BREAKWATER CONDOMINIUMS
ANNUAL BOARD MEETING MINUTES: January 26th, 2026

Present: Paul Berenson, Matt Dawson, Ken Kump, Jim McLain, Tugan Muftuler, Michelle Wollersheim;
Additionally, approximately 25 Homeowners via Zoom Conference Call and In-person

MEETING OPENING – 5:00 PM

1) 2025 Annual Meeting Minutes & December Meeting Minutes: The 2025 Annual Meeting Minutes were approved prior to the 2026 January Annual Open Board Meeting as well as the December 2025 Board Meeting Minutes (no December meeting held).
2) Treasury Report: The report recapped spending in the 2025 calendar year, previewed the 2026 budget and updated the standing of the Reserve Account. The presentation and full Reserve Study can be accessed by all owners on our FrontSteps website.
   a) 2025 Financials: Breakwater had a good financial year including $2k favorability in income. Operating expenses ended slightly higher than planned, due in part to some end-of-year purchases made with the excess income. We made a $354k reserve contribution, earned a net $41k in Reserve Interest, and had $216k in reserve expenses.
      i) 2025 spending was $747K.
      ii) Favorability items in 2025 included:
         (1) Water and Electricity utilities: $6K; Usage lower than expected.
         (2) Security: $1K; Less hours billed than planned.
         (3) Contingency: $13K; Buffer planned annually to offset unexpected expenses.
      iii) Unfavorable items in 2025 included:
         (1) Repairs and Maintenance: ($12K); Steve's salary including sales tax we did not realize would be charged and were not budgeted.
         (2) Gas: ($7K); Heating costs higher than expected.
      iv) There was $216K of Reserve Spending in 2025 including:
         (1) Garage Ramp Resurfacing: $47K.
         (2) Boiler Water Pump Replacement (unexpected): $21K.
         (3) 5-Year Sprinkler Inspection: $12K.
         (4) NW Corner Repairs and Dog Space + Front Sidewalk: 16K.
         (5) Gym Updates: $14K
         (6) Deck and Awning Lighting: $106K.
   b) Budget: The 2026 Operating Budget was approved in December of 2025. At the time, a copy was sent to all homeowners as well as a note regarding an adjustment to their 2026 Association Dues, which increased by about 8%.
      i) The operating budget increased by $59.5K year-over-year (8%) to $803,931 and the Reserve Contribution increased by $25K Annually following the 2024 Reserve Study plan. About $12K in additional income is expected from club room rentals, key fobs, and unit sales. About $45K is expected in earned Reserve Fund interest.
      ii) Major drivers to the increased Operating Budget are:
         (1) Insurance Increases of $26K due to increased valuation and rate.
         (2) Cleaning Expenses: +$6 K; $4K increase in window cleaning.
         (3) Exterior and Grounds: +$4K; Landscaping contract renewal, rate will remain flat through 2029.
         (4) Planned Reserve contribution increase of $25K annually.
      iii) To offset the increases we:
         (1) Continue to hold and request multi-year agreements with vendors vs year-to-year.
         (2) Stress preventative maintenance projects to keep insurance hikes in check and avoid larger future repairs.

(3) Selected new vendor for a Fire and Life Safety Contract with lower price.
(4) Steve will switch from a credit card to debit card for supply purchases, eliminating a 15% markup that was recently discovered.

iv) The 2026 Budget plan reflects an Association Dues increase of 8% and total budget of $1,182,931.
(1) $804K – Total Operational Expenses.
(2) $379k – Reserve Contribution.

v) There is planned Reserve Spending below in 2026 in the amount of $160K + $20K added in January 2026 for water pumps.
(1) Balcony crack investigation.
(2) Stone repairs over lobby and unit doors.
(3) Building fresh water pumps being rebuilt.
(4) Gym equipment phase 2.
(5) Common area heat pump replacements Phase 1.

vi) We are assuming 3.5% interest in the Reserve investments achieved by a CD ladder, totaling about $45K.

vii) Our recently updated Reserve Study helps guide us and estimate the timing of the major spending events. The study also helps us plan the association dues contributions to allow for the Reserve Fund to be appropriately funded.
(1) A well-funded Reserve Study also reflects positively on potential home buyers and helps maintain if not increase condominium values.

c) Questions/Comments from the Owners:
(1) No major questions or concerns raised after the financial presentation.

President's Report

1) 2025 Year in Review Summary:
a) 2025 Accomplishments highlighted by Board President
i) Dog Area: We repurposed the NW corner of the building after needing to do some repairs at the base of the building. We cleared the area out, leveled it off and put down pea gravel to create a small, enclosed dog area. This was done at minimal expense compared to prior quotes for more expansive dog runs. After about a year of use, we will review frequency of use and speak to dog owners and consider whether there are improvements or upgrades worth considering.

ii) New Ellipticals: After years of use, both ellipticals were replaced. There has been some growing pains with buggy console software that seem to have largely been resolved. We feel good about the equipment and will look towards a second phase of upgrades in 2026 with new bikes and treadmills.

iii) Deck Cracks: This is an item we are continuing to evaluate and study. Some of the decks have cracks in the corners near the columns, and the number of which is increasing. We are trying to understand why, how concerned we should be and how to address the cracks. We have engaged an engineering firm to study the movement of the building and determine if that is the cause. This may could also stem from temperature changes.
(1) We are in the early stages of the study and are providing building plans to the engineers.
(2) Research should begin in the Spring.
(3) We will keep residents updated on what we learn.

iv) New Lighting: All the decks and our front awning received upgraded LED lighting. We held an event to "Light the Breakwater" and worked with our lighting designer Kurt Waldhuetter, and Realtor, Chris Corley. Corley provided videos and photos of the building and Kurt provided refreshments.

v) Prolonged Elevator Outage: Our South elevator was out of service for about a month. It took Otis a long time and a lot of trial and error to remedy the problem. We contacted other elevator service companies but were limited in how much help they could provide, especially with all the elevator parts being proprietary Otis parts. Eventually, the elevator was successfully repaired. Many components have been replaced and we have taken steps to keep the elevator mechanical room better circulated to prevent overheating the computer equipment. The outage was also prolonged by Otis going through a major warehouse relocation project, and many of the parts we needed were misplaced during the transition and had extended delivery times.
   (1) After going through this outage, we have begun looking into modernizing our elevator. This would potentially allow us to move off the proprietary parts and open opportunities for other companies to service our elevators. Modernization is very expensive and time consuming, however, and is not targeted in our Reserve Study for about 10 years from now. Elevators systems are typically expected to last 20-30 years.
   (2) We are also in the middle of a 10-year contract with Otis which allows for an optout annually each May. We plan to negotiate with Otis on some of the language in the contract regarding obsolescence. Right now, parts deemed obsolete are not covered in the agreement and we would pay for them out of pocket. Until recently, we have not encountered obsolete parts and all repairs and maintenance conducted during business hours are covered in our agreement.
   (3) An owner asked if it is possible for a third freight elevator to be added to the building, which it is not.

2) 2026 Look Ahead: Planned projects for 2026 are a mix of improvement items as well as preventative maintenance.
   a) Stone Door Surround Repairs: We inspected the stone around all the unit doors and lobby doors. Many of them require some degree of repair. Some of them have stone blocks that are moving while others have cracks in the sealant/mortar. We plan to repair all degrees of damage in early 2026.
      i) In 2025 we did a trial repair of a third-floor unit that had stone movement. It went well and there was minimal inconvenience to the owner though we would like to improve the cleanup process as the lobby got quite dusty.
      ii) The bulk of the repairs will happen on the lower floors, with severity decreasing on higher floors.
         (1) Matt and Steve will map out a repair plan with the contractor and schedule repair dates with homeowners.
            (a) Owners are not expected to be restricted from coming and going from their homes. However, for the more involved stone repairs, the preference will be to have as little unit entry/exit as possible. We will have a better understanding of what the contractor thinks is best before the project begins and this will be communicated to affected units/owners.
               (i) Repairs should not take more than 2 days, with most/all being done in a day or less.
   b) Deck Engineering Study: This was detailed above but will be an important project to complete in 2026.
   c) Summer Social Event: Our Annual Holiday party is always well attended and well liked. However, many Breakwater residents are unable to attend because they live offsite in the winter months. A Summer party will provide an additional opportunity for the community to gather and hopefully lead to some additional residents attending that may not typically have that chance.
   d) Traffic Safety Initiative (Led and discussed by Lisa Diaz, 304): Lisa Diaz has been in contact with city engineering personnel after learning that she shares local traffic safety concerns with many of her fellow Breakwater residents; namely around the intersection of Knapp and Franklin. Lisa has learned that inordinate number of accidents occur around that block where statistically compared to the rest of the

city. The Board has agreed to work with Lisa on communicating with Breakwater to coordinate a meeting and gauge interest in forming a group to work with the city to implement safety improvements at the intersection. However, one hurdle that needs to be overcome is that WISDOT has a greater project planned for numerous local streets and intersections and is less motivated to make any immediate changes, despite the work not scheduled to begin for another 6-years. Lisa's hope is that with the backing of numerous Breakwater residents, they can persuade the city to take some measures soon to improve local traffic safety before the 6-year major street project begins. Breakwater will send a communication to the building in the coming weeks regarding this initiative.

Property Management Update

1) Property Manager Updates:
   a) WE Energies Meter Swaps: WE Energies sent a team to Breakwater to swap out over 90 of both residential electric and gas meters. The project went without issue, with owners that received new electric meters losing power for less than a minute. We would like a little more information from our WE rep, but the new electric meters should provide a usage benefit to owners from data collected by the meters. If we learn more, we will share that with the building.
   b) Domestic Water Pumps: Around Christmas, we lost water pressure to the residential water supply, affecting many owners, and had it not been remedied quickly, would have prevented water usage to the entire building. Over 17 years of use, the two pumps that provide water to all the units have started to show their age. Additionally, we learned that the way they are mounted may be causing additional issues from too much vibration. We have hired Butters Fetting to do an initial repair to both the pumps and most of that work is complete, though we are waiting for a new impeller to be delivered and installed in one of them. Additionally, we are leaning towards updating the main controller for the pumps to a variable frequency drive. These drives allow the pumps to run more often but more steadily and efficiently and at a lower RPM. Currently, when pressure is needed, the pumps kick on from a standstill. That initial jolt is also what drives most of the subsequent electrical usage. A VFD would greatly improve electrical efficiency and save the building a considerable amount of money.
   c) New Insurance Calendar: Our insurance policy was renewed on January 1st. Prior to this is it renewed in mid-May. We will pay a bit more in premium in 2026 but in all subsequent annual budgeting we will no longer need to guess at what 7-months of the year would cost, allowing us to provide a more precise budget.
   d) Garage CO Detector Sensor Replacement: The NO sensors contained within all the garage CO detectors have passed their useful life and need to be replaced. We were made aware of this in 2025 and monitored our finances throughout the year. With budget favorability at the end of the year, we made the decision to use some of those funds (about $2K) to purchase the new NO sensors ahead of the 2026 annual service. The sensors will be installed in early 2026 but purchasing them in 2025 allowed us to keep that expense out of the 2026 budget.
   e) Elevator Bearings Replacement: In early 2026 Otis elevator will be replacing the sheave bearings in the south elevator. You may notice a bit of a rough or grinding sound when you ride in the south car. The new bearings will smooth that out, though the elevator is safe to use until the replacement. We are working with Otis to lock in a service date. Once scheduled, there will be a multi-day outage for the elevator. Once work begins the elevator cannot be put back into service until all bearings have been replaced. Otis anticipates 2-3 days to complete the work.

Committee Status

1) Welcome: Lisa Handler chairs the Welcome Committee. Meetings have been completed with all the new owners. The committee could use a few more Winter volunteers with many committee members gone during the season. If you are local year-round and would like to be part of the team to welcome new residents to the building, please let us know.
2) Landscaping: We currently do not have a landscaping committee. Our landscaper does great work but we are always interested in owner feedback. Please consider volunteering .
3) Social: Dawn Zandt has stepped away as the committee lead and Denise McLain will be replacing her. Dawn did great work over the years, and we look forward to working with Denise and the committee on future events, including the first annual Summer event. A bulletin about the transition will be sent to residents.
4) Fitness: Karen Berenson chairs the fitness committee. The focal point for 2026 will be replacing the treadmills and stationary bikes. The committee did a great job working on the updates over the last 12-18 months.
5) Fire and Life Safety: There is no active committee here, though we have recently discussed safety planning with a Breakwater resident. There is potential for us to provide an evacuation *best practice* later this year. Please consider volunteering for this initiative.

Questions

1) Open Q&A Session for All the Owners:
   a) Q: Regarding building evacuations, what should owners do during a fire alarm?
      i) A: It is always best to assume the alarm is legitimate and evacuate the building down one of the two stairwells. If you cannot take the stairs in a fire emergency, and there is no emergency in your unit, you have the option of staying in your unit as an alternative until help can reach you. Owners can also move to their balconies if they cannot exit the unit. If you require assistance during an emergency, please let Matt know so that he can add this to the list for emergency responders.
   b) Q: What is the cost to update/replace the deck wood and do PM?
      i) The useful life the Ipe Wood deck boards are considered multiple decades. Eventually though, the boards as well as the wood trim around the glass will need to be replaced. The deck slabs themselves will also need a waterproof seal reapplied at some point as well. There is over $1M allocated to deck maintenance in the reserve study in the future.
   c) Q: Are there plans to update the paneling inside the elevators?
      i) A: Currently there are no plans to update the appearance of the elevators. Any cosmetic updates to the elevators would likely come after community feedback is requested.
      ii) Additionally, we are going to discuss repainting all the lobbies. To date, they have never been repainted.
   d) Q: Do we bid out our insurance carrier?
      i) A: We do not bid it out annually. Chubb, our current carrier, is considered one of if not the top condominium insurers and has been easy to work with on past claims. Our insurance agent does shop around to other carriers prior to our renewal each year.
   e) Q: An owner voiced endorsement of installing a VFD for the domestic water pumps.
      i) A: We have already begun communicating with the owner about getting quotes and understanding the benefits of installing such a drive.
   f) Q: Would Nancy like owners to separate cans from the rest of their recycling?
      i) A: This was asked in observance of Nancy often separating cans from bagged recyclables. However, she has been doing this for Steve as a courtesy. Steve takes the cans off site. Currently there is no need to change your recycling habits. We may follow up in the future on this matter. Feel free if you would like to bag your recyclable soda cans, etc. separately if you would like.

MEETING FINALIZATION

1) 2026 Board Election: Three candidates (3 incumbents) ran for three open positions. The required quorum of 26 votes was exceeded, allowing the election to be officially recognized and completed. Paul Berenson, Ken

Kump and Jim McLain will retain their positions on the Board. Board roles are determined at the February meeting.

2) Meeting adjourned at 6:10pm
3) The next meeting will be February 23rd, 2025 – This will be a closed meeting.