

Sunshine Estates Property Owners, Inc. Annual Shareholders Meeting Minutes

Tuesday, February 18, 2025 - "Hybrid" Meeting: Retzlaff Hall and Google Meet

Call to order: President Jim Kennedy called the meeting to order at 1:00 P.M.

The Directors present at the meeting were: Jim Kennedy, Randy Davis, Tom Perrier, Tracy Wagner, and Scott Kronshage. Frank Tewell and Tony Adams were absent.

Meeting Notice and Agenda Document was made available to the community by the required date/time.

Amendment to posted agenda was presented pertaining to suggestions/complaints.

Election Committee Chairperson (Beth Parrish) confirmed that a quorum had been met.

President Kennedy declared that balloting was completed, and the meeting was recessed at 1:10pm until 3pm for the counting of ballots.

Call to order: President Jim Kennedy reconvened the meeting and called to order at 3:00 P.M.

The Directors present at the meeting were: Jim Kennedy, Randy Davis, Tom Perrier, Tracy Wagner, and Scott Kronshage. Frank Tewell and Tony Adams were absent.

The Invocation was given by Bobby Bledsoe, followed by the Pledge of Allegiance.

Memorials (to those who have passed since the last Annual Meeting) were presented by Lenore Combs.

Election Committee Chairperson (Beth Parrish) thanked the Election Committee and announced that the four candidates for the four open positions all received at least one vote. The new Board members are Tom Perrier, Gay Paxton, Lisa Seiser, and Pat Heinerikson.

Meeting Minutes of 2/10/25 were approved. The reading of the minutes of the 2024 Annual Shareholders Meeting were waived.

Directors' Report

Scott Kronshage (Golf Course) – Lack of consistent irrigation water continues. Working on solutions.

Tom Perrier (Streets, Irrigation & Drainage Ditches, Texas Avenue) submitted the attached update.

Tracy Wagner (Treasurer) submitted the attached update. Board approved all requests.

Jim Kennedy (President) – Thanked the Board for the opportunity to serve as President.

Architecture Control Committee (Terry Lacy) stated that almost all requests to date were approved.

Report from Neighborhood Watch Coordinator (Lenore Combs)

Reports from various clubs were made.

The Board acknowledge submitted Suggestions/Complaints and that consideration of each is being reviewed.

2025 elected board members were sworn in and each signed the 'Oath of Office' document.

There being no further business to come before the Board, on motion duly made, seconded and passed, the meeting adjourned at 3:52 p.m. Randy Davis, SEPO Board Secretary

Meeting Report

February 18, 2025

Good afternoon,

Area 2 year end report, many things have been repaired, improved or added to this area during '24. I won't list them all, I reported these in previous reports. I will talk about things we have going on now.

Streets & Grounds,

Working with the 5 yr Committee on assessing what we think needs repair and what that would look like.

The Well,

We have Lewis Electric Motors getting information regarding what pump we will need, to give us what we want as far as performance and expectations.

Hoping to start this project late winter/early spring before it gets too hot.

Texas Ave Gate Gardens,

The gardens are complete except for some additions to lighting and some lettering improvements.

Cost for the new look came to \$4390.88. \$320.00 of this amount was a donation from Bonnie Hancock. And \$2000.00 from the Women's Club, for an expense to Sunshine Estates of \$2070.88

Again a big thank you to Susan Ulrich, Bonnie Hancock and crew. And to the Women's Club, it looks great.

The Birding and Nature Club Garden,

The posts and panels have been installed, the cardboard, fabric and mulch will be next. Thank you to Mike Ramsdell and all those that helped get that done, it was a long day digging holes and setting concrete.

And I want to thank Lalo for his willingness to help with anything I've asked him to do.

Thomas Perrier

Director Area 2

SEPO, Inc.

Treasurer's Report for Year Ended December 31, 2024

Before I talk about the 2024 financial reports, I want to recap the noteworthy financial events from last year.

- 1) My biggest challenge last year was securing our wind and hail insurance. Because our former insurance carrier no longer had a favorable rating and this coverage was challenging for our area, SEPO had to go through a very intense and detailed underwriting process. We ended up having a 30.5% increase overall in our commercial policies which consist of umbrella/auto/business owners/wind/hail.
- 2) Our 4-year electrical contract with Tri-Eagle expired in June of 2024. In April of 2024, a lot of time was spent investigating electric carriers with our broker. We ended up signing a 3-year contract with GEXA, a company very similar to Tri-Eagle in their contract/billing practices. Our fixed rate went up 3 cents per kwh which equates to a 62.5% increase. I took this increase into account when I calculated the budget for 2025 so we will see how close my calculation is to our actual expenses as the year progresses.
- 3) I experienced firsthand the amount of time it takes to change and update board signatures and positions at our various banks. When I became treasurer, we were dealing with 4 local banks. I initially thought it would be great to reduce that number to 2 but quickly realized that was unrealistic because our large sums of money would quickly exceed the \$250,000 FDIC insured amount per bank. So, in November, I spent a lot of time investigating local banks to find out where we could put our money in safe investments and still have moderate growth. I ended up closing our accounts at Frost Bank and moving those monies to RIO & Wells Fargo banks where the money would be earning a higher interest rate. I started an investment account at Wells Fargo which allows the treasurer to easily transfer funds online between the investment account and our checking account. A nice benefit of having this investment account at Wells Fargo is having the ability to set up brokered CDs at other financial institutions, keeping the money safely invested and earning a competitive interest rate. And the best part is I'm dealing with our local investment advisor at Wells Fargo here in Harlingen. So even though you may see more than 3 banks listed in the cash section of our balance sheet, we only have to change and update board signatures and positions at our 3 local banks, Wells Fargo, PNC and RIO.
- 4) Danny completed the filing of our 2023 tax return in November 2024. Danny completed the filing of our 2024 tax return on 02/16/2025. There was no income tax liability for either year. I want to mention again that as part of his year-end review, he runs a comparative report to look for any discrepancies from year to year. He did not find any in either year.

I mentioned in last week's board meeting that I had invited our CPA, Danny, to attend this meeting and give a short presentation on our financial picture. Due to scheduling conflicts and new tax software implementations, he is unable to attend our meeting. He apologized for not being available today. We are planning to have him attend a future meeting either later this year or at next year's annual shareholder's meeting. He did assure me that our financials are healthy, so I am passing that on to you.

Next topic is about the financial reports for 2024, starting with the balance sheet and comparing it to the 2023 balance sheet.

- 1) The cash balances in total decreased by \$6,156. Nothing significant to report here. Accounts receivable decreased by \$492. We added \$77,362 of fixed assets which are listed at the bottom of the balance sheet, we removed the \$3,000 pickup truck that was traded in, we had \$73,467 in depreciation, and we removed the \$3,000 accumulated depreciation of the pickup truck so all that netted to a \$3,895 increase in fixed assets. In summary, our total assets decreased from 2023 by \$2,753.
- 2) Total current liabilities increased by \$30,719, primarily due to collecting more unearned revenue in 2024 vs. 2023. The Equity section decreased by \$33,472 due to the change in retained earnings and net income. In summary, our total liabilities and equity decreased from 2023 by \$2,753.

Next topic is about the 2024 income statement and comparing it to the 2024 budget.

- 1) In the revenue section, we were under budget by \$3,192, primarily due to less sales in resale certificates, green fees, and interest income.
- 2) Expenses for area #1 under Tony Adams: In total, this area was over budget by \$5,053, primarily due to increased maintenance work and the purchase of 3 commercial doors.
- 3) Expenses for area #2 under Tom Perrier: In total, this area was under budget by \$19. Nothing significant to report here.
- 4) Expenses for area #3 under Frank Tewell: In total, this area was under budget by \$12,923. This underspending helped cover other areas that were over budget.
- 5) Expenses for the golf course under Scott Kronshage: In total, this area was under budget by \$664. Nothing significant to report here.
- 6) General operations under Tracy Wagner: In total, this area was over budget by \$40,795, primarily due to the special depreciation allowance for assets purchased in 2024 (\$46,416) which was not budgeted and the increase in wind and hail insurance. I was happy to see that we came in under budget with gas, legal and professional, accounting and property tax expenses to help offset the areas we were over budget.

Common Area Lot Equity

Each lot owner owns a piece of the common area. The value on 12/31/2024 is \$5,289. I recalculated this value for 12/31/2023 because of the YE adjustments that were made. The corrected amount for 12/31/2023 is \$5,399. This results in a decrease of \$110 from 2023.

Action items for today:

Because there were year-end adjustments to the 2023 financial reports when Danny filed our 2023 tax return in November of 2024, I want to re-issue the 12/31/2023 financial reports. I have highlighted and notated the changes that have been made since the financial reports were approved at the February 13, 2024, board meeting. So, I am asking for a motion to approve the FINAL 12/31/2023 financial reports that reflect the year-end adjustments made when our 2023 tax return was prepared. I will send these reports to Beth so she can send them out to the community and post them on our website.

Next, I want to ask for a motion to approve the FINAL financial reports for December 31, 2024. Our motion at January's meeting was to approve the preliminary reports for December. Danny, our CPA, had no changes to make to the profit & loss statement but there were a few minor changes to the balance sheet which are highlighted. I now ask for that motion to approve the final financial statements for December 2024. I will send these reports to Beth so she can send them out to the community and post them on our website.