Aug. 17, 2026

Dear SEPO Residents,

I hope everyone is having a good summer. As fall approaches, I want to take a few minutes to share an update on several important matters the Board is currently considering, discussing, and deciding. In past years, SEPO has not typically held multiple summer meetings, but I believe we can no longer operate only from October to March. We have far too many discussions and decisions to make, which have required summer meetings in 2026.

This letter is not meant to alarm anyone, but to be open and honest about where we are financially, what decisions we are discussing, and why resident involvement will be so important in the months ahead.

The Board's August 20 meeting, scheduled for **11:30 a.m. on Google Meet**, includes several significant topics, including the 2027 preliminary budget, possible revenue-generating ideas to build reserves, the road work update, potential covenant changes and/or a special assessment for the February ballot, attorney approval, election planning, the nominating committee, resident survey options, anti-speeding options, property maintenance concerns, and the water/well situation. These are not small issues, and they all connect to the same larger question - How do we preserve SEPO's community, infrastructure, and property values in a financially responsible way?

One of the most visible recent projects has been pavement rehabilitation. The 2026 SEPO Budget included **$155,000** for pavement restoration, which included the Reclamite application, pavement patching, and the Grace Avenue access road work.

After review, prioritization, and adjustments, the final projected cost is now **$127,602.51**. This includes approximately **$79,000** for the Reclamite application, which has not yet been paid for nor completed yet, but remains part of the pavement preservation plan, and **$48,602.51** for the pavement repairs in various areas, including the Grace Avenue access road work. This means the project is currently projected to come in about $27,397.49 under the original budget. This reflects the effort to complete the needed road work, including the Grace Avenue access road, while reducing costs wherever possible. The project has also had experienced oversight, including review by individuals with engineering and construction experience.

This work was a focus for this Board because we have seen what happens when we defer maintenance. It only costs us more in the long run.

That said, we still have to be honest about our reserve position. Between recent major capital needs, including road work and the Retzlaff Hall/Office/Library roof, SEPO's reserves have been reduced significantly. We are not out of money, but our reserve level is much lower than it should be for a community with our infrastructure responsibilities. While reserves exist to help fund major repairs and protect the community from emergency financial pressure, our current reserve level is not sufficient for the long-term needs of a community with roads, buildings, water/well concerns, and aging infrastructure.

That is why the Board is discussing the 2027 budget, reserve replenishment, possible additional revenue streams, and whether to consider a special assessment or other funding options. In prior years, SEPO has used additional revenue sources, such as storage lot income and other revenues, to help offset the annual operating budget. Going forward, I have asked the Treasurer to prepare the budget so that our annual operating expenses are limited to the level of our annual HOA dues. We should not build our normal yearly operating budget around additional revenue that would be better used to rebuild reserves and support long-term capital needs.

In simple terms, we can no longer plan to spend more on annual operations than we bring in through HOA dues. If we do, the difference has to come from somewhere, and that usually means reserves. When reserves cover ordinary expenses, they are no longer considered reserves and are not available for capital expenses such as major repairs, emergency needs, or future infrastructure projects. That is not sustainable.

The Board will also vote to hire a new attorney and use budgeted funds for a retainer - each year we budget **$4,000** for legal services. A retainer is not an extra fee or money being thrown away. It is a prepayment or deposit for legal services, held by the attorney and billed against only as legal work is performed.

Given the issues currently before SEPO, including covenant changes, possible special assessment language, revenue-generating ideas, reserve funding options, property maintenance enforcement, and other governance questions, we believe it is responsible to have legal guidance available before making major decisions. Although we are careful with every dollar, proper legal review now can help prevent larger, more expensive problems later.

The Board will also be appointing an Election Committee Chair earlier than usual so election planning can begin well before our winter election. This is especially important because we anticipate the election may include new voting options, including electronic voting. Starting this process early will give the Election Committee time to review procedures, communicate clearly with residents, and help ensure the election process is organized, accessible, and consistent with SEPO's governing documents.

Another major issue is resident involvement. SEPO needs more people involved in decision-making, committees, and Board service. We currently have at least 4 upcoming Board openings, and we are seeking residents to serve on a Nominating Committee. We need residents who are willing to step forward. A healthy community cannot be run by only a small group of people. In my mind, what we do now to address our financial hurdles will determine what this community looks like 10 and 15 years from now. We are looking for people who want to be part of the solution.

We need residents with different backgrounds, skills, and perspectives to help with planning, budgeting, safety, property maintenance, communications, infrastructure, and community priorities. Residents interested in serving on the Nominating Committee, running for the Board, or helping with a committee should contact a Board member or me at 956-238-0082.

The Board is also discussing a resident survey. A survey would give residents an opportunity to provide input on priorities, possible covenant changes, reserve funding, special assessment considerations, road and infrastructure needs, and other topics that affect the entire community. Not every issue can be decided by survey, but resident feedback can help guide the Board as we evaluate options.

The bottom line is this: SEPO is a wonderful community, and we all want to preserve it. Protecting our community also protects our property values. To do that, we need realistic budgets, adequate reserves, responsible long-term planning, fair enforcement, and more resident participation. Some of the decisions ahead may not be easy, but avoiding the conversation will not make the financial or infrastructure needs go away.

I encourage residents to stay informed, attend meetings when possible, submit questions or suggestions through the proper channels, and consider serving on a committee or running for the Board. SEPO's future depends on all of us being willing to participate in maintaining and improving the community we share.

Thank you for your continued interest, patience, and support as we work through these important issues together.

Sincerely,

Lisa Seiser
President, SEPO Board of Directors
956-238-0082