

**JAMES/KILMER CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS MEETING  
July 22, 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, July 22, 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 7:06 p.m. A quorum was present in that the following directors were present:

Judy Barnes  
David Beck  
Lynn Conner  
Peter Cremer  
Susan Geffen  
Betty Latson  
Barbara Mueller  
Nancy Slattery

Dorsey Ruley was not in attendance.

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

**INTERVIEW ATTORNEYS FOR ASSISTANCE WITH DEVELOPMENT AT CLARK AND NORTH**

Ms. Barnes explained that two attorneys were contacted and given copies of the zoning agreement from Chicago Development Partners, that the attorneys' proposals were included in the Board packet, that each would make a presentation to the Board and would answer questions from the Board, and that the Board would make its choice at this meeting for an attorney to represent the Association as needed with regard to zoning agreement.

Mr. John J. (Jack) Lawlor, a partner in the law firm of Dentons US LLP, described his credentials and his experience in cases involving land use and zoning law, representing both developers and community groups. He then responded to questions from several Board members about his views on the Clark and North Redevelopment Project, the latest proposal from the developer, and how he perceives his role in representing the Association as needed, including in dealings with 2<sup>nd</sup> Ward Alderman Robert J. Fioretti, and the amount of time needed to fulfill his obligations to the Association.

The Board thanked Mr. Lawlor, and he left the meeting at 7:35 p.m.

Ms. Donna J. Pugh, a partner in the law firm of Foley & Lardner LLP, then described her credentials and her experience in cases involving land use and zoning law, noting that several different city departments and commissions are involved in the approval of planned development projects, and that an attorney's assistance is needed to deal with the many steps and changes that take place during the city's approval process. She then responded to questions from Mr. Beck, largely about the number of billable hours estimated in her proposal.

The Board thanked Ms. Pugh, and she left the meeting at 7:54 p.m.

### **MANAGEMENT REPORT**

Mr. Kristufek reported on the following:

- The draft 2013 audit, approval of which is included as an action item in the agenda.
- Proposals for waste removal and recycling services, also included in an action item.
- The installation of security cameras to cover the roof deck and the engagement of a security guard for the roof deck to cover weekends and some weeknight hours.
- Engaging two security guards and scheduling extra building staff hours for the Air and Water Show on August 15, 16 and 17.
- A request from a Kilmer House unit owner that an automatic door be installed at the rear entrance to Kilmer House. Discussion ensued.
- Remaining punch list items for the roof deck, including replacing a chipped paver, cleaning or replacing discolored pavers, adjusting lock-down diamonds and installing utility lights.
- Proposals from Elara and McGuire for a feasibility or schematic design study to provide answers to questions pertaining to installation and operation of an emergency generator for the elevators. Mr. Kristufek recommended that such a study be performed only after the City of Chicago building inspector completes his life safety inspection of James House and Kilmer House, which is expected to be scheduled before the end of the year.
- Wiss Janney Elstner's investigation of the garage ramp's condition, based upon which WJE will write repair specifications and provide bids for approval, with repairs to the garage itself to be performed during the winter.

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

The Board recessed to a Unit Owners' Open Forum at 8:12 p.m.

### **RECONVENE TO REGULAR SESSION**

The Board reconvened to its regular session at 8:41 p.m.

### **APPROVAL OF MINUTES**

**Susan Geffen moved that the minutes of the Board of Directors meeting held on June 24, 2014, be approved as presented. David Beck seconded the motion, and it passed unanimously.**

### **TREASURER'S REPORT**

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

Interim financials through the first six months of 2014 reflect \$3.0 million in revenue including \$368,000.00 in direct charge income. Excluding direct charge revenue, the Association reported revenue of \$2.63 million. The six-month Association revenue for

2014 was higher than budget by \$27,000.00 due primarily to strong garage and transfer fee income, which was offset by lower fee income from service recoveries and health club memberships, and legal reimbursements.

Operating expenses totaled \$2.2 million, and were over budget by \$143,000.00 as a result of utility costs, primarily gas, which were \$118,000.00 over budget, maintenance/repair costs, which were \$51,000.00 over budget, and bad debt expense, which was \$50,000.00 over budget, offset by lower payroll and contracted expenses.

The Association contributed \$560,000.00 toward the capital reserve fund. As a result, at the end of June 2014, the Association reported a deficit of expenses over revenues of \$132,000.00, which was \$110,000.00 higher than the budgeted deficit. At June 30, 2014, the operating fund balance was reported at \$346,000.00, and the capital reserve fund balance was reported at \$5.2 million.

The 2013 audit has been completed and has been submitted for a vote of approval at this meeting. The final figures for 2013 reflect gross revenue of \$8.7 million including direct charge revenue of \$3.1 million, and a deficit of expenses over revenues for the operating fund of \$87,000.00. For the Reserve Fund, the Association reported an excess of revenues over expenses of \$802,833.00.

## **COMMITTEE REPORTS**

### **Finance Committee**

Ms. Latson reported that, with the 2013 audit completed, the Finance Committee is working on the cost allocation studies for 2012 and 2013, and that once the cost allocation studies are completed, a package will be sent to each unit owner containing the audited 2013 financial statements, the cost allocation studies, and tax letters for 2012 and 2013. She added that the next item on the Finance Committee's agenda is the 2015 budget.

### **Garage Coordinator**

Mr. Beck reported that the garage is currently bringing in more revenue than was budgeted for. He noted that the car wash boom will not be replaced, as requested persistently by one unit owner. It was noted that the garage staff has stated that there is nothing wrong with the existing boom, and several unit owners in attendance agreed.

### **Rules Committee**

Ms. Slattery stated that the Committee will meet with Mr. Kristufek when he has completed his proposed revisions to the rules.

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

Ms. Conner reported that in a few days the Task Force will discuss the RFPs to be sent out.

### **HOA Report**

Ms. Johnson asked if there were any issues to be raised with the HOA Board. After discussion, Mr. Beck agreed that he and Ms. Johnson will request new planter pots for the east entrance of James House, and will call attention to an increase in rats in the area.

### **Communications Coordinators**

Ms. Conner asked that residents continue to submit ideas for newsletter topics. Mr. Beck suggested that the newsletter be produced quarterly instead of bimonthly. The Board agreed to consider a quarterly newsletter.

Ms. Barnes noted that the current property management contract with Draper and Kramer will end at the end of this year, and appointed Mr. Beck, Ms. Latson and Ms. Mueller to join her on a Management Search Committee that she will chair.

### **Welcome Task Force**

Ms. Mueller reported that she has distributed welcome packets to about 15 new residents in the last three weeks, and that most of the new residents were renters.

## **ACTION ITEMS**

### **Approval of 2013 Audit**

Upon motion duly made by Betty Latson and seconded by Barbara Mueller, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors approve the audited Financial Statements for the Year Ended December 31, 2013, as prepared by the Association's auditors, Picker and Associates. The motion passed unanimously.

### **Approval of Waste Removal Company**

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 the proposal submitted by Lakeshore Recycling Systems on July 15, 2014, to provide waste removal services for a three-year term beginning in August 2014, in the amount of \$2,086.00 per month for the first two years, with a three percent increase during the third year.

**BE IT FURTHER RESOLVED**, that the Board of Directors approve leasing three new trash compactors from Lakeshore Recycling Systems in the amount of \$531.18 per month for the first 60 months, after which the compactors will become the property of the Association, each monthly amount to be paid from the Operating Fund.

After discussion, the motion passed unanimously.

### **Approval of Remodeling Applications**

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 approve the remodeling of units #1904, #2511 and #4201, 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.

**Approval of Attorney for Legal Representation Involved in the Planned Development at North and Clark**

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

BE IT RESOLVED, that the Board of Directors approve retaining John J. Lawlor, Attorney at Law, to represent the James/Kilmer Condominium Association during the process of the Planned Development at the southwest corner of North Avenue and Clark Street. After discussion, the motion passed, with Peter Cremer abstaining.

**Approval of Acceptance of Offer from Chicago Development Partners, LLC**

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, pursuant to the results of the unit owner survey vote conducted in early July 2014, accept the offer of Chicago Development Partners, LLC, dated May 23, 2014, which was conveyed to the Association's unit owners on June 19, 2014, related to the proposed Planned Development at the southwest corner of North Avenue and Clark Street in Chicago, Illinois.

BE IT FURTHER RESOLVED, that the Board of Directors authorize sending a letter in support of the revised Planned Development to the City of Chicago Plan Commission, 2<sup>nd</sup> Ward Alderman Robert Fioretti, and any other relevant governmental bodies as may be required, contingent upon the Association's counsel's approval of both the amended Planned Development and the contract between the Association and Chicago Development Partners, LLC.

After discussion, the motion passed unanimously.

**Approval of Proposed Letter to Unit Owners Regarding the Association's Rental Policy**

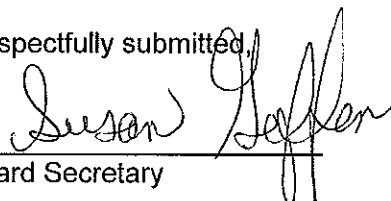
Upon motion duly made by David Beck and seconded by Barbara Mueller, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve sending a letter drafted by the Rental Restriction Task Force to the Association's unit owners regarding the Association's proposed policy regarding rentals in James House and Kilmer House. After discussion, the motion was withdrawn.

**ADJOURNMENT**

There being no further business to come before the Board, upon motion duly made by David Beck and seconded by Peter Cremer, the meeting was adjourned at 9:19 p.m.

Respectfully submitted,

  
Board Secretary