

## **J/K Finance Committee Meeting Minutes for March 15, 2010**

**Betty Latson, Chair of the Committee, called the meeting to order at 6:35 pm**

**The following committee members were present:**

**Betty Latson**

**Dave Beck**

**Tom Meyers**

**Barbara Grodzins**

**Barbara Fiacchino**

**Frances Andrews**

**Duane Hickling**

**Jay Owens**

**Gina Zehr**

**Also present: Rich Vicens, JK property manager**

**Ms. Latson explained that the purpose of the meeting was to ask specific questions of the two finalist banks for Association financing for the window project. Those two banks had been deemed by the committee to be most able to meet the financing needs for the James House window project.**

**Ms Latson then introduced Pete Santangelo of Barrington Bank. Mr. Santangelo then explained that Barrington Bank is a member of the Wintrust Group which has \$14 billion dollars in assets. It has done many condo loans in Illinois, Wisconsin, Indiana and Minnesota.**

**The meeting was then opened for questions for Mr. Santangelo. In response to questions from various committee members, Mr. Santangelo indicated the following in response to those questions:**

- 1. A commitment would be good for thirty days.**

**2. It is estimated that it would take 6 to 7 weeks total from a board approval to go forward with obtaining a commitment to actual closing on the loan.**

**3. Mr. Santangelo explained that we would need four different loans under one loan agreement to accommodate the four different payment options being offered to owners.**

**4. He is aware of the current legal situation and felt that the Barrington Bank could work within its confines. A stay on use of reserves as collateral might become a problem. He did not see a problem confining payback of the loan to the 520 owners in James House.**

**5. A portion of our reserves account would have to be deposited in Barrington Bank. Since some of our reserves are already deposited in Barrington Bank that would not be a problem.**

**6. Mr. Santangelo answered a number of technical questions related to the loan.**

**Mr. Santangelo concluded his remarks. Ms. Latson thanked Mr. Santangelo for coming and answering the committee's questions.**

**Ms. Latson then introduced David Zimmer and Keith Walker from Harris Bank. Mr. Walker and Mr. Zimmer gave a brief overview of Harris' expertise in the area of condo financing.**

**Following the introductory remarks, Mr. Zimmer and Mr. Walker provided the following responses in answer to questions from the committee members:**

**1. They estimated it would take four to five weeks from initiating the process to loan closure. This would be dependent on the speed at which the documents were exchanged and lawyer review. Mid May for final execution of documents would likely be a safe bet.**

**2. A portion of our reserves would have to be deposited with Harris Bank.**

**3. Harris Bank understands that loan repayment will be designated solely to the 520 unit owners of the James House. They did not anticipate that this would be an issue.**

**4. They recommended against a loan longer than a 10-year term because of potential adverse effects on the Association's ability to borrow in the future if the need arose.**

**5. They understood that the board will need to use the reserves to fund other capital projects. As part of the loan approval process, the Association will need to provide Harris with a listing of other future capital projects and anticipated costs as well as how the Association will fund them.**

**6. They understood that there would need to be four different loans incorporated into one loan agreement and felt that could be accommodated.**

**7. Both Mr. Walker and Mr. Zimmer answered technical questions regarding early repayment of the loans among other issues.**

**7. The current legal situation was explained to Mr. Walker and Mr. Zimmer in depth, including the pending motion to stay use of reserves as collateral in the appellate court pending the outcome of the appeal, the current stay on use of assessments pending the outcome of the appeal, and finally that the Appellate court could ultimately decide in several months that the capital reserves could not be used as collateral even if no stay were issued. Mr. Zimmer and Mr. Walker indicated that they would need to talk to their legal department to see if any of those facts would raise any problems. They indicated they would get back to Ms. Latson within forty-eight hours.**

**Ms. Latson thanked Mr. Zimmer and Mr. Walker for attending and answering the committee's questions.**

**Following the presentations, the committee discussed the relative merits of the two proposals. The committee members present unanimously agreed to recommend to the Board of Directors that Harris Bank be chosen as the bank to provide association financing for the James House window project. The committee unanimously agreed that Harris offered substantially lower interest rates on all four loan options, appeared to be better equipped to handle a loan of the size that was needed, offered the most flexibility, and offered some attractive options to unit owners such as favorable home equity rates.**

**The meeting was adjourned at 9:25pm**