

**SANDBURG VILLAGE CONDOMINIUM HOMEOWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
May 27, 2020**

The meeting was conducted by telephone.

Present: Dianna Callahan – Association 1
James Lothe – Association 1
Mary Murtaugh – Association 1
Robert Connor – Association 2
Scott Lennox – Association 2
Mary Schneider – Association 2
Diana Levin – Association 3
Bruce Kaminsky – Eliot
Gabrielle Thronson – Eliot
Leslie Deitch – Faulkner
Beth Murphy – Faulkner
John Berchem – Lowell
Judy Barnes – Association 7
Barbara Fiacchino – Association 7
Nancy Slattery – Association 7

Also present were Melissa Goodwin, HOA Property Manager, Tahalia Menendez, Administrative Assistant, and Marla Jackson, Regional Director, of FirstService Residential; Julia Groves, General Manager, and Sharon Staves, Director of Management Services, of Fitness Formula Clubs; Chris Nyborg of Nyborg & Company, Ltd.; and Paul Gaudette of Wiss Janney Elstner Associates, Inc.

CALL TO ORDER and AGENDA REVIEW

Mr. Connor called the meeting to order at 6:33 p.m. Ms. Goodwin called the roll and declared that a quorum was present.

UNIT OWNER COMMENTS

Ms. Goodwin asked for comments or questions related to non-pool matters only and asked that the unit owners announce their names. She stated that comments or questions relating to pool matters would be entertained following the presentation from FFC and Board discussion. There were no unit owner comments at this time.

APPROVAL OF MINUTES

Ms. Murtaugh asked if there were any additions or corrections to the minutes of the regular Board meetings held on March 25, 2020. There being none, ***Ms. Murtaugh moved that the minutes of the Board of Directors meeting held on March 25, 2020, be approved as presented. Mr. Kaminsky seconded the motion, and it passed unanimously.***

Ms. Murtaugh asked if there were any additions or corrections to the minutes of the Board meeting held on May 7, 2020. There being none, ***Ms. Murtaugh moved that the minutes of the Board of Directors meeting held on May 7, 2020, be approved as presented. Ms. Slattery seconded the motion, and it passed, with Ms. Thronson abstaining.***

PRESIDENT'S REPORT

Mr. Connor noted that the pool season would be discussed at the meeting and asked all present that, if the Board decides to open the pools, they refrain from announcing this to anyone until Management has received word from the City of Chicago as to whether the pools can, in fact, be opened.

TREASURER'S REPORT

Mr. Berchem reviewed with the Board the Financial Summary for the period ended April 30, 2020, as follows:

Operating Fund net income, current month:	\$40,665
Operating Fund net income, year to date:	\$105,801
Operating Fund balance:	\$145,588
Ratio of Operating Fund balance to one month's operating expenses:	1.0
Replacement Fund interest income, year to date:	\$22,875
Replacement Fund average CD yield:	1.66%
Replacement Fund expenses, year to date:	\$365,874
Replacement Fund balance:	\$3,989,814

Mr. Berchem commented on a few line items and asked if there were any questions. There were none.

ACTION AND DISCUSSION ITEMS

2019 Audit Review

Ms. Nyborg directed the Board's attention to the "Revenue Over Expenditures" line on the "Statement of Revenue, Expenses, and Changes in Fund Balance" in the audit, noting an Operating surplus of \$66,445.00. She acknowledged that every year in the past she has recommended transferring such a surplus to the Reserves, but that owing to financial uncertainties in the coming months, she recommends leaving the surplus in the Operating Fund, adding that its use will thus be unrestricted. The Board agreed with her advice. Ms. Nyborg extended her recommendation to the Board members' individual associations. She then suggested working out payment plans and waiving late fees for the time being for unit owners who are having difficulties paying their assessments, and also noted that the City of Chicago is experiencing a financial crisis, so that it will likely increase fees for licenses and permits. Ms. Nyborg added that the Notes to the financial statements remain substantially unchanged.

In response to questions from Mr. Berchem, Ms. Nyborg stated that while there were some challenges encountered during the management transition from Draper and Kramer to FirstService Residential, matters have now been straightened out. She also commented on various government proposals to offer relief to homeowners affected by the COVID-19 pandemic but stated that payment plans should be considered rather than waiving assessment payments for some period. Ms. Jackson reported that the legislative amendment to offer such relief has been defeated.

Mr. Berchem stated that he has reviewed the financials and has found everything to be in good order. There being no further comments or questions, ***Mr. Berchem moved to accept the audit of the Sandburg Village Condominium Homeowners Association's financial statements and***

supplementary information for the year ended December 31, 2019, with comparative totals for 2018, conducted by Nyborg & Company, Ltd. Ms. Fiacchino seconded the motion, and it passed unanimously.

The Board thanked Ms. Nyborg, and she left the meeting at 6:52 p.m.

2020 Village Capital Projects Update

Mr. Gaudette reported on the following:

- South Mall
 - South Screen Wall: WJE has communicated with Northshore Brickwork, now that the South Pool project is winding down, to set up a preconstruction meeting, and will start working with Eliot House regarding project coordination. A meeting will probably be held in the next week or two, and the project should begin in the next few weeks. Northshore Brickwork might already have its permit.
 - South Mall/Pool Repair Project:
 - The pool project is winding down, especially since the townhouse work has been deferred, and the work was completed within schedule and at about 10% to 15% under budget, even considering deferring the townhouse work. The main reason for this is that the pool area has never been salted in the winter, and some of the needed work was performed in 2010 when work was performed on the rest of the mall. This also includes all of the miscellaneous change orders having to do with plumbing and electrical work.
 - Ms. Thronson asked about a leak along the Goethe Street wall at the townhomes. Mr. Gaudette stated that the townhomes are positioned on top of the mall and the terraces that overlook Goethe Street extend to the north. He stated that there is leakage on the terraces in the masonry walls and the Goethe Street wall, which is part of the foundation wall for the whole structure, and that WJE submitted a report on the matter a year and a half ago that addressed those areas. Mr. Gaudette stated that there is concrete work to be done and problems with the masonry wall on top and with the terrace that are included in the repair project, with the original approach being to work first on the pool and then on the terrace in the summer, but now that terrace work has been deferred.
 - Ms. Goodwin stated that, in regard to the deferment, information was discovered in a legal opinion rendered by attorney Michael Kim in 2008 and was forwarded to Association 3, not to HOA, because the work is the responsibility of Association 3. She stated that she has no knowledge about Eliot House's responsibility in the matter. Mr. Gaudette suggested that, owing to the complicated physical layout in the area, Ms. Goodwin conduct a walk-through of the area. Ms. Goodwin agreed to do so with Diana Levin, Ms. Thronson and Jody Jewell, the Eliot House Property Manager.

Mr. Gaudette provided details about three change order requests proposed for the South Mall Pool Project. ***Mr. Connor moved to accept Change Order Request #20 – Goethe Street Membrane Installation – at a cost of \$4,090.00; Change Order Request #21 – Cracked Drainpipe Repair – at a cost of \$1,415.25; and Change Order Request #22 – Cabana Joint Sealant – at a cost of \$3,285.00, submitted by Wiss Janney Elstner on May 22, 2020. Mr. Berchem seconded the motion, and it passed unanimously.*** Mr. Gaudette then continued with his repair work update.

- South Mall Pool Building: Mark 1 is scheduled to complete the masonry flashing repair work on the east side of the pool, which was begun in 2019, in the next two weeks.

- Tennis Facility.
 - Bridge between Faulkner House and the Tennis Courts: Zera Construction performed some temporary work in 2019 and is ready to perform some minor repair work around the door threshold area where water is entering the Tennis Club room.
 - Window Leakage at Tennis Room: Ms. Goodwin reported that she has been working with the Faulkner House property manager and maintenance staff on keeping notes and making reports about any type of leakage, and that for the past two months there has been no leakage, so investigations continue.
- North Mall
 - North Mall Expansion Joint: There is a minor leak in the North Mall expansion joint, so the contractor will return next week to perform some repairs which are part of the warranty for the project.
 - Germania Street: The documents have been sent out for bids. A prebid meeting was held with contractors after which bids were received. WJE along with Ms Goodwin and her staff met with Zera Construction, the low bidder, and with James/Kilmer management and SP+ Parking, which operates the J/K parking structure, with regard to coordination, project phasing and schedules. The pricing was competitive and fairly tight. WJE recommends offering the project to Zera Construction, which will start work as early as possible.

Ms. Goodwin referred to a brief summary of the work to be performed included in the Board packet. In response to questions from Ms. Barnes and Ms. Slattery, Mr. Gaudette offered some additional information about the Germania Street repairs. ***Mr. Connor moved to accept the base bid for the Germania Street project submitted by Zera Construction in an amount not to exceed \$248,352.00. Ms. Barnes seconded the motion, and it passed unanimously.***

The Board thanked Mr. Gaudette, and he left the meeting at 7:10 p.m.

Pool Discussion

Ms. Groves reported that she and Ms. Staves have been reviewing the COVID-19 pandemic situation in Chicago and Governor Pritzker's stay-at-home order to determine if it will be possible for Sandburg Village to have a pool season at all during which all pool users will be safe, recognizing the high demand for the pool but aiming to avoid any health or financial risks. She reviewed a series of questions and answers about opening the pool:

- *When will the city allow pools to open?* Per Mayor Lightfoot's phasing plan, the pools could perhaps be opened during Phase 4, but there is no guarantee of this and no start date for this phase.
- *Have any other FirstService Residential condominiums opened their pools?* Out of 30 responses, only two are choosing to open. The rest are following the city's guidelines about when the pools can open.
- *What would be the estimated expenses if the pools were opened from June to early October?* A four- to five-week lead time is needed to prepare everything. The anticipated expense would be \$257,000.00 – including \$171,356.00 for payroll and \$85,644.00 for miscellaneous expenses – or \$252,500.00 if the swim instruction and fitness classes were eliminated.
- *If memberships were sold only to Village residents, by how much would the fees have to be raised in order to break even?* Opening only one pool is a possibility but that would also reduce the number of people that could join and might or might not help make opening the pool economically viable. At \$185.00 per member, 1,370 memberships would be needed to break even. At \$229.00, 1,106 memberships would be needed. Last year, there were 910 resident memberships total. To break even at 900 memberships, they would have to be charged \$285.00 each. This would be only

for resident adults, because children, guests and nonresidents might not be allowed. It is difficult to anticipate if people would be willing to pay a higher amount for a shorter season. Charging only the early-bird rate and only selling the 175 membership would raise only \$106,000.00, whereas charging the half of the non-early-bird rate for 785 memberships would bring in \$168,000.00. The 2020 season is not about making money but is about understanding where HOA would be if it opened up, and it is not known how many memberships or what type of memberships would be sold.

- *How many people could be accommodated at any given time of day?* Occupancy restrictions will be based on state and local guidelines, which have not yet been released.
- *Will FFC have staff hired to run two pools during this time, taking into consideration the pre-opening?* This depends on the open dates: if approval was received and hiring could begin right away, a July 1 opening date is possible, but an earlier opening would be very challenging.
- *Would FFC recommend opening both pools or only one pool?* The problem with opening one pool is that it might help reduce some of the expenses but it still might not generate enough membership to break even or have a worthwhile season, so we do are not sure that we recommend that.
- *Did FFC say how it plans to limit the number of individuals allowed on the pool deck at one time? Will it be via sign-ups or something else?* FFC has an operating system that has a check-in and -out process that can support that type of tracking, and it was added in response to the COVID-19 pandemic. Patrons would be required to check in and out, and the system flags patrons who are over-staying time limits, with photos to assist enforcement. FFC would need the Board's support to handle uncooperative patrons to make this work. FFC also has the ability to create timed reservations for patrons.
- *How will FFC enforce social distancing?* FFC can limit the number of tables, two chairs can be placed per table, the number of loungers can be limited, with six feet of space between them, guests can be forbidden to allow members priority access and help deter commingling of people who are not already sheltering in place together.
- *Would FFC check staff and members' temperatures before they enter the pool area?* Temperature checks for staff and members could be performed, and anyone with a temperature over 100.4° would not be allowed into the pool area. Members can be required to come to the pool already changed into pool clothing and take rinse showers only before entering the pool, and the toilets and the hand-washing would remain available. In terms of instituting new cleaning procedures, FFC would follow the city and CDC guidelines, and the staff will clean all deck chairs and hand rails with ozone spray at intervals required by the city.
- *Will cabana renters have access to the pools all day?* The Board would need to authorize a priority status. If there are limitations, that might or might not be viable.
- *Was there a survey sent to residents about raising pool fees or limiting memberships?* At this point, FFC has not sent out a survey. FFC was not asked to, and there was not sufficient information about the future of the pool season to do so. It could be done going forward.

Ms. Groves then asked if there were additional questions. They were as follows:

- *In September, the pools are kept open with limited staff. Could expenses be reduced if there were no lifeguards?* The pools could not be kept open without lifeguards. This is a general safety regulation that we must follow.
- *If the pools are open and residents pay \$160.00 or \$295.00 and if the incidence of COVID-19 increased and the city shut down the Sandburg pools, will HOA reimburse those who paid for membership?* That would be a decision that the Board would have to make., which is part of the risk of opening the pools. Ms. Staves added that if FFC brought on the staff with the intention of opening by July 1 and it turned out that the pools could not be opened on July 1, the Association would be taking on the risk of potentially having to pay the staff for a season that does not take place.

Discussion ensued about how much money HOA might lose on the pools, opening only one pool, dealing with the same ratio of risk if that were done, the impossibility of estimating income because it is not known how many people would sign up, the definite possibility of losing money and therefore having to raise assessments in 2021, and the effects of limiting or not permitting children. Mr. Berchem noted that the 2019 year saw a very successful pool season but that HOA still lost \$14,000.00 that summer, emphasizing that the pool is not a money-maker, that there are too many unknowns, and that it is certain that HOA will lose money and make it up in the 2021 assessments.

Further discussion ensued about losing potential members that are families with children if children are not allowed, as well as the effects of losing nonresident members and the crowding effect of opening only one pool. Ms. Groves noted the negative effects on membership of not permitting children, maintaining social distancing and other limitations. Ms. Goodwin stated that if the pools are opened and a carrier infects someone, HOA's insurance representative has stated that if there is no way to determine who the carrier was but a lawsuit is filed against HOA, no waivers are possible and the situation cannot be covered under general liability but rather under Directors and Officers coverage.

Discussion ensued about liability, about state or city guidelines about limiting the amount of time residents can spend at the pool, the majority of nonresident adult pool members in 2019, always having lifeguards at the pool, who would enforce social distancing, the situations in which the Sandburg pools are and are not considered public pools, the monthly expense for lifeguards, the cost of water aerobics instructors, if water aerobics will be permitted, charging for water aerobics, phased approaches for various activities, taking a survey about how people use the pool, how many people the city will allow in a pool at one time, including cabana owners in the survey, use of the pools by cabana owners and their guests, and other miscellaneous matters. Ms. Goodwin stated that she will get advice from the Association's legal counsel with regard to children at the pool, and Ms. Slattery stated that if children are not to be allowed at the pools, this must be made clear in the survey. The Board agreed to defer further discussion until a later meeting but to take a survey in the meantime.

The Board thanked Ms. Groves and Ms. Staves, and they left the meeting at 7:58 p.m.

Tennis Court, Tot Lot and Party Rooms

With regard to the Tot Lot and the party rooms, Ms. Goodwin noted that according to Mayor Lightfoot's plan, all children's parks are completely closed, and she recommended that the party rooms be closed, to which the Board agreed.

Ms. Goodwin stated that HOA will have to follow the city's Phase 3 guidelines as well as CDC guidelines for cleaning and disinfecting the tennis court area. Ms. Goodwin also stated that the Tennis Club membership has been falling. Mr. Berchem added that HOA lost \$1,100.00 on the tennis courts last year, and that any income generated this year will probably not be sufficient to cover expenses. It was suggested that fees could be increased to cover the cost of cleaning. Ms. Goodwin described the path that members must take through Faulkner House to reach the tennis courts and the number of times the area is cleaned now, such that HOA would have to hire an additional cleaner or limit the tennis court hours to 7:00 a.m. to 5:00 p.m. instead of 9:00 p.m. because the cleaner's shift ends at 5:00 p.m. She also acknowledged that tennis is a noncontact sport, but that rules will be needed specifying that players bring and only use their own equipment and balls, and that pickleball players must do so, as well. Discussion ensued. The Board agreed to defer further discussion about the tennis court and discuss it a later meeting along with discussions about the pool rules. Discussion ensued.

Audit Proposal

Ms. Goodwin presented the audit proposal from Chris Nyborg covering three years at the same rate per year that HOA currently pays, noting that she has audited HOA's financial statements for the last 20 years and has held her rates at a reasonable level. ***Mr. Berchem moved to accept the proposal submitted by Nyborg & Company, Ltd., on May 22, 2020, to perform audit services for HOA for the years ended December 31, 2020, 2021 and 2022, in the amount of \$8,500.00 per year. Ms. Murtaugh seconded the motion, and it passed unanimously.***

Burton Clark Salon Lease Termination Request

Ms. Goodwin directed the Board's attention to the letter from Mr. Ron Duda giving the reasons for his request to terminate his lease, and provided details as to what the termination would mean in terms of lost revenue and described the options suggested by HOA's legal counsel. Mr. Berchem expressed his approval of terminating the lease. Discussion ensued. ***Gabrielle Thronson moved to terminate the lease between the Sandburg Village Condominium Homeowners Association and Cut Loose Hair Salon, Inc. d/b/a Burton Clark Salon occupying space #2A at 1460 North Sandburg Terrace effective as of March 31, 2020, per the recommendation of HOA's legal counsel. Mr. Connor seconded the motion, and it passed unanimously.***

Additional Business

There was no additional business to discuss.

DIRECTORS-MANAGEMENT FORUM

Ms. Goodwin stated that FirstService Residential is putting together an action plan for returning to regular office hours and that she will inform the Board about the date that this is to take place.

In response to a question from Ms. Fiacchino, Ms. Murphy stated that the Faulkner House Property Manager is requiring that tennis players passing through the building to the tennis courts wear masks and not linger in the common areas. Discussion ensued.

Ms. Thronson stated that John Rudnick of Eliot House will build an application for the Tennis Club check-in at no charge, but that HOA will have to cover the hosting costs. The question arose as to who would manage the application.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Mr. Connor, seconded by Mr. Berchem and unanimously approved, the meeting was adjourned at 8:31 p.m.

Respectfully submitted,


Secretary