forced mowing)		0	0	0	0	715	1,202	270	0	0	0	0	0	0	0	0
Supplies and equipment		0	0	0	0	0	0	82	0	0	0	0	0	0	0	0
Irrigations maintenance	6307	734	1,510	2,429	773	4,189	6,349	2,931	3,054	3,121	3,538	3,301	1,970	10,576	2,707	3,260
Landscaping--trees	6309	0	0	0	0	0	0	0	0	6,078	637	5,408	4,185	266	996	3,900
Irrigation well	6310	0	0	0	0	0	0	120	0	0	0	0	0	5,424	-1,485	2,000
Oak Wilt treatment	6311	0	0	0	0	0	0	0	0	0	0	0	0	3,248	0	4,500
		9,539	17,868	13,689	11,176	16,913	24,076	27,340	25,343	30,019	33,262	33,397	34,071	68,697	23,315	46,427
Insurance:																
Property and general liability	6401	1,601	1,663	1,663	1,674	1689	872	1,081	1,298	1,073	1,514	1,234	1,008	1,075	1,075	1,487
Directors and officers liability	6402	700	700	700	850	900	905	-275	1,008	1,198	1,198	1,251	1,104	1,342	1,557	1,557
Workers' compensation	6403	0	0	0	0	0	0	0	350	280	0	280	235	560	0	280
Umbrella liability	6404	700	700	700	900	925	617	645	386	390	500	500	520	570	1,205	1,528
		3,001	3,063	3,063	3,424	3,514	2,394	1,451	3,042	2,941	3,212	3,265	2,867	3,547	3,837	4,852
Other Expense:																
Holiday lighting	6501	0	500	750	750	800	1,000	0	1,662	1,537	3,000	0	1,500	1,250	1,500	1,700
Social (includes T'giving&Christmas)	6508	882	1,021	2,681	1,826	1,144	2,109	1,209	345	2,708	928	1,994	0	180	1,269	3,500
Meeting expenses-board & members	6510	974	891	713	958	1,230	926	744	1,713	881	1,856	2,416	405	2,548	2,963	4,250
Bad debt expense	6515	0	0	0	0	0	0	852	4,244	0	0	0	0	0	15	0
		1,856	2,412	4,144	3,534	3,174	4,035	2,805	7,964	5,126	5,784	4,410	1,905	3,978	5,747	9,450
Other Maintenance:																
Common area signs	6601	0	236	210	84	0	0	70	266	675	3,697	100	18	76	298	200
Electrical wiring	6602	0	0	0	0	0	0	0	0	0	3,368	1,880	0	4,494	0	0
Street maintenance--minor	6603	1,295	2,860	195	3,637	603	0	0	0	11,461	2,704	0	64	4,006	0	0
Drainage improvements	6604	0	0	0	0	0	0	0	0	0	0	0	0	66,650	51	0
Electric lighting/bulbs	6609	402	277	901	540	2,723	767	921	1,256	0	2,679	4,627	0	414	175	150
Wall and fence repairs	6611	1,217	800	0	0	0	0	0	0	0	0	0	281	13,167	162	0
Animal removal	6615	0	0	0	0	0	0	0	0	0	0	0	3,647	0	0	0
		2,914	4,173	1,306	4,261	3,326	767	991	1,522	12,136	12,448	6,607	4,010	88,807	686	350
Taxes:																
Property taxes	6701	1,359	11	8	8	9	13	3	31	1	44	141	152	61	3	50
Income taxes	6702	4,200	1,750	0	1,643	3,939	2,786	5,015	3,046	3,025	3,449	6,344	7,591	5,851	1,500	5,456
		5,559	1,761	8	1,651	3,948	2,799	5,018	3,077	3,026	3,493	6,485	7,743	5,912	1,503	5,506
Utilities:																
Electricity	6800	1,721	1,582	1,444	1,311	1,687	1,712	2,034	1,338	1,905	1,862	1,769	2,077	1,440	2,183	2,500
Sanitation		0	0	0	0	0	0	418	0	0	0	0	0	0	0	0
		1,721	1,582	1,444	1,311	1,687	1,712	2,452	1,338	1,905	1,862	1,769	2,077	1,440	2,183	2,500
Total Expenses		35,089	57,459	46,301	57,187	59,895	64,991	76,767	73,100	102,242	113,813	113,250	132,563	216,946	76,032	114,145

Highlands Ranch HOA
Income and Expense History and Budget
(* =Formulas)

Operating Fund (continued) Account Description	Acct. No.	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*	Budget 2023*
Net Income (Loss) Before Transfers (Note B)		50,112	32,467	48,682	28,804	28,099	26,462	10,225	14,063	-14,501	-23,813	-23,426	86,306	-99,108	22,743	-9,497
Transfers from (to) Reserve Fund	9101	-57,156	-30,687	-50,124	-27,882	-29,514	-5,051	-7,393	-7,000	0	55,000	0	40,000	0	0	-50,000
Net Income (Loss)		-7,044	1,780	-1,442	922	-1,415	21,411	2,832	7,063	-14,501	31,187	-23,426	126,306	-99,108	22,743	-59,497
Cash at end of year		38,000	24,397	10,000	10,000	10,000	39,623	49,474	45,318	80,201	97,358	84,017	189,510	67,709	116,893	39,157

Reserve Fund Account Description	Acct. No.	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*	Budget 2023*
Income:																
Assessments	4900	51,453	53,517	53,164	55,345	58,909	62,466	63,403	66,847	70,752	71,808	74,448	77,088	69,168	69,631	72,352
Interest on investments	4907	11,211	6,804	7,652	13,570	10,029	9,030	10,023	10,341	12,369	16,037	21,475	20,853	11,742	10,180	14,853
Total income		62,664	60,321	60,816	68,915	68,938	71,496	73,426	77,188	83,121	87,845	95,923	97,941	80,910	79,811	87,205
Expenditures:																
Street improvements (Note C)		0	0	50,990	0	0	7,285	0	31,283	0	0	26,142	0	101,391	0	75,000
Safety (Signage)	9116	0	0	0	0	0	0	0	0	0	0	0	0	0	33,828	0
Landscape improvements		0	0	0	0	12,551	8,178	-3,593	0	0	0	0	0	0	0	0
Gate improvements/Cameras		13,275	0	0	0	0	0	0	0	0	4,427	3,875	0	18,619	0	0
Fiber optic		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Well house improvements		0	0	9,335	0	0	0	0	0	0	0	0	0	0	0	0
Entrance lighting	9,114	0	0	0	0	5,810	1,856	0	0	0	0	0	0	7,000	7,224	0
Walls and fences		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Irrigation system		0	0	0	0	257	0	224	0	0	0	0	0	0	0	0
Bad debt expense	6517	0	0	0	0	0	0	0	0	0	0	0	0	0		
Bank service charge		0	0	38	0	0	0	0	0	0	0	0	0	0	0	0
Total expenditures		13,275	0	60,363	0	18,618	17,319	-3,369	31,283	0	4,427	30,017	0	127,010	41,052	75,000
Net Income (Loss) Before Transfers		49,389	60,321	453	68,915	50,320	54,177	76,795	45,905	83,121	83,418	65,906	97,941	-46,100	38,759	12,205
Transfers from (to) Operating Fund	4905	57,156	30,687	50,124	27,882	29,514	5,051	7,393	7,000	0	-55,000	0	-40,000	0	0	50,000
Net Income (Loss)		106,545	91,008	50,577	96,797	79,834	59,228	84,188	52,905	83,121	28,418	65,906	57,941	-46,100	38,759	62,205
Cash at end of year:																
Cash--money market and savings		59,997	79,920	38,034	77,680	47,653	90,913	66,656	77,971	62,135	31,173	62,605	57,070	27,305	57,648	54,282
Certificates of deposits		417,000	488,085	581,554	638,705	748,564	757,436	827,581	915,578	957,784	1,047,783	1,067,826	1,122,215	1,163,721	1,143,558	1,220,000
		476,997	568,005	619,588	716,385	796,217	848,349	894,237	993,549	1,019,919	1,078,956	1,130,431	1,179,285	1,191,026	1,201,206	1,274,282

History of Quarterly Assessments:	2003-'09	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**
Operating Fund (began 1-1-98 at $165)	165	165	165	165	165	165	165	165	165	169	169	184	169	184	194
Reserve Fund (added 1-1-03 at $101)	101	101	104	107	112	117	122	128	134	136	141	131	146	131	136
Total	266	266	269	272	277	282	287	293	299	305	310	315	315	315	330
Percentage increase		0.00	1.13	1.12	1.84	1.81	1.77	2.09	2.05	2.01	1.64	1.61	0.00	0.00	4.76

Highlands Ranch HOA
Income and Expense History and Budget
(* =Formulas)

Notes:

(A) Changed management companies as follows: About 2008--from AMS to MP of Texas; 1/1/15--from MP/CIA (merger) to AMS/FirstService; 11/1/19--from FirstService to Diamond.

(B) Causes of Operating Net Loss Before Transfers: 2017--Replaced gate equipment; 2018 and 2019--Legal and engineering due to lawsuit (Developer reimbursement received in 2020); 2021--Stone wall repairs, landscaping improvements exceeding Developer $20k reimbursement, gate upgrade cost exceeding insurance for damage, and drainage improvements (Developer reimbursement for landscaping repairs received in 2021).

(C) 2021--Replaced road pavement inside gate up to first home.

Highlands Ranch HOA
General Notes to Income and Expense History and to Budget

1. Basis of Presentation

The financial statements are presented on the modified accrual basis of accounting, with prepaid assessments reported as deferred income, unpaid expenses reported as accounts payable, and past due assessments reported as accounts receivable. By using the accrual basis for these items, assessments are recorded when actually earned rather than when received in cash and expenses are recorded when incurred rather than when paid. The cash basis is used for all other items, as there is not a significant difference between the amounts that would be recorded using the accrual basis.

2. Separation of Resources between Funds

To ensure observance of limitations and restrictions on use of financial resources, these resources are recorded in two separate funds:

Operating Fund. Used to account for resources available for the general operations of the HOA.

Reserve Fund. Used to accumulate resources designated for major repairs and improvements, such as roads.

Annually, the Finance Committee prepares an analysis of the future estimated expenses of the Reserve Fund. This study uses the estimated lives of each component of the common areas (such as the roads), the estimated future cost of replacements, the accumulation of financial resources, and the earnings on the resources. Estimated inflation and earnings rates are also used. This analysis helps the Board to understand whether sufficient resources will be available to pay for future costs and what future actions it might need to take, such as increasing assessments.

3. Assessment Income

There are 139 lots in the subdivision, of which there are 133 lots being charged assessments. The Reserve Fund quarterly assessment was $131 in 2022 and will be $136 for 2022. For the Operating Fund, it was $184 in 2022 and will be $194 in 2023. These increases are based on the latest Reseerv Fund Analysis, which reflects a significant increase in inflation in general and oil prices, which specifically affects the cost of road asphalt.

As a caution, due to the many estimates used, especially in the Reserve Fund Analysis, it is possible that, when major improvements are needed, the Reserve Fund will not have sufficient money, thereby requiring a special assessment. It is also possible that this fund will have excess money. It is also likely that the Operating Fund will continue to need future increases in assessments as costs continue to rise.

4. Interest Income

Interest income is earned on Certificates of Deposit that are purchased with cash that is not needed for current operations. These fully-insured Certificates are generally short-term, such as two years, and are purchased from financial institutions that provide the best rates. The income fluctuates from year to year based on the current level of market rates and the amount of funds the HOA has to invest.

5. Expenses

Certain categories of expenses are predictable, but others depend on the circumstances each year. The predictable ones include such things as the management company contract. Others, such as minor landscaping improvements and Reserve Fund expenses depend more on the circumstances each year. Therefore, the Board budgets these by using terms of actual contracts or best estimates.

Highlands Ranch HOA
General Notes to Income and Expense History and to Budget (continued)

6. Transfers between Operating Fund and Reserve Fund

For many years, the Operating Fund did not need all of its income. Therefore, the excess funds were transferred to the Reserve Fund and added to money accumulating to pay for major repairs and improvements. This situation will probably no longer exists because the costs in the Operating Fund will continue to increase. However, the Operating Fund did have excess cash at the end of 2022, thus allowing for a budgeted transfer to the Reserve Fund.

7. Comparison of 2022 Actual Results to 2022 Budget for Operating Fund

			Over (Under)	
Income:	Actual	Budget	Budget	Comments
Assessments	97,800	97,152	648	
Assessment interest	206	330	-124	
Other	768	325	443	
Total income	98,774	97,807	967	
Expenses:				
Legal costs	10,417	3,000	7,417	Mostly for issues relating to the 2022 annual meeting and research/advice on the alternate emergency exit at the south end of Ranch Creek.
Gate repairs	2,813	5,000	-2,187	Less damage than expected.
Landscaping improvements	1,930	11,600	-9,670	Much less than planned for. Will cause 2023 to be higher.
Irrigation maintenance	2,707	5,200	-2,493	Less repairs than expected.
Oak Wilt treatment	0	4,500	-4,500	No signs of fungus requiring HOA cost.
Social	1,269	2,100	-831	No Christmas party in 2022.
U.S. income tax	1,500	3,693	-2,193	Overpayment in 2021 applied to 2022.
Other	56,896	61,391	-4,495	Most items were less than $1,000 over or under budget.
Total expense	76,032	92,791	-16,759	
Net Income (Loss)	22,742	5,016	17,726	