

## **SEPO Board Meeting Minutes**

**Tuesday, September 21, 2021 @ 1:00 PM CT**  
**'Hybrid' Meeting (Retzlaff Hall & Google Meet)**

**CALL TO ORDER** President Tony Tramel *called the meeting to order* at 1:00 PM CT on September 21, 2021.

*President Tony Tramel read the following and it is being recorded into this meeting's minutes.*

Everyone attending this meeting "in person", by their presence, acknowledges potential exposure to Covid-19. Each person is responsible for his/her own choice as it relates to attending SEPO Board meetings.

**ROLL CALL** *was taken.* Tony Tramel, Mecca Henry, Lenore Combs and Jean Burgoine were present in Retzlaff Hall. Lyn Swonger was present via Google Meet. Beth Parrish was present via telephone. Larry Keller was unable to attend the meeting.

*The meeting was recorded. The recording can be viewed at this link:*

[https://video.wixstatic.com/video/2851bf\\_cb6452ee482b47ddbc9caac0de3556ec/720p/mp4/file.mp4](https://video.wixstatic.com/video/2851bf_cb6452ee482b47ddbc9caac0de3556ec/720p/mp4/file.mp4)

### **AGENDA**

*To meet the 72-hour pre-Board meeting requirement for posting,* the agenda was sent via e-mail to the community and put on the Sunshine Web site on Thursday, September 16, 2021 @ 6 PM CT. It was also posted outside the SEPO office and on the poolside door into Retzlaff Hall on Friday, September 17, 2021 @ 10:30 AM CT.

*President Tony Tramel asked if the Board had any amendments or additions to the posted Agenda.*

- Beth Parrish was going to ask that an additional agenda item concerning 'in person' attendance of residents/renters at all upcoming SEPO meetings and events. Beth decided to defer this discussion until the September 23, 2021 Board meeting when all Board members will be present.

### **PREVIOUS MEETING MINUTES**

Mecca motioned to accept and approve the August 31, 2021 Board meeting minutes as submitted to the Board. **(Attachment 1 in Agenda)** Lyn seconded the motion. The motion passed unanimously by all Board members attending the meeting.

### **NEW BUSINESS**

**1) Mecca – Acceptance and Approval of the August 2021 Financials as submitted. (Attachment 2 in Agenda)**

Lenore moved to accept and approve the August 2021 Financials as presented to the Board. Jean seconded the motion. The motion passed unanimously by all Board members attending the meeting.

**2) Larry – Road Repairs.**

*Due to Larry not being able to attend this meeting this agenda item was deferred until the September 23, 2021 Board Meeting.*

- a) Consideration of appropriating a Maximum of \$20,000 to remove and repair defective asphalt pavement, including but not limited to W Michigan Ave, W Iowa Ave, N Missouri St and seal coating the outer edges of W Texas Ave.
- b) Proposal to use D & J Site Construction at the unit cost provided in our contract with this company.

**3) Mecca – Budgeting 101 Board workshop.**

This workshop will be an overview of what a budget is and how to create one. It will define the principles and practices of budgeting for Sunshine Estates. The goal of this **Budgeting 101 workshop** is to walk through the process of how to create a budget for SEPO. It will help to better understand our expenses, income, and explain how to set goals to keep out of debt and increase our savings. (**Attachment 3 in Agenda**)

- a) *Tony opened the discussion with references to the 'Budgeting 101 Workshop' document he had sent to the Board prior to this meeting. (**Attachment 1 Below**)*
  - i) Budgets help identify needed funding areas. They are a window of the future. We are not experts. We estimate what might happen.
  - ii) We examine our Revenue. How much are we going to get and where does it come from? Do we have control over this revenue?
  - iii) There are various type of expenses.
    - (1) Fixed – No matter what we do, we will have to pay them, i.e., payroll and utilities.
    - (2) Variable – We will concentrate on these today. Examples are:
      - (a) Pool – chemicals, heat (costs may vary)
      - (b) Office supplies
      - (c) Attorney fees
      - (d) Contingency/Reserve Fund
  - iv) When creating the budget we will basically be looking at our Profit & Loss statement. Mecca noted that we are a non-profit in theory. We need to take in and spend the same. A small income is ok, but if it is large, there are tax implications for us.
- b) *Tony' document (**Attachment 1 (below)**) summarizes some of what Mecca's document (**Attachment 3 in Agenda**) presented.*
  - i) Page 5 shows:
    - (1) SEPO income for the past few years has been around \$420,000 and has consisted of primarily HOA fees (assessments) and Storage fees.
    - (2) Fixed Costs - Mecca has projected these so we can make sure we are covering these amounts upfront – like Accounting, Bank franchise fees and Depreciation.
  - ii) Page 6 is where all the work comes in:
    - (1) Currently the four directors (for Common Grounds 1, 2 & 3 and the Golf Course) have approximately \$83,000 to spend. However, we need to look at increasing the 'Legal' expenses from \$1000 to \$5000, which will lower this to \$79,000.
  - iii) Page 7 shows the trends we have been experiencing.
    - (1) The Golf Course has spent the most, as we would have expected.
    - (2) The bottom of this page shows total Cash Accounts for several years and how conservative SEPO has been in trying not to spend more money than it has.
  - iv) Page 8 –
    - (1) How do we set up a Reserve Contingency Fund? How can we come up with a list of bullet items that need to be discussed? We recently had expenses for W IN Circle. What if we have hurricane damage? Language concerning Reserve/Contingency is included in our Covenants, but it isn't very clear.
- c) *Mecca's report (**Attachment 3 in Agenda**) reflects 2.5 years of what's been spent in each of the four Directors' areas.*
  - i) Variable Expenses - Here is where changes can be made. Examples –
    - (1) Jean wants to see pool costs broken down more.
    - (2) Mecca wants to get rid of the Other & Misc buckets. In the past these have been dumping ground for things that can't be identified. We may need to set up some new accounts.
  - ii) Revenue – Do we need to increase it?

- (1) We have not increased our income except we will again be collecting Golf Course Improvement Fees (formerly Trail Fees).
- (2) We are permitted to raise the annual HOA Assessment by a maximum of \$45 per year per lot, which would generate about \$15,000 total per year. Although it may not seem like a lot, we do have expenses, like Payroll, that keep going up each year and need to be covered.
- (3) Another way to do this would be to just 'maintain' one or more of the directors' areas in order to enhance the other areas during the year.
- iii) Variable Expense –
  - (1) If a director feels their area needs enhancements, they need to justify it and talk about it now. Don't just say I'm increasing last year's budget by 2%. Think of it this way - We are trying to establish a 'business' budget. As a director you can't be concentrating on where we can do special assessments or have special events to raise money. Budget now for what you want later.

**d) TO DOs -**

- i) Everyone needs to pencil in numbers for their areas in order to get started on the 2022 budget at the 09-23 meeting. We need to approve the budget at the November Board meeting.
- ii) Tony would like to talk to each director about their wish lists in the near future.

**4) Tony - 3-5 Year Capital Improvement/ Equipment Replacement Plan**

Hopes to present a working draft of a **3-5 Year Capital Improvement/ Equipment Replacement Plan** as part of the budget process.

- a) Tony has started to put something together concerning this plan but is not yet ready to present it to the Board.
- b) What items should be included in this type of plan? Some examples of scheduled replacements are:
  - i) Golf course – equipment, i.e., mowers.
  - ii) Pool – motors, decking, repairs and replacements.
  - iii) Road – maintain what we already have.
- c) Lyn has a list of hours etc on all of the Golf course machines and equipment. He and Tony will meet to discuss.
- d) Tony has information on the streets and non-golf course mowers.

**ADJOURNMENT**

Lenore Combs moved we adjourn. Mecca Henry seconded the motion. The motion passed unanimously by all Board members attending the meeting. The meeting was adjourned at 1:39 PM CT.

Respectively Submitted,

**Beth Parrish**  
**SEPO Board Secretary**

**ATTACHMENTS****Attachment 1 -  
 Budgeting 101:**

[https://2851bf60-6e92-4440-b098-0166b6640e11.usrfiles.com/ugd/2851bf\\_ee098db05e664772925c1aa7cb51c180.pdf](https://2851bf60-6e92-4440-b098-0166b6640e11.usrfiles.com/ugd/2851bf_ee098db05e664772925c1aa7cb51c180.pdf)