

**JAMES/KILMER CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS MEETING  
December 9, 2014**

A meeting of the Board of Directors of the James/Kilmer Condominium Association (the "Association"), an Illinois not-for-profit corporation, was called to be held on Tuesday, December 9, 2014, in the James House Hospitality Room, 1560 North Sandburg Terrace, Chicago, Illinois, pursuant to By-Laws.

**CALL TO ORDER**

Judy Barnes, President of the Association, called the meeting to order at 7:08 p.m. A quorum was present in that the following directors were present:

Judy Barnes  
Lynn Conner  
Patty Culbertson  
Jacque Ehrlich  
Susan Geffen  
Betty Latson  
Barbara Mueller  
Dorsey Ruley  
Nancy Slattery

Also present were Thomas Kristufek, Property Manager, of DK Condo, A Draper & Kramer Company; and Paul Gaudette, of Wiss Janney Elstner Associates, Inc. Barbara A. Roberts acted as Recording Secretary.

**GARAGE RENOVATION BIDS**

Mr. Gaudette reviewed the responses to RFPs sent out by Wiss Janney Elstner to four contractors for the garage renovation, noting that two of the proposals were close to each other and lower than the others, but that Zera Construction, proposing the slightly higher amount, would also finish the job roughly three months sooner, the higher amount being accounted for by two shifts of workers per day rather than one. He also noted that Zera uses more staff, is familiar with the property and has done previous work on the garage. Ms. Barnes pointed out that Zera's crews have, in the past, been very efficient and are known for inconveniencing residents as little as possible. She further stated that Garage Manager Eddie Main likes working with Zera. **Upon motion duly made by Lynn Conner and seconded by Barbara Mueller, the following resolution was made:**

**BE IT RESOLVED, that the Board of Directors hereby approve the proposal submitted by Zera Construction to perform garage renovations, including ramp repairs and concrete and membrane restoration, in the amount of \$1,124,180.00, to be paid from the Reserve Fund. The motion passed unanimously.**

Ms. Barnes thanked Mr. Gaudette for his report, and he left the meeting at 7:16 p.m.

### **NOMINATION AND APPROVAL OF BOARD OFFICERS FOR 2015**

Ms. Barnes called for nominations for the position of President of the Board. Mr. Ruley nominated Judy Barnes for the position of President, and Ms. Geffen seconded the nomination. Mr. Kristufek counted the Board members' written votes, the result of which was that the Board unanimously approved the nomination.

Ms. Barnes called for nominations for the position of Vice President of the Board. Ms. Conner nominated Barbara Mueller for the position of Vice President, and Ms. Cuibertson seconded the nomination. Mr. Kristufek counted the Board members' written votes, the result of which was that the Board unanimously approved the nomination.

Ms. Barnes called for nominations for the position of Treasurer of the Board. Ms. Slattery nominated Betty Latson for the position of Treasurer, and Ms. Ehrlich seconded the nomination. Mr. Kristufek counted the Board members' written votes, the result of which was that the Board unanimously approved the nomination.

Ms. Barnes called for nominations for the position of Secretary of the Board. Ms. Mueller nominated Susan Geffen for the position of Secretary, and Ms. Conner seconded the nomination. Mr. Kristufek counted the Board members' written votes, the result of which was that the Board unanimously approved the nomination.

**Upon motion duly made by Nancy Slattery and seconded by Lynn Conner, the following resolution was made:**

**BE IT RESOLVED, that the Board of Directors hereby approve the following slate of Board officers for the 2015 term: President—Judy Barnes, Vice President—Barbara Mueller, Treasurer—Betty Latson, and Secretary—Susan Geffen. The motion passed unanimously.**

### **MANAGEMENT REPORT**

Mr. Kristufek reported on the following:

- The latest life safety inspection by the City inspector. The focus of the inspection was on unit and common area doors, and most were found to close and latch properly, although the doors for the electrical closets housing ComEd transformer equipment must be replaced with fire-rated louvered doors. A follow-up inspection will take place in February or March 2015, after the inspector has submitted her report.
- Corridor and Penthouse renovations. Four designers have responded to the RFP distributed by Ms. Conner and Ms. Slattery. They will report on the results in their Task Force Report.
- Air balancing and air handling units. Air balancing being a capital project scheduled for 2015, various estimates were received for replacing or refurbishing the James House and Kilmer House air handling units. Closer evaluation of the air balancing revealed that replacement or refurbishment of the AHUs would not significantly increase air flow into the corridors, but the Kilmer House air handling unit fan was replaced on December 1 at a cost of \$2,500.00. In James House, openings in the duct work allows make-up air intended for the corridors to escape into the mechanical rooms, which is needed in the winter to prevent pipes from freezing. Heating and/or insulation upgrades to the mechanical rooms are recommended, as well as sealing the ductwork, to restore the required air flow of 3,000 cubic feet per minute of air into the James House corridors. Mr. Kristufek noted that

the new managing agent, Community Specialists, has its own in-house engineer, whose opinion he will seek as to whether the AHUs should be replaced or refurbished. He also recommended moving forward with Elara's recommendation to install carbon monoxide controls in the garage, at a cost of \$100,000.00. Mr. Kristufek then responded to Ms. Latson's questions arising from his report.

- Façade work. Jim Swint of Klein and Hoffman provided a budget for anticipated façade inspections and repairs through 2022 that is substantially lower than the current budgeted numbers – saving approximate \$1,286,000.00 – and that will be incorporated into a revised Reserve Fund projection.
- 2014 triennial assessment appeal. The Cook County Assessor's Office has denied the Association's request to reduce the 2014 tax assessment, so the law firm of Worsek & Vihon will now pursue 2014 assessment relief from the Cook County Board of Review.

### APPROVAL OF MINUTES

Ms. Geffen asked if there were any changes to the minutes of the October 28 Board meeting. There being none, **Susan Geffen moved that the minutes of the regular Board of Directors meeting held on October 28, 2014, be approved as presented. Nancy Slattery seconded the motion, and it passed, with Jacque Ehrlich and Barbara Mueller abstaining.**

### TREASURER'S REPORT

Ms. Latson presented the Treasurer's Report for the period ending September 30, 2014, as follows:

Interim financials through the nine months ending September 2014 reflect \$4.5 million in revenue including \$524,000.00 in direct charge income. Excluding direct charge income, the Association reported revenue of \$4.0 million. Revenue was higher than budget by \$68,000.00 due primarily to transfer fee revenue and strong garage net income, which was \$60,000.00 over budget year to date, offset by lower than budgeted service recoveries and legal reimbursements.

Operating expenses totaled \$3.2 million, and were over budget by \$154,000.00 as a result of utility costs, which were \$115,000.00 over budget (primarily gas); maintenance/repair cost, which were \$55,000.00 over budget; bad debt expense, which was \$50,000.00 over budget; legal costs which were \$19,000.00 over budget; and professional fees which were \$14,000.00 over budget; offset by lower payroll expenses and an insurance claim reimbursement.

The Association contributed \$839,000.00 toward the capital reserve fund. As a result, at the end of September 2014, the Association reported a deficit of expenses over revenues of \$84,000.00, which was a \$4,000.00 reduction of the year-to-date August deficit, and is comparable to the budgeted deficit of \$81,000.00. At September 30, 2014, the operating fund was reported at \$321,202.00, and the capital reserve fund was reported at \$5,915,000.00.

## **COMMITTEE REPORTS**

### **Finance Committee**

Ms. Latson reported that the Finance Committee hosted a meeting on December 2 for unit owners to comment on the 2015 budget, but that, for the first time in many years, no owners attended the meeting except for Board members. She stated that the next meetings of the Finance Committee will likely be held in the second quarter of 2015 as the Committee reviews the draft 2014 financials.

### **Social Committee**

Mr. Ruley reported that the Annual Holiday Fest will be held at 5:00 p.m. on December 11, and commented on the excellent work performed by the many volunteers on the Committee.

### **Website Committee**

Ms. Barnes reported that the Committee will hold its quarterly meeting on December 29. She stated that the Webmaster, Ron Miller, has been coordinating the transition of the Community Specialists website to the J/K website, and that the Association continues to receive praise about its website, largely owing to Mr. Miller's efforts. Ms. Barnes further stated that efforts continue to expand the website, for which suggestions are welcome.

### **Rental Policy Task Force**

Ms. Mueller reported that she and Ms. Slattery are revising the letters to be distributed to unit owners after the holidays, and that the Task Force will set up lobby tables in January to discuss the rental policy with residents. Ms. Slattery noted that delaying the distribution of the letters will also allow for engaging the new management company in the process.

### **Penthouse-Hallway Remodeling Task Force**

Ms. Slattery reported that Management received revised proposals from four design firms, and that she, Ms. Conner, Mr. Kristufek and the other members of the Task Force will review them, after which they will make a recommendation to the Board. She also stated that, as with the former Windows Project, the opinions of residents about the design proposals will be sought. Ms. Conner remarked that she accompanied Mr. Kristufek and the designers on their walk-throughs, and that they were a very interesting and diverse group.

### **Welcome Task Force**

Ms. Mueller reported that she and Ms. Geffen delivered welcome packets to ten new residents, and that Ms. Geffen has met with one or two of them. She stated that of the nine of the recent move-ins were renters and two were new owners.

### **Communications Coordinator**

Ms. Geffen reported that the next newsletter will be published and distributed during the third week of January. She commented that the website and the newsletter need a consistent, "branded" look, so she intends to attend Website Committee meetings. Ms. Barnes added that committee and task force chairs have a responsibility to report any updates to Mr. Miller so he can add them to the website.

### **Management Search Committee**

Ms. Barnes reported that she and Ron Hickman of Community Specialists have signed an agreement, effective January 1, 2015, for a period of five years, renewable each year, with a 90-day cancellation clause. She stated that the management fee will be \$93,600.00 per year, that the transition is

progressing well so far, and that Andy Warner will be the Property Supervisor. Ms. Barnes further stated that the Committee has interviewed three property manager candidates from Community Specialists and will interview them again on Monday, December 15.

#### **HOA Report**

Mr. Beck reported that the HOA Board has identified \$500,000.00 to \$600,000.00 worth of work to be done in the North Mall and the North Pool area, to begin next fall after the pool closes and continue through spring, and that it will include work in the James/Kilmer garage, as HOA is responsible for the G1-level columns and ceiling. He stated that the Association has requested that efforts be made to make the North Mall more esthetically pleasing, that Bernard Jacobs of Jacobs/Ryan Landscape Architects has some ideas for this that he will discuss with Mr. Gaudette, and that the area north of the Germania Place fountain will be repaved. Mr. Kristufek explained how billing arrangements for the portions of the garage for which HOA is responsible will be made.

Marcie Johnson reported that HOA will attempt to coordinate a panel discussion among the candidates for 2<sup>nd</sup> Ward alderman. She also stated that the city will add funds to the rat abatement program and that HOA will also increase its efforts to control rats in the malls. Discussion ensued about the rat problem in the Village and the surrounding neighborhood, and how to address it. Further discussion ensued about candidate panel discussions.

#### **Employee and Garage Holiday Funds and Party**

Ms. Barnes reported that the Employee Holiday Party will take place at Marcello's on December 17, and that the cut-off date for contributing to the Employee Holiday Fund is December 16. She further reported that certified checks will be distributed to the garage employees on December 17, and that the cut-off date for contributions to their fund is December 15. Ms. Barnes stated that last year, \$46,000.00 was collected for both funds. She added that the funds are not commingled.

Ms. Barnes provided a brief update on the planned development at North and Clark, reiterating that the Association's agreement with the developer, Howard Weiner, was based on the approval of the majority of James/Kilmer owners, and that the Association will receive a total of \$650,000.00 from Mr. Weiner as a result of that approval. She stated that the City Plan Commission has approved the development but that action by the Zoning Commission has been delayed by 2<sup>nd</sup> Ward Alderman Robert Fioretti's refusal so far to approve the development. Discussion ensued. Ms. Barnes also referred to the Board Directors Oath that was established in 2009, and that new Board members are asked to sign, noting that all current directors have signed the oath except for Ms. Conner and Mr. Ruley.

#### **RECESS TO UNIT OWNERS' OPEN FORUM**

The meeting was recessed to a Unit Owners' Open Forum at 8:17 p.m.

#### **RECONVENE TO REGULAR SESSION**

The Board reconvened to its Regular Session at 8:41 p.m.

## **ACTION ITEMS**

### **Approval of 2015 Board Meeting Schedule**

After discussion, upon motion duly made by Susan Geffen and seconded by Nancy Slattery, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors hereby approve the proposed Board of Directors Meeting Schedule for 2015, with the exception that the date of the September meeting be changed from September 22 to September 29. The motion passed unanimously.

### **Approval of HOA Representatives and Alternates**

Ms. Mueller listed those who have volunteered to represent James/Kilmer on the HOA Board of Directors in 2015. Mr. Beck, Ms. Johnson and Ms. Barnes explained the duties of the representatives and alternates. The Board members voted for their selections on ballots, which were collected and counted by Mr. Kristufek. Based on the votes, a slate was formed, and upon motion duly made by Nancy Slattery and seconded by Barbara Mueller the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors hereby approve the following to serve as Representatives and Alternate Representatives to the HOA Board of Directors for 2015:

- Representative #1 – David Beck
- Representative #2 – Marcie Johnson
- Representative #3 – Barbara Fiacchino
- Alternate #1 – Ralph Alberto
- Alternate #2 – Judy Barnes

The motion passed unanimously.

### **Approval of Workers Compensation Insurance Policy for 2015**

Upon motion duly made by Lynn Conner and seconded by Patty Culbertson, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors hereby approve adding the James/Kilmer Condominium Association to Community Specialists' Workers Compensation Policy with AIG for the six-month period December 31, 2014, through June 30, 2015, for the amount of \$15,665.00, to be paid in full from Operating Account GL#743790 prior to January 15, 2015. The motion passed unanimously.

### **Adoption of Proposed 2015 Budget**

Upon motion duly made by Jacque Ehrlich and seconded by Patty Culbertson, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors hereby adopt the Proposed 2015 Budget, which includes a 2.95% increase in assessments, and which was distributed to the ownership on November 3, 2014, pursuant to the Illinois Condominium Property Act. After discussion, the motion passed, with Dorsey Ruley opposed.

**Approval of Window Washing Contractor**

Upon motion duly made by Lynn Conner and seconded by Susan Geffen, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors hereby approve the proposal submitted by ABM Janitorial Services on November 18, 2014, for window cleaning and the application of SpiderKill in 2015, in the amount of \$22,688.00, to be paid from Operating Account GL#745180. After discussion, the motion passed unanimously.

**Approval of Replacement Steam Traps for Boilers**

Upon motion duly made by Nancy Slattery and seconded by Barbara Mueller, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors hereby approve the proposal submitted by Hayes Mechanical on November 17, 2014, to replace HVAC steam traps serving the heat exchangers, in the amount of \$5,820.00, to be paid from Operating Account GL#763214. After discussion, the motion passed unanimously.

**Approval of Gas and Electric Fixed Rates for 2016**

Mr. Kristufek directed the Board's attention to the material distributed to the directors showing future natural gas and electric power pricing options and explained the options. He explained why the Association could benefit from the services of a new provider, Century Energy Solutions, for both utilities rather than continuing with Constellation, the current provider. Mr. Kristufek also explained his and Ms. Barnes's efforts to formulate Board resolutions pertaining to future energy rate locks that would give the Association the flexibility to move forward, and their decision to use resolutions similar to those used in 2013. He concluded by suggesting target cap prices through December 2017 for gas and through January 2018 for electricity, and quoting the rates proposed by Constellation and Century Energy Solutions. Discussion ensued about the proposed target rates and the percentage of usage to be locked in. **Upon motion duly made by Susan Geffen and seconded by Nancy Slattery, the following resolution was made:**

**BE IT RESOLVED**, that the Board of Directors authorize the Board Treasurer and the Property Manager to lock in gas rates for the period January 2016 through December 2017, with a vendor to be determined, at a target price not to exceed \$0.45 per therm for 75% of the past two years' average monthly therm usage.

**BE IT FURTHER RESOLVED**, that the Board of Directors authorize the Board Treasurer and the Property Manager to lock in electricity rates for the period January 2016 through January 2018, with a vendor to be determined, at an all-in target price not to exceed \$0.059 per kilowatt hour.

The motion passed unanimously.

**Approval of Remodeling Requests**

Upon motion duly made by Nancy Slattery and seconded by Patty Culbertson, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors hereby approve the remodeling of units #3012, #3108, #3503, #114K and #414K, according to the requests submitted by the unit owners that have been reviewed and found to be in compliance with the Association's rules, regulations and conditions, the work to be subject to ongoing inspection by the Association's Assistant Chief Engineer. The motion passed unanimously.

**RECESS TO EXECUTIVE SESSION**

Upon motion duly made by Barbara Mueller and seconded by Lynn Conner, the meeting was recessed to Executive Session at 9:40 p.m.

**RECONVENE TO OPEN SESSION**

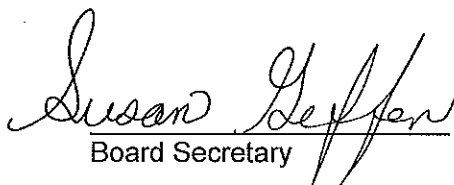
The Board reconvened to Open Session at 10:21 p.m. Upon motion duly made by Nancy Slattery and seconded by Lynn Conner, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors approve fining the owner of unit #2311 in the amount of \$250.00 for multiple rule violations as discussed at the hearing held on December 9, 2014, such fine to be rescinded if the tenant moves out of the unit by January 24, 2015, according to the 60-day notice from the unit owner's attorney. The motion passed unanimously.

**ADJOURNMENT**

There being no further business to come before the Board, upon motion duly made by Nancy Slattery and seconded by Lynn Conner, the meeting was adjourned at 10:22 p.m.

Respectfully submitted,

  
Board Secretary