

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
May 27, 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, May 27, 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 7:26 p.m. A quorum was present in that the following directors were present:

Judy Barnes
David Beck
Lynn Conner
Peter Cremer
Betty Latson
Barbara Mueller
Dorsey Ruley
Nancy Slattery

Susan Geffen was not in attendance.

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

Ms. Barnes asked if there were any changes to the meeting's agenda. Ms. Mueller requested the addition of an action item

GARAGE REPORT: WISS JANNEY ELSTNER STRUCTURAL ASSESSMENT OF GARAGE

Mr. Gaudette presented the results of WJE's condition survey of the garage and its review of previous reports and drawings. He reported that the concrete is overall in fairly good shape, but recommended repairing the membrane on top of the garage, applying a new top coat, and repairing a number of drains. Mr. Gaudette further stated the necessity to investigate more drains and the entrance ramp, which will require taking a core sample of the concrete in that area, noting that this should be done before winter. He added that the air shafts, columns and walls are in good condition, and that the liner in the North Pool has been replaced. In response to questions from unit owners and the Board, Mr. Gaudette further stated that a waterproof membrane should be installed beneath the snow-melt system on the ramp, that water accumulating on the pedestrian ramps between levels comes from the ground next to the ComEd vault, and that Lake Cook Plumbing will be working on the plumbing and drain system on the North Mall for Sandburg HOA. Mr. Kristufek stated that the garage's sump pump and some pipes will be replaced in conjunction with the mall drain repairs for which HOA is responsible. Discussion ensued about relocating cars in the garage during the repairs to the plumbing systems, membrane and concrete on the North Mall above the garage. Mr. Gaudette advised starting work on the entrance ramp sometime between August and October, and stated that WJE will provide bids for the work within the next month.

The Board thanked Mr. Gaudette for his presentation, and he left the meeting at 7:47 p.m.

UPDATE ON REDEVELOPMENT AT CLARK AND NORTH

Ms. Barnes reported on details of numerous meetings in April and May with 2nd Ward Alderman Robert Fioretti as well as her meeting on May 20 with Arthur Potash, and the North Dearborn Association Annual Meeting on May 21. She stated that Alderman Fioretti deferred presentation of the down-zoning proposal to the Zoning Commission, that she provided a copy of the meeting summary of Alderman Fioretti's discussion with the J/K Association on April 30, and that on May 7, Mr. Weiner, in a letter to the James/Kilmer Board, asked to give a presentation of his plans to the unit owners, adding that he wishes to proceed without the alderman's written approval. The Board agreed to invite Mr. Weiner to give his presentation, and to request Alderman Fioretti to respond to Mr. Weiner's proposal. Ms. Barnes described Mr. Weiner's proposed plans for the Clark and North property, and stated that he is offering a \$600,000.00 incentive to James/Kilmer in return for the Association's cooperation. Discussion ensued about Mr. Weiner's latest Planned Development, the incentive that he is offering, and the ability of James/Kilmer residents to influence the Zoning Commission by means of petitions and attendance at its meetings.

MANAGEMENT REPORT

Mr. Kristufek reported on the following:

- Three employees have been hired to fill the three vacant door staff positions at both James House and Kilmer House.
- Management met with the door staff to discuss the changes at Kilmer House with the new intercom entry system, as well as topics related to service and security.
- Management purchased two replacement computers for the Management Office, and a bar code scanner for the Receiving Room.
- Management recommends allowing unit owners' comments and questions to be considered outside of the Board meeting proper – either before or after the meeting, or both – because the Board meeting is a business meeting between the Board and Management, and the minutes should be a record only of the business conducted at the meeting. Unit owners' concerns will continue to be addressed directly in the Management Office, in the monthly Management Report, and in the bimonthly newsletter column "Owners' Corner".
- Management is continuing to draft proposed revisions and updates to the Association's Rules and Regulations, and has received from David Sugar, the Association's legal counsel, specific language dealing with nuisance activities, including odors, noise and problems with pets, and with how Management and the Board responds to complaints. This new language is to be included in the Welcome Packet given to new residents.
- The roof deck paver and railing project is largely completed. Lighting will be installed on May 30 and June 9, and the LED lighting for the railing will be installed on May 29. The new deck furniture will be delivered shortly, and it is recommended that the roof deck be opened after the LED lighting is installed.
- Wiss Janney Elstner has completed its structural survey of the garage, as reported on earlier in the meeting by Paul Gaudette.
- Elara expects to complete its air balancing study in early June and will forward its report to the Board for review.
- Proposals are being received for an additional emergency generator to power the elevators and fire pumps in the event of a power outage.
- Small repairs to the north chute have been performed, and more extensive repairs are scheduled for mid-June; residents will be notified in advance when the chute will be closed for repairs.
- The Management Office staff is continuing to register key fobs.

- The landscaping pebbles around the James House exterior panels will be replaced.
- The Kilmer House intercom entry system has been activated.
- Quotes are being received for upgrades to the Fitness Room, including installation of headphone ports on the cardio machines, and transmitters on each TV to transmit the TV signal to the headphone ports. The elliptical machine that is out of order will be replaced.
- RCN can provide high-definition TV reception to the Fitness Room for an additional ten dollars per month.
- Otis Elevator has reprogrammed the elevators to run more efficiently and to rest in low, middle and high zones when not in use. Call times from the basement have been reduced.
- Window washing is scheduled to begin on June 3.
- The Board has reviewed the proposed rules governing use of the roof deck, which will conform to the existing as well as the revised Association Rules and Regulations.

Discussion ensued about residents bringing glass bottles onto the roof deck, about when the roof deck should be closed each day, and about cleaning the old chairs in the northeast penthouse room. In response to a question from Mr. Ruley, it was agreed that the Board will discuss before the next Board meeting where in the agenda the unit owners' open forum will be placed.

APPROVAL OF MINUTES

After discussion, **David Beck moved that the minutes of the Board of Directors meeting held on April 22, 2014, be approved as amended. Peter Cremer seconded the motion, and it passed unanimously.**

TREASURER'S REPORT

Ms. Latson delivered the Treasurer's Report, as follows:

The preliminary 2013 James/Kilmer financial statements have been received. For 2013, the Association reported revenue of \$8.3 million, including \$2.9 million in direct charge income. Excluding direct charge income, the Association's revenue was \$62,000.00 higher than budget due to strong garage and transfer fee income. Operating expenses were over budget by \$76,000.00 due to higher administrative and maintenance/repair expenses. As a result, preliminary 2013 results reflect a deficit of expenses over revenues of \$14,000.00.

Interim financials through April 2014 show \$2.0 million in revenues including \$258,000.00 in direct charge income. Excluding direct charge income, the Association reported revenue which was \$4,000.00 higher than budget due primarily to strong garage income, and which was offset by lower fee income from service recoveries, condominium lease fees, and legal reimbursements. Operating expenses were over budget by \$184,000.00 as a result of high utility costs – primarily gas, due to the extremely cold winter – and maintenance/repair costs. At the end of April 2014, the Association reported a deficit of expenses over revenues of \$227,000.00, which is a negative variance to budget of \$180,000.00.

At April 30, 2014, the operating fund was reduced to \$252,000.00, and the capital fund stood at \$4.9 million.

The Association's auditors are currently working on the 2013 audit and the 2012 cost allocation study. Completion of both reports is expected in mid-June.

COMMITTEE REPORTS

Finance Committee

Ms. Latson reported that Finance Committee meetings will be scheduled in late June to review the draft 2013 audit.

Roof Deck Task Force

Mr. Cremer referred to Mr. Kristufek's remarks about the roof deck in his Management Report and stated that the amenity will be open for use soon.

HOA Report

Mr. Beck reported that the HOA Board will meet on May 28 and that there will be a presentation on the developments at Clark and Division. He also stated that the pool pumps have been repaired and that the new heaters will be repaired on Wednesday or Thursday. Marcie Johnson reported that the summer flowers will be installed in the large entrance planters on June 20, that the pool lifts required by the Americans with Disabilities Act will be approved for purchase at the HOA Board meeting, that the landscapers will prune trees and shrubs as needed, that the planters in the dog runs have been removed and stone will be added as needed, and that the sod will be replaced in the median strip and elsewhere as needed. She also reported that the 56th Annual North Dearborn Association Garden Walk will take place on July 20. Mr. Beck added that the bushes atop the James/Kilmer garage will be replaced as part of later landscaping work on the North Mall.

Rental Restriction Task Force

Ms. Mueller reported on a letter from a Kilmer House resident about rental restrictions, including the suggestion that lease terms be shortened. Mr. Beck stated that the Task Force had considered lengthening lease terms and requiring a unit owner to occupy the unit for a year before renting it, both of which would require a change in the Declaration. Ms. Mueller stated that no volunteers have signed up to work on the Task Force's four sub-task forces, and that it might be best to wait until the fall to ask again for volunteers. In response to a comment from a unit owner, Ms. Mueller stated that the list of projects handled by the Rental Restriction Task Force are published in the newsletter.

Penthouse-Hallway Remodeling Task Force

Ms. Conner reported that Mr. Kristufek provided a list of designers which she and Ms. Slattery will discuss, after which a Task Force meeting will be held to choose the designers to whom RFPs will be sent. A unit owner suggested using a designer who previously submitted ideas for the lobby and the penthouse. Mr. Beck suggested that the Task Force create a timeline for next year's the remodeling of the penthouse and hallways, and that the Board be invited to attend the interviews with designers. In response to a question from a unit owner, Ms. Slattery stated that design schemes will be presented to unit owners for their comments.

Communications Coordinators

Ms. Conner reported that the next newsletter will be published in June. A brief discussion ensued about appropriate behavior on balconies and lighting on balconies.

Welcome Task Force

Ms. Mueller reported that she has distributed nine Welcome Packets to new residents, all renters, and that the Task Force has met with two of the new residents and will meet with more of them shortly.

ACTION ITEMS

Approval of Budget for Employee Retirement Gift and Party

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 a retirement gift for Athen White in the amount of \$2,950.00 net after withholding for 29½ years of service, and a budgeted amount of \$2,300.00 for Mr. White's retirement party. After discussion, the motion passed unanimously.

The discussion included comments about the caterer chosen, about the number of people expected to attend the party, about the amount budgeted for the party, and about Management's role in organizing the party.

Approval of Replacement Chairs for the Hospitality Room

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 the purchase of the replacement chairs proposed by Management for the Hospitality Room, in the amount of \$4,200.00. After discussion, the motion was defeated.

The discussion centered on the sample chair provided and whether other chairs should be considered. Mr. Kristufek was asked to provide samples of other chairs.

Approval of Additional Expense Related to Service Elevator Project

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

BE IT RESOLVED, that the Board of Directors approve an amount not to exceed \$14,400.00 for additional labor costs to accelerate the freight elevator project, to be paid from the Reserve Fund. 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 #301J, #410J, #501J, #608J, #710, #4107, and #306K, 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, the work to be subject to ongoing inspection by the Association's Assistant Chief Engineer. The motion passed unanimously.

Approval of Board Letter to Howard Weiner

Upon motion duly made by Barbara Mueller and seconded by Lynn Conner, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve sending a letter or an email to Howard Weiner, with a copy to 2nd Ward Alderman Robert Fioretti, asking him to confirm that the proposed development agreement that he sent to the Board on May 23, 2014, represents his “best and final” offer, before any action is taken by the Board. After discussion, the motion passed, with David Beck abstaining.

The discussion included questions about Mr. Weiner’s plans, including whether the offer of an incentive to the Association would be rescinded if his plans were altered, speculation as to unit owners’ opinions of Mr. Weiner’s proposed development, and what will occur if an agreement with Mr. Weiner is not reached by the end of 2014. Ms. Barnes stated that she will participate in drafting the letter to Mr. Weiner.

Approval of Rules Violation Fine

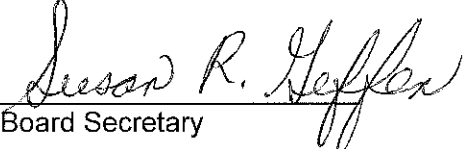
Upon motion duly made by David Beck and seconded by Barbara Mueller, the following resolution was made:

BE IT RESOLVED, that the Board approve a fine in the amount of \$100.00 per violation to be levied upon the owner of Unit #2707 for rules violations, the fine to be waived in the event that certain conditions are met, as discussed in Executive Session. The motion passed unanimously.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by David Beck and seconded by Lynn Conner, the meeting was adjourned at 9:10 p.m.

Respectfully submitted,


Board Secretary