

A photograph of the 601 Lofts building, a modern multi-story residential structure with a prominent glass-enclosed stairwell and balconies, set against a clear blue sky. The building is surrounded by other urban structures and a snowy street in the foreground.

601 Lofts Annual Meeting

February 19th, 2025

Agenda

- 1 Call to Order - Confirmation of Quorum
- 2 Approval of 2024 Annual Meeting Minutes
- 3 2024 Financials & 2025 Budget
- 4 Projects: Completed & Future
- 5 Owner Questions & Concerns
- 6 Opening of Election
- 7 Adjournment

2024 Board Members



**Behzad
Shabahang**

Shabahang &
Sons Rugs

2006 to
present



**Mary
Reavey**

Unit 310

Feb 2021 to
present



**Paul
Nowak**

Unit 1001

Sep 2022 to
present



**Lindsey
Ashenden**

Unit 412

Feb 2023 to
present

2024 Financials & 2025 Budget

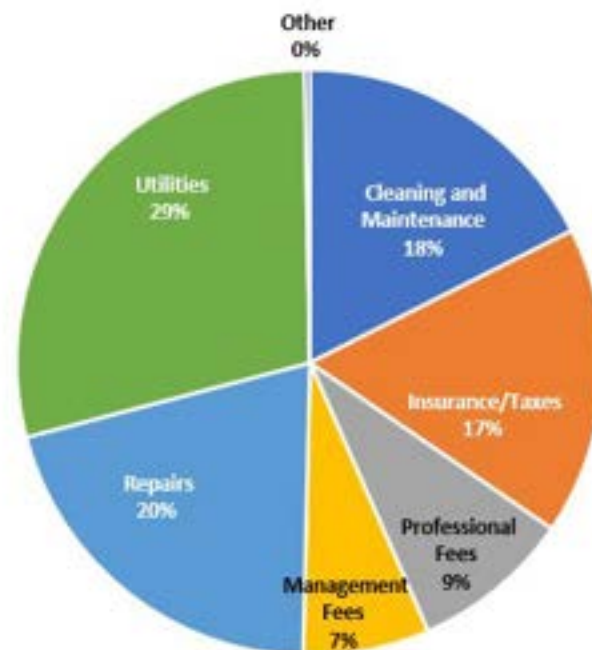
Presented by: Lindsey Ashenden

2024 Financials

FY 2024 Income Statement

601 Lofts Financials	YTD 2024 Actuals	YTD 2024 Budget	YTD 2023 Actuals	Variance to Budget \$	Variance to Budget %	Variance to PY \$	Variance to PY %
Association Dues	332,528	326,614	313,824	5,914	1.8%	18,704	6.0%
Late Fee	4,373	-	7,038	4,373	0.0%	(2,665)	-37.9%
Miscellaneous Income	26,560	38,800	35,000	(12,240)	-31.5%	(8,440)	-24.1%
Legal Fee Reimbursement	-	-	8,436	-	0.0%	(8,436)	-100.0%
Interest Income	6,932	12,000	3,753	(5,068)	-42.2%	3,179	84.7%
Total Operating Income	370,394	377,414	368,051	(7,021)	-1.9%	2,342	0.6%
Total Operating Expense	396,229	328,122	301,188	68,106	20.8%	95,040	31.6%
Reserve Contribution	16,432	49,292	17,674	(32,860)	-66.7%	(1,242)	-7.0%
Reserve % of Op Expense	4.1%	15.0%	5.9%	-1088 bps	-172 bps		
Net Operating Profit	(42,267)	(0)	49,189	(42,267)		(91,456)	-185.9%
Special Assessments	9,062	-	100,636	9,062	0.0%	(91,574)	-91.0%
Capital improvements	-	-	160,720	-	0.0%	(160,720)	-100.0%
Special Projects	9,062	-	(60,084)	9,062	0.0%	69,146	-115.1%
Total Income	379,456	377,414	468,687	2,041	0.5%	(89,231)	-19.0%
Total Expense	412,661	377,414	479,582	35,246	9.3%	(66,922)	-14.0%
Total Net Income	(33,205)	(0)	(10,896)	(33,205)		(22,309)	204.8%
Operating Cash	24,966						
Reserve Account 1	8,978						
Reserve Account 2	136,593						
Total Cash	170,537						

2024 Expense Detail



2024 Financials

FY 2024 Expense Detail

601 Lofts Financials	FY 2024 Actuals	FY 2024 Budget	FY 2023 Actuals	Variance to Budget \$	Variance to PY \$	Variance to Budget \$	Variance to PY \$	Comments
Cleaning and Maintenance	69,577	67,185	64,612	2,392	4,966	3.6%	7.7%	
Insurance/Taxes	67,419	38,053	28,129	29,366	39,289	77.2%	139.7%	Increase in property taxes - new contract \$55k
Professional Fees	34,952	13,700	13,289	21,252	21,663	155.1%	163.0%	Legal BI-laws, roof and sprinkler, EV, Terrace inspections
Management Fees	27,636	29,294	27,636	(1,658)	-	-5.7%	0.0%	
Repairs	81,389	49,990	41,938	31,399	39,451	62.8%	94.1%	HVAC cooling tower, condenser leak, boiler system repairs
Utilities	114,090	124,800	127,737	(10,710)	(13,646)	-8.6%	-10.7%	
Other	1,164	5,100	(2,153)	(3,936)	3,317	-77.2%	-154.1%	
Total Operating Expense	396,229	328,122	301,188	68,106	95,040	20.8%	31.6%	
Electricity	48,962	49,800	44,771	(838)	4,191	-1.7%	9.4%	
Gas	13,441	22,800	20,952	(9,359)	(7,510)	-41.0%	-35.8%	
Water/Sewer	31,307	31,200	27,619	107	3,688	0.3%	13.4%	
Garbage and Recycling	11,715	10,800	10,430	915	1,285	8.5%	12.3%	
Cable/Internet	1,263	1,200	1,207	63	56	5.2%	4.7%	
Phone	7,402	9,000	23,965	(1,598)	(16,563)	-17.8%	-69.1%	New contract; PY credits
Total Utilities	114,090	124,800	128,944	(10,710)	(14,853)	-8.6%	-11.5%	
HVAC Cooling Tower and Boilers	41,358							
Insurance Increase to budget	29,366							
2023 Insurance Claims	11,273							
Butterfly Security Equipment	8,063							
One-Time Items	90,060							
Total Less One-Time	306,168	328,122	301,188	(21,954)	4,980	-6.7%	1.7%	

2025 budget

2025 Operating Budget

601 Lofts Financials	FY 2025 Budget	FY 2024 Actuals	Variance to PY \$	Variance to PY %
Association Dues	358,364	332,528	25,836	7.8%
Late Fee	-	4,373	(4,373)	-100.0%
Miscellaneous Income	26,400	26,560	(160)	-0.6%
Legal Fee Reimbursement	-	-	-	0.0%
Interest Income	7,200	6,932	268	3.9%
Total Operating Income	391,964	370,394	21,571	5.8%
Total Operating Expense	342,509	396,229	(53,719)	-13.6%
Reserve Contribution	49,455	16,432	33,023	201.0%
Reserve % of Op Expense	14.4%	4.1%		
Net Operating Profit	(0)	(42,267)	42,267	-100.0%
Special Assessments	590,000	9,062	580,938	6410.7%
Capital improvements	590,000	-	590,000	0.0%
Special Projects	-	9,062	(9,062)	-100.0%
Total Income	981,964	379,456	602,509	158.8%
Total Expense	981,964	412,661	569,304	138.0%
Total Net Income	(0)	(33,205)	33,205	-100.0%

Assumptions:

- Association Dues +8% driven by an increase in property insurance and utilities
- Operating Expenses -14%; +11% when excluding one-time items in 2024
- 2025 reserve budgeted at 15% of expenses; 2024 reserve expense low due to several large one-time items in 2024 that required reserve funding

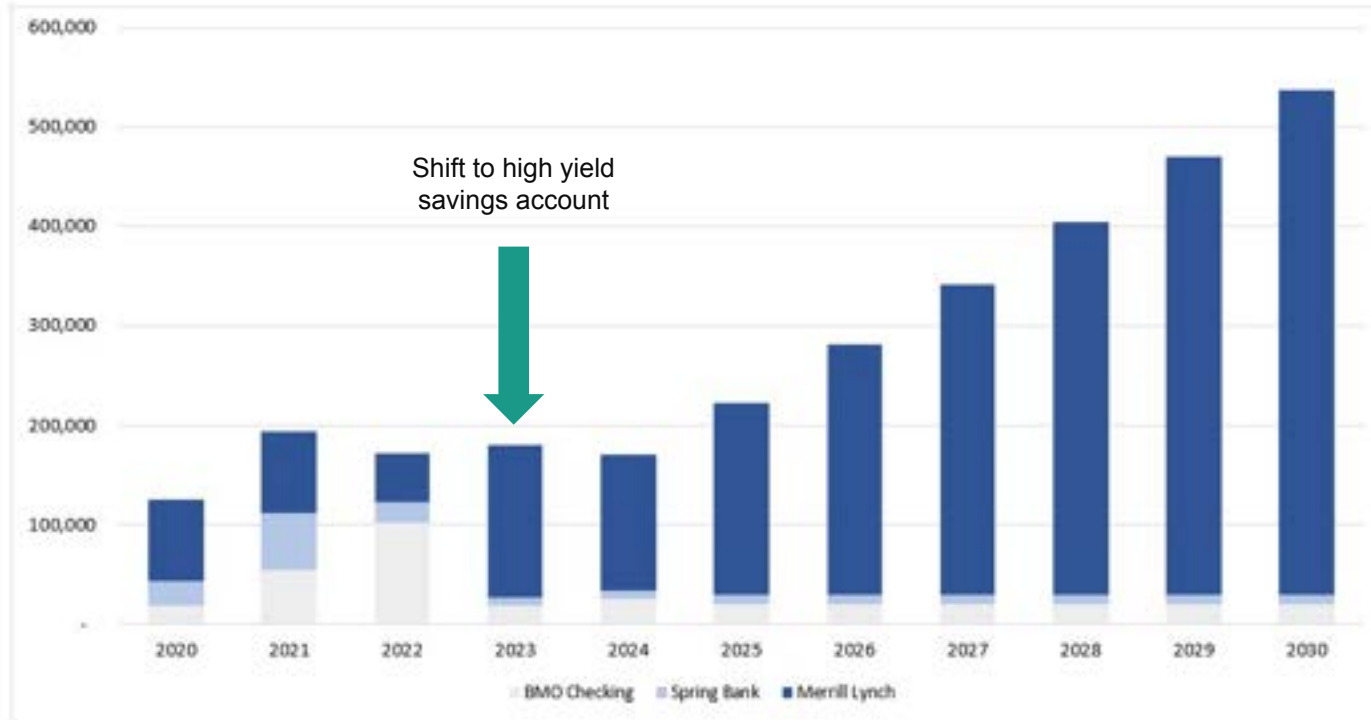
2025 budget

2025 Operating Expenses by Category

601 Lofts Financials	FY 2025 Budget	FY 2024 Actuals	Variance to PY \$	Variance to PY \$	Comments
Cleaning and Maintenance	62,785	69,577	(6,792)	-9.8%	Excluded one-time garage door repairs (Jackson St.)
Insurance/Taxes	57,400	67,419	(10,019)	-14.9%	Aligned to new property insurance contract
Professional Fees	13,450	34,952	(21,502)	-61.5%	Excluded one-time insurance claim (2023), terrace & EV inspections, legal fees
Management Fees	29,294	27,636	1,658	6.0%	
Repairs	44,760	81,389	(36,629)	-45.0%	Excludes one-time HVAC repairs in 2024
Utilities	133,020	114,090	18,930	16.6%	Increase aligned to end of year run rate
Other	1,800	1,164	636	54.6%	
Total Operating Expense	342,509	396,229	(53,719)	-13.6%	
Electricity	54,000	48,962	5,038	10.3%	
Gas	19,200	13,441	5,759	42.8%	
Water/Sewer	37,200	31,307	5,893	18.8%	
Garbage and Recycling	12,000	11,715	285	2.4%	
Cable/Internet	1,320	1,263	57	4.5%	
Phone	9,300	7,402	1,898	25.6%	
Total Utilities	133,020	114,090	18,930	16.6%	

2025 budget

Cash Accounts: Historical Data + Projections



Assumptions:

- BMO Checking at \$20k
- Spring Bank at \$10k
- Merrill Lynch Account assumes +\$50k/year and 3.5% interest income

Projects: Completed & Future

Presented by: Paul Nowak + Cindy Galvan

Completed Projects

EIFS Project

2023 marked the end of a 4-year project to seal the building's EIFS joints from water.

Cracks & erosion in caulking

Water damage occurred in units around the building, due to erosion of the caulk and sealant over the joint of the building's EIFS.



Fully enclosed & protected joints

Water has no entry point as the joints are fully caulked, protected with a silicone barrier and sealed with silicone paint.



EIFS Project

Final Outcome

Sealed & Painted

(work complete)



- All joints are painted and sealed with waterproof paint.
- Work was completed on time and within budget.

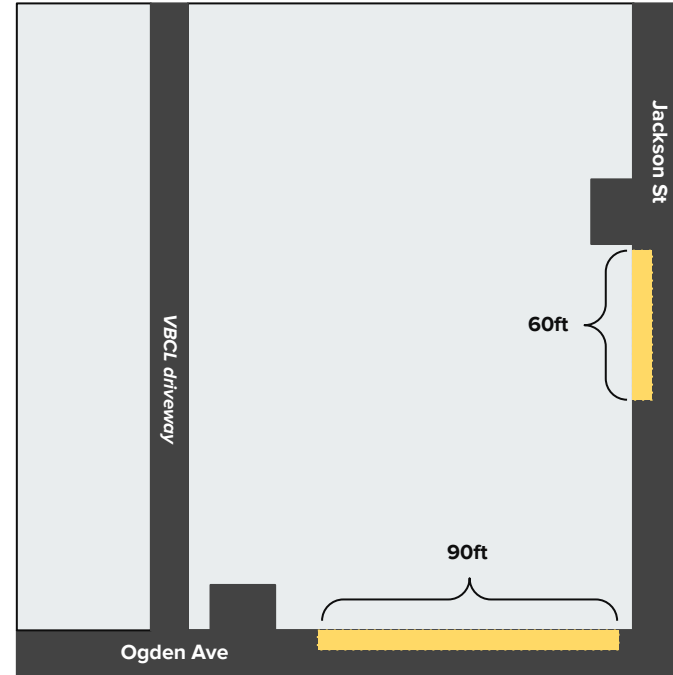
EIFS Project

Total EIFS Project Funding:

	2020	2021	2022	2023	3 year Total
Special Assessment	5,723	151,000	152,011	100,486	403,497
Late Payment (Jan 2024 actuals)				8,552	8,552
Estimated Outstanding				5,000	5,000
Reserve Fund Transfer	-	-	102,800	-	102,800
Total Funding	5,723	151,000	254,811	114,038	519,850
Capital Improvements	270,491	165,684	192,645	160,720	519,049
Net Special Fund	(264,768)	(14,684)	62,166	(46,682)	801

Loading Zone Application

- To help reduce the number of cars parking in the VBCL driveway, the Board applied for **loading zones** on both Ogden and Jackson.
- Our application was rejected by Alderman Robert Bauman in early 2025.
- The Board chose to receive a refund rather than appeal.



Updating the Declaration & Bylaws

What are these 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.

Updating the Declaration & Bylaws

Why update the Declaration & Bylaws?

- 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.

Updating the Declaration & Bylaws

Outcome

- 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 will leave the decision to the next Board on whether or not to have another vote.

Future Projects

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.



Nov 2023



Select Project Coordinator

Gathered bids from engineering firms to identify most competitive pricing.

Selected RCL Engineering as coordinator.

Feb 2024



Discovery Phase

Cut holes in concrete to understand structural integrity and determine next steps.

Fall 2024



Finalize Scope, Timeline & Budget

Review estimates and proposals from RCL to determine whether to repair drainage alone or to invest in a paver system (a sturdier long-term solution).

Feb 2025

Design Phase

Select color options for paver system.

Make final selection.

April 2025

Construction Phase

Begin work on repairing the terrace deck.

Third Floor Terrace Updates

- **Repairs and paver installation are planned for Q2 2025.**

The repair work is required for the structure and safety of the building and a flooring solution that can keep the space as a usable amenity for all owners is necessary.

- **Pavers were the viable flooring option to maintain the usability of the building's only amenity.**

While aggregate may be a more cost-effective option, it would make the space unusable—especially for the two units with direct access losing usability of their deeded property. In addition, this material adds risk for future maintenance requirements or injuries if people walk on the surface.

- **The payment schedule was shifted to allow the owners additional payment time in 2025.**

The new payment schedule is Apr 1st, Jun 1st, Aug 1st, and Nov 1st to meet the final payment due to the contractor.

- **If the project concludes at lower than anticipated costs, a refund will be issued.**

There is a contingency of \$20k built into the project cost – if costs come in lower, we will refund the difference.

- **Final paver design will be voted on by owners.** RCL will be providing paver design options in the next 2 weeks. The Board will narrow down the options and have owners help select the final decision for a cohesive building design.

Access & Security System Upgrades

Over the last 5 years, there have been a series of thefts from the mailroom and from the garages. The Board has explored options to increase the building's security with minimal disruption to owners' day-to-day life.

ButterflyMX Fobs: Installing fob readers in the elevators and at the staircase entrances in the garages and lobby to ensure that intruders or thieves would have extremely limited access to the building.

Cost: \$11,300 + \$4,000 installation

Status: Installation is planned for late Q1 or early Q2 2025.

- Each unit will receive one fob for each deeded parking space.
- If lost or stolen, replacement fobs will be available for \$30 per fob.
- More details will be shared once the installation date is finalized.

Security Camera Upgrades: Install high resolution cameras with remote access and cloud storage, as well as add an additional camera covering the north exterior side of the building.

Estimated cost: \$16,000

Status: Deprioritized due to higher insurance costs and third-floor terrace repair project.

Future Projects

Future Projects Proposed:

- Third floor terrace repairs + Pavers
- Butterfly equipment upgrade, fobs, software
- Butterfly equipment Installation
- Security camera upgrades (Timing TBD)
- ~~Electric vehicle panel (*pending vote*)~~

Estimated Cost

\$590,000 (2025 budget)

\$11,300 (2024 actuals)

\$4,000 (2025 budget)

\$16,000

~~-\$36,000 + Owner Costs~~

Owner Concerns + Questions

Q&A with The Entire Board

Q+A unit owner concerns

How can board and building communication be improved?

- Owners should attend bi-monthly board meetings for up-to-date building news and awareness.
- Board will communicate upcoming meetings through email and include draft agenda.
- Board will post meeting minutes to Appfolio within 1 week following meeting.
- Owners to consider monthly/quarterly newsletter with support from subcommittee team.

Q+A unit owner concerns

SECURITY UPGRADES

- How will the new ButterflyMX fob system work?
 - Owners would be able to tap their fob to the reader to open doors or operate the elevator without needing to enter their PIN or use the ButterflyMX app.
 - To grant access to visitors, owners would use the ButterflyMX app to open the lobby or back door door. Visitors would have a predetermined amount of time to enter the elevator to access the unit they are visiting. The elevator would only allow them to access the floor of the unit they're visiting.
- Which doors would receive fob readers?
 - A fob reader would be placed on all staircase entry doors in the garages and lobby. Owners would be able to open these doors with their fobs; visitors or intruders would not be able to open these doors.



Thank you!



Appendix

2024 Proposal: Updating the Declaration & Bylaws

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- The documents are not aligned with updated Wisconsin insurance statutes.

2024 Proposal: Updating the Declaration & Bylaws

Declaration: Summary of Proposed Updates

- Remove all content related to the building's original construction.
- Correct the number of residential units that were actually built from 80 to 79.
- Move all content that defines operations to the Bylaws instead (insurance requirements, leasing process, and right of entry).

2024 Proposal: Updating the Declaration & Bylaws

Bylaws: Summary of Proposed Updates

- Increase advance notice given to owners from 3 days' notice to one week's notice for right-of-entry on projects that will require more than one week's access.
- Limit the number of total residential unit rentals to 8 units (10% of the residential units). All active rentals would be grandfathered in and allowed to continue.
 - Residential owners must own their unit for a minimum of 12 months before being eligible to rent.
 - If a tenant's lease expires and they do not renew, that owner will move to the bottom of the rental queue.
 - If an owner experiences unexpected financial hardship while the building is at its maximum number of rentals, they may apply for a financial hardship exception to rent their unit for one year.
- Establish a one-time transfer fee (equal to 2 months' common charges) to be paid by new buyers upon closing.
- Update processes to reflect how the Association works with our Property Manager, Cindy (RES).
- Bring insurance coverage requirements in line with Wisconsin statutes.
- Removed requirement for annual HVAC inspection at Owners' cost.

2024 Proposal: Updating the Declaration & Bylaws

Process to Approve

These documents have different requirements in order to be adopted:

Declaration

- 75% of Residential Owners (59 units) and 75% of Commercial Owners (3 units) must vote in favor.
- Once this is met, the updated declaration will be sent to Mortgage Lenders for final review.
- The updated declaration will be adopted if no objections are received from the Lenders.

Bylaws

- 67% of Unit Owners (56 units, residential or commercial in any combination) must vote in favor of adoption.

Updating the Declaration & Bylaws

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