**Finance Committee Report**

**(07-10-2024)**

**Board Members Present**: William Ramirez, Margarita Perez, Rosa de Los Sanots, Ted Reich, Laura Pagan, Bernice McCallum, Raquel Keating, Yvonne Talton, and Roberto Caballero.

**Staff & Guests Present**: Mitch Magidson, Manager and Robert Mellina, Certified Public Accountant.

An agenda and the Masaryk Towers Corporation Compiled Financial Statement and Supplementary Information for the Six-Month Periods Ending December 31, 2023, and 2022 (Financial Statement) were distributed at this meeting.

The Chair of the Finance Committee, Raquel Keating opened the meeting and stated that “Financially we are doing fine, and we are not in the hole”.

**Discussion on the Financial Statement**:

The accountant referred to the Financial Statement and discussed and addressed accounts receivable, maintenance fee arrears, accounts Payable, were all discussed in relation to the Financial Report.

The Manager stated that on the average Masaryk Towers pays its bills within (60) days, most of our invoices are paid within (30) days.

**Board of Directors Involvement with HPD Regarding the Proposed Loan:**

Bernice McCallum stated that representatives of the Board of Directors and the Manager meet every other week with representative(s) of the NYC Department of Housing Preservation and Development (HPD). HPD has stated that they’re committed to closing on a new loan within (12) months. The Manager stated that “it’s unrealistic and unheard to be able to close by December 2024”.

**Executive Summary**:

The Manager stated that he has just received a revised Integrated Physical Needs Assessment (IPNA) (aka) the Executive Summary which requires finalizing the Scope of Work (SOW). The following are currently in the SOW: replacement of all (16) elevators, roof replacement including the roof railings, apartment/building window replacement, Local Law XI (Building facade work), apartment electrical panel replacement, air conditioning sleeve repairs and asbestos removal. The estimated loan amount is ($50) million dollars.

As an example of one particular item, the removal of the old apartment fuse boxes and the installation of the new electrical panels are estimated to cost 1.5 million dollars.

**Terms of the Loan**:

HPD will determine what work must be done at this time and what interest rate the loan will be and how much of a maintenance fee increase will be required to pay back the loan.

**Bidding Process**:

The IPNA (aka) Executive Summary was completed (02) years ago. It’s a report listing all of the work that is required on Masaryk’s property. It needs to be revised to reflect interest rates. Professionals provide us with estimates. The Engineering Company will prepare the bid packages, which contain a SOW, cost estimates, a time frame, etc.

Half a dozen contractors, for example will receive bidding packages. The Manager stated that “we only send bid packages to companies that we can work with”. Contractors will then bid on a union contract. There’s a deadline in which all sealed bids must be returned. The Board of Directors will then convene with the Corporation’s Attorney being present as well as the Manager, etc. and open all of the sealed bids.

The New York City Department of Housing Preservation and Development (HPD) requires us to award the contract to the lowest bidder. Reasons for possible rejection of a company, for example, unit prices equal the specific type of work. In other words, every line item has an appropriate price. If something is left out of the bid, that would be used as the basis for the rejection of a contractor.

**Local Law XI:**

Safety with a Repair Maintenance (SWARM) refers to Local Law XI. Facade Inspection and a Report on the condition of Masaryk’s facade. This inspection and report are required every (05) years.

**Operating Surplus**:

How do we increase the Operating Surplus which is currently at **($159,277.00**)? This figure is on the bottom of page 11 of the Masaryk Towers Corporation Compiled Financial Statements and Supplementary Information for the Six-Month Periods Ended December 31, 2023, and 2022.

* Our Certified Public Accountant stated that we could begin by collecting all maintenance fees that are due.
* Furthermore, Masaryk Towers has the lowest apartment equity of the (04) Lower East Side Mitchell-Lamas Housing Cooperatives. In other words, the Board of Directors could consider increasing the apartment equity for. The Board of Directors has proposed this in the past, but the shareholders voted it down.
* Another recommendation was to increase the monthly cost of parking spaces, which is currently at ($100.00). Increase the Community Room Rental fee which is currently at ($450.00)
* The issue of sub-metering the electrical usage of each apartment was also brought up. Two thirds of the shareholders would have to approve this.