

Antigua Condominium Association

Minutes of the Special Meeting of the Board of Directors

August 14, 2024

The special meeting of the Board of Directors of the Antigua Condominium Association was called to order by Randy Ditch, president, on August 14, 2024, at 7:00 p.m. The meeting was held via conference call. All the directors were present: and Mary Dischinger, Randy Ditch, Mike Falkner, Kat Ilkhani, Mike Keenan, Robert Mayer, Bonnie Medford, Sheri Miller and Ellen Schweiger. A quorum was present.

The following unit owners were present: Pat Haskins (306); Ingrid Miller (1302); Steve Karlow (1204); Rosey Whittaker (302); Patty Brann (301); Chris Vallone (904); Dennis and Mary Ellen Marsalek (408); and Mark Ricker (702).

2025 Budget

Randy opened the meeting stating that the purpose of the meeting was to adopt a budget and recommend it to the owners at the fall owners' meeting to be held on October 5, 2024. He thanked the budget committee for their work in preparing the draft budget. The committee was Mary Dischinger (treasurer), Mike Falkner, Bonnie Medford and Mary Ellen Marsalek. He asked Mary to present the proposed budget.

Mary briefly described the budget. The condominium fee will go up about 5%, from \$495 a month to \$520 a month. The monthly condominium fee is apportioned, \$355 to the operating fund and \$165 to the capital fund. The spreadsheet containing the draft budget that was distributed with the notice of the meeting contained an extra column so that the board members and the owners attending the meeting could make changes as they were discussed. The draft showed a net surplus. At the time it was prepared, the 2024-2025 insurance expense was not known. It was provided after the draft budget was prepared and was approved by the board on August 7, 2024. All of the expenses for the year-to-date were not available when the draft budget was prepared and several modifications will be necessary.

Mary then proceeded to discuss the draft budget line by line. There was discussion of the line items, proposed changes for each section of the draft budget.

Income. The total income is \$736,832, of which \$461,640 is operating income and \$275,192 is for the capital fund which is also called the reserve fund. There will be no income from resale packages. They are now prepared by Shore Management and the fee is paid to Shore. In past years, a board member prepared the packages and the fee was additional income for the condominium. The interest income in the Capital Fund is the best current

estimate. We will have more money in the Capital Fund for a few months while the coating project is underway. While this will increase the interest earned during this period, at the end of the project, the balance in the Capital Fund will be less than it was in 2024. In addition, the economy affects the interest rate on Treasury Bills which is where most of the Capital Fund is invested. It is expected that the rate will decrease over the year which indicated favorable economic winds, but less interest income for us.

Insurance. The insurance renewal was discussed at the August 7, 2024 board meeting and the renewal policy approved. The principal policy, the property insurance, increased by about 7% which was less than had been anticipated when the 2024 budget was adopted. The other policies also increased. It is anticipated that the premiums on the policies will increase again in 2025. The insurance premiums, except for the flood insurance and Workers Compensation, are paid annually in August. Initially, it was decided to estimate the 2025 property insurance premium at \$100,000. Mike Falkner noted that this was the result of two factors. The first was potential rate increases. The second was the insurance value of the building. Our coverage is 80% of the building's insurance value. If the coverage is 80% or more of the insured value, a loss will be paid without reduction. However, if the coverage is less than 80% of the insured value, any claim will be prorated down as a result of the undercoverage. The policy coverage is adjusted annually. This year, the insured value was increased only 1%. In the context of inflation, Mike was concerned that the coverage was insufficient. To address this, the board approved an insurance appraisal at its August 7, 2024 meeting. It will take several weeks or months for it to be completed. When it is completed, Mike feels that we will need to increase our coverage. That means that there will be an additional cost for the 2024-2025 policies and well as higher renewal premiums.

When the board completed its review of the budget, there was a net deficit of \$3,265. It was decided to reduce the property insurance estimate to \$96,735 to bring the budget into balance. The section total is \$138,144.

Administrative. The various administrative expenses were discussed. Small changes were made. The section total is \$13,125.

Payroll. The payroll section was changed from the committee's recommendation to add \$5,000 to the payroll and the resulting increase in payroll taxes of \$1,000. The payroll taxes include Unemployment Taxes which was previously a separate line item. The increase reflects an anticipated increase to address the dumpster issue. The custodial company, Resort to Us, is at the building every morning except Saturday. Ocean City changed its trash pickup from seven days a week. When 1 Stop was employed, a 1 Stop employee was on-site for the entire work day. He arrived early enough to push the dumpsters out for pick-up and back after pick-up. The dumpsters were not left out throughout the day. Resort to Us is on-site several hours and

then leaves. They are not here early enough to push the dumpsters out on pick-up days so they push them out and leave them for pick-up.

This service was not in their contract and they did not include a cost for it. While we explored adding this to their contract, they were not receptive. They indicated that they could not have a person here at the critical times. The alternative to Resort to Us is to hire an individual whose job is to attend to the dumpster pick-up.

Whether included in Resort to Us' renewal, another custodial company or as a separate Antigua employee, there will be a cost. It was felt best to add it here until the issue is resolved. If we were to hire an individual to do this, it would only be for the summer weeks.

In addition, we are pleased with the office staff which was a consideration in the change.

The Payroll Section total is \$68,000.

Utilities. The utility budget reflects that our multi-year contract for electricity will end next year and we will have a different rate. It may seem outdated, but we still need five landlines. There are two for the elevator emergency calls; the pool emergency call box; and two to the office. There was no change to the committee's draft budget. The section total is \$69,400.

Maintenance/Supplies. The discussion on Maintenance/Supplies reflected that the generator preventive maintenance contract will expire and we will need to obtain a new one. Building plumbing and geothermal leaks were the largest change over the committee's draft budget. There are areas that are unknown, but we have incurred expenses in the past. We are trying to determine why there are geothermal leaks to see if there is a systemic answer. Until we resolve this, we have budgeted for repairs. The section total is \$45,325.

Preventive Maintenance Contracts. There were small changes to the committee's draft budget. One was to the geothermal contract. Another was to the pest control contract. While the mouse problem has been reduced, we need a consistent program to resolve the problem and to maintain the result. The section total is \$122,146.

Taxes and Licenses. The taxes are on the interest income. The section total is \$5,500.

Operating Budget Overview. The total operating budget is balanced with income and expenses each at \$461,640.

Capital Fund. Mary started the discussion by noting that the budget committee did not have any contracts for the seven projects listed. The costs listed are estimates and can only be determined when the scope of the work is determined and the contracts signed. The estimates will change as more information is obtained. There are other projects that are not listed.

Repaving the parking lot is scheduled in the Reserve Study, but is not on the list. The two stairwells are not on the list. There is spalling concrete. The handrails are rusting and need to be painted. There will be significant preparation work for the painting. The stairwell lights should be evaluated to determine whether they should all be replaced with LED light fixtures. Replacement was approved several years ago, but no contract was signed and the work was not done.

Listing the projects with estimated values allows the board to prioritize the projects and better plan for the maintenance of the condominium.

Each project was discussed. They are in different stages of investigation. The restroom renovation is just beginning. Mike Falkner is preparing a survey to find out what the owners would like to see be done. What should be done with the saunas? Are they used? Should there be a single uni-sex bathroom? What should be the extent of the work in the restrooms?

The landscaping project is also in first stages. Ellen Schweiger and Sheri Miller obtained preliminary proposals for various landscaping of the oceanside area and the parking lot. They range in cost from \$12,000 to \$100,000. Further work needs to be done and owner input obtained.

Several need to be done. There is a pool leak that needs to be fixed. It is anticipated that this work will be done after the pool closes. The pool deck coating will be done after the leak is resolved. Dumpsters need to be repaired and a new one purchased. The cutoff valves need to be done. Painting the common doors and windows is a necessary maintenance issue to prevent deterioration and rust.

There was a good discussion on prioritizing the work, identifying the work that must be done in the near future and that which can be tackled after that, and the criteria such as whether it is aesthetic or necessary maintenance/replacement. Costs were discussed and how they should be factored into decisions.

The projects listed and the estimated costs permit meaningful planning and prioritizing. Work remains before any can be committed to. Owner input will be important.

There was a discussion about the presentation of the Reserve Fund, lines 175 to 205. There was a question of the contribution to the Reserve Fund. The Reserve Study recommended a contribution to the Reserve Fund for 2025 of \$211,400 and that number does not appear in the Reserve Fund calculations (lines 175 to 205). The actual amount contributed to the Reserve Fund is the total income to the Capital Fund (line 29), \$275,192. As presented, that is the sum of lines 175 and 205 (\$141,192 and \$134,000, respectively) for a total of \$275,192. Line 175, "Reserve Contribution" is the anticipated net Reserve Contribution, \$275,192 total contribution less (line 29) the anticipated expenses of \$134,000 (line 205) for a total of \$141,192 (line 175).

Mary noted that the budget exceeds the recommended Reserve Fund contribution. The Reserve Fund contribution includes the rent from the antennas and interest income. The interest income is hard to predict. The special assessment will increase the daily balance of the Reserve Fund but will be spent within several months. The interest rates may be declining so the Treasury bill discount rate (interest rate) is expected to decrease. The antenna income was agreed to go directly to the Reserve Fund. With the Reserve Contribution from the condominium fee and the antenna and interest income, we exceed the Reserve Study recommendation. It should be noted that the Reserve Fund assumed a 2% inflation rate, an assumption that turns out to be low.

Mary also noted that very few condominiums include the Reserve Fund in the annual budget other than the contribution to the fund. We have done this for several years. This budget follows the same format as prior years.

Robert saw this as a matter of how the budget and the Reserve Fund is presented, the format. The question was raised more than three hours into the meeting, after 10:15 p.m. and after all of the budget numbers were reviewed and appeared to be agreed to. He felt that it was too late this evening to try to revise the format. He agreed that the presentation was not immediately intuitive but all of the numbers are correct. The matter was discussed further.

Robert made a motion to approve the 2025 budget as presented and present it to the owners' meeting on October 5, 2024 for the owners' review and approval. Mike Keenan seconded the motion. The motion passed with 7 directors in favor and 2 opposed. The directors voting in favor of the motion were: Mary Dischinger, Randy Ditch, Mike Falkner, Mike Keenan, Robert Mayer, Sheri Miller and Ellen Schweiger. The directors voting against the motion were: Kat Ilkhani and Bonnie Medford.

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 10:55 p.m.

The next regular board meeting will be held on August 21, 2024.

Respectfully submitted,

/s/ Robert Mayer
Robert Mayer
Secretary