

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
January 29, 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 Wednesday, January 29, 2014, in the James House Hospitality Room, 1560 North Sandburg Terrace, Chicago, Illinois, pursuant to By-Laws.

CALL TO ORDER

Nancy Slattery, President of the Association, called the meeting to order at 7:06 p.m. A quorum was present in that the following directors were present:

Judy Barnes
David Beck
Peter Cremer
Lynn Conner
Susan Geffen
Betty Latson
Barbara Mueller
Dorsey Ruley (by telephone)
Nancy Slattery

Also present were Thomas Kristufek, Property Manager, and James Losik, Property Supervisor, of DK Condo, A Draper & Kramer Company. Barbara A. Roberts acted as Recording Secretary.

Two items were added to the agenda: a discussion about the interim decorating and use of the northeast Penthouse room, and an action item with regard to the Village Theater Redevelopment traffic study.

ELECTION OF BOARD PRESIDENT FOR 2014

Ms. Slattery called for nominations for the office of Board President.

Ms. Mueller nominated Judy Barnes for the office of Board President. Ms. Conner seconded the nomination.

Ms. Latson nominated Nancy Slattery for the office of Board President. Mr. Beck seconded the nomination.

After counting the votes, Mr. Losik announced that Judy Barnes was elected to the office of Board President.

Ms. Mueller thanked Ms. Slattery for her two years of leadership.

Ms. Barnes assumed the chairmanship of the meeting.

PROJECTS UPDATE – MANAGEMENT REPORT

Mr. Kristufek reported on the following:

- Management's meeting with the door staff on Thursday, January 23, to review proper procedures.
- The successful completion of the installation of new metal panels on the exterior of James House, with only top trim and corners remaining to be installed.
- The delay of the Roof Deck Paver Project owing to inclement weather; the project is scheduled to resume on February 24 with expected completion by March 26.
- Bailey and Edward's mechanical plumbing portion of the engineering study of the garage. Details were provided about estimated costs for various garage repairs. Discussion ensued about which areas of the garage are James/Kilmer's responsibility and which are HOA's, and about how other Village garage repairs have been handled.
- Obtaining proposals from HVAC mechanical engineering companies to test and balance the make-up and exhaust air systems for James House and Kilmer House; with the intention of presenting the proposals at the February Board meeting.
- The completion of the cooling tower transmission replacement, approved at the December Board meeting.
- Collecting bids for the balcony repair project, with a contractor to be chosen by March and work to begin no later than April, weather permitting.
- Freight elevator car upgrades to be performed by Otis Elevator Company, during which one freight elevator at a time will be out of service for approximately three months each.
- Information posted about signal-booster-like devices provided by cell phone suppliers that residents can purchase for themselves to improve cell phone reception.
- The ice melt product used by J/K Maintenance, obtained from HOA, that is a more effective calcium and magnesium chloride blend, not sodium chloride-based, for both the safety of people and relative gentleness on animal paws.
- The request for a James House back-door buzzer system. Discussion ensued about the current back-door policy, which requires that residents use their key fobs and which provides greater security than a buzzer system would, and about the need to follow correct procedures for a rule change if the current back-door policy is changed.
- A scheduled meeting between Management and M&R Communications to review enhanced security devices or measures that could be implemented at Kilmer House. Discussion ensued about the current Kilmer House entry and security system and suggested changes to it.

DISCUSSION ITEMS

Procedures for Revising Rules

Mr. Kristufek briefly described the legal requirements for a procedure to be followed if a rule is to be established or revised, including a unit owner review period, a separate meeting at which unit owners may discuss the rule, and adoption by the Board.

Rental Restrictions

In response to the Board's interest in possibly changing the Association's rules about rentals, Mr. Kristufek stated that other condominium associations have successfully implemented restrictive rental rules by means of amendments to their Declarations, which require a two-thirds affirmative vote of the ownership. It was noted that James/Kilmer could succeed in doing so by "grandfathering" current owners, as other associations have done, so that they would not be subject to the restrictions. It was agreed that the Board will conduct a working session to discuss the Association's rental policy and will survey the ownership on the matter. Further discussion ensued about types of restrictions.

Addition to the Website: Social Notices Program

Mr. Kristufek reported that the Webmaster, Ron Miller, has created a Social Notices Program including submission and posting criteria for residents who wish to publicize social activities on the Association's website, noting that such notices would have to be submitted to Management for review before being posted on the website. Some Board members voiced concerns about others besides James/Kilmer residents viewing the notices on the website, which could adversely affect their opinions of the Association. Mr. Beck suggested that there are other places, such as the bulletin boards in laundry room and elsewhere, where such notices may be posted. Ms. Barnes stated that she will include an item in the Association's newsletter reminding residents about posting notices on the available bulletin boards. Discussion ensued.

Village Theater Property Redevelopment Update

Mr. Losik reported on the responses from Howard Weiner, the developer of the Village Theater property, to the results of James/Kilmer's survey of unit owners, including providing a traffic study to the Board at its request and Mr. Weiner's request that, in return for incentives that he is offering the Association with regard to a 120-foot building, the Board provide a written statement to the effect that the Association will neither support nor oppose the planned development. Ms. Barnes added that Mr. Weiner has given a copy of the survey results to 2nd Ward Alderman Robert Fioretti. Mr. Ruley asked that another survey be conducted. Ms. Barnes responded that the traffic study and other new information from Mr. Weiner should be reviewed by the Board first, and that he has not yet filed his Planned Unit Development (PUD) documentation. Discussion ensued about the survey and the development situation in general. Mr. Beck noted that the city's Zoning Commission will hold public hearings on the development. At Mr. Ruley's suggestion, Mr. Losik agreed to contact The Latin School, the preschool and the North Dearborn Association to learn their opinions about the development. Further discussion ensued.

Northeast Penthouse Room

Ms. Mueller reported on the resident survey created by a group including herself, Ms. Conner, Mr. Cremer and Ms. Geffen with regard to decorating and using the room on the northeast corner of the Penthouse floor until the entire Penthouse floor is renovated. She distributed to the Board a document that included the proposed survey as well as suggestions for furnishings, a floor plan and a budget. Ms. Conner described the furnishings and the layout. Discussion ensued about the furnishings, how the room could be used by residents, and what information or questions to include in the survey. Mr. Kristufek suggested not charging residents a rental fee to use the room for small gatherings, card games, etc. Ms. Latson suggested that, because eventually a consultant will be engaged to advise the Board on the renovation of the entire Penthouse floor, a survey not be conducted at this time, and that the northeast room be furnished for the suggested amount of \$3,500.00 and designated for casual use by residents, such as for reading or card-playing, for the time being. Marcie Johnson provided a folder containing previous proposals and suggestions for renovating the Penthouse floor, which Ms. Slattery briefly described to the Board. After further discussion, **upon motion duly made by Barbara Mueller and seconded by Susan Geffen, the following resolution was made:**

BE IT RESOLVED, that the Board approve an expenditure not to exceed \$3,500.00 to furnish the northeast Penthouse room. The motion passed unanimously.

OWNERS' OPEN FORUM

Ms. Barnes opened the floor to comments and questions from unit owners. The following issues were commented on and discussed:

- The lack of information in the Village Theater Redevelopment survey about where in James House the respondents live.
- The disposition of some chairs that were previously used in the lobby, and, if they were sold, what happened to the proceeds of the sale.
- The Board's goal with regard to rental levels, with possibly a task force to look into other associations' rates of success with various rental levels. Mr. Losik stated that many other associations have successfully lowered rentals to manageable numbers, starting with freezing rental levels, grandfathering existing rentals, and slowly reducing the number of rentals permitted. He added that after the Board's working session on rental restrictions, consideration could be given to surveying the ownership to determine whether a change in the Declaration would be achievable.
- Leaving in place the policy that requires residents to use their key fobs to enter the building, rather than installing a buzzer system at the back door.
- Facilitating unit owner attendance at Board meetings by making sure that meeting notices are posted in several places, and by using microphones, possibly lapel microphones, and a speaker set-up so that attendees at Board meetings can better hear Board members' remarks.

APPROVAL OF MINUTES

David Beck moved that the minutes of the Board of Directors meeting held on November 7, 2013, be approved as presented. Lynn Conner seconded the motion, and it passed unanimously.

Lynn Conner moved that the minutes of the Board of Directors meeting held on December 10, 2013, be approved as presented. Nancy Slattery seconded the motion, and it passed unanimously.

TREASURER'S REPORT

Ms. Latson delivered the Treasurer's Report for the period ending November 30, 2013, as follows:

Results through the eleven months of 2013 reflect revenues of \$7,787,000.00 including direct charge income, and \$4,991,000.00 excluding direct charge income. Revenues were higher than budget by \$60,000.00 due primarily to strong transfer fees and garage net income. Transfer fees were \$21,000.00 over budget, and garage net income was \$46,000.00 over budget.

Operating expenses year to date were reported at \$3,671,000.00 and have been well controlled, coming in \$21,000.00 over budget. The overage is primarily due to expenses that the Association cannot control, such as maintenance and repair costs and uninsured losses. After the capital reserve provision of \$1,256,000.00, the Association reported revenues over expenses of \$62,000.00, which compares favorably to the budget of \$26,000.00.

At November 30, 2013, the Association reported an operating fund balance of \$660,000.00 and a capital reserve fund balance of \$5,146,000.00. This fund balance includes the collection of the HVAC direct charge. The loan balance was \$2,554,085.00.

A brief discussion about the operating fund ensued. In response to a question from Ms. Barnes, Ms. Latson stated that the Reserve Study has been completed and is available in the Management Office. She added that the audit is almost complete, with Management and Mr. Losik expending much effort to clarify the allocation between direct charges and reserve fund charges.

COMMITTEE REPORTS

Finance Committee

In response to a question from Ms. Barnes, Ms. Latson stated that with the Reserve Study completed and the 2012 audit still being worked on, there is no immediate need for a Finance Committee meeting, and that the 2013 audit cannot begin until the 2012 audit is complete.

Social Committee

Mr. Ruley reported that the Association Holiday Party was well attended and enjoyed by all, and that it cost less than \$750.00.

Website Committee

Mr. Beck reported that the Social Notices Program was discussed, and reiterated remarks made earlier in the meeting about posting notices elsewhere. Mr. Kristufek suggested posting notices in the northeast Penthouse room when it comes into use.

HOA Report

Mr. Beck reported that the HOA Board is examining ways to improve the appearance of the North Mall, including an engineering review of the mall surface, and consideration of changing the surface of the mall to a better surface of etched concrete and aggregate with the membrane underneath, like the surface of the other malls. The HOA Board also discussed removing the plant pots on the mall and replace them with permanent planters above the garage like the ones in the Eliot Mall.

Marcie Johnson reported that the HOA Board also agreed to remove the plant pots in the dog runs. She further reported on the Division Street development at 1201 North Clark Street, stating that the building's owner wishes to add four additional stories to the building, for a total of nine stories: eight residential and one commercial on the street level. Ms. Johnson stated that this development is part of a Planned Unit Development that includes Sutton Place and Beekman Place as well as the Jewel property, which is being developed by Fifield. She further stated that the city's Department of Planning and Development has requested that the 1201 North Clark Street and the Jewel property developers combine their presentations to the department and seek community feedback. Ms. Johnson stated that the firm used for the traffic study for this area is KLOA, which is also used by the Chicago Department of Transportation. She stated that the HOA Board will keep James/Kilmer informed about the developments.

Garage Employee and Building Staff Holiday Funds

Ms. Barnes reported that the total collected in both funds was a little over \$46,000.00.

Communications Committee

Ms. Barnes reported that she sent out a request by email that afternoon with a request that they be conveyed to her by February 5 for a newsletter to be published and distributed on February 7.

ACTION ITEMS

Ratification of Approval of Perimeter Piping Heat Wrap Proposal

Upon motion duly made by Nancy Slattery and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors ratify its approval by email vote on January 24, 2014, of the proposal submitted by Liberatore Electric Co. on January 22, 2014, to install conduit, wiring, receptacles and heat wrap at 16 locations above the James House lobby ceiling, in the amount of \$8,067.00, to be paid from the Operating Fund GL account #716200, Electrical. The motion passed unanimously.

Approval of Change Order for Additional Concrete Work

Upon motion duly made by David Beck and seconded by Lynn Conner, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve Change Order #1 submitted by Quality Restorations, Inc. on January 20, 2014, for the completion of additional concrete work along the lower portion of the James House west wall and other miscellaneous work related to the panel replacement project, in the amount of \$15,269.00, to be paid from the Reserve Fund. The motion passed unanimously.

Approval of Draper and Kramer Corporate Holiday Schedule

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

BE IT RESOLVED, that the Board of Directors approve the Draper and Kramer 2014 Holiday Schedule for the Management Office as amended to remove the Columbus Day and Presidents Day holidays. The motion passed unanimously.

Approval of Remodeling Applications

Upon motion duly made by Lynn Conner and seconded by Peter Cremer, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the remodeling of units #506J and #2911, according to the requests submitted by the unit owners that have been reviewed and found to be in compliance with the Associations rules, regulations and conditions, and that will be subject to ongoing inspection by the Association's Assistant Chief Engineer. The motion passed unanimously.

Approval of Traffic Study Review

Upon motion duly made by David Beck and seconded by Nancy Slattery, the following resolution was made:

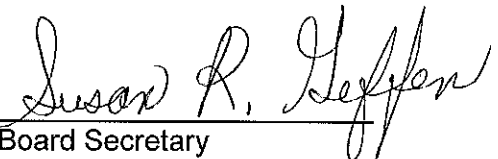
BE IT RESOLVED, that the Board of Directors approve engaging the firm of KLOA to review the traffic study performed for the Village Theater Development provided to the Association by the developer, Howard Weiner, in an amount not to exceed \$2,500.00. After discussion, the motion passed, with David Beck opposed.

In the discussion, Mr. Cremer stated that discussion points could be developed in the working session that the Board will conduct. Mr. Beck advised consulting with Alderman Fioretti and 42nd Ward Alderman Brendan Reilly and the developer before engaging KLOA; Mr. Cremer suggested that the Board obtain information from the KLOA review before meeting with the aldermen and the developer. Mr. Beck rejoined that according to the North Dearborn Association, the Chicago Department of Transportation has stated that the Village Theater Redevelopment will have minimal impact on area traffic, and he advised that the Board discover if CDOT has either already performed a traffic study or has reviewed the traffic study performed for Mr. Weiner.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Peter Cremer and seconded by David Beck, the meeting was adjourned at 8:51 p.m.

Respectfully submitted,


Board Secretary