

SEPO Board Minutes

**3:00 PM, Retzlaff Hall
Monday, December 14, 2020**

The Agenda for the meeting was provided and follows. Jim Kennedy called the Board meeting to order at 3:10 PM, December 14, 2020, and asked for a roll call. Those present at the meeting included Jim Kennedy, Lyn Swonger, Frank Tewell, Mecca Henry, Neil Morehead, Jerry Drost and Tony Tramel. Also present in Retzlaff Hall were David Fleiner, Daniel Danks, Bill Peterson, and Dawn Rae Leonard.

Jim Kennedy indicated the Board was here mostly to deal with the 2021 budget and asked Mecca Henry to report on the status of the budget. She reported that she had provided worksheets to various Board members and in the big picture we were out of balance with our anticipated revenues by approximately \$6,000. Jim Kennedy asked if this is something that can be resolved by more cutback? Mecca indicated that is the more traditional solution, or the Board can decide to approve the budget being out of balance and anticipate reductions in 2021 spending that would make up for this amount in 2021.

Jim Kennedy then asked which Board members are in favor of proceeding with improvements to Indiana Circle? In response, every Board member raised their hand indicating support to resolving the current conditions on Indiana Circle. Jim Kennedy then announced that this response answers the question about Board support for this contemplated project for 2021.

Jim Kennedy then asked Tony Tramel to brief the members on the effort that has been expended to date, a status report, and the remaining steps needed to complete this anticipated reconstruction project of Indiana Circle. Tony Tramel indicated that funding for this project or others is identified first. One then typically hires an engineering firm for roadway / drainage type projects. You then identify alternatives, prepare cost estimates, and present those alternatives to the Board for selection. Then detailed plans are prepared, proposed bids or proposals are solicited and evaluated while always considering available funding. Public and or neighborhood meetings are standard practice to keep them aware of the relevant design issues with a project of this type. The Board would accept one or more contractors and execute a contract, construction would begin, testing of materials and construction observation would be needed until the project is completed. Once a final inspection and certification of materials is provided, only then should a final check be paid to the selected contractor.

This sequential process can only be accomplished if there is a line item in our 2021 budget for Indiana Circle. Our By-Laws require an adoption of an annual SEPO budget which includes anticipated expenditure for the next year. If there was no line item for Indiana Circle in the 2021 Budget, the Board would not be able to move forward. Funding must be identified before the project can proceed. Without a line item in the 2021 budget, this Board would be kicking the can down the road to the next Board for the year 2022.

It should be noted the authors of our By-Laws clearly anticipated situations such as Indiana Circle and

others in **Section 7.04 of our By-Laws** which is reproduced as follows:

“Contingency (Reserve) Fund - All funds accumulating in this fund shall be used exclusively for the upkeep and repairs of the Streets and Water System, or the emergency replacement of buildings, located within the Subdivision as the Board of Directors deems necessary. Any exceptions will require the majority vote (51%) of the property owners.”

Tony Tramel indicated his best estimate of construction costs, engineering, construction inspections and testing and observations has been completed. This estimate is based on a review of detailed estimates of building materials / bid items used in roadway construction, and the proposed plan to reconstruct the curb and gutter and adjust driveways on the north side of Indiana Circle to re-establish a proper water flow line to the drop inlet in the Cul-de-sac of Indiana Circle. The total value of Indian Circle is projected to be in the order of magnitude of \$65,000. There may be other alternatives that might cost less, and those should be evaluated during the engineering investigations and development of alternates for the 2021 Board’s consideration. Tony Tramel indicated he thought it would be prudent to identify Indian Circle as a line item in our 2021 Budget, with a note that this \$65,000 would be earmarked as coming from our Contingency Reserve Fund in accordance with our By-Laws.

Frank Tewell indicated he liked putting the line item in the budget but not an amount of money identified for Indiana. Discussion then centered on what had happened previously regarding Indiana Circle. Frank Tewell indicated a former Board member had received a bid to make some type of improvement for Indiana Circle for approximately \$32,000 and the budget amount was \$30,000. Tony Tramel indicated he had not seen what was proposed at that time, and it would be like comparing apples with oranges, the scope was not the same, and Tony Tramel was unable to find any plan or drawings of the proposed improvement.

Lyn Swonger added that the Board member had obtained two bids for some work on Indiana Circle, and because people on Indiana objected to the type of project proposed, the Board member destroyed all of the related documents regarding this project. Lyn also questioned the need for an engineer for a project of this type, since a contractor that does this all the time should know how to drain water downhill. Tony Tramel pointed out unless you have a set of drawings, and specifications, you cannot compare contractor A with contractor B as it pertains to the quality, quantity, and costs. If an engineer is not used, and we depend on a contractor alone, the solution offered by the contractor might not work. Use of a professional engineer assures SEPO that a plan provided must follow best engineering practices, as required by laws governing Professional Engineers.

Tony Tramel indicated with an engineer, alternates would be determined and presented, each with a projected cost to the Board and to Indiana Circle residents. A determination would be made at that time regarding the scope of effort for the engineer to finalize a set of plans and specification for bidding purposes. Warren Clark had contacted Tony Tramel, and advised him in the last major street reconstruction, that until they hired an engineer, the Board at that time was unable to obtain bids and evaluate any type of proposed street improvement. He stated the key to success in that project was

hiring an engineer, as they know how to prepare plans and specifications and how to obtain competitive bids.

Jim Kennedy summarized the budget issue in that he asked, "So what we are trying to do is put a monetary amount into our proposed budget for Indiana Circle for next year so it can proceed to get implemented?", which was confirmed by Tony Tramel.

Neil Morehead asked if we could put \$5,000 into a line item to just do the study? Jim Kennedy pointed out that would not allow any implementation in 2021, and would not be enough funding, and we must be realistic to make this project happen. Jim Kennedy confirmed this would be a way to "get this project rolling".

Tony Tramel indicated the Alternatives are simple. 1) If you want to get something underway / completed in 2021, you need to identify Indiana Circle as a line item, and identify an amount of money for this project, and it is suggested that amount should be \$65,000 and earmarked coming from our Contingency (Reserve) Fund. 2) Or alternatively, if the Board wishes to push this project down the road, the Board does not do any of those things identified in number 1.

Lyn Swonger indicated that he was all right with the project and agreed with it but must have the language returned to the Board for decisions. Lyn asked for the limits of the anticipated project, which were noted as the eastern most golf cart pathway to the drop inlet In the Cul-de-sac.

Jim Kennedy asked for someone to make a motion to add a line item to our proposed 2021 budget for Indiana Circle. Frank Tewell inquired about how this budget line item and the contingency fund are related. Mecca indicated that it would be in a line item with a note that the funds for Indiana Circle are earmarked to come from the Contingency (Reserve) Fund.

Neil Morehead moved to put an Indiana Circle line item in the budget and later decide how much money should be there. Discussion ensued that an amount of money must be identified if it is part of the budget. There was no second to Neil Morehead's motion.

Tony Tramel, reluctantly, moved to include Indiana Circle reconstruction in the 2021 budget and identify \$65,000 as the amount for this project. This funding shall be earmarked as coming from the Contingency Reserve Fund, just like our By-Laws indicate. Lyn Swonger seconded the motion. A vote was taken. Those voting for the motion were, Lyn Swonger, Neil Morehead, Jerry Drost, Mecca Henry, and Tony Tramel. Frank Tewell voted against. The motion was approved.

Mecca Henry presented budget documents to Board members, which included expenses exceeding revenues by \$6,000. Mecca Henry advised our property tax expenses are now projected to be about \$3,000 less than identified in the proposed budget. Therefore, the difference is reduced to only \$3,000. Jim Kennedy noted that this Board and others have historically reduced their spending. Therefore, at the end of the year, funding transfers back into our cash accounts, i.e. money allocated for the various line items of the budget were not entirely spent, (which represent a net reduction in annual costs).

Mecca Henry said that she will show the Indiana Circle under a capital expenditure in the new budget because of its uniqueness. She also indicated the Contingency Reserves is associated with our Frost Money Market account which has approximately \$100,000. Mecca discussed the reasoning for using this account as being the most rational approach.

Mecca Henry moved to accept the proposed Budget presented at the meeting, which included Indiana Circle as a capital outlay. Tony Tramel seconded the motion. Those voting yes, were Mecca Henry, Tony Tramel, Lyn Swonger and Neil Morehead. Those opposed were Jerry Drost and Frank Tewell. The motion was approved.

Jim Kennedy asked if there was a motion regarding the minutes of the last Board meeting? Lyn Swonger moved to have the minutes read aloud at the meeting, which was seconded and approved.

Tony Tramel read from the copy of the unapproved minutes of November 30, 2020. During the reading, Tony Tramel noted an oversight regarding the date of the meeting in the first paragraph which was noted as needing to be correct.

Mecca moved to accept the minutes with the changes noted by Tony Tramel. During the discussion following the motion, there were comments made by Jim Kennedy.

Jim Kennedy indicated he and others felt there was some parts of the meeting that were not summarized in the minutes presented. Tony Tramel indicated that he had used a tape recorder for all minutes since he has been the Secretary. Unfortunately, due to a technical error on his part, he did not have the recording for the last meeting. Tony Tramel apologized to the Board members for that error and indicated he does not plan for it to occur again.

Jim Kennedy indicated he thought there was an obvious glaring omission in the minutes of the meeting. There was discussion about Indiana Circle line item with \$65,000 placed in the budget. Jim Kennedy stated that he recalls significant discussion about Indiana Circle at this meeting, and there was additional information concerning Mecca Henry's report on the budget which needs to be included in the minutes for the November 30, 2020 Board meeting.

Tony Tramel admitted his oversight regarding the issues that Jim Kennedy brought up. Tony Tramel indicated he would review his notes and refresh his memory and would provide an updated / revised set of minutes to each of the Board for them to review and provide their edits for consideration.

Members of the 2021 Board Nominating committee were acknowledged by Jim Kennedy. Jim Kennedy proceeded to acknowledge that due to COVID-19 restrictions some changes and adjustments from prior procedures needed to take place and he proposed the following to comply with our By-Laws.

- The Nomination Committee should provide the listing of names they have determined who wish to be considered in running for a Board position.

- This Nomination Committee listing should be provided before, Saturday, December 26th. After this list is provided the listing will be posted.
- On Jan 5th, a Board Meeting is scheduled for 1:30 PM. At that time the Board will also accept “Nominations from the Floor” using the following technique:
 - After the Board meeting on Jan 5th, between 2:30 PM and 3:30 PM, Board members will accept nominations, normally referred to as “ Being Nominated from the Floor”. Persons can make this type of nomination by filling out a form created for this purpose at an identified table set up in the pool Pavilion area.
- All the names, from the Nomination Committee and those that were provided as a “Nomination from the Floor”, who have agreed to run for the Board, will then be posted on a SEPO Library / Office bulletin board for 10 days. After that time, the list will be taken down and paper ballots with those running for the Board will be prepared.
- The actual election for the 2021 Board members will be Feb 16th, 2021. Chuck McEvoy has again agreed to manage the SEPO Board election process.

Mecca Henry noted that persons who will be running will need to prepare a brief resume / background information once they accept a nomination to run for the board.

Mecca Henry moved to accept the plan proposed by Jim Kennedy to proceed with the nomination process considering our restrictions with COVID-19. There was some additional discussion that indicated if a person who was unable to provide a nomination from the floor at the time and location noted above, that a nomination could be made via email. The details of who to send the email to and what address is yet to be resolved but will be prior to the date nominations are closed. Mecca Henry’s motion was approved unanimously.

Tony Tramel told Jim Kennedy that he was in receipt of a request to speak to the Board from Dawn Rae Leonard, and she indicated she wanted to speak on the Agenda item regarding Nomination Committee.

Dawn Rae Leonard was permitted to address the Board by Jim Kennedy for approximately 3 minutes. After she spoke, Jim Kennedy thanked her for her comments.

A motion was made and approved to adjourn the meeting at approximately 4:10 PM.

Submitted

Tony Tramel

Board Secretary

Attachments:

Agenda for 2020 12 14 Board Meeting

Consideration to Approve Board Minutes Revised from November 30th, Ver2