

Antigua Condominium Association

Minutes of the Special Meeting of the Board of Directors

August 28, 2023

The special meeting of the Board of Directors of the Antigua Condominium Association was called order by Mike Falkner, president, on August 28, 2023 at 7:00 p.m. The purpose of the special meeting was to review and approve the 2024 budget for presentation to the owners at the October 2023 owners meeting. The meeting was held via Zoom. The following directors were present: Mary Dischinger, Randy Ditch, Mike Falkner, Kat Ilkhani, Mike Keenan, Robert Mayer, Sheri Miller and Ellen Schweiger. Rosey Whittaker was absent. A quorum was present.

The following owners were present via Zoom: Patty Brann (301); Johnice Comer (607); Beth Ebersole (1206); Ingrid Miller (1302); Barbara McCollum (1303); Steve Karlow (1204); and Bob Fitzgerald (104).

Mike opened the meeting by stating that the purpose of the special meeting was to review a draft budget Mary Dischinger, Bonnie Medford and he had prepared. The draft was sent to all owners and the directors prior to the meeting and was put up on the Zoom screen so all directors and owners could view it during the discussion.

Mary Dischinger, the Association's treasurer, described the format of the budget. There are four basic sections that reflect two budgets, the Operating Budget and the Capital (Reserve) Budget. Each is divided into income and expense sections. The budget is based on a 2024 condominium fee of \$495 a month, the same as in 2023. It is allocated between the Operating Budget and the Capital Budget with \$338 going to the Operating Budget and \$157 going to the Capital Budget. The allocation is a little different from the 2023 allocation which was \$340 going to the Operating Budget and \$155 going to the Capital Budget. This means that the 2024 Operating Budget is less than the 2023 Operating Budget.

The income for the Operating Budget is \$440,924 which is almost \$3,000 less than the 2023 Operating Budget. The income is derived overwhelmingly from condominium fees, \$421,824. The other sources of income are the building fees renters pay (\$18,000), resale packages (\$500) and late charges (\$600).

Ingrid Miller (1302) asked about the 2022 audit that was just accepted by the board. She asked about the approximately \$12,000 in fees that were outstanding at the end of 2022, the status of late charges and whether any fees were being written off. Mary stated that no condominium fees will be written off and there is no provision in this budget to do that. The board approved a condominium fee payment policy at its August meeting which provided for 2022 late charges to be removed from the accounts. None were billed to owners and the 2022 budget projected late charge income of \$600. The actual amount

charged was a little over \$1,000. They will be removed with a credit memo in 2023. The 2022 budget year has been closed out. There will be no change to the 2024 budget under consideration. Late charges were billed in 2023 and will not be removed. The bookkeeper is making the changes now and statements to all owners will be sent shortly. The two seriously delinquent owners were contacted and the matters seem to be resolved.

The income for the Capital Budget is \$263,766 which is derived from condominium fees (\$195,936); the AT&T antenna lease (\$48,300); interest on the reserve funds (\$18,000) and Nextedge (\$1,530).

Ellen Schweiger asked about the ATT&T income in the capital budget. Mike said that the amount budgeted is based on the current contract. AT&T would like to modify its antenna and power. The modification is still being negotiated and may result in additional income but at this time it is impossible to know.

Kat Ilkhani asked about the interest on the T-bills, how predictable it was and whether it should be reduced so that the income would not be overstated and thereby affect planned expenditures. Mike agreed that the future T-bill interest rate was not known and cannot be known until the auction dates. He had reduced the estimated income from the 2023 level of 5% on \$640,000 or \$32,000 because Mary had heard that the rate would likely fall next spring and that money will be withdrawn from the capital account for the roof coating and other projects. With less money in T-bills, the income will decrease. It was also noted that it is not necessary to be as precise on this budget line item in the capital budget because the entire capital account will not be spent in 2024 in any event. At most, a smaller income will reduce the year-end balance, not affect what project should or should not be undertaken. Those decisions will be made during the year and better information about the T-bill interest income will be known at that time.

Mary and Mike each went through various expense categories for the Operating Budget. The categories are: Insurance (\$131,917); Administration (\$21,950); Payroll (\$56,600); Utilities (\$58,000); Maintenance and Supplies (\$33,075); Service Contracts (\$132,410); Taxes & Licenses (\$25). The total expenses are \$433,977, which left a cushion for contingencies of \$6,947. (After the changes made to the draft budget later in the meeting, the projected amount left as a cushion for contingencies is \$747.)

Mike discussed the electric bill. We had a contract for electricity which was favorable to the condominium. It will end in the early 2024 and he expects the cost of electricity to increase. He made an estimate for the new rate but is without sufficient information to be precise and recommended we increase the annual estimate to \$50,000. He advised the board that we need to be aware that the estimate he used may have to be revised.

There was a discussion about staffing the office which is included under Payroll. Early in 2023 we changed from one full-time, year-round office employee to two part-time

employees. It is not clear what will happen during the winter, that is, whether both will be retained, only one or none. One of the considerations was the requirement to pay benefits, particularly health insurance. They were hired as part-time employees so that there would be no legal requirement for health insurance. There was confusion expressed as to whether the exemption was because they were part-time and therefore no benefits were required or because we do not employ a threshold number. There was discussion that there was a threshold of 10 employees and others thought the threshold was higher. The decision on how to staff the office will be addressed at a regular board meeting in the future.

There were some other changes discussed and made to the operating expenses. The 2024 purchase of a new printer for \$200 for the office was moved to 2023. The sense of the board was to purchase the printer now in light of the small cost. Membership in the Community Association Institute (CAI) was discussed. It offers educational programs for board members and owners on condominium matters such as changes in the law and best practices. The membership fee of \$300 was approved. Additional chairs for the tables in the pool area is included in the 2024 budget. A new pest control contract was included in the budget. The mouse problem has not been solved.

The board moved to a discussion of the Capital Budget expenses. Several capital projects were included in the 2024 capital budget: building plumbing (the trash compactor room drain; moving the shut-off valves); replacement of common doors; pool furniture; building leaks; and security.

The pool furniture is principally for additional chairs for the tables. With respect to the common door replacement, there had been a practice of replacing a few (one to three) common doors every year. The Reserve Study estimated the typical useful life of the common doors at 25 years with replacement anticipated in 2034 with an anticipated expense of \$76,530. The Reserve Study estimated that the 2020 cost to replace a common door was \$1,000. However, we have recently contracted to replace one poolside common door. The cost is \$2,450. The amount budgeted anticipates replacing three or four doors a year. Only doors needing replacement will be replaced. Otherwise, ordinary maintenance is in order. This is an effort to restart the process of replacing doors as needed each year. It had been the practice but was stopped. With proper maintenance and painting we should achieve the maximum useful life out of the doors. Replacing doors as needed avoids a large expense in a single year while keeping the doors up-to-date physically and aesthetically. These costs are fairly accurate.

The costs of moving the shut-off valves, repairing the trash compactor drain and other plumbing issues and for security are less certain. The numbers used are placeholders reflecting ballpark estimates. They reflect that the work is important and should be done, but that we do not know what the cost will be at this time. Before a decision on the various projects can be made, it is necessary to gather information about the nature of the work that needs to be done, prepare specifications and obtain bids. When there is sufficient

information, the board will make a decision on the projects, both the scope and timing of them.

Moving the shut-off valves is important. When water to a stack needs to be turned off, our maintenance person must climb a ladder to the top of the rotunda ceiling, squeeze through a narrow hatch, crawl on his hands and knees to the cutoff valve and turn the water off. He then retraces his path back out. He has to repeat this to turn the water back on. It is a difficult and time-consuming job. Turning the water off cannot be done quickly. There was discussion of where the new shut-off valves would be moved to and how much it would cost. We have no estimates or engineering advice.

The security project has multiple parts. There are security cameras, lobby door access matters, fire alarm issues and the integration of them into a single, unified system. For example, it would be beneficial if the security cameras in the elevators could be accessed remotely. When the emergency button is pressed, it would be helpful to be able to see if the elevator is disabled and if anyone is in the elevator. The emergency button has been pressed by mistake. Remote access would assist in determining whether there is a real emergency. Discussion of the costs of all or parts of the security equipment varied greatly.

The plumbing and security projects reflect the need for further due diligence before a contract is negotiated. However, a placeholder is necessary for the budget to indicate that the work is intended to be done but that a better estimate of the scope of the work and of the costs of the work is not known. The placeholders are ballpark estimates.

After the budget was discussed, Mike F. raised the question of the amount of the condominium fee. He noted that the condominium fee has not, over the long run, kept up with inflation. The condominium fee was \$400 from at least 2010; \$425 from 2011 to 2017; \$475 in 2022 and \$495 in 2023. Inflation during this period was about 41%. If the \$400 condominium fee had increased with the rate of inflation, it would be \$564 today. While the condominium fee has increased about 23% during this period, wages and the costs of goods and services have increased, mostly at the general inflation rate. The result has been the reduction in the services offered and the quality of the services provided. He noted that in 2010 we had a property manager and fulltime maintenance staff. We then moved to a building/office manager and contract maintenance and now have two part-time office attendants and contract maintenance. Mike noted that there was, after the adjustments to the budget, almost no cushion left for any unanticipated expenses in the operating budget. A robust discussion followed. The impact of rising condominium fees on individual owners was discussed as well as deferred maintenance. There was no consensus on changing the condominium fee.

Robert moved and Sheri seconded that the amended budget be approved by the board and submitted to the owners at the owners meeting on October 14, 2023. Mike F. stated that he was opposed to the budget as stated because the condominium fee should

be increased. Kat stated that she was opposed to the budget as stated because the operating budget could be cut further. The motion passed with 6 in favor, 2 against and 1 absent. Those in favor were: Mary, Randy, Mike K., Robert, Sheri and Ellen. Those opposed were Mike F. and Kat.

Robert moved and Ellen seconded that the meeting be adjourned. The motion passed on a unanimous voice vote. The meeting was adjourned at 9:30 p.m.

Respectfully submitted,

/s/ Robert Mayer

Robert Mayer
Secretary