



Park Tower CONDOMINIUM ASSOCIATION

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

Board of Directors Meeting Monday December 14, 2009 Minutes

In Attendance

George Pauley, President; Lorraine Meyers, 1st Vice President; Sandra Goldberg, 2nd Vice President; Laura Cossa, Treasurer; William Fortuna, Secretary; Steve Hanna, Property Supervisor; Tim Patricio, Property Manager; Mavis Mather, Assistant Manager Business Operations

Call to Order: (8:02PM)

Roll Call

Five Board Members were present constituting a Quorum as defined by the Association's Declarations and the Illinois Condominium Property Act.

Agenda

Upon due motion by Lorraine Meyers and seconded by Sandra Goldberg, the Board voted unanimously to accept the proposed agenda with the addition of an action item for bed bug extermination.

Topic/Report	Information
ASCO Report: Lorraine Meyers	<p>ASCO met on December 8th down the street. One of the items that was discussed was the motorcycle noise going up and down Sheridan Road. It is not bad, there is nothing in the winter, but in the summer it gets pretty noisy and they wanted to know what could be done about it. What came out of this is that they are going to put 'no honking of horns, quiet zone' in front of 6000 N Sheridan Road for the whole block. Then they are going to put another 'no honking of horns' sign when you first come on to Sheridan Road where the outer drive ends that will extend to where Loyola is.</p> <p>Another thing is that the City tax for each dumpster containers is going to start on the first of the year.</p> <p>Also they would like to put bump outs on Broadway. In other words, the last two parking spaces at every intersection and crosswalk so that it is easier for people to line up to cross the street. You will not be able to park in these spaces. That is all that was taking place at that meeting.</p>

Topic/Agenda Item	Result/Action Item
Motions from Closed Session	<p>A1. Upon due motion by Sandra Goldberg and seconded by Lorraine Meyers, the Board voted unanimously to approve insurance fines. A2. Upon due motion by Lorraine Meyers and seconded by Sandra Goldberg, the Board voted to approve a \$100.00 fine. George Pauley, Lorraine Meyers, Sandra Goldberg, and Laura Cossa voted in favor; William Fortuna abstained; the motion passed. B. No Action. C. No Action.</p>

Topic/Agenda Item	Result/Action Item
Minutes November 9, 2009 Board Meeting	Upon due motion by Lorraine Meyers and seconded by William Fortuna, the Board voted to approve the November 9, 2009 Board Minutes. Lorraine Meyers and William Fortuna voted in favor; Sandra Goldberg voted against; George Pauley and Laura Cossa abstained; the motion passed.
Minutes November 18, 2009 Board Meeting	Upon due motion by Lorraine Meyers and seconded by George Pauley, the Board voted to approve the November 18, 2009 Board Minutes. George Pauley, Lorraine Meyers, Sandra Goldberg, and Laura Cossa voted in favor; William Fortuna abstained; the motion passed.
Power Washing Compliance Fines	Upon due motion by Lorraine Meyers and seconded by Sandra Goldberg, the Board voted unanimously to implement a \$50.00 fine for garage patrons who fail to remove their cars from the garage for the bi-annual power washing.
2010 Holiday Schedule	Upon due motion by Sandra Goldberg and seconded by William Fortuna, the Board voted unanimously to approve the 2010 Draper and Kramer holiday schedule for the management office employees, with the Management Office to close on New Year's Day, Memorial Day, Day after Independence Day, Labor Day, Thanksgiving Day, and Christmas Eve.
Budget and Finance Committee Report: Paul Groeninger	I want to start my comments by acknowledging the efforts that Tim, Mavis, and Jacquie put into the budget for next year. On the budget they presented the Finance Committee with their strongest challenge ever, to find ways to reduce expenses listed in the proposed budget. Yes I realize that management is required by contract to prepare a budget for us; however, Tim, Mavis, and Jacquie took this job further than anyone has in the past. They presented us with an initial budget, that before reserve contributions, reflected an operating expense increase of less than ½ percent. It was the first time that had happened in Park Tower. While still adding \$162,500 to our reserve contribution and only having a modest 3.68% increase in assessments. That accomplishment was no small task, but they did not stop there. During the budget review process, Tim, Mavis, and Jacquie came up with additional, creative ways to reduce the proposed expenditures without sacrificing any major repairs or great inconvenience to any of our residents. Their innovative recommendations resulted in a garage income increase of \$87,500. That equals a 41.5% increase to garage income without raising parking rates for residents and parkers in Park Tower. There are other examples, but the Finance Committee felt that the Board and members of the Association should be aware that our current management team cares about Park Tower and how the financial burden of large operating expense impact the members of the Association. This team is watching our expenses. I would be remiss in my duty as Chairman of the Committee if I also did not recognize the job done by members of the Finance Committee, who took Management's challenge to take the initially proposed budget and came up with some of the most creative ways to cut costs that I have seen in years. They met the challenge presented by Management and came up with expense cuts and revenue increases that resulted in an additional \$125,000 to be added to our reserve contribution and recommending to the Board a modest 3.75% increase in our assessments for next year. This means that from last year to this year, we will be increasing our reserve contribution by a whopping 39%. In this economic time, that is a marvel. I applaud the Members of the Committee for putting in the long hours needed to achieve this goal. They are: Chuck Brown, Vince DiFruscio, Cy Peiser, David Nicosia, Becky Rossof, Carlos Vargas, and Don Yuratovic. During the course of our five meetings, we have recommended 28 changes to

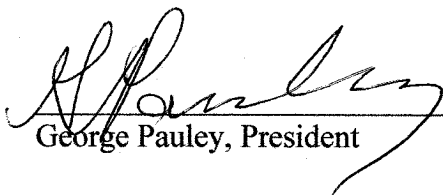
Topic/Agenda Item	Result/Action Item
	<p>the proposed budget. We also sent the Board a list of ten items that require Board action before they can be implemented in the budget. Items number one and two we are asking the Board to withdraw from consideration. All of our recommended changes to the proposed budget, as well as the list of items that need Board action, were reviewed with the Board at our combined meeting on November 18th.</p> <p>This afternoon I met with Tim to discuss the option of completing the project to seal the exterior in one year, which could bring the total cost of this project down from \$1,100,000 to the estimated cost of \$850,000. This savings could only happen if this project were done in one year instead of the proposed five years that we had in the original budget projections. This would mean that the project could save us gross \$250,000. However, the intent to take advantage of this savings was not to take all of the monies from the reserve in one year; rather, we would finance part of the project by taking out a loan and paying the loan off in four years. The amount suggested for financing was \$640,000 and out of our reserves \$210,000. The estimated interest cost to finance this project, borrowing of the \$640,000 over the life of the loan, is \$88,523. If the cost and interest payments from the loan, for this project, are as estimated, Park Tower would have a net savings of \$161,477 just on this project. If we take this approach, and the Board approves the recommended budget changes with the 3.75% assessment increase, our reserves for next year are estimated to drop to \$867,000 from the current over \$1,000,000. That also assumes that all of the proposed capital expenditures for next year come in at their estimated cost and that all the projects are completed. The latest five year projection has an average assessment increase of about 4.5% for the four years starting after this year. For the first time we are able to tell the homeowners some good news. I believe, if you don't remember, those of you here last year, we were estimating well over 6% for the next five years. The projections also indicate that our reserve value balance to be just over \$1.1 million for the next three years and in the fourth year to be \$1.5 million. While the Finance Committee feels that this is low, it is much better than what we were looking at even as early as November of this year. If the Board decides to reduce this assessment by some, it is our opinion that it will cause our reserves to drop too low and could put the essential elements of the building in jeopardy. It would also put us in the position to be unprepared in the event of an emergency if a disaster should happen. It also means that future assessment increases, as indicated earlier, would be higher. I do not think that we need to go over all of the 28 items as we talked about them in detail at the meeting on November 18th, as well as reviewing the ten items that needed Board action. Again it is our recommendation that we go with the 3.75% to keep our finances strong. I should add that even if the bank is considering making us a loan at that amount, it must mean that they feel our finances are in pretty good shape.</p>
Bed Bug Budget Proposal	Upon due motion by Lorraine Meyers and seconded by Laura Cossa, the Board voted unanimously to increase the 2010/11 proposed operating budget by \$7,500.00 and to decrease the reserve contribution by \$7,500.00.
Distribution of Proposed 2010/11 Budget	Upon due motion by George Pauley and seconded by Laura Cossa, the Board voted to direct Management to distribute the 2010/11 proposed budget with a 3.75% increase in assessments. George Pauley, Lorraine Meyers, Sandra Goldberg, and Laura Cossa voted in favor; William Fortuna voted against; the motion passed.

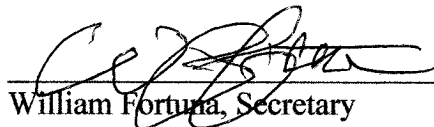
Topic/Agenda Item	Result/Action Item
Hallway Carpeting	Upon due motion by William Fortuna and seconded by Sandra Goldberg, the Board voted to direct management to seek more bids. Lorraine Meyers, Sandra Goldberg, and William Fortuna voted in favor; George Pauley and Laura Cossa voted against; the motion passed.
Attorney Contract	Upon due motion by Laura Cossa and seconded by George Pauley, the Board voted to keep the current agreement with Kovitz Shifrin Nesbit to provide attorney services for Park Tower. George Pauley, Lorraine Meyers, and Laura Cossa voted in favor; William Fortuna voted against; Sandra Goldberg abstained; the motion passed.
Garage Tax Preparation	Upon due motion by Sandra Goldberg and seconded by Lorraine Meyers, the Board voted to hire Picker & Associates to prepare the monthly garage tax returns based on information provided by management at a rate of \$175.00 per hour. Lorraine Meyers and Sandra Goldberg voted in favor; George Pauley and Laura Cossa voted against; William Fortuna abstained; the motion failed.
Metal Maintenance Contract	Upon due motion by Lorraine Meyers and seconded by Laura Cossa, the Board voted to approve Chicago Metal to provide the building metal maintenance, as submitted, in the amount of \$1,135 per month. George Pauley, Lorraine Meyers, and Laura Cossa voted in favor; Sandra Goldberg and William Fortuna abstained; the motion passed.
Window Washing Contract	Upon due motion by Sandra Goldberg and seconded by William Fortuna, the Board voted to approve ClaCe to provide four window cleanings at a cost not to exceed \$15,810.00. Lorraine Meyers, Sandra Goldberg, and William Fortuna voted in favor; George Pauley voted against; Laura Cossa abstained; the motion passed.
Health Club Maintenance Contract	Upon due motion by Sandra Goldberg and seconded by Lorraine Meyers, the Board voted to table this item. Lorraine Meyers, Sandra Goldberg, Laura Cossa, and William Fortuna voted in favor; George Pauley voted against; the motion passed.
Pipe Insulation Replacement	Upon due motion by George Pauley and seconded by Lorraine Meyers, the Board voted unanimously to not provide payment for removal and restoration of custom work in units that block the access to the building risers.
Front Drive Sign	No Action.
Bed Bug Extermination	No Action.

Topic/Report	Information
Treasurers Report: Laura Cossa	As of October 31, 2009 the total operating funds were \$207,218.22. The total replacement reserve funds were \$1,408,371.51. The total of all cash and investments was \$1,615,589.73.
Board Report: George Pauley	There is no Board Report.
Management Report: Tim Patricio	An update on car sharing in the building, I-Go has declined working in the building at this time. However, Zip car does want to work with us and are interested in starting with two cars. They have agreed to pay \$130.00 per space per month and we are waiting feedback from David Bendoff regarding

Topic/Report	Information
	<p>their contract.</p> <p>For the month of November there were 28 chargeable work orders totaling \$1,786 in income and 130 none chargeable work orders. The health club income totaled \$7,064 with a current total of 300 memberships. There were 20 late fees totaling \$1,000. The monthly total of sales was 3 bringing the year to date total to 16 with a yearly average sale of \$154,864. The sales were: a studio unit for \$121,000, a 1-bedroom unit for \$140,000, and a two bedroom unit for \$222,500.00. Year to date there have been 38 studio rentals averaging \$8441.84, 42 1-bedroom rentals averaging \$1,067.55, and 8 2-bedroom rentals averaging \$1,762.50. Total leases to date are 89 for an average of \$1,417.97 per month.</p>

Topic/Agenda Item	Result/Action Item
Adjournment	Upon due motion by Lorraine Meyers and seconded by Sandra Goldberg, the meeting adjourned at 11:08.


 George Pauley, President


 William Fortuna, Secretary