

ST. JAMES TOWERS | MONDAY, MARCH 11, 2024

DIRECTOR'S MEETING OF ST. JAMES TOWERS, INC.

The Meeting started at 7:03 Via GoToMeeting Video Conference Call

PART 1: MEETING WITH PROFESSIONALS

Directors Present: Dr. Noreen Hosier, Mr. Patrick Stennett, Mr. Warren Harding, Ms. Arlene Arrington, Ms. Yvonne Hilton, Ms. Stacey Starke

Property Manager: Ms. Nicole Duncan

Absent: Ms. Nicole McKnight, Mr. Claudio Jordan, Ms. Kalia Foote

Invited Guests:

Robert Mellina, Corporation Accountant, Prisand, Mellina, Unterlack & Co.

Andrew Brucker, Corporation Attorney, Armstrong & Teasdale

Tom Russo, Metro Management Director of Finance

The meeting with the professionals began at 7:03 PM.

Finance: Mr. Mellina summarized the Draft Independent Auditor's Report, July 1, 2023-December 31, 2023, highlighting the following:

- Cash and Cash Equivalents: \$1,540,000 (higher than last year)
 - Operating Account: \$411,000 (slightly higher than last year)
 - Equity and Amortization (owed to outgoing shareholders): \$404,000
 - Self-controlled escrow: \$338,000
 - Operating Reserve: \$321,000
 - Community Room Account: \$66,000
- Receivables:
 - Stockholder Maintenance: \$166,000 (decrease from \$258,000 due to closing out estate and other arrears cases)
 - Insurance Proceeds \$46,000 (monies received after 12/31/23; therefore, it is a receivable as of 12/31/23)
- Prepaid Expenses: \$412,000
- Three reserve funds totaling \$1,153,000 (higher by than prior year by \$100,000)
- Liabilities:
 - No Loan Payable due to full payment of loan to contractor for parking lot project
 - Accounts Payable
 - Accrued Expenses, \$274,000 (similar to prior year)
 - Total Current Liabilities \$1.1 million (decrease from prior year of \$1.3 million)
 - Long Term Liabilities:
 - New line: Deferred Laundry Income – St. James was paid up front for the laundry contract, but for accounting purposes, that revenue is deferred and spread over the life of the contract
- Revenue and Expenses:
 - Total Revenue, \$2,168,000 (\$1,953,000 previous year)
 - Maintenance: \$1.5 million (higher due to 2.5% increase)
 - Utility Passthrough: \$199,000 (did not exist previous year)

- Other revenue items were similar to previous year
- Laundry Income = 0 due to deferment (as explained above under Long Term Liabilities section)
- Total Expenses: \$2,006,000 (less than \$2,016,000 previous year)
- **Surplus: \$161,000**
 - Surplus largely due to utility passthrough
- Deferred Laundry Income: \$22,000 (proportion applied to the course of the laundry contract as explained above under Long Term Liabilities section)
- Expenditure Breakdown
 - Administrative: \$166,000 (increase from \$156,000 previous year)
 - Utilities: \$693,000 (increase from \$682,000 previous year)
 - Payroll \$337,000 (decrease from \$356,000 previous year)
 - Other Expenses:
 - Security Services: \$166,000 (remained basically flat)
 - Insurance \$132,000 (increase from \$118,000)
 - Miscellaneous \$6,000 (similar to previous year)
 - Repairs and Maintenance: \$354,000 (decrease from \$395,000 previous year)
 - Stockholder chargebacks: -\$121,000 (increase from -\$53,000; this represents a recoup of monies received from charging back to the shareholder's equity the cost of renovating their vacated apartment)
- Reserve Funds (totals may be off due to rounding error)
 - 1. Reserve Fund (Merrill Lynch Account)

Beginning balance	\$924,000
Plus: interest and dividends	<u>887</u>
Ending balance	<u><u>\$925,000</u></u>
 - 2. First Sale

Beginning Balance	\$158,000
Plus: Proceeds from first sale	49,000
Interest and dividends	<u>2,600</u>
Ending Balance	<u><u>\$210,000</u></u>
 - 3. Capital Assessment

Beginning Balance	\$20,000
Plus: Interest	32
Less: Transfers for Building Improvements	<u>(2,300)</u>
Ending Balance	<u><u>18,000</u></u>

Dr. Hosier asked whether the Capital Assessment account can be moved from the Chase account into the operating reserve, since the capital assessment ended in 2022 and no more monies are deposited in that account. Furthermore, Chase charges bank fees whereas Merrill Lynch does not; therefore, transferring the capital assessment money to the Merrill Lynch account will save bank fees while continuing to accrue interest. The professional team agreed with this suggestion; the Chase account will therefore be closed and the balance from that account (\$18,000) will be rolled over into the operating reserve.

- Building Improvements
 - Total Capitalization (includes exterior improvements and playground renovations): \$27,000
- Overall financial condition is good

Mr. Mellina completed the letter to shareholders summarizing the financial details. Dr. Hosier will email Mr. Mellina indicating board approval of the letter.

Tom Russo, Metro Management Financial Director, noticed that the Merrill Lynch account has a high balance that does not earn much interest, which led to a discussion on possibly finding a higher interest-bearing account. However, the account was moved into a Preferred Deposit Account in February, 2024 earning 4.92% interest, which occurred after the 12/31/23 ending date of the financial report.

Legal:

- **Pending HPD Loan:** Prior to Mr. Brucker's full legal report, Dr. Hosier stated that Ms. Nicole McKnight's sister was able to get confirmation from HPD that they are on track on getting a project director for processing the loan for which St. James applied, and expect to be done by Fall, 2024 for funding in 2025. When asked whether he has been in contact with anyone at HPD and whether Carl Hicks from HPD can expedite the process, Mr. Brucker stated that no one at HPD is available for a discussion at this point due to manpower and financial issues, and many other Mitchell-Lama developments are in the HPD loan application queue in front of St. James waiting to be processed. As an alternative, Mr. Brucker suggested exploring funding opportunities from DASNY (Dormitory Authority of the State of New York) through our state representative. This option will be investigated further jointly by Mr. Brucker, Tom Russo, and Warren Harding, with assistance from Metro Management President David Baron.

In discussing the immediate need for capital funding, the issue of water leaking in apartment 10M from heavy rain was reported by Ms. Duncan. Since the repair project started on specific "M" line apartments, the shareholder of 10M did not experience any leaks until the most recent heavy rainstorm on Saturday, 3/9, although not as much as before. The engineer will perform more investigations at 10M and the corresponding apartments three floors above and below on Thursday, 3/14.

- **Ryerson Towers Lawsuit:** Prior to the lawsuit, the court granted Ryerson Towers easement over a portion of St. James' parking lot, thereby giving them the right to use the specified neighboring property for deliveries, repairs, etc. Following the St. James parking lot repair project, counsel for Ryerson maintained that based on their use of the easement, they offered to pay \$10,000, which was too low in St. James' view. As an alternative, Dr. Hosier suggested meeting with Ryerson's new board president to discuss reaching a settlement, and Mr. Brucker agreed. This would save both parties the cost of litigation if the lawsuit were to continue.
- **Alteration Agreement:** Mr. Brucker will forward documentation on this topic to Dr. Hosier to share with the board.
- **Insurance Fair:** Dr. Hosier thanked Mr. Brucker for his presentation with Corporation Insurance Broker Steven Potolsky at the insurance information session with the shareholders on 2/21. She also reported that the insurance fair on 3/7 and 3/9 was successful with a significant turnout.

The meeting with the professionals ended at 7:59 PM.

PART 2: BOARD OF DIRECTORS MEETING

Directors Present: Dr. Noreen Hosier, Mr. Patrick Stennett, Mr. Warren Harding, Ms. Arlene Arrington, Ms. Yvonne Hilton, Ms. Stacey Starke, Ms. Kalia Foote

Property Manager: Ms. Nicole Duncan

Absent: Ms. Nicole McKnight, Mr. Claudio Jordan

Shareholder Events:

- Movie Night, Saturday, 3/16: A test run of the equipment will be done on Thursday, March 14 and to also attempt again to maximize the visual image on the projector screen with Malik Hosier's help.
- Emmanuel Baptist Church services in Community Room: RSVP tear-off added to the shareholder memo with option to volunteer to set up/clean up.

Quarterly Meeting with Shareholders:

- Dr. Hosier sent a draft memo for the board to review. Item to be added that there will be a PowerPoint presentation.
- Draft agenda for quarterly meeting – topics for Information and Education, Finance, and Administrative to be finalized. The board agreed that the deadline for shareholders to have apartment insurance is 7/1/24 to coincide with the start of the fiscal year. This topic will be discussed under Administrative or Old and New Business. Warren Harding will discuss Administrative items such as the Occupancy Agreement and the St. James Rules and Regulations. Building committees will be presented under Information and Education.
- Audio/Visual equipment for quarterly meeting: Kalia Foote found a device that is a combination of a microphone, camera and speaker that is made for small conference rooms. It is on sale at Micro Center for \$799. Ms. Foote will purchase the item this week to be installed in time for the 3/18 board meeting as a test for the quarterly meeting on 3/25.


Shareholder Issue:

- Jacqueline Robinson-Williams (151) submitted a letter to the board regarding repair work her husband completed in their apartment following a job started by the contractor. She requested \$180.00 for the work her husband did based on 6 hours of work at \$30/hour. Ms. Robinson-Williams explained that the contractor was unreliable, which was why her husband completed the job. The board agreed that the shareholder must get prior authorization before doing any work in their apartment and will deny the monetary request. Furthermore, upon investigation by Management, the contractor arrived ten minutes late to continue their work, and the shareholder refused to grant them access. Maintenance attempted to reschedule but Ms. Robinson-Williams was required to be in the apartment when the contractor comes to perform the job, and not her husband. Secretary Warren Harding will write a response letter.

The next board meeting will be Monday, 3/18 at 7 PM in the Community Room to check the setup for the hybrid quarterly meeting with shareholders on 3/25.

The meeting ended at 8:49 PM

Minutes prepared by Warren Harding, Secretary


Signature

3/14/2024
Date