

## 22 STATION OWNERS' ASSOCIATION

### Annual Homeowner Meeting Minutes, October 13, 2023

#### Meeting Participants:

Name	Title/Affiliation	Present or Dialed-in
Michelle Smith	PTH, General Manager	Present
Stacia Lange	PTH, Property Manager	Present
Mike DeGross	Ex officio Board Member	
Jon Grant	Board Member	Present
Arthur Chiang	Board President	Present
Shay Steffanich	PT, Owner Experience	Present
Matt Joyce	Director of Retail, Rental, and Commercial	Present
Caroline Ross	PVNC Executive Director	Present
Celine Sanie	Homeowner	Present
Laura Hanley	Homeowner	Present
Don Hellier	Homeowner	Present
Katie Soldo	Homeowner	Present
Meredith Rosenberg	Homeowner	Present
Don Hoffman	Homeowner	Present
Zack	Homeowner	Present
Paul Mohme	Homeowner	Present
John Hanley	Homeowner	Present
Robert Durham	Homeowner	Present
Daniel Edelson	Homeowner	Present
Jim's Iphone	Homeowner	Present
Roz Ho	Homeowner	Present
Bhaskar Janakiraman	Homeowner	Present
Caroline Vertongen	Homeowner	Present
Michael Adelberg	Homeowner	Present
Karen Wang	Homeowner	Present
Jim Teddy	Homeowner	Present
Jan Moseley	Homeowner	Present

- I. Board President, Arthur Chiang presented a PowerPoint which will be incorporated into the minutes.
- II. Open Forum

Meeting Adjourned



*22 Station Owners Association Board of Directors  
October 14, 2023*

# AGENDA

9:00am – 9:45am

- Introductions
- Overview
- 22 Station Financials
  - Assessments
  - Operating Financial Planning
  - Reserve Funds
- Property Management (PTH)
- Open Forum

# INTRODUCTIONS

## 22 STATION OWNERS ASSOCIATION

### ■ Physical Real Estate

- 151 Residential Units, 55 Commercial Units
- Common Area – Exterior Roofs, Walls and Windows, Walls between Units, Ceilings, and Floors, Hallways, Doors, Spa, Elevators, Lobbies, HVAC, Boilers, and Other PP&E

### ■ 151+ Homeowners and one Commercial Owner with 14 tenants

### ■ 22 Station HOA Board of Directors -- Two (2) Residential Directors and One (1) Commercial Director

- Arthur Chiang, President, Homeowner
- Jon Grant, Treasurer, Homeowner
- Mike DeGross, VP Palisades Tahoe Resort Services

# INTRODUCTIONS

## PALISADES TAHOE HOSPITALITY (PTH)

- **Property Management for 22 Station**
- **Independent Services Provided for a Fee by Palisades Tahoe Hospitality for Individual Homeowners and their Units with Mutual Consent**
  - Telephone/Wi-Fi
  - Maintenance/Housecleaning of Individual Residential Units
  - Parking in P2
- **Rental Management for Individual Owners Independent of 22 Station**
  - Rental Agent and Property Management of Individual Homeowner Units
  - Maintenance, Housekeeping, and Front Desk Services for these Homeowners
  - Individual Homeowners have a rental and individual unit property management agreement with Palisades Tahoe Hospitality

# OWNER EXPECTATIONS FOR INDEPENDENT PTH SERVICES

Services for All Owners	Oct 22	Oct 23
Independent Maintenance Services for All Individual Residential Units for a Fee		
Independent Housekeeping Services for All Individual Residential Units for a Fee		
Holding Mail and Small Packages for All Owners (for a fee)		
In Addition to Lost Key Services for a Fee, Additional Front Desk Key Services For All Owners		

# ASKS OF PALISADES TAHOE RESORT (FROM OWNERS)

- Additional Parking Spaces in Garage Area in addition to CC&R's and recent agreements between 22 Station and Palisades
  - Compensation from Palisades Tahoe to PVNC for Entering and Parking in P1 Garage -- Completed for Fiscal Year 24
  - Six (6) parking spaces in P2 for EV Charging
- In Addition to Lost Key Services for a Fee, Additional Front Desk Key Services For All Owners
- Provide Property and Casualty Insurance for 22 Station Buildings
- Payment for a larger portion of 22 Station's electricity expense
- ?????
- ?????

# 22 STATION FINANCIAL UPDATE

- GOAL = Annual Break-even budgeting; prudent fiscal management and application of Reserve Funds
  - ❖ Assessments Match Projected/Actual Expenses
  - ❖ FY 2022-23 Budget and Actuals and FY 2023-24 Budget
  - ❖ Reserve Fund
  - ❖ Prior Period Financial Performance



# ASSESSMENTS

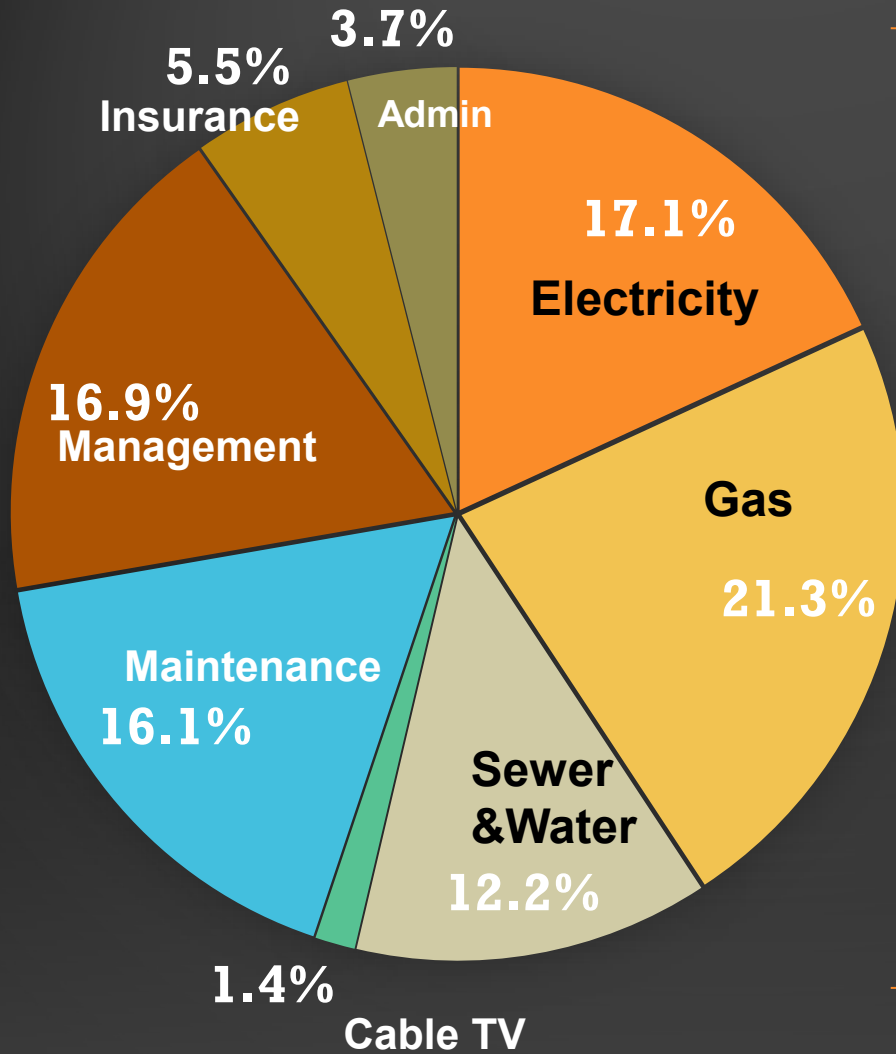
- Primary and Nearly Sole Source of Operating and Reserves Funding for 22 Station
- Payable quarterly: Jul 31, Oct 31, Jan 31 & Apr 30
- Dues Collections & Enforcement Policy
  - ❖ Digital (“Paperless”) Statements
  - ❖ Online Payment and Mail-in Payment Options
  - ❖ Late fees assessed if dues not paid 15 days after due date
  - ❖ Finance charge assessed if dues not paid 30 days after due date
  - ❖ Account sent to collection when account is two quarters past due
  - ❖ Potentially Amenities Suspension after Board Hearing and Decision
- Allied Trustee Services provides collection services to Association
  - ❖ As of 08/30/2023 11 Accounts are 1 quarter+ delinquent (short pay)

# USES OF DUES: OPERATING BUDGET 2023-2023

- Actual Revenues were **\$2,211,631** for year end 6/30/2023  
(2022-2023 budget = **\$1,945,332** )
- Actual Expenses were **\$2,114,269** for year end  
6/30/2023  
(2022-2023 budget = **\$1,934,266**)
- Utility expenses comprised **50%** of total actual  
expenses in 2022-2023
- FY2023-2024 Budget anticipates increases in propane,  
electricity rates, water, some maintenance items,  
insurance, and general inflation

# BUDGET: OPERATING FUND

## 2023/2024 USES



Utilities = 51.9%

# BUDGET CHANGES FY 2023-24

- **Insurance Expense**
  - Budget was \$250,000
  - Projected Forecast is about \$1.23 million
  - Insurance will likely represent about 55% of expenses
- **Electricity Expense**
  - Budget was \$385,000
  - In late June, Liberty announced a 40% tariff increase effective July 2023. Another increase potentially in Spring 2024
  - Projected Forecast is about \$539,000

# IMPACT OF WILDFIRE AND CALIFORNIA INSURANCE CRISIS

Terms	Vicko/QBE	Starr	Farmers
Underwriter	<ul style="list-style-type: none"> <li>Vicko Insurance Services is the program insurer. QBE Specialty Insurance is the carrier</li> <li>QBE has a Best rating of a+</li> </ul>	<ul style="list-style-type: none"> <li>Starr Insurance Company</li> </ul>	<ul style="list-style-type: none"> <li>Farmers Insurance</li> </ul>
Maximum Value	<ul style="list-style-type: none"> <li>\$82 million</li> </ul>	<ul style="list-style-type: none"> <li>\$78 million</li> </ul>	<ul style="list-style-type: none"> <li>\$75 million</li> </ul>
Deductible	<ul style="list-style-type: none"> <li>\$50,000 (\$100,000 for water damage)</li> </ul>	<ul style="list-style-type: none"> <li>\$10,000</li> </ul>	<ul style="list-style-type: none"> <li>\$5,000</li> </ul>
Term	<ul style="list-style-type: none"> <li>August 1, 2023 to July 1, 2024</li> </ul>	<ul style="list-style-type: none"> <li>July 1, 2022 to August 1, 2023</li> </ul>	<ul style="list-style-type: none"> <li>Annually prior to July 1, 2022</li> </ul>
Annual Premium	<ul style="list-style-type: none"> <li>\$1.5 million annual premium</li> <li>\$1.4 million for period of August 1, 2023 to July 1, 2024</li> </ul>	<ul style="list-style-type: none"> <li>~\$178,000</li> </ul>	<ul style="list-style-type: none"> <li>~\$58,000</li> </ul>
Minimum Earned Premium	<ul style="list-style-type: none"> <li>50% of the Annual Premium</li> <li>Mid-January</li> </ul>		
Cancellation	<ul style="list-style-type: none"> <li>Roughly 10% of the Annual Premium or \$146,000</li> </ul>		

# ASSESSMENTS ALSO FUND RESERVES

- ❖ Reserves used to fund major capital expenditures only
- ❖ Per CA state law, these funds cannot be used for operating expenses
- ❖ Monies invested in money market funds, U.S. Treasuries, interest bearing bank accounts, and Certificates of Deposit – no principal at risk
- ❖ Current balance of \$2.75 million (as of 6/30/23)

# RESERVE FUNDS

- Major capital items: Roofing repairs, spa repairs, hot water system, snow melt, HVAC, structural repairs. Annual inspection of reserve study items.
- Annual review of reserve study, funding, and replacement schedule
- FY 2022-2023 major projects completed:
  - Entry Door Repair
  - Spa repair
- FY 2023-2024 and future years, Potential PP&E Repairs and Capital Improvements:
  - ❖ Roofing and gutters
  - ❖ BMS controls
  - ❖ Hallway refresh (e.g., Carpeting in Common Areas)
  - ❖ Replacement of failed window panes
  - ❖ Replacement of Common Area HVAC and Boilers

# RESERVE STUDY

22 Station Owners Association  
Thirty-Year Cash Flow/Capital Budget Summary  
July 1, 2023  
Financial Exhibit

Number of Units, 7/1/2023	206
Annual capital assessment, 7/1/2023	\$ 195,871
Average CY assessment/interval	\$ 951
Average increase/interval	70.43
Inflation rate	3.50%
Interest rate on investments	0.50%
Tax rate on investment income	0.00%
Capital contingency rate	0.00%

Year	Annual Percent Change to Capital / Reserve Assessment	Capital / Reserve Account Beginning Balance	Expired Useful Life of Components Expressed in Dollars aka "Fully Funded"	Percent Ratio of Fully Funded Value to Capital / Reserve Balance	Annual Dollar Change to Capital / Reserve Assessments	Annual Member Capital / Reserve Assessment	Annual Avg. Capital / Reserve Assessment / Interval	Change in Avg. Annual Capital / Reserve Assessment / Interval	Monthly Avg. Capital / Reserve Assessment / Interval	Change in Avg. Monthly Capital / Reserve Assessment / Interval	Estimated Interest, Net of Tax	Annual Expenditures	Capital Contingency	Ending Balance
7/1/2023	8.00%	2,740,497	2,997,674	91.42%	14,509	195,871	951	70	79	6	11,673	(1,007,651)	-	1,940,390
7/1/2024	5.00%	1,940,390	2,999,692	64.69%	9,794	205,665	998	48	83	4	9,173	(417,103)	-	1,738,125
7/1/2025	5.00%	1,738,125	3,030,089	57.36%	10,283	215,948	1,048	50	87	4	8,899	(132,747)	-	1,830,224
7/1/2026	5.00%	1,830,224	3,314,204	55.22%	10,797	226,745	1,101	52	92	4	8,992	(290,287)	-	1,775,674
7/1/2027	5.00%	1,775,674	3,443,139	51.57%	11,337	238,082	1,156	55	96	5	7,990	(593,472)	-	1,428,275
7/1/2028	10.00%	1,428,275	3,329,265	42.90%	23,808	261,891	1,271	116	106	10	7,079	(286,702)	-	1,410,543
7/1/2029	15.00%	1,410,543	3,484,916	40.48%	39,284	301,174	1,462	191	122	16	7,018	(315,074)	-	1,403,661
7/1/2030	15.00%	1,403,661	3,621,612	38.76%	45,176	346,350	1,681	219	140	18	7,733	(60,373)	-	1,697,371
7/1/2031	15.00%	1,697,371	4,049,761	41.91%	51,953	398,303	1,934	252	161	21	8,903	(231,677)	-	1,872,900
7/1/2032	15.00%	1,872,900	4,317,017	43.38%	59,745	458,048	2,224	290	185	24	8,440	(827,987)	-	1,511,401
7/1/2033	15.00%	1,511,401	3,873,782	39.02%	68,707	526,756	2,557	334	213	28	7,160	(685,512)	-	1,359,805
7/1/2034	15.00%	1,359,805	3,726,586	36.49%	79,013	605,769	2,941	384	245	32	7,259	(421,895)	-	1,550,937
7/1/2035	5.00%	1,550,937	3,902,862	39.74%	30,288	636,057	3,088	147	257	12	8,277	(427,117)	-	1,768,154
7/1/2036	5.00%	1,768,154	4,078,652	43.35%	31,803	667,860	3,242	154	270	13	10,275	(94,257)	-	2,352,032
7/1/2037	0.00%	2,352,032	4,589,479	51.25%	-	667,860	3,242	-	270	-	12,955	(189,922)	-	2,842,925
7/1/2038	0.00%	2,842,925	5,011,723	56.73%	-	667,860	3,242	-	270	-	14,215	(667,781)	-	2,857,219
7/1/2039	0.00%	2,857,219	4,986,230	57.30%	-	667,860	3,242	-	270	-	14,678	(511,115)	-	3,028,642
7/1/2040	0.00%	3,028,642	5,145,938	58.86%	-	667,860	3,242	-	270	-	15,619	(477,682)	-	3,234,439
7/1/2041	0.00%	3,234,439	5,355,835	60.39%	-	667,860	3,242	-	270	-	15,476	(946,171)	-	2,971,605
7/1/2042	0.00%	2,971,605	5,128,793	57.94%	-	667,860	3,242	-	270	-	15,680	(339,250)	-	3,315,894
7/1/2043	0.00%	3,315,894	5,547,804	59.77%	-	667,860	3,242	-	270	-	14,671	(1,431,129)	-	2,567,297
7/1/2044	0.00%	2,567,297	4,956,453	51.80%	-	667,860	3,242	-	270	-	11,327	(1,271,696)	-	1,974,788
7/1/2045	0.00%	1,974,788	4,598,044	42.95%	-	667,860	3,242	-	270	-	11,151	(157,229)	-	2,496,570
7/1/2046	0.00%	2,496,570	5,303,005	47.08%	-	667,860	3,242	-	270	-	13,310	(336,850)	-	2,840,891
7/1/2047	0.00%	2,840,891	5,841,718	48.63%	-	667,860	3,242	-	270	-	13,709	(865,994)	-	2,656,466
7/1/2048	0.00%	2,656,466	5,887,423	45.12%	-	667,860	3,242	-	270	-	13,723	(491,682)	-	2,846,367
7/1/2049	0.00%	2,846,367	6,327,986	44.98%	-	667,860	3,242	-	270	-	15,091	(324,375)	-	3,204,943
7/1/2050	0.00%	3,204,943	6,948,562	46.12%	-	667,860	3,242	-	270	-	15,150	(1,017,804)	-	2,870,149
7/1/2051	0.00%	2,870,149	6,917,111	41.49%	-	667,860	3,242	-	270	-	14,868	(460,936)	-	3,091,941
7/1/2052	0.00%	3,091,941	7,462,797	41.43%	-	667,860	3,242	-	270	-	14,222	(1,162,940)	-	2,611,083



# FINANCIAL STATEMENTS

Available at [www.22station.com/financials](http://www.22station.com/financials)

- 2022- 2023 Year End Income Statement
- 2022- 2023 Year End Balance Sheet
- 2022- 2023 Performance Against Budget

# PROPERTY MANAGEMENT PALISADES TAHOE HOSPITALITY (PTH)

- **Property Management for 22 Station -- Stacia Lange, Palisades Tahoe Hospitality**
- **Rental Management Independent of 22 Station**
- **Independent Services Provided for a Fee by Palisades Tahoe Hospitality for Individual Homeowners and their Units with Mutual Consent**

# PTH PROPERTY MANAGEMENT IN SUPPORT OF 22 STATION

## **22 Station Roles and Responsibilities**

- Manage and Maintain Common Area Infrastructure
- Procure Infrastructure Services
- Prudent Financial Management
- Conform to the Civil Code and CC&R's

## **Property Management Agreement (PMA)**

- Monitor and Maintain/Clean Infrastructure and Common Area
- Manage A/P
- Finance Support
- Administrative Support
- Field Owner Requests and Complaints

# CONTACT INFORMATION

## ■ Board Members:

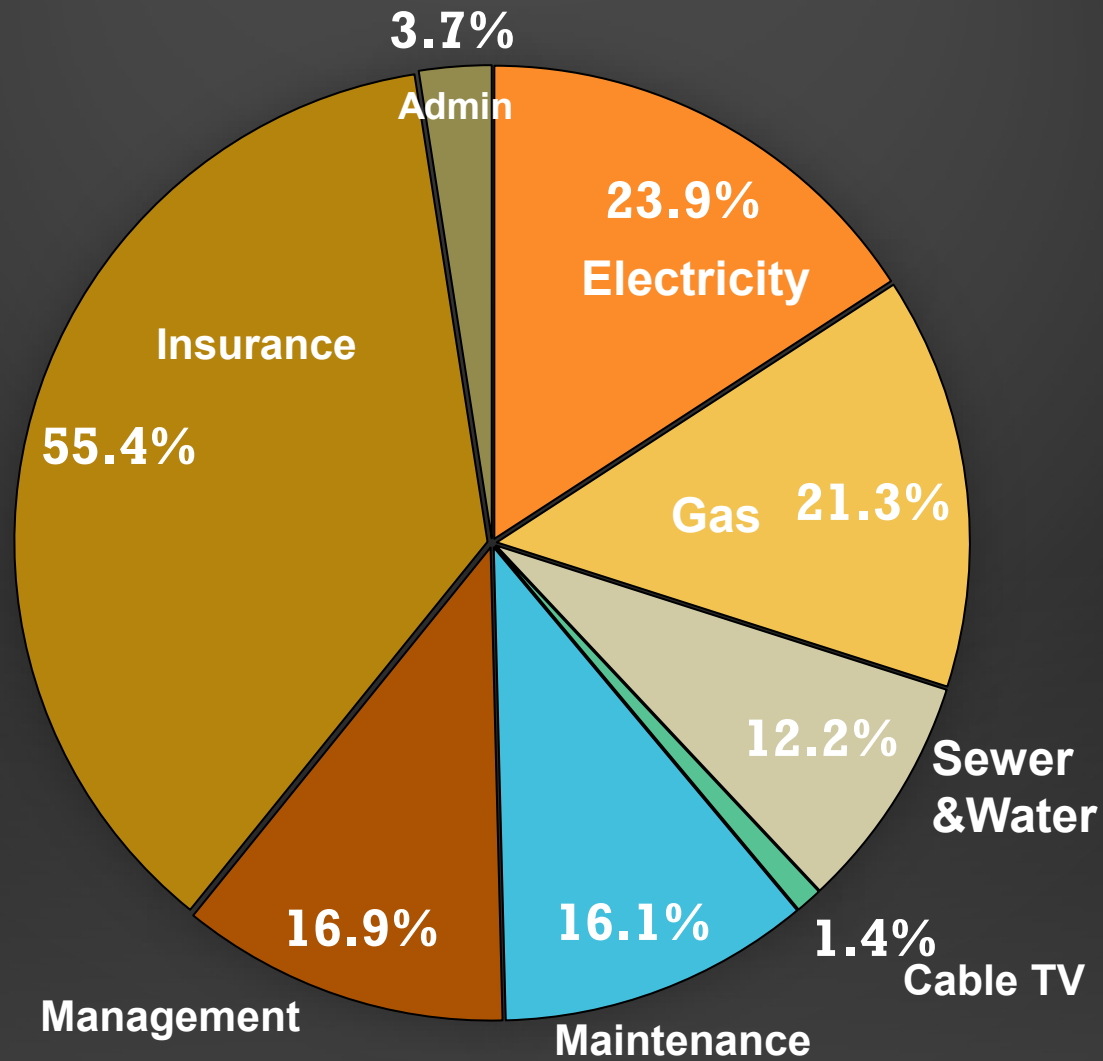
- Arthur Chiang: [almchia@gmail.com](mailto:almchia@gmail.com)
- Jon Grant: [jon@jongrant.in](mailto:jon@jongrant.in)
- Mike DeGroff: [mdegroff@palisadestahoe.com](mailto:mdegroff@palisadestahoe.com)

## ■ Property Manager:

- Stacia Lange: [stacialange@palisadestahoe.com](mailto:stacialange@palisadestahoe.com)

# BUDGET: OPERATING FUND

## 2023/2024 USES UPDATED



# 22 STATION P&C POLICY PROSPECTIVE ALTERNATIVES AFTER MID-JANUARY 2024

Alternatives	Actual/Possible Benefits	Actual/Possible Negative Consequences
<b>1. Full Value Policy</b> -- Maintain Vicko	<ul style="list-style-type: none"> <li>• Conforms to CC&amp;R's</li> <li>• Full Value Coverage - \$82 million</li> </ul>	<ul style="list-style-type: none"> <li>• After January 2022, Annual Premium of \$1.6 million, Monthly Premium of \$127,000, and maintaining higher assessments</li> </ul>
<b>2. Partial Value Policy</b> -- Cancel Vicko Full Value Policy and Purchase Partial Value Policy	<ul style="list-style-type: none"> <li>• Vicko Cancellation Penalty</li> <li>• Maximum Coverage of \$5 million or \$10 million</li> <li>• Annual Premiums of \$760,000 or \$1.1 million, respectively, as of July 2023</li> <li>• Lower premiums and lower assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Owners not satisfying their mortgage covenants</li> <li>• Potential buyers not being able to obtain mortgage financing</li> </ul>
<b>3. Self-insure</b> -- Cancel Vicko Full Value Policy	<ul style="list-style-type: none"> <li>• Vicko Cancellation Penalty</li> <li>• No premiums and lower assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Owners not satisfying their mortgage covenants</li> <li>• Potential buyers not being able to obtain mortgage financing</li> <li>• General Liability (and Umbrella) Insurance not available or more costly</li> <li>• In the event of a major damage event, special assessments</li> </ul>
Palisades Tahoe P&C Insurance Extends To 22 Station	<ul style="list-style-type: none"> <li>• Full Value Coverage</li> <li>• Lower expense</li> </ul>	<ul style="list-style-type: none"> <li>• Palisades' commercial insurance carrier or Palisades unwilling</li> <li>• Unknown</li> </ul>