

BOARD OF DIRECTORS' MEETING

October 24, 2019

<https://www.111eastchestnut.org/wp-content/uploads/2019/10/2019-10-24-Board-Meeting.mp3>

ATTENDEES

Board: Santogrossi, Valerie, Samantha, Carolann and Kristin present... Milazzo by phone

Management: Graf, Sara, Kat, Jon

Homeowners: Stanley Richard, Brian Connolly, Fred Lasko

APPROVAL OF PRIOR MEETING MINUTES

- Open and Closed Meeting Minutes from August 22, 2019 APPROVED

TREASURER'S REPORT — Carolann Randall

For 2019 we budgeted \$4.2 million of income and \$3.3 million of expense, leaving about \$900,000 for reserve spending and overages.

Through September, the ninth month of the year, we are tracking at 100% of our revenue budget and 5% favorable on our expense budget mostly due to timing.

We have made 8.5 monthly contributions to reserves totaling \$640,833.50. 50% of the budgeted reserve allocation was transferred for September. This was due to timing of contract services expenses and is expected to be paid up in the month of October.

Payments totaling \$54,863 were made from the reserve fund in the month of September for services relative to the concrete facade repairs.

Reserves are currently \$1,217,943.

MANAGEMENT REPORT — Sara Rudnik, Property Manager

- The next board meeting is scheduled for November 21, time TBD. (Note: As it is a Homeowner Meeting to discuss the 2020 budget, time is expected to be schedule midday, i.e. least convenient for homeowner attendance.

- Sometime Mid-November, the cement repair project will conclude for the year.

- 22.1 Disclosure APPROVED

NEW BUSINESS AND ANY OTHER BUSINESS THAT MAY COME BEFORE THE BOARD

- Picker & Associates 2019 year end audit proposal was APPROVED

- Draft of 2020 Budget was APPROVED to be distributed to homeowners (draft 2020 Budget here attached). Noted by Rudnik:

1. Assessments will increase 3%.

2. We will be losing the income from 11C as we will be having the Head Engineer living on site.

3. There will be a new contract for the door staff.
4. We are no longer saving with Waste Management.
5. There is an anticipated increase in plumbing repairs.
6. We've allocated for an increase in insurance expenses.
7. We budgeted for more interior concrete repairs.
8. We will be replacing both rooftop air units.
9. We have budgeted for riser replacements.
10. We are planning on painting the Chestnut Room.

HOMEOWNER QUESTIONS

- What delivery date is articulated in Picker's proposal for the 2019 audit?
- What is the board doing to reduce our D&O insurance deductible?
- Have there been any contract modification/additions to the cement repair project? Does the board anticipate any cost-overruns?
- On August 27, the Treasurer was notified that KSN's Michael Shifrin had been found guilty of cheating his firm. As he also worked on 111 business, are you going to audit of legal bills per your fiduciary duty?

Note: The board was unresponsive and walked out.

111 EAST CHESTNUT CONDOMINIUM ASSOCIATION
2020 DRAFT BUDGET
Fiscal Year: 2020 (January 1 through December 31)

BUILDING INCOME

Account Description	2019	2019	2020	Variance	
	ANNUAL BUDGET	ESTIMATED ACTUAL		BUDGET	\$
<u>3000</u> Assessment Income	3,705,245	3,705,245	3,816,402	111,157	3.0%
TOTAL ASSESSMENTS	3,705,245	3,705,245	3,816,402	111,157	3.0%
<u>3050</u> Rental Unit	29,850	24,750	0	(29,850)	0%
<u>3480</u> Cable	249,084	255,430	273,012	23,928	10%
<u>3490</u> Internet	102,835	102,750	105,532	2,697	3%
<u>3500</u> Labor Charges	8,400	7,500	8,000	(400)	-5%
<u>3580</u> Bicycle Room Rental	5,000	4,900	5,000	0	0%
<u>3610</u> Lock Out Fees	7,000	4,500	5,000	(2,000)	-29%
<u>3690</u> Pet Fees	3,500	2,400	2,500	(1,000)	-29%
TOTAL UNIT CHARGES	405,669	402,230	399,044	(6,625)	-2%
<u>3700</u> Operating Interest Income	100	120	100	0	0%
<u>3750</u> Hospitality Room Fees	3,500	2,000	2,000	(1,500)	-43%
<u>3830</u> Late Charges	12,000	12,000	12,000	0	0%
<u>3860</u> Violation/Fines Income	200	0	200	0	0%
<u>3910</u> Transfer Fees	7,200	7,200	7,200	0	0%
<u>3930</u> Move In/Move Out	32,000	35,000	35,000	3,000	9%
<u>3950</u> Legal Chargeback	10,000	11,000	10,000	0	0%
<u>3960</u> CAM Recovery	30,000	35,000	35,000	5,000	17%
<u>3970</u> Antenna Rent	36,948	36,948	37,676	728	2%
<u>3980</u> Rubbish Rebate	0	0	0	0	0%
TOTAL OTHER REVENUE	131,948	139,268	139,176	7,228	5%
TOTAL INCOME	4,242,862	4,246,743	4,354,622	111,760	3%

BUILDING EXPENSES

PAYROLL EXPENSES

Account Description	2019	2019	2020	Variance	%
<u>4020</u> Management Staff	204,160	\$186,000	203,835	(325)	0%
<u>4050</u> Engineer	77,543	\$60,500	80,340	2,797	4%
<u>4070</u> Janitors	497,301	498,000	517,662	20,361	4%
<u>4100</u> Doormen's Salaries	360,658	375,000	386,635	25,977	7%
<u>4410</u> FICA Expense	86,643	85,000	90,918	4,275	5%
<u>4420</u> Federal Unemployment Tax	1,134	1,103	1,234	100	9%
<u>4430</u> State Unemployment Tax	2,902	2,400	2,517	(385)	-13%
<u>4500</u> Employee Apartment	9,916	9,950	10,117	201	2%
<u>4600</u> Health Insurance (Non-Union Employees)	20,592	20,500	25,000	4,408	21%
<u>4620</u> Union Benefits- Janitors	167,853	165,000	175,757	7,904	5%
<u>4630</u> Union Benefits- Doormen	94,307	96,000	106,327	12,020	13%
<u>4710</u> Workers' Compensation	42,382	42,654	46,870	4,488	11%
<u>4800</u> Uniform Cleaning	8,000	8,700	8,500	500	6%
<u>4810</u> Uniform Purchases	5,500	5,100	5,500	0	0%
TOTAL PAYROLL	1,578,891	1,555,907	1,661,213	82,322	5%

UTILITIES Account Description	2019	2019	2020	x	
	ANNUAL BUDGET	ESTIMATED ACTUAL		BUDGET	Variance \$
5000 Electricity	159,636	135,000	151,716	(7,920)	-5%
5100 Gas	116,138	92,700	82,869	(33,269)	-29%
5200 Water	156,090	145,000	157,503	1,413	1%
TOTAL UTILITIES	431,864	372,700	392,088	(39,776)	-9%

BUILDING SERVICES

Account Description	2019	2019	2020	Variance	%
6000 Cable/ Internet Contract	351,920	375,000	378,547	26,627	8%
6010 Elevator Maintenance Contract	64,764	60,000	67,878	3,114	5%
6020 Exterminating	11,000	5,300	11,200	200	2%
6040 Scavenger	21,472	27,000	32,980	11,508	54%
6060 Compactor/ Chute	14,500	8,500	9,580	(4,920)	-34%
6200 Pagers / Radio	2,200	1,700	2,550	350	16%
6210 Security System	10,000	11,500	11,000	1,000	10%
6250 Fire Protection	17,000	15,000	16,000	(1,000)	-6%
6300 Metal Maintenance	10,000	8,000	10,000	0	0%
6320 Window Washing	23,100	28,000	30,000	6,900	30%
6360 Landscaping	16,000	15,000	16,000	0	0%
6375 Stone Maintenance	14,500	13,000	14,500	0	0%
6380 Snow Removal	2,000	1,500	2,000	0	0%
6400 Loading Dock Maintenance	7,000	6,000	7,000	0	0%
TOTAL BUILDING SERVICES	565,456	575,500	609,235	43,779	8%

REPAIRS AND MAINTENANCE

Account Description	2019	2019	2020	Variance	%
6520 Equipment Repairs	2,500	2,000	2,000	(500)	-20%
6540 General Building Repairs	47,000	48,000	47,000	0	0%
6570 Cleaning Supplies	17,300	20,000	18,000	700	4%
6580 Maintenance Supplies	49,500	55,000	52,000	2,500	5%
6620 Infrared Testing/ Electrical Repairs	2,500	2,000	2,500	0	0%
6630 Lamps and Bulbs	18,000	10,000	10,000	(8,000)	-44%
6650 Plumbing Repairs	30,000	37,000	38,000	8,000	27%
6680 Elevator Repair/Non-contract	8,000	9,000	8,000	0	0%
6700 Paint/Decorate	10,000	7,500	8,000	(2,000)	-20%
6840 Glass/ Windows	3,500	9,000	3,500	0	0%
6940 Roof Repairs	4,000	2,000	3,500	(500)	-13%
6950 Plumbing/ Sewer Drain Repairs	20,000	15,000	20,000	0	0%
6985 Misc Operating/ Special Projects	15,000	15,000	10,000	(5,000)	-33%
7000 HVAC Contract	12,360	12,500	13,000	640	5%
7010 HVAC Repairs	40,000	27,000	40,000	0	0%
7360 Pool Repair & Maintenance	9,000	7,500	12,500	3,500	39%
7480 Health Club	12,000	10,000	10,200	(1,800)	-15%
7885 Revenue Share	3,688	3,624	3,764	76	2%
TOTAL REPAIRS & MAINT.	300,660	292,124	301,964	1,304	0%

	2019 ANNUAL BUDGET	2019 ESTIMATED ACTUAL	2020 BUDGET	x	
				Variance \$	%

GENERAL & ADMINISTRATIVE

8000	Management Fee	75,828	75,828	77,158	1,330	2%
8070	Temporary Help	3,600	1,000	2,000	(1,600)	-44%
8120	Office Equip Repairs	2,000	1,000	2,000	0	0%
8150	Bank Charges	3,924	3,924	3,924	0	0%
8200	Misc. Administrative Expense	7,500	7,500	7,500	0	0%
8210	Office Equipment	15,500	31,000	27,000	11,500	74%
8220	Office Supplies	5,400	5,100	5,400	0	0%
8230	Copier & Printing Expense	5,500	6,300	6,500	1,000	18%
8240	Postage & Delivery	8,500	8,500	7,500	(1,000)	-12%
8280	Bad Debt	0	0	0	0	
8300	Audit Fees	7,000	22,000	7,000	0	0%
8320	Legal Fees-Association	50,000	75,000	50,000	0	0%
8330	Legal Fees - Units	10,000	10,000	10,000	0	0%
8335	Legal Fees- Related to Brian Connolly Lawsuits	40,000	50,000	40,000	0	0%
8380	Consulting Fees	12,000	6,000	9,000	(3,000)	-25%
8400	Inspection Fees & Permits	12,000	8,000	12,000	0	0%
8420	Telephone	12,500	14,500	15,000	2,500	20%
8500	Activities	4,500	1,000	4,500	0	0%
8570	Membership Fees	1,000	475	1,000	0	0%
8720	Insurance Deductible	10,000	0	10,000	0	0%
8700	Insurance	162,822	168,600	189,405	26,583	16%
	TOTAL GENERAL & ADMINISTRATIVE	449,574	495,727	486,887	37,313	8%
	TOTAL OPERATING EXPENSES	3,326,445	3,291,958	3,451,387	124,942	4%
	NET OPERATING INCOME / (LOSS) BEFORE RESERVES	916,417	954,785	903,235	(13,182)	-1%
8980	Reserve Funding	905,000	905,000	900,000	(5,000)	-1%
	TOTAL EXTRAORDINARY	905,000	905,000	900,000	(5,000)	-1%
	NET INCOME / (LOSS)	11,417	49,785	3,235	(8,182)	-72%

RESERVE FUNDING

Account Description

	2019 ANNUAL BUDGET	2019 ESTIMATED ACTUAL	2020 BUDGET	Variance		
				\$	%	
9000	Funding of Reserves	905,000	905,000	900,000	(5,000)	-1%
9020	Reserve Interest Income	3,000	14,000	14,400	11,400	
	TOTAL RESERVE INCOME	908,000	919,000	914,400	6,400	1%

RESERVE EXPENSES

9150	Bank Fees	\$100	\$50	\$50	(50)	
9255	Concrete Repairs	100,000	175,000	100,000	0	
9265	Fire Safety Upgrades	0	0	25,000	25,000	
9270	Rooftop HVAC	0	0	850,000	850,000	
9300	Façade - Concrete	700,000	500,000	350,000	(350,000)	
9305	Domestic Plumb Riser Replacements	4,000	0	4,000	0	
9335	BBQ Deck & Wall Painting	30,000	30,000	0	(30,000)	
9620	Hospitality Room	0	0	15,000	15,000	
	TOTAL RESERVE EXPENSES	834,000	705,000	1,344,000	510,000	
	RESERVE INCREASE / (DECREASE)	74,000	214,000	(429,600)	(503,600)	-681%