



*22 Station Owners Association Board of Directors  
October 12, 2024*

# AGENDA

## 10:15am – 11:15am

- Open Meeting
- Annual Presentation
  - Overview
  - 22 Station Financials
    - ❖ Assessments
    - ❖ Operating Financial Planning
    - ❖ Reserve Funds
- Consideration of IRS Revenue Rule 70-604
- Approval of 2023 Annual Owners Meeting Minutes
- Open Forum
- Election

# INTRODUCTIONS

## 22 STATION OWNERS ASSOCIATION

- **Physical and Legal Real Estate**
  - 151 Residential Units, 55 Commercial Units
  - Common Area – Exterior Roofs, Walls between Units, Ceilings, and Floors, Hallways, 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, Palisades Tahoe Resort Services

# INTRODUCTIONS

## PALISADES TAHOE HOSPITALITY (PTH)

- **Property Management for 22 Station Common Area and HOA Administration – Stacia Lange**
- **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
- **Independent Services Provided for a Fee by Palisades Tahoe Hospitality for Individual Homeowners and their Units with Mutual Consent**
  - Telephone/WiFi (WiFi is complimentary)
  - Maintenance/Housecleaning of Individual Residential Units
  - Parking in P2

# 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
- [www.22station.com/propertymanager](http://www.22station.com/propertymanager)



# 22 STATION FINANCIAL UPDATE

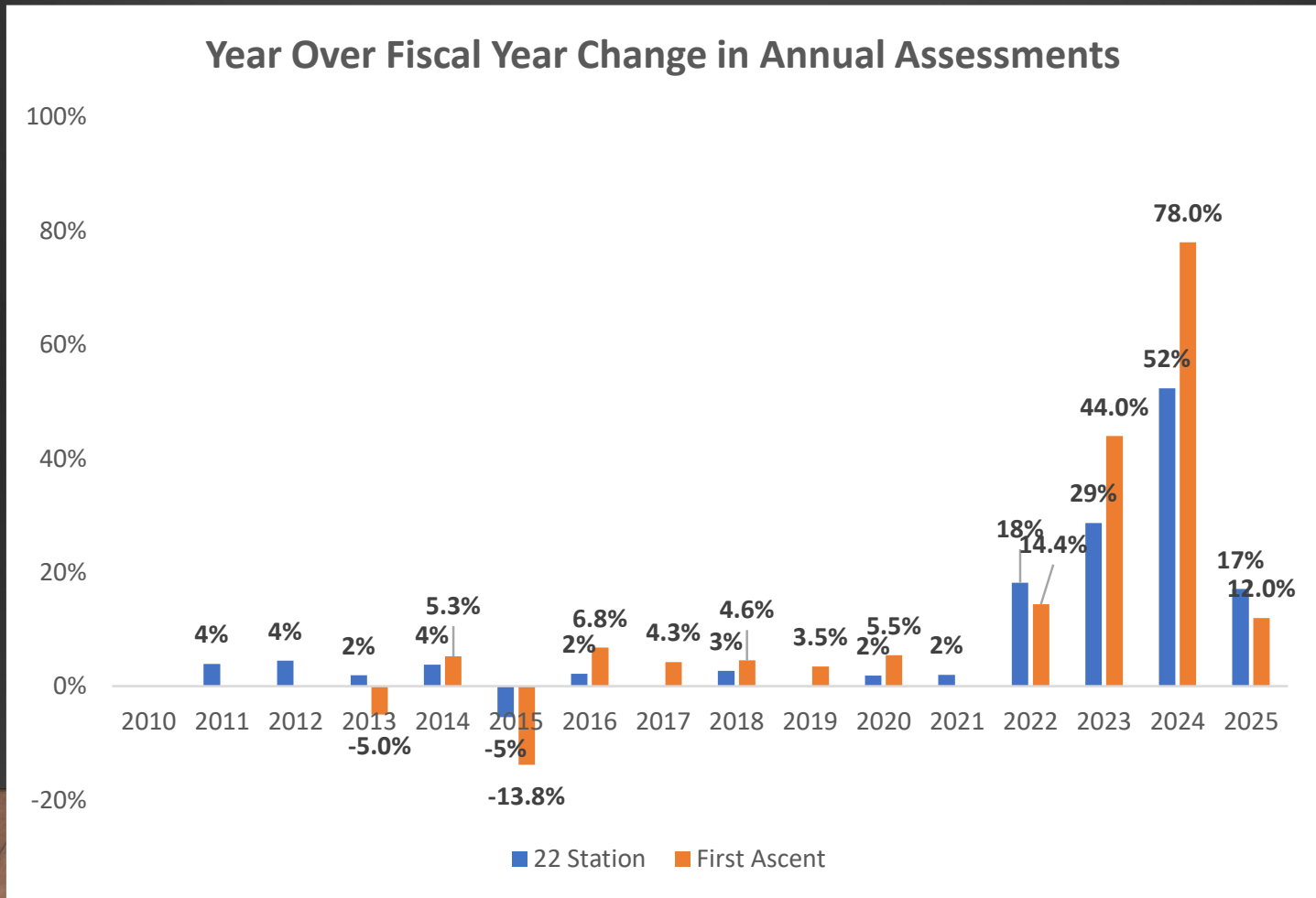
- GOAL = Annual Break-even budgeting, prudent fiscal management and application of Reserve Funds
  - ❖ FY 2023-24 Budget and Actuals and FY 2024-25 Budget
  - ❖ Assessments Match Projected/Actual Expenses
  - ❖ Reserve Fund
  - ❖ Prior Period Financial Statements

# OPERATING RESULTS FY 2023-2024

- Actual Revenues were **\$3,228,089** for year end 6/30/2024  
(FY2023-2024 budget = **\$3,204,761** )
- Actual Expenses were **\$3,352,711** for year end 6/30/2024  
(FY2023-2024 budget = **\$3,254,496** )
- Utility expenses comprised **34%** of total actual expenses in FY2023-2024
- FY2024-2025 Budget anticipates increases in propane, electricity rates, water and sewage, some maintenance items, insurance, and general inflation

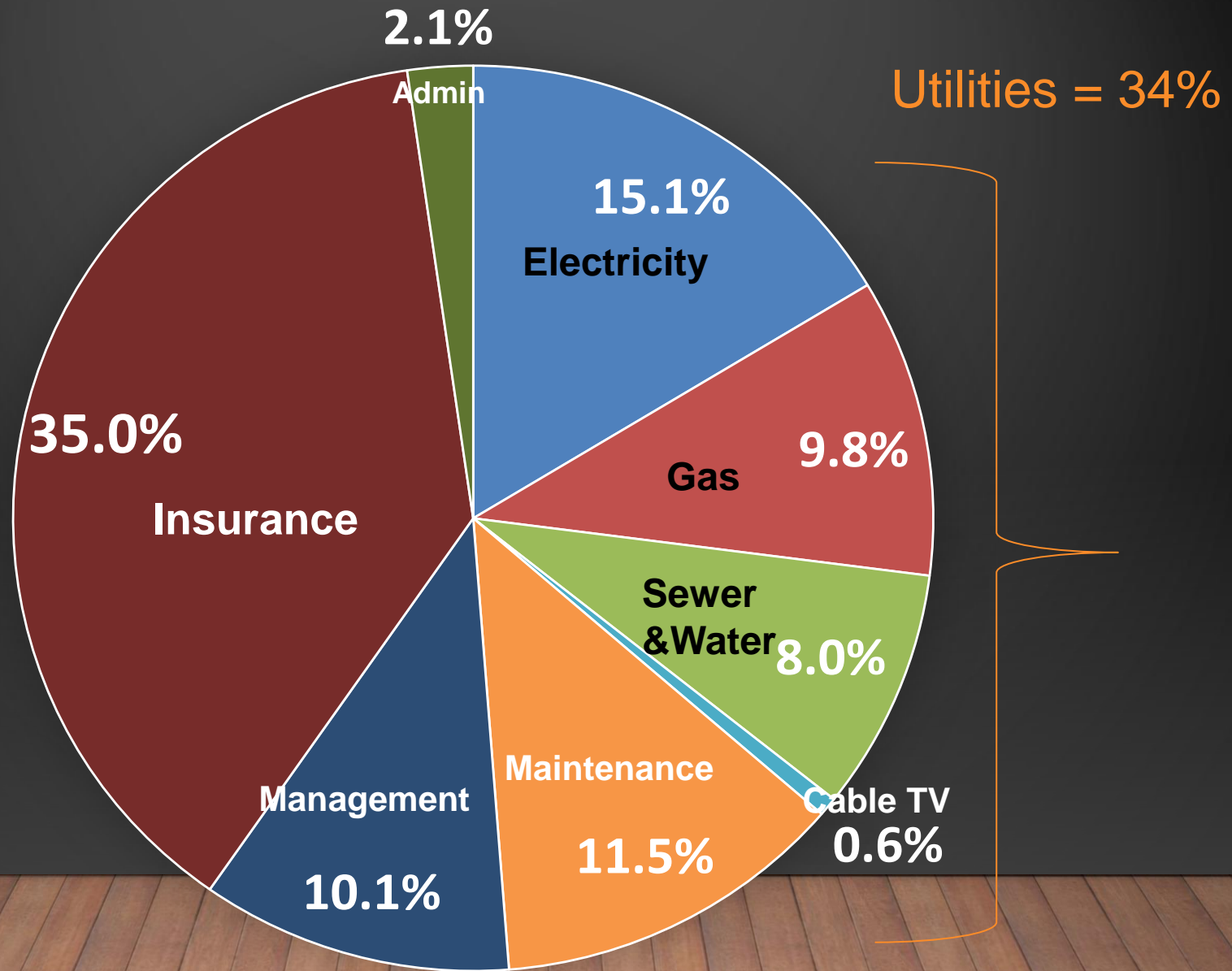
# ASSESSMENTS

- Primary and Nearly Sole Source of Operating and Reserves Funding for 22 Station
- Payable and due quarterly: Jul 31, Oct 31, Jan 31 & Apr 30

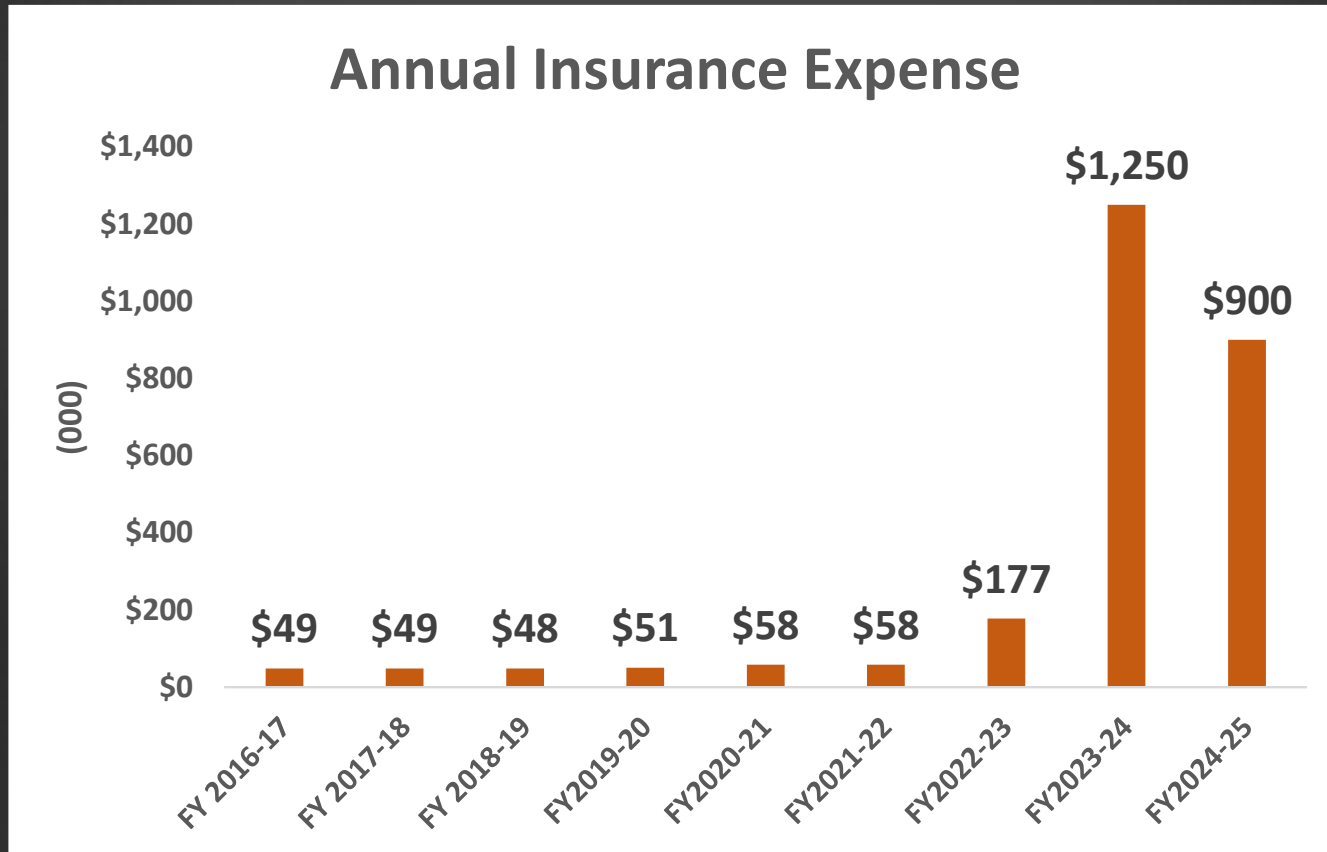




# BUDGET: OPERATING FUND 2024/2025 USES

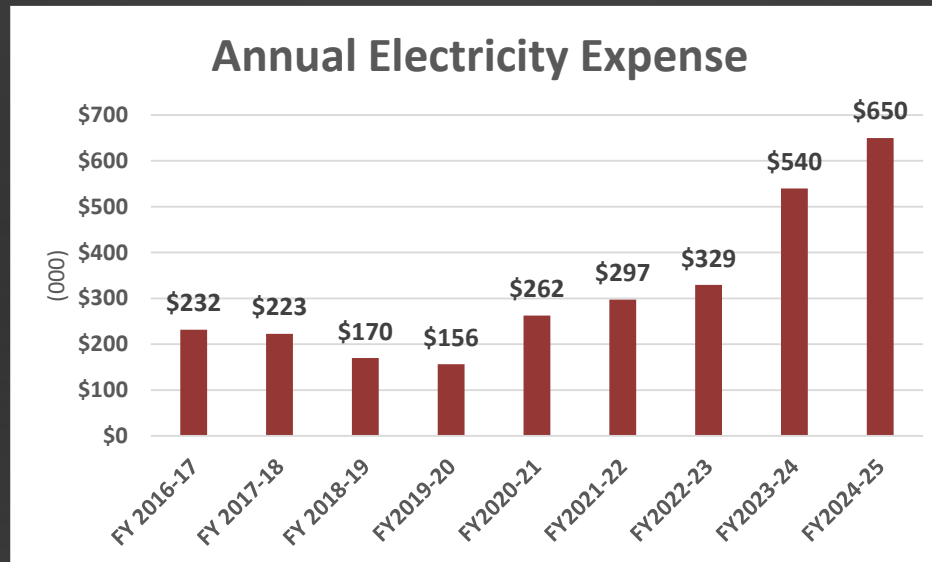
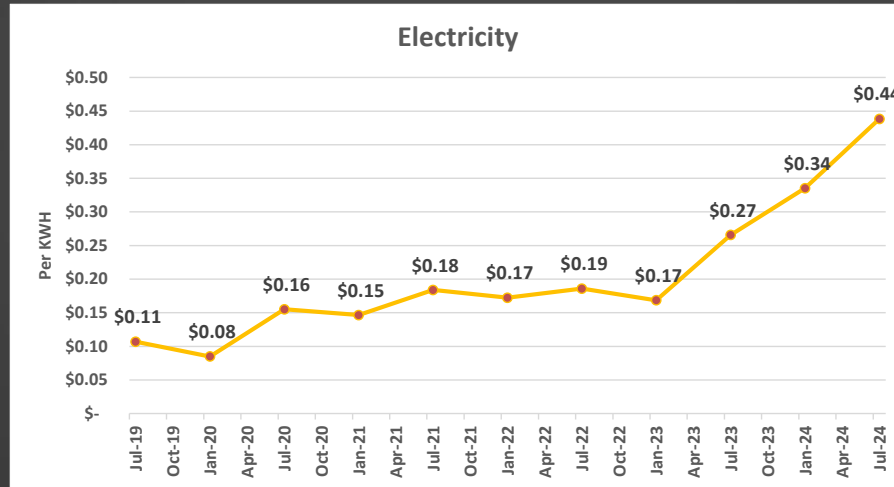


# MAJOR EXPENSE -- INSURANCE



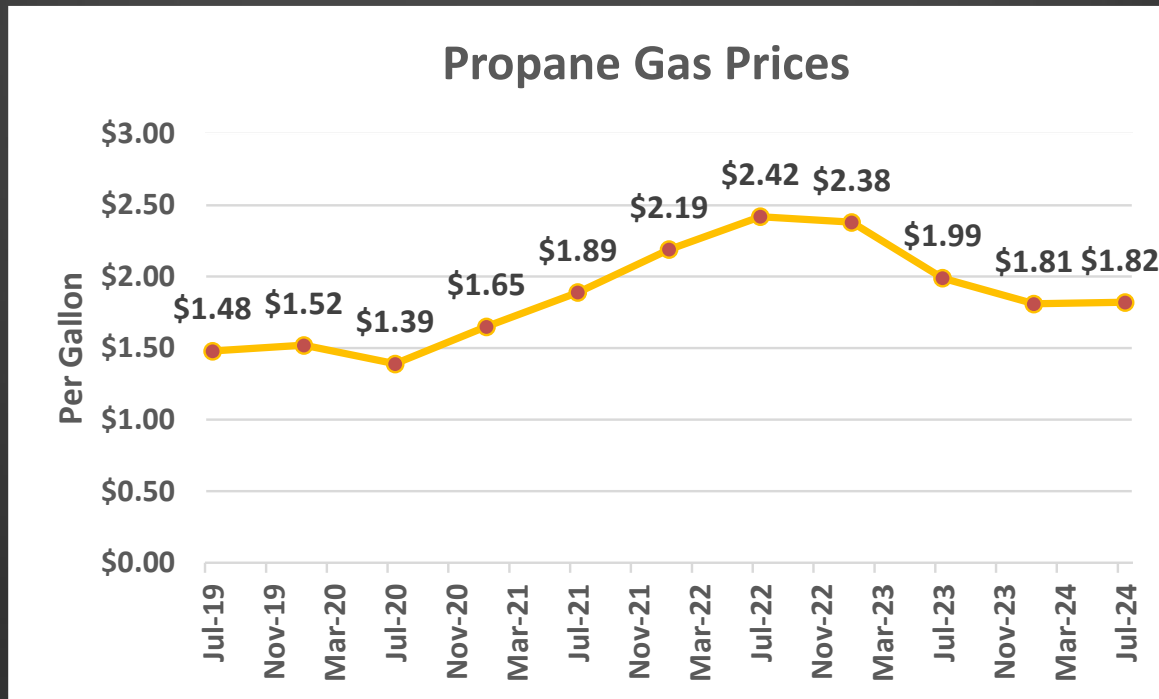
- For FY 2024-2025, P&C Policy with Philadelphia Insurance
  - Full Value Coverage; \$1.08 million annual premium (\$1.6 million in prior year with a different carrier)
  - Admitted carrier (in prior year, Vikco an Excess and Surplus carrier)

# MAJOR EXPENSE -- ELECTRICITY



- Liberty Electric has filed for an additional 30-60% rate increase

# MAJOR EXPENSE -- PROPANE



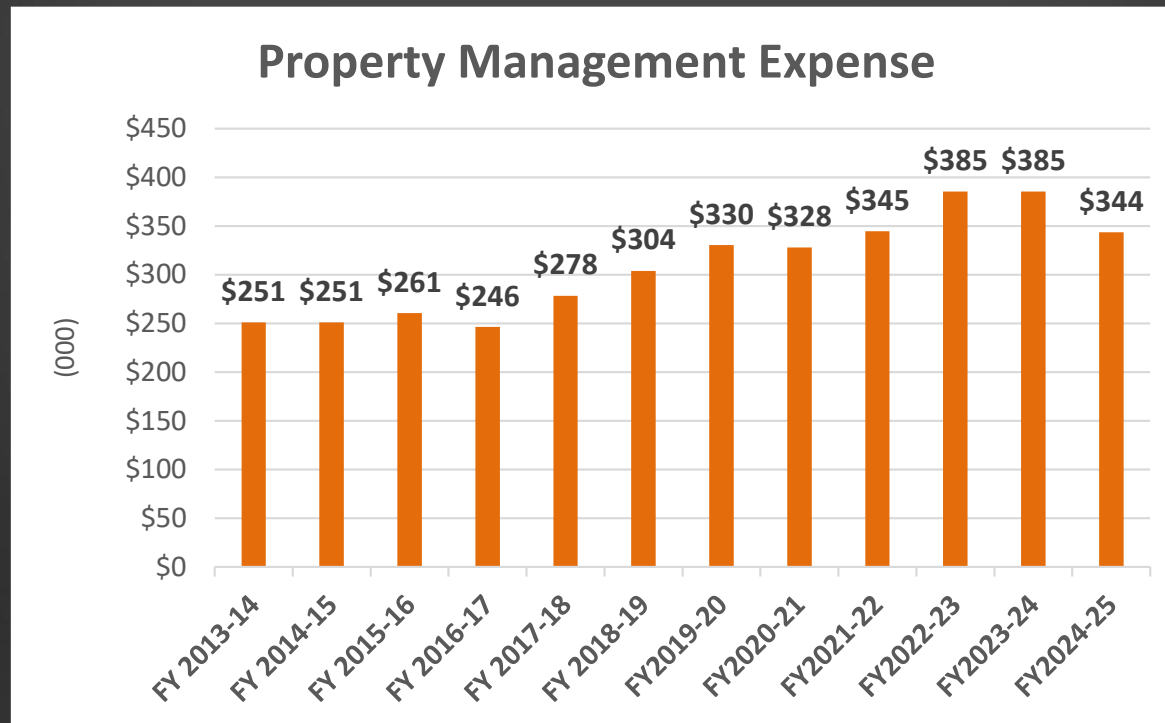
- Historically, Propane Gas Vendors had a margin of \$0.30 - \$0.50.
- Recurring Price Negotiations with Amerigas -- cumulative \$0.10 per gallon improvement during past 6 years- to \$0.28 per gallon.
- Continuing to explore further price per gallon improvement

# MAJOR EXPENSE – MAINTENANCE

- **Non Discretionary Operating Expenses**
  - Snow removal
  - Proactive mission critical maintenance – e.g., Elevators
  - Recurring, minor repairs
  - Unanticipated minor/major repairs
- **Prospective Major Reserve Expenses**
  - Building 4 and 5 roof repair/ replacement
  - Building 4 and 5 Hallway wallpaper and carpets



# MAJOR EXPENSE – PROPERTY MANAGEMENT



- RFP Process with four (4) property management companies
- Revised PMA with Palisades Tahoe: [www.22station.com/disclosures-pma](http://www.22station.com/disclosures-pma)
- Information about Property Manager Roles, Responsibilities, and Team: [www.22station.com/propertymanager](http://www.22station.com/propertymanager)

# REVENUE AND OTHER BENEFITS

Source	Description	Benefit
Parking	<ul style="list-style-type: none"><li>• Daily Fee for 3<sup>rd</sup> Party Visitors who stay overnight at the Village at Palisades Tahoe</li><li>• PTH collects and pays PVNC</li></ul>	<ul style="list-style-type: none"><li>• ~\$450,000 annually to PVNC</li></ul>
Keys	<ul style="list-style-type: none"><li>• License rights for PTH to provide short term keys to 3<sup>rd</sup> Party Visitors who stay overnight at the Village at Palisades Tahoe</li></ul>	<ul style="list-style-type: none"><li>• \$10,000 annually to 22 Station and First Ascent</li></ul>
WiFi	<ul style="list-style-type: none"><li>• Informal barter of license rights to use and operate 22 Station and First Ascent IT infrastructure in return for complimentary WiFi for Residential Owners</li></ul>	<ul style="list-style-type: none"><li>• ~\$175,000 annually 22 Station and First Ascent Residential Owners Collectively No Longer Pay</li></ul>

# IRS REVENUE RULE 70-604

- Prudent Financial Management during the Fiscal Year
  - Revenues Match Expenses to break-even
  - Minimizing Expenses including Taxes
- “Resolved that 22 Station make an IRS revenue ruling 70-604 election which allows excess assessments, over and above the amounts used for the operation of the property, to be returned to the owners or applied to the following year's assessments”

# 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 6/30/24)

# 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 items, replacement schedule, and funding
- FY 2023-2024 major projects completed:
  - ❖ Roofing and gutters
  - ❖ BMS controls
  - ❖ Replacement of failed window panes
- FY 2024-2025 and future years, Potential PP&E Repairs and Capital Improvements:
  - ❖ Roofing
  - ❖ Hallway refresh (e.g., Carpeting and Wallpaper in Common Areas)
  - ❖ Replacement of Common Area HVAC



# RESERVE STUDY

First Ascent Owners Association  
 Thirty-Year Cash Flow/Capital Budget Summary  
 July 1, 2024  
 Financial Exhibit

Update fiscal year beginning, current year	7/1/2024
Number of Units, 7/1/2024	175
Annual capital assessment, 7/1/2024	\$ 523,654
Average CY assessment/Members	\$ 2,992
Average increase/Members	1,437.87
Inflation rate	3.00%
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
7/1/2024	92.50%	1,994,773	4,328,135	46.09%	251,627	523,654	2,992.31	1,437.87	748.08	359.47	9,256	(810,741)	-	1,716,942
7/1/2025	19.10%	1,716,942	4,202,983	40.85%	100,000	623,654	3,563.74	571.43	890.93	142.86	8,166	(791,187)	-	1,557,575
7/1/2026	16.03%	1,557,575	4,024,079	38.71%	100,000	723,654	4,135.17	571.43	1,033.79	142.86	7,562	(814,164)	-	1,474,627
7/1/2027	6.91%	1,474,627	3,860,728	38.20%	50,000	773,654	4,420.88	285.71	1,105.22	71.43	7,192	(846,203)	-	1,409,270
7/1/2028	0.00%	1,409,270	3,660,703	38.50%	-	773,654	4,420.88	-	1,105.22	-	6,532	(979,435)	-	1,210,020
7/1/2029	0.00%	1,210,020	3,358,370	36.03%	-	773,654	4,420.88	-	1,105.22	-	7,631	(141,161)	-	1,850,145
7/1/2030	0.00%	1,850,145	3,903,474	47.40%	-	773,654	4,420.88	-	1,105.22	-	10,411	(309,682)	-	2,324,528
7/1/2031	0.00%	2,324,528	4,294,349	54.13%	-	773,654	4,420.88	-	1,105.22	-	12,869	(275,263)	-	2,835,787
7/1/2032	0.00%	2,835,787	4,732,492	59.92%	-	773,654	4,420.88	-	1,105.22	-	15,235	(351,106)	-	3,273,571
7/1/2033	0.00%	3,273,571	5,101,080	64.17%	-	773,654	4,420.88	-	1,105.22	-	17,742	(224,138)	-	3,840,829
7/1/2034	0.00%	3,840,829	5,604,224	68.53%	-	773,654	4,420.88	-	1,105.22	-	20,399	(295,877)	-	4,339,005
7/1/2035	0.00%	4,339,005	6,044,422	71.79%	-	773,654	4,420.88	-	1,105.22	-	22,731	(359,236)	-	4,776,154
7/1/2036	0.00%	4,776,154	6,432,927	74.25%	-	773,654	4,420.88	-	1,105.22	-	24,960	(341,772)	-	5,232,996
7/1/2037	0.00%	5,232,996	6,850,339	76.39%	-	773,654	4,420.88	-	1,105.22	-	27,617	(192,833)	-	5,841,434
7/1/2038	0.00%	5,841,434	7,427,447	78.65%	-	773,654	4,420.88	-	1,105.22	-	28,383	(1,103,522)	-	5,539,949
7/1/2039	0.00%	5,539,949	7,148,264	77.50%	-	773,654	4,420.88	-	1,105.22	-	28,718	(366,355)	-	5,975,966
7/1/2040	0.00%	5,975,966	7,602,130	78.61%	-	773,654	4,420.88	-	1,105.22	-	30,443	(548,314)	-	6,231,749
7/1/2041	0.00%	6,231,749	7,895,321	78.93%	-	773,654	4,420.88	-	1,105.22	-	32,324	(307,541)	-	6,730,187
7/1/2042	0.00%	6,730,187	8,442,920	79.71%	-	773,654	4,420.88	-	1,105.22	-	34,199	(554,492)	-	6,983,547
7/1/2043	0.00%	6,983,547	8,760,371	79.72%	-	773,654	4,420.88	-	1,105.22	-	35,807	(417,767)	-	7,375,242
7/1/2044	0.00%	7,375,242	9,236,971	79.84%	-	773,654	4,420.88	-	1,105.22	-	35,509	(1,320,626)	-	6,863,779
7/1/2045	0.00%	6,863,779	8,851,144	77.55%	-	773,654	4,420.88	-	1,105.22	-	32,491	(1,504,843)	-	6,165,081
7/1/2046	0.00%	6,165,081	8,333,872	73.98%	-	773,654	4,420.88	-	1,105.22	-	30,297	(984,976)	-	5,984,057
7/1/2047	0.00%	5,984,057	8,377,037	71.43%	-	773,654	4,420.88	-	1,105.22	-	28,374	(1,391,999)	-	5,394,085
7/1/2048	0.00%	5,394,085	8,067,906	66.86%	-	773,654	4,420.88	-	1,105.22	-	22,763	(2,456,649)	-	3,733,853
7/1/2049	0.00%	3,733,853	6,820,057	54.75%	-	773,654	4,420.88	-	1,105.22	-	20,171	(172,776)	-	4,354,903
7/1/2050	0.00%	4,354,903	7,841,006	55.54%	-	773,654	4,420.88	-	1,105.22	-	16,523	(2,874,099)	-	2,270,982
7/1/2051	0.00%	2,270,982	6,296,855	36.07%	-	773,654	4,420.88	-	1,105.22	-	11,742	(618,980)	-	2,437,397
7/1/2052	0.00%	2,437,397	7,018,933	34.73%	-	773,654	4,420.88	-	1,105.22	-	13,478	(257,184)	-	2,967,346
7/1/2053	0.00%	2,967,346	8,111,709	36.58%	-	773,654	4,420.88	-	1,105.22	-	15,947	(329,559)	-	3,427,387

# FINANCIAL STATEMENTS

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

- 2023- 2024 Year End Income Statement
- 2023- 2024 Year End Balance Sheet
- 2023- 2024 Performance Against Budget

# 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)