

OFFICIAL NOTICE OF ANNUAL MEETING OF MEMBERS

**BEXAR COUNTY HIGHLANDS RANCH HOMEOWNERS ASSOCIATION, INC.
c/o Diamond Association Management & Consulting (DAMC)**

14603 Huebner, Bldg 40, San Antonio, Texas 78730

Phone (210) 561-0606 Fax (210) 690-1125

SENT by REGULAR MAIL & EMAIL

February 28, 2024

Dear Members,

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, March 23, 2024

Time: 10:00 A.M. (Sign-in begins 9:15 a.m.)

**Place: La Hacienda Restuarant
Breakfast tacos, coffee, etc.**

**Address: 25615 Boerne Stage Road
(at intersection)**

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)**
- **Discussion of Proposed Revisions to DCCR & Schedule of Fines**
- **Proposed revised Schedule of Fines**
- **Absentee Ballot for revision to DCCR**
- **Absentee Ballot for revised Schedule of Fines**
- **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 25, 2023 Annual Meeting**
- **December 31, 2023 Financial Statements and 2024 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.

Jimmy Junkin, Secretary of the Board

BEXAR COUNTY HIGHLANDS RANCH HOA

AGENDA for ANNUAL MEETING

March 23, 2024 – 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. Vote on Revisions to DCCR & Schedule of Fines**
- 5. Approval of February 25, 2023 Annual Meeting Minutes**
- 6. Report of President - Jo Ann Browne**
- 7. Reports of Committees**
 - Architectural Control, Gates & Welcoming—Pat Hopkins**
 - Beautification—Elizabeth Rogers**
 - Roads/Safety—David Thackrey**
 - Social—Mary Teders**
 - Newsletter—Corrine Castillo**
 - Finance---Adam Pope**
 - Oak Wilt Advisory—Jimmy Junkin**
- 8. Old Business**
 - None**
- 9. New Business**
 - Open for discussion**
- 10. Announce Vote Results**
- 11. Recognition of Directors whose terms ended**
- 12. General Discussion and Questions**
- 13. Adjournment**

**NOTICE ON METHODS AND ELIGIBILITY
FOR VOTING AT MEMBER MEETINGS ON MARCH 23, 2024
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 by 3 pm on March 22, 2024 **OR** deliver at the meeting (use only one of the following two methods).
 - (a) **Preferred Method Online**: Cast Absentee Ballot(s) **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 with DAMC set up. To set up your Portal, go to the "Members" page on the HOA's website at www.highlandsranchhoa.org and click "Set Up/Log in To Member Portal with DAMC and Update member Information," or see attachment hereto). **OR**
 - (b) Send a **paper** Absentee Ballot (and only a **paper** Proxy, if you are a Proxy Grantee voting for a Grantor) 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** by email 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) 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 certain items already on the agenda, unless you attend in person. This means, if there are any new proposals presented at the meeting that don't require notice to all members and/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 and vote 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.

Bexar County Highlands Ranch HOA
Discussion of Proposed Revisions to Declaration of Covenants, Conditions
and Restrictions (“DCCR”) & Schedule of Fines (“Schedule”)
Annual Meeting on March 23, 2024

A. Revision to the DCCR

The Texas Legislature meets every two years. During some of these sessions, it passes changes to the Texas Property Code and/or other laws that affect homeowners associations. When this is done, the changes supersede certain provisions in the DCCR, the primary governing document for homeowners associations. There were changes in the Code in 2021 and 2023, that have not been reflected in the DCCR. Instead, the Board of Directors adopted Policies, consisting of about 15 pages, to implement the changes in state law. However, this means that Members must look at the DCCR, consisting of about 42 pages, and any subsequent Policies (which can occur every two years) in order to understand the affected provisions in the DCCR. This can be confusing and time consuming.

Therefore, to avoid Members having to look at several documents consisting of many pages relating to the DCCR, a simpler and less confusing approach is for the Board to be able to revise the affected provisions in the DCCR. Thus, the Board is asking for your vote to approve a revision to DCCR Article XI, whereby the Board, in coordination with legal counsel, can make revisions to the DCCR that are necessary due to changes in the law. This does not change the requirement that it takes a 2/3 affirmative vote of all members to make any other revisions to the DCCR.

You are being asked to vote to approve the addition of the following words to DCCR Article XI:

“Any changes in Texas state laws that affect provisions in the Declaration may be implemented by the Board by making appropriate revisions to such provisions, with legal counsel assistance.”

A. Revisions to the Schedule

DCCR Article XII requires that a Schedule of Fines be adopted for violations of the DCCR. The existing Schedule was adopted by the Members on May 24, 2018. Since then, the Schedule has become outdated due to some changes in state law in 2023. Further, when it was adopted, it inadvertently did not include sections for DCCR Articles IV, V, and VII. The proposed Schedule is revised to include changes due to the above issues. If a revised Schedule is not approved, the existing Schedule remains in effect, but subject to changes in law in any event. If you wish, you may see the existing Schedule that can be found on the Association’s website (www.highlandsranchhoa.org) under “Members/HOA Documents” (Password: hrhoa78006).

You are being asked to vote to approve the revised Schedule dated March 23, 2024 that accompanies this document.

**SCHEDULE of FINES for VIOLATIONS
of the DECLARATION OF CONVENANTS, CONDITIONS AND RESTRICTIONS (DCCR)
Bexar County Highlands Ranch Homeowners Association, Inc.
Approved by Members on March 23, 2024**

A Schedule of Fines was originally adopted by a vote of the Members on May 24, 2018. The Schedule is hereby being updated due to passage of time and revised to comply with changes in state law adopted by the Texas legislature in 2023.

In accordance with DCCR Article XII, Enforcement, dated May 24, 2018 and subsequently amended by any policy adopted by the Association's Board of Directors, this Schedule was presented to Members at a duly called meeting on March 23, 2024. The Schedule lists possible fines that the Board may assess Members for violations of the DCCR provisions listed herein. The assessed fines may vary on a case-by-case basis at the Board's discretion.

If the violation is curable, the Board may assess a daily fine up to, but not exceeding, the maximum amount stated herein. If not cured within the Board's stated time period, the fine shall begin thereafter and continue until it has been cured. If the violation is not curable, the Board may assess a one-time fine up to, but not exceeding, the maximum amount stated herein. If a violation is curable and depending on the circumstances, the Board may decide to grant a variance to leave the violation in place, but may assess a one-time fine if not cured.

Any violation will be subject to the notice, hearing and other requirements set forth in DCCR Article XII and any policies adopted by the Board.

<u>1. Article II. Construction Requirements (Note B)</u>		<u>Maximum Amount (Note E)</u>	
<u>Section</u>		<u>Daily if Curable</u>	<u>Total if Not Curable</u>
1	Placement of structures on lots & side yards	\$ 75	\$ 7,500
2	Size and height	100	10,000
3	Masonry	50	5,000
4	Siding	50	5,000
5	Roofing	50	5,000
6	Exterior colors and materials	50	5,000
7	Windows and glass	50	5,000
8	Guttering	10	1,000
9	Garages	50	5,000
10	Fences and other security measures	50	5,000
11	Driveways	50	5,000
12	Sewage systems and water wells	50	5,000
13	Landscaping and designated areas	50	5,000
14	Exterior lighting	10	1,000
15	Burglary and fire alarms	10	1,000
16	Flags and flagpoles	10	1,000
17	Rain barrels and rain water harvesting	10	1,000
18	Religious displays	5	500

SCHEDULE of FINES for VIOLATIONS
of the DECLARATION OF CONVENANTS, CONDITIONS AND RESTRICTIONS (DCCR)
Bexar County Highlands Ranch Homeowners Association, Inc.
Approved by Members on March 23, 2024

2. <u>Article III. Restriction on Use (Note B)</u>		<u>Maximum Amount (Note E)</u>	
<u>Section</u>		<u>Daily If Curable</u>	<u>Total if Not curable</u>
1 & 2	Residential only and permitted use	\$ 50	\$ 5,000
3	Athletic facilities	50	5,000
4	Outbuildings and exterior modifications	50	5,000
5	Swimming pool and spa enclosures	50	5,000
6	Radio, TV antennae and TV dishes	50	5,000
7	Solar energy devices	50	5,000
8	Signage	5	500
9	Temporary structures	10	1,000
10	Maintenance of yards, irrigation, etc.	5	250
11	Front yards	50	5,000
12	Mail boxes	5	500
13	Animals	10	1,000
14	Utility easements	50	5,000
15	Drainage easements	50	5,000
16	Maintenance of easements	10	1,000
17	Caves and sinkholes	5	500
18	Aircraft	10	1,000
19	Outside parking, storage of vehicles, etc.	20	2,000
20	Lot subdivision and consolidation	50	5,000
21	Trash and rubbish	10	1,000
22	Required restoration	30	3,000
23	Hazardous storage and activities	30	3,000
24	Firearms, fireworks, projectiles and weapons	5	250
25	No oil development	50	5,000
26	No nuisances	10	1,000
27	Damage to common areas and facilities	50	5,000

3. Article IV. Subdivision and Certain Easements and Use

<u>Section</u>			
3	Washes and Drainage Easements (Note A)	50	N/A

4. Article V. Governmental Requirements

<u>Section</u>			
2	Additional Obligations of Owners (Note A)	50	N/A

SCHEDULE of FINES for VIOLATIONS
of the DECLARATION OF CONVENANTS, CONDITIONS AND RESTRICTIONS (DCCR)
Bexar County Highlands Ranch Homeowners Association, Inc.
Approved by Members on March 23, 2024

5. <u>Article VII. Architectural Control Committee (ACC)</u>	<u>Maximum Amount (Note E)</u>	
	<u>Daily if</u>	<u>Total if</u>
<u>Section</u>	<u>Curable</u>	<u>Not Curable</u>
2 & 3 Required Submission of Plans (Note B)	\$ 75	\$ 5,000
6. <u>Article IX. Property Rights in the Common Facilities</u>		
<u>Section</u>		
3 Entry Gate, Streets and Security	(Note C)	(Note C)

NOTES:

- (A) Any DCCR Article section might discuss more than one type of thing that could be violated. Thus, the Board may apply a fine to single violations or to aggregated multiple violations. For some violations, it is possible that a fine for only a "Curable" or only a "Non-Curable" violation might be applicable based on the nature of the violation. Any "Total if Not Curable" item above notated with an N/A means this type of fine is not applicable, as any such violation must be cured.
- (B) If construction or improvement begins without ACC approval, the "Daily if Curable" fine begins on the date determined by the Board (e.g., the work began) and continues until the date the ACC grants approval. If the Board and/or the ACC in its sole discretion determines that a violation is curable, but grants a variance to leave the violation in place, the Board may still determine (at its discretion) that a "Total if Not Curable" fine will apply.
- (C) The Board may adopt specific policies/rules related to this section, as is already authorized in DCCR Article IX, Section 3, to include specific fines and/or other penalties.
- (D) The Board may adopt specific policies/rules related to compliance with the Bylaws and any Policies/Rules adopted by the Board that are not covered by this Schedule.
- (E) Dollar amounts included in the Schedule dated May 24, 2018 have not been changed.

ABSENTEE BALLOT---Revision to DCCR

Bexar County Highlands Ranch Homeowners Association, Inc.
Annual Meeting on March 23, 2024

Instructions

1. **Before casting a vote, the voting Member is encouraged to read the document “Proposed Revisions to DCCR & Schedule of Fines” that was provided to you.**
2. If you are voting the Proxy for another owner and that Proxy HAS been turned in (paper copy or online), 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 for another owner and that Proxy HAS NOT been turned in (paper copy or online), the Proxy must be submitted prior to the Annual Meeting date for this ballot to be counted.
4. If the owner has more than one Lot for which to vote, use separate ballots.
5. Read the “Notice on Methods and Eligibility for Voting,” which explains the voting process. Online and paper Absentee Ballots must be provided to DAMC by 3 pm on March 22, 2024.

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 on DCCR (approval requires 88 YES votes):

Add the following to DCCR Article XI:

“Any changes in Texas state laws that affect provisions in the DCCR may be implemented by the Board by making appropriate revisions to such provisions, with legal counsel assistance.”

_____ Yes _____ No

ABSENTEE BALLOT---Revised Schedule of Fines

Bexar County Highlands Ranch Homeowners Association, Inc.
Annual Meeting on March 23, 2024

Instructions

1. **Before casting a vote, the voting Member is encouraged to read the document “Proposed Revisions to DCCR & Schedule of Fines” that was provided to you.**
2. If you are voting the Proxy for another owner and that Proxy HAS been turned in (paper copy or online), 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 for another owner and that Proxy HAS NOT been turned in (paper copy or online), the Proxy must be submitted prior to the Annual Meeting date for this ballot to be counted.
4. If the owner has more than one Lot for which to vote, use separate ballots.
5. Read the “Notice on Method and Eligibility for Voting,” which explains the voting process. Online and paper Absentee Ballots must be provided to DAMC by 3 pm on March 22, 2024.

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 on SCHEDULE (approval requires YES votes by a majority of members present at which a quorum exists):

Adopt the revised Schedule of Fines per discussion in the Proposed Revisions to DCCR & Schedule of Fines referenced above.

_____ Yes _____ No

REPORT of NOMINATING COMMITTEE for BOARD POSITIONS

MARCH 23, 2024 ANNUAL MEETING

**BEXAR COUNTY HIGHLANDS RANCH
HOMEOWNERS ASSOCIATION, INC.**

February 28, 2024

Dear Members:

In November 2023, 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.

The Nominating Committee has unanimously selected the following Nominees to place on the Ballot for election.

- David Thackrey, 27114 Ranchland View**
- Michael Prado, 9418 Highlands Cove**

After consideration of several candidates (including meeting with some), the Committee selected the above members as its nominees because we believe that they have the necessary skill sets (per above criteria) to provide outstanding service to the membership, they have the time availability, and they will help the Board be a well-functioning group.

Please see the accompanying biographical data for each of the Nominees and the other Candidate who asked to be on the Ballot.

Thank you for your support in this process.

Nominating Committee:

Aaron DeWispelare, Pat Hopkins and Jimmy Junkin

David F. Thackrey
27114 Ranchland View

Family

Our family has had the pleasure of living in Highlands Ranch for almost 17 years after relocating to San Antonio from Benicia, California, in July of 2007. Prior to that, we lived in Houston, Texas for a number of years. My wife Julia and I will have been married 38 years this November. Julia is a native Texan growing up in Sweetwater, Texas. I was born and raised in a little town just outside of Chicago, Illinois. We have two children, Chris (33), a graduate of Texas A&M University, and Kathryn (29), a graduate of The University of Texas, Austin. A house divided! In addition, we have a 6-year-old black lab named Riley, who definitely lives "the life of Riley". We should all be so fortunate.

Job History

I retired from Valero in November of 2020 after 42 years of combined service with Valero Energy Corporation and Exxon. For the last 12 years, I was the Director of Budget and Forecast for Valero's refining segment at their corporate offices here in San Antonio, managing over one billion in annual expenses.

Education

I received my Bachelor of Science degree in Business Administration from the University of Illinois at Champaign-Urbana in 1975. I earned my MBA degree from the University of Illinois with a concentration in Finance in 1977.

Notable

I've served on Highlands Ranch Board of Directors three times, first being elected to a three-year term in 2008 and again serving as Board Secretary for one year, completing the term of a board member who had to relocate. I'm currently completing my third stint on the Board in charge of Roads and Safety. Serving on the board has been a pleasure and a good way to get to know our neighbors and what is going on in and around the community. I take pride in contributing in some small way to the overall well-being of our community. We receive comments all the time from various contractors and organizations, who work with numerous subdivisions on a routine basis, that our HOA is one of the best run organizations they interact with. That is in no small part due to the hard work and dedication of the many residents who have contributed their time and effort over the years to help make our community a nice, safe place to live. I highly recommend everyone get involved in some capacity either on the board or as a committee member. The pay isn't so great (it's gratis) but the experiences are rewarding.

Michael Prado
9418 Highlands Cove
Boerne, TX 78006
(February 9, 2024)

PERSONAL

Son of Army Veteran and lived in U.S., Italy, and Germany while young. Parents are from San Antonio. Settled in San Antonio area in 1972. Married in 1990 to Dr. Isabel Basaldu-Prado, Neonatologist. Five children, two still at home. A Junior at Abilene Christian University and a Middle Schooler. Two grandchildren. My father Lee Prado also resides with us. Built/Moved Highlands Ranch in November 2008.

EDUCATION

Bachelor of Science Electrical Engineering, Rice University, 1984.

WORK

Present. Retired

1998 – 2005. U.S. Air Force Civil Servant. Intel Analyst. Lackland AFB, TX
Duties included working with the Government Procurement Office in the development of requirements for my Organization's Contractual Support.

1985 – 1998. U.S. Air Force Civil Servant. C-5 Aircraft Systems Engineer. Kelly AFB, TX.

Duties included Project Engineer for several C-5 Aircraft Modification Programs. Required to work as Government Liaison with Commercial Contractors in the development of Air Force requirements and implementation of those requirements.

SERVICE

2003 – 2020. Various YMCA, i9 Youth Soccer, Volleyball Coach for my children's sports teams. Volunteered as School Science Fair Judge and one year as inaugural School Robotics Coach.

MISCELLANEOUS

Consider my analyses logically not emotionally. Willing to listen to other viewpoints.

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 64 Years young has served on the HOA board for previously. 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 evident by the success of his company, having built a company with a 23-year proven track record supporting the Department of Defense and other government agencies. 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 a wounded veteran and their family to receive a new home every year for the past 19 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.

ABSENTEE BALLOT---ELECTION OF DIRECTORS

Bexar County Highlands Ranch Homeowners Association, Inc.
Annual Meeting on March 23, 2024

Instructions

1. Please read documents for “Notice on Method and Eligibility for Voting at Annual Meeting” and Bios of each candidate. Online and paper Absentee Ballots must be provided to DAMC by 3 pm on March 22, 2024.
2. If you have more than one Lot for which to vote, use separate Ballots.
3. If you are voting the Proxy for another owner and that Proxy HAS been turned in (paper copy only), but you have not yet cast the vote, place an “X” in the upper right corner of this Ballot.
4. If you are voting the Proxy of another owner and that Proxy HAS NOT been turned in (paper copy only), attach the Proxy to the Ballot.
5. 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 Thackrey

_____ Michael Prado

_____ David Cerminaro

PROXY GRANTED BY A MEMBER

Paper Copy Must Be Submitted

**FOR ANNUAL MEETING OF MEMBERS ON MARCH 23, 2024
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”):

- Printed Name of Grantor _____
- Number of Entitled Votes _____
- Highlands Ranch Address (es) _____

- Current Mailing Address _____
- Date Proxy Granted: _____
- Grantor’s Signature _____

NOTE: Grantor must provide a **paper copy** to Grantee Member. The Grantee Member must then submit a **paper Ballot** on behalf of the 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 via your Portal at DAMC. If the Proxy and Ballot are sent to DAMC, they must be received by 3 pm on March 22, 2024, at DAMC’s office. If not, they must be submitted at the meeting.

DRAFT
**Minutes of the Annual Meeting of
The General Membership of
Bexar County Highlands Ranch Homeowners Association, Inc.
February 25, 2023**

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 pursuant to call by the Directors of the Association.

Call to Order

The meeting was called to order at 10:03 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 65. Therefore, quorum requirements were met.

Introduction and Opening Remarks:

Jo Ann Browne thanked everyone for attending and stated the following.

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 "xxxxxxxx" (not provided in these minutes (in lower case letters).

There is a sign-up Sheet at the sign-in table for our:

Committees: ACC, Welcoming, Gates, Beautification, Finance, Oak Wilt Advisory, Roads and Safety, Social, and Newsletter.

Clubs: Book, Gardening, Wine, and Card Club

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 have questions during the meeting, please raise your hand. Once acknowledged, please give your name and state your question.

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.

Jo Ann Browne introduced the following Board and Committee Chair members:

Directors and Officers---Jo Ann Browne (President); Mary Teders (Secretary); Adam Pope (Treasurer); David Thackrey (Roads and Safety Committee Chair); Max Martin (Assistant Secretary) and David Cerminaro (Social Chair).

Other Committee Chairs and Officers--- Pat Hopkins (ACC, Gates, and Welcoming); Lil Rogers (Beautification); Martha Grant (Newsletter); Jimmy Junkin (Finance and Oak Wilt Advisory, Assistant Treasurer and Assistant Secretary); Aaron DeWispelare (Assistant Treasurer).

Guests

Eva Hecox-Association Manager with DAMC.
Tom Newton -Association Attorney is here to help answer any questions.

First order of business—Jo Ann

We will handle the voting for 2023 directors first, in case any of you need to leave early. Then, we will handle other business.

Proceed with Voting---Jo Ann Browne

The Ballot and other documents were mailed and emailed to every member along with the Notice of the Annual Meeting. This included instructions on how to set up your portal at Diamond and to vote online. Many of you set up your portal and did vote online. For those not voting online, a paper Ballot had to be used or a paper Proxy granted to another member, some of which we did receive.

Those who have not voted and are here today, you will be able to cast a paper Ballot today if you wish to do so. Now, let’s go to the election process.

Do we have any nominations from the floor? If so, raise your hand and provide the name of the member. There were none.

Names of nominees were announced.

Ballots were passed out to those who had not voted. Eva Hecox collected the ballots and also served as the tabulator.

The results will be announced at the end of the meeting.

Approval of Minutes

A motion was made and seconded to dispense with the reading of the minutes of the Meeting of February 19, 2022. Motion passed. A motion was made and seconded to approve the minutes of the Annual Meeting of February 19, 2022 as presented Motion passed.

REPORT OF PRESIDENT ----Jo Ann Browne

Duties of the President 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. Involved in such things as planning the matters to be covered at board meetings and annual meetings, approval of contracts and routine expenses, coordinating efforts of the committees, working on various issues such as our roads, reviewing and following-up on deed violations, and legal matters.

Oak Wilt problem—Jo Ann asked Jimmy Junkin to assist in the 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.

Since then, we also discovered it 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 is suggesting that each of us look closely at our trees periodically and report it to one of the members of the Oak Wilt 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.

But, we also suggest that you look at the information on our website, which includes photos of leaves that show what oak wilt looks like.

If you find any signs of 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 is first disinfected with bleach and that every single cut is immediately sealed.

There were no questions.

Alternate Emergency Exit—Jo Ann asked David Thackrey to assist in the report.

Based on the suggestion of one of our members a couple of years ago, the board began to consider the need for an alternative exit in case we ever have an event that would prevent us from departing through our gate.

As some of you know, there is a Country Bend water well at the south end of Ranch Creek, with a dirt access road to it between HR lots 75 and 76 that the Country Bend water well company uses. HR was granted title to this road in 2018.

That road connects to another concrete road on the edge of Lot 22 in Country Bend. So, the water company comes over from Country Bend to access the well.

For some time in 2022, we talked to the owner of Lot 22 in Country Bend and the water company about HR members using both roads in the event of an emergency. All parties agreed to this.

Thus, we have improved the dirt road so that vehicles can easily use it, but ONLY in the event of an emergency.

The road has a locked gate to prevent unauthorized use. Whenever there is a need, any board member and the management company will have the combination to the lock.

Signs have been added on the street signs that point toward the “Alternate Evacuation Route”

There were not significant questions.

Speeding on our roads and tailgating at the gate—Jo Ann asked David Thackrey to assist in this report.

We are still seeing a good amount of speeding, with speeds up to 60 MPH, even including such speeds crossing the speed humps and around curves. We also see some drivers dangerously passing other drivers. So, please slow down and stop passing others.

Also, tailgating continues at our gate. This causes broken gate arms and damage to the gate, which costs us all money when we cannot get the offender to pay. Our new speeding equipment show that 70% of drivers go over the speed limit. Average max speed is 57 mph. People are still coming in the exit gate. 24 arms have been broken in 4 years.

The Board has spent considerable time discussing remedies for the speeding, each of which we recognize will be objected to by some of our members. However, the Board has a duty to deal with this. We have discussed three options and have implemented two:

- We have added speed humps, which we know that many of you do not like.
- We have added speeding equipment that shows the drivers the speed they are going in hopes that it will cause them to slow down. Some of you have told us that this helps remind them to slow down.
- These have helped some, but the problems continue. Therefore, the Board is reluctantly considering the adoption of a Policy on Use of Streets, which provides for assessment of fines for speeding and for passing other cars. Members were asked to raise hands if they were in favor or such a policy and if not. The majority were in favor. Some were very against. Some stated that the

members should be able to vote on something this important. Thus, we will ask all members via email for more input.

- Based on that input and further consideration, the Board will make a decision.

The following questions were asked, all of which the board will consider:

- Have off duty sheriff? Will homeowners be able to vote?
- Can exit gate be closed quicker?
- Can we have a neighborhood watch group setup for Road conditions?

INTRODUCTION OF COMMITTEE CHAIRS—Jo Ann

First, Jo Ann thanked all of the committee volunteers and the work they each do. She noted that the volunteers spend a lot of time on behalf of the community.

COMMITTEE REPORTS:

❖ Welcome Committee-Pat Hopkins-Chairperson

- There is going to be a Starbucks built to the right of the entry.
- Welcome committee visits with each new owner.
- 7 Houses sold and 4 are For Sale currently.
- 139 lots, 124 homes, 7 contiguous lots, 8 unimproved with 4 under construction

❖ ACC -Pat Hopkins-Chairperson

- 9 Members. Pat Hopkins has been chairperson for 17 years.
- Review and approves secondary construction such as a pool. New construction plans are reviewed and approved by Denton Development.
- 2022 activities: 19 requests-workshop /garages, roof change, solar panels, sports court, fences and pergola.
- You can view a copy of the DCCR's on Highland's website. Please review these and if have any questions regarding construction projects, please contact us.

❖ Roads and Safety---David Thackrey

- In addition to the reports earlier, some crack filling on the roads might be done this year.

❖ Finance Committee-Jimmy Junkin-Chairperson

- Jimmy stated that the committee consisted of three members and they did the following:
 - Review monthly reports from DAMC and prepares the Reserve Fund Analysis and the Annual Budget.
 - Handles the banking.
 - The 2022 financial reports were sent to all members.
- He then stated that the board is looking at what to do to the roads and when to do what is decided by the board. As David just stated, we know that some crack filling is probably needed in 2023. As for the more significant work, David has gotten a bid from V. K. Knowlton Construction showing costs per square yard for milling existing asphalt, applying new asphalt, and base repair (same as done at our entrance in 2020). Doing all three (a complete reconstruction) of these for each road is the most expensive. Our projections have never included this approach. Thus, if we had to do this anytime soon, we would not have enough money saved. Our projections to date have assumed that we would only have a new layer of asphalt applied on top of the old, which is the least expensive approach. Our assumption has been that Units 1-4 would need to be done in about 2025 and Units 5-6 in 2038. Most likely, we will need to do something in between these two approaches, such as a complete reconstruction of some roads or portions thereof and only an

overlay on others. But, this means that we might still not have enough money at that time. For Units 1-4, our latest projections indicate that the cost could range from a low of \$1.1 million in 2025, in which case we should have enough money, to \$2 million, in which case we would not have enough money. We plan to use a Geotech Engineering Consultant to look at the roads and advise us. Based on what they advise the board, the board will decide on how this might affect the assessments to members.

❖ **Beautification Committee-Chairperson—Lil Rogers**

- 2022-finished minor projects from prior year.
- Plans for 2023: Replace dead grass, remove some dead trees, and on Highlands Cove, deer ate some plants that we might need to replace.

❖ **Social-** David Cerminaro

- Maybe have more events in 2023.
- Christmas party was not feasible for 2022 due to lack of attendance.
- Maybe do a survey of the members?
- Send suggestions to the board.

❖ **Unfinished Business: None**

❖ **New Business: None**

❖ **Results of Election:** Eva Hecox announced that Mary Teders and Phillip Miller were elected to the Board.

❖ **Recognition of and thanks to Directors whose terms ended.**

- Jo Ann offered thanks to David Cerminaro and Mary Teders and provided each with a gift card in thanks for their work on the Board.

❖ **General Questions—Jo Ann Browne:**

- A new contract with Tiger, as we were not able to agree with Republic on the wording of their contract. However, we have a 60 day termination clause with Tiger just in case Republic decides to change the wording of their contract.
- As to broken tree branches from the recent ice, there will be no branch pickup on a community basis. Each owner is responsible for disposing of their branches. Panache will do for \$150.00 per trailer load if you place your branches next to the road.

Adjournment

- ❖ Jo Ann thanked all attending the meeting and then adjourned it at 12:05 p.m.

Jo Ann Browne, President

Mary Teders, Secretary

Budget--Year Ending 12-31-24

Dues Increased from \$330/Qtr to \$350/Qtr in 2024				
Operating Fund Income Statement				
Account Description	Account Number	2024 Budget Amount	2023 Actual Amount	2023 Budget Amount
Assessment Income:				
Assessments--Homeowners	4011	106,656	102,820	103,208
Assessment interest	4131	250	261	200
		106,906	103,081	103,408
Other Income:				
Forced Mowing Reimbursement		0	0	0
Interest on invested cash	4030	35	29	20
Legal/Lien fees	4070	0	0	0
Returned check fees	4075	0	0	0
Gate Remotes	4090	540	1,080	540
Collection fees	4150	180	270	180
Administrative fees	4160	0	0	0
Fines for DCCR and policy violatons	4165	500	0	500
Legal/engineering settlement income	4171	0	0	0
Drainage settlement income	4172	0	0	0
Landscaping settlement income	4173	0	0	0
Insurance recovery income	4174	0	0	0
Miscellaneous		0	0	0
		1,255	1,379	1,240
Total Income		108,161	104,460	104,648
Operating Expenses:				
Administrative:				
Office supplies	6101	120	92	120
Postage	6102	650	505	800
Printing	6103	800	702	120
Management company contract	6104	8,700	8,700	8,700
Dues and Subscriptions	6105	150	131	0
Bank service fees	6106	0	10	0
Accounting fees	6108	275	250	275
Legal fees	6109	5,000	7,773	7,000
Website	6110	650	140	600
ACC processing fee	6111	1,000	0	0
Collections fees	6112	138	0	138
Other professional fees	6115	5,000	4,846	10,400
Permits and recording fees	6116	0	96	0
Miscellaneous	6117	790	400	100
		23,273	23,645	28,253
Gate Expenses:				
Gate maintenance contract	6201	839	839	839
Gate security monitoring	6202	8,768	9,587	8,769
Gate supplies and repairs--minor	6203	2,000	-2,641	4,000
Telephone for gate	6204	2,700	2,519	2,500
Gate equipment	6205	3,000	0	0
Camera monitoring	6207	700	877	700
Gate remotes	6210	450	704	450
		18,457	11,884	17,257

Budget--Year Ending 12-31-24

Operating Fund Income Statement (continued)				
<u>Account Description</u>	<u>DAMC</u>	2024	2023	2023
		<u>Budget Amount</u>	<u>Actual Amount</u>	<u>Budget Amount</u>
Grounds Maintenance:				
Landscaping improvements/maintenance--minor	6301	14,100	16,699	13,600
Landscaping maintenance contract	6302	19,167	19,313	19,167
Service HO Lots (includes Forced Mowing)		0	0	0
Supplies and equipment		0	0	0
Irrigation maintenance	6307	3,260	1,738	3,260
Landscaping maintenance--trees	6309	7,880	6,229	3,900
Irrigation well	6310	2,000	475	2,000
Oak Wilt treatment	6311	5,000	0	4,500
		51,407	44,454	46,427
Insurance:				
Insurance--property/general liability	6401	1,700	1,487	1,487
Insurance--directors	6402	1,557	3,114	1,557
Insurance--workers' comp	6403	280	560	280
Insurance--umbrella	6404	1,800	1,528	1,528
		5,337	6,689	4,852
Other Expenses:				
Holiday lighting	6501	1,800	1,500	1,700
Social (includes Holloween & Christmas)	6508	5,000	1,770	3,500
Meeting expenses (Board/Members)	6510	4,250	3,765	4,250
Bad debt expense	6515	0	0	0
		11,050	7,035	9,450
Other Maintenance:				
Signage	6601	700	641	200
Electrical wiring	6602	0	917	0
Street maintenance--minor	6603	300	185	0
Drainage improvements	6604	0	0	0
Electrical lighting/bulbs	6609	1,000	2,664	150
Wall and fence repairs	6611	0	0	0
Animal removal	6615	0	2,197	0
		2,000	6,603	350
Taxes:				
Property Taxes	6701	50	28	51
U.S. Income Taxes	6702	11,513	8,500	5,456
		11,563	8,528	5,507
Utilities:				
Electricity	6800	2,100	1,795	2,500
Sanitation		0	0	0
		2,100	1,795	2,500
Total Expenses		125,188	110,634	114,596
Net Income (Loss) Before Transfers		-17,027	-6,174	-9,948
Transfers from (to) Reserve Fund	9101	0	0	-50,000
Net Income (Loss)		-17,027	-6,174	-59,948

Budget--Year Ending 12-31-24

Reserve Fund Income Statement				
		2024	2023	2023
	<u>Account</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
	<u>Number</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Reserve Fund Income:				
Current year assessments--Homeowners	4900	78,144	72,080	72,352
Interest income	4907	35,045	33,817	14,853
Total income		113,189	105,897	87,205
Reserve Fund Expenses--Major Costs:				
Bad debt expense	6517		0	0
Street improvements	9110	200,000	12,010	75,000
Safety (signs, etc.)	9116	0	14,249	0
Landscape improvements	9115 ??	0	0	0
Gate improvements/Cameras	9112	5,000	0	0
Well house		0	0	0
Entrance lighting	9114	0	0	0
Walls and fences		0	0	0
Irrigation system		0	0	0
Total expenses		205,000	26,259	75,000
Net Income (Loss) Before Transfers		-91,811	79,638	12,205
Transfers from (to) Operating Fund	4905	0	0	50,000
Net Income (Loss)		-91,811	79,638	62,205
Operating Fund Balance Sheet				
		2024	2023	2023
	<u>Account</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
	<u>Number</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Assets:				
Cash--checking account & petty cash	1001	75,454	95,611	38,706
Accounts receivable--other		0	0	0
Accounts receivable--transfer fees		0	0	0
Accounts receivable--members	1200	2,000	308	2,000
Due from Reserve Fund	1430	0	0	0
Total assets		77,454	95,919	40,706
Liabilities:				
Accounts payable	2000	0	0	0
Prepaid assessments--operating	2020	18,000	20,707	18,000
Due to Reserve Fund	2035	15,000	13,732	15,000
Total liabilities		33,000	34,439	33,000
Retained earnings:				
Beginning of year	3000	61,480	67,654	67,654
Net income (loss)		-17,027	-6,174	-59,948
End of year		44,454	61,480	7,706
Total liabilities and retained earnings		77,454	95,919	40,706

Budget---Year Ending 12-31-24

<u>Reserve Fund Balance Sheet</u>		2024	2023	2023
	<u>DAMC</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
		<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Assets:				
Cash--money market, savings & checking	various	13,623	7,372	54,282
Certificates of deposits (aggregate)	various	1,190,000	1,292,188	1,220,000
Accounts receivable-members	1250	1,240	191	820
Undeposited funds	1300	0	0	0
Due from Operating Fund	1400	15,000	13,732	15,000
Total assets		1,219,863	1,313,483	1,290,102
Liabilities:				
Due to Operating Fund	2030	0	0	0
Prepaid assessments--reserve	2025	11,520	13,328	7,380
Total liabilities		11,520	13,328	7,380
Retained earnings:				
Beginning of year	3040	1,300,155	1,220,517	1,220,517
Net income (loss)		-91,811	79,638	62,205
End of year		1,208,343	1,300,155	1,282,722
Total liabilities and retained earnings		1,219,863	1,313,483	1,290,102
See accompanying general notes to the budget on separate page.				

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. A road advisor was hired in late 2023 to provide an analysis and recommendations. His services might be needed in the future. His report states that the roads are generally in good condition--on a scale of 1 to 100, on average they are 71 (lower end of satisfactory). For 2024, his suggested plan is: Crack seal all roads; replace asphalt on Ranchland View at the island west of Ranch Lane; apply Reguvenation Fog Seal on all roads, which improves asphalt flexibility--at a cost of about \$200,000, which has been budgeted. For 2025, the plan is: apply Advanced Mineral Seal, which provides a new skid-resistant wearing surface, stops raveling, and retards deterioration of the existing asphalt--at a cost of about \$377,000.

3. Assessment Income

There are 139 lots in the subdivision, of which there are 132 lots being charged assessments. The Reserve Fund quarterly assessment was \$136 in 2023 and will be \$148 for 2024. For the Operating Fund, it was \$194 in 2023 and will be \$202 in 2024. These increases are based on the latest Reserve Fund Analysis, which reflects a significant increase in inflation in general and oil prices, which specifically affects the cost of road asphalt, plus inflation that affects Operating Fund costs.

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.

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

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.

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 exist because the costs in the Operating Fund will continue to increase.

7. Comparison of 2023 Actual Results to the 2023 Budget

Income:	Actual	Budget	Over (Under)		Comments
			Budget	Budget	
Assessments	102,820	103,208	-388		Under budgeted for 2023.
Assessment interest	261	200	61		
Other	1,379	1,240	139		
Total income	104,460	104,648	-188		
Expenses:					
Legal costs	7,773	7,000	773		Mostly for issues on the emergency exit at south end of Ranch Creek and some DCCR issues.
Other professional fees	4,846	10,400	-5,554		Simply less than expected, plus road advisor has not been fully paid yet.
Gate repairs	-2,641	4,000	-6,641		Large reimbursement for damage in 2022.
Irrigation maintenance	1,738	3,260	3,260		Less repairs than expected.
Tree maintenance	6,229	3,900	3,900		Damage due to ice freeze early in 2023.
Oak Wilt treatment	0	4,500	-4,500		No signs of fungus requiring HOA cost.
Social	1,770	3,500	-1,730		No Christmas party in 2023.
Electrical lighting	2,664	150	2,514		Damage due to ice freeze early in 2023.
Animal removal	2,197	0	2,197		Costs to capture herds of coyotes.
U.S. income tax	8,500	5,456	3,044		Increase in CD rates yielded more taxable income.
Other	90,919	78,036	12,883		Most items were less than \$2,000 over or under budget.
Total expense	110,634	114,596	-3,962		
Net Income (Loss) before Transfer	-6,174	-9,948	3,774		
Transfer from Operating to Reserve	0	50,000	50,000		Decided not to make the transfer, as funds will be needed in 2024 on road work that is paid out of the Operating Fund.
Net Income (Loss)	-6,174	-59,948	53,774		

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

7. Comparison of 2023 Actual Results and 2023 Budget (continued):

	Actual	Budget	Over (Under) Budget	Comments
Reserve Fund (excludes \$50,000 above):				
Income:				
Assessments	72,080	72,352	-272	
Other	33,817	14,853	18,964	Higher interest rates than budgeted for.
Total income	105,897	87,205	18,692	
Expenses:				
Street improvements	12,010	75,000	-62,990	Most work delayed to 2024 based on road advisor's report.
Signs	14,249	0	14,249	Speed/camera sign not budgeted for.
Total expenses	26,259	75,000	-48,741	
Net Income (Loss) before Transfer	79,638	12,205	67,433	
Transfer from Operating Fund	0	50,000	-50,000	Decided not to make transfer.
Net Income (Loss)	79,638	62,205	17,433	