SUNSHINE ESTATES PROPERTY OWNERS, INC.

BOARD OF DIRECTORS MEETING MINUTES

Monday, October 19, 2026 | 1:00 p.m. scheduled | Regular Board Meeting

Meeting Format	Retzlaff Hall / Google Meet (Tracy Wagner participated remotely)
Directors Present	Lisa Seiser, Gay Paxton, William Petersen, Tom Perrier, Pat Heinerikson, and Tracy Wagner (via Google Meet). Phillip Lay absent.
Minutes Submitted By	Gay Paxton, SEPO Board Secretary

1. Call to Order

President Lisa Seiser called the regular meeting of the Board of Directors to order at 1:06 p.m.

2. Roll Call (SEPO Board)

Present: Lisa Seiser, Gay Paxton, William Petersen, Tom Perrier, Pat Heinerikson, and Tracy Wagner (via Google Meet). Phillip Lay was absent. Six directors were present, establishing a quorum.

3. Verification of Notice and Agenda Posting

The meeting notice and agenda were posted at least nine days before the meeting, satisfying SEPO's seven-day advance-posting requirement.

4. Agenda Amendments

Tom Perrier requested that discussion of relocating palm trees and the possible rental of a lift for tree trimming be added under new business. The meeting notes do not record a separate vote adopting these additions.

5. Approval of Previous Meeting Minutes

ACTION: Tom Perrier moved to approve the August 20, 2026, Board meeting minutes as presented. William Petersen seconded the motion. The motion carried unanimously.

6. Board of Directors Reports

a. Golf Course - William Petersen

William Petersen reported that the golf course had been cleaned up, treated for weeds, and aerated in preparation for winter play. The greens and tee boxes were in generally good condition. He will assess thin and bare areas to determine whether two or three pallets of Bermuda sod are needed before league play begins.

He also discussed deteriorating maintenance equipment, including a turf tractor/golf cart and an older greens aerator for which replacement parts may be difficult to obtain. Repair estimates and replacement options will be evaluated before a recommendation is made.

b. Common Grounds, Area 1 - Pat Heinerikson

Pat Heinerikson reported that 33 of 35 identified Area 1 tasks had been completed. Remaining work includes selecting a clear, non-flaking traction treatment for slippery tile at the office entrance and completing the filling of cracks in community buildings.

c. Common Grounds, Area 2 - Tom Perrier

See attached Report

d. Common Grounds, Area 3 – Phillip Lay

President Lisa Seiser provided the Area 3 report. There were no significant new matters to report and no request for Board action.

e. Treasurer's Report - Tracy Wagner

See attached Treasurer's Report

> **ACTION:** Tom Perrier moved to approve the August 2026 financial reports. William Petersen seconded the motion. The motion carried.
>
> **ACTION:** William Petersen moved to approve the September 2026 financial reports. Tom Perrier seconded the motion. The motion carried.

Tracy also reported that the Association had obtained an extension for its 12th GEXA electrical account through June 2029 at a rate of $0.0699 per kilowatt-hour, beginning July 2027. The Board previously approved the extension by email.

> **ACTION:** Gay Paxton made a motion to ratify the previously approved extension of the 12th GEXA electrical account. Pat Heinerikson seconded the motion, which carried.

f. Secretary's Report - Gay Paxton

The secretary did not provide a report.

7. Architectural Committee Report

No member of the ACC was in attendance to provide a report.

8. Five-Year Planning Committee Report

Tony Tramel reviewed the five-year capital plan. Approximately $360,000 had been programmed for 2026 capital work, with costs below projections, particularly for roadway improvements. The committee recommended approximately $136,000 for 2027 capital needs, comprising about $86,000 in new expenditures and $50,000 carried forward. Items under consideration included road preservation, well/maintenance work, golf-course equipment and parts, and deteriorating stop signs.

The recommendations were discussed as planning figures; the meeting notes do not show adoption of the full 2027 capital plan. Stop-sign replacements and related traffic-control guidance will be considered further.

9. Safety Committee Report

President Seiser announced formation of a Safety Committee, with Jill Siebert, Mary Grandy, and Hal Resides identified as initial members. Additional volunteers will be sought. The committee will review

speeding, stop-sign conditions, traffic-calming opportunities, and possible community emergency-notification measures.

10. Election Committee / 2027 Election Planning

a. Electronic Voting

Jeanette Makowiec reported on ElectionBuddy electronic-voting software, including text notifications, reminders, proxy and weighted voting functionality, and a cost of approximately $99 per election. Test elections had involved approximately 30 residents. Paper ballots will remain available for residents who do not use electronic voting, with procedures for secure collection and entry.

> **ACTION:** Bill Petersen motion was made to approve the use of electronic voting for future community elections. Pat Heinerikson seconded the motion, which carried.

The Election Committee plans to conduct two test elections per week through December. Judy will assist residents with the transition and use of the new system.

b. Nominating Committee and Board Recruitment

Four Board positions were identified as coming open in February 2027: those currently held by Lisa Seiser, Gay Paxton, Pat Heinerikson, and Tom Perrier. Residents were encouraged to volunteer for the Nominating Committee. Service on the committee does not require an individual to become a Board candidate.

11. Old Business

a. 2027 Operating Budget

Tracy Wagner reviewed the preliminary 2027 budget. Revenue assumptions were unchanged. Expense discussions included a slight decrease in golf course budget, an increase in depreciation, electricity remaining at $44,000, a slight increase in office for copier/software and other office costs, a decrease in mileage, and property taxes remaining at $17,000 (2026 actual taxes coming in slightly more than $16,000), and a proposed increase in insurance funding. The total preliminary insurance allocation is now $61,300, including an estimated $20,000 for newly identified golf-course and amenity liability coverage. Payroll matters were reserved for executive session.

There was no motion approving the completed 2027 operating budget.

b. Reserve Funding and Capital Needs

The Board reviewed projected reserve availability and anticipated capital commitments. Tracy estimated approximately $104,000 in remaining cash reserves after assumptions for hall air-conditioning replacement and additional well expenses. The final capital cash position will be refined as outstanding project bills and actual year-end costs are received. Tracy will provide this update at the January board meeting.

c. Resident Survey Results

The Board discussed approximately 130 survey responses, with participation nearly evenly divided between full-time and part-time residents. The survey showed strong support for electronic voting and informed discussions of capital projects and possible ballot proposals. A resident-comment period will be added near the beginning of the November meeting to hear concerns before further Board decisions.

d. Proposed February Ballot Measures and Covenant Amendments

ACTION: Annual assessment increase authority. The Board reviewed possible changes to the existing $45 annual limit on assessment increases. Options included a maximum percentage increase, such as 5%, or a revised flat-dollar limit, such as $75 per lot. Tom Perrier moved to refer the proposal to Association counsel for review of the available approaches. Tracy Wagner seconded the motion, which passed unanimously.

Minimum resident age. The Board discussed increasing the minimum age from 18 to 30 or 35. No final age or ballot proposal was approved, and the item was not referred to counsel at this meeting.

Covenant amendment threshold. The Board revisited the previously proposed reduction in the approval requirement from 66% to 60%. Members expressed concern about bringing the measure back to the ballot. The proposal was not advanced.

ACTION: New purchaser capital contribution. The Board discussed a one-time capital contribution from new purchasers, potentially equal to the annual assessment, as a means of rebuilding capital reserves. The discussion included an exemption for property transfers through family inheritance. Tracy Wagner made a motion to refer the concept and proposed inheritance language to Association counsel for review. William Petersen seconded the motion, which carried.

ACTION: One-time special assessment. Options ranging from $600 to $1,200 per lot were discussed, including installment payments. The proposed purpose was to replenish reserves and address capital improvements and infrastructure needs. Tracy Wagner moved to submit the proposal and alternative amounts to Association counsel for review. The motion was seconded by Pat Heinerikson and carried.

These actions authorized legal review of possible proposals; they did not enact assessments, amend covenants, or approve final ballot language.

e. Policies, Procedures, and Employee Manual

Revisions to the Association policies and procedures, including common-area, storage-area, maintenance-area, and employee-manual provisions, remain under review. No final adoption vote was recorded.

f. Retzlaff Hall Private-Event Policy

A draft rental form for resident private events with outside guests was discussed. Proposed provisions address use limited to the hall, cleaning, damage responsibility, and applicable charges. The form will return to the November agenda for review and possible approval.

g. Insurance Proceeds and Palm Trees

The Board continued considering the use of insurance proceeds for storm-damaged trees. Replacement planting and possible relocation of existing palms were discussed; no expenditure for palm relocation was approved.

h. Road Work / Reclamite Update

Tony Tramel reported that two full-depth roadway repairs and seven patches were completed over the summer. He noted that portions of older pavement near curbs had been laid at approximately one-half inch rather than the intended one-and-one-half inches. The Reclamite pavement preservation project was completed on schedule and below budget and is expected to extend pavement service life for several years. The final invoice on the Reclamite remains outstanding.

i. Water / Well Update

See Tom's attached report.

j. Property Maintenance and Enforcement

The Board discussed enforcement difficulties involving a small number of poorly maintained properties and limitations in existing covenants. President Seiser will consult Association counsel about potential remedies and applicable enforcement authority.

k. Traffic Safety and Signage

Speeding concerns, deteriorating stop signs, and related traffic-safety measures were referred to the Safety Committee for review and recommendations.

l. Resident Use of the Golf Course

Consideration of golf-course access and walking rules for residents remains on hold while insurance coverage, liability exposure, and costs are clarified. No change to golf-course-use rules was approved.

m. Golf Survey Update

William Petersen indicated that additional golf survey information would be brought to a future Board meeting.

12. New Business

a. Association Insurance Coverage and Risk Management

Tracy Wagner reported that an insurance review found the golf course, tennis and shuffleboard facilities, and three Association buildings were not adequately identified or included in existing coverage. Information on the Association properties and amenities was submitted to Gallagher on October 5, 2026, for underwriting review. Estimated 2027 standard insurance costs of $41,300 and a further $20,000 allowance for golf-course and amenity liability coverage were reflected in the preliminary budget.

The Board requested a complete property and amenity inspection by an insurance representative to assist in confirming limits, exclusions, deductibles, and premiums before final decisions. President Seiser also reported research on pool and hot-tub drain-cover safety requirements and invoices for recently purchased grates. No new insurance policy approval was recorded during this meeting.

b. Palm Tree Relocation and Tree Maintenance Equipment

The Board discussed relocating approximately five palm trees near Texas Avenue and the gazebo, with preliminary quotes of $1,400 and $3,700. Members agreed to defer the project while insurance costs remain uncertain. Renting a 65-foot lift for community tree trimming was also discussed; cost estimates ranged from approximately $2,000 to $4,500 for a week. Appropriate sanitation of pruning tools between palm trees was noted as a precaution against disease spread. No rental or relocation was approved.

c. Hall Emergency Generator

A preliminary $41,000 three-phase generator proposal for Retzlaff Hall was reviewed, consisting of approximately $25,000 for the generator and $16,000 for electrical work. The resident survey indicated 31% support, 50% opposition, and 19% requesting more information. The Board did not authorize the generator expenditure. The proposal may be retained as information for five-year planning, but the quoted project was not advanced for purchase.

d. MetroNet, Natural Gas, and Hall Improvements

The Board reviewed the previously approved MetroNet internet and two-phone arrangement, expected to cost approximately $225 to $230 per month plus a one-time $150 hookup charge and to save approximately $35 to $40 monthly compared with existing service.

A possible neighborhood natural-gas extension was discussed; approximately 10 to 15 interested households would be needed before installation could proceed. Interested owners would be responsible for their own licensed hookups. The information will be shared with residents.

Other hall items included potential flooring, painting, sound, and audio-visual improvements in a five-year allocation of approximately $30,000, and a remaining $1,100 funding gap for recent bathroom improvements. Thermostat management was reviewed, with occupants to be reminded to return room thermostats to approximately 80 degrees after use.

e. Association Counsel

President Seiser reported that the contract with the Association's new attorney had been signed and that payment of the retainer was being coordinated.

13. Resident Complaints / Suggestions

No individual resident-complaint determination or formal action on submitted complaint forms was recorded in the supplied meeting notes. The Board plans to include a resident-comment opportunity on the November meeting agenda.

14. Executive Session

The Board voted unanimously to enter executive session to discuss confidential employee matters. The board did not reconvene in open session and did not take any action.

15. Adjournment

The Board unanimously voted to adjourn the meeting at 4:04 p.m.

Respectfully submitted,

Gay Paxton

SEPO Board Secretary

Financial update for Aug 2026

I want to highlight some items from the preliminary reports that I think are noteworthy, in addition to any footnotes I made in the financial reports:

1) Valerie & I continue to monitor resident accounts to ensure timely payments of HOA fees. We have one resident who is delinquent with Aug HOA fees.
2) Here are the current interest rates on our cash investments: the brokered liquid deposit account at Wells Fargo is at 3.35%; the money market account with Fidelity is at 3.67%; the Money Market account at PNC is at 2.96%; the Reserve Contingency Money Market account at RIO remains at 3.32%; the Golf Course Money Market account at RIO remains at .51%.
3) As I mentioned in my July financial report, the investment accounts at Wells Fargo (Brokered Liquid Deposit & Fidelity) would be closed and funds would be transferred to a possible money market or savings account at Wells Fargo. Unfortunately, Wells Fargo does not have a money market savings account option. The only option available was a CD and I can't tie up these funds in a CD because I need these funds to pay our monthly bills. So, the Brokered Liquid Deposit & Fidelity funds were transferred to our business checking account at Wells Fargo. This took place at the end of August.
4) Memorial lockbox in library was checked and there were no memorial donations in August.
5) I reviewed the August financial transactions, and they all looked good. I sent the preliminary financial reports to Beth on 09/10/2026 and she sent them out to the community on 09/11/2026. August financial reports were also sent to our CPA on 09/10/2026 for review.

If there are no questions from the board, I am asking for an official motion to approve the August 2026 financial reports.

Financial Update for Sept 2026

1) Valerie & I continue to monitor resident accounts to ensure timely payments of HOA fees. We have two residents who are delinquent with September HOA fees.
2) Here are the current interest rates on our cash investments: the Money Market account at PNC remains at 2.96%; the Reserve Contingency Money Market account at RIO remains at 3.32%; the Golf Course Money Market account at RIO remains at .51%.
3) I was contacted this month by our electrical representative at People's Power Choice (basically our broker who shops electrical rates to find us the best deal) and she recommended that we extend our current contract for another two years with GEXA (our current electrical carrier). The contracts on 11 of our accounts, which we extended last year, end in May of 2029**.** GEXA is currently offering a rate of **$0.0699 per kWh** with the contract extension. Our broker is checking to see if GEXA would be willing to redo our 11 contracts at the lower rate, which would save us a penny per kWh. I am still waiting for that answer but I'm not optimistic that they will redo contracts that we have already signed. However, I was able to extend the 12th electrical contract to June of 2029 at **$0.0699 per kWh**. I sent an email to all board members to get their approval/disapproval and to see if any of them had any questions. There were no questions from the board, and this contract extension was approved unanimously via email. At this time, I would like to ask for an official motion to approve extending the GEXA electrical contract on the 12th account until June of 2029 with the new electrical rate of **$.0699 per kWh** starting in July of 2027.
4) Memorial lockbox in library was checked and there were no memorial donations in September.
5) I reviewed the September financial transactions, and they all looked good. I sent the preliminary financial reports to Beth on 10/06/2026 and she sent them out to the community on 10/06/2026. September financial reports were also sent to our CPA on 10/06/2026 for review.

If there are no questions from the board, I am asking for an official motion to approve the September 2026 financial reports.

Future Financial Matters for SEPO

1) (Aug) I completed the cancellation of Lupe's credit card with Chase.
2) (Sept) **NEW BUSINESS ITEM a:** A to-do item from our August board meeting was to investigate our liability insurance coverage on the golf course to make sure we are covered if any non-golfer uses the golf course. So, I contacted our insurance representative to investigate. Unfortunately, I opened 'Pandora's Box' with this investigation. To my surprise and horror, the golf course is not mentioned anywhere in our insurance policies. All these years with no coverage? I decided to question if the tennis court and shuffleboard court were mentioned anywhere because those are areas for potential injuries as well. Well, they weren't listed anywhere either. The deep dive into our insurance policies also revealed that three of our eight buildings were not listed either. Back in April 2024 shortly after becoming your treasurer, I reviewed all the building information with the rep we had at that time who got let go shortly thereafter, and all buildings were listed except for the Pavilion. I had her add the Pavilion. Somewhere along the way, these three buildings got dropped. How & when, I don't know. I can only speculate that the mistake occurred when previous rep switched our carrier and missed these buildings. This deep dive is proving to be a necessary evil which will now cause our insurance expenses to rise. With the help of a few other board members, we completed two extensive documents which provide information about our golf course, pool, hot tub and other common areas. These documents were submitted to our insurance rep on 10/05/2026. The next step is sending these documents to underwriters for review and hopefully getting insurance quotes.

Mtg. Report 10.19.2026

Texas Ave.

5 trees removed on Texas Ave., 1 fell over, 1 was a potential fall hazard and would damage gazebo, 2 were dead, 1 insect infestation.

Pumphouse

Added 2 digital timers to regulate pumps. Replaced pickup head in canal. Was leaking when pumps were shut off, causing the pumps to lose their prime.

The back flow valves by the pumps were not working, instead of replacing those we are going to install one were it can work for both pumps, correcting the back surge when pumps are shut off.This was causing separations and damage to the pipes supplying the pumps. Temporary fix is to leave the valve to the primer pump open. Spoke with Core & Main- coming out Tuesday to measure and give estimate.

Large pump went down in September, seals were leaking. Brought it to Lewis Electric for repairs, same pump we had rebuilt in February 2026. Asked them if the quote we got back in June on the pump/motor was still good and what the warranty was on it. They were going to check and get back to me, I asked them to wait on fixing the one we dropped off till he got that information.

I called them a few days later to see if they had the information yet, and he said he didn't but had gone ahead and repaired the other pump.

Still waiting on the warranty/quote information.

Working with Tony Trammel on streets, Tony will report.

Attended 5 year planning committee mtg, Tony will report.

Received bids on palm tree moving/planting, bring up under new business.

Received bids on 65' man lift for palm tree trimming, bring up under new business.

Working with Valerie on MetroNet Fiber connection for office internet and phone, looking for board approval, bring it up under old business.

Discussions with board about SEPO insurance, Tracy will report.

Met with Encore's manager to discuss common issues - water, trees

Signing checks for Valerie.

Thomas Perrier
Area 2

Well Update 10.19.2026

As I reported at previous meetings the test sample sent to Texas A&M came back with better results than the first well but still higher than what would be acceptable, without treatment or mixing, for our use.

After research and talking with the manager of a local sod farm, the idea of mixing the well water with water from the city or irrigation district, seemed doable. The probability that we can be cut off from either of those 2 suppliers in the future is very possible. Until we decide if we want to treat the water from the 2nd well, I'm proposing that we mix the water from the well with the canal water in our ponds.

This would require regular testing of the soils on the course and a regular maintenance schedule, to prevent the build up of unwanted minerals.

I have a meeting set up this week with a person from Nutrient to come and test our soils and evaluate the test results from A&M, and hopefully give us some guidance on how to proceed.

I've been looking at the states website where the information on wells, that have been drilled in Texas, are stored. I choose 9 that are within 2-8 miles from Sunshine. These wells were listed as Domestic or Irrigation in the registry.

I visited these sites last week and spoke with one of the residents to see if they were using the water from the wells. He said he didn't know much about them that a family member had taken care of the drilling. But they were using the water from the 2 wells on the property, one being treated for the home use, the other not, for irrigation of the area. I asked him to give my contact information to that person. Their grass and plants looked healthy. The other places I visited their yards also looked healthy.

I wasn't able to speak to anyone at these places no one was home.

I am still looking with the help of Jerry Wetherbee, if there is a way to treat the 2nd well, at a reasonable cost for start up and maintenance. Jerry has had conversations with Don McGhee, who is in this business and is local.

Spoke with Hip, he has someone currently interested in the pump, told him again we would be willing to talk about the price.

Thomas Perrier
Area 2