

# ST. JAMES TOWERS | MONDAY, SEPTEMBER 13, 2023

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

The Meeting started at 7:05 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. Nicole McKnight, Mr. Claudio Jordan, Ms. Yvonne Hilton

**Absent:** Ms. Nicole Duncan, Property Manager

### **Invited Guests:**

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

Jose Saladin, Corporation Attorney, Armstrong & Teasdale

Tom Russo, Metro Management Director of Finance

The meeting with the professionals began at 7:05 PM.

**Finance:** Mr. Mellina summarized the Draft Independent Auditor's Report, July 1, 2022-June 30, 2023, highlighting the following:

- Cash and Cash Equivalents: \$1,615,000 (less than last year's \$1,833,000 due to loan repayment)
- Receivables from shareholders decreased from \$217,000 to \$141,000, a favorable trend
- Three reserve funds:
  - 1. Capital Projects

Beginning balance		\$923,000
Plus: interest and dividends		<u>1,300</u>
(Reserve funding suspended since 2022)		
Ending balance		<u><u>\$924,300</u></u>
  - 2. First Sale

Beginning Balance		\$306,000
Plus: Proceeds from first sale		144,000
Interest and dividends		2,500
Less: transfer to pay Capital Assessment Fund	<u>\$294,000</u>	
Ending Balance		<u><u>\$158,500</u></u>
  - 3. Capital Assessment

Beginning Balance		\$297,000
Less: Transfers for Building Improvements		<u>277,000</u>
Ending Balance		<u><u>20,000</u></u>
- Building Improvements
  - Playground Renovations
  - Exterior
  - Total Capitalization
- Budget vs. Actual Comparisons, June, 2023
  - Budgeted Revenue: \$1,838,000
  - Actual Revenue: over budget by \$3,981,000
  - Maintenance revenue on target

- Budgeted Surcharges: \$265,000
- Actual Surcharges: \$305,000
- Utility Passthrough: \$67,000 (not originally budgeted)
- Other Revenue Items (Late/Other fees) \$36,000 over budget
- Budgeted Interest and other dividends: \$2,000
- Actual Interest and other dividends: \$12,678
  
- Budgeted Expenditures: \$4,167,000
- Actual Expenditures: \$3,949,000
- Surplus: \$32,000 (was budgeted for a deficit)
- Management Fees \$162,000 (under budget)
- Professional and Administrative Fees on target
- Budgeted Electricity/Gas: \$705,000
- Actual Electricity/Gas: \$573,000
- Actual Fuel: \$391,000 (\$10,000 under budget)
- Water: on target
- Wages and Related Expenses: \$669,000 (under budget)
- Security/Insurance: on target
- Budgeted Repairs/Maintenance: \$762,000
- Actual Repairs/Maintenance: \$804,000
- Real Estate tax: under budget
  
- Forecast for June, 2024:
  - Surplus budget: \$41,000
  - Maintenance increase 2.5% on 11/1/23
  - Utility Passthrough: \$333,000
  - Laundry Room Income: not included because up-front money was received and was deposited in the operating reserve fund
  
  - Electric/Gas Expenditures: \$705,000 (higher budgeted)
  - Union wages/related costs expected to increase due to union contract
  
- Overall financial condition is good

Dr. Hosier introduced Mr. Russo to Treasurer Patrick Stennett and Assistant Treasurer Arlene Arrington, and expressed satisfaction with the Finances at a Glance statements.

**Legal:** Mr. Saladin discussed the following:

- The case of Kevin Walker (22F) filing an Article 78 lawsuit appealing HPD's denial of his succession rights: HPD's rules state that anyone appealing a denial of succession rights must pay UNL (i.e., the maintenance); however, if the individual does not pay, the only recourse the housing corporation has to seek payment is through quantum merit theory, whereby the corporation sues the individual separately for a money judgement for the arrears, rather than through eviction proceedings where there is no contract (Mr. Walker is not a shareholder and is therefore not bound by the occupancy agreement). Once the corporation takes possession of the apartment, the board can decide whether to sue Mr. Walker in a regular action for a money judgment based on his occupying the apartment. Mr. Saladin stated that his firm had asked HPD to strengthen their regulations by denying succession to anyone who is not paying ongoing debt because the housing corporation and its shareholders are bearing the costs of these legal proceedings, but HPD refused to take such action. After Mr. Saladin further researched Mr. Walker's

decision. Unless a stay is granted to Mr. Walker, proceedings for St. James to possess the apartment will start.

- Ryerson Towers paying for repairing the easement (via St. James' parking lot) over the property of St. James Towers: Mr. Saladin is preparing a draft of a complaint, and expects to complete it by the following week.
- Apartment Insurance: Marijana Predovan of Armstrong & Teasdale drafted a house rules document requiring shareholders to have apartment insurance and submitted it to HPD for review.
- Apartment renovation agreement: Dr Hosier informed Mr. Saladin that she submitted to his colleague Andrew Brucker for review St. James' apartment renovation agreement.
- Shareholder Banks (17E): the shareholder who has a primary residence case has retained a new attorney, Armstrong & Teasdale had a conference with HPD, the hearing officer sent Ms. Banks' attorney an audiotape of all the hearing transcripts; the attorney is in the process of reviewing the tapes.
- Board vacancy: Mr. Brucker confirmed that since HPD had approved St. James' bylaws, the board can vote for a shareholder to complete the term of a vacant board seat as stated in the bylaws.

The meeting with the professionals ended at 7:50 PM.

## **PART 2: BOARD OF DIRECTORS MEETING**

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

**Absent:** Ms. Nicole Duncan, Property Manager

**Draft Agenda for Shareholder Meeting:** The board reviewed the draft agenda for the quarterly meeting with the shareholders that will be held on September 20, 2023.

**Rainbow Room:** The board discussed Bargold Storage's proposals for renovating the space that was used as the Rainbow Room and the anticipated future increase in income from owning the storage units. Also, Dr. Hosier distributed articles regarding the implications of installing and maintaining exercise equipment in a space designated as a gym. One of the main issues is the potential liability in operating an exercise area that results in increased insurance costs. Meanwhile, the board is waiting for the Rainbow Room Committee to submit a plan for the space to be discussed at the scheduled virtual meeting in 9/16; no plan had been submitted yet.

**Board Appointment for Ronald Roxey's Vacant Seat:** The board discussed methods for appointing the replacement board member. It was emphasized that the person must be committed to being active and have something valuable to offer. There was also discussion about attracting shareholders to serve on the board given the weekly meeting schedule. Meeting on an as needed basis is an option to consider.

**Security Meeting:** Allied Security appointed a new supervisor and asked to meet with St. James on Monday 9/18 at 1 PM. Mr. Jordan, Patrick Stennett, and Dr. Hosier will attend.

The meeting ended at 8:58 PM

Minutes prepared by Warren Harding, Secretary



Signature

9/25/2023

Date