

**SANDBURG VILLAGE CONDOMINIUM HOMEOWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
May 17, 2023**

The meeting was conducted by Zoom videoconference.

Present: Andrew Baglini – Association 1
James Lothe – Association 1
David Ruhland – Association 1
Robert Connor – Association 2
Sarah O’Neil – Association 2
Diana Levin – Association 3
Bruce Kaminsky – Eliot
Gabrielle Thronson – Eliot
Ula Widawska – Eliot
Beth Murphy – Faulkner
John Berchem – Lowell
Ann Marie Calacci – Lowell
Jacque Ehrlich – Association 7
Marcie Johnson – Association 7
Nancy Slattery – Association 7

Also present were Melissa Goodwin, HOA Property Manager, and Isela Morris, Regional Director, of FirstService Residential; and Chris Nyborg of Nyborg & Company, Ltd. Barbara A. Roberts acted as minute taker.

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 QUESTIONS AND COMMENTS

In response to a question from a unit owner, Ms. Goodwin stated that the work being performed on the north edge of the brick wall at the outside of the North Pool near the stairway is to install the louver for the cabana heater room, and that the work for both the north and the south cabana heater rooms should be completed by early next week. Ms. Slattery reported on how messy the dog runs along LaSalle near James House are, noting that many people who bring their dogs to that dog run are not Sandburg Village residents and often do not clean up after their dogs, and that the maintenance staff also does not seem to be cleaning the area. Ms. Goodwin stated that HOA maintenance has been short-staffed this week but that she will remind the staff to make extra rounds in those areas. Ms. Thronson stated that the same situation exists in the area near the Tot Lot. Ms. Goodwin stated that no bags are provided at the Tot Lot because HOA does not wish to promote that area as a dog run. In response to a question from Ms. Thronson, Ms. Goodwin stated that cabana owners can enter the pool areas next Tuesday through Friday from 9:00 a.m. to 4:00 p.m., and that she will send out a reminder.

APPROVAL OF MINUTES

Ms. Levin asked if there were any additions or corrections to the minutes of the regular Board meeting held on April 26, 2023. There was one correction. ***Ms. Levin moved to approve the minutes of the regular HOA Board of Directors meeting held on April 26, 2023, as amended. Mr. Kaminsky seconded the motion, and it passed, with Ms. Thronson and Ms. Ehrlich abstaining.***

PRESIDENT'S REPORT

Mr. Connor reported that residents are already signing up for the tennis courts and are using the pickleball court, and that the pools will open on time. He also stated that he walked around the Village recently and that it looks beautiful, and recommended that Board members tour the Village to see for themselves how well the HOA Board is spending HOA's funds.

FINANCIAL REPORT

Mr. Berchem reported that he is awaiting the financial statements from FirstService Residential, which Ms. Goodwin has received and about which she has some questions. He stated that HOA's financial condition is solid and that specific numbers will be available at the next meeting. In response to a question from Ms. Thronson, Ms. Goodwin stated that she will resend to the Board members her report concerning matters related to FFC.

ACTION AND DISCUSSION ITEMS

2023 Village Capital Projects Update

Ms. Goodwin announced that Mr. Gaudette is unable to attend the meeting. She then presented his report, as follows:

- South and North Malls: The installation of the louver in the masonry at the South Pool equipment room and at the North Pool equipment room has begun. The work is expected to be completed early next week and will not interfere with opening the pools.
- AB Mall:
 - Driveway targeted repair work: Zera Construction returned to the site to provide recommendations concerning a few other areas on the AB Mall driveway, which should be available at the June Board meeting so they can be reviewed and approved.
 - 1455 North Sandburg Terrace Unit 102B: The build-out is ongoing. Hayes Mechanical was contracted to install the basement-level plumbing, is awaiting the permit from the city, and anticipates that it should be able to start the project by the end of this month.
- CD Mall:
 - Driveway repair work: Zera Construction returned to investigate the driveway areas again, based on Ms. Goodwin's concerns about some sections of the driveway. The contract will be reviewed at the June meeting.
- North Mall:
 - Germania Place expansion joint: Work on the inspection joint was put on hold, but it is expected that the work can be completed this summer.

2022 Financial Statements Audit Presentation: Chris Nyborg, Nyborg & Company Ltd.

Ms. Nyborg referred to the "Statements of Revenue, Expenditures and Fund Balances" in her audit report and directed the Board's attention to the line labeled "Revenue Over (Under) Expenditures," which showed an "Actual" surplus of only \$1,215.00, which she stated was outstanding. She noted that HOA has a \$2.6 million budget and came very close to the break-even point. Ms. Nyborg stated that she was very pleased with HOA's results for 2022, which were the result of an excellent job of budgeting and especially cost control, adding that the surplus is so small that there is no point in transferring it to the Reserves. Ms. Nyborg also noted that HOA's monthly operating expenses are just under \$150,000.00, placing HOA in the middle of the range that she recommends. She commented further that 2022 was a difficult year, with nine percent inflation, so that the very small surplus is amazing, and that HOA performed the best of all her clients in terms of managing its budget and getting so close to the break-even point.

Ms. Nyborg then reported that the Notes to the financial statements did not substantially change from last year's Notes, but that there was one item to which she wished to draw the Board's attention: uninsured cash balances, largely in the Metropolitan Capital money market account. She advised withdrawing the funds from the money market accounts and investing the funds in certificates of deposit in amounts below the federally insured limit of \$250,000.00, just to be safe. Ms. Goodwin agreed and stated that she will discuss the situation with Mr. Berchem.

Ms. Nyborg directed the Board's attention to the Schedule of Expenditures – General and Administrative, noting that the "Actual" totals at less than the "Budget" totals indicated excellent budgeting, despite the unbudgeted "Professional fees" line item. She then moved on to the Operating expenditures, which again showed actual expenditures lower than budgeted expenditures, and advised budgeting more for security services in the next budget because 2024 will be an election year. Regarding Maintenance and Repairs expenditures, Ms. Nyborg noted that the Actual expenditures were so far under budget because HOA received funds from insurance claims. She also commented that the issues with FFC were dealt with in the audit.

In response to a question from Mr. Berchem, Ms. Nyborg stated that she had no new information about pending city or state legislation. Mr. Berchem stated that the credit for managing HOA's budget and controlling costs is owed entirely to Ms. Goodwin, whose superior efforts are reflected in HOA's financials. He also stated that he can reduce the amount of uninsured deposits but that they may never be entirely eliminated.

Mr. Berchem moved to accept the Audit of Financial Statements and Supplementary Information for the Year Ended December 31, 2022, with Comparative Totals for 2021, conducted by Nyborg & Company, Ltd. Ms. Thronson seconded the motion, and it passed unanimously. Mr. Berchem added his assumption that Management will make the necessary adjusting journal entries and resolve the due to/due from amounts, and that in the next few days the Management representation letter will be signed so that the audit can be completed.

In response to questions from Ms. O'Neil, Ms. Nyborg stated that she expects to see 15% to 35% increases in insurance premiums. She also stated that HOA has accounts at several banks but that the main one is Metropolitan Capital, which is a national bank that performs very well in distributing HOA's funds, with excellent returns, but that it is important to ensure that a great deal of cash does not remain in the money market account. She noted that HOA's interest returns increased over 50%. Mr. Berchem added that in the past, when Lowell House was trying to invest its reserve funds, Management contacted banks across the country but they insisted on obtaining his Social Security number, so that now Lowell House has one account, opened years ago, with Metropolitan Capital bank, which distributes the funds to insured certificates of deposit around the country, which did not require his Social Security number, and that this arrangements works very well. Ms. O'Neil referred to the expectation that more regional banks are expected to fail, and asked if Mr. Berchem is aware of this, which he stated he is and that the subject will most likely be covered in the next HOA Board meeting as well.

The Board thanked Ms. Nyborg, and she left the meeting at 6:57 p.m.

2023-2025 Audit Proposal

Ms. Goodwin explained that 2022 was the last year included in the current arrangement for audit services performed by Nyborg & Company, and that the proposal will cover the next three years. She stated that there was a slight \$600.00 increase in the fee, which had not been increased in over five years., and that she and Mr. Berchem recommend continuing with Ms. Nyborg's services for the next three years. **Mr.**

Berchem moved to accept the proposal submitted by Nyborg & Company, Ltd., on May 9, 2023, to perform audit services for HOA for the years ended December 31, 2023, 2024 and 2025, in the amount of \$8,900.00 per year. Mr. Lothe seconded the motion, and it passed unanimously.

CSVCA No. 1 Cummings-Dickinson Mall Event Request

Mr. Lothe explained that C-D is making this request for approval now because there is no June HOA meeting planned. He stated that the event is very similar to those held in the past, with no grilling and food and beverages brought in from vendors, adding that the required liability insurance information will be provided. Mr. Lothe stated that the events usually last from 6:00 to 9:00 p.m. ***Mr. Lothe moved to approve the request from CSVCA No. 1 to use the 1300 Mall for a summer social event on Friday, August 4, 2023, with a rain date of Saturday, August 5, 2023, subject to submission of proof of acceptable insurance to the HOA Management Office. Ms. Slattery seconded the motion, and it passed unanimously.***

Snow Removal Contract

Ms. Goodwin reported that Chicago Service Source, which has provided snow removal services for the past four years and has maintained the same rate, has informed her that next year it will increase its rates and offered the option to sign a contract early and pay the same rate as in the past, \$17,500.00. She added that in years past, Chicago Service Source has generally offered the lowest bid, and that Management recommends continuing with their services from November 2023 through April 2024. Ms. Goodwin added that this firm also plows and salts the Village drive lanes, turnarounds and dock areas. Ms. Slattery mentioned that Chicago Service Source plows the north side and other areas around James House, that in the past salt was dumped in piles in the area and that dogs tend to eat the salt, which makes them sick. Ms. Goodwin responded that this was not reported to her, but that she will hold a team meeting with the plow drivers at the beginning of the season and will point out areas that should not be over-salted. In response to Ms. Slattery's question about pet-friendly snow-melting material, Ms. Goodwin stated that it costs three times as much as salt does. Ms. Ehrlich mentioned that the city plows Clark Street, leaving large mounds of snow that make it difficult to get into cars. Ms. Goodwin responded that the HOA maintenance staff tries to move as much of the excess snow as possible and will continue to do so. Ms. Thronson commented that the HOA maintenance staff does an excellent job in the area around Elliot House. Ms. Goodwin noted that the new Bobcat with its extra-large shovel has made snow removal much easier and thanked the HOA Board for approving its purchase. ***Ms. Murphy moved to accept the proposal submitted by Chicago Service Source, Inc. on April 14, 2023, to plow and salt the Association drive lanes, turnarounds and dock areas for a contract term of November 1, 2023, through April 30, 2024, in the amount of \$17,500.00. Ms. Ehrlich seconded the motion, and it passed unanimously.***

Spring 2023 Village Landscaping Proposals

Ms. Goodwin directed the Board's attention to five proposals submitted by Christy Webber for the installation of additional plantings in various areas of the Village, and to the map that she prepared with the areas cited in the proposals highlighted. She added that there will be additional plantings in some smaller areas that she and Christy Webber will review later. Ms. Goodwin also stated that the plantings are part of the installations in the entire Village, that a Reserve expense in the amount of \$30,000.00 is therefore budgeted for the installations, and that the total amount for the five spring installation proposals listed is \$18,069.11. Ms. Slattery reported that some of the lilac bushes on Schiller Street do not appear to be budding, and asked if they are included in these proposals. Ms. Goodwin responded that they are not, and that she will have Bartlett Tree Service examine the bushes during its next visit on May 18.

Mr. Berchem moved to accept the proposal submitted by Christy Webber & Company on May 8, 2023, for the installation of plantings in four planter beds in the South Mall, in the amount of \$4,985.75. Ms. Johnson seconded the motion, and it passed unanimously.

Ms. Ehrlich moved to accept the proposal submitted by Christy Webber & Company on May 8, 2023, for the removal of two evergreens and the replacement and installation of plantings at the area south of the Tot Lot along Goethe, in the amount of \$2,467.10. Mr. Connor seconded the motion, and it passed unanimously.

Ms. Slattery moved to accept the proposal submitted by Christy Webber & Company on May 8, 2023, for the installation of plantings at the 1300 and 1400 carports along LaSalle, in the amount of \$4,212.34. Ms. O'Neil seconded the motion, and it passed unanimously.

Ms. O'Neil moved to accept the proposal submitted by Christy Webber & Company on May 9, 2023, for the installation of plantings at the corner of Schiller and LaSalle, in the amount of \$3,100.34. Mr. Connor seconded the motion, and it passed unanimously.

Ms. Slattery moved to accept the proposal submitted by Christy Webber & Company on May 10, 2023, for the installation of plantings in the curb planter north of Alcott House and south of the artist studios on Burton, in the amount of \$3,303.58. Ms. Johnson seconded the motion, and it passed unanimously.

ADDITIONAL BUSINESS

CSVCA No. 7 James-Kilmer Mall Event Request

Ms. Goodwin advised the Board that James Kilmer seeks approval to host a summer social event in the North Mall area. Ms. Slattery stated that the event is planned for June 21 or June 22, depending on the caterer, that the event will be catered and there might be a grill, and that there will be a DJ. She added that the party will be held from 5:30 to 9:00 p.m., with clean-up until 10:00 p.m., and that all HOA Board members are welcome to attend the event. ***Ms. Slattery moved to approve the request from CSVCA No. 7 to use the North Mall for a summer social event on either June 21 or June 22, 2023, with the event to be moved into the James House lobby in the event of rain and with the grill to be located at the rear of the James House building. with a rain date of Saturday, August 5, 2023. Mr. Connor seconded the motion, and it passed unanimously.***

ACTION AND DISCUSSION ITEMS (continued)

Fitness Formula Club Pool Management Contract

Ms. Goodwin referred to the summary of questions asked and answers provided by FFC. She explained that HOA's current contract with FFC continues through the 2023 pool season, and that FFC did submit a cancellation of the contract auto-renewal, such that there is no contract in place for 2024. Ms. Goodwin informed the Board that, while there is no date specified for a reply, HOA's legal counsel advises replying sooner rather than later, and noted that HOA Management and FFC do begin discussions about the pool season beginning in January, and that FFC begins its search for employees such as cashiers and lifeguards at that time, as well. She directed the Board's attention to the recommendations from Management and from legal counsel regarding what HOA should agree to, as follows:

1. The three two-year renewal terms, subject to an option to terminate auto-renewal every odd year.
2. A management agreement amount at \$55,000.00, which is a ten percent increase on only the current management fee of \$49,705.00, for the 2024 season. Ms. Goodwin noted that FFC requested a greater amount in its original request.
3. A three percent increase each year, rather than a four percent increase.
4. The option every year to add or not add the additional services listed in the agreement, at a rate of \$5,000.00.

Ms. Goodwin noted the following:

1. According to HOA's original contract with FFC, there is a 15-day contract termination notice period that HOA can give FFC for cause, and that the auto-renewal to be considered is for the contract itself, without cause.
2. FFC also requested a four percent increase each year, while HOA requested a three percent increase instead.
3. Item 4 cited above is incorrect. HOA did send a revised contract to FFC today, after discussing the matter with legal counsel, and it was thought that the wording should be more specific. Option 5 on the amended contract cites the new wording that Sandburg shall have the option to continue some or all of these additional services for an additional fee to be determined based upon the then-approved current budget for hourly rates and the number of additional hours requested, and that to exercise this option, Sandburg shall notify FFC of its election no later than April 1 of each pool season.

Numerous points were made in the ensuing discussion:

- HOA is not bound by the agreement but has options to remove itself from the agreement for cause.
- In the past, HOA Management has examined options for pool management besides FFC and has found nothing.
- With a six-year contract, the rates are locked in, other than the escalation included in the contract.
- Ms. Goodwin reported that she at one time contacted three different companies that manage pools, only one of which was willing to work in the city and was willing to review HOA's pool situation to determine if it would want to manage the HOA pools.
- Most other buildings' pools are self-managed by maintenance and management staffs, and some buildings hire a lifeguard while others do not.
- The HOA facility is different from most others in that it is open to the public rather than being for resident use only.
- A part-time employee could be engaged to perform tasks such as adding chemicals to the pools.
- FirstService Management, which manages many other properties, could assist in dealing with pool management. Ms. Morris agreed to determine if one of the suburban FirstService regional directors can provide information about what services FirstService provides in the suburbs.
- It should be determined what the effect on HOA's workers compensation insurance would be if HOA hired someone other than FFC to manage the pools, such as a possible premium increase.
- It was proposed to form a committee to review the entire pool matter and investigate options in the event that FFC can no longer manage the pools.
- With regard to FFC holding its quoted price, HOA must convey its decision to FFC well before October. If HOA waits too long, FFC could lose interest in having HOA as a client or could raise its prices even more.
- If HOA changed the wording regarding the three two-year extension to remove the "for cause" portion, it would then have three separate two-year contracts, one after the other, and could perform its investigation and at the end of the first two-year contract could research other options.
- The research committee should add the idea of self-operation to its options.
- Three auto-renewal segments with an option to terminate auto-renewal every third year means that HOA would not be locked into a six-year agreement.
- A 60-day window should be set, as it should not take very much time to investigate whether there are feasible options available.
- A committee could be formed to research the entire matter.
- Research into other options should be conducted regardless of the proposed contract.
- The auto-renewal period can be changed from three two-year periods to two two-year periods.
- There could be an option to terminate every year instead of every odd year.
- The current term runs from March 1 through October.

- Shifting from two-year terms to one-year terms could pose a risk by setting up some unanticipated problems.
- A year-to-year contract could be risky if notice is received from FFC that it is terminating the contract. The termination applies to both FFC and HOA.
- The Board could delay signing the contract for the 60-day period while research is being performed.
- Sixty days is not enough time to create a committee, which first calls for creating a charter that must be approved by the Board, after which residents would be invited to sign up for the committee.
- The HOA Declaration must be consulted to determine if a HOA committee is open to any unit owner or only to Board members.
- FFC's options to terminate are the same as HOA's: 15-days written notice of termination for cause.
- FFC could continue to oversee the Sandburg pools even if the LaSalle location were closed.
- There could be a risk that FFC would cancel the agreement within the notification period, such that the pools could not be opened.
- FFC hires additional employees to manage the HOA pools.
- Should the agreement be further tightened to reduce FFC's ability to cancel the agreement.
- The Board has the option to table the discussion and the motion to pass the amendment, and can then move to create a committee, but the charter, which provides the committee rules, must still be created and approved at another meeting, which could be a special meeting in June.
- The matter could be tabled now, an exploratory committee charter could be composed, and a special meeting could be held in June to approve the committee of X number of sitting Board members or alternates to explore alternative options for pool management resources and then to report its findings to the Board no later than September 1.
- An agreement should be in place with FFC first, before the Board examines its options.
- The Addendum to the Management Agreement from FFC states, under "Term," "For purpose of clarification, the notice of nonrenewal under Section 3 must be served prior to June 1 of odd-numbered years (i.e., 2023 and 2025). There will be no automatic renewal after the 2027 pool season." The first nonrenewal expiration date would then be in 2025.
- The 2023 season that ends in October will see the expiration of the current contract, and the new contract could be cancelled for cause on June 1 of 2024.
- HOA could give FFC notice on November 1, 2024, of nonrenewal in October of 2025. The greatest impact of this decision would be on the 2026 season, with a new pool management company in place early in 2026. This would require reaching an agreement with an alternative management company by the fall of 2024.

Further discussion ensued. Mr. Ruhland advised that there be a special meeting in June for the sole purpose of addressing this topic. He also advised revisiting the management contract at the special meeting and noted that the proposed management contract gives the Board time to find a new management company. Discussion ensued about the wording of item 4 in the Addendum, and Ms. Goodwin stated that she will consult with HOA's legal counsel about revising and clarifying that wording before the Addendum is returned to FFC. Further discussion ensued, after which the discussion was tabled until the June meeting, a date for which had yet to be chosen. Mr. Ruhland asked Ms. Goodwin to include with the invitation a request that Board members indicate whether they are interested in serving on the committee, to which Ms. Goodwin agreed.

During the discussion, Ms. Barnes, Mr. Kaminsky and Ms. Widawska left the meeting at approximately 8:00 p.m.

DIRECTORS-MANAGEMENT FORUM

Ms. Goodwin directed the Board's attention to the two custom photos of the South Mall and the Village that Toni Ivanov of PC5, the designer for the Eliot Hospitality Room, created for the newly redecorated room, offering them for purchase at \$225.00 for both. Ms. Thronson and Mr. Ruhland asked if more colorful artwork could be obtained. Discussion ensued about viewing the room, and its availability for Board meetings and rental for private use. Ms. Goodwin stated that the bar stools that arrived were the wrong color, that bar stools of the correct camel color have been ordered from Amazon, and that Ms. Ivanov also purchased attractive and realistic artificial plants for the kitchen. Ms. Goodwin also agreed to take photos of the room to send to the Board members, to send an eblast to the other Village property managers that the room is now available for use, and to make available the date for the upcoming night-time walk-through of the Village with Chicago Police Sergeant Christopher Schenk once he has provided the dates that he is available. She added that she is also awaiting information from 2nd Ward Alderman Brian Hopkins about his availability to address the Board. Ms. Goodwin also stated that she should be notified if any streetlights are out so she can then notify the alderman and fill out a city work ticket. Discussion ensued about other city and neighborhood matters.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Ms. Thronson, seconded by Mr. Ruhland and unanimously approved, the meeting was adjourned at 8:22 p.m.

Respectfully submitted,


Secretary