



THE PIERRE CONDOMINIUM ASSOCIATION BOARD OF DIRECTORS MEETING MINUTES

Pursuant to notice duly given, a Board of Directors Meeting of the Pierre Condominium Association was held on March 12, 2002 at 7:30 p.m. in the hospitality room.

Attendance was recorded as follows. Directors: Wayne Lau, Stu Baker, Gera-Lind Kolarik, Adam Landsman, Denise Antonucci, Randy Mehrberg (8:00 p.m.), Bob Doak (8:12 p.m.), Bob Zabors (8:25 p.m.); Robert Alva, and Kamran Jeffery, Standard Parking; Joe Bright, Wolin-Levin; Debra Russo, Recording Secretary.

I CALL TO ORDER:

The Board of Directors Meeting of March 12, 2002, was called to order at 7:45 p.m., by Board President Adam Landsman. A quorum was noted.

II SECRETARY'S REPORT:

a) Minutes of February 12, 2002 Board Meeting

Mr. Lau reported that the Board had been given the opportunity to review the minutes of February 12, 2002 in advance of the meeting, and reviewed the minor changes that had been suggested to the draft minutes. Mr. Lau called for final comments or corrections, there were no additional changes.

Upon motion duly made, Mr. Lau motioned to approve the February 12, 2002 Board Meeting minutes as presented, seconded by Mr. Baker, and unanimously carried, the following resolution was approved:

RESOLVED – That the Board of Directors of the Pierre Condominium Association, hereby, approve the February 12, 2002 Board Meeting minutes, as presented.

In Favor: Mr. Lau, Mr. Baker, Ms. Kolarik, Mr. Landsman, Ms. Antonucci.

Note: Mr. Mehrberg, Mr. Doak, and Mr. Zabors were not present for this resolution.

III GARAGE OPERATION REPORT:

Mr. Robert Alva, and Mr. Kamran Jeffery, representatives from Standard Parking the garage management presented a financial update on the operation of the garage.

They reported \$11,656 in total revenue with \$12,723 in expenses for a loss of \$1,067 for the period ending January 31, 2002. There were 79 monthly parkers including 4 nonresidents. They also stated that negotiations are continuing with the Cultural Center and The Belden Stratford in an effort to increase revenue from nonresident parkers and that a sign will be placed at the garage entrance to attract daytime parkers, weekdays from 10:00 a.m. – 5:00 p.m.

Questions raised focused mainly on supplemental outside parkers as well as the suggestion for the auto request books to be reimplemented. Although the magnetic sign-out board instituted by Standard Parking is working well for some owners, other owners have expressed a preference for the sign out book that was used in the past. Standard was asked to incorporate the use of a day planner for advance scheduling and to use a locked key box instead of leaving keys in the cars by the front door.

In response to an owner's inquiry, the Board restated the reasons for their decision to terminate Pioneer Parking and enter into a management agreement with Standard Parking.

Thanks were extended to Mr. Alva and Mr. Jeffery and they were excused from the meeting.

IV TREASURER'S REPORT:

a) Finance Report

The Association's Treasurer Mr. Bob Doak presented a documented report including an Income Reconciliation and Special Project Costs update. Mr. Doak reported that special assessment funds were isolated from operating funds and the cash transfers are properly reflected in the financial statements.

Summarizing the report he stated that the Garage Reconstruction Project costs to date have currently totaled less than what was budgeted, and to date \$373,000 has been spent on the garage renovation, and another \$10,000 in repairs is expected. He noted that these fall substantially below the original budgeted amount of \$425,000.

He also reviewed the increase in insurance premiums, noting that the Association's collective insurance premiums have risen significantly due to a tight insurance marketplace covering condominium buildings, lack of insurance companies offering condominium coverage and premium increases country wide due to September 11th.

Mr. Doak also reported that the annual audit is underway and the report should be available by the end of April or early May.

b) Statement of Accounts

The Association's cash/investment balances as of February 28, 2002 were: Wolin-Levin account \$72,338, Harris Bank Special Projects account \$73,311, Salomon Smith Barney General Reserve account \$291,169, and the Salomon Smith Barney Insurance Settlement account \$351,596

(The Pierre Condominium Association Treasurer's Report Board Meeting 3/12/2002 is attached as part of these minutes.)

V MANAGEMENT REPORT:

a) Cable Costs

Management confirmed that cable costs have increased about 8% per the agreement with RCN (previously 21st Century Cable), as the Association is now in the 3rd year of a 5 year contract.

b) Common Element Joint Repairs

Management reported that Berglund Maintenance has completed the concrete joint repairs in the second floor storage room areas. Payment was issued to Berglund Maintenance for \$29,711.30.

c) Doormen Issues

Management reported that due to concerns raised by an owner at last month's meeting, the door staff has been notified that they are only allowed to watch TV during the hours of 11:00 p.m.– 6:00 a.m.

d) Reserve Transfers

Management confirmed that, per direction of the Board, \$30,000 was transferred from the operating account to the Salomon Smith Barney General Reserve money market account.

e) Legal Opinion for Assessment Percentages

The Board reviewed a legal opinion from the Association's attorney that was required in response to an inquiry concerning the basis of assessments, and an owner's accusation that they have been incorrectly assessed. A copy of the attorney's response will be sent to the unit owner.

f) Elevator Modernization Project

Management presented the request from Lerch, Bates & Associates for the down payment to Otis Elevator in the amount of \$84,500, covering materials for the modernizing of the elevators as per the approved contract.

Mr. Lau asked about updating the time line with respect to the elevator modernization. Management was asked to confirm scheduling with Lerch Bates.

THE PIERRE CONDOMINIUM ASSOCIATION
TREASURER'S REPORT
BOARD MEETING 3/12/02

For the two months ended February 28, 2002, the association generated a net surplus of \$62,484 before consideration of Special Assessments received and Special Project costs paid out. With our annual insurance bill due in March, most of this surplus will be needed in March.

Special assessments received through 2/28 totaled \$480,843 against which \$373,102 was expended for garage work. In excess of 65% of unit owners have paid the full special assessment upfront.

At 2/28 we had the following cash/ investment balances:

Wolin-Levin	\$ 72,338.02
Harris Bank Special Projects A/C	\$ 73,311.10
Salomon Smith Barney- general reserves	\$291,169.32
Salomon Smith Barney- Baker damage insurance A/C	\$351,596.44

Several variances from 2002 budget have already become apparent. Insurance costs will be about \$24,000 over budget, a 55% increase. What was already a tight insurance market became almost impossible to get coverage after 9/11. Many carriers have dropped out of the condominium market.

Since we are currently operating without the onsite part-time management person who was budgeted, the management fee is about \$17,000 under budget annualized. This, of course, assumes that we are able to operate effectively without this additional position. Our cable rates were increased 8%. TI was more than we budgeted and will result in about \$1,700 over budget. Total of these variances is about \$8,700 over budget. We will try to make this up in other categories as we go through the year.

Gas costs are quite favorable right now. Jan ,2002 actual was \$7,500 vs. \$20,500 for Jan, 2001. Much of this savings was built into the budget, but if costs continue to be favorable throughout the year, we may realize some savings from budget on this line.

The garage operation is behind where we would like to be financially. We have almost as many unit owner cars as before the garage closed, but we are substantially short of the 30 outside monthly parkers that were in the garage in August, 2001. In addition to people finding other alternatives while we were closed, the new 2130 garage took away about 5 cars. If owners have any suggestions for developing other outside monthly parkers, please let me know.

We have received the legal bill related to the Baker/Travelers lawsuit. It totals \$65,288.07 for the nine months ended January 31, 2002. We are hopeful of recovering all legal fees under the punitive damage claim against Baker and subcontractors.

Respectfully submitted,
Robert Doak
Pierre Treasurer

g) Association Insurance

Management informed the Board that the Association's insurance carrier, The Rockwood Insurance Company, has quoted an increase of approximately 55% on the annual premium. This was attributed to submitted claims, a drop in the stock market, and the events of September 11th.

Management confirmed that recommendations from the insurance company have been addressed. The Board also discussed the payment option offered by The Rockwood Insurance Company.

Upon motion duly made by Mr. Doak, seconded by Mr. Lau, and unanimously carried, the following resolution was approved:

RESOLVED – That the Board of Directors of the Pierre Condominium Association, hereby, accept the insurance renewal proposal from The Rockwood Insurance Company for an annual premium of \$65,288.07, to be paid in a single payment.

h) Insurance Claim

Management reported that a claim has been forwarded to the Association's insurance carrier for damages within a unit resulting from a pipe leak under the pool.

i) Parking Privileges

Management informed the Board that an owner has refused to pay the \$86.00 monthly garage parking fee billed by Wolin-Levin. The owner will be notified that nonpayment will result in a loss of parking privileges.

j) Relief Doorman

Management hired a new doorman to cover Jimmy Oliver's shift while he is on sick leave.

k) Garage Permit

Doug Cha of Burnham has obtained all documents needed to secure our City of Chicago garage permit.

l) Common Element Drywall and Door Frame Realignment

Management has obtained recommendations for contractors to realign the unit door frames, doors and repair drywall damage resulting from the 2120 construction project. Bids will be requested.

VI OLD BUSINESS:

a) Fines and Penalties

Mr. Lau reported that the approved fines and penalties structure has been distributed to the unit owners. Owners were asked to insert the fee structure for minor and major infractions schedule in their previously distributed copy of the Rules and Regulations. The schedule will be included with all future distributions of the Rules and Regulations.

(The Pierre Condominium Association Rules And Regulations – Fees / Fines and Enforcement is attached as part of these minutes.)

b) Pool Resurfacing

Mr. Lau asked about the timeline for the pool resurfacing project. Management said that the work is weather sensitive and should be scheduled once the weather turns a little warmer. Management was asked to find out how long the work is expected to take.

c) Repair Projects Timeline

Large repair projects currently in the planning stages, were also recapped to try and establish a timeline for the forthcoming months. Projects reviewed in addition to the above were: elevator modernization project, joint repair work for the AN and BN units including the hallways, facade inspections and repairs, door frame and drywall repairs.

d) Facade Inspection

Management was asked to contact Wiss, Janney, Elstner about scheduling the facade inspection and starting the bidding process for needed exterior repairs.

e) Unit Appraisals

Mr. Landsman reported that the revised damage appraisals have been completed and will be distributed to the unit owners along with a letter asking them to respond quickly noting any discrepancies to the attorneys within thirty-days.

f) Construction Rules

Mr. Lau reported on the special unit owner’s meeting that was held for the purpose of reviewing the new Construction Rules. Final amendments will be made based on the suggestions made by unit owners and building staff. Once those changes have been incorporated, the rules will be redistributed to the Board for their final review and will also be sent to the attorney for legal review. A report will be given and the Construction Rules will be considered for approval at the April 2002 meeting.

VII NEW BUSINESS:

a) Right of First Refusal

Management reported on the following sale: unit 5DS sold for \$322,500.

Mr. Mehrberg reminded Management that the Board would like to review the applicants’ sales packages on all future sales.

Upon motion duly made by Mr. Lau, seconded by Mr. Landsman, and carried, the following resolution was unanimously approved:

RESOLVED – That the Board of Directors of the Pierre Condominium Association, hereby, ratify approval for the sale of unit 5DS and waive the Association’s right of first refusal.

*In Favor: Mr. Lau, Mr. Baker, Ms. Kolarik, Mr. Landsman, Ms. Antonucci, Mr. Mehrberg, Mr. Doak.
Abstaining: Mr. Zabors.*

b) Annual Meeting

Initial plans were discussed for the Association’s Annual Meeting to take place on Tuesday May 14, 2002 at 7:30 p.m. in the hospitality room. There will be five Board positions open for election this year.

VIII COMMITTEE REPORTS:

a) Window Committee – Replacement Survey Results

Ms. Ruden updated the Board on the technical presentation presented by Traco, Inc., a window manufacturer who presented a general overview of window replacement issues, current technology and described in detail the manufacturing process.

She stated that in addition to the cost of the windows and framing, there will be additional costs for staging, masonry repairs, and possibly security staffing. Ms. Ruden said that a window consultant may be necessary due to the complex window requirements and the numerous options available. Other issues to be addressed include whether the windows are common elements or limited common elements, financial responsibility, and financing options.

The committee received references and contacts of other condominiums that have completed the window replacement process and was planning on contacting them for additional information.

The committee will present its findings and recommendations on how to proceed to the Board at a future meeting.

IX OWNERS COMMENTS/QUESTIONS:

The Board addressed comments and questions from attending owners.

a) Bank Loan

In response to an owner’s inquiry, Mr. Doak confirmed that the bank loan has not been needed yet, because the special assessment funds were received promptly and applied toward payment of the garage repairs. A line of credit is available for approximately \$1,200,000 to pay for pending major projects. He noted that no costs are incurred until the funds are actually borrowed.

b) Clogged Drain Pipe

Management suggested a routine maintenance program to avoid future problems with clogged drains. Gary’s Drain Company will be scheduled twice a year to rod out the lines.

X RECESS/CLOSED SESSION/ADJOURNMENT:

With no further business to come before the regular Board meeting, and upon motion duly made by Mr. Baker, seconded by Mr. Landsman, and carried, the Board recessed into a closed session of the open meeting at 9:17 p.m.

The purpose of the closed session was for the Board to review an attorneys letter for claims for damage in a common element area of the building.

The closed session of the open meeting concluded and reconvened into open session at 9:50 p.m.

Upon motion duly made, and unanimously carried, the meeting adjourned at 9:50 p.m.

Respectfully Submitted,

A handwritten signature in black ink that reads "Wayne Lau". The signature is written in a cursive, flowing style.

Wayne Lau, Secretary
The Pierre Condominium Association

Debra Russo, Recording Secretary