



Sunset Village, Inc., 3401 Gandy Blvd., Pinellas Park, FL 33781

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A Resident-Owned 55+ Community

<https://www.sunsetpalms.org>

Finance Committee Meeting

Minutes

Monday, May 15, at 10:00 am

In the Board Conference Room and via Zoom

Join Zoom Meeting

<https://us06web.zoom.us/j/87439797228?pwd=Q1ZOZ2tVNHHhMNTThkK3hubTQyR0NOU09>

Meeting ID: 874 3979 7228

Passcode: 301280

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**Roll Call:** Committee Attendees In Person: Maggie Stokes, Committee Chair; Gary Thrasher, Committee Co-chair; Richard Thomas LCAM, late arrival for cause;

Committee Attendees via Zoom: Jan McCoy, Committee Secretary; Roberta Maynard, Larry Smith, Karen Harding, Bill Hickey

Residents in attendance: Don French 709 via Zoom; Royce Pauley 453 in Person

**Call to Order:** Meeting was called to order at 10:06 AM

**Proof of Notice:** Meeting notice was posted on Fri., April 21, 2023, at 6:15 PM

**Approval of Minutes:** Roberta Maynard motioned to accept the April 24, 2023, meeting minutes as presented. Bill Hickey seconded the motion. All were in favor. The minutes were accepted.

### **Agenda:**

#### **Presentation of April 2023 financial statements**

- Maggie Stokes reviewed the format of the reports with data as of April 30<sup>th</sup>.
- We are running approx. \$9,000.00 over budget YTD on expenses. We had unplanned tree removal expenses which contributed to the overage.
- On the flip side, we have an unbudgeted interest income and share sales gains.
- Line item account detail will be included in future meetings

- The contractor vetting process document is almost complete and will be shared with directors and committees to be used moving forward.
- The Finance committee's recommendation to do away with share sales incentives will be brought to the board for consideration at the next board meeting.
- We have not received a response from our auditors who are working directly with RPM. We have not been notified of completion of work.
- Balance sheet was reviewed. Accounts Receivable – half of the total represents legal actions in process. The other half is being worked on at the office.

### **Authorize transfer of excess operating funds at Bank OZK low interest bearing account to Edward Jones**

**Motion** was made by Maggie Stokes to transfer recent share sales money currently deposited in the Bank of OZK in the amount of \$95,000.00 to Popular Bank operating account; then transfer \$100,000.00 from Popular Bank to Edward Jones Insured Bank Deposit account to gain interest. Seconded by Gary Thrasher. All were in favor. Motion passed to recommend to the board of directors.

### **Tim Beasley, Edward Jones, Zoom Presentation**

- Tim shared his background and provided an overview of the Edward Jones organization.
- They are a 100-year-old company that are employee owned with 19,000 financial advisors; 654 of which are in Canada. Edward Jones is managing close to 1.5 trillion dollars of assets. Headquarters is located in St. Louis, MO.
- They have 15,000 offices including Mexico and London. They work with individuals and other associations like ours.
- A risk level is determined with clients and an investment plan is created. In our case, regulatory requirements do not allow us to put our money at risk.
- We have a zero-risk program called preservation of principle. We purchase short-term insured certificates of deposit for which the rate of return is locked in. At time of maturity, we realize significant interest income as compared to a regular savings account at a bank. Our money is not invested in any funds. There is no way we will realize loss of funds.
- We are unable to hold paper certificates as would be the case if we worked directly with a bank. We receive monthly statements with our master CD numbers on the report.
- Our money is deposited at a bank; not at Edward Jones.
- In the past, we purchased CDARs directly with banks but their rate of return kept going down and became unavailable; so, the committee searched out other avenues.
- FDIC insured funds – no institution holds more than \$250,000.00. Being insured up to this amount applies to our insured bank deposit program brokered through Edward Jones. If the bank fails, the government steps in and covers our loss.
- Edward Jones is not permitted to move our money without both written and verbal authorization from our association from Jan McCoy or Maggie Stokes. The Finance committee makes the recommendation. The board of directors must first approve the recommendation. The Executive committee is part of the Finance committee. The president and treasurer then communicate with Edward Jones with appropriate direction.
- Edward Jones brokers the CD purchase with the bank. Our funds are not held at Edward Jones.
- If Edward Jones or the institution were to go under; we still own the CDs with the bank and the CDs are FDIC insured. We are insured.

- We receive statements when CDs are purchased. We have documentation showing what bank, in what amounts and which specific CD numbers are assigned to Sunset Village. We have on-line access to their portal.
- Bill would like to see if we can obtain an insurance rider to cover potential loss if Edward Jones does not do their job properly. Maggie Stokes will inquire.

### **Review of historical financial statements in preparation for the budgeting process - grounds and building maintenance and repair costs**

- Maggie Stokes created a detailed spreadsheet broken out by account, comparing data annually from 2013 to present.
- We are suffering inflationary expenses along with tree removal. Some of the costs were not planned but are important to do to maintain the park.  
Action: Jan will provide an analysis of breakdown of how many of the tree removal expenses are related to lot clearing vs. other reasons for future planning. Could it be considered a 1-time expense that could come from reserves? We do not currently have a capital account. These items can become a separate expense line item that we understand is a 1-time unplanned expense and is not to be budgeted for as normal operation (break-fix).
- Our reserves are fully funded based on our last reserve study; however, we are in process of a new reserve study. This will give us a more up to date estimate of funds needed for maintenance and will drive budget accuracy. The reserves are funded by shareholder maintenance and 723 rental income. We transfer approx. \$13,000.00 monthly from operating to reserve account.
- Equipment maintenance account will be broken out from 1-time expense vs. monthly anticipated reoccurring expense. Lift station repairs fall into this category.
- We will further analyze water and electricity utility costs. Royce Pauley spoke about the water bill. He shared Golden Gate is paying \$75.43/mo. for the same services are paying for at \$92.00. They pay the same for garbage and they pay \$33.36 for sewer. Our sewer cost is \$42.00. For water, they pay \$22.38, ours is \$33.00. Royce believes the issue is, when we were flooding the lift station, they raised our cost and never reduced it back. We would need to look at Golden Gate's usage vs. ours. Gary Thrasher believes the utility is trying to recover X amount of expenses. We have one meter. If we lower the resident's costs, the association would have to pay the remainder.
- Richard Thomas was asked to look at other potential lawn maintenance companies. Their experience has been that you have the same complaints no matter what company you work with. A sweeper truck is very expensive (potentially \$9,000 more per month).
- Analysis of lawn care cost per unit was done during the meeting. It was determined we cannot have greater expectations at a current cost of \$181.00 per lot per year.

### **Adjournment**

Roberta Maynard made a motion to adjourn the meeting. Bill Hickey seconded the motion. All were in favor. The meeting adjourned at 12:33 PM