

CRYSTAL FALLS HOA

Minutes of Board Meeting

November 10, 2016

Upon establishing a quorum, the meeting was called to order at 3:09 p.m. with the following in attendance:

William Hinckley, President/Declarant/Developer
Mike Siefert, The Lookout Group, Inc., Vice President of Construction
Jim Plasek, The Lookout Group, Inc., Director of Development
Kelly Atkin, The Lookout Group, Inc., Marketing Director
Barbara Smith, CFHOA Onsite Director
James Browder, Goodwin Management
David Humphries, Grand Mesa VR
Geri Wise, Grand Mesa VR
Laura Yambrick, Highlands VR
Russell Fletcher, Fairways VR
Connie Heyer HOA Legal Counsel
Joe Eckels, Boulders VR
Laura Hoglund, Grand Mesa VR
Michael Walker, Grand Mesa VR
Marlene Doolen, Highlands VR

Absent: Laurie Frederick, Julie Eichorn, Alex Kennedy, Mike Sherman, Chad VanBlokland

Approval of 2015 Board meeting minutes: Jim Plasek made a motion to approve the minutes of the November 18, 2015 meeting as distributed to all Board members and Voting Representatives, and published on the community web site. Mike Siefert seconded and the motion passed unanimously.

Approval of 2017 annual budget: Jim Plasek made a motion to approve the 2017 Crystal Falls HOA budget (including an increased Road Fund Assessment rate of \$25/month) as approved by the Voting Representatives and distributed to all Board members prior to the meeting. Mike Siefert seconded and the motion passed unanimously.

Declarant /Developer Report:

Mr. Hinckley began by letting the voting representatives know that he is accessible to them for any issues or recommendations which may arise during their term. He indicated that he rarely gets feedback from the Voting Representatives, and encouraged more direct communication instead of comments on social media. Mr. Hinckley stated that the Association has a strong balance sheet with great reserves and the management company is doing a good job enforcing restrictions.

Randall's: The new Randall's Flagship store is now open, anchoring the Town Center component of the community. It is hopeful that the two remaining tracts will be occupied by restaurants, medical/professional, and fitness/wellness components of some kind but the development will ultimately be driven by market demand.

Grand Haven Age Targeted Section: The new section of age-targeted home product near the golf course clubhouse should break ground in early/mid 2017. This section will include upscale architecture, and is projected to be the highest priced product per square foot in the community.

Leander Real Estate Center: A new office building at the corner of Bagdad and Crystal Falls Parkway is now under construction, and will house The Lookout Group corporate offices, Independence Title Company and other real estate centric businesses. The center is scheduled to open in early 2017.

Grand Mesa: Grand Mesa 9 will be the final section of Grand Mesa to be developed and will begin in mid-2017.

Transition to Resident Control: The developer indicated he has begun the process of formally turning over management of the HOA to its members in incremental steps over the next 2-3 years, which began in 2014 with the installation of the first resident Board member.

Legal Report:

Connie Heyer, the HOA attorney, stated that she is limited on comments regarding an ongoing litigation filed by Andy Pitts, a Grand Mesa resident, which was initially not submitted to insurance in the hopes of preventing increased premiums but after failed attempts at mediation has now been turned over to the insurance company. The insurance company has secured an attorney to defend the claim, and will direct the process, with the Board providing updates to the voting representatives as permitted. This is the first litigation in the history of the Association, and there are no other legal matters to report.

Goodwin Management Report:

James Browder summarized the financials for the HOA, noting that as of 10/31/16 the Association is doing well, with a total cash balance of \$2,198,241 including the operating account and reserve accounts.

There were 325 delinquent accounts totaling \$69,973 (down from last year's total of \$83,986). These past due accounts represent about 4% of budgeted assessment income for the year.

The Association income statement as of 10/31/16 indicates that assessment income is meeting projections, and right on track taking into consideration annual prepayments. Overall, expenses are below budgeted amounts with the exception of a few categories. Legal fees are over budget due to a recent lawsuit regarding a violation for erosion. Telephone expense is up due to additional gates and the promotional rate expiring (a lower rate has been negotiated for 2017 which will bring the cost back down by almost two thirds). The Signage/Street Lights expense is

up due to repair and replacement of light poles and street signs in The Highlands and Boulders. Non-recurring expense on pools includes the re-plastering of the lap pool at Quarry Park, which also resulted in increased water expense.

The management company is doing a good job of enforcing the deed restrictions to protect property values. As of 10/31/16, there were a total of 1,786 property violations, most of them being trash cans and landscape related violations. Of the total, 286 were from the Boulders, 27 from Cap Rock, 161 from The Fairways, 532 from The Highlands, and 780 from Grand Mesa. The numbers are consistent with Goodwin's experience in other communities where trash cans and lawn maintenance are also their most frequent violations.

Onsite Director Report:

Barbara Smith, the Crystal Falls HOA Onsite Director, stated the largest additions to the 2017 budget include \$25,000 for primitive walking trails in the Highlands/Cap Rock/Fairways area, and an additional \$10,000 to cover more social events as requested by members. Also included will be an on-site mulching day when members can bring their tree and bush cuttings to create mulch that residents can then use on their home site. In addition, an outside audit will be performed by Steve Tilson, CPA.

Since the onsite office opened in 2015, the two employees have worked efficiently to process more than 500 architectural improvement applications and more than 200 initial construction plans, and have distributed more than 650 pool keys, over 1,000 bar codes and more than 300 remotes to residents. The HOA web site is updated constantly with new information for members, and newsletters are mailed quarterly. This year's scheduled events included an Egg Hunt, Summer Celebration, July 4th Parade, Youth Fishing Derby, Halloween Parade, Trail Day, Crystal Falls Night at the Texas Stars, Cocoa with Santa photo opportunity, and monthly New Member Orientations. For more information on the community and planned events, go to the HOA web site at www.CrystalFallsHOA.com .

With no further items of discussion, the meeting was adjourned at 3:32 p.m.