A QUESTION OF ACCOUNTABILITY

A key duty of any condo board is to select and supervise a management company to carry out the day-to-day operation of the building. Carrying out that duty begins with the board negotiating a strong contract that gives it the information it needs to be sure the management company is living up to its promises, and the power to do something about it if those promises are not kept. Then a board has to have the resolve to hold the management company accountable for excellence.

We thank our neighbors who served on the 680 South Board for trying their best on this. But we have to be clear that some serious mistakes have been made when it comes to contracting with our management company.

A little more than a year ago, the Board was negotiating a new contract with Sudler. It had just come to light that Sudler had made a massive accounting error concerning the allocation of doorman pay among the Associations, stretching over many years. Sudler claimed that, as a result of its error, the Lake Association owed the South and the Tower in excess of $160,000.

You'd think that this revelation would have made our Board hesitant to renew our contract with Sudler, indeed to consider other managers instead. At least the Board should have insisted on new protections and disclosures. But instead, the Board hurriedly concluded the renewal of Sudler's contract without considering other managers, and under terms that actually reduced disclosures and protections. We don't know why.
A paragraph in the old contract putting Sudler on the hook for failures of its "knowledge and expertise pertaining to payroll payments" was removed in the new contract. This seems especially strange given the revelation of Sudler's massive multi-year error in the payment of doormen that had just come to light when the new contract was negotiated.

New language was added to the new contract so that it "shall automatically be renewed". At the same time, the circumstances under which the Board could terminate the contract "for cause" -- that is, fire the management company if its work was unsatisfactory -- were sharply reduced.

Especially troubling in light of the "chiller pipe project," an undertaking of massive expense that was being set in motion a year ago, the new contract eliminated key disclosure requirements about Sudler's vendor relationships.

The old contract had said, "Agent [Sudler] will provide competitive pricing and services through preferred vendors and contractors. One (1) or more of these vendors may have a relationship with the Agent [Sudler] that provides a direct or indirect procurement fee. …financial incentives received by Agent [Sudler] from vendors, contractors or third parties arising from contracts or purchases shall be disclosed". The new contract continues to allow Sudler to get "procurement fees," but the requirement to disclose them is gone.

The old contract provided that Sudler "discloses" that it will "receive a fee for procuring insurance coverage required by the Condominium Act." That is gone from the new contract, too.

As all residents know, within days of signing this new contract, Sudler filed a suit, without warning, naming all three Associations in the building. The suit was an attempt to get the Court to sort out the money that the Lake allegedly owes the South and the Tower due to Sudler's accounting errors, but also to take Sudler off the hook for any liability in the matter. Now, a year later, what was supposed to be an open-and-shut case is still dragging on, and in the meantime it has turned neighbor against neighbor, association against association, in the building.

As we have listened to the concerns and hopes of our neighbors for the betterment of our shared community, we have heard over and over again a general sense that the management company isn't doing its job well. Many residents suffered property damage, incorrect billings and logistical hassles in the "chiller pipe project." Many complain that our common areas are not well cleaned and maintained. Most
critically, many feel that our homes have become less secure thanks to poor staffing choices among our new doormen, and the janitors who fill in for them.

We are grateful to our neighbors on the Board for doing their best, but these issues are arising because the Board negotiated a weak contract, and because the Board isn't willing to hold Sudler accountable for excellence. Our pledge, if you will honor us with your trust and your vote, is to constructively change that by bringing our considerable business experience to bear, with the support of all residents. We can make it better -- together.

But it doesn't end there. Condo boards are constantly negotiating contracts, and constantly must hold contractors accountable for excellence.

Now, the South, Tower and Lake associations are all engaged in a long and complex negotiation with Golub to renew the "Lot One" contract that provides the basic physical infrastructure of our building, such as heating and electricity. In this negotiation the South Board needs to be strong, and to have a clear vision of what we need and expect, and what we are willing to pay for it. And the South needs to be able to work closely with the Tower and the Lake, and present a unified front in the negotiation. After a year of Sudler's pointless lawsuit that has turned association against association, the South Board is not in an ideal position for progress. Again, our pledge, if you will honor us with your trust and your vote, is to constructively change that. We can make it better -- together.

Make sure your vote is counted and your voice is heard!
• Please return your ballot to us directly by slipping it under our doors at unit 1412 or unit 1415.

Carol Kalnow  I have over twenty years experience as a senior administrator overseeing a substantial University of Chicago dental practice, University Associates in Dentistry / Dental Implant Institute of Chicago. My responsibilities include negotiating leases, maintaining banking relationships, payroll, HR issues, handling of all financial needs and reports, managing client relationships, training, marketing and consulting. In addition, I am the Executive Director of the Stepping Stone Foundation (formerly the Kids
Helping Kids Program of the Starlight Children’s Foundation of Chicago), a charitable foundation, whose mission is to enrich the lives of seriously ill patients with recreational activities and “tangible hugs” through the distribution of Teddy Bears to area hospitals including Children’s Memorial Hospital and Ronald McDonald House.

Donald L. Luskin  I'm 61 years old, married for 30 years to Christine, and father of 26-year old Roark. Christine and I own one unit in the South, and two in the Tower. I'm founder and CEO of TrendMacro, an investment consulting firm with 69 clients around the world including Goldman Sachs, Morgan Stanley, Fifth Third Bank, BP, the MacArthur Foundation and the California Public Employee Retirement System. I am former vice chairman and chief investment officer of Wells Fargo Investment Advisors and Barclays Global Investors. I appear on CNBC and in the Wall Street Journal, and am the author of two books. I believe my business experience has taught me how to lead and manage complex organizations for progress and growth.
680 N LAKE SHORE DRIVE SOUTH RESIDENCE
CONDOMINIUM ASSOCIATION

OFFICIAL PROXY

(Please complete and return as soon as possible even if you plan to attend the Meeting. This Proxy will be tabulated and handled by a Certified Public Accountant from Condo CPA, an Independent Auditing Firm)

I, the undersigned Unit Owner of The 680 N Lake Shore Drive South Residence Condominium Association (the "Association") do hereby constitute and appoint: __________________________ as my Proxyholder.

(PLEASE FILL IN ONE OF THE ABOVE; if neither area is filled in, then the Secretary or Treasurer is deemed to be appointed as the attorney-in-fact and proxy of the undersigned, with full power of substitution, to attend the Annual Meeting of Unit Owners of the Association to be held on Tuesday, December 8, 2015 at 6:30 p.m. in Suite 2035 of the Tower, and any adjournment or adjournment thereof, and thereat to vote all the percentage interest of the Association standing in the name of the undersigned, or which the undersigned may be entitled to vote, upon such business as may properly come before said meeting, including an election for TWO (2) members of the Board of Directors of the Association, as fully as the undersigned might or could do if personally present; specifically, my aforesaid attorney and proxy shall vote the interest of the undersigned in favor of the following

PLEASE SELECT TWO (2) OUT OF THE FOLLOWING CANDIDATES AND RETURN THIS FORM IMMEDIATELY IN THE ENCLOSED ENVELOPE:

(Check the Boxes Below For the Candidates of Your Choice)

[ ] CAROL KALNOW

[ ] DONALD LUSKIN

[ ] ALBERTO ROJAS

[ ] THOMAS TURMELL

[ ] __________________________

YOUR UNIT NUMBER (S) ______________________________________________________________

DATE: __________________

Please return this proxy to us directly to be sure your vote is counted.

Your options:
Under the door or mail: units 1412 or 1415
Scan and email to don@luskin.net
Fax to 312-300-6555