

22 STATION OWNERS ASSOCIATION MINUTES OF DIRECTORS MEETING

Wednesday, May 15, 2024 @ 4:00pm

| Name | Title/Affiliation | Present or Dialed-in |
|--------------------|---------------------------|----------------------|
| Arthur Chiang | Board President | Dialed in |
| Jon Grant | Board Treasurer | Dialed in |
| Mike DeGroff | Board Commercial Director | Dialed in |
| Michelle Smith | PTH, General Manager | Dialed in |
| Stacia Lange | PTH, Property Manager | Dialed in |
| Ronnie Whitelaw | PTH, Maintenance | Dialed in |
| Mike Martin | PTH, Building Services | Dialed in |
| Caroline Vertongen | Homeowner | Dialed in |

- I. Quorum present, Arthur calls meeting to order at 4:01pm, Mike Degroff joined at 4:02.
- II. Jon motions to adopt the agenda, Arthur seconds and this is approved 2-0.
- III. Approval of minutes
 - a. Jon makes a motion to approve the April 17th, 2024 Regular and Executive Session Minutes, Arthur seconds and they are approved 2-0.
- IV. Executive Session Summary – Discussed late fee appeal, contracts, and legal issues.
- V. General Reports
 - a. Finance Presentation
 - Jon motions to acknowledge receipt and review of the March 2024 financials as prepared by McClintock Accountancy, Mike seconds and this is approved 3-0.
 - Delinquent accounts, no comments
 - Energy trends, no comments
- VI. Maintenance presentation
- VII. Pending Matters
 - a. Jon motions to approve an expenditure of \$11,631 with Murphy’s Plumbing to replace the Bld 4 snowmelt boiler heat exchanger, Mike seconds and this is approved 3-0.
- VIII. New Business
 - a. Jon motions to approve the FY 24-25 reserve study, Mike seconds and this is approved 3-0.
 - b. The Board reviewed the proposed draft FY 24-25 budget and assessments.
 - Regular Assessments will increase about 1X% effective July 1, 2024. This increase for FY2024-2025 is necessary to match Assessments with planned and likely year over year increases in operating expenses and to reserve funds for planned Common Area improvements.

- Electricity expense is budgeted to increase about 25% YoY. Liberty Electric rates per KWH increased from \$0.19 in June 2023 to \$0.40 in April 2024. Liberty has also filed for an additional 25% plus rate increase. If approved, the increase may take effect during the summer of 2024. 22 Station actual electricity expense for FY 2022-2023 was \$340,000. With the existing rate increases, the estimated electricity expense for FY2023-2024 will be about \$550,000. The budgeted FY 2024-2025 amount for electricity is \$665,000 reflecting the higher current tariffs throughout the year. Since Liberty's additional 25% plus increase may or may not be approved, this possible increase was NOT included in the budget. If approved, electricity expense could increase another \$200,000 annually.
- Annual expense for propane gas is budgeted to increase 10% YoY. Propane gas prices have been volatile over the past years. In some years, the prices have increased 30% YoY. In other years, the prices have declined 10-15% YoY.
- Other Utilities have informed customers of a 3%, 3%, and 8% rate increase for water, sewer, and garbage, respectively.
- \$50,000 is budgeted for roof repair. The roofs have had leaks during the past winter season.
- Insurance expense is budgeted to increase \$100,000 YoY. While 22 Station is pursuing policies with lower premiums, 22 Station may have the opportunity to renew the property insurance policy with Vikco for nearly the same annual rate -- \$1.6 million or \$133,000 per month. During FY 2023-2024, 22 Station had the Vikco policy for eleven (11) months. The increase reflects potentially having the Vikco policy for the entire FY 2024-2025.
- Insurance expense is a known unknown. In fiscal year 2021-2022, FY 2022-2023, and FY 2023-2024, the annual property insurance premiums were \$55,000, \$165,000, and \$1.45 million, respectively. The current policy expires June 30, 2024. During the past year, 22 Station has taken measures to improve the insurability of our buildings. However, brokers have indicated that the market for insurance with 22 Station's risk profile is still challenging. 22 Station will probably not know what policies are available, if any, and the terms of these policies especially the annual premium until the last week of June, after the budget is published.
- The increase in Regular Assessments includes contribution to the Reserve Fund to satisfy the Reserve Study. The Regular Assessments fund operating expenses and contribute to the Reserve Fund. The Reserve Fund is for future capital and major expenditures (22 Station Reserve Fund Policy at www.22station.com/policies). In recent years, to soften the impact of the spikes in operating expenses and Regular Assessments to match these expenses, the Reserve Fund portion of Regular Assessments had declined. The increase in Regular Assessments for Reserves offsets this decline and funds near term

potential expenditures including but not limited to replacement of portions of the roof to remedy leaks, new carpet, and elevator upgrades.

- Jon motions to approve the FY 24-25 budget, Mike seconds and this is approved 3-0.
- c. Jon motions to approve \$58,520 with Saarman Construction for leak testing for 22 Station roofs, Mike seconds and this is approved 3-0.
- d. Jon motions to approve \$98,131 with Kone for modernization work on the 22 Station elevators, Mike seconds and this is approved 3-0.
- e. Jon motions to allocate an additional \$50,000 of FY 2023-24 assessments to the replacement fund in order to provide additional replacement reserve funding, Mike seconds and this is approved 3-0.
- f. Jon motions to approve an expenditure not to exceed \$11,000 with Rex Moore to replace the motor in the large Bld 5 Air Handler, Mike seconds and this is approved 3-0.

IX. An open forum was held

Adjourn Meeting to Executive Session