

Sunshine Estates Annual Shareholder Meeting

Tuesday, February 17, 2026 @ 1:00 pm "Hybrid" Meeting: Retzlaff Hall & Google Meet

- 1) Call to order - President, Randy Davis, called the meeting to order at 1:00 pm.
- 2) SEPO Board Roll Call - Randy Davis, Tom Perrier, Lisa Seiser, Pat Heinerikson, Tracy Wagner, Gay Paxton and Scott Kronshage. All present
- 3) Verified that the Notice and Agenda were made available to the community by the required day/time.
- 4) There were no amendments to the posted agenda.
- 5) Confirmation of Quorum: Beth Parish, the election committee chairperson, reported that they had counted the attendance proxy envelopes and confirmed that a quorum had been reached. Following this confirmation, Randy Davis announced that balloting was officially complete.
- 6) Motion for Recess: The meeting was immediately followed by a successful motion for a recess until 3:00 PM. The motion was proposed, seconded, and passed with the approval of all present.

Sunshine Estates Annual Shareholder Meeting

Tuesday, February 17, 2026 @ 3:00 pm "Hybrid" Meeting: Retzlaff Hall & Google

- 7) The annual shareholders meeting was resumed on February 17th at 3:00 pm in Retzlaff Hall, also accessible via Google Meet.
- 8) Roll Call: Randy Davis, Tom Perry, Gay Paxton, Scott Kronage, Pat Heinerikson, Lisa Seiser, and Tracy Wagner were noted as present.
- 9) Pledge of Allegiance and invocation:
 - a. The attendees said the Pledge of Allegiance.
 - b. Randy Davis led the prayer.
- 10) Memorials
 - a. Jim Tennent read the names of current & past residents who passed in 2025.
- 11) Election Committee Report and Results:
 - a. Beth thanked the election committee for all their hard work. See the attached roster.
 - b. The voting process is complete, and the results are as follows:
 - Tracy Wagner, Phillip Lay, and Bill Petersen were voted on the Board. Congratulations.
 - The covenant did not pass. We had 170 approvals. We had sixty-nine not approvals for a total of 239 ballots that we could count. We had ten ballot envelopes that were not inside the attendance proxy envelope. I could not count them. Those are no votes. And we had fifty-seven people who did not submit anything.
 - c. Approval of the Election Guidebook: A motion was made, seconded, and unanimously approved to accept the SEPO Election Guidebook written by Beth Parrish.

12) The meeting minutes from February 9, 2026, board meeting: A motion was made seconded and approved to accept the meeting minutes.

13) The meeting minutes from February 18, 2025, Annual Shareholders Meeting: A motion was made seconded and approved to accept the meeting minutes.

14) Director's Reports:

a. Scott Kronshage – Golf Course

- The golf course is a critical asset that adds value to community properties.
- Scott commended Manny and Joe for their excellent work. The biggest challenge has been the water issue, necessitating hand watering of greens and the temporary use of hydro water, which was quicker than using a garden hose.
- Scott recommends that the new director, with Tom's assistance, establish a hydrant water backup system connected to the pump house, as relying solely on resaca or the new well is risky, and the cost for the necessary plumbing is being investigated.
- A \$400 donation was made toward cleaning the brushes near the golfing shoes area.
- Suzanne will also be approaching the golf meeting with requests for help with cleaning the brushes.

b. Pat Heinerikson – Common Grounds Area 1 (see attached Top Priorities report from Pat)

- Pat reported on numerous completed facility improvements, describing them as good.
- Completed projects included repairing brickwork, replacing settled pavement near the pool pump house, replacing all non-working emergency lights in the buildings, and repairing the gas oven. Other successful repairs included the swimming pool entrance gates, the damaged hot tub heater and pump motor, and replacing tiles and missing caulk around the pool/hot tub area.
- Pat detailed structural and drainage issues with the roof, noting that water build-up caused decay and rust in the soffits and structural steel.
- The original roof bid was approximately \$121,000 (including tax), but an additional \$49,500 was required for necessary rust mitigation and replacement of damaged structural components, which was discovered after work began.
- The treasurer reported that the total budget for the two roofs was \$140,000, and the initial costs already exceeded this amount by nearly \$30,000 before considering all necessary, newly discovered repairs, which are still being assessed.
- The board motioned, seconded, and approved the additional \$49,500 needed for the two change order requests to prevent further work stoppages.

c. Tom Perrier – Common Grounds Area 2

- See Tom's report attached to meeting minutes

d. Lisa Seiser – Common Grounds Area 3

- The gravel project is 95% complete.
- Fencing barbed wire and dog park gates received repairs for security.
- A partnership with the Women's Club resulted in the purchase of new chairs for the dog park. Also, a new bag dispenser and trash can was installed in the dog park.

- There are four open storage spaces currently available. Reminder that shed and lots are separate transactions.
- A full load of sand was delivered for sand bags, and the Women's Club was given permission to use the sand for the landscaping project.

e. Tracy Wagner – Treasurer's Financial report:

- See Tracy's detailed report attached to the meeting minutes.
- See the letter received from our CPA that is part of Tracy's detailed report.
- Motions to approve the FINAL financial reports for December 31, 2025, and January 31, 2026, were made, seconded and approved.

15) Committee Reports:

Architectural Committee:

- Terry Lacy, in charge of ACC, reminded residents that changes to the front or exterior of house require a request for approval.
- The ACC approved 102 requests and only turned down two requests last year, indicating that residents are increasingly recognizing the community's appearance standards.
- All storage sheds, including their location, size, and color, must also be approved by the ACC.

Women's Club:

- Pam Davis, the outgoing Women Club president, thanked the board and highlighted the club vital role in the community, citing donations toward chairs, LED lights, pool furniture, the weight fitness room, and coffee supplies. Club donated over \$9,000 this year and over \$20,000 in the past two years, with funds raised through community event attendance.
- Upcoming initiatives include a discussion of Suzanne's idea for upgrading the area in front of the office.
- Cindy is creating a Women's Club cookbook. There is a box in the library to preorder books, and to submit recipes,
- Recent events hosted by the Women's Club included a welcome event for new homeowners and a Taste of Sunshine event.
- An upcoming first-ever murder mystery event is scheduled for Sunday, with tickets available from Mary Hull.
- Joy Olson and Patrice Ayala will serve as co-historians and will work with Beth Parrish to move the historical information from the library onto the website.
- There will be an upcoming vote on community upgrade projects and the installation of newly elected officials which are Cindy Mead - president, Jill Heinerikson - VP, Patrice Ayala – secretary, Reva Allen – Treasurer, Mary Hull – activities director.

Good Neighbor Day Golf Tournament Day:

- The Neighbor Day Tournament starts February 25th, running Wednesday through Friday, with a \$60 entry fee.
- Participants can join either the morning or afternoon sessions, which are treated as separate events.
- The true classic scramble format will have all four players hit the ball.
- Sixty-six people signed up for the tournament, with the goal being 144 total participants.
- The pairings will be finalized on Friday, and the tournament is designed to encourage interaction, ensuring that participants will not play with more than two other people from the immediate community.
- The community was reminded that lunch will be provided on Wednesday and Thursday during the Neighbor Day Tournament.

g. Lunch is open to all, not just golfers, from 11 a.m. to 1 p.m. on Wednesday and Thursday in the hall or the pavilion.

h. Lunch will cost \$7.00 or \$8.00. Wednesday – sloppy joes, Thursday – Brats

Birding and Nature Club:

a. Thomas Stone is the outgoing president of the Birding Nature Club.

b. David L'Heureux is the new president.

c. Thomas Stone is the new VP.

d. Jean Burgoine is the new treasurer.

e. The club is still seeking a secretary.

f. The club plans to continue hosting guest speakers and field trips in the coming year.

Communications and Vacation Coverage:

a. Beth will be gone on vacation March 7th through March 16th. She has a volunteer in place to send simple emails.

b. There will be no website updates, elaborate attachments, or pictures during that time.

16) Swearing-In Ceremony for New Board Members:

a. The newly elected board members were sworn into office.

b. The newly elected board members signed their certificates to make the installation of their positions on the SEPO board official.

Meeting Adjournment:

There being no further business to come before the Board, on motion duly made, seconded and passed; the meeting adjourned at 4:08 p.m. The Google Meet recording and video session were stopped.

Respectfully submitted,

Gay Paxton

SEPO Board Secretary

| First Name | Last Name |
|------------|-----------|
| Beth | Parrish |
| Patrice | Ayala |
| Sharyl | Belka |
| Kat | Boyd |
| Linda | Dabney |
| Lassey | Dahlstrom |
| Liz | Dietrick |
| Kerry | Howard |
| Marge | Lehman |
| David | L'Heureux |
| Pat | L'Heureux |
| Jeanette | Makowiec |
| Judy | Parker |
| Hollie | Pickett |
| Linda | Ramsdell |
| Mike | Ramsdell |
| Lynne | Reed |
| Sherry | Schneider |
| Dana | Szretter |
| Denise | Utterback |

Top Priorities

- 1) Repair brickwork on east side of office/library at both north and south walls
- 2) Remove and replace settled pavement by pool pump house
- 3) Replace all nonworking emergency exit lights in all buildings
- 4) Repair gas oven to light and work properly
- 5) Replace main hall kitchen refrigerator — — — — —
Womens club donation
- 6) Repair both swimming pool south entrance gates to limit swing movements to avoid damage to said gates
- 7) Add lighting to pool pump house to allow ease of service and repair of pumps/filters and heaters
- 8) Replaced damaged hot tub heater and pump motor
- 9) Paint hot tub and repair/replace tiles and drains and missing caulk around perimeter of both hot tub and swimming pool
- 10) Paint pool/hot tub area deck along with a different color to accent water line—hot tub will need more work due to ground water buildup
- 11) Remove shuffle board equipment closet from pool area and relocate closer to the shuffle board area
- 12) Remove damaged and clogged pool area floor drains and replaced with new product to help slow down ground water buildup
- 13) Paint pavilion area floors/walls and cabinets

- 14) Secure state flags in the pavilion area with new rope-top and bottom
- 15) Remove oak tree in office area that was causing damage to the walkways (roots), pool (leaves and twigs and bird droppings), and both office and hall roofs
(Leaves and twigs clogging gutters and downspouts that were then retaining rainwater causing further damage to the already rusting roof)
- 16) Install new lighting above large package area
- 17) Continue to update/maintain the cardio and weight rooms
- 18) Repair metal door on south side of the library
- 19) Improve locking pins on pavillon shutters
- 20) Install new signage around building and mail area
- 21) Build and install more shelves in the library for puzzles/ games/ and more reading material
- 22) Change out water filters on drinking fountains that have them
- 23) Paint doors on office and pavilion beige
- 24) Install new drain pipe for downspout outside office to save from future foundation damage
- 25) Replace discolored lights in the mail pick up area to improve safety and brightness

Above items completed

Below are items are in the works

- 1) Replace both metal roofs/gutters and larger downspouts— replace all structural steel to allow no future weakness or flaws in the original de

- 2) Improve traction on the tile entrances of both hall and office (slippery when wet)
- 3) Update SEPO office area
- 4) Fill in gaps/cracks in concrete around building
- 5) Repair black steel gates around pool area to work properly
- 6) Look at options to improve acoustics in the pavilion area
- 7) Look at options to update bathrooms in the hall

As information: we have had the hall and office floors and mastic tested for Asbestos. The office tile and mastic are Asbestos free. The hall mastic contains Asbestos but the tile itself is Asbestos free.

Mtg. Report 2.17.26

2025 Year in review,

Texas Ave Area;

The front gate gardens got a major upgrade, removed plants and mulch, and replaced with a low maintenance rock and metal lighted cactus. Donation from the women's club and volunteer work by many residents. Lead by Suzanne, Bonnie, Chris, and Deb.

Garden improvement by the Birding and Nature club, installed panels for climbing vines. Thank you to Tom Stone and friends!

Lalo repainted the street lights, Gazebo, wood rails and benches in dog park. Repaired power cables to breaker box and street lights damaged by lightning strike. Removed several trees from storm damage. Gate motor motherboard replaced under warranty. Cameras have been repaired after lightning strike and wind damage. Repaired and replaced Xmas decorations.

Streets and Drainage;

Installed speed limit signs and road reflectors. AEP has been replacing street lights with LED lamps. Cameron County has removed the tax we've been paying on the big ditch west of Minnesota Street. Working with Tony Trammel on the 5yr committee to budget funding for street repairs, and searching for contractors to bid. Repaired catch basins in Texas Ave and Encore Lakeside retention areas. These areas should now hold the water that they were designed for. Replaced sump pump in small Mn ditch.

Met with AEP to replace old and leaking transformers in Sunshine.

Met with Harlingen Irrigation District about continuing to receive water from them.

Met with Cameron Cty Drainage District to discuss improvements to current ditches and maintenance.

Been involved with T-Fiber/Metronet fiber optic upgrade to Sunshine Estates. Help arrange community meetings for preregistration. Working with installation contractor and our guys repairing damage to golf course irrigation system. Anyone having issues with getting signed up with T-Fiber please let me know.

Working with several residents on well for Sunshine, Jerry Weatherby, Pat Heinerikson, Randy Davis.

Tom Perrier
Area 2

SEPO, Inc.

Treasurer's Report for Year Ended December 31, 2025

Presented at the Annual Meeting of Shareholders

02/17/2026

Before I talk about the 2025 financial reports, I want to recap the noteworthy financial events from last year.

- 1) My major undertaking in 2025 was cleaning up our fixed asset list. Many hours were spent by me and other board members reviewing what was listed and then confirming if it truly still existed. I took numerous pictures to help identify our equipment, I updated descriptions for easier identification in the future, and I categorized assets by director when possible. My goal was to make this list easier to understand and manage for future treasurers.
- 2) The 5-year planning committee took shape in 2025, and we spent many hours discussing the current and future improvement needs of our community. Our committee submitted a 5-year plan to the board of directors. The important outcome of this report was the board adopting year 1 capital improvements for our 2026 budget.
- 3) Our CPA completed the filing of our 2025 tax return in February 2026. There was no income tax liability for 2025. I want to remind everyone that as part of the year-end review, they run a comparative report to look for any discrepancies from year to year. They did not find any discrepancies in 2025. In lieu of a personal visit from our CPA, they provided the following report to share with you. (I will read letter received from CPA & it will be part of my financial report that will be included in the minutes.)

My next topic is about the financial reports for 2025, starting with the balance sheet and comparing it to the 2024 balance sheet.

- 1) ASSETS: The 5 accounts at Wells Fargo increased by \$17,670, PNC MM decreased by \$17,615, PNC CD increased by \$5,001, the Golf Course Improvement account at RIO was started in 2025 so that increased by \$3,258, and the Reserve Contingency account at RIO decreased by \$33,370. All these cash changes netted to a \$25,056 decrease in total cash. The main reason for the decrease was caused by using funds from the Reserve Contingency account at RIO Bank for the well project. Accounts receivable increased by \$436. We added \$59,947 of fixed assets which are listed at the bottom of the balance sheet, we removed \$283,384 of fixed assets due to non-existence or disposals, and we removed \$4,802 in assets that were sold. We had \$89,215 in depreciation expense, we removed \$282,187 of accumulated depreciation for the assets that were not in existence or disposed, and we removed \$4,802 of accumulated depreciation for the assets that were sold. All these transactions netted to a \$30,465 decrease in fixed assets. In summary, our total assets decreased from 2024 by \$55,085.
- 2) Total current liabilities decreased by \$26,410, primarily due to collecting less unearned revenue in 2025 vs. 2024. The Equity section decreased by \$28,675 due to the change in retained earnings and net losses and moving the revenue from golf course improvement fees to the cart path reserve account. In summary, our total liabilities and equity decreased from 2024 by \$55,085.

Next topic is about the 2025 income statement and comparing it to the 2025 budget.

- 1) In the revenue section, we were over budget by \$16,974, primarily due to mandatory reporting of the donated exercise equipment and kitchen refrigerator and more revenue in interest income. The year end adjustment to move golf course improvement fees to the cart path reserve account on the balance sheet reduced our income by \$3,250.
- 2) Expenses for area #1 under Pat Heinerikson: In total, this area was over budget by \$26,048, primarily due to the removal of a tree by the office, which was not budgeted, the mandatory

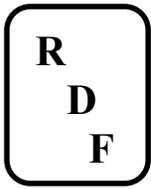
- reporting of the donated exercise equipment and kitchen refrigerator and the renovations to the pool and hot tub area.
- 3) Expenses for area #2 under Tom Perrier: In total, this area was under budget by \$4,236. Nothing significant to report here.
 - 4) Expenses for area #3 under Lisa Seiser: In total, this area was under budget by \$4,527. Nothing significant to report here.
 - 5) Expenses for the golf course under Scott Kronshage: In total, this area was under budget by \$4,350. Nothing significant to report here.
 - 6) General operations under Tracy Wagner: In total, this area was over budget by (\$34,791) due to the bonus depreciation allowance for tax purposes (\$55,788) which was not budgeted and the increase in gas, office and water expenses (\$9,066). We came in under budget with labor \$13,983 due to decrease in hours for an employee and less contracted labor. I was happy that we came in under budget with insurance \$7,133 due to no increase in our wind/hail coverage. We came in under budget with electrical, legal and professional, telephone, accounting, bank fees and property tax expenses totaling \$8,947.
 - 7) We had \$25 in income from the sale of fixed assets and \$1,197 loss on the disposal of fixed assets. These items were not part of our 2025 budget.

Common Area Lot Equity

Each lot owner owns a piece of our common areas. The value on 12/31/2025 is \$5,195. This is a decrease of \$94 from 12/31/2024.

Action items:

- 1) I am asking for a motion to approve the FINAL financial reports for December 31, 2025, which were sent to the community on 02/16/2026. Our motion at January's board meeting was to approve the preliminary reports for December. Changes made to the balance sheet and profit & loss statement are highlighted in yellow and explanations are noted.
- 2) I am asking for a motion to approve the FINAL financial reports for January 31, 2026, which were sent to the community on 02/16/2026. Our motion at February's board meeting was to approve the preliminary reports for January. Changes made to the balance sheet are highlighted in yellow and explanations are noted. There are no changes to the January profit & loss statement.
- 3) I will be going to the CPA's office tomorrow morning to review and sign our 2025 tax return so it can get filed with the IRS.



Ruben D. Franco, CPA

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The only major change to the balance sheet was the cleanup of the depreciation schedules. The elimination of non-existent or disposed assets makes the depreciation schedule cleaner and more efficient to work with for the tax return.

On the profit and loss statement, the approximate 10% increase to interest income is a good sign of growth in that revenue stream. The new assets (donated and purchased) and their respective bonus depreciation are the only year-to-year differences on the tax side of the financials.

All in all, there is no tax liability due for tax year 2025.

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