

**LOWELL HOUSE CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
April 10, 2023**

A meeting of the Board of Directors of the Lowell House Condominium Association (the "Association"), an Illinois not-for-profit corporation, was held at 6:30 p.m. on April 10, 2023, via Zoom videoconference, pursuant to notice duly given to all unit owners.

Present: Dave DeVries, President
Phil Niedziela, Vice President (arrived 6:39 p.m.)
John Berchem, Treasurer
Ann Marie Calacci, Secretary
Angela Chereso, Director
Marc DeMoss, Director
Karen Doornebos, Director
Louise Pauly, Director
Stephen Rossi, Director

Also present were Kathleen Dornin, Property Manager; and Milena Radjenovich, Property Supervisor, of Chicagoland Community Management, Inc.; Chris Nyborg of Nyborg & Associates, the Association's auditor; and, later, Jim Schultz of Midwest Laundry.

CALL TO ORDER

There being a quorum in attendance, Mr. DeVries called the meeting to order at 6:32 p.m.

2022 AUDIT PRESENTATION: CHRIS NYBORG, NYBORG & ASSOCIATES

Ms. Nyborg began her presentation with a review of the "Statement of Revenue, Expenditures and Changes in Fund Balances," specifically, the figure showing "Revenue Over (Under) Expenditures," which shows a slight loss of \$17,427.00. She explained that this is not actually a loss, explaining that some capital expenditures were shifted from the Replacement Fund to the Operating Fund, which was done in order to avoid showing either surpluses or very large deficits. Ms. Nyborg added that, as usual, operating funds can always be used for any type of expenditure, that the goal was to bring the Operating Fund close to break-even status, which has been accomplished, and that a \$17,000.00 loss is insignificant compared to a \$2.7 million budget. She stated that the Association's 2022 financial position was thus very healthy – despite the challenges of high inflation during that year – which was evidence of very good financial management and cost control, and noted that expenditures were all either very close to budgeted amounts or were lower than budgeted amounts.

In response to Mr. Berchem's request for details regarding some of the Association's financial accomplishments, Ms. Nyborg cited numerous instances of actual expenditures that were at or below budget, in some cases significantly so. She remarked that even the \$4,000.00 over-budget total under Maintenance and Repairs was not a cause for concern, and noted that the largest capital expenditures were for plumbing and HVAC. Ms. Nyborg then stated that there were no substantial changes to the Notes, which have not changed materially since the COVID-19 pandemic.

Mr. Berchem stated that the credit for what Ms. Nyborg has described as the Association's excellent performance in 2022 goes to Chicagoland and the Management team, which has guided the Association very well for a number of years, and stated that the Board looks forward to continuing that relationship. In response to Mr. Berchem's question about what effect, if any, the state and city legislatures' actions will have on condominiums in the upcoming year, Ms. Nyborg stated that, as far as

she knows at this point, there is nothing from an accounting or auditing perspective to be concerned about, other than the proposed changes – which have not passed – regarding smoke detectors. Ms. Radjenovich stated that some legislative actions might occur more quickly because of the recent fires and related deaths, and then asked Ms. Nyborg what, if anything, she recommends regarding budgeting for 2024. Ms. Nyborg noted that the Association is doing a good job of investing its funds, with a higher return on investment, that at this point there is no reason to be concerned about the taxable status of interest income, and that she will alert Management when that situation will change. Ms. Radjenovich mentioned that the credit that the Association is currently receiving on the ComEd delivery charges will end in July, but that Lowell House will receive credits for purchasing electricity through solar farms in Illinois.

The Board thanked Ms. Nyborg, and she left the meeting at 6:43 p.m.

APPROVAL OF MINUTES

Ms. Calacci asked if there were any additions or corrections to the minutes of the February 13, 2023, Board meeting. There being none, ***Ms. Calacci moved to approve the minutes of the regular Board of Directors meeting held on February 13, 2023, as presented. Mr. DeMoss seconded the motion, and it passed unanimously.***

TREASURER'S REPORT

Financial Summary

Mr. Berchem reviewed the Financial Summary. The Association's financial condition at February 28, 2023, was as follows:

Operating Fund net income, current month:	\$19,359
Operating Fund net income, year to date:	\$6,079
Operating Fund available cash:	\$389,086
Ratio of Operating Fund cash to one month's operating expenses:	1.52
It is the Board's goal that this ratio should range from 1.5 to 3.0	
Reserve Fund expenses YTD:	\$24,401
Reserve Fund balance:	\$1,766,887
Reserve Fund average CD yield:	1.67%
Window Project Loan Balance:	\$707,936
Assessment delinquency amount, total:	\$3,399
Number of assessment delinquencies over 30 days:	6
Assessment delinquency percent, over 30 days:	0%
Percentage of units occupied by owners:	66%

Mr. Berchem stated that the Association's Operating Fund will cover expenses for approximately one and a half months, and that the delinquencies continue to be very low and very manageable. He then remarked on the Window Project Loan balance of \$707,936.00 and asked for approval to make another payment of \$100,000.00 to reduce the principal balance, noting that he would like to do so as often as possible, to reduce the interest cost and increase contributions to the Reserve Fund. ***Mr. Berchem moved to approve a payment of \$100,000.00 to Inland Bank to reduce the Association's loan principal. Ms. Pauly seconded the motion. After discussion, the motion passed unanimously.***

MANAGEMENT REPORT

ACTION AND DISCUSSION ITEMS

2022 Preliminary Audit Report

Mr. Berchem moved to approve the Audit of the Financial Statements and Supplementary Information for the year ended December 31, 2022, with comparative totals for 2021, as presented by Nyborg & Company, Ltd. Ms. Doornebos seconded the motion, and it passed unanimously.

Adjusting Journal Entries

Mr. Berchem moved to approve the adjusting journal entries provided by Nyborg & Company, Ltd. for the year ended December 31, 2022, and to direct Management to book the adjusted journal entries. Ms. Pauly seconded the motion, and it passed unanimously.

22.1 Disclosure Form

Mr. DeMoss moved to approve the standardized template for the Association's 22.1 Disclosure form. Mr. Rossi seconded the motion, and it passed unanimously.

Fannie Mae Form 1076/Freddie Mac Form 476

Mr. DeMoss moved to approve the standardized template for the Association's Condominium Project Questionnaire. Ms. Pauly seconded the motion, and it passed unanimously.

Laundry Room Renovations

Ms. Dormin reported that a notice regarding the laundry room renovations was distributed to the Board, that the various vendors have been contacted and all the proposed renovations have been confirmed, and that work on the laundry room will begin on Monday, April 17, with removal of the machines and commencement of the demolition. She added that all the required permits and certificates of insurance have been received, and that a check for half of the deposit for Pro-Design is expected fairly soon. Ms. Dormin noted that there is a difference in the cost of the project between what was approved last year and the amount to be paid this year, largely due to the 19% increase in the cost of copper, and presented a motion to approve the additional payment to Pro-Design. *Mr. Berchem moved to approve the revised proposal presented by Pro-Design & Build Construction Co., Inc, dated March 30, 2023, for the laundry room renovations, including the additional amount of \$6,000.00. Ms. Pauly seconded the motion, and it passed unanimously.* Mr. DeMoss mentioned the design options submitted by Miguel Cruz, stating that he had discussed them with a number of the Board members. The Board agreed to discuss the matter further in Executive Session.

Fire Hoses

Ms. Dormin referred to the results of the inspection in 2022 of the building's fire hoses in the stairwells, according to which the fire hoses were required to be replaced, and to the proposal received from U.S. Fire & Safety to replace the fire hoses. *Ms. Pauly moved to approve the proposal submitted by U. S. Fire & Safety Equipment Co., dated April 2, 2023, to supply and install 30 new brass couplings and 30 fire hoses, that are required to be replaced every five years – including removal and disposal of the existing brass couplings and hoses – in the amount of \$5,995.15. Ms. Doornebos seconded the motion, and it passed unanimously.*

Sanding and Staining Unit Doors

Ms. Dormin stated that following the Board's discussion at a previous meeting regarding unit doors that required sanding and staining, she received two proposals to sand and stain 13 unit entry doors, one in the amount of \$9,050.00 and the other in the amount of \$14,930.00. Discussion ensued. Ms. Dormin

explained why sanding is an important initial step in the process, without which the new stain will tend to peel. Mr. Niedziela noted that some of the doors' surfaces are also damaged. Ms. Pauly suggested determining the cost of staining only, before making a decision about how to proceed with the work, to which the Board agreed.

UNIT OWNER COMMENTS

Unit owners, the Board and Ms. Dormin discussed sprinklers, emailing to residents a packet of information supplied by the Chicago Fire Department about what to do in the event of a fire in the building, the emergency evacuation memo distributed to residents every year, a link to the Fire Department's evacuation instructions, provisions in the U. S. Fire & Safety Equipment proposal taking into account increases in materials costs plus amounts that are budgeted for unforeseen circumstances, laundry room project progress reports, and repairs to security cameras.

RECESS TO EXECUTIVE SESSION

The meeting was recessed to Executive Session at 7:06 p.m.

RECONVENE TO OPEN SESSION AND ADJOURNMENT

The meeting was reconvened to Open Session at 7:45 p.m., and, there being no further business to be brought before the Board, was immediately adjourned


Ann Marie Calacci, Board Secretary