

ST. JAMES TOWERS | MONDAY, SEPTEMBER 20, 2023

BOARD OF DIRECTORS VIRTUAL MEETING WITH STOCKHOLDERS – UNOFFICIAL MINUTES

Directors Present: Dr. Noreen Hosier, Mr. Patrick Stennett, Mr. Warren Harding, Ms. Arlene Arrington, Ms. Yvonne Hilton, Mr. Claudio Jordan, and Ms. Nicole McKnight

Property Manager: Ms. Nicole Duncan

The meeting was called to order at 7:10 PM.

WELCOME

Dr. Hosier welcomed the stockholders to the first Quarterly Virtual Board of Directors Meeting for the new fiscal year, 7/1/23-6/30/24, via Zoom. The meeting covered corporation business that had occurred following the June 21, 2023 virtual quarterly meeting and can be viewed on BuildingLink afterwards. A roll call of the Directors followed, and all confirmed their presence. The meeting was accompanied by a PowerPoint presentation.

BOARD VACANCIES

Dr. Hosier announced two board vacancies: 1) Passing of Director Ronald Roxey, July 2023, who was serving his first term on the board; 2) Resignation of Rudy A. Moore for personal reasons in August 2023, whose term is due to expire Dec. 2023

AGENDA

Dr. Hosier read the agenda and announced that the next scheduled meeting will be the Annual Meeting and Board of Directors Election on Wednesday, December 13, 2023 at 7 PM.

ACCEPTANCE OF JUNE 21, 2023 MINUTES

As there was no correction to the minutes from the June 21, 2023 shareholder meeting, a motion was made by Yvonne Hilton to accept the minutes as written and seconded by Patrick Stennett; the board voted unanimously to accept the minutes as written.

STOCKHOLDER REMEMBRANCE

Dr. Hosier acknowledged the passing and expressed condolences on behalf of the Board of the following stockholders since the June 21st meeting:

- 1) Ronald Roxey (1N) Board Member 2023
- 2) Sandra Holmes (15N)
- 3) Queenie Newallo (11B)
- 4) Gwendolyn Faison (22K)
- 5) Roderick Webb, Sr. (husband of Gina White Webb (8B)
- 6) Nancy Barfield (15E)
- 7) Hermine Dobson (23K), served on the Board 2013-2015

Two additional shareholders passed away in the last 2 weeks, but their names were not announced since the surviving family members did not give consent. A moment of silence followed in remembrance of the deceased.

ADMINISTRATIVE ITEMS

HPD Board of Directors Training Modules

Dir. Warren Harding discussed the New York State Private Housing Finance Law (PHFL) requirement that Mitchell-Lama co-op board members complete a training program approved by

their supervising agency within the first year of their term and at least once every three years thereafter. The HPD website was provided, and the module slides are also available on the St. James BuildingLink website.

REPORTS

Management

Property Manager Nicole Duncan delivered the quarterly management report as follows:

- Administrative Items
 - **2021 Income Verification Audit:** HPD directed St. James Towers Management to conduct an income verification audit of 200 household members. Letters of explanation were distributed (as well as Release Forms) to any resident designated as follows on their income affidavit:
 - “Not Found” - NYS Dept of Taxation & Finance was unable to match your Social Security Number to an existing taxpayer profile;
 - “No Return Filed” - NYS Dept of Taxation & Finance matched Social Security Number to a taxpayer profile, but was unable to confirm that a return was filed;
 - “Unmatched” - Reported income on the 2021 NYS tax return was higher than indicated on the calendar year 2021 income affidavit

Failure to comply can result in the maximum surcharge of 50%. Required information must be returned to the management office no later than October 1, 2023.

- **Maintenance Increase:** November 1, 2023 monthly maintenance statements will reflect the final portion (2.5%) of the HPD-approved 10% increase. Shareholders with surcharges will also see a change in the surcharge calculation.
- **Arrears, Resale and Vacancy:**
 - Stockholder arrears: \$98,834
 - 10 households in arrears over 30 days totaling: \$57,783.
 - 6 non-payment eviction proceedings against shareholders
 - 4 succession rights denial holdover cases
 - Apartment Resales
 - Apartment 21B- Closed on June 30, 2023
 - Apartment LC- Closed on July 14, 2023
 - Apartment 18G- Closed on July 31, 2023
 - Vacant Apartments: Apt 6F: currently under renovation; anticipated occupation date: October 10, 2023. Upcoming surrenders: Apts. 8E and 22K
 - Vacancy Loss: The corporation did not incur financial vacancy loss for the above vacant apartments as they were occupied prior to the 90-day expiration date for move-in.
- **Apartment Inspection:** Apartment inspections will take place September 27-30; makeup day is October 5. Stockholders will be charged retroactively to October 2019, the date of the last annual inspection, for unreported air conditioners and/or freezers that are identified during this year apartment inspection.
- **Apartment Rules and Regulations:**
 - Rule 11: “Member shall not, without the written consent of the Company, make any structural alterations in the premises or in the water, gas or steam pipes, electrical conduits, plumbing or other fixtures connected therewith, or remove any additions, improvements or fixtures from the premises.

- Rule 18: "Washing machines are strictly prohibited in apartments because the plumbing system cannot accommodate them."
- Rule 19: "Due to their high-energy demands, dryers are strictly prohibited in apartments."
- Rule 20: "Dishwashers are not permitted in apartments, because the plumbing system cannot accommodate them."

Shareholders who install dryers, icemakers for refrigeration, and dishwashers in their apartment are subject to a fee of \$200 per occurrence, and shall be responsible for their removal of these items at the cost of damages.

Due to numerous stockholder requests for apartment alterations, corporation counsel is currently revisiting the Saint James Towers alteration agreement. Therefore, until further notice, there will be no board and management approval to perform apartment alterations. A follow up memo with more details will follow.

- **2023-24 Heating Season:** October 1st to May 31st. Indoor apartment temperature must meet the following standards:
 - Between 6 AM and 10 PM, if the outside temperature falls below 55 degrees Fahrenheit, the inside temperature must be at least 68 degrees Fahrenheit;
 - Between 10 PM and 6 AM, inside temperature must be at least 62 degrees Fahrenheit, regardless of the outside temperature.
- **Heating Season Recommendations**
 - Open blinds, shades and drapes during daylight hours in order to take advantage of the natural light and heat provided by the sun.
 - Arrange furniture away from window and external walls to avoid cold drafts.
 - Keep radiators clear and free of obstructions.
 - Make sure windows are tightly closed and air conditioners are properly sealed.
 - Do not use supplementary heating equipment such as oven, electric or kerosene space heaters; these are fire hazards and are absolutely prohibited.

Please immediately report all complaints such as no heat, hot water, leaks, excessive steam and loud banging from radiators in your apartment to maintenance or the management or security office.

- **Maintenance and Repairs**
 - Boiler 1 and 2 Repair Cost: \$17,900
 - Snow Blowers & John Deere Tractor annual repair service is in progress
 - Roof Water Tank Cleaning & Sanitary Inspection Cost: \$1,960
 - Trash Chute & Compactor Cleaning Cost: \$2,500.
- **Maintenance Personnel**
 - Summer relief porter Brian McLeod has successfully completed his assignments during the 2023 maintenance staff vacation season.
 - Vacation season for maintenance staff has concluded. and winter season preparation is on the way. The superintendent and handyman have resumed their full schedule.in
- **Bulk Room Closing:** Due to Department of Sanitation rules on allowable items to be placed on the street curb for buildings with more than 25 apartments and to prevent the building from receiving violations, the bulk room will remain closed at all times. Please call the management office to make arrangements for putting items in the bulk room.
- **BrightView Landscaping:** The lawn and flowers flourished well this year. BrightView Landscaping continues to perform quality site assessments throughout the season to evaluate the progress and make necessary adjustments.
- **BuildingLink:** Ms. Duncan encouraged all stockholders and residents to familiarize themselves with the BuildingLink system and to use the website for submitting repair

requests, reading management notices and building documents and making appointments with the management office. Shareholders should also verify that their email address and telephone number are correct in order to be contacted. The BuildingLink app can be downloaded on a smartphone. Anyone needing assistance may contact BuildingLink directly or call the management office

- **Community Room Reopening:** The Board of Directors approved reopening the Community Room effective June 2023, and its use is extended to stockholders only. Anyone interested in reserving the Community Room for an event must contact the management office.

Corporation Finance

Treasurer Patrick Stennett delivered the corporation finance report as follows:

- **Corporation Account Balance, August 31, 2023:** The total balance of the corporation accounts is: \$ 1,984,559.
- **Summary of Financial Data from Draft Independent Auditor's Report:** The board met with the professional team on September 13, 2023, and below is a summary of the financial data:
 - Deficit of \$328,000 was forecasted for fiscal year ending 6/30/2023
 - Completed Independent Audit reported \$32,422 Surplus
 - Contributing Factors - Revenue:
 - Utility Pass Through: \$ 67,000
 - Stockholder Surcharge: \$ 40,000
 - Contributing Factors – Expenditures:
 - Electricity & Gas: underspent \$131,000
 - Wages & Benefits: underspent \$15,000
 - Surplus forecasted for current fiscal year ending 6/30/2024: \$41,000
 - Contributing Factors – Revenue:
 - Utility Pass Through-ending April 2023: \$ 266,000
 - Nov. 2023 2.5% carrying charge increase including utilities \$79,000
- Three consecutive corporation fiscal years ending with budget deficits:
 - June 30, 2019: \$33,000
 - June 30, 2020: \$93,000
 - June 30, 2021-\$30,000
- Two consecutive years ending with a budget surplus:
 - June 30, 2022-\$142,000
 - June 30, 2023: 32,000
- **Finances at a Glance:** June, July, August began each month with positive cash balances and ended each month with a positive cash balance to cover the unpaid bills
- **Five-Year Budget Analysis:**
 - Increase in:
 - Repairs and Maintenance
 - Wages and related costs
 - Electricity
 - Gas
 - Water and Sewer
 - Insurance
- **Insurance:**
 - Insurance premiums are increasing
 - Fewer insurance companies offering risk management insurance policies to Mitchell-Lama co-ops

- Since 2019, St. James Towers insurance renewal policies have increased annually.
- Sept 2023-2024, the North Shore Risk Management Insurance Policy renewal policy increased over \$25,000.
- **Local Laws:** New and updated NYC local laws have greatly increased co-op expenditures due to the need to hire engineers and architects along with extensive building structural changes. St. James Towers is implementing Façade Inspection Safety Program (FISP) Cycle 9. Estimated cost to complete the inspection and DOB findings report: \$105,000. Additional costs will not be determined until the probing findings report is completed.
- **Pending Capital Projects:**
 - FISP Cycle 9 required repair completion date 12/31/2023
 - Complete Roof Replacement
 - Windows, Terrace Doors replacement and terrace railing repair
 - Estimated cost to repair the identified critical deficiencies will be over \$7.5 million.
 - St. James Towers loan requests to HPD/HDC are pending.

Capital Projects

Presented by Dr. Hosier:

Façade Inspection Program (FISP Cycle 9) - United Engineering of NY DCP, the contracted project engineering company requested, reviewed and analyzed 3 submitted proposals to erect 12 scaffolds for the required 12 probing investigation of the building façade. In order of the lowest to highest, the submitted proposals were:

- 1) Millennium Restoration Corporation: \$77,500
- 2) AM & G: \$80,000
- 3) Xinos: \$97,800

Vivek Patel, president and project engineer, recommended Millenium, the lowest bidder. Board members have reviewed and concur with Vivek Patel's recommendation. A motion was made by Dir. Patrick Stennett to accept the proposal presented by Millennium Restoration Corporation in the amount of \$77,500 to provide the scaffolding and probing support equipment and seconded by Dir. Arlene Arrington; the board voted unanimously to accept.

Request HPD to approve First Sale funds: As a result of this vote the board will request HPD approval to use \$105,000 First Sale funds to cover Millenium's \$77,500 + United Engineering of NY DPC \$27,500. A motion was made by Dir. Patrick Stennett to use First Sale money at an estimated amount of \$105,000 to pay for the required scaffolding and engineering fees to conduct the required FISP Cycle 9 investigation and probing, and submit the report to the Department of Buildings, and seconded by Dir. Yvonne Hilton; the board voted unanimously in the affirmative.

Review of Bylaws: Dr. Hosier reviewed with the shareholders Article III, Section 7 of St. James Towers' bylaws, which addresses the duties and powers of the Board of Directors.

Old/New Business

Presented by Dr. Hosier:

Basement Room/Rainbow Room: During the 5/31/23 meeting with shareholders, the board presented the need to repair and upgrade the room, as it currently cannot be used. Preliminary information from Bargold Storage Systems indicated that renovating the room would be at no cost and provide additional revenue to the corporation. The board invited shareholders to submit

alternative plans to upgrade the room. Board final decisions would be based on: 1) strategic, fact-based plans that would renovate the room and not increase the corporation's operating budget, and 2) Contribute to sustainable, future outcomes for the building's physical plant and operating sources of income. So far, no plans meeting these criteria have been submitted.

Shareholders were surveyed regarding providing space for bicycle storage; only 58 responses were returned, of which 34 were in favor.

Therefore, the board requested Bargold Storage Systems to present a diagram for full usage of the basement room for stockholder storage units, which will add 36 more units available to the 42 stockholders currently on the Bargold Waiting List, resulting in a total of 57 storage units. Future corporation ownership of storage units has a minimum estimated \$52,000 annual revenue added to the corporation operating budget. A follow up meeting with shareholders will be held after corporation counsel reviews submitted proposals/contracts from Bargold.

Liability: Dr. Hosier pointed out that liability is a major reason for increases in insurance premiums, along with Increased potential of negligent lawsuits brought against Board members in co-ops that allow gym activities. Co-op boards are responsible for limiting liability against potential claims while protecting the health and safety of the shareholders, and ensuring the property is used properly by the shareholders.

Questions and Answers

Submitted questions in advance:

Q: Can we put a gate around the playground area?

A: A gate is a very costly item. In 2021, the cost was estimated at \$90,000. All costs have increased since then and the cost is unattainable for us at this time.

Q: Is there going to be a 24-hour security or a gate put up on Lafayette Avenue Walkway and the De Kalb Avenue walkway?

A: St. James is a corner property which brings a lot of foot traffic. Also, people can walk across the parking lot since that is an open space. Therefore, at this time there are no plans for this.

Q: When will the bench be installed in the front lobby area for shareholders who have trouble standing while waiting for ride service?

A: We did try to implement it, but unfortunately, upon receipt, we realized that drilling into the tiles was required which we cannot do. The waiting area does have chairs and sofas but we do understand that some stock holders have additional needs. We are open to suggestions.

Online questions:

Q: Are there going to be new windows installed because a draft comes in the apartment?

A: That is one of the pending capital projects that we talked about. New windows are costly. We reached out to HPD to discuss a loan but we have not heard back from them yet. We are starting with what we can pay for (façade inspection, Cycle 9).

Q: Can the laundry room stay open till 12 midnight?

A: Extending the hours remains on hold due to recent restoration of the computerized key fob system and a recent meeting with Allied Security regarding improving the performance of our security officers.

Q: When are we going to try to arrange money from the financial part of HPD? Are you working on getting a mortgage to get the large amount of money we need?

A: We're waiting on HPD. Also, with Mayor Adams' recent announcement of agency cutbacks, the situation is uncertain. Furthermore, a mortgage adds significant debt service to the building.

Phone questions:

Q: Caller asked for clarification on Other Income in the Finances at a Glance statement and an explanation of existing deficit and then a surplus.

A: The accountant will provide the financial report prior to the Annual Meeting; with respect to the Finances at a Glance, Ms. Duncan can provide you more details.

Q: Caller asked about St. James' readiness for Local Law 97 compliance by 2024.

A: The board is researching Local Law 97 compliance, but as a Mitchell-Lama, we have until 2030 to be compliant.

The meeting was adjourned at 8:22 PM.

Minutes prepared by Warren Harding, Secretary

Warren Harding
Signature

9/25/2023
Date