

Stone Creek III Homeowners Association  
Annual Membership Meeting  
April 11, 2018  
Agenda

1. Call to order – 7:00 p.m.
  - A. Proof of notice of meeting
  - B. Verification of quorum for Meeting
  - C. Introduction of Board of Directors & Management
2. Approval of Minutes – April 12, 2017 Annual Membership Meeting
3. Reports & Activities Overview
  - A. Overview of Activities – John Pittman, President
  - B. Financial Report – Treasurer/Manager
    1. December 31, 2017 Financial Statement
    2. 2018 Approved Budget
    3. Tax Resolution
  - C. Committee Reports
    1. Violation Log Summary
    2. Architectural Control Committee
4. Election of Directors (3 Positions open for 2-year terms of office)
  - A. Introduction of Candidates
  - B. Nominations from the floor
  - C. Close Nominations
  - D. Casting of Ballots
  - E. Appointment of members to count votes
  - F. Election Results
5. General Discussion – Questions & Answers
6. Old Business/New Business
7. Adjournment

**Stone Creek III Homeowners Association**  
**Annual Meeting**  
**April 12, 2017**  
**Minutes**

**Item I – Call to Order**

The meeting was called to order at 7:06 p.m. by Debbie Landess. A quorum was established with over 10% of the membership represented in person or by proxy to conduct the general business of the meeting.

**Item II – Introductions**

Members of the Board were introduced along with Debbie Landess with Cornerstone Association Management Service's.

**Present Board Members**

John Pittman  
Fred Viera  
Luke Miller  
Larry Schafer  
Matt Blackmon

**Item III – Approval of Minutes**

The Board reviewed the Minutes of the April 13, 2016 Annual Meeting. After review, Ms. Sawick made a motion to approve the Minutes as written. Mr. Viera seconded and the motion carried.

**Item IV – Updates/Reports**

Mr. Pittman reviewed the past years activities and noted the accomplishments during the year. He reviewed the December 31, 2016 Financial Statement, along with the 2017 Operating Budget. The members present reviewed the tax resolution. After consideration, Ms. Sawick made a motion to approve the tax resolution as presented. Mr. Ruffner seconded and the motion carried. Debbie Landess with Cornerstone reviewed the 2016 Violation Summary and answered questions from the members.

**Item V – Election of Directors (2 Positions open for 2-year terms)**

Matt Blackmon and Fred Viera expressed their willingness to run for the two (2) vacant Board of Director positions. The floor was opened up for additional nominations. With no further nominations Ms. Sawick made a motion to close the floor for nominations and elect Mr. Blackmon and Mr. Viera by acclamation. Mrs. Ruffner seconded and the motion carried.

**Item VI – General Discussion**

Additional questions were asked by the membership and answered by Mr. Pittman and Debbie Landess. National Night Out was discussed and the Board expressed their need for volunteers to help with this event.

**VII - Adjournment**

There being no further business, the meeting was adjourned at 8:00 p.m.

Meeting Location: Police Community Room  
4150 Kirkpatrick Lane  
Flower Mound, Texas

# Stone Creek III Homeowners Association

## Activity Report

April 11, 2018

### Administrative/Financial Operations

- Annual assessments for 2017 were collected at a rate of 100%, and assessments for 2018 were mailed
- Financial Statements were prepared and provided to the Board for review on a quarterly basis
- Welcome letters were sent to each new Homeowner
- The annual tax return was coordinated with an independent CPA
- Insurance coverage for Property and Liability, as well as Directors and Officers coverage, was renewed
- The 2018 annual budget was developed for Board review and approval, maintaining dues assessments of \$380 per year, per member.
- The HOA finished the year with **expenses \$9,727.31 under budget** - largely due to deferred wrought iron fence painting, reduced water usage, and irrigation repairs lower than plan.

### Landscape, Irrigation and Maintenance Activities

- Spring and fall color change-outs were performed; spring mulch was applied; fertilizer, weed control and spot fire ant control was performed
- Irrigation inspections were performed on a monthly basis, and necessary repairs were completed in a timely manner
- A number of pop-up and rotor heads were replaced, several valves were replaced, and several main line and lateral line breaks and/or leaks were repaired.
- Soil Moisture sensors installed on our irrigation system by Valley Crest in 2012 assisted us in our water conservation efforts, ensuring our landscape was only watered with soil moisture conditions warranted

### Architectural Control / Deed Restriction Enforcement

Management sent **343** violation notices this past year as needed regarding issues such as mowing, landscaping, dead trees, unapproved architectural modifications and structures, boats / trailers and trash can storage. A summary of the violation notices for 2017 is enclosed.

There were **41** architectural modification submissions that were processed by the Architectural Control Committee for 2017 as follows:

Roof – 19  
Fence – 1  
Paint – 5  
Pool – 2  
Storm Shelter - 1  
Gutters - 1  
Arbor/Covered Patio/Pergolas – 5  
New Windows/Doors – 2  
Other Structures - 2  
Other – 3

**Other Activities**

- The Board would like to request that members with special talents and interests volunteer to help the Board with a number of activities, including National Neighborhood Night Out, block parties and other functions. Contact us at [board@stonecreekiii.com](mailto:board@stonecreekiii.com) to help!
- **SCIII Neighborhood Garage Sales are scheduled for Fridays and Saturdays, April 20-21, 2018 and October 12-13, 2018 beginning at 8:00 am.** Alternative dates in case of bad weather are the weekend immediately following the originally scheduled dates

Yours in service,

John Pittman  
2017-2018 HOA Board President

Stone Creek III Homeowners Association, Inc.

Balance Sheet  
As of 12/31/17

ASSETS

Cash		
ANBTX Operating Reserve Account- Chase Bank	\$ 88,739.73	
	57,493.40	
Total Cash		\$ 146,233.13
Accounts Receivable		
Total Accounts Receivable		\$ .00
TOTAL ASSETS		\$ 146,233.13

LIABILITIES AND EQUITY

Current Liabilities		
Accounts Payable	\$ 731.46	
Prepaid Assessments	23,250.91	
TOTAL LIABILITIES		\$ 23,982.37
MEMBER EQUITY		
Reserves	\$ 86,682.15	
Owners Equity	25,848.41	
Current Year Income (Loss)	9,720.20	
TOTAL EQUITY		\$ 122,250.76
TOTAL LIABILITIES AND EQUITY		\$ 146,233.13

Stone Creek III Homeowners Association, Inc.  
 Income/Expense Statement  
 Period: 10/01/17 to 12/31/17

Account	Description	Actual	Current Period		Actual	Year-To-Date		Yearly Budget
			Budget	Variance		Budget	Variance	
REVENUES								
06100	Homeowner Assessments	.00	.00	.00	62,700.00	62,700.00	.00	62,700.00
06425	Applied Interest	.00	.00	.00	28.28	40.00	(11.72)	40.00
06500	Interest Income	1.32	.00	1.32	4.61	.00	4.61	.00
	TOTAL REVENUES	1.32	.00	1.32	62,732.89	62,740.00	(7.11)	62,740.00
EXPENSES								
Administration								
07100	Tax Return	.00	.00	.00	230.00	275.00	45.00	275.00
07150	Legal Fees	.00	.00	.00	35.62	300.00	264.38	300.00
07300	Management Fee	1,800.00	1,800.00	.00	7,200.00	7,200.00	.00	7,200.00
07400	Newsletter/Website/Communicat	.00	.00	.00	531.94	475.00	(56.94)	475.00
07460	Copies	88.33	90.00	1.67	197.97	240.00	42.03	240.00
07500	Printing	.00	70.00	70.00	.00	150.00	150.00	150.00
07475	Postage	120.32	160.00	39.68	461.53	520.00	58.47	520.00
07450	Supplies	30.00	50.00	20.00	109.74	130.00	20.26	130.00
	Total Administration	2,038.65	2,170.00	131.35	8,766.80	9,290.00	523.20	9,290.00
Taxes & Insurance								
08850	Income Taxes	.00	.00	.00	.00	24.00	24.00	24.00
09150	Property & Liability	.00	.00	.00	1,109.00	1,220.00	111.00	1,220.00
09100	Directors and Officers	.00	.00	.00	1,710.00	1,420.00	(290.00)	1,420.00
	Total Taxes & Insurance	.00	.00	.00	2,819.00	2,664.00	(155.00)	2,664.00
Community Relations								
07525	Social Events	.00	675.00	675.00	.00	1,350.00	1,350.00	1,350.00
	Total Community Relations	.00	675.00	675.00	.00	1,350.00	1,350.00	1,350.00
Landscaping								
07600	Landscape Contract	3,487.89	3,489.00	1.11	13,951.56	13,956.00	4.44	13,956.00
07650	Irrigation Repairs	1,196.65	500.00	(696.65)	1,743.90	3,000.00	1,256.10	3,000.00
	Total Landscaping	4,684.54	3,989.00	(695.54)	15,695.46	16,956.00	1,260.54	16,956.00

**Stone Creek III Homeowners Association, Inc.**  
 Income/Expense Statement  
 Period: 10/01/17 to 12/31/17

Account	Description	Current Period			Year-To-Date			Yearly Budget
		Actual	Budget	Variance	Actual	Budget	Variance	
<b>Common Area Repairs</b>								
07675	Lighting/Misc. Repairs	.00	.00	.00	.00	300.00	300.00	300.00
07700	Brick/Wrought Iron Fence	.00	.00	.00	.00	3,750.00	3,750.00	3,750.00
07575	Landscape Improvements	.00	.00	.00	.00	1,000.00	1,000.00	1,000.00
	<b>Total Common Area Repairs</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>5,050.00</b>	<b>5,050.00</b>	<b>5,050.00</b>
<b>Utilities</b>								
08500	Electric	146.73	180.00	33.27	618.10	720.00	101.90	720.00
08550	Water	1,110.28	1,675.00	564.72	5,553.33	7,150.00	1,596.67	7,150.00
	<b>Total Utilities</b>	<b>1,257.01</b>	<b>1,855.00</b>	<b>597.99</b>	<b>6,171.43</b>	<b>7,870.00</b>	<b>1,698.57</b>	<b>7,870.00</b>
<b>Capital Improvements</b>								
	<b>Total Capital Improvements</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>
<b>Reserve Funding</b>								
09900	Reserve Fund Transfer	4,890.00	4,890.00	.00	19,560.00	19,560.00	.00	19,560.00
	<b>Total Expenses</b>	<b>12,870.20</b>	<b>13,579.00</b>	<b>708.80</b>	<b>53,012.69</b>	<b>62,740.00</b>	<b>9,727.31</b>	<b>62,740.00</b>
	<b>CURRENT YEAR INCOME/LOSS</b>	<b>(12,868.88)</b>	<b>(13,579.00)</b>	<b>710.12</b>	<b>9,720.20</b>	<b>.00</b>	<b>9,720.20</b>	<b>.00</b>





2018 Annual Membership Meeting  
Tax Resolution

**Background & Purpose**

The Stone Creek III Community is established as a non-profit Homeowners Association. Although considered non-profit, an association still pays tax based on the amount of dividends received from its investments and possibly its membership income. The Internal Revenue Service has under Internal Revenue Code 277 & 528, two forms to report taxable income. These are tax forms 1120 (standard corporation) and the 1120-H (homeowners association form). Each form allows the Association special considerations when filing their tax return including the taxable rate. The 1120 form generally establishes a 15% tax rate while the 1120-H has a 30% tax rate; however each form has its own deductions, which the Association may take advantage.

In order to allow a CPA (who prepares the return) the advantage of the lower tax for the Association, the members at each annual membership meeting, must approve a tax resolution, which authorizes the Board of Directors to “rollover” any excess funds from the prior years operating fund, into following years fiscal operating budget or fund the replacement reserve. By approving this “rollover”, the Association would not pay income tax on any excess membership income and could then file the 1120 Form, paying tax at the 15% rate only on their interest income. If a resolution is not approved, the Association could still file the 1120-H form and excess operating income would not be taxable, but all other interest and dividends would then be subject to a 30% tax rate. In some cases the difference is nominal, but passing the resolution provides a possible tax advantage.

**Motion**

To approve a rollover of any excess operating funds for the 2017 fiscal year towards the 2018 operating budget or reserve fund.

**Who can make a motion?**

Any member can make the motion from the floor

**Requirement to pass**

The motion must be seconded and approved by a voice vote. The Board may then execute a written resolution verifying the affirmative vote of the members.

Stone Creek Violation Log for 2017

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	TOTALS
A/C in window													0
Basketball goal at street/sidewalk													0
Basketball goal down in side yard						1							2
Boat							1						2
Camper Storage													0
Commercial Vehicle													0
Dead Shrubs/Trimming			4	2	1	3	3		4	1			19
Dead Tree/Trimming		1							1				2
Debris Storage	3	3	9	8	5	4	7	5	13	3			67
Edging			2	1	1		4	3	1	1			16
Fence post/gate broken													0
Fence sections loose/leaning			1	1			1			1			4
Fence slats missing/broken	1							2	1				7
Grass Clippings								3	1				5
Holiday Lights/Clips													0
Improper Window Covering													0
Inoperable Vehicle													0
Jet Ski Storage													0
Mowing			3	1	2	1	1	1		1			10
Oil in Driveway													0
Oil in Street													0
Property Maintenance		1	1	1	2	4	2	3	1				16
RV Parking/Storage													0
Trailer					1	1	1						3
Trash can in view	5	5	13	5	2	1	8	5	7	12			66
Unapproved Modification													1
Unapproved Signs on Property			2	4	12	6	6	6	4	4			44
Vehicle Parking													0
Weed eat			2	1	2	2	1	1	2	2			11
Weeds in Landscape beds	1				2	2	1	1	5	4			14
Weeds in lawn	1	2	13	7	4	3	10	6	4	2			54
<b>TOTALS</b>	<b>10</b>	<b>13</b>	<b>50</b>	<b>32</b>	<b>35</b>	<b>30</b>	<b>47</b>	<b>39</b>	<b>44</b>	<b>27</b>	<b>12</b>	<b>4</b>	<b>343</b>

# Stone Creek III Homeowners Association

## Election of Directors

### Ballot

We, the owner(s) of the property as named below with the Association, hereby vote as indicated for the election of Directors to the Board of Directors, at the April 11, 2018 Annual Meeting of Stone Creek III Homeowners Association. The candidates receiving the 3 highest vote totals will be elected to two-year terms.

**PLEASE CAST YOUR VOTE FOR UP TO THREE (3) MEMBERS:**

\_\_\_\_\_ John Pittman

\_\_\_\_\_ Luke Miller

\_\_\_\_\_ (Write-In Candidate)

\_\_\_\_\_ (Write-In Candidate)

\_\_\_\_\_ (Write-In Candidate)

**Please indicate your name and the address of your home so that your vote may be counted.**

**NAME OF OWNER (S):** \_\_\_\_\_

**(PLEASE PRINT)** \_\_\_\_\_

**ADDRESS** \_\_\_\_\_

**SIGNATURE:** \_\_\_\_\_