

MINUTES OF THE  
WILLIAMSBURG SETTLEMENT MAINTENANCE ASSOCIATION, INC.  
ANNUAL MEETING  
April 16, 1991

The Annual Meeting of the Williamsburg Settlement Maintenance Association, Inc. was held at 7:30 p.m. on April 16, 1991 at 1602 Hoyt, Katy, Texas 77449, pursuant to meeting notice attached hereto as Exhibit "A".

A quorum was established, represented either in person or by proxy by 189 votes.

Dudley Koy served as chairman and called the meeting to order.

The first item on the agenda was the election of directors. There are three (3) positions available and per the ballot there were the following candidates:

Gary Abbott	Susan Haas
Larry Crain	Loretta Evans
Pam Stewart	Daryl Kaltwasser
Jane Thomas	

Dudley Koy opened the floor for nominations and Sam Rodio and Camille Rogers were nominated.

Each candidate addressed the residents regarding their qualifications to serve on the board.

The floor was closed for nominations. The ballots were marked, collected and counted with the following results:

Loretta Evans	- 120 votes
Larry Cain	- 111 votes
Sam Rodio	- 118 votes
Susan Haas	- 59 votes
Gary Abbott	- 56 votes
Jane Thomas	- 49 votes
Daryl Kaltwasser	- 41 votes
Pam Stewart	- 37 votes
Camille Arnold	- 4 votes

Therefore, Loretta Evans, Larry Crain and Sam Rodio were elected to 3 year terms which expire in 1994.

The financial position of the community was presented. As of March 31, 1991, there was \$580,256.20 cash in the bank and \$46,260.62 in outstanding maintenance fees.

NOTICE OF  
ANNUAL MEETING  
FOR  
WILLIAMSBURG SETTLEMENT MAINTENANCE ASSOCIATION, INC.

This is a public notice to all property owners of the Williamsburg Settlement Maintenance Association, Inc., to advise of the Annual Association meeting to review and discuss as designated in the By-Laws for purposes expressed therein the following topics:

1. Election of Directors - Three (3) Positions
2. 1991 Expenditures and Operations
3. Any Other Business to come before the Board at this time

This meeting will be held on Tuesday, April 16, 1991 at 7:30 p.m.

Location: 1602 Hoyt Lane  
Katy, Texas

Any member of record on April 16, 1991, is entitled to notice of and vote at the meeting. All members are cordially invited and urged to attend. This is a secret, written ballot vote and you are entitled to one (1) vote per lot.

In order to conduct official business, a quorum of one hundred fourteen (114) property owners must be present either in person or by proxy.

Only those members of the Association eligible to vote according to the records of the Association will be entitled to cast a ballot (in person or by proxy) at the annual meeting. The right to vote of all members of the Association who are delinquent in the payment of annual maintenance charges assessed by the Association against the lot(s) owned by such member, according to the records of the Association, has been suspended by the Board of Directors of the Association pursuant to the By-Laws of the Association. All such members will not be eligible to vote at this meeting unless such delinquent amounts have been paid in full (and the proceeds of such payment have been received by) Planned Community Management, Inc. on or before 5:00 p.m. on Thursday, April 11, 1991 at 15995 N. Barkers Landing, Suite 162, Houston, Texas 77079. All members electing to cast their vote by proxy must use the proxy form enclosed with this notice. No other proxy form will be accepted. All proxies must be filed in person or by mail with the above referenced agency.

WSANNNOT/TXIMELIS

3/28/91

# PLANNED COMMUNITY MANAGEMENT, INC.

## BALLOT

### WILLIAMSBURG SETTLEMENT MAINTENANCE ASSOCIATION, INC.

Listed below are seven nominees for the three (3) vacancies on the Board of Directors . Please vote for three candidates.

NOMINEE	POSITION	TERM	For
1. Gary Abbott 22710 Spatswood	Director	3 year	_____
2. Larry Crain 1631 Earl of Dunmore	Director	3 year	_____
3. Loretta Evans 22323 N. Rebecca Burwell Lane	Director	3 year	_____
4. Daryl Kaltwasser 22830 Spatswood	Director	3 year	_____
5. Pam Stewart 22415 N. Rebecca Burwell Lane	Director	3 year	_____
6. Jane Thomas 22207 Bucktrout	Director	3 year	_____
7. Susan Haas 22723 Royal Arms Court	Director	3 year	_____
8. <u>San Rodeo</u>	write in	3 year	_____
9. <u>Camille Rodeo</u>	write in	3 year	_____

NOMINEES/TXIMELIS

Independent Auditors' Report

Williamsburg Settlement Maintenance Association, Inc.  
Houston, Texas

We have audited the accompanying statements of assets and liabilities arising from cash transactions of Williamsburg Settlement Maintenance Association, Inc. as of December 31, 1990 and 1989, and the related statements of revenue collected and expenses paid and changes in fund balance for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note A, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of Williamsburg Settlement Maintenance Association, Inc. as of December 31, 1990 and 1989, and its revenue collected and expenses paid and changes in fund balance during the years then ended, on the basis of accounting described in Note A.

*Mann Frankfort Stein & Lipp, P.C.*

Houston, Texas  
January 31, 1991

WILLIAMSBURG SETTLEMENT MAINTENANCE ASSOCIATION, INC.  
STATEMENTS OF REVENUES AND EXPENSES

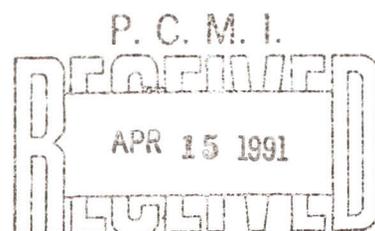
	Year Ended December 31,			
	1990		1989	
	Operating Fund	Replacement Fund	Operating Fund	Replacement Fund
<b>REVENUES</b>				
Maintenance fees	\$342,601	\$20,000	\$282,815	\$51,387
Interest	32,157	-	28,822	-
Miscellaneous	7,648	-	10,640	-
<b>TOTAL REVENUES</b>	<b>382,406</b>	<b>20,000</b>	<b>322,277</b>	<b>51,387</b>
<b>EXPENSES</b>				
Depreciation	1,581	-	1,318	-
Electricity	46,779	-	46,529	-
Flag expenses	-	-	12,500	-
Insurance	6,867	-	7,107	-
Landscaping	13,921	-	15,552	-
Legal and professional	7,170	-	8,631	-
Management fees	22,353	-	21,541	-
Miscellaneous	3,328	-	1,098	-
Office expenses	4,583	-	3,702	-
Pest control	1,765	-	1,500	-
Repairs and maintenance	11,070	-	4,113	50,564
Security	36,795	-	36,132	-
Swimming pool	28,419	-	25,104	-
Taxes - other	188	-	1,343	-
Tennis court maintenance	5,453	-	4,652	-
Telephone	629	-	580	-
Trash removal	105,712	-	92,211	-
Water and sewer	3,846	-	4,003	-
<b>TOTAL EXPENSES</b>	<b>300,459</b>	<b>-</b>	<b>287,616</b>	<b>50,564</b>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE FEDERAL INCOME TAXES</b>				
	81,947	20,000	34,661	823
<b>FEDERAL INCOME TAXES</b>				
	4,613	-	3,376	-
<b>EXCESS OF REVENUES OVER EXPENSES</b>				
	<u>\$ 77,334</u>	<u>\$20,000</u>	<u>\$ 31,285</u>	<u>\$ 823</u>

See notes to financial statements.

**WILLIAMSBURG SETTLEMENT MAINTENANCE ASSOCIATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 1990**



WILLIAMSBURG SETTLEMENT MAINTENANCE ASSOCIATION, INC.  
STATEMENTS OF ASSETS AND LIABILITIES

	December 31,			
	1990		1989	
	Operating Fund	Replacement Fund	Operating Fund	Replacement Fund
<b>ASSETS</b>				
Cash	\$ 45,600	\$229,057	\$ 56,391	\$ 3,175
Certificates of deposit	-	121,432	86,733	150,567
Receivable from operating fund	-	-	-	56,258
Receivable from replacement fund	68,380	-	-	-
Property and equipment, net of accumulated depreciation of \$2,899 and \$1,318 for 1990 and 1989, respectively	<u>5,007</u>	<u>-</u>	<u>6,589</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$118,987</u>	<u>\$350,489</u>	<u>\$149,713</u>	<u>\$210,000</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Payable to managing agent	\$ -	\$ -	\$ 16	\$ -
Payable to operating fund	-	68,380	-	-
Payable to replacement fund	-	-	56,258	-
Deposits payable	<u>1,628</u>	<u>-</u>	<u>1,305</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>1,628</u>	<u>68,380</u>	<u>57,579</u>	<u>-</u>
<b>FUND BALANCE</b>	<u>117,359</u>	<u>282,109</u>	<u>92,134</u>	<u>210,000</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$118,987</u>	<u>\$350,489</u>	<u>\$149,713</u>	<u>\$210,000</u>

See notes to financial statements.

WILLIAMSBURG SETTLEMENT MAINTENANCE ASSOCIATION, INC.  
 STATEMENTS OF CHANGES IN FUND BALANCE

	<u>Year Ended December 31.</u>			
	<u>1990</u>		<u>1989</u>	
	<u>Operating</u>	<u>Replacement</u>	<u>Operating</u>	<u>Replacement</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Balance, beginning of year	\$ 92,134	\$210,000	\$120,026	\$150,000
Transfer of funds - Note C	(52,109)	52,109	(59,177)	59,177
Excess of revenues over expenses	<u>77,334</u>	<u>20,000</u>	<u>31,285</u>	<u>823</u>
Balance, end of year	<u>\$117,359</u>	<u>\$282,109</u>	<u>\$ 92,134</u>	<u>\$210,000</u>

See notes to financial statements.

WILLIAMSBURG SETTLEMENT MAINTENANCE ASSOCIATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1990 AND 1989

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Organization: Williamsburg Settlement Maintenance Association (the Association) was organized July 25, 1977 as a nonprofit organization under the provisions of the Texas Nonprofit Corporation Act. It has no capital stock.

Basis of Accounting: The Association's policy is to prepare its financial statements on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Property and Equipment: The Association capitalized tangible property and equipment purchased at cost to be used in the common areas. Depreciation is recorded using the straight-line method over the estimated useful life of the related assets.

The common area facilities which were donated to the Association by the developer are not included on the balance sheet of the Association. The Association has effectively recorded these assets at the fair value of zero due to the improbability that they could be sold to a third party.

Federal Income Taxes: The Association, a nonprofit organization, is exempt from federal income taxes on income earned from its operations. Interest and other nonexempt function income, net of related expenses, is taxable. The Association may elect annually to be taxed either as a homeowners association or a profit-oriented corporation in order to minimize the tax liability. For the years ended December 31, 1990 and 1989, the Association elected to be taxed as a profit-oriented corporation.

Assessment Income: Assessments are recognized into income in the year received. At December 31, 1990 and 1989, assessments received in advance of the year due totalled \$57,359 and \$45,946, respectively.

NOTE B - REPLACEMENT FUNDING PROGRAM

The Association allocates a percentage of its maintenance fees from its members for the future replacement of selected common areas. The percentage is based on future estimated replacement costs for these common areas.

An independent study of the Association's replacement funding program was performed during 1987, which provided for a replacement funding program. No study has been performed since that date.

NOTE C - TRANSFER OF FUNDS

At December 31, 1990 and 1989, the Board determined that approximately \$282,000 and \$210,000, respectively, should be in the replacement funding balances. Accordingly, during 1990 and 1989, the Board authorized transfers of \$52,109 and \$59,177, respectively, from the operating fund to the replacement fund.

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\*\* PROFIT AND LOSS STATEMENT \*\*  
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3/31/79

	MTD ACTUAL	YTD ACTUAL	BUDGET	VARIANCE
WATER/SEWER	207.75	489.95	4,000	3,511
TOTAL UTILITIES	4,162.17	12,252.22	58,200	45,948
PAYROLL TAXES				
TOTAL PAYROLL TAXES	.00	.00	0	
OTHER EXPENSES				
TRASH	8,231.97	24,515.73	100,700	76,188
OFFICE SUPPLIES				
POSTAGE	41.05	123.30	2,000	1,877
XEROX	45.18	245.78	2,000	1,755
FREIGHT & DELIVERY	42.00	42.00	100	5
STORAGE MATERIALS	.00	.00	100	10
DISTRIBUTION	.00	.00	1,000	1,000
INSURANCE	4,567.00	4,567.00	7,700	3,133
TENNIS CLUB EXPENSES	50.00	50.00	0	5
SECURITY	3,160.89	9,360.40	39,066	29,705
PROPERTY TAXES	.00	169.06	500	33
FEDERAL INCOME TAX	449.00	449.00	4,600	4,151
BANK SERVICE CHARGES	15.00	18.00	100	8
CAPITAL RESERVE	3,954.85	3,954.85	20,000	16,045
REPLACEMENT FUND	.00	.00	29,634	29,634
MISCELLANEOUS	.00	.00	0	
SOCIAL COMMITTEES	50.00	100.00	1,500	1,400
TOTAL OTHER EXPENSES	20,606.94	43,595.12	209,000	165,404
CAPITAL EXPENDITURES				
TOTAL CAPITAL EXPENDITURES	.00	.00	0	
TOTAL EXPENSES	31,985.46	70,443.71	363,580	293,136
PROFIT OR (LOSS)	9,548.53	184,147.51	0	184,147

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\*\* BALANCE SHEET \*\*  
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3/31/9

	ENDING BALANCE	TOTAL
ASSETS		
CASH		
FIRST INTERSTATE BANK	7,905.20	
FIRST INTERSTATE MONEY MKT.	78,343.28	
HOUSTON SAVINGS ASSOCIATION	97,008.45	
MERRILL LYNCH MONEY MARKET	242,054.87	
GUARDIAN SAVINGS 6MTH CD	104,944.49	
MERRILL LYNCH-MONEY MARKET	.00	
MERRILL LYNCH-MONEY MARKET	50,000.00	
TOTAL CASH		580,256.2
ACCOUNTS RECEIVABLE		
TOTAL ACCOUNTS RECEIVABLE		.0
IMPROVEMENTS		
TOTAL IMPROVEMENTS		.0
FIXED ASSETS		
TOTAL FIXED ASSETS		.0
TOTAL ASSETS		580,256.2
LIABILITIES		
ACCOUNTS PAYABLE-PCMI	2.00	
DEPOSITS	1,665.00-	
DEPOSIT CLEARING ACCOUNT	15.00	
TAX LIABILITIES		
TOTAL LIABILITIES		1,648.0
CAPITAL		
RETAINED EARNINGS/PRIOR	394,460.78-	
RETAINED EARNINGS/CURRENT	184,147.51-	

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\*\* PROFIT AND LOSS STATEMENT \*\*  
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3/31/75

	MTD ACTUAL	YTD ACTUAL	BUDGET	VARIANCE
<b>INCOME</b>				
MAINTENANCE FEES	39,115.91	248,180.50	334,880	86,69
INTEREST ON MAINTENANCE FEES	208.66	383.34	3,000	2,61
BANK INTEREST	2,084.42	5,516.52	25,000	19,48
CLUBHOUSE RENTAL	120.00	120.00	700	58
ATTORNEY FEES	.00	190.00	0	19
COLLECTION COSTS	.00	198.86	0	19
MISCELLANEOUS	5.00	2.00	0	
<b>TOTAL INCOME</b>	<b>41,533.99</b>	<b>254,591.22</b>	<b>363,580</b>	<b>108,98</b>
<b>EXPENSES</b>				
<b>MAINTENANCE</b>				
GENERAL MAINT & REPAIRS	.00	184.47	4,000	3,81
FENCE REPAIR	465.00	550.00	1,000	45
POOL CONTRACT	509.44	1,363.44	25,145	23,78
POOL MAINT & REPAIRS	.00	.00	3,600	3,60
LANDSCAPE CONTRACT	2,382.26	3,316.32	11,185	7,86
LANDSCAPE EXTRAS & IMPROVEMT	.00	.00	5,000	5,00
PEST CONTROL	.00	.00	1,750	1,75
TENNIS COURT MAINT & REPAIRS	490.55	547.05	4,500	3,95
CLUB HOUSE REPAIRS	86.60	1,759.23	2,800	1,04
ENTRY MAINTENANCE/SHARED EXP	.00	.00	6,000	6,00
<b>TOTAL MAINTENANCE</b>	<b>3,933.85</b>	<b>7,720.51</b>	<b>64,980</b>	<b>57,25</b>
<b>PROFESSIONAL SERVICES</b>				
BILLING/RECEIPTING	.00	.00	3,400	3,40
LEGAL	62.50	267.00	5,400	5,13
AUDIT	1,500.00	1,500.00	1,600	10
ADMINISTRATIVE SERVICE	1,595.00	4,785.00	20,000	15,21
COLLECTION COST	.00	198.86	0	19
OTHER PROFESSIONAL SERVICES	125.00	125.00	1,000	87
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>3,282.50</b>	<b>6,875.86</b>	<b>31,400</b>	<b>24,52</b>
<b>UTILITIES</b>				
<b>POWER</b>				
ENTRY	113.92	345.88	2,000	1,65
RECREATION CENTER	701.78	2,225.89	11,000	8,77
STREET LIGHTS	3,101.72	9,092.71	40,500	31,40
TELEPHONE	37.00	97.79	700	60