

Letter from SHSL Board of Directors,

We will have many items to cover at the 2025 Annual Meeting. We know some had asked for an in person meeting, we were unable to secure a location to accommodate our schedule, group size and location, so we will have a Zoom meeting that can accommodate all our owners regardless of their locations. Most owners also find it easier to fit into their schedule if they can take travel out of it. Please read the following subject summaries to review as much information as possible and prepare your questions accordingly and submit your Proxy and/or Ballot for the meeting.

Thank you.

**State of our Shared Internet**

We have had several issues with the shared internet. We have significant issues every time our service provider updates their system. We have engaged many people to try to restore service, only to have them all run into the same issues – With our current set-up, we cannot see/service/police what is being used/done/connected in any particular unit that is causing interference/looping/illegal downloading/sharing in our network. We have residents moving in and out year-round, any who chooses an alternative internet provider is unfortunately initially advised to plug into our network by that provider. They often bring or connect non-compliant hardware such as modems, etc. All of this takes significant man hours and really is eventually solved once everyone has been without service for week and the noise from disgruntled residents is hard to ignore, then someone removes an offending device, and the next troubleshooting reset of our network finally restores service. There is no way to really tell who the offending party was.

2025 current SHARED Internet expense					2026 proposed Individual Metronet using current share via Common % shown below									
Divided via Percentage in common					or \$40 + Tax/ door (est.\$48 monthly/\$576 yearly)									
Unit No.	Annual Assesment	Monthly Assesment	Annual Assesment	Monthly Assesment	Unit No.	Annual Assesment	Monthly Assesment	Annual Assesment	Monthly Assesment					
100	\$ 145	\$ 12	\$ 733	\$ 61	131	\$ 121	\$ 10	\$ 608	\$ 51					
101	\$ 63	\$ 5	\$ 317	\$ 26	133	\$ 121	\$ 10	\$ 608	\$ 51					
103	\$ 100	\$ 8	\$ 505	\$ 42	135	\$ 70	\$ 6	\$ 351	\$ 29					
105	\$ 125	\$ 10	\$ 629	\$ 52	136	\$ 67	\$ 6	\$ 336	\$ 28					
106	\$ 123	\$ 10	\$ 619	\$ 52	137	\$ 121	\$ 10	\$ 611	\$ 51					
108	\$ 115	\$ 10	\$ 578	\$ 48	138	\$ 64	\$ 5	\$ 322	\$ 27					
109	\$ 123	\$ 10	\$ 623	\$ 52	139	\$ 121	\$ 10	\$ 608	\$ 51					
111	\$ 70	\$ 6	\$ 351	\$ 29	141	\$ 121	\$ 10	\$ 608	\$ 51					
113	\$ 122	\$ 10	\$ 615	\$ 51	143	\$ 121	\$ 10	\$ 608	\$ 51					
114	\$ 123	\$ 10	\$ 619	\$ 52	145	\$ 70	\$ 6	\$ 351	\$ 29					
115	\$ 124	\$ 10	\$ 623	\$ 52	147	\$ 105	\$ 9	\$ 528	\$ 44					
117	\$ 125	\$ 10	\$ 629	\$ 52	200	\$ 155	\$ 13	\$ 782	\$ 65					
118	\$ 123	\$ 10	\$ 619	\$ 52	201	\$ 146	\$ 12	\$ 734	\$ 61					
120	\$ 123	\$ 10	\$ 619	\$ 52	202	\$ 137	\$ 11	\$ 689	\$ 57					
121	\$ 125	\$ 10	\$ 629	\$ 52	203	\$ 125	\$ 10	\$ 629	\$ 52					
122	\$ 68	\$ 6	\$ 344	\$ 29	205	\$ 125	\$ 10	\$ 629	\$ 52					
123	\$ 125	\$ 10	\$ 629	\$ 52	207	\$ 126	\$ 11	\$ 637	\$ 53					
124	\$ 130	\$ 11	\$ 654	\$ 54	208	\$ 71	\$ 6	\$ 359	\$ 30					
125	\$ 117	\$ 10	\$ 591	\$ 49	209	\$ 193	\$ 16	\$ 972	\$ 81					
127	\$ 113	\$ 9	\$ 570	\$ 48	210	\$ 67	\$ 6	\$ 336	\$ 28					
129	\$ 121	\$ 10	\$ 608	\$ 51	211	\$ 123	\$ 10	\$ 623	\$ 52					
										213	\$ 125	\$ 10	\$ 629	\$ 52
										215	\$ 125	\$ 10	\$ 629	\$ 52
										217	\$ 125	\$ 10	\$ 629	\$ 52
										219	\$ 117	\$ 10	\$ 590	\$ 49
										221	\$ 126	\$ 10	\$ 633	\$ 53
										222	\$ 122	\$ 10	\$ 617	\$ 51
										223	\$ 134	\$ 11	\$ 675	\$ 56
										225	\$ 134	\$ 11	\$ 675	\$ 56
										226	\$ 122	\$ 10	\$ 617	\$ 51
										228	\$ 122	\$ 10	\$ 617	\$ 51
										229	\$ 134	\$ 11	\$ 675	\$ 56
										232	\$ 122	\$ 10	\$ 617	\$ 51
										234	\$ 67	\$ 6	\$ 336	\$ 28
										235	\$ 83	\$ 7	\$ 420	\$ 35
										236	\$ 64	\$ 5	\$ 322	\$ 27
										237	\$ 121	\$ 10	\$ 611	\$ 51
										239	\$ 121	\$ 10	\$ 608	\$ 51
										241	\$ 121	\$ 10	\$ 608	\$ 51
										243	\$ 121	\$ 10	\$ 608	\$ 51
										245	\$ 121	\$ 10	\$ 608	\$ 51
										247	\$ 108	\$ 9	\$ 544	\$ 45
<b>Totals</b>										\$ 7,200	\$ 600	\$ 36,300	\$ 3,025	

The cost of this shared internet is between \$5 -\$16 per month per unit. Many now realize that it is not optimal. We have an option to convert and extend our remaining 2-year Shared Metronet contract to Bulk Community Service. There would be a new dedicated Metronet line running to each unit. Metronet would service each unit individually during any move-in, outage, or equipment issue. This option would cost \$40 + Taxes per door monthly. You will find above a breakdown of current rates, along with the new proposed bulk rate, calculated as all utilities are by your units "Percentage in Common" as well as by door. You will also find on the Ballot 2 separate votes –

1. To approve the new Community Bulk Service contract
2. To approve Assessments by Door

It is quite clear that our network design is antiquated, and IT contractors find it impossible to service as they cannot service each unit's individual hardware. The Board recommends that the COA should no longer be Primary Internet Provider/Serviceman. We ask that the community understand and agree to the limited service we can provide at the current low monthly cost or consider the bulk community option via Metronet or seek individual service through an alternate provider other than Metronet.

### **Roof Replacement Project**

The state of the has only gotten worse. The very dry summer has provided some relief for those who have regular leaks but has also made it difficult to ensure that any repairs needed and completed are all found and successful, and yes there are always several new repairs to be made every time it rains. Our repair contractor has stated our "membrane that is at the end of it's service life and can no longer withstand the weathering and building movement." We engaged S&W Engineering to provide us with a sealed document regarding the state of the roof and awning. The Engineers report, (available in the Documents Link) reports the structure: the beams and members, that are supporting the roof system are sound. The engineer does not evaluate the roof system, the decking, flashing, drainage or membrane. This is evaluated by roofing specialists or City Building Inspectors. We have had 2 roofing specialists report that the decking, flashing, drainage and membrane are beyond their lifespan, and have reached a point of no repair. They have recommended replacement and provided a cost to replace our roof system.

The Engineers report found the awning had several failures and includes necessary repairs to ensure structural stability. These repairs address the 6 steel beams, attachment and water drainage issues that are also causing brick and potential foundation failure. This action may allow us to move forward with an emergency assessment per the Kentucky Condominium Act. Reference the "Document Link" on your meeting notice email. It allows for a simple majority vote of owners or a ¾ vote of the Board of Directors. This will be helpful considering how hard it is to get a quorum of over 50% of owners. We are waiting for confirmation of meeting these qualifications. If we do not, we will need 50% of owners to approve the project assessment.

Centimark bid will not increase if we lock in before end of the year with their "Winter Freeze" option. Sheildworks has gone up 22% and we will need a bit more steel in the awning before putting a new roof on it. Our new Assessment is \$749,000.00 this does not include possible extras, which Centimark states could be upwards of 5% or \$30,000.00.

You will find your Emergency Assessment in the 2026 Assessment document. We have two due date options. The December 15<sup>th</sup> option offers reserve funds to offset 5% of your assessment. The January 15<sup>th</sup> option offers reserve funds to offset 3% of your assessment.

We have put on the ballot the Loan option again. It will still require an amendment. If it passes, we will look for a lending or financing partner and roll out something like the last proposal, requiring in addition to your annual/monthly assessment an additional monthly principal and interest payment and annual lump sum payments. Initial lump sum payment will be due January 15, 2026.

Please see the Special Meeting minutes, for review of the Q&A with Centimark and Sheildworks, along with some additional amendment and loan option clarification.

Let's all hope for a very dry winter.

### **Parking and Security**

We severed our arrangement with Priemer Security prior to annual registration in August. Although the convenience of e-permit was a nice feature, there were accounting and documentation issues we were unable to overcome. We also had numerous complaints regarding calls to security with no response. We have issued parking tags for both the main and Mill Street lots. There will be no towing in the summer months, to provide grace for move-in/out, turnover maintenance, etc. There are 24 hour temporary tags available at Assurance for any scheduled maintenance days. There is metered on-street parking on S.Upper and Bolivar Ave for any non-scheduled parking needs.

For the main lot, Robert's towing, formally known as Bluegrass towing, has been engaged to monitor the lot. Assurance gets a selection of photos and a notice each time a vehicle is towed. If you have any security concerns, please contact Lexington Police Department first and then reach out to Assurance, either by phone, or through our website.

The Mill Street lot is monitored by UK. We greatly appreciate that they allow us to park a number of cars there. If you have any security concerns please contact UK police first, LPD next and copy or notify Assurance.

For Building Security- Please note the changes in our security policies and after-hours contact information. To report a noise or disturbance please note the following:

- For all **Emergencies** where Life, Limb or Property are in peril - Please call **911**
- To Report all County/City Noise ordinances or Law violations - contact - Lexington Police Department - non-emergency line @ **859-258-3600**
- To report violations of the SHSL rules or Building / Grounds issues -

ONLINE - <https://southhillstationcondos.com> Management contact tab or Maintenance request tab or call call **859-296-4663**

- Emergency Maintenance after normal office hours **859-296-4663 Option 2**
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### **Tuckpointing**

We have started addressing the Southwest side. All cement capping, along with the cement window surrounds and brick tuckpointing. This side of the building has significant weathering and mortar loss which has resulted in sagging joints, compression of the windows, and numerous water leaks. We have \$16,000.00 allocated in our operating budget from 2025 and \$10,000.00 allocated from 2024. We also will have \$10,000.00 in our deferred brick fund by end of 2025. This current project will cost an additional \$11,000.00 from our reserve account to complete.

### **2026 Needed Maintenance**

With the completion of the roof and the stopping of the “yucky” brown leaks down the drywall, on the painted ceilings and of course all over the carpets, we will look to use \$13,500 of deferred general maintenance funds from years, 2023-2025, in addition to 2026 funds to repaint the common areas, and hopefully have a good chunk for some flooring options. We estimate that a Vinyl plank flooring would cost between \$25,000- \$30,000 as it would also need a new subfloor. Carpeting will be more economical but has more annual maintenance for upkeep. Many have made your preference known for Vinyl at the past 2 annual meetings, so let’s hope for a lite snow season and no ice, lower utility increases than currently proposed and some savings on the overages for the “Roof replacement project”. All these things could throw some extra funds into the overall operating account.

### **2026 Budget**

Our budget has increased 20% overall; up to 25% in ordinary expenses, up to 10% in deferred maintenance, capital and reserve accounts. We have been lucky with very minimal increases over the past 4 years (2022 – 0%, 2023- 16%, 2024- 0%, 2025-02.4%) Those past increases were mainly due to individual projects. This year we will see increases across many items, including Professional services, which unfortunately usually sees a large increase when there is a large project assessment. Maintenance, materials, and insurance along with basic office supplies and postage, we have run over budget for multiple years now and our operating account is showing it. It may seem overfunded, but there are some funds already allotted to needed projects and maintenance.

You can review your individual assessment in the 2026 Assessment Page, included in your packet and found in the “Documents Link”. Although we all hate to see our “cheap dues” go away, this current assessment is much more on par with communities like ours, that have 1BD/1BA units valued around \$175,000 and up- and 2BD/2BA units selling recently at \$300,000.

You will also find a separate Assessment section labeled “Assessment with Metronet by unit vote approval required” This Assessment will replace the “2026 Budget with Shared Internet” if it is approved by the community with “For” vote.

Please bring a list of your questions or concerns or send them in advance with your Proxy/Ballot to Assurance. We look forward to seeing you in a couple of weeks via Zoom.

Enjoy the fall colors,

Your Board of Directors