

## **Antigua Condominium Association**

### **Minutes of the Meeting of the Board of Directors**

September 10, 2025

The meeting of the Board of Directors of the Antigua Condominium Association was called to order by Randy Ditch, president, on September 10, 2025, at 7:00 p.m. The meeting was held via conference call. The following directors were present: Mary Dischinger, Randy Ditch, Mike Falkner, Mike Keenan, Paul Kotula, Robert Mayer, Bonnie Medford, Sheri Miller and Ellen Schweiger. A quorum was present.

The following unit owners were present: Ingrid Miller; Randee Baumohl; Robert Fitzgerald; Kat Ilkhani; Steve Hessenauer; Dennis Marselek; and Chris & Helen Vallone.

Randy opened the meeting. The purpose of the meeting was to review the draft budget for 2026 and make a recommendation to the owners at the fall owners meeting. Randy recognized that it is a challenge to balance the budget. He thanked Mike Falkner, Paul Kotula, Mary Dischinger and Ingrid Miller for their work on the Budget Committee.

Mike Falkner went through the budget. It proposes to increase in the condominium fee by \$35, from \$520 to \$555 a month. He started with the income side of the budget. The proposed 2026 monthly condominium fee of \$555 is allocated with \$390 to operations and \$165 to the reserve fund. The budget proposed raising the building fee from \$50 to \$75. Renters pay the building fee when they register and get their parking pass.

At the conclusion of Mike's presentation of the income, the floor was opened to directors for discussion. The proposed increase in the building fee was discussed. Mike said that a survey of other condominiums in Ocean City reflected building fees, generally, from \$50 to \$100 with \$75 being in the middle. The projected revenue from the increased building fee was \$30,000, of which, \$10,000 was from the increase in the fee. There was concern that the increase was too much and that a portion would be absorbed by the owners who rent their units. There was also concern that the increase was not consistent with the amenities that the Antigua offers. The higher building fees in other condominiums could reflect the presence of more amenities. Another concern was that renters cause more wear and tear than owners and the increase would help in the maintenance costs of the building.

An alternative proposal was to charge the building fee based on the number of days renters stay. The rate proposed was \$10 a day. This would be charged year-round, not only in the summer. A concern expressed with this approach was that it would be difficult to administer in the off-season. The office closes at 3:30 p.m. Monday through Friday and is closed on weekends. Most renters arrive after the office closes or on the weekend. In addition, the

building fee could be avoided by parking on the street. In the winter street parking is more readily available.

The matter was not resolved and Randy suggested continuing reviewing the proposed budget and return to unresolved items at the end of Mike's presentation.

Mike reviewed the expenses. The insurance expense except flood insurance was increased by 5%. It renews and is paid annually in August. This was an estimate of the prospective 2026-2027 premiums. The payroll was adjusted to reflect that the summer pool attendant was not hired this year. The work was contracted out to Coastal Construction which, in addition to opening and closing the pool daily also changes the dumpsters at the trash compactor and moves them in and out for the pickup. While there is a reduction in the payroll account, there is an increase for this in the services contract section. The payroll adjustment also reflects the anticipated wage rate starting next summer. The utilities remain basically stable. The condominium has a multiyear contract for electricity which helps stability in this category.

Mike reviewed the maintenance expenses. A clean out of the waste lines was added in an effort to minimize further sewer backups. There was one this year and it was costly to clear the line and repair the damage. There were a number of issues with the elevators especially during the Fourth of July week. The elevator company stated that the traveling cable in one elevator may need to be replaced in the near future. The traveling cable was replaced in the second elevator in 2024 at a cost of about \$11,000. This was included in the budget.

There was significant discussion about the maintenance portion of the budget. Most of the discussion centered around historical costs and the proposed contingency fund of \$8,700. There is also an allocation of \$1,000 for other supplies and \$2,500 for miscellaneous expenses. The maintenance costs for the past years have exceeded the budgeted maintenance costs. The 2024 actual maintenance costs were \$113,526. This year's proposed budget is \$67,216 which includes the contingency fund. In 2024 the condominium spent \$18,127 on sewer mitigation expenses and in 2025 an additional \$24,933. The 2025 year-to-date maintenance expenditures are \$67,216 including the \$24,933 sewer mitigation expenses. The 2026 proposed maintenance expenses are \$66,495. The largest expenses are for unplanned repairs. It is difficult to know what will fail and when and, therefore, which category to allocate funds. The contingency fund recognizes this and sets aside funds for the unplanned events.

It was suggested that the total of the contingency category, the miscellaneous category and the other supplies category was more than ample and, in fact, too much. There was discussion that the contingency fund should be increased. There was concern that if there is a contingency fund, it will be spent on things that would not otherwise be done. The contingency fund and the miscellaneous fund were compared. The miscellaneous fund is for smaller purchases or expenses that do not readily fall in any other category and it is expected that there will be some expenses like that. If there are no unplanned problems, the contingency fund

would carry over to the following year. One suggestion was to raise the contingency fund to \$25,000, perhaps over two or three years and replenish it as it is expended. The matter was not resolved and was set aside for further discussion.

Mike discussed the service contracts. These expenses tend to be more predictable because they are contractual, generally, annually. It was suggested terminating all the applicable service contracts and replace them with a single full-time employee. It was suggested that some of the services require more specialized services and that having an employee necessitates year-round supervision.

Mike reviewed the taxes. It was suggested that an allocation of \$4,800 for federal income taxes was insufficient and should be at least twice that amount.

The building fee and the maintenance expenses were further discussed. It was suggested that the alternative proposal for the building fee, a per diem basis, would result in the same income and not affect the condominium fee.

The manner in which the common expenses are allocated among the units was raised. The Declaration provides that all common expenses are allocated equally. The suggestion was that they be allocated on the basis of the square footage of each unit. The units on the first 12 floors are about 1020 square feet and the units on the 13<sup>th</sup> floor are about 1440. There were several observations about such a change. It was suggested that unanimous consent would be necessary and that a change in the allocation would also change the voting rights of all units. Other factors were also raised as factors to be considered in a reallocation such as whether the unit has an ocean front view, an ocean view or a bay view. Maryland Condominium Code §11-107, Declaration Article VIII, §§1 and 2 and By-laws Article XVII, §4, among other provisions, need to be considered. At the conclusion of the discussion, it was agreed that Robert would ask Jim Almand, the condominium's attorney, for his opinion on changing the allocation method and how it would be done.

Robert moved and Mike Falkner seconded that the board recommend to the owners that draft budget presented at the board meeting be approved by the owners.

In accordance with the meeting protocol, the floor was opened to comments and questions from members.

At the conclusion of the discussion, the board voted on the motion. The motion failed on a vote of four directors in favor and five opposed. The directors who voted in favor of the motion were Randy Ditch, Mike Falkner, Robert Mayer and Sheri Miller. Mary Dischinger, Mike Keenan, Paul Kotula, Bonnie Medford and Ellen Schweiger voted against the motion.

Those who voted against the budget were asked what changes they would make to the budget to make it acceptable. Mary felt that the income from the increased building fee was miscalculated and should be higher and that the federal tax category should be increased. Mike recomputed the income from the building fee based on Mary's suggestions and felt that

\$35,000 was a better estimate. With that, the federal tax category could be increased to \$10,000 and the contingency fund reduced to \$8,500. Bonnie and Ellen felt that the building fee was too high at \$75, Ellen feeling that either a \$50 building fee or a \$10 per diem building fee would be better. Paul felt that the allocation of the condominium fee was the appropriate approach.

After further discussion, Mike moved and Sheri seconded that the revised budget be approved. The motion passed with five directors in favor and four opposed. The directors who voted in favor of the motion were Randy Ditch, Mike Falkner, Robert Mayer, Bonnie Medford and Sheri Miller. Mary Dischinger, Mike Keenan, Paul Kotula, and Ellen Schweiger voted against the motion.

The board then considered the Reserve Fund Analysis. The Reserve Fund Analysis is not a budget. The projected expenses are estimates. No contracts have been entered. The projected expenses are those that the board currently expects to undertake in 2026 but recognizes that they all may not be needed in 2026 or undertaken in 2026. If any are deferred, it does not free money to be spent elsewhere. The projects still need to be done in a later year and the Reserve Fund allocations for them needs to remain in the Reserve Fund.

Mike reviewed the Reserve Fund Analysis. It sets out the Reserve Fund January 1, 2026 projected balance and adds the expected income. The projected expenses are estimated. The result is the Reserve Fund December 31, 2026 projected balance.

In order to calculate the Reserve Study's year-end projected balance of the Reserve Fund, the Reserve Study's projected year-end balance was adjusted upward 14.6% to reflect inflation beyond the 2% per annum assumed by the Reserve Study. The adjustment was \$45,551. With the adjustment, the adjusted Reserve Study's projected year-end balance was projected to be \$46,373 higher than the projected actual year-end balance.

Robert felt that no further action needed to be taken at this time to bring the actual year-end balance up to the projected Reserve Study year-end balance. The action would be to increase the income for the Reserve Fund, that is, increase the monthly condominium fee. The expense side remains the same. The Reserve Study work must still be done to maintain the building and the equipment even if it is deferred to a later year.

Right now, there are several unknown factors. A new Reserve Study has been commissioned and is due shortly. The current Reserve Study assumed a 2% inflation rate. However, the actual inflation rate was higher. The new Reserve Study will reflect current costs. In an effort to anticipate this change in the new Reserve Study, an adjustment of 14.6% was made for the additional inflation. It is not known how close this will be to the new current cost estimates in the new Reserve Study. There will be other changes between the two reserve studies. The existing Reserve Study properly assumed that the building would be repainted with an acrylic based sealant every seven years. But, the paint sealant was changed. The coating project uses a silicone paint sealant. Its useful life is 15 to 20 years so the cost of the next painting job will be amortized over a longer period. The coating project included a contingency of 10%. The spring work progressed well. It is not known if the entire contingency fund will be expended. If it is not, less money will need to be withdrawn from the Reserve Fund.

Robert anticipates that the unknown factors will be resolved by February or March of 2026 when the coating project is finished, the bills paid, the actual balance in the Reserve Fund is known and the new Reserve Study with a new reserve schedule is finalized.

Mary noted that the Operating Budget did not include the income from the special assessment although it is in the Reserve Fund Analysis. Since all of the Reserve Fund income is transferred to the Reserve Fund, including it in the Operating Budget as both income and a transfer does not change the bottom line of the Operating Budget.

Robert moved and Mike Falkner seconded that the Special Assessment income and transfer to the Reserve Fund be included in the Operating Budget and that the Reserve Fund Analysis be presented to the owners at the fall owners meeting for comment and discussion.

The floor was opened for owner comments and discussion. An owner asked if an accountant had reviewed the Operating Budget. An accountant did not assist in the preparation of the budget.

The motion passed with eight directors in favor and one opposed. The directors who voted in favor of the motion were Randy Ditch, Mary Dischinger, Mike Falkner, Mike Keenan, Robert Mayer, Bonnie Medford, Sheri Miller and Ellen Schweiger. Paul Kotula voted against the motion.

### **Adjournment**

Robert moved and Sheri seconded that the meeting be adjourned. The motion was passed on a voice vote without objection. The meeting was adjourned at 10:04 p.m.

The next board meeting will be on Wednesday, September 17, 2025 at 7:00 p.m.

Respectfully submitted,

/s/ Robert Mayer  
Robert Mayer  
Secretary