



111 East Chestnut Condominium Association
Board of Directors Meeting Minutes
January 10, 2019

A meeting of the Board of Directors of the 111 East Chestnut Condominium Association (“The Association”), an Illinois not-for-profit corporation, was called to order on Thursday, January 10, 2019 at 6:14pm in the Chestnut Room, 111 East Chestnut Street, Chicago, IL, pursuant to the By-Laws.

Directors Anthony Milazzo, Jane Santogrossi, Tom McDonald, Carolann Randall, Serap Brush and Kristin Ellertson-Vilt were present. Also present were Sudler Property Management employees Robert Graf – Executive Vice President, Sara Rudnik - Property Manager and Caterina Mihaila – Assistant Manager. Three (3) homeowners were in attendance.

President Milazzo made a motion to approve the Agenda with the addition of two items in new business, 1) Domestic hot water boiler project change order #2 for re-piping and 2) Domestic hot water boiler project change order #3 for valves. Secretary Randall seconded the motion. The motion passed unanimously.

President Milazzo made a motion to approve the closed session minutes from the November 8, 2018 meeting. Director McDonald seconded the motion. The motion passed unanimously.

President Milazzo made a motion to approve the open session minutes from the November 8, 2018 meeting. Director Ellertson-Vilt seconded the motion. The motion passed unanimously.

President Milazzo made a motion to approve the closed session minutes from the December 7, 2018 meeting. Director McDonald seconded the motion. Treasurer Santogrossi recused herself because she was not present at the meeting. The motion passed unanimously.

Treasurer’s Report

Manager Rudnik read the Treasurer’s Report:

This report is for full calendar year 2018, during which we budgeted \$4 million of income and \$3.1 million of expense. That left about \$950,000 for reserve spending and overages.

For the full year we were within 0.5% of budget in both revenues and expenses. Our largest favorable variance was in utilities. Our largest notable unfavorable variance was legal fees attributed to Brian Connolly, which totaled \$83,000 on an unaudited basis.

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We made all 12 monthly contributions to reserves totaling \$975,000. Cash reserves are currently \$1,046,000 and we have no debt. Reserve expenses totaled \$618,000, including the pool liner, roof anchors and compactor expenses, \$309,000 for concrete repairs and \$195,000 for the boiler project. We expect final bills for those projects and other 2018 reserve items to total another \$300,000.

President Milazzo made a motion to approve the Treasurer's report. Secretary Randall seconded the motion. The motion passed unanimously.

Management Report

Property Manager Sara Rudnik gave the Management Report:

- Our next board meeting will be on February 14th.
- Work on elevator #6 is set to commence on Monday, January 14. Materials are onsite and ready. The machine crew will re-groove the sheave which will take 2-3 days.

President Milazzo inquired about a couple of other projects;

- Status of the entry glass canopy?
 - Answer from Manager Rudnik: Still another few weeks for this
- Status of north deck repairs?
 - Answer from Manager Rudnik: We're in touch with Mr. Demos on installation of the sound barrier. After the façade work is finished on the west elevation, we'll work to install a new membrane on the deck surface.
- Status of east deck drawings or specifications?
 - Answer from Manager Rudnik: We did receive some ideas and options from the designer but we really need to have a budget figure in mind for us to have a better direction on what we could install in this area.

President Milazzo made a motion to approve the 22.1 disclosure. Director McDonald seconded the motion. The motion passed unanimously.

New Business

President Milazzo reviewed the façade concrete renovation proposals we have received. Bid specifications were prepared by our architect at Kellermeyer, Godfryt & Hart (KGH). The contractors that submitted bids were Berglund Construction, Golf Construction, Quality Restorations, L&R and Western. Prices ranges from \$700,000 to \$1.8 Million depending on whether the work is performed over 1 or 2 years and depending on which contractor is used. After review with KGH, we narrowed the contractors down to Golf and Quality. We did see there was a savings if the work was performed in one year versus two. Also, hourly charges for Quality for supervisors and foremen is lower than Golf. Quality also estimates a shorter project time frame compared to Golf. Quality's bid on the project is \$702,740 and Golf's is \$745,000.

Manager Rudnik mentioned the line item listed as "other" is for painting of the west side of the building between the 11th and 10th floors where there are a number of rust stains running down the building from the condo unit HVAC condensation weep hoses. The current paint product on the façade is extremely difficult to clean and the rust cannot be removed. There is another

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product we have used that is still breathable on the concrete but is easier to clean. This is what we'll use in this area.

President Milazzo made a motion to approve Quality Restoration for the amount of \$702,740 for the concrete façade project. Discussion was held. Treasurer Santogrossi seconded the motion. Manager Rudnik did point out the the expense for the performance bond and inquired with the Board on whether or not they did want to have the bond for the project. Discussion was held. The Board agreed that they did want to have the performance bond. The motion passed unanimously. Manager Rudnik said the project will start as soon as weather permits.

President Milazzo reviewed the 2019 Directors and Officers insurance renewal. Lockton Insurance, our insurance agent, obtained two options from RSUI and Hudson. RSUI's premium was \$37,880 and Hudson was similar but included a number of restrictions and limitations on their coverage. It was Lockton's recommendation to stay with RSUI for our coverage. President Milazzo made a motion to approve RSUI's proposal for \$37,880. Secretary Randall seconded the motion. The motion passes unanimously.

President Milazzo reviewed the proposal for removal of extra pipe in the boiler room after completion of the 2nd heat exchangers. Althoff's proposal was \$12,670. Management wants to obtain a couple other bids to see if this price is reasonable. President Milazzo made a motion to approve an expense of not to exceed \$10,000 for removal of the extra pipe in the boiler room with the understanding that management is going to obtain other bids. Secretary Randall seconded the motion. The motion passes unanimously.

President Milazzo reviewed the proposal for installation of electronic isolation valves. Althoff's proposal is \$8,317. Our engineering firm feels this price is a little high and should fall in the range of \$6,000-\$7,000. Discussion was held. President Milazzo made a motion to approve an amount not to exceed \$7,000 to install the electronic isolation valves. Secretary Randall seconded the motion. The motion passes unanimously.

The meeting adjourned at 6:43pm.