

**THE CYPRESS CREEK LAKES PROPERTY OWNERS ASSOCIATION, INC. BOARD OF DIRECTORS MEETING WAS HELD ON WEDNESDAY, SEPTEMBER 27, 2017 AT 7:45 PM, AT WARNER ELEMENTARY, 10400 WARNER SMITH BLVD., CYPRESS, TEXAS 77433.**

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**DIRECTORS PRESENT**

Rob Melloy  
Dennis O'Connor  
Stacey Thomas  
Ross Gallup  
Joe D'Virgilio

**IN ATTENDANCE**

Liz Pettit with Crest Management Company.

**CALL TO ORDER & ADOPTION OF AGENDA**

Director Melloy called the meeting to order at 8:07 p.m. The agenda was adopted as presented.

**BUSINESS:**

**APPROVAL OF MINUTES**

The Board reviewed the minutes from the June 19, 2017 board meeting. There were no changes. A motion was made and seconded to approve the minutes. The motion passed.

**FINANCIALS**

Ms. Pettit presented the August 2017 Balance Sheet and Income Statement. As of August 31, 2017, the Association had \$632,580.29 in operating and money market accounts and \$197,309.15 in 3 CDs established for Capital Reserves. Accounts receivable totaled \$88,936.28. The Association's total Liabilities and Equity were \$945,766.01 as of August 31, 2017. Ms. Pettit reported the Association to be 97.13% collected as of August 31, 2017. Ms. Pettit answered questions about the financials.

**BOARD BUSINESS**

**Choose Board Positions**

Director Melloy discussed the Board positions and announced the officers as follows:

Rob Melloy – President  
Stacey Thomas – Vice President  
Joe D'Virgilio – Secretary  
Dennis O'Connor – Treasurer  
Ross Gallup – Committee Chairperson

**2018 Budget/Assessment**

The Board reviewed the preliminary budget and answered questions from the homeowners present. After a brief discussion, Director Melloy motioned to approve the proposed budget version which included the sale of the splash pad acreage. The assessment would remain at \$900 for 2018. Director O'Connor seconded the motion. All were in favor.

**Vote on landscape beautification/sidewalk along Cypress North Houston**

Director Melloy discussed proposals he received to install a sidewalk on Cypress North Houston, both to connect the existing Towne Lake sidewalk to the intersection of Cypress Creek Bend Dr. (on the South side of Cypress North Houston) as well as from Cypress Creek Bend Dr. to The Goddard School (on the North side of Cypress North Houston). The "North side sidewalk" will allow homeowners safer



and easier passage to and from the commercial area at the corner of Fry Rd. and Cypress North Houston without having to cross Cypress North Houston at locations which do not have County recognized crosswalks or forcing pedestrians to walk where there is no sidewalk. He received proposals from two construction contractors with prices from \$7.50 to \$8.50 PSF. He also received proposals from two landscape contractors who provided proposals for landscaping along Cypress North Houston. Their proposals for the sidewalk both came in around \$6.00 PSF. Director Melloy also discussed two landscape proposals for landscaping the sides and esplanade of the newly opened section of Cypress North Houston before Towne Lake as well as beds in other areas along the existing section of Cypress North Houston to create some conformity. The proposals received came from IMS, the current landscape contractor and Brightview. The IMS proposal came in at approximately \$144k and the Brightview proposal came in at approximately \$142k. Director Melloy stated he recommended the IMS contract even though it was about 0.76% higher because any initial savings would likely be offset quickly through overruns in the project if awarded to Brightview since they are unfamiliar with the irrigation portion; IMS on the other hand is familiar with the existing system and therefore the requirements needed to add to it. IMS will also warrant the plants and trees for one year since they provide the maintenance, whereas Brightview will only warrant the plants for 60 days. Director Melloy stated he preferred the IMS design and that it was also going to cost less to maintain annually. IMS has been the landscape contractor for Cypress Creek Lakes for 7 to 8 years. The MUD uses IMS as well for the portion of Cypress Creek Lakes they maintain. IMS also helps the Garden Club and has demonstrated that they invest themselves to make the community look nice. Director Melloy stated this project would be paid for from the non-emergency reserve fund. Director Melloy motioned to approve the IMS bid for the landscaping project and the sidewalks. Director O'Connor seconded the motion. All were in favor.

#### **Vote to proceed with brick wall project**

Director Melloy reported the plan for Towne Lake to replace the wood fences on Cypress Creek Lakes homeowners' properties along Cypress North Houston and running parallel to Towne Lake is nearly complete. He is still waiting for a few more signed agreements that are required from those homeowners by Towne Lake for them to begin the installation. After installation, Towne Lake will then commit to maintaining the fence for a minimum of 10 years.

Director Melloy discussed constructing a brick wall along Cypress Creek Bend Drive and along Sawmill Creek Drive as well as the Cypress North Houston portion within Cypress Creek Lakes where there are currently wood fences with brick columns. Director Melloy stated some residents have expressed a desire to install a brick wall for the reason that it would maintain a consistency with that of Phase 3. If it were to be installed it would be on POA owned property so that it is maintained by the POA like the other brick walls within Phase 1 & 2. Director Melloy stated the total project would run \$835,271, not including a contingency. The approach for funding the project would be to apply a total of 38% of available resources (which includes an 8% contingency) totaling \$186,093. The Board has stated that it will not take out a loan for a non-emergency project and therefore to cover the balance of the cost it would require a special assessment be levied to all homeowners in the amount of \$703. Director Melloy stated that for this reason it does not appear to be a wise expenditure for the community at this time, and that perhaps in a few years it can be revisited when reserves are built up more. Director Melloy motioned to not move forward with the brick wall project based on the information presented that the POA does not have sufficient reserves to fund the project at this time and therefore it would require a substantial special assessment to be imposed upon and approved by the majority of the community. Director O'Connor agreed. Director Gallup agreed. Directors Thomas and D'Virgilio were opposed to the motion. Director Thomas stated she is opposed because although she agrees with the premise of the motion she feels that the project should be voted on by the entire community and not just the Board. The motion carried with a majority vote to not move forward with the brick wall



project.

Director Melloy reported monthly inspections by Crest of all fences in the community including along the streets, pipelines as well as around all the lakes would start soon.

### **Creation of Community Committees**

Director Gallup reported he is looking for volunteers to start social activities with a goal to help bring a sense of community and involvement to Cypress Creek Lakes. The ideas for various committees include Beautification Committee, Halloween and Christmas Decorations Committee, Food Truck Committee, Architectural Committee and Social Events. A General Committee would meet periodically and come up with ideas on things to do in the community. The goal is to start meeting in 14 to 30 days. Director Gallup stated there are sign-up sheets being passed around so homeowners can sign up for a committee. Director Gallup encouraged homeowners to sign up and volunteer as much time as they are able to commit.

### **Other Business**

Director Melloy discussed adding police patrol hours Monday through Friday for a few hours to cover where there currently is no constable coverage under the Patrol Contract paid for by the MUD. These patrols would provide 100% coverage to Cypress Creek Lakes. The Board will discuss and vote on this at the next board meeting.

### **Open Forum**

A homeowner advised everyone to be careful and diligent when driving on Cypress North Houston because of the speeding. He reported he was almost hit by a speeding driver when he slowed down to turn off of Cypress North Houston into his section and requested that everyone take a moment to contact the County to request something be done with the issue of speeding on Cypress North Houston to prevent a serious accident from occurring in the future.

There being no further business, the Open Session was adjourned at 9:00pm.

### **EXECUTIVE SESSION:**

#### **COLLECTIONS**

Brice Beale, the POA attorney discussed the current accounts at his office. He discussed several accounts that will require further action.

- Final Demand Letters for (11) accounts:
- Possible Litigation for (4) accounts
- (1) Account is currently set for trial in December, while another (1) account needs an Order of Sale since the Default Judgment was signed.

A motion to proceed was made, seconded and passed.

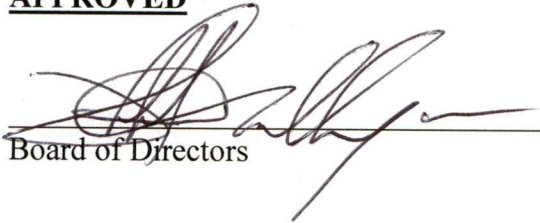
#### **DEED RESTRICTIONS**

The Board briefly discussed the deed restriction report. The Board approved turning over (1) account to the attorney for a demand letter for failure to submit an Exterior Modification Request form for approval of a new roof. The Board approved invoking self-help measures to remove untied tree stakes for (1) account which has refused to respond to Crest notification letters.

**ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 9:30 pm.

**APPROVED**

  
Board of Directors

**CYPRESS CREEK LAKES PROPERTY OWNERS ASSOCIATION, INC.  
BOARD OF DIRECTORS MEETING**

DATE: Wednesday, September 27, 2017  
TIME: 7:45 pm — 8:30 pm  
PLACE: Warner Elementary  
19545 Cypress North Houston  
Rd. Cypress, Texas 77433

**AGENDA**

Open Session - 7:45 pm

- I. Call to Order and Adoption of Agenda
- II. Approval of Minutes: 6/19/2017
- III. August 2017 Financials
- IV. Board Business:
  - A. Choose Board Positions
  - B. 2018 Budget/Assessment
  - C. Vote on landscape beautification/sidewalk along Cypress North Houston
  - D. Vote to proceed with brick wall project
  - E. Creation of Community Committees
    1. Committee Chairman to share ideas and solicit volunteers
  - F. Other Business
- V. Open Forum

Executive Session

- I. Collections
- II. Deed Restrictions
- III. Adjourn

# Board Meeting 9-27-17

ADDRESS

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# Board Meeting 9-27-17

ADDRESS

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# Board Meeting 9-27-17

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CYPRESS CREEK LAKES, P.O.A.  
BALANCE SHEET  
August 31, 2017

ASSETS:

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CASH  
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ALLEGIANCE BANK - OPERATING	\$	26,596.92
ALLEGIANCE BANK - MONEY MARKET		195,172.96
FIRST INTERNET BANK - MMKT		4,750.00
MUTUAL OF OMAHA - OPERATING		406,060.41

TOTAL CASH

\$ 632,580.29

97.13% collected

CAPITAL RESERVE  
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1ST INTERNET-12 MOS CD 9/2017	45,474.39
1ST INTERNET-18 MOS CD-3/2018	50,596.20
1ST INTERNET-24 MOS CD-9/2018	101,238.56

TOTAL CAPITAL RESERVE

197,309.15

ACCOUNTS RECEIVABLE  
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2009 MAINTENANCE FEES	1.90
2010 MAINTENANCE FEES	870.00
2011 MAINTENANCE FEES	1,090.00
2012 MAINTENANCE FEES	1,202.80
2013 MAINTENANCE FEES	1,800.00
2014 MAINTENANCE FEES	1,800.00
2015 MAINTENANCE FEES	5,125.00
2016 MAINTENANCE FEES	9,946.32
2017 MAINTENANCE FEES	25,225.52
2018 MAINTENANCE FEES	(3,317.85)
FINANCE CHARGES	18,831.60
PENALTIES	4,919.57
LEGAL FEES	21,331.42
DEED RESTRICTION EXPENSES	110.00

TOTAL ACCOUNTS RECEIVABLE

88,936.28

CYPRESS CREEK LAKES, P.O.A.  
BALANCE SHEET  
August 31, 2017

OTHER ASSETS

PREPAID INSURANCE	\$	23,787.00	
ASSOCIATION ATV		10,511.27	
VEHICLE DEPRECIATION		(7,357.98)	
TOTAL OTHER ASSETS			\$ 26,940.29
TOTAL ASSETS			\$ 945,766.01
			=====

LIABILITIES:

ACCOUNTS PAYABLE - TRADE	\$	15,373.93	
DEFERRED MAINTENANCE FEES		293,700.00	
NOTE PAYABLE		13,105.41	
TOTAL LIABILITIES			\$ 322,179.34

EQUITY:

CAPITAL RESERVE			
CAPITAL RESERVE FUND		195,835.91	
CAPITAL RESERVE INTEREST		1,473.24	
TOTAL CAPITAL RESERVE			197,309.15
MEMBERS EQUITY		328,374.33	
CURRENT YEAR SURPLUS (DEFICIT)		97,903.19	
TOTAL MEMBERS EQUITY			426,277.52
TOTAL LIABILITIES AND EQUITY			\$ 945,766.01
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CYPRESS CREEK LAKES, P.O.A.  
INCOME STATEMENT - BUDGET COMPARISON  
For 8 Months Ended August 31, 2017

	AUG ACTUAL	AUG BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE	ANN'L BUDGET	REMAINING
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INCOME:								
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CURRENT YEAR MAINTENANCE FEES	73,425	73,425		587,400	587,400		881,100	293,700
MAINTENANCE FEE - PENALTY	669	566	(103)	7,200	4,528	(2,672)	6,800	(400)
INTEREST EARNED	19	25	6	752	200	(552)	300	(452)
MISCELLANEOUS INCOME	10	41	31	170	328	158	500	330
UNCOLLECTED MAINT FEES					(25,000)	(25,000)	(25,000)	(25,000)
TOTAL INCOME	74,123	74,057	(66)	595,522	567,456	(28,066)	863,700	268,178
EXPENSES:								
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ADMINISTRATIVE								
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ADMINISTRATIVE CONTRACT	3,000	3,000		24,000	24,000		36,000	12,000
OTHER ADMIN EXPENSES		50	50		400	400	600	600
GATE FEE EXPENSE	100	100		800	800		1,200	400
OFFICE SUPPLIES	222	41	(181)	289	328	39	500	211
COPIES	70	208	138	1,688	1,664	(24)	2,500	812
POSTAGE	65	333	268	2,217	2,664	447	4,000	1,783
BANK CHARGES				215		(215)		(215)
INSURANCE	2,162	2,291	129	16,954	18,328	1,374	27,500	10,546
COMMUNITY MAIL OUTS				885	1,000	115	1,000	115
MEETINGS				793	200	(593)	200	(593)
ADMINISTRATIVE NOTICES				24		(24)	3,000	2,976
DEED RESTRICTION EXPENSES	35	208	173	321	1,664	1,343	2,500	2,179
RECORD STORAGE / EXPENSE	60	50	(10)	480	400	(80)	600	120
TOTAL ADMINISTRATIVE	5,714	6,281	567	48,666	51,448	2,782	79,600	30,934
LEGAL SERVICES								
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LEGAL - CORPORATE	2,301	250	(2,051)	16,872	2,000	(14,872)	3,000	(13,872)
LEGAL - COLLECTIONS	3,795	1,666	(2,129)	8,313	13,328	5,015	20,000	11,687
LEGAL COLLECT-BILLED TO OWNER	(1,924)		1,924	(7,222)		7,222		7,222
LEGAL - DEED RESTRICTIONS	44	83	39	44	664	620	1,000	956
LEGAL DEED-BILLED TO OWNER	(44)		44	(44)		44		44
TAX PREPARATION / AUDIT				970	1,000	30	1,000	30
TOTAL LEGAL SERVICES	4,172	1,999	(2,173)	18,933	16,992	(1,941)	25,000	6,067



CYPRESS CREEK LAKES, P.O.A.  
INCOME STATEMENT - BUDGET COMPARISON  
For 8 Months Ended August 31, 2017

	AUG ACTUAL	AUG BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE	ANN'L BUDGET	REMAINING
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LANDSCAPE CONTRACT	28,329	16,745	(11,584)	125,651	133,960	8,309	200,950	75,299
ESPLANADE CONTRACT	2,179	1,666	(513)	13,209	13,328	119	20,000	6,791
LANDSCAPE EXTRAS	250	833	583	1,580	6,664	5,084	10,000	8,420
HOLIDAY LIGHTING				10,413		(10,413)	20,000	9,587
COMMON AREA REPAIRS	(2,245)	833	3,078	19,442	6,664	(12,778)	10,000	(9,442)
TOOLS		166	166	1,328	1,000	1,328	2,000	2,000
SUPPLIES		125	125	1,000	1,000		1,500	1,500
FUEL		20	20	160	160		250	250
PEST CONTROL	(251)	583	834	4,263	4,664	401	7,000	2,737
IRRIGATION REPAIRS		416	416	3,328	3,328		5,000	5,000
DEED RESTRICTION MOWING		41	41	328	328		500	500
ENTRY REPAIRS		125	125	95	1,000	905	1,500	1,405
VANDALISM		41	41	328	328		500	500
REC CENTER/GAZEBO	(2,773)	41	2,814	395	328	(67)	500	105
TOTAL GROUNDS MAINTENANCE	25,489	21,635	(3,854)	175,048	173,080	(1,968)	279,700	104,652
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POOL								
POOL CONTRACT	8,470	8,500	30	36,080	35,900	(180)	39,500	3,420
SPLASH PAD CONTRACT		83	83	600	664	64	1,000	400
GAZEBO		41	41	328	328		500	500
EXTRA SERVICES		83	83	60	664	604	1,000	940
REPAIRS AND MAINTENANCE	370	333	(37)	4,433	2,664	(1,769)	4,000	(433)
IMPROVEMENTS		250	250	130	2,000	2,000	3,000	3,000
FURNITURE AND EQUIPMENT		166	166	345	1,328	1,198	2,000	1,870
SUPPLIES AND POOL TAGS		41	41	328	328	(17)	500	155
TOTAL POOL	8,840	9,497	657	41,648	43,876	2,228	51,500	9,852

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Cypress Creek Lakes P.O.A.  
2018 Proposed Budget  
9/27/17

Sale of  
Splashpad  
Acreage  
**2018**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>
	<b>Approved</b>	<b>Approved</b>	<b>Proposed</b>	<b>Proposed</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
	<b>\$900</b>	<b>\$900</b>	<b>\$900</b>	<b>\$900</b>
Annual Assessments per lot (979 lots)				
<b>Revenues:</b>				
Assessments - Homeowners	881,100	881,100	881,100	881,100
Penalties	6,800	6,800	6,800	6,800
Interest	300	300	300	300
Clubhouse Rental	-	-	-	-
Proceeds from sale of Splashpad acreage	(1)			103,240
Miscellaneous	500	500	500	500
Less Current Year Uncollected	(25,000)	(25,000)	(25,000)	(25,000)
<b>Total Revenues</b>	<b>863,700</b>	<b>863,700</b>	<b>863,700</b>	<b>966,940</b>
<b>Expenses:</b>				
<b>Administrative</b>				
Administrative Contract	(2)	36,000	36,000	36,000
Other Admin Expenses		600	600	600
Gate Fee Expense		1,200	1,200	1,200
Office Supplies		500	500	500
Copies		2,500	2,500	2,500
Postage		4,000	4,000	4,000
Bank charges		-	-	-
Insurance	(3)	26,250	27,500	28,050
Community Mailouts		1,000	1,000	1,000
Meetings & Board Expenses		200	200	200
Administrative Notices		3,000	3,000	3,000
Deed Restriction Expenses		3,500	2,500	2,500
Record Storage		600	600	600
<b>Total Administrative</b>		<b>79,350</b>	<b>79,600</b>	<b>80,150</b>
<b>Professional Services</b>				
Legal - Corporate		3,000	3,000	3,000
Legal - Collections		20,000	20,000	20,000
Legal - Collections Billed to Owners		-	-	-
Legal - Deed Restrictions		1,000	1,000	1,000
Legal - Deed Restrictions Billed to Owners		-	-	-
Tax Preparation & Audit		610	1,000	1,000
<b>Total Professional Services</b>		<b>24,610</b>	<b>25,000</b>	<b>25,000</b>
<b>Grounds Maintenance</b>				
Landscape Contract	(3)	195,000	200,950	198,969
Esplanade Contract	(3)	20,000	20,000	20,400
Landscape Extras & Improvements	(3)	10,000	10,000	10,200
Holiday Lighting		20,000	20,000	20,000
Common Area Repairs		15,000	10,000	10,000
Tools		2,500	2,000	2,000
Supplies		2,500	1,500	1,500
Fuel		500	250	250
Pest Control		5,000	7,000	7,000
Irrigation Repairs		5,000	5,000	5,000
Deed Restriction Expenses		500	500	500
Deed Restriction Expenses - charged back to ow		-	-	-
Entry Repairs		1,500	1,500	1,500
Vandalism		500	500	500
Rec Center/Gazebo		500	500	500
Lake Maintenance		-	-	-
<b>Total Grounds Maintenance</b>		<b>278,500</b>	<b>279,700</b>	<b>284,319</b>



Cypress Creek Lakes P.O.A.  
2018 Proposed Budget  
9/27/17

		<u>2016</u> Approved Budget \$900	<u>2017</u> Approved Budget \$900	<u>2018</u> Proposed Budget \$900	Sale of Splashpad Acreage <u>2018</u> Proposed Budget \$900
<b>Pool</b>					
Pool Contract	(3)	32,000	39,500	40,290	40,290
Splash Pad Contract		1,000	1,000	1,000	1,000
Gazebo		500	500	500	500
Extra Services		1,000	1,000	1,000	1,000
Repairs & Maintenance	(4)	5,000	4,000	44,985	44,985
Improvements		4,000	3,000	3,000	3,000
Furniture & Equipment		2,000	2,000	2,000	2,000
Supplies & Pool Tags		500	500	500	500
<b>Total Pool</b>		<b>46,000</b>	<b>51,500</b>	<b>93,275</b>	<b>93,275</b>
<b>Utilities</b>					
Electrical - Street Lights	(3)	75,000	83,000	84,660	84,660
Electrical - Meters		10,000	8,000	8,000	8,000
Trash Service	(3)	165,000	168,000	171,360	171,360
Water & Sewer		4,725	7,500	7,500	7,500
Telephone		3,500	3,500	3,500	3,500
Repairs & Maintenance		3,500	2,000	2,000	2,000
Improvements		3,500	2,000	2,000	2,000
<b>Total Utilities</b>		<b>265,225</b>	<b>274,000</b>	<b>279,020</b>	<b>279,020</b>
<b>Other Expenses</b>					
Property Taxes		100	100	100	100
Committees		7,000	7,000	7,000	7,000
Community Events		20,000	20,000	20,000	20,000
Board of Directors Expense			-	-	-
Special Projects		43,160	52,046	10,000	10,000
Loan Interest	(5)	3,130	1,120	0	0
Miscellaneous		2,000	2,000	2,000	2,000
Website		5,000	5,000	5,000	5,000
Capital Reserve		50,000	25,000	25,000	25,000
Bad Debts		3,000	3,000	3,000	3,000
<b>Total Other Expenses</b>		<b>133,390</b>	<b>115,266</b>	<b>72,100</b>	<b>72,100</b>
<b>Total Expenses</b>		<b>827,075</b>	<b>825,066</b>	<b>833,864</b>	<b>827,864</b>
<b>Surplus (Deficit)</b>		<b>36,625</b>	<b>38,634</b>	<b>29,836</b>	<b>139,076</b>

2018 Notes/Assumptions:

- (1) Sale of Splashpad acreage approved at 09/27/17 members meeting.
- (2) No increase to Crest fees as current contract is for two years (2017-2018).
- (3) Increase the following expenses in 2018 by 2%:  
Insurance, landscaping, pool, electrical lights & trash.
- (4) Include additional \$ 40,985 for replastering pool per the 2017 Reserve Report.
- (5) Loan repaid in full by 12/31/2017.