

A photograph of the 601 Lofts building, a modern multi-story residential structure with a light-colored facade and numerous balconies. The building is situated in an urban environment with other buildings and a street visible in the background. The sky is clear and blue.

601 Lofts Annual Meeting

February 16th, 2026

Agenda

- 1 Call to Order - Confirmation of Quorum
- 2 Approval of 2025 Annual Meeting Minutes
- 3 Terrace Repairs: Updates + Attorney Q&A
- 4 2025 Financials & 2026 Budget
- 5 Completed & Future Capital Projects
- 6 Owner Questions & Concerns
- 7 Opening of Election
- 8 Adjournment

2025 Board Members



**Behzad
Shabahang**

Shabahang &
Sons Rugs

2006 to
present



**Paul
Nowak**

Unit 1001

Sep 2022 to
present



**Lindsey
Ashenden**

Unit 412

Feb 2023 to
present



**James
Garcia**

Unit 403

Feb 2025 to
present

Terrace Repair Project Updates

Presented by: Jimmy Garcia & Attorney Michael Heller

Third Floor Terrace Repairs

Backstory

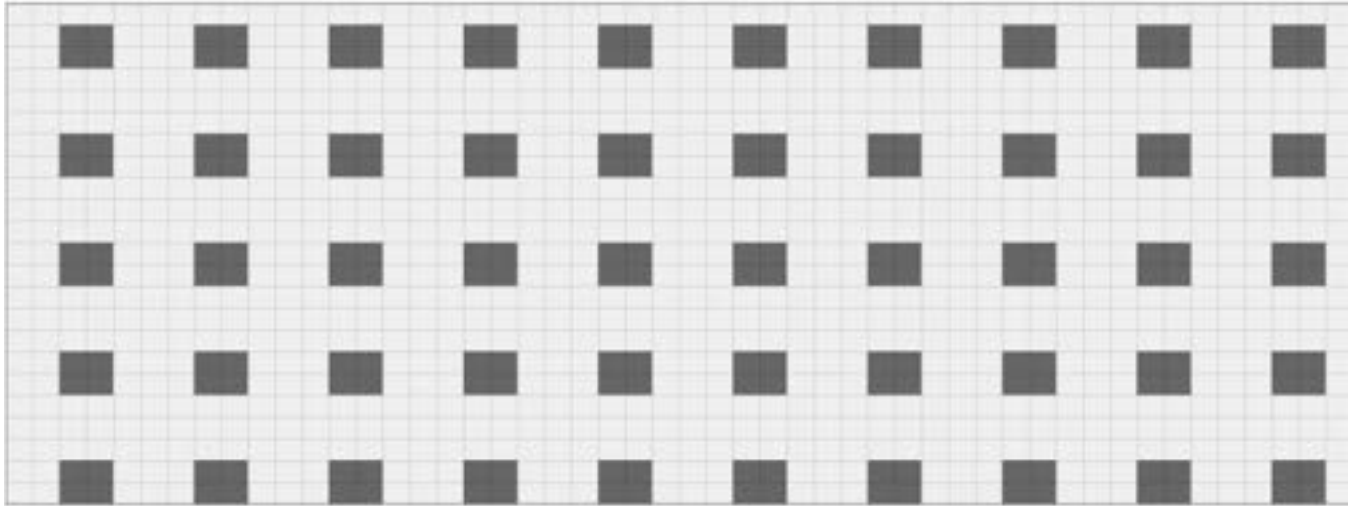
- In March 2023, heavy volumes of water on the terrace from snowmelt and strong thunderstorms caused flooding in the third floor hallway, as well as water damage in several units.
- It was determined that shifts in the building's foundation have caused the pitch of the terrace to be inadequate for water runoff and drainage.
- As immediate next steps, the Association filed an insurance claim to repair damage to the common areas, including drywall and replacing carpet.
- However, the Board recognized that a bigger fix is necessary not only to mitigate risk to the third floor residents, but also to maintain the structural integrity of the building's garage.

Third Floor Terrace Repairs

We are here.					
Q4 2023	Q1 - Q3 2024	Q4 2024	Q1 2025	Q2 2025 - Pres	TBD
Select Project Coordinator Gathered bids from engineering firms to identify most competitive pricing. Selected RCL Engineering as coordinator.	Discovery Phase Cut holes in concrete to understand structural integrity and determine next steps.	Finalize Scope, Timeline & Budget Review RCL proposals to determine whether to repair drainage alone or to invest in a paver system (sturdier long term solution).	Finalize Design 601 Lofts owners selected between 3 designs for paver system.	VBCL Revoked Approval; Lawsuit Filed VBCL revoked access to their driveway for repair work. 601 Lofts Board retained attorney & files lawsuit.	Construction Phase Begin repair work on the terrace deck.

Third Floor Terrace Repairs

Selected Design



Third Floor Terrace Repairs

Next Steps

- The lawsuit is moving into Discovery Phase, where both parties are able to request information from each other.
- Court-mandated mediation will be scheduled in late Q1 or early Q2 2026. Mediation is led by retired judges and is the best path forward for a timely ruling.
- Remaining payments for the special assessment have been paused until there is a resolution to the lawsuit. Special Assessment dues collected to date are in special Meryl Lynch HYSA, earning ~4% interest.

Legal Update + Q&A
with Attorney Michael Heller
~15 mins

2025 Financials & 2026 Budget

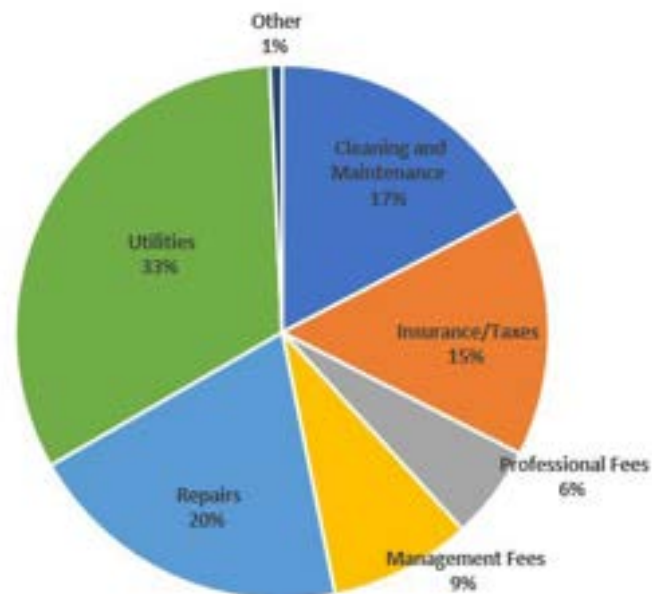
Presented by: Lindsey Ashenden

2025 Financials

FY 2025 Income Statement

601 Lofts Financials	YTD 2025 Actuals	YTD 2025 Budget	YTD 2024 Actuals	Variance to Budget \$	Variance to Budget %	Variance to PY \$	Variance to PY %
Association Dues	355,623	358,364	332,528	(2,741)	-0.8%	23,095	6.9%
Late Fee	5,253	-	4,373	5,253	0.0%	880	20.1%
Miscellaneous Income	27,511	26,400	26,560	1,111	4.2%	951	3.6%
Legal Fee Reimbursement	-	-	-	-	0.0%	-	0.0%
Interest Income	6,063	7,200	6,932	(1,137)	-15.8%	(869)	-12.5%
Total Operating Income	394,449	391,964	370,394	2,485	0.6%	24,056	6.5%
Total Operating Expense	359,912	342,509	396,229	17,403	5.1%	(36,317)	-9.2%
Reserve Contribution	37,089	49,455	16,432	(12,366)	-25.0%	20,657	125.7%
Reserve % of Op Expense	10.3%	14.4%	4.1%	-413 bps	616 bps		
Net Operating Profit	(2,552)	(0)	(42,267)	(2,552)		39,715	-94.0%
Special Assessments	466,298	590,000	9,062	(123,702)	-21.0%	457,236	5045.6%
Capital Improvements	59,502	590,000	-	(530,498)	-89.9%	59,502	0.0%
Special Projects	406,796	-	9,062	406,796	0.0%	397,734	4389.0%
Total Income	860,747	981,964	379,456	(121,217)	-12.3%	481,292	126.8%
Total Expense	456,503	981,964	412,661	(525,461)	-53.5%	43,843	10.6%
Total Net Income	404,244	(0)	(33,205)	404,244		437,449	-1117.4%
Operating Cash	22,785						
Spring Bank Reserve	9,427						
Merrill Lynch Reserve	168,090						
Total Cash	200,302						

2025 Expense Detail



2025 Financials

FY 2025 Expense Detail

601 Lofts Financials	FY 2025 Actuals	FY 2025 Budget	FY 2024 Actuals	Variance to Budget \$	Variance to Budget %	Variance to PY \$	Variance to PY %
Cleaning and Maintenance	62,615	62,785	69,577	(170)	-0.3%	(6,962)	-10.0%
Insurance/Taxes	54,376	57,400	67,419	(3,024)	-5.3%	(13,042)	-19.3%
Professional Fees	20,468	13,450	31,769	7,018	52.2%	(11,301)	-35.6%
Management Fees	31,052	29,294	27,636	1,758	6.0%	3,416	12.4%
Repairs	71,619	44,760	77,321	26,859	60.0%	(5,703)	-7.4%
Utilities	117,150	133,020	114,090	(15,870)	-11.9%	3,059	2.7%
Other	2,633	1,800	1,164	833	46.3%	1,468	126.1%
Total Operating Expense	359,912	342,509	388,977	17,403	5.1%	(29,065)	-7.5%
Electricity	58,222	54,000	48,962	4,222	7.8%	9,260	18.9%
Gas	14,763	19,200	13,441	(4,437)	-23.1%	1,321	9.8%
Water/Sewer	29,146	37,200	31,307	(8,054)	-21.7%	(2,161)	-6.9%
Garbage and Recycling	13,778	12,000	11,715	1,778	14.8%	2,063	17.6%
Cable/Internet	1,041	1,320	1,263	(279)	-21.1%	(222)	-17.5%
Phone	200	9,300	7,402	(9,100)	-97.8%	(7,202)	-97.3%
Total Utilities	117,150	133,020	114,090	(15,870)	-11.9%	3,059	2.7%

Repairs	Total
HVAC (Heat, Ventilation, Air)	47,951
General Repairs	7,846
Plumbing	6,268
Repairs Flooring/Mat Rental	5,960
Intercoms/Security	3,594
Total	71,619

2026 Budget

2026 Operating Budget

601 Lofts Financials	FY 2026 Budget	FY 2025 Actuals	Variance to PY \$	Variance to PY %
Association Dues	412,129	355,623	56,506	15.9%
Late Fee	-	5,253	(5,253)	-100.0%
Miscellaneous Income	26,400	27,511	(1,111)	-4.0%
Legal Fee Reimbursement	-	-	-	0.0%
Interest Income	7,800	6,063	1,737	28.7%
Total Operating Income	446,329	394,449	51,880	13.2%
Total Operating Expense	390,630	359,912	30,718	8.5%
Reserve Contribution	55,699	37,089	18,610	50.2%
Reserve % of Op Expense	14.3%	10.3%		
Net Operating Profit	0	(2,552)	2,552	-100.0%
Special Assessments	147,500	466,298	(318,798)	-68.4%
Capital improvements	440,000	59,502	380,498	639.5%
Special Projects	(292,500)	406,796	(699,296)	-171.9%
Total Income	593,829	860,747	(266,918)	-31.0%
Total Expense	886,329	456,503	429,826	94.2%
Total Net Income	(292,500)	404,244	(696,744)	-172.4%

Assumptions:

- 2026 assumes a slight increase on current run rates resulting in a 3-4% increase on total operating expenses YOY
- Upgrades to our camera system with 30+ new cameras inside and outside of the building for enhanced security and safety (\$15k)
- Budget for a reserve study around our savings reserve for future planning purposes (\$5k)
- Maintain a reserve contribution of 15% of total operating expenses for major future repairs

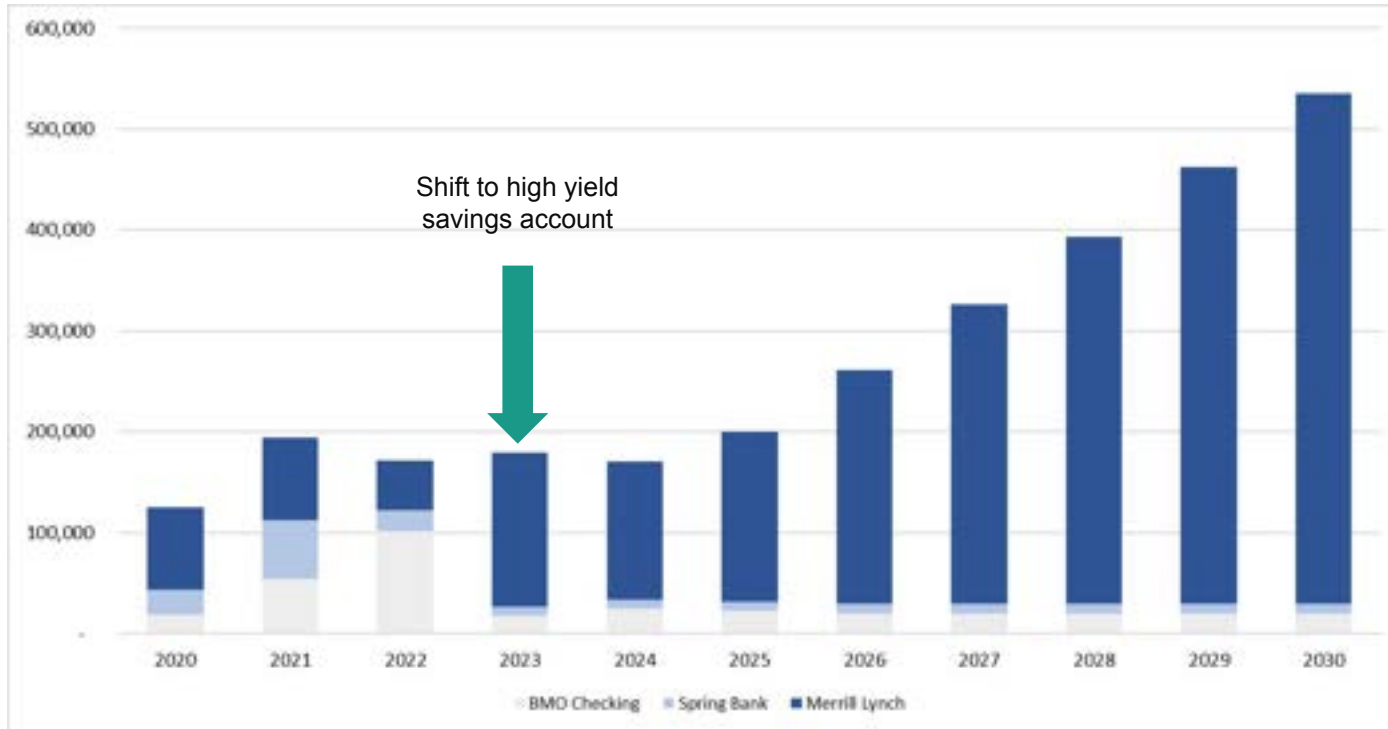
2026 Budget

2026 Operating Expenses by Category

601 Lofts Financials	FY 2026 Budget	FY 2025 Actuals	Variance to PY \$	Variance to PY \$
Cleaning and Maintenance	64,585	62,615	1,970	3.1%
Insurance/Taxes	57,400	54,376	3,024	5.6%
Professional Fees	21,450	20,468	982	4.8%
Management Fees	32,915	31,052	1,863	6.0%
Repairs	80,960	71,619	9,341	13.0%
Utilities	130,320	117,150	13,170	11.2%
Other	3,000	2,633	367	14.0%
Total Operating Expense	390,630	359,912	30,718	8.5%
Electricity	60,000	58,222	1,779	3.1%
Gas	18,000	14,763	3,237	21.9%
Water/Sewer	36,000	29,146	6,854	23.5%
Garbage and Recycling	13,800	13,778	22	0.2%
Cable/Internet	1,320	1,041	279	26.8%
Phone	1,200	200	1,000	500.0%
Total Utilities	130,320	117,150	13,170	11.2%

2026 Budget

Cash Accounts: Historical Data + Projections



Assumptions:

- BMO Checking at \$20k
- Spring Bank at \$10k
- Merrill Lynch Account assumes +\$55k/year and 3.5% interest income

Projects: Completed & Future

Presented by: Paul Nowak + Cindy Galvan

Proposed Projects

Proposed Projects:

- Third floor terrace repairs + Pavers
- Butterfly access system upgrade (fobs & software)
- Garbage room cleanup
- Security camera upgrades
- Reserve Study
- Condo document updates (Bylaws & Declaration)

Status/Outcome

Pending active lawsuit

Completed

Completed

Deferred to 2026

Deferred to 2026

Deferred indefinitely

Completed Projects

Completed Projects

ButterflyMX Fobs:

Fob readers were added to the exterior door access system panels & on the staircase entrances in the garages and lobby to ensure that intruders or thieves would have extremely limited access to the building. Owners can now use the ButterflyMX app, their fob or the touch-screen panels to access the building.

Garbage Room Cleanup:

Dumpsters were replaced and unclaimed bicycles were donated to a local charity. The Garbage Room was deep cleaned and new splash panels were added to the walls next to the garbage chute.

Deferred Projects

Updating the Condo Documents

Condo associations are governed by three sets of documents:

Declaration

- “Creates” the Association.
- Describes the physical building.
- Defines percentage of ownership each unit has in the building.

Covers things that are essentially permanent, unless there are structural changes to the building.

Bylaws

- Outlines how the Association operates and the responsibilities of the Board.

Typically, associations evaluate these every 5-7 years to ensure they're relevant and modern.

Rules & Regulations

- Describes standards that owners and their guests are held to when in the building.

These are updated on an as-needed basis by the Board. Updates to this document are not voted on by owners.

Deferred Projects

Updating the Condo Documents

- The current Declaration defines operations that should be defined under the Bylaws instead (insurance requirements, leasing process, and right of entry).
- The current documents don't reflect that the Association has a property manager who handles a good portion of operations.
- The current documents focus heavily on the building's original construction, outlining processes that will never happen again.
- The documents are not aligned with updated Wisconsin insurance statutes.

Deferred Projects

Updating the Condo Documents

- In 2024, a working group provided feedback on the Board's original proposed updates.
- The documents were put to a digital vote in August 2024.
- More owners voted in favor of adopting the new documents than against, but there was simply not enough participation to move forward.
 - Turnout rate of 46% (38/82 units)
 - Declaration Outcome: 35% in favor; 11% against; 54% did not vote
 - Bylaws Outcome: 27% in favor; 20% against; 54% did not vote
- The current Board still believes the updates are necessary, but has indefinitely deferred a future vote until the terrace repair project is done.

Future Projects

Reserve Study

In order to better plan future annual budgets, the Board has decided to conduct a reserve study:

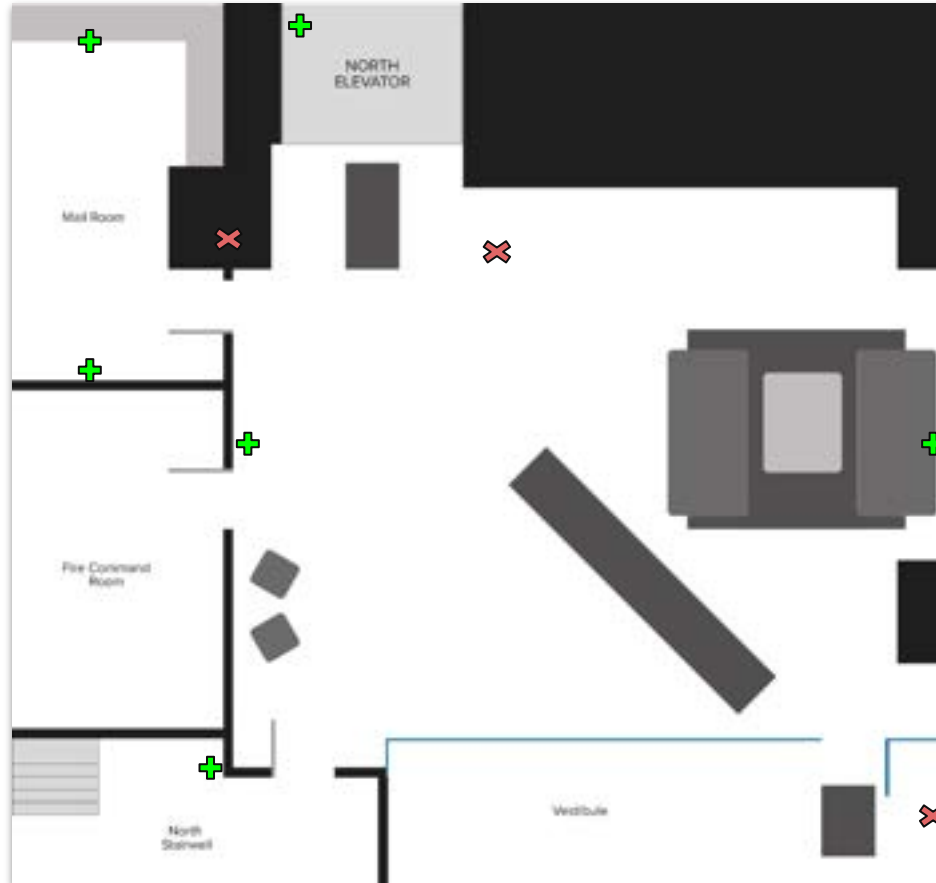
- A reserve study is an independent evaluation of the Association's reserve funds and physical assets, including the current state of its building systems and equipment relative to when they were installed or last replaced.
- The assessment will provide a prioritized schedule of capital improvement projects and a reserve funding strategy to pay for these improvements over the next 30 years.
- This ensures that the Association has an accurate forecast of future expenditures and maintains adequate reserve funds, reducing the likelihood of future special assessments.
- Owners will have more transparency into how budget decisions—such as dues increases—are made and how projects are prioritized.

Camera Upgrades

- Due to an increasing level of vandalism inside and outside of the building, the Board voted in July 2025 to prioritize upgrading the building's security camera system.
- We selected the Arlo brand wireless camera system because it does not require any infrastructure changes other than moving the building's wireless router to increase its range.
- An analysis of the current system was completed in September 2025 to determine optimal camera placement. The proposal was unanimously approved by the Board.
- The Arlo system has a \$250 annual subscription fee for the building, as well as a one-time cost of \$175 per camera. Total estimated cost for materials and installation is \$15,000.
 - To reduce cost, the Board decided to trial battery power, but may explore hard-wired electricity if warranted.
 - Battery life is typically 60 days (indoors or outdoors) in the Spring through Fall; outdoor battery life in the Winter is closer to 30-35 days.
- Installation is planned for early Q2. The current system will be taken offline after installation.

Camera Upgrades

Lobby



- + = New camera
- = Replace camera
- X = Remove camera

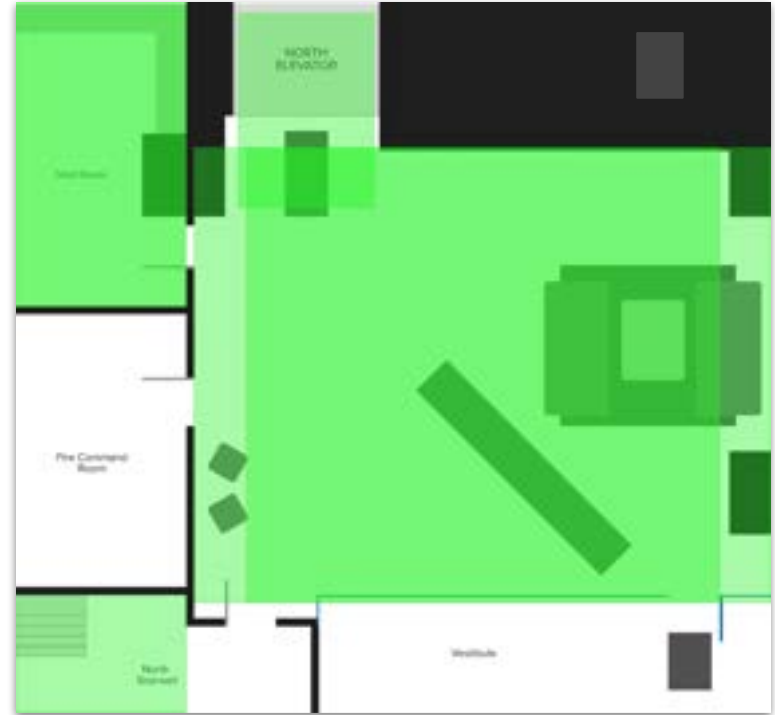
Camera Upgrades

Lobby

Current Coverage

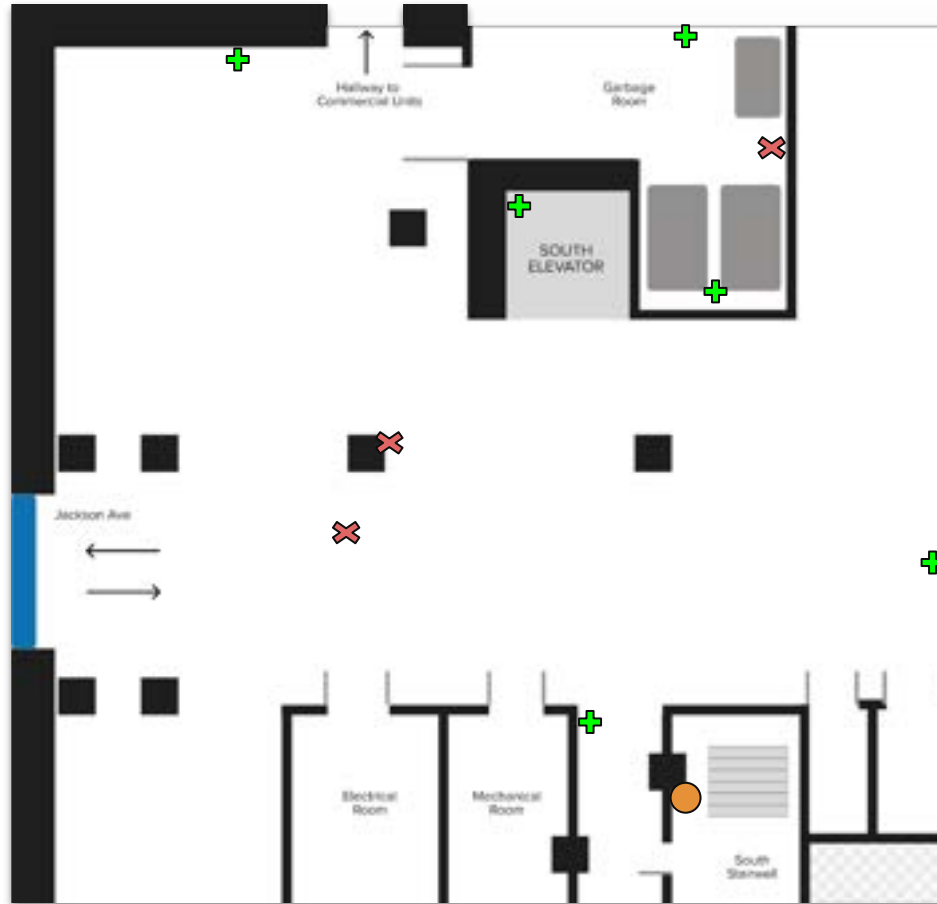


Updated Coverage



Camera Upgrades

L1 Garage



- + = New camera
- o = Replace camera
- X = Remove camera

Camera Upgrades

L1 Garage

Current Coverage

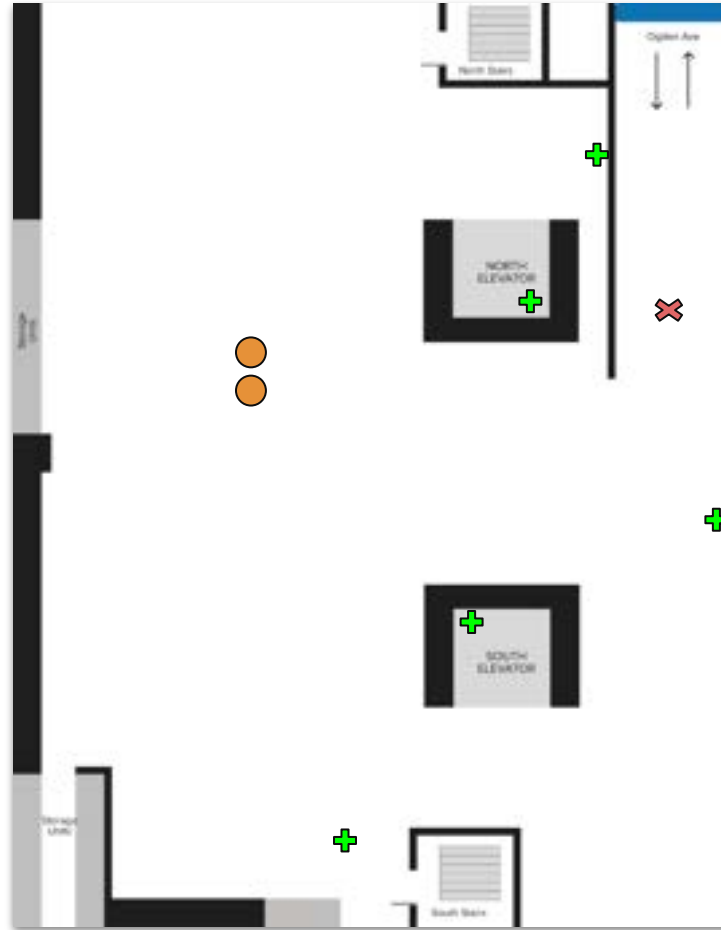


Updated Coverage



Camera Upgrades

LL & L2 Garages



+ = New camera

● = Replace camera

X = Remove camera

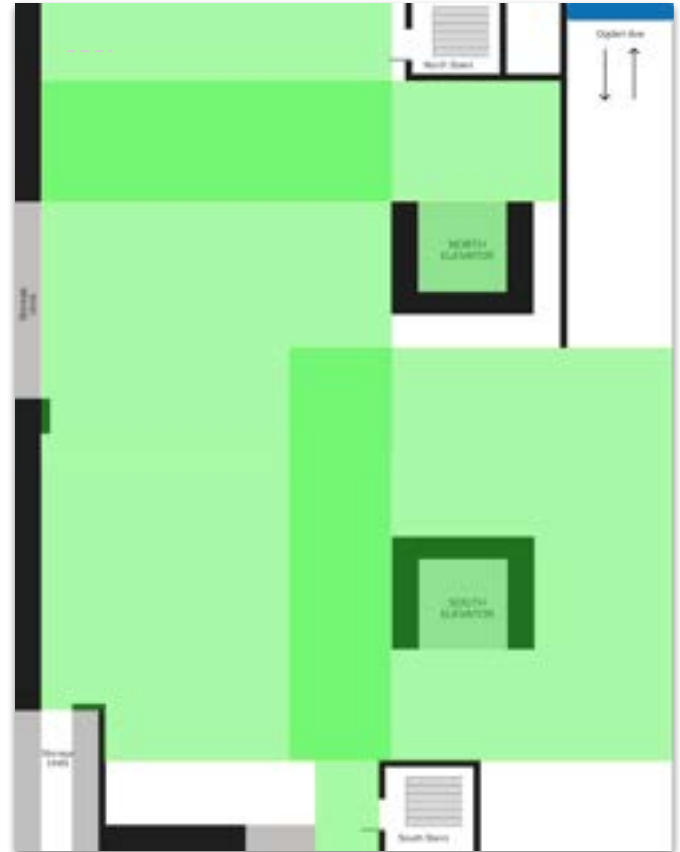
Camera Upgrades

LL & L2 Garages

Current Coverage

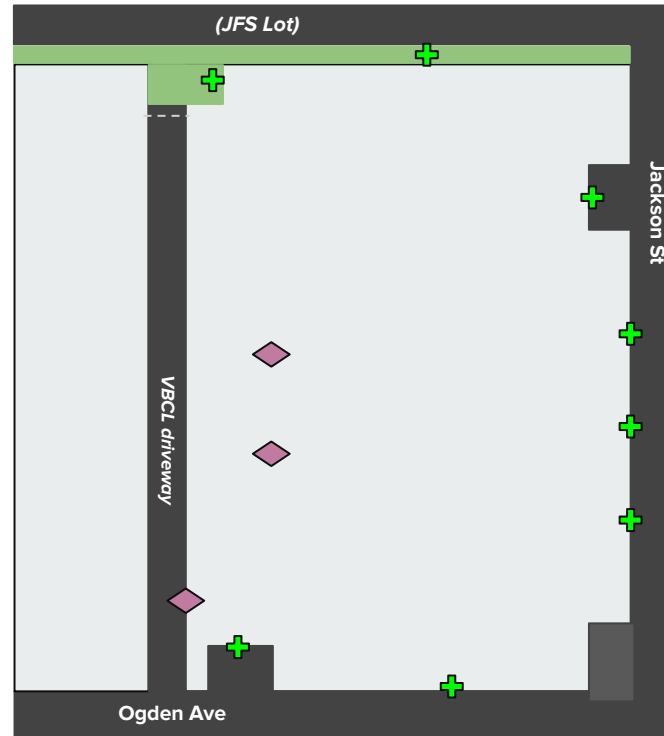


Updated Coverage



Camera Upgrades

Building Exterior



+ = New camera

◇ = Future placement

Owner Concerns + Questions

Q&A with The Entire Board

Q+A unit owner concerns

On last year's annual meeting topic of improving communication, the minutes indicate several action steps to be taken in 2025:

- 1. Communicate upcoming meetings via email and include draft agenda**
- 2. Post meeting minutes to AppFolio within 1 week following the meeting**
- 3. Consider monthly/quarterly newsletter with support from a new subcommittee team**

How does the Board believe it has satisfied these action items?

- Cindy sent communications in advance for 3 out of 5 meetings, so there is room for improvement.
- Draft minutes were shared within 1 week of every 2025 board meeting.
- Outside of meeting minutes, the Board communicated project updates when information was concrete enough to share and gave safety notices when there were instances of vandalism or violence in our building or on our block.
- There was no owner interest shown in starting a subcommittee to write a quarterly/monthly newsletter.
- The Board welcomes feedback as to what specific additional topics owners would like to receive communications about that are not covered in the minutes.