

111 EAST CHESTNUT BOARD OF DIRECTORS' MEETING

November 12, 2020

<https://www.111eastchestnut.org/wp-content/uploads/2020/11/2020-11-12-Board-Meeting.mp3>

Call-to-Order audio begins at 00:00:52

KEY TAKEAWAYS

1. GROSS OMISSION: With COVID cases skyrocketing and with the State and City issuing aggressive Stay-in-Place advisories boldly underscoring the dangers of private spaces and gatherings, the 111 EC Board and Sudler Property Management made no mention of their current efforts or planned modifications to ensure homeowner and resident safety.
2. The 2021 Budget was approved improperly.
 - a) The Board added \$35,000 to the 2021 proposed budget without homeowners notice. Per Sec. 18 (a)(6) of the Illinois Condominium Property Act: "that each unit owner shall receive, at least 25 days prior to the adoption thereof by the board of managers, a copy of the proposed annual budget together with an indication of which portions are intended for reserves, capital expenditures or repairs or payment of real estate taxes."
 - b) The board stifled homeowner comments and questions. As the meeting was again virtual and in "lecture mode" precluding owner participation. When asked by Sudler's EVP Bob Graf if there were homeowner comments or questions tonight regarding the proposed budget, property manager Sara Rudnik said there were "only a couple inquires." However there were 10. See below. She acknowledged only questions #4 and #7. Per Ms. Rudnik, "That's really all I have."
3. The Board approved settlement of the Boucher lawsuit. This marks the conclusion of more than 7 years of protracted and costly litigation over the Milazzo-led wrongly-imposed \$500 retaliatory fine against a homeowner.

ROLL CALL

111 EC Board: Jane Santogrossi, Anthony Milazzo, Serap Brush, Carolann Randall, Valerie Alexander, Samantha Hoffman

Sudler Property Management: Bob Graf (evp), Sara Rudnik (property manager), Kat Mihaila (assistant property manager), Jonathon Mendoza (admin)

Homeowners: Unknown and muted

APPROVAL OF THE AGENDA

An additional item was added, i.e. ratify a decision made in closed session. APPROVED

(NOTE: The law prohibits Board decisions in Closed Session.)

APPROVAL OF PRIOR MEETING MINUTES

- October 8, 2020 Closed Session APPROVED
- October 8, 2020 Open Session APPROVED
- November 5, 2020 Closed Session APPROVED

TREASURER'S REPORT — Presented by Carolann Randall, Treasurer [audio begins at 00:02:49]

"For 2020, we budgeted \$4.3 million of income and \$3.4 million of expense, leaving \$900,000 for

reserve spending and overages.

Through October, the 10th month of the year, we remain within 1 percent of our revenue budget and remain 7 percent favorable on our expense budget, mostly due to timing.

To date all 10 months of contributions have been made to the reserve fund totaling \$750,000.

Expenses include two invoices for engineering services on the Facade Project totaling \$14,911.

The reserve account currently totals \$1,186,945.

Treasurer's Report was NOT APPROVED.

MANAGEMENT REPORT — Presented by Sara Rudnik, Property Manager [audio begins at 00:03:33]

- First, there was recognition of the sudden death of longtime maintenance staff member, Jeffrey Rojas.
- Next meeting, "if we have a meeting," is scheduled for Thursday, December 10th.
- The Facade Project is complete. Payouts are expected by the end of the year.
- Roof-top make-up-air units have been ordered. Unfortunately, there's about an 18-to-20 week lead time. Director Brush asked about airflow and balancing.
- 22.1 Disclosure Statement APPROVED

NEW BUSINESS AND ANY OTHER BUSINESS THAT MAY COME BEFORE THE BOARD [audio begins at 00:07:01]

1. Emergency plumbing expense for repairs made on October 19, 2020

- Two quotes secured to repair the drain line 10th floor ceiling
- First Star Construction selected
- Expense \$6800

RATIFIED

2. 2021 Budget

- Increase budget item #9270 to increase by \$35,000 for balancing and consulting services. Consequently, according to Rudnik, "That would bring the Reserve Expense total up to \$929,000, and instead of a reserve increase it would result in reserve decrease of \$24,000."
- Some discussion as to floor air flow, dampers and balancing. Rudnik underscores that the engineers would do the balancing. Milazzo would like to see seasonal adjustments. Serap underscored the need for performance metrics in the final contract to compensate for "field conditions."
- Motion to approve the \$35,000 increase APPROVED
- Motion to approve the revised 2021 Budget APPROVED

3. Closed-Session decision regarding settlement of the Boucher lawsuit

- Motion to ratify the closed-session strategy regarding the Boucher case, and approval for officers to execute the settlement agreement.

RATIFIED

HOMEOWNER QUESTIONS (Note: The following questions were submitted to the Board on October 9, 2020 and relate exclusively to the 2021 Budget. Subsequently, only questions #4 and #7 below were even mentioned. Rudnik denied any other questions were submitted. When asked by Graf if homeowners were given opportunity to comment and ask questions, Santogrossi said that homeowners were precluded from commenting during the meeting, but had been given opportunity during the statutory 25-day review period.)

QUESTION #1: The board is projecting a \$112K surplus in 2020. Why wasn't it carried over into the 2021 Budget?

ANSWER: Jane Santogrossi, Anthony Milazzo, Serap Brush, Carolann Randall, Valerie Alexander, and Samantha Hoffman refused to answer.

QUESTION #2: Late fees are up in the 2020 Projection. But there is no bad debt expense in either 2020 budget, projection or 2021 budget. Why?

ANSWER: Jane Santogrossi, Anthony Milazzo, Serap Brush, Carolann Randall, Valerie Alexander, and Samantha Hoffman refused to answer.

QUESTION #3: What is going on with the jump in fines?

ANSWER: Jane Santogrossi, Anthony Milazzo, Serap Brush, Carolann Randall, Valerie Alexander, and Samantha Hoffman refused to answer.

QUESTION #4: There is a big increase in health insurance for non-union employees. What 111 employees are non-union?

ANSWER: Rudnik responded that the management office employees are non union. (Note: The management office employees are employees of Sudler Property Management, not the Association. Why are we then paying for Sudler employee health insurance?)

QUESTION #5: The Cable/Internet pass-throughs are not correctly established. If not pass-throughs, why are the income and expenses not equal to \$0?

ANSWER: Jane Santogrossi, Anthony Milazzo, Serap Brush, Carolann Randall, Valerie Alexander, and Samantha Hoffman refused to answer.

QUESTION #6: Regarding account #8335, what is the Association getting for \$40K? Why is it necessary?

ANSWER: Jane Santogrossi, Anthony Milazzo, Serap Brush, Carolann Randall, Valerie Alexander, and Samantha Hoffman refused to answer.

QUESTION #7: What's the \$25K insurance deductible in 2021 for?

ANSWER: Rudnik responded that the increase of \$10,000 to \$25,000 it was most due to the increase in frequency of water damage claims that condo associations have filed.

QUESTION #8: Why is 2021 Reserve Funding again below what's been recommended by our Reserve Study? With the Reserve Study scheduled to be updated in 2022, can we avoid "assessment shock" or a special assessment? Explain.

ANSWER: Jane Santogrossi, Anthony Milazzo, Serap Brush, Carolann Randall, Valerie Alexander, and Samantha Hoffman refused to answer.

QUESTION #9: Why is the Legal Chargeback Income in 2020 Projection only \$300?

ANSWER: Jane Santogrossi, Anthony Milazzo, Serap Brush, Carolann Randall, Valerie Alexander, and Samantha Hoffman refused to answer.

QUESTION #10: Why doesn't the budget show beginning and ending reserve fund balance?

ANSWER: Jane Santogrossi, Anthony Milazzo, Serap Brush, Carolann Randall, Valerie Alexander, and Samantha Hoffman refused to answer.