



Park Tower CONDOMINIUM ASSOCIATION

5415 N. SHERIDAN ROAD • CHICAGO, IL 60640 • (773) 769 3250 • FAX (773) 769 0047

Board of Directors Meeting Monday January 12, 2009 Minutes

In Attendance

George Pauley, President; Carlos Vargas, 1st Vice President; Lorraine Meyers, 2nd Vice President; Sandra Goldberg, Secretary; Laura Cossa, Treasurer; Steve Hanna, Property Supervisor; Tim Patricio, Property Manager; Mavis Mather, Assistant Manager Business Operations; Jacquie Smith, Assistant Manager Security Operations; Jenny Garcia, Administrative Assistant

Call to Order: (8:15 p.m.)

Topic/Report	Information
ASCO Report: Lorraine Meyers	<p>The homeless shelter at Epworth will remain at Epworth with a new management which is a city controlled agency. There will be a working relationship with local agencies to provide social services, drug and alcohol counseling as well as a direct path to place them in permanent SRO's (single room occupancy). Open meetings will be held each quarter with the community to assess the progress. The first meeting will be held January 22nd at the Planning and Zoning Commission. The process will be evaluated and discussed at the next Planning and Zoning meeting on January 28th. The church is looking for more volunteers for the National Day of Service on January 19th. President Elect Obama has asked the nation to save Monday January 19th, which is Martin Luther King Day, with a day of service. Volunteers are needed on January 19th from 10AM to 3PM and from 5PM to 8PM to collect food, clothing, toiletries, and cash donations for the Care for Real. Also for the homeless shelter, volunteers are needed to clean, paint, and help with minor repairs. If you can volunteer, contact Jen Walling through email at Jennifer.walling@mail.com or phone her at 773-769-1717.</p> <p><i>George Pauley stated that the Building has been contacted by the Alderman's Office as well.</i></p> <p>You can also just go to the Ward Office on Monday January 19th between 10AM and 5PM and they will have all kinds of help, or jobs for you to do. There will be a community meeting at 6:30PM on January 22nd to discuss all the details of these arrangements with Epworth. The church has provided a list of tasks that we can do as a community to make this a better facility. That is what they are calling the Edgewater Day of Service and they are looking for volunteers.</p> <p>ASCO is currently worried about finding out more about this energy problem that we have. They want to add the windmills and the solar energy and are looking more into it, to find out what we can do at each of the condos on Sheridan Road.</p> <p><i>George Pauley stated that Tim would be contacting the Alderman's Office, they had contacted me today, as to whether or not they will be doing some things here in our building in terms of collections. That's one of the things that they have asked of us.</i></p>

<p>Garage Committee: Gregor Hamilton</p>	<p>The Garage Committee is doing what it does a lot, Carlos is looking to add a few more spaces, and I am looking to improve the lighting. The answer from me is that we do not have the budget yet. As far as what we did at the last meeting, we had a situation where a person had been parking in the garage and somehow slipped through the cracks and has not paid what they should. We have made a recommendation to the Board of Directors that the person should pay what they should. That was pretty simple and straight forward. As always all owners are invited to join the Garage Committee and give us your opinion.</p> <p><i>Sandra Goldberg stated that she has noticed, and some people have complained about the pooling of water. Since there has been a lot of snow there has been a lot of water on the floor. Is there anything we can do or have the attendants do?</i></p> <p>We have big squeegees. This hasn't really been decided or discussed in the garage committee, but we do have the big squeegees.</p> <p><i>Sandra Goldberg stated that there was water all over but especially on 1P. Carlos Vargas stated that when he came home on Friday someone was using the squeegees on 2P.</i></p> <p><i>George Pauley stated that it was a responsibility of the garage attendants. Tim Patricio stated that he saw them doing it the other day, but that it is hard to keep up with in this weather.</i></p> <p><i>Sandra Goldberg stated that the other question that she had was in regards to if there was anything we could do about cars that are leaking oil onto the floor, to have them fix their car and stop the leak.</i></p> <p>My understanding is that what we are doing at this point is putting down a variety of absorbent materials, then contacting the owners and having the owners fix the leaks. That is an ongoing situation as far as the committee is concerned.</p> <p><i>Sandra Goldberg asked if the garage committee had a list of spots where there were leaks.</i></p> <p>The Garage Committee does not. I would be happy to check with management about that, but I believe that is primarily their task.</p> <p><i>George Pauley stated that the owners of the cars are charged for the clean up in the amount of \$45.00.</i></p> <p>That is my understanding. The only other issue that has come up, I didn't know if Sandy was going to get to it, but one of the things that we want to make certain that we do is arm the hikers with information. If somebody wants to park in the garage and has some odd excuses to why they shouldn't pay, we just need to make sure that the hikers know to call security right away. Be polite to the offending parker and say yes you can talk to the security officer and he will take care of it. We don't want our hikers arguing with people as to whether or not they get to park in the garage for free.</p> <p><i>Sandra Goldberg asked Tim if he had a list of people with oil spills, or spots with oil?</i></p> <p><i>Tim Patricio stated that there were none that he was currently aware of. Once we become aware of a spot, they get a notice and get charged the clean up fee.</i></p> <p><i>Sandra Goldberg asked who was supposed to make him aware, is there an audit being done?</i></p> <p><i>Tim Patricio stated that anyone can report a spot.</i></p> <p><i>George Pauley stated that was something that should be audited on a regular basis.</i></p> <p>We are going to be doing audits for decals and such so we can audit for that at the same time.</p>
<p>Health Club</p>	<p>First I would like to thank Marty who was the past Chairperson for the Health</p>

<p>Committee: Sandra Goldberg</p>	<p>Club Committee, he did a really outstanding job and we are sorry that he has stepped down from that position. The Board publicly thanks Marty for his work as the Chairman for the Health Club Committee.</p> <p>They had recently put in some upgrades of equipment that had actually been ordered last year. That equipment wasn't right last year and they reordered it this year. If you haven't been in there it's a rack, which is used for building shoulders etc. It's a great machine and I think that what we are going to do is schedule training sessions so that people actually know how to use it. One of the questions that they had was in regards to getting a bar to hold the weights, I have the information that I will pass on to Jacquie that I got on the internet for a bar that would fit our current weights without having to replace them. It's about \$55.00.</p> <p>The other point, which the Board is going to discuss tonight, is the vendor who we used for maintaining the equipment, Aquarian Fitness, went out of business. We are looking to get another vendor to maintain the equipment. I think it's especially important, because the Board had approved allowing people to take out a three month membership in the health club, which has increased the number of members quite a bit and you have more wear and tear on the equipment. That's something that when we voted on it, I think that we said we would try it for a six month period, and then revisit it. I want to keep in mind that we will need to revisit it.</p> <p>The Health Club came up with some rules regarding bathing suits. The chairman, Marty, checked with the Chicago Park District and some health clubs that have pools, all they indicated was what not to wear. They did not include a definition of a bathing suit. As far as age restrictions in the pool, they asked the committee to increase the age for children entering the pool. The committee chairman checked with the Chicago Park District and they have no age restrictions. In fact they have mom infant training sessions and require rubber pants for children not yet toilet trained.</p>
<p>Home Improvement Committee: Tim Patricio</p>	<p>This is the Home Improvement Committee minutes from the meeting on December 18th. The committee discussed the bus tracker installation; the committee thought that the best place for the tracker was the wall to the right of the entrance to the elevator banks, near the assessment drop box. It should be height appropriate, and the committee thought that perhaps a mount with an arm attached for angling. Other options included, but not advised by the committee, would be the column by the glass partition (low-rise side), the wall to the left of the elevator bank entrance, or the brick wall by the high-rise mailboxes.</p> <p>Also they discussed the proposed recycling bins for the lobby area, the committee recommends the following receptacles, which attached is the recommendation from the Warehouse Direct Catalog. They asked that these receptacle recycling bins be used by the mailboxes. So we would have two of them, one by each set of mailboxes, specifically for recycling.</p> <p><i>George Pauley stated that this was in response to a request brought up at the previous meeting. It was an excellent suggestion and I think we are moving forward on it. It's always nice to be able to listen to a suggestion made here and actually be able to do something about it.</i></p>
<p>Budget and Finance Committee: Paul Groeninger</p>	<p>Each of the Board members has a copy of the report, would you like me to go into detail or break it down by section?</p> <p><i>George Pauley stated that he should include the recommendations to change some things in the building for budgetary reasons.</i></p> <p>The B&F Committee held six meetings to discuss the 2009/2010 budget presented to the Committee by Draper and Kramer. In general, the B & F Committee supported the budget presented to it by Management. However,</p>

the B & F Committee is recommending certain changes to the budget as presented by Draper and Kramer. What I have done is included these changes in a number of different sections.

First we asked to round all dollars to the nearest hundred dollars. The first set of recommendations that I have are those recommendations that we have already included as if they would be approved by the Board. They are in the revised packages that you got and they are as follows.

In the income section, the bike room, we are asking that because we would like to spend the money to renovate the bike room, the Committee is recommending that we would increase the bike fee to \$50.00 from the current \$30.00 for two years to cover the cost of the remodel and upgrade of the bike room. For the Health Club Memberships we are recommending an increase for non-residents of Park Tower for 15% with no increase for residents. For Late Fees the committee is recommending an increase from the current \$50.00 to \$75.00.

In the Administrative Expense Other Professional Fees, we are recommending that the homeowners survey dollars listed in the budget be reduced to \$100 and that the Sales Tax Preparation expense be removed from the budget. The B & F Committee recommends that the Board give the Property Manager approval to prepare these reports. Tim has indicated to the Committee that he could prepare these reports and save Park Tower the expense of paying our Auditors preparing these reports. For Real Estate Taxes the committee is recommending the proposed \$27,000 be reduced to \$26,500. The Committee felt this was a realistic number.

In the Payroll Expenses Recreation Payroll the Committee would like to try on a trial basis to reduce by 25% the hours a Pool Attendant would be at the pool. This can be accomplished by installing fobs on the Cardio room and at the Pool entrance. There are many large properties in the city, Onterie Center and 1212 N. Lake Shore Drive to name just two, who have both a health club and pool for which residents are charged fees to use and yet there is no one stationed in those areas to ensure enforcement of the rules or that they do not bring friends in for free. As a point of information, move ins/outs at Onterie Center are much more than here at Park Tower as it is a rental building. This 25% reduction in pool attendant hours would save Park Tower \$12,800 in expenses for 2009/2010. For Payroll Taxes we are recommending these taxes be reduced to reflect the Recreation Payroll reduction.

In the Maintenance Expenses Window Washing the committee, through majority vote, recommends that the proposed four washes be reduced to three washes. Currently we have only three washes in these tough economic times when we are trying to control expenses, we do not feel we can justify the extra \$4,900 for the fourth wash for 2009/2010.

For Repair Expenses, Intercom System the Committee is proposing that we eliminate the proposed \$6,300 from the budget by abandoning the current system. We recommend having the Doormen/Security announce guests/deliveries by calling the resident on their phones. We recommend this procedure on a one-year trial basis. The B & F Committee reviewed the proposals submitted by JR Electronics to upgrade the current system; however, the Committee felt the proposed \$59,850 project with no assurance from JR Electronics that it would fix all of our problems should not be considered for implementation. The Committee also noted that in the past the Board expressed an interest in implementing a phone system to serve as our intercom system, and we are recommending implementing the least expense version of a phone intercom system. For Security Equipment the Committee is recommending the installation of two new fobs at the Cardio room entrance and at the pool entrance for access to these areas when there is no attendant on duty. The cost of this project is estimated to be \$5,000. We feel these fobs

should have been installed when the new fob system was installed, and are now merely finishing that project.

In Recreational/Social Expenses the Committee feels we should discontinue serving cookies and coffee at the various meeting in order to save the \$500 budgeted for this item.

For the Garage Budget Income, the Committee is recommending no increase in the fees for motorcycle, tandem, valet, self park, and reserve parkers for the 2009/2010 budget. For Day Parkers the Committee is recommending the Board approve the Management recommended \$5 per month increase. For Guest Parkers the Committee is recommending the cost of coupons be raised from the current \$6 to \$7 due to an increase in city taxes. For Transient parking the Committee is recommending raising the 6-8 hour fee from \$12 to \$15 and the 8-24 hour fee be raised from \$13 to \$20 to correct the disparity with purchasing coupons that has existed in the past.

All of these changes have been made to the sheets given to the Board. After all of these changes have been made, the majority of the B & F Committee is recommending that the Board increase the Assessments by 6.5% for the 2009/2010 year. We realize this increase appears to be heavy, however, we feel that due to our low reserves plus the \$748,400 budgeted for 2009/2010 reserve projects we are facing for next year this increase is warranted. This increase will cover the cost of all of our budgeted reserve projects while for the first time in several years, adding around \$20,000 to our reserve balance.

In addition to the above recommendations, the B & F Committee is also recommending that the Board consider the following two ideas for additional ways to cut expenses and either decrease the 6.5% proposed assessment increase or add additional monies to our reserves. These two recommendations have not been reflected in the revised budget sheets given to the Board. Security Move Ins/Outs the Committee is asking the Board to consider hiring retired or unemployed residents to cover this task instead of paying our security company \$120 for a four hour period. The Board would need to establish a fee to pay the resident and have a chair available for them during the performance of this task. This would require a list maintained by Management of residents who would be on call and able to perform this task. In Miscellaneous Employee Benefits the Committee feels strongly that the housing allowance should be limited to the rent we take in for the rental of the unit meant to serve for this purpose. The rent is currently budgeted to be \$1,575.

The B & F Committee also discussed other ideas that could impact the budget and are recommending that the Board consider approving them as additional ways to reduce expenses for the budgeted 2009/2010 year or beyond.

As a means of reducing our Utilities expenses, encourage residents to install thermostats in their units. As an incentive to the residents, offer those residents who arrange through our office to have thermostats installed a free six-month membership to the pool and health club.

Our plumbing expenses have risen dramatically over the years and the B & F Committee is in complete agreement with Management that hiring a full time plumber to be part of our staff is a justified and would in the long run save Park Tower money both on Operating Expenses and Reserve Expenditures. While this is included in the budget revisions the Board has, the Committee wanted the Board to know how strongly it supports this idea.

As a means of curtailing the expenses of replacement or new equipment for our health club, the Board should investigate the possibility of leasing equipment versus buying equipment.

On this next proposal, the Chairman stands alone as the majority of the B & F Committee feels it would be inappropriate at this time to consider a reduction in the hours Park Tower has security coverage. The Chairman, however, feels

	<p>that the current 24/7 security coverage puts Park Tower out of step with the majority of the buildings in our area and even in the downtown area who do not have 24/7 security coverage along with 24/7 doormen. The Chairman feels now is the perfect time for the Board to consider a reduction in the hours of security coverage since cutting one shift could result in approximately a \$52,000 reduction in our expenses. This reduction would be almost 1.5% and the Chairman of the Committee recommends that the Board consider this option for the 2009/2010 budget.</p> <p>The majority of the B & F Committee felt that instead of reducing the number of hours security is provided at Park Tower that the Board consider hiring our own security staff and have our Management serve as the manager for the new employees. The estimated savings for the first year for this option is around \$30,000, however, choosing this option might require us to hire more security staff to provide coverage when employees are off for vacation, sick, etc. It could also create some additional overtime pay.</p> <p>The B & F Committee is looking to future budgets with our next recommendation to the Board. We are asking the Board to take advantage of the lower natural gas prices by purchasing gas for the balance of the 2010 and 2011 heating seasons. We would also support a Board action that would result with hiring a professional to make these future gas purchases for Park Tower. The B & F Committee is also recommending to the Board that since there are no funds budgeted for repairs to the elevator project for next year, the Board continue to explore the options over the next year and not commit significant funds to this project. If the Board is set to go ahead with this project for next year, than the B & F Committee is recommending that the Board add an additional increase to our recommended 6.5% to cover the cost of this project. The B & F Committee wants to let residents know that due to the number of large dollar projects we are facing for the next five years, such as the City Code mandated Life Safety System, currently estimated to cost of \$921,000, and the Main Roof replacement, currently estimated to cost \$500,000, to name just a few, we are looking at between 6% and 7 % assessment increase each of the next five years. These increases would be necessary to pay for all of these projects and still keep our reserve balance over \$1,000,000.</p> <p>Finally a small item that really doesn't need to be discussed, but we would like the Board to take a look at. It's not something that impacts the financial statements; it was a request from a committee member to another committee member. That is pretty much the report, it may not sound like it is good news, especially when you are hearing from other properties, but whereas we don't agree on everything, but we tried very hard to reduce the costs wherever we could. For the first time we are saying that we can't always have everything. <i>George Pauley thanked Paul for the report and all his hard work. This budget has actually come in much better than what we anticipated. We did not actually think that we would be able to do everything that needed to be done for under 7% and there are some options in here that if the Board chooses to take them we could end up with an increase under 6%. Those are decisions that will be made at the Board's budget meeting.</i></p>
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Topic/Agenda Item	Result/Action Item
Approval of Motions from Closed Session	No Actions resulted from the Closed Session.

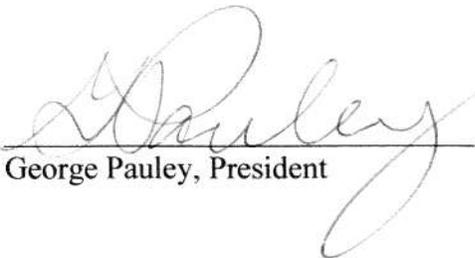
Topic/Agenda Item	Result/Action Item
Minutes December 8, 2008 Board Meeting	Upon due motion by Sandra Goldberg and seconded by Lorraine Meyers, the Board voted to postpone the approval of the minutes of the December 8, 2008 Board Meeting. Sandra Goldberg and Lorraine Meyers voted in favor; George Pauley and Carlos Vargas voted against; Laura Cossa abstained; the motion failed.
Tax Reassessment	Upon due motion by Carlos Vargas and seconded by George Pauley, the Board voted unanimously to approve Elliot & Associates to prepare for the 2009 property tax reassessment in the amount of 15% of the projected tax savings.
Motorized Cart Policy	Upon due motion by Carlos Vargas and seconded by Lorraine Meyers, the Board voted unanimously to approve the proposed motorized cart policy contingent upon the removal of the clause stipulating the requirement of a review mirror.
Laura Cossa left the meeting at 9:36PM due to illness.	
2008/09 Auditor	Upon due motion by George Pauley and seconded by Lorraine Meyers, the Board voted to approve Picker & Associates to perform the audit for 2008/09 at a rate of \$5,100.00, and to approve a two year agreement if Picker will hold the same rate for two years. George Pauley, Carlos Vargas, and Lorraine Meyers voted in favor; Sandra Goldberg voted against; the motion passed.
Health Club Vendors	Sandra Goldberg motioned to have Jacquie Kozinski forward references to the Board for RJ fitness with a week of the receipt of the references the Board will voted to approve the contract; Lorraine Meyers seconded. The motion was amended, the Board voted unanimously to approve Direct Fitness to provide preventative maintenance for the health club equipment in the amount of \$520.00 per quarter.
Health Club HVAC	Tabled.
Natural Gas Purchasing	Upon due motion by Lorraine Meyers and seconded by George Pauley, the Board voted unanimously to approve Hans Herman to manage the gas and electricity purchasing for the Association starting in the 2010/2011 fiscal year.
Construction Requests	Upon due motion by Sandra Goldberg and seconded by Carlos Vargas, the Board voted unanimously to approve the remodeling of unit 2201, and units 3810/11 as submitted by the owners, following the recommendations of the chief engineer as outlined in their written specifications and in accordance with the Rules and Regulations and remodeling guidelines of the Park Tower Condo Association.

Topic/Report	Information
Treasurers Report: Tim Patricio	<i>Sandra Goldberg asked if there were any forthcoming projects in which we would need to draw out of the reserves.</i> Not at this time. <i>Sandra Goldberg asked if there were any coming up in the next 6 months.</i> Yes there will be depending on if the budgeted projects are approved. Upon due motion by George Pauley and seconded by Carlos Vargas, the Board voted unanimously to approve the creation of a CD at St. Charles Bank and Trust for 4 months in the amount of \$150,000.00 at a rate of 3.20%.

Topic/Report	Information
	<p><i>Sandra Goldberg asked if there was any information about what was in their portfolio.</i></p> <p>I don't know I don't do the investing aspect.</p> <p><i>Steve Hanna stated that the FDIC insurance was up to \$250,000 and would cover this CD. I can also tell you that Carmen Estella, the person who gives us these, handles the investment advice and anyone on any kind of watch list we will not do business with. St. Charles Bank is not on a watch list.</i></p>
Board Report: George Pauley	There is no Board Report for this month.
Management Report: Tim Patricio	<p>First of all, Jenny Garcia joined us this evening. For those of you who haven't met her yet, Jenny has been with us for about a month; she joined us just before the holidays. If you have a chance, she joined us for the Board meeting tonight so you could meet her and say hello.</p> <p>There was an issue raised by a resident about signal interference with apparatus that are on the roof. I provided you with a survey that I finagled from American Tower, two surveys, one with the signal interference, and the other being health. These questions were raised and I did some fancy maneuvering with out contract with American Tower and got them to do these surveys. Incidentally, they were originally quoting us a rate of about \$12,500 to do these surveys, which I forced them to do for free. The ultimate result was that there was absolutely nothing to be worried about. Unless you want me to go into specifics, I did make some notes, but there are no health concerns, not even if you are walking on the roof. There is energy present, but everything is within the FCC guidelines and inside the hallway they measured there was absolutely no signal that they could measure. Unless you want me to go into detail, I have provided you the report and if any owner is interested they can get a copy from me in the management office.</p> <p>A little bit of follow up on the elevator issue, I have had two conference calls with John Bens, the architect along with a follow up meeting with our Otis Representatives. Otis basically said that at this point, regardless of what we do, the ropes have to be replaced and they are going to move forward. Otis has indicated that they have a new type of rope that they are going to use in this building. At the last meeting she stated that the ropes replaced as is will last about two year, but this is new technology that should last 5-6 years. The normal rope life would be around 10 years but you wouldn't be surprised to have 20-30 year old ropes. It's not something that should be replaced at that frequency. The problem is the shiv doesn't have the amount of room that it needs. They will replace the ropes at no charge through the maintenance contract. The only way that they would credit any project that we do is if they don't have to replace the ropes at the rate that they have been. Right now they have to be replaced.</p> <p><i>George Pauley stated that we should remember that when we renew the contract they stated that now that they know the problem they will build that cost into the pricing for a future maintenance contract. Which is why I am still hopeful that you can get us some solution that we can permanently fix that thing.</i></p> <p>When I spoke with John Bens, he looked at the original drawings of the building and confirmed that the original design did not intend for elevator 5 to open on both sides and that it could be a logical theory as to why we are experiencing these problems. He did express the same type of concern that we all had, that for the 20 years prior to the modernization it did not seem to be such an issue. However, Otis sited records in my meeting that they can show that Schindler did have this problem and did a very good job maintaining it. They said that the "wrecks" that she was describing at the last meeting did</p>

Topic/Report	Information
	<p>occur under Schindler's watch, at least every 4-5 years there were two. Every 4-5 year their records do show that these problems did happen, they just happened to maintain it well and probably didn't bring it to your attention since they built the elevator. The architect also said that they designed the building and designed where the elevators were going to go and then Schindler came in and designed the elevator, so there is not very much that he or their firm can personally do. However, what he suggested is to get away from our current consultant and to take a step back from Otis and go to a different consultant who has not been involved in this issue and get a completely fresh and new opinion. To sit down with someone new and present all the information that we have obtained to date and allow them to assess the situation for us. He put me in contact with a firm that his office preferred for this type of an issue and suggested that I set up a meeting, give a cursory review and see how they respond. Then come back and share what their action was and potentially see how it looks.</p> <p>Moving on to the monthly activity report. In the month of December there were 37 chargeable work orders in the amount of \$1,865, and 107 non-chargeable work orders. There was \$7,054 for health club income with 29 added memberships for a total membership of 282. There was one three month membership. There were four sales for a year to date total of 19. The average sale for December was \$127,900. There were two leases for a year to date total of 64 with an average rent of \$1,090. There were 32 late fees totaling \$1,600.</p>
Garage Report: Jacquie Smith	The updated garage wait list has 21 parkers waiting for valet parking, 31 parkers waiting for 1-P self park, 41 parkers waiting for 2-P self park. The year to date income is \$9,500 and the expenses are \$2,900 over budget.

Topic/Agenda Item	Result/Action Item
Adjournment	Upon due motion by Carlos Vargas and seconded by Sandra Goldberg, the meeting adjourned at 10:16PM.


George Pauley, President

Sandra Goldberg, Secretary

*The Board Secretary has indicated that she will not be signing the minutes