



APPROVED MINUTES

THE PIERRE CONDOMINIUM ASSOCIATION BOARD OF DIRECTORS MEETING MINUTES

I CALL TO ORDER:

The Board of Directors meeting of December 18, 2002 was called to order at 7:45 p.m. by Board President Adam Landsman. A quorum was noted. Attendance was recorded as follows: Directors: Wayne Lau, Adam Landsman, Bob Doak, Edward Burnes, Randy Mehrberg, Bob Zabors, Bill Waterston. Others: Joe Bright, Wolin-Levin; Aaron Jewell – Chief Engineer, Pierre.

II SECRETARY'S REPORT:

a) Minutes of November 20, 2002 Motioned by Mr. Lau, seconded by Mr. Doak, and unanimously carried, the following resolution was approved:

RESOLVED That the Board of Directors of the Pierre Condominium Association, hereby, approve the Board of Directors Meeting minutes of November 20, 2002.

*In Favor: Mr. Lau, Mr. Landsman, Mr. Doak, Mr. Burnes, Mr. Mehrberg.
Note: Mr. Zabors and Mr. Waterston were not present for this resolution.*

III TREASURER'S REPORT:

a) Financial Report Board Treasurer Bob Doak presented the Treasurer's Report. *(The Pierre Condominium Association Treasurer's Report Board Meeting 12/18/2002 is attached.)*

b) Garage Operation The garage operation reported a year-to-date loss of \$453 after adjusting for deposits and prepaid fees to account for them on an accrual basis through 11/30/2002.

c) Harris Bank Draw Down Loan Mr. Doak renegotiated the draw down loan with Harris Bank/Roselle from the original 7% to a 6.25% fixed rate for seven years of the ten year note, with a \$1,100,000 total line of credit expiring in 2012 with the same loan agreement and terms as the original line of credit. Under the loan agreement, prepayment is allowed without penalty if interest rates remain the same or go higher, under some circumstances a prepayment penalty may be incurred. Motioned by Mr. Doak, seconded by Mr. Burnes, and unanimously carried, the following resolution was approved:

RESOLVED That the Board of Directors of the Pierre Condominium Association, hereby, approve the revised draw down loan agreement with Harris/Bank Roselle at 6.25% for seven years of the ten year note for the amount of \$1,100,000.

*In Favor: Mr. Lau, Mr. Landsman, Mr. Doak, Mr. Burnes, Mr. Mehrberg.
Note: Mr. Zabors and Mr. Waterston were not present for this resolution.*

IV MANAGEMENT REPORT:

Joe Bright, the property manager gave a management report including:

a) Laundry Machines Revenue Laundry revenue in the amount of \$138.50 was collected in November with our Chief Engineer present to confirm the audit.

b) AN/BN Common Element Drywall Joint Repairs At the November Board meeting, Management was instructed to obtain new proposals for common element hallway joint repairs adjacent to the AN/BN units utilizing the WJE specifications. New specifications were sent to three contractors for bidding. The specifications were in error, and only one proposal by Perimeter Builders, Inc. was received. After review, the Board asked Management to obtain clarification on several issues including whether the expansion joint repairs can be preformed only in the hallways without correcting the adjacent joint repairs within units, and get an amended proposal to present at the next meeting.

V OLD BUSINESS:

a) 2120 Construction Project Damage Suits Mr. Mehrberg updated the Board on the most recent hearing that was held at 10:30 a.m. on Wednesday, December 18, 2002 at the Daley Center. The judge denied a motion for dismissal by the Baker third party defendants (architect and soil testing company) after mediations with a court appointed mediator failed to conclude apportionment of financial responsibility for each defendant in the case.

The next hearing is a closed session "Settlement Conference" involving the Pierre and all of the defendants which is set for Tuesday, January 14, 2003 at the Daley Center, with hope a final settlement will be reached.

b) Board Appointed Representatives The judge has requested that the Pierre's authorized Board representative(s) attend the Settlement Conference. Motioned by Mr. Lau, seconded by Mr. Landsman, and unanimously carried, the following resolution was approved:

RESOLVED That the Board of Directors of the Pierre Condominium Association, hereby, appoint Mr. Randy Mehrberg and Mr. Bob Doak and give full authority to them to represent the Pierre Condominium Association at the Settlement Conference on Tuesday, January 14, 2003 and any prior or subsequent meetings required to negotiate a settlement on behalf of the Association.

In Favor: Mr. Lau, Mr. Landsman, Mr. Doak, Mr. Burnes, Mr. Mehrberg, Mr. Zabors, Mr. Waterston.

Unit owners in attendance were asked if they had any questions and approved of the motion. There were no objections.

c) Legal Invoices The Board reviewed the outstanding invoice from Gessler Hughes Socol Piers Resnick & Dym Ltd. related to the 2120 Construction Project claims in the amount of \$44,377.76 for the period 7/1/2002 through 10/31/2002 and concluded to defer payment.

d) 2003 Operating Budget Mr. Doak reviewed the Proposed 2003 Operating Budget that was previously distributed to all unit owners, which called for a 4.575% increase in the regular assessment over the total of 2002. Mr. Doak then reviewed three changes to the proposed budget for 2003; 1) Miscellaneous expenses were reduced by \$3,500 by the elimination of the recording secretary; 2) Gas costs were increased by \$5,000 due to increased natural gas prices; 3) Inclusion of a \$10,000 capital project expenditure for the replacement of our telephone intercom system. The revised budget also contains an additional \$12,000 in operating assessments, a 6.14% increase over 2002. The Board felt that it was necessary to generate additional funds for reserves.

Various other topics were reviewed in detail with respect to the proposed budget, hallway repairs, roof repairs and replacement, HVAC chiller unit repairs, attorneys fees, and funding general reserves. Motioned by Mr. Doak, seconded by Mr. Mehrberg, and unanimously carried, the following resolution was approved:

RESOLVED That the Board of Directors of the Pierre Condominium Association, hereby, adopt the proposed 2003 Operating Budget as amended.

In Favor: Mr. Lau, Mr. Landsman, Mr. Doak, Mr. Burnes, Mr. Mehrberg, Mr. Zabors, Mr. Waterston.

e) Hallway Renovations As part of the "Capital Improvement Plan" previously explained by Mr. Doak at last months Board meeting the Board continued with discussions on proceeding with the hallway renovation repairs and options for funding those repairs. A collective decision was made to fund common element hallway repairs of approximately \$300,000 to \$350,000 from the insurance settlement funds received from the 2120 Construction Project claim.

The Board authorized the renovation committee to proceed in presenting their recommendations to the Board at a future meeting for replacing the wallpaper and carpet in the hallways, before holding a unit owner meeting to get consensus for the proposed repairs. Management will obtain proposals for the work and present to the Board for approval before work begins.

f) Façade Repairs/Lintel Repairs and Replacement As part of the "Capital Improvement Plan" Mr. Doak presented various funding alternatives for the lintel repairs and replacements.

1) Complete the carryover Façade and Lintel replacements from this year as well as the balance of all other lintel replacements for the entire building as paid with a special assessment of approximately \$500,000.

- 2) Complete the carryover Façade and Lintel replacements from this year and defer the balance of all other lintel replacements for the entire building until the next Façade Report and Examination in 2007.
- 3) Borrow either from the Harris Bank draw down loan or from a portion of the general reserves from settlement funds to complete the repairs in 2003.

The Board reached a consensus and concluded that a special assessment would not be required to complete the lintel repairs. Thus, either option 2 or 3 will be chosen, but the final decision was deferred to the January or February Board meeting to see if we have a better idea of the progress on the Baker lawsuit at that time.

g) Intercom system Management explained the difficulty of trying to repair the lobby intercom system because it is approximately 29 years old and there are very few technicians having the knowledge to repair the system. It was proposed by Mr. Doak to replace the system with a "No Phone Bill System" and eliminate the \$3,800 annual lease fees as well as the costly attempts at servicing the equipment. As discussed earlier, Mr. Doak budgeted \$10,000 for the replacement system. The purchasing of a cell phone was another option suggested. Management will obtain proposals and present to the Board for review at a future meeting.

h) Elevator Modernization Process Update and Scheduling Lerch Bates notified Management of the delay in the start-up of repairs for the service elevator and confirmed that the finish date of 1/29/2003 will be met. New elevator pads arrived with some fitting problems, expected to be resolved in a couple of days, the pads will be left up until the completion of the service elevator in the end of January.

i) Pool Liner Installation Management reported that Rainbow Resurfacing, Inc. completed the majority of installation for the new fiberglass swimming pool liner although some work will have to be completed in the Spring before the pool opens. The Board commented on the fact that some of the workmanship is sloppy and should be corrected when they complete the other work. In addition, there is a dispute over the original amount proposed and the final completed amount due to delays and cost increases during the extended installation time period. Management will try to resolve and have a response for the next Board meeting.

VI COMMITTEE REPORTS:

a) Garage Contract Committee The garage committee met to review the two lease proposals received from Pioneer Parking and GO Parking and the revised Management proposal from Standard Parking. The garage committee could not reach consensus with two members voting to accept a lease either with Pioneer or G.O. Parking (Mr. Burnes and Ms. Sherman) and two members voting to continue under the management contract with Standard (Mr. Doak and Mr. Baker). A review summary for each proposal was given. Motioned by Mr. Burnes, seconded by Mr. Waterston, a vote was taken and the motion failed to pass.

MOTION That the Board of Directors of the Pierre Condominium Association, approve the proposal as presented by Pioneer Parking and agree to proceed to negotiate and obtain a three year lease contract.

In Favor: Mr. Burnes.

Abstaining: Mr. Mehrberg.

Opposed: Mr. Lau, Mr. Landsman, Mr. Doak, Mr. Zabors, Mr. Waterston.

Motioned by Mr. Doak, seconded by Mr. Waterston, and carried, the following resolution was approved:

RESOLVED That the Board of Directors of the Pierre Condominium Association, hereby, approve to renegotiate the management contract with Standard Parking to include damage claims in excess of \$5,000 per year will be shared on a 50%/50% basis.

In Favor: Mr. Lau, Mr. Landsman, Mr. Doak, Mr. Mehrberg, Mr. Waterston.

Abstaining: Mr. Zabors.

Opposed: Mr. Burnes.

The Board agreed to review year-to-date net income in comparison to the proposed budget after three months to see that the results from the management contract are on track.

b) Renovation Committee/Sensor Panels Management obtained a single proposal from Perimeter Builders, Inc. for recess construction of the fire and sensor panels to be located in the lobby at a cost of \$3,374. Motioned by Mr. Mehrberg, seconded by Mr. Landsman, and carried, the following resolution was approved:

RESOLVED That the Board of Directors of the Pierre Condominium Association, hereby, approve the proposal from Perimeter Builders, Inc. to design, fabricate, demolition and recessed construction to install the fire and sensor panels for a cost not to exceed \$3,374.

In Favor: Mr. Lau, Mr. Landsman, Mr. Doak, Mr. Mehrberg, Mr. Waterston.

Opposed: : Mr. Burnes.

Note: Mr. Zabors was not present for this resolution.

After the vote was taken, a unit owner commented on the fact that only one bid was received, and suggested that Management obtain two additional proposals and the committee should redefine the scope in hopes of lowering the cost.

c) Window Committee On behalf of the committee, Ms. Ruden asked if the Board was intending to authorize proceeding with Phase I for a cost of \$7,500 and Phase II for a cost of \$15,500 of the Klein and Hoffman contract acknowledging that the Façade and Lintel repair work would have to be completed before the window project was implemented. The Board confirmed that the Klein and Hoffman contract should remain on hold until a final decision is made on the timing to proceed with the lintel replacement project.

d) Reserve Study The board received the reserve study which suggests that in 2004 the roof will need replacing at an approximate cost of \$200,000, and also indicated that the windows will not need replacing for 20 years. The general consensus from many in the room was that the reserve study is significantly in error on this point. Mr. Doak mentioned that the individual performing the reserve study stated that the remaining life of the windows were based on the type (double-paned) and does not reflect an evaluation on his part of the condition of our specific windows. A more thorough review and discussion of the reserve study was deferred to a future meeting.

VII OWNERS COMMENTS/QUESTIONS:

a) Unit Remodeling/Renovation A unit owner questioned the stages required for remodeling her kitchen. The Board indicated that the steps are outlined in the Construction Rules for Renovation and depending on the scope of remodeling, the plans should be directed to Management for getting necessary reviews to present to the Board. It was suggested that the procedure takes approximately 60 days and the Board needs to approve the plans after the review process has been completed and before any work can begin.

b) Hallway Drywall A unit owner questioned when the drywall areas in the hallways would be painted. Management will arrange that the contracted painter complete the unfinished hallway drywall areas as a priority.

c) Returning Carts A unit owner stated that residents should return their carts after use and not leave them in the elevators for others to return. After using a cart, please be considerate of others and return the cart to the doorman's station. Leaving the cart in the elevator only causes an inconvenience to the other unit owners and residents in the building.

VIII RECESS/ADJOURNMENT:

With no further business to come before the regular Board meeting, and upon motion duly made and unanimously carried, the meeting adjourned at 11:25 p.m.

Respectfully Submitted,

*Wayne Lau
Secretary, The Pierre Condominium Association*

THE PIERRE CONDOMINIUM ASSOCIATION
TREASURER'S REPORT
BOARD MEETING 12/18/02

For the eleven months ended November 30, 2002, the association has a net cash deficiency of \$5,976 before consideration of Special Assessments received and Special Project costs paid out.

Special assessments received through 11/30 totaled \$584,338 and garage revenue totaled \$75,076 against which \$384,195 was expended for garage work, \$350,507 was expended for elevator work and \$96,902 was expended for façade work. The loan balance at November 30, 2002, is \$184,293. There is currently an anticipated \$82,000 overrun on the required portion of the façade work and I am anticipating about \$70,000 less than originally budgeted from garage revenue for the four years ending 12/31/2005. We achieved about \$40,000 of savings on the garage repair portion of the work. On a net basis, I am now assuming that we will have to draw about \$111,000 from general operating reserves to complete the loan repayment by 12/31/2005. Another alternative to make up this difference would be to utilize garage revenue for a little more than a year beyond 12/31/2005.

At 11/30, The Pierre Condominium Association had the following cash/ investment balances:

Wolin-Levin	\$ 47,050.49
Harris Bank Special Projects A/C	\$ 3,613.44
Salomon Smith Barney- general reserves	\$230,855.40
Salomon Smith Barney- Baker damage insurance A/C	\$606,065.23
Midamerica Bank- Baker damage insurance A/C	\$ 95,861.55
Invest Financial- Baker damage insurance A/C	<u>\$997,064.38</u>
Total- Cash and Investments	\$1,980,510.49

My current forecast for the year ending 12/31/2002 is that operating income (before capital expenditures and Baker litigation costs) may be about \$107,000; \$6,000 below budget. This is an improvement of \$5,000 from the prior month's forecast.

I have raised the forecast for Baker litigation expenses to \$90,000 compared to the budgeted \$30,000. The original budget assumed that this litigation would have been resolved by mid-year. As you know, this case continues to drag on much longer than we had hoped for. After consideration of (non-special project) capital expenditures and the estimate of \$90,000 for Baker litigation costs, I am forecasting \$5,000 will need to be drawn from reserves compared to the \$59,000 budgeted addition to reserves. This \$64,000 reduction in funds available for reserves is almost entirely due to the \$60,000 increase in forecasted Baker-related legal costs compared to budget.

Garage operations had an outstanding month in November with a bottom line \$2,686 better than budget. November was a three pay period month so the net loss of \$575 reflected the additional cost of \$5,185 related to the third pay period. There are presently 112 overnight monthly cars in the garage compared to a target level of 116.

Respectfully submitted,
Robert Doak
Pierre Treasurer