RP-2025-239036
06/23/2025 ER $57.00

ADDITIONAL DEDICATORY INSTRUMENT
for
CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Margaret R. Maddox who, being by me first duly sworn, states on oath the following:

My name is Margaret R. Maddox I am over twenty-one (21) years of age, of sound mind, capable of making this affidavit, authorized to make this affidavit, and personally acquainted with the facts herein stated:

I am the Attorney/Agent for **CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.** Pursuant with Section 202.006 of the Texas Property Code, the following documents are copies of the original official documents from the Association's files:

FINANCE POLICIES

for

CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.
A TEXAS NON-PROFIT CORPORATION

DATED this 20th day of June, 2025.

CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.

Margaret R. Maddox

BY:
Margaret R. Maddox, Attorney/Agent
(Printed Name)

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

THIS INSTRUMENT was acknowledged before me on this the 20th day of June, 2025 by the said Margaret R. Maddox, Attorney/Agent for **CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.**, a Texas non-profit corporation, on behalf of said corporation.

NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

SACHA BENNETT
My Notary ID # 133966001
Expires September 16, 2026

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CLEAR LAKE CITY COMMUNITY ASSOCIATION, INC.
FINANCE POLICIES

INVESTMENT POLICY

The Clear Lake City Community Association (CLCCA), Inc., policy defines the procedures for handling CLCCA funds including an investment philosophy that emphasizes first, the safety of investments as related to risk; secondly, takes into account competitive rates; and thirdly, is convenient from an operating standpoint.

It is the policy of the board that:

1. All deposits shall be made to the CLCCA operating accounts.
2. The CLCCA operating accounts shall be used to transfer funds to the Reserve accounts. The signature arrangement will require two signatures on all Reserve transactions.
3. A minimum of fifteen (15) days of operating funds and not more than the FDIC insured limits shall be maintained in the CLCCA Operating accounts.
4. Investments shall be maintained in the Reserve accounts and limited to:
   A) U. S. Government Treasuries
   B) U. S. Government agencies securities, backed by the full faith and credit of the Federal government.
   C) An Investment Cash Alternatives account secured or guaranteed by an approved government insurance agency.
   D) Certificates of Deposits secured or guaranteed by approved insurance agencies.
   E) Cash funds in institutional type funds that have been agreed upon between the parties involved.
5. All interest and transfer of funds will be made payable only to the CLCCA Reserve accounts.
6. Investment changes (purchases and selling) shall be agreed upon by the Budget and Finance Committee. Investment changes require approval by a majority of board members.

Diversification of investment assets should be a factor in the protection and preservation of the overall investment with basic recommendations from professional portfolio managers.

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RESERVE CONTINGENCY FUNDS

1. It is the policy of the Board of Trustees of the Clear Lake City Community Association, Inc. to maintain a reserve contingency fund of $100,000.00 or more.
2. This fund will not be set aside as a separate entity but rather will be looked upon as a liquid asset below which expenditures will not be made without prior approval from the Board of Trustees for a specific item.

CAPITAL EXPENDITURES

1. It is the policy of the Board of Trustees to maintain all assets in their present or better condition and, within capability, expand Association owned assets.
2. Capital expenditures, except of an emergency nature, will be paid for out of liquid assets at time of purchase and will not be bought on an installment basis.

PURCHASING

It is the policy of the Board of Trustees to maintain control over the assets of the Association at all times. However, it is recognized that from time-to-time contingencies arise that make it both impractical and impossible for the Board as a body to act in approving expenditures. The contingencies are normally defined as situations that if not acted on could result in damage to life or property, or deterioration/degradation of approved programs.

1. The following factors must be considered in making all purchases:
   a. Sufficient funds available from within existing budgeted funds.
   b. Non-cash expense of depreciation is included in the operating expense in the budget.
2. The Board of Trustees authorizes the General Manager to:
   a. Make purchases not to exceed $2,000 for any one item without obtaining prior Board approval for furniture, fixtures, and equipment. Maintenance items bought in large quantities (such as janitorial supplies, office supplies, paint, hand tools, and other similar expendable items), that would exceed $2,000 must also have prior Board approval.
   b. Make purchases not to exceed $2,500 without obtaining prior Board approval for the replacement of existing items that are lost due to fair wear and tear, vandalism or accident.
   c. Procure bids which include bidder's compliance with technical specifications, bidder locations, performance and schedule track record and proposed cost.
   d. Encode all bid proposals that the appropriate committee deems necessary so that the Board of Trustees or its appointed committee may examine the proposed compliance with specifications without any undue bidder influence. At that time, a selection and approval shall be made.
3. All major items of repair or maintenance that could be deferred for thirty (30) days without damage to life or property in excess of $3,000 in costs will require prior approval
4. In the event that repairs or maintenance meet the definition of an emergency as defined in the Bylaws and cannot be deferred until the next regular board meeting, the General Manager with the Board President's <u>or</u> Vice President's consent is authorized to engage a contractor without an emergency meeting of the Board of Trustees if the cost of said repairs/maintenance does not exceed $4,500.
5. Receipts for all purchases will be submitted to the accountant.
6. The Board of Trustees will be informed of all expenditures at the next Board meeting.
7. Deviation from this Policy by any employee will result in disciplinary action or termination by the Board of Trustees.
8. All insurance policies will require prior approval.
9. <u>Check Signing:</u> All checks over $3,000 will require two authorized signatures.
10. EFT Payments: Expenditures may be paid using EFT using the in-house approval form that is to be signed by established check signer(s).

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SMALL PROJECT CONTRACTING

It is the policy of the Clear Lake City Community Association (CLCCA), Inc., Board of Trustees (BOT) that Bylaw Article IX, Sub-Section 9.11 regarding Competitive Bidding shall apply in determining the contractor to be used for construction, maintenance, advertising, or repair work not performed by the staff. However, in the interest of expediting maintenance and repair on small projects, the following exception to the requirement for competitive bidding is permissible under the limited circumstances as set forth.
When purchasing office supplies and/or materials to advertise the CLCCA, the General Manager and/or Recreation Director, shall obtain at least three bids for materials to be purchased. Generally lowest bid should be used when ordering materials. However, whenever possible, local contractors from the CLCCA business community and surrounding area should be used, to help support small businesses. If a bid comes in slightly higher (no more than 10%) than the lowest bid from a local business, that bid may be used when purchasing materials.

The General Manager, in conjunction with the Facilities Committee, is hereby authorized to hire contractors for maintenance and repair and/or general refurbishment projects under the following limitations without first obtaining multiple competitive bids:

1. The nature of the work is to be limited to small projects such as (but not limited to) repainting, re-carpeting, woodworking and/or cabinet work, repair of plumbing, electrical or HVAC work or of a general refurbishment nature. No work of an original or new project nature is to be included in this authorization.
2. The initial estimate of the project shall not exceed $4,000. The Committee will have discretion for the expenditure of an additional $1,000. Additionally for items discovered in the process of completion of a job (e.g. damaged sheetrock behind paneling, rotted studs needing replacement, etc.) but the authorization shall in no event exceed $5,000.
3. No work is to be undertaken without a detailed written estimate of the work to be performed; including expected materials needed and cost therefore, expected labor and costs therefore and expected time of completion. A written contract or agreement shall be executed between the contactor chosen and the CLCCA, which must be executed by the President or the authorized designee therefore in the absence of the President of the CLCCA Board of Trustees.
4. The Board must first approve the projected expenditure and determine how payment will be made.
5. A report must be provided by the General Manager to the Board indicating to whom the contract was awarded and the estimated cost and expected completion date.

RESTRICTED RESERVE FUND

1. It is the policy of the Board of Trustees of the Clear Lake City Community Association, Inc., to establish, maintain and add to, in a prudent manner, a Restricted Reserve Fund to be used for large, unforeseen, catastrophic maintenance or capital expenditures. Such expenditures are defined as being in excess of $10,000 for any single expenditure.
2. The Restricted Reserve Fund is established at $1,000,000.00 However, the amount may be adjusted by the Board of Trustees as they see fit or may vary due to market conditions.
3. Illustrative expenditures for which the Restricted Reserve Fund may be used, if needed, are as follows:
   a) Maintenance, repair or replacement of roof on Recreation Center complex.
   b) Replacement of air conditioning system.
   c) Replacement of heating system.
   d) Capital expenditures over $10,000 not included in the budget. *(Ref: Reserve Contingency Funds Policy)*
   e) Repair or replacement of parking lots.
   f) Repair or replacement of structures or facilities over and above insurance coverage damaged as a result of natural disasters.
   g) Major damage to swimming pools.
   h) Major repairs or replacement of tennis courts light systems.
   i) Transfer to the General Account for operating expense in the event of an unforeseen financial crisis such as a forced reduction in Community Services Charge (Mill Assessment) income below required operating expenses.

ASSET CAPITALIZATION AND DEPRECIATION

I. Purpose

Establish guidelines for the proper accounting classification of expenditures—capital v. operating, asset category, capitalization thresholds, and depreciation methodologies.

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II. Definitions

Capital Asset – real or personal property that has an acquisition cost equal to or greater than $500 and an estimated useful life of one (1) year or greater. Capital assets must be capitalized, meaning to record the property in the accounting records as assets. Capital assets may be purchased, donated or constructed.

Real Property:

1. Land and land improvements (not depreciated)
2. Building and building improvements
3. Improvements other than buildings (e.g. storm water, lake, etc.)
4. Infrastructure
5. Leasehold improvements
6. Construction work in progress (not depreciated)

Personal Property

1. Furniture & Fixtures
2. Office Equipment
3. IT Equipment
4. Vehicles and other licensed vehicles
5. Public works equipment (non-licensed, motorized vehicles)
6. Other non-motorized or recreational equipment
7. Software

Enhancements – are generally capital asset component parts that when added to an asset, enhance the life and capabilities of the existing item.

Operating Expense – purchases not meeting the definition of a Capital Asset are deemed annual operating expenses and should be charged against revenue for the current operating year and in the Fund which encumbered the expenditure when the expense was incurred.

Repairs/maintenance – are generally operating expenses related to putting an asset back into normal or expected operating service or giving the asset the ability to meet its originally intended life. Maintenance keeps an asset in normal or expected operating condition. IE: repairing an HVAC system, paint, roof repairs, miscellaneous pool repairs such as caulking, chemicals, etc.

Depreciation – the expensing of an asset's acquisition cost over the estimated useful life.

III. Standard Asset Lives

Class of Asset (Real Property)	Standard Life
Land & land improvements	Infinite
Buildings/improvements, general	30 years
- Temporary buildings	10 years or estimated useful life
- non building/component improvements	10-30 years or estimated useful life
Infrastructure (pool related repairs, pool improvements, parking lot/sidewalk asphalt & concrete, etc.)	15 – 30 years
Leasehold improvements	10 years or term of the lease
Construction work in progress	n/a

Class of Asset (Personal Property)	Standard Life
Furniture & fixtures	7 years
Office Equipment	5 years
IT equipment	3 years
Vehicles (licensed)	5 years
Other non-licensed vehicles	5 years
Software	3 years

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IV. Depreciation Policy

CLCCA's Depreciation policy shall be determined based on the asset's useful life.

- All depreciable assets shall be amortized over their useful life.
- CLCCA uses the straight-line depreciation method for all asset types

CLCCA CREDIT CARDS AND CHARGE ACCOUNTS

The Clear Lake City Community Association (CLCCA), Inc. Board of Trustees (BOT, has authorized the application and usage of certain Credit Cards and Charge Accounts in the conducting of ordinary daily business for the operation and administration of CLCCA activities.

I. Purpose

Establish guidelines for the proper usage of CLCCA Corporate Credit Cards and charge accounts.

II. Types of Credit Cards

Bank of America Cash Rewards
Prosperity Bank
Home Depot – Building Materials and supplies
Lowes – Building Materials and supplies
Shell – Fuel and Lubricants for the Company Vehicle
Sam's Wholesale – Bulk Purchases
Ace Hardware – Charge Account – Hardware and supplies
Amazon Prime – Office Supplies, General Merchandise

III. Responsibility

The CLCCA General Manager has the overall responsibility for the proper usage of CLCCA Credit Cards and Charge Accounts. The Credit Cards and Charge Accounts are to be used by authorized staff as determined by the General Manager. All staff members using the CLCCA Credit Cards and Charge accounts are to ensure that there are receipts for all purchases and that those receipts are turned over to the accountant in a timely manner. (24-48 hours during weekdays.)

CHECK ACCEPTANCE AND RETURN

CLCCA gladly accepts personal checks for payments, (other than resale certificate fees which require a Cash, Money Order, or Cashier's Check, when presented in person with photo identification under the following conditions:

1. All checks must have a physical address (PO Box is not sufficient) – Individual, Business, and Institutions
2. CLCCA may require checks to include:
    a. A Texas Driver's License (TDL) or Government ID number from the individual
    b. A phone number (work/home/cellular)

Returned Check Policy:

If a check is returned by the individual financial institution <u>for any reason</u>, a $35 charge will be assessed. CLCCA will not accept a check from anyone who has previously presented two checks that were returned for any reason. Checks returned for any reason and not paid in full within 14 days of the CLCCA notification letter may result in the incident being submitted to the Harris County District Attorney's Office. A hold is also placed on the purchaser's account until the returned check is resolved resulting in the inability to conduct further financial transactions at the

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CLCCA.

ANNUAL TAX RETURN

Each year the CPA will prepare the Association's tax return using IRS Form 990 Tax Form. Upon completion the Budget and Finance Committee shall be responsible for reviewing the return within thirty (30) days of receipt for accuracy and acceptance shall be noted in the Committee's minutes. Upon acceptance the Treasurer shall execute the return and cause it to be filed appropriately and timely.

EXTERNAL AUDITS

PURPOSE:
The Clear Lake City Community Association (CLCCA) Inc., Board of Trustees (BOT) provides this policy as a guideline with respect to the functions and duties of the Budget and Finance Committee to performing an annual financial budget audit.

SCOPE:
This policy applies to all CLCCA Budget & Finance Committee members and employees involved in the audit process.

POLICY:
In accordance with this policy, the Budget and Finance Committee has been assigned the following tasks:

- Recommending to the Board or appointing directly, an independent audit firm.
- Reviewing the scope and plan for the independent audit.
- Reviewing or approving the contracting for any non-audit services provided by the external auditors.
- Receiving and acting upon the results of the audit with the external auditors, including reporting the results to the full BOT.

The Budget and Finance Committee will consist of members of the Board most knowledgeable in financial statement preparation and internal controls.

The Budget and Finance Committee will meet at least twice annually with the independent auditors, or more frequently as circumstances require, discussing any issues arising from the Finance, Audit and Planning Committee's responsibilities. These semiannual meetings will be an audit planning meeting to adopt the scope of the upcoming audit and a post-audit meeting to review the results of the audit. The Budget and Finance Committee will also meet annually with management to discuss management's evaluation of the work performed by the independent auditors.

KEY PERFORMANCE INDICATORS:
The success of the policy will be assessed annually using the following quantifiable measures:

1. Communicate policy to all employees and Board members.
2. Audit Bid process is documented and adhered to.
3. Review number of meetings held with the external auditors.
4. Evaluation of the annual audit is to be performed and documented.

PROCEDURES:

1. The Budget and Finance Committee approves any non-audit services in advance.
2. Non-audit services of the external auditor are limited to tax advisory services.
3. The external auditor is appointed through a competitive bid process, unless waived by the Board of Trustees.
4. The Board approves the selection of the external auditor.

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5. Any additional services (tax services) provided by the external auditor that exceed $5,000 will be pre-approved by the Budget and Finance Committee.
6. The external auditors will present audit results, including draft reports, supplemental financial information and related auditor reports for review and discussion at the post-audit meeting with the Budget and Finance Committee.
7. The Budget and Finance Committee will provide oversight in the following areas:
    i. Significant accounting policies;
    ii. Significant audit adjustments;
    iii. Audit procedures;
    iv. Assessment of the audit; and
    v. Changes in report format or disclosure.
8. The Budget and Finance Committee will evaluate the external auditors with management after the post-audit meeting.

REIMBURSEMENT FOR TRAVEL EXPENSE

1. It is the policy of the Clear Lake City Community Association, Inc. Board of Trustees to reimburse all Trustees and each employee at the rate allowed by IRS including any future adjustments for necessary travel in the conduct of Association business.
2. Where more than one employee travels in a private vehicle, (Non Association Owned) or where one automobile will provide the conveyance for more than one employee, only one employee will be compensated.
3. The General Manager will approve all local employee travel in advance.
4. Mileage for business use of personal vehicle shall not be paid unless evidence of the minimum liability insurance required in Texas has been provided.
5. All travel outside the Houston/Galveston/Harris County area will be approved in advance by the Board of Trustees. When this is not practical, the President or Vice President may approve such travel.

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REIMBURSEMENT OF TRUSTEES FOR DEDUCTIBLE UNDER D&O

It is the policy of the Clear Lake City Community Association, Inc. Board of Trustees to reimburse any duly elected/appointed Trustee for any deductible/retention specified on the Directors and Officers Liability Insurance Policy as follows:

1. Provided that the trustee has not performed some wrongful act that was later borne out by a court decision.
2. Each individual case will be handled separately and on its own merits if and when it arises on a case by case basis.

This policy replaces the following policies: 101-1H, 100-2A, 100-3, 100-4G, 100-5F, 100-6, 100-7, 100-8, 401-10A, 409-02C, 408-4A, 410-13B, 510-2B.
This policy replaces the policy filed with the State on September 8, 2016.
Amended at the Board of Trustee Meeting on September 21, 2016
Amended at the Board of Trustee Meeting on October 19, 2022
Amended at the Board of Trustee Meeting on February 19, 2025.

Adopted this 19 day of February, by at least a majority of the Board of Directors of the Association.

CLEAR LAKE CITY COMMUNITY ASSOCIATION

Signature

Printed Name: Leslie Eaton

Title: Secretary

This instrument was acknowledged before me on 19 day of February, 2025, by Leslie Eaton the Secretary of CLEAR LAKE CITY COMMUNITY ASSOCIATION, a Texas non-profit corporation, on behalf of said corporation.

Notary Public in and for the State of Texas

SACHA BENNETT
My Notary ID # 133966001
Expires September 16, 2026

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Pages 10

06/23/2025 10:41 AM

e-Filed & e-Recorded in the

Official Public Records of

HARRIS COUNTY

TENESHIA HUDSPETH

COUNTY CLERK

Fees $57.00

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RECORDERS MEMORANDUM
This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.
THE STATE OF TEXAS
COUNTY OF HARRIS
I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.

COUNTY COURT OF HARRIS COUNTY, TEXAS

Teneshia Hudspeth
COUNTY CLERK
HARRIS COUNTY, TEXAS