

**JAMES/KILMER CONDOMINIUM ASSOCIATION
THIRTY-THIRD ANNUAL MEETING OF UNIT OWNERS
November 12, 2013**

The Thirty-Third Annual Meeting of Unit Owners of the James/Kilmer Condominium Association (the "Association"), an Illinois not-for-profit corporation, was called to be held on Tuesday, November 12, 2013, 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 7:01 p.m., introducing herself and welcoming all in attendance to the 33rd Annual Meeting of Unit Owners of the James/Kilmer Condominium Association.

Ms. Slattery announced one change and one addition to the Agenda: the President's Report to follow the Speeches/Questions of Candidates and precede the recess for voting, and the Tax Resolution to be added following the Approval of Minutes of the 2012 Annual Meeting.

ANNOUNCEMENT OF QUORUM

At Ms. Slattery's request, Ryan Girmscheid of Picker & Associates, LLC, the Association's auditors, confirmed that there was a quorum, either in person or by proxy, of 48%.

APPROVAL OF MINUTES

Barbara Fiacchino, Board Secretary, asked if there were any corrections or additions to the draft of the minutes of the November 13, 2012, Annual Meeting. There being none, **Barbara Fiacchino moved that the minutes of the Thirty-Second Annual Meeting of Unit Owners of the James/Kilmer Condominium Association held on November 13, 2012, be approved as presented. Judy Barnes seconded the motion, and it passed unanimously.**

TAX RESOLUTION

Mr. Beck explained the nature and purpose of the tax resolution which is voted on every year to transfer any end-of-year excess revenue to the following year's Operating Fund, by virtue of the Association's non-profit status, to avoid paying tax on the revenue. **David Beck moved to approve that any cumulative excess of membership income over expenses as defined in IRS Reg. 1.277-1 for the year ending December 31, 2013, shall be applied against subsequent tax year membership assessments, as provided by IRS Revenue Ruling 70-604. Barbara Grodzins seconded the motion, and it passed unanimously.**

EXPLANATION OF VOTING PROCEDURES

At Ms. Slattery's request, Joseph Scharnak of the law firm of Arnstein & Lehr, the Association's legal counsel, explained that the Association uses a secret ballot direct voting procedure, such that every Association unit owner received a ballot by mail, on which the owner could select up to five candidates. He stated that the ballots could be submitted in person at the Management Office or at the Annual Meeting, or by email, regular mail, or fax. Mr. Scharnak further stated that no unit owner may assign his ballot to a proxy, but that each ballot must be signed and submitted by the unit owner. He then explained how the auditors handle the ballots so as to ensure that only one ballot is submitted per unit, as well as to maintain secrecy of the votes. In response to a question from a unit owner, Mr. Scharnak explained that if a unit owner submits more than one ballot, only the ballot submitted the latest is counted.

NOMINATION OF CANDIDATES FROM THE FLOOR

Ms. Slattery asked if there were any nominations of additional candidates from the floor. There being none, she declared the nominations closed.

SPEECHES FROM CANDIDATES AND QUESTIONS FROM UNIT OWNERS

At Ms. Slattery's request, Board Treasurer Betty Latson, stated that she was asked to moderate the portion of the meeting devoted to candidate statements and questions from unit owners to the candidates. She further stated that each candidate would be given three minutes for his or her statement, and that three minutes would then be allowed for questions from unit owners and responses from candidates. Ms. Latson also stated that the candidates would address the meeting in alphabetical order, and that Judy Barnes would keep track of the three-minute time allowances.

Frances Andrews, James House:

Ms. Andrews stated that she has lived in James House for fifteen years. She commented that much has been accomplished to maintain the financial and structural health of the Association and its buildings, and that while more needs to be done, the Association is moving in the right direction. Ms. Andrews stated that she is honest and is open to different and sometimes conflicting opinions and perspectives, that she believes that the behavior of some members of the Association has been injurious to it, and that this needs to be dealt with. She stated her opinion that the majority of the Board members are serving for the right reasons, that the majority of unit owners are happy with the direction in which the Association is headed, despite the contrary views of some, and that most of those present are here because they care about the Association.

Questions from Unit Owners:

A unit owner asked what Ms. Andrews meant when she stated that some unit owners feel that the Board is engaged in "just rearranging the chairs on the Titanic." Ms. Andrews explained that her use of the expression was meant to convey the opinions of some unit owners that the Association is headed in the wrong direction and that the Board is doing nothing substantive to improve the situation, adding her belief that progress is being made financially and structurally.

A unit owner commented on an email from Ms. Andrews sent to several people in the building expressing a negative opinion about another Board member, noting that other Board members saw to it that the letter was promulgated widely, and asked how Ms. Andrews would deal with this situation if she were reelected to the Board. Ms. Andrews responded that her email was sent to Board members only and that she could not control what others did with it, and that others have acted similarly. She agreed with the unit owner that the degree of negativity among unit owners and Board members is too high and that the Board is as weary of it as the unit owner is.

Further discussion ensued about Ms. Andrews's letter and whether it should be distributed to the unit owners present. Ms. Latson stated that it would not be appropriate to do so as the original email was directed to a few people in confidence, and lamented that it had been forwarded to others. Mr. Scharnak reminded those present about the question-and-answer purpose of this portion of the meeting's agenda, and confirmed the inappropriateness of distributing the email at the meeting.

Tom Kristufek, Property Manager, announced that candidate Lynn Conner was unable to attend the meeting.

Barbara Fiacchino, James House:

Ms. Fiacchino stated that she and her husband have lived at James/Kilmer for fourteen and a half years, that she has been an accountant for many years, that she has served on the Board for the last two years, and that she has been a member of the Finance Committee for the last five years. She stated that as Co-Chair of the Social Committee, she saw to it that a charter for the Committee was created which was approved by the Board. Ms. Fiacchino also stated that, based on her many years of experience as an accountant, she created a comprehensive spreadsheet listing everything that was purchased for last year's Holiday Party, including quantities, prices and sources, that could be used as a basis for purchases for the next Holiday Party.

Questions from Unit Owners:

There were no questions for Ms. Fiacchino.

Susan Geffen, James House: Ms. Geffen stated that she is running for the Board for the sake of unit owners, and enumerated reasons why unit owners would vote for her: her success as a businesswoman, her experience with meetings, and her ability to get along with others and to consider their opinions. She stated that she is an independent thinker and a good and careful listener, and could bring new talents, thinking and perspectives to the Board. Ms. Geffen remarked that she wants to see efficiency and unity on the Board rather than duality, that the Board should think strategically, and that she is calm and would provide the voice of reason in Board deliberations. She stated that she has served on other boards. Ms. Geffen noted that she and her husband have lived in James House for over forty years, and stated that she is a professor of marketing at Columbia College and knows how to keep order in a group. She concluded that she does believe in board training. Ms. Geffen asked the unit owners to vote for her and stated that it would be a pleasure to serve on the Board.

Questions from Unit Owners:

A unit owner asked if Ms. Geffen had any main projects, goals or areas of interest in mind. Ms. Geffen responded that owing to her career in advertising and marketing, she would like to work with the Communications Committee. She noted that emails were sent out this week to all unit owner about various issues and projects that are coming up for Board consideration, and that the give-and-take between Board members and unit owners was a very useful and was something that she would like to be instrumental in continuing.

Barbara Grodzins, Kilmer House: Ms. Grodzins stated that her experience includes working with architect developers in the construction of residential properties, and that she is the liaison between the developers who act as general contractors and the subcontractors. She remarked that she was dismayed at the letters, emails and door drops that preceded the election, characterizing them as "vitriolic," noting that some of them were unsigned, and describing one such exchange and the apparent enmity between some of the Board members. Ms. Grodzins then went on to state that she is currently the Co-Chair of the Infrastructure Committee and a member of the Finance and Garage committees. She stated that her strengths are that she listens, analyzes and solves problems, and she invited questions about finance, infrastructure, the Capital Reserves or the upcoming development at North and Clark streets.

Questions from Unit Owners:

A unit owner asked Ms. Grodzins to describe more about what she can do for the Board. Ms. Grodzins responded that she has done a lot for the Board, and knows a great deal about budgeting, the Capital Reserves, and garage operations. Further questions and responses ensued about negative references to Board members and unit owners, and about the congruence or lack thereof between Board members' actions and the provisions of their oath.

Barbara Mueller, James House:

Ms. Mueller stated that she has lived in James House since before it was converted to a condominium. She stated that she was a successful commodities broker for almost forty years, with her own trading firm, and that she can offer a strong business background. She listed some unit owner concerns that she has been asked to address, such as lack of responsiveness and inclusiveness. Ms. Mueller stated her opinion that Board activity has been inconsistent, and that the Board must be more cohesive. She remarked that the issue of the high number of renters in the Association must be addressed, as too many renters can lower unit values and make it difficult for potential buyers to obtain financing. Ms. Mueller said that with regard to the Village Theater development, she feels it would be wise to institute a search for a zoning attorney now rather than later. She stated that she when she was so involved in her career as to be unable to run for the Board or serve on committees, she always carefully examined the minutes and the proposed budgets, and that now that she is retired, she has the time, energy and leadership capabilities to help the Association face the challenges that lie ahead. Ms. Mueller further stated that she is running because she feels that changes are needed and that she can contribute to effectuating those changes.

Questions from Unit Owners:

A unit owner asked about challenging the Village Theater development. Ms. Mueller responded that she would do everything possible to assist the Association in dealing with the Village Theater development, and that recently, in the James House lobby, she solicited signatures on

a petition asking that unit owners' concerns about the development be addressed. She stated her hope that more signatures can be collected, and acknowledged that she had not sought any signatures in Kilmer House.

Dorsey Ruley, James House:

Mr. Ruley offered some remarks about the unfortunate name-calling and attacks that have occurred among unit owners and Board members, and about the Board Directors Oath. He stated that he was with Ameritech/AT&T for twenty-eight years, and with the City of Chicago for ten years. Mr. Ruley stated that he would like to serve on a committee with Judge Julian Frazin, a unit owner, to determine what kind of building unit owners would like to see as part of the Village Theater development project, and that he has discussed the matter with 42nd Ward Alderman Brendan Reilly, 2nd Ward Alderman Robert Fioretti, and the owner of Potash Bros. Market. He agreed with Ms. Mueller about the advisability of retaining a zoning attorney as soon as possible to ensure that the Association's interests are protected. Mr. Ruley also stated his opinion that a parliamentarian is needed to help the Board manage meetings.

Questions from Unit Owners:

A unit owner asked whether, if Mr. Ruley were not reelected to the Board, he could still pursue his proposed activities with regard to the Village Theater development; Mr. Ruley stated that he could do so. A unit owner asked about the Board's perceived inaction with regard to the development; Mr. Ruley responded that he and Judge Frazin presented to the Board a questionnaire to be distributed to unit owners about the development but that it has not yet been distributed, adding that the Board will work together and that the name-calling will end. A unit owner asked how well the Board worked together before the former Property Manager, Richard Vicens, was dismissed, and Mr. Ruley stated his opinion that differences among Board members can be traced back to the Window Replacement Project.

Nancy Slattery, James House:

Ms. Slattery stated that she first ran for the Board because she cares about the Association and still does, and that she will continue to do her part to serve it. She stated that she has no personal agenda, which allows her to be open to listening to all sides of issues, without any personal bias. Ms. Slattery emphasized that Board members are all unit owners with a vested interest in every decision that is made, and that all decisions are made for the benefit of all unit owners. She stated that she did send a letter to nonresident owners with an official ballot included and a postage-paid envelope to return the ballot to the Management Office, not to her personally, and that the letter asked for support from nonresident owners with whom she had been unable to talk about various issues being considered by the Board. Ms. Slattery stated that she knows that the Board must serve the Association better, and that the questionable behavior and attitudes must cease so the Board can work together to represent everyone in the Association. She further stated that she wishes to continue to work on unit owners' behalf.

Questions from Unit Owners:

A unit owner asked if all the candidates had access to the nonresident unit owners' names; Ms. Slattery responded that they do have had such access. A question was raised about a rule violation, but Ms. Slattery stated that no such rule was passed. No specifics were given. Ms. Slattery emphasized that she did not solicit a ballot but was only asking for nonresident owners' votes, as she would in talking to unit owner. A unit owner referred to "Section 4," and a possible

violation thereof. Ms. Slattery responded that the Association's attorney, David Sugar, stated at the October 1 Board meeting that any candidate may request a list of unit owner addresses and send them campaign material through the mail.

Bill Winter, James House:

Mr. Winter stated that a better process is needed as a framework for conversation, and that he is in favor of greater unit owner participation in matters considered by the Board. He stated that the scope of Board committees should be broader, and proposed a unit owner meeting one week before each Board meeting to discuss the proposed meeting agenda, the Association's business affairs, its use of resources and its policies as needed. Mr. Winter stated that some issues to be discussed include the Village Theater development and options for controlling the number of renters, that he does not perceive a process that would facilitate these conversations, and that transparency comes with process. He stated that a minimum of five people must be found who can work together, listen, share their opinions, compromise, and respect each other. Mr. Winter remarked that the Board needs to welcome and encourage unit owner participation, and that this should be included in every meeting notice. He stated that he served on the Board from 1995 to 2000 and that it was a great experience. Mr. Winter remarked that he spent his working years as a health care administrator, primarily in critical care environments, and is now retired and deeply involved in photography. He stated that the Association has accomplished much that it can be proud of in such difficult economic times.

Questions from Unit Owners:

A unit owner asked Mr. Winter how he would approach the issue of too many renters. Mr. Winter responded that he needs to find out what the Association's options are.

PRESIDENT'S REPORT

Ms. Slattery again welcomed all the unit owners to the Thirty-Third Annual Meeting and remarked that if more unit owners attended Board meetings, they would be more productive and informative. She stated that James/Kilmer is in a very strong financial position, with the healthiest Capital Reserves in Sandburg Village. Ms. Slattery stated that the Association has invested well in its buildings over the past few years, which has helped to control operating costs and has sustained the value of owners' units, and she thanked Betty Latson and the Finance Committee for their efforts in accomplishing this. She noted that the assessments for 2014 will be reduced by 3.51%.

In response to a request from Ms. Slattery, Ms. Latson explained that because unit owners have been charged for recent repairs to or replacement of limited common elements such as the windows and the lateral HVAC pipes, the Reserves need not be maintained at as high a level as they have formerly been and so the assessment for 2014 has been reduced. She noted that operating costs will always increase, and that owners will need to be prepared for future limited-common-element expenditures.

Ms. Slattery resumed her report by stating that the past year has been challenging on many levels, but that much has been accomplished, as follows:

- In December 2012, the James House façade project was completed, including painting the exterior of the building and replacing the capstones on the walls; she added that the James House ground-floor sheathing is in the process of being replaced, after which, the stone work beneath it around the perimeter will be replaced.
- The Association was granted FHA recertification, which allows greater financing options for potential buyers, another factor in sustaining units' values.
- The Lateral HVAC Pipe Replacement Project was begun in James House on May 1, and has been completed three weeks early and within budget. The work in Kilmer House began on August 8 and continued on schedule until the very last tier, where it was discovered that the pipes to be replaced were buried in the original construction; the work was resumed and was completed on November 8. The project was first estimated to take well over a year to complete, but the work was finished in a little over six months.
- Ms. Latson and the Finance Committee were able to secure a three-year loan provision from Harris Bank, which enabled owners to pay their direct charge for the Lateral HVAC Pipe Replacement Project in monthly installments if they so chose.
- Interim garage repairs have been made to alleviate the leaks and drainage issues. Klein and Hoffman and Bailey and Edwards are conducting a survey of the garage structural concrete and drainage systems, the report on which will be used as general specifications for the upcoming garage renovation project due in the next year.
- Excellent rates for both gas and electricity have been locked in.
- The James House sundeck replacement project is under way. The Task Force chaired by Peter Cremer has identified the materials and the design for the deck as well as the protection around the perimeter, and will seek furnishings that can be placed on the sundeck.
- When the Illinois Fire Marshal mandated the installation of fire-prevention sprinkler systems in all residential high-rise buildings, James/Kilmer unit owners joined in a letter-writing campaign, assisted by the Management Office staff, and that community effort, along with that of others in the City of Chicago, resulted in a withdrawal of the mandate. This was an excellent example of the Association community coming together to address a matter of concern to everyone.
- Kilmer House residents expressed a concern that the James House door staffers were unable to determine when the Kilmer House security camera was inoperable; this problem was remedied.
- Cracks in Kilmer House concrete were repaired.
- The website is going strong. This excellent site provides a great deal of information to residents such as what to do in the event of an emergency, important dates, meeting minutes, copies of past and current newsletters, bulletins, remodeling forms, and a contact directory. Thanks are due to Ron Miller and the Website Committee for their efforts in maintaining this very useful tool.
- With regard to the redevelopment of the Village Theater property, including the corner of North Avenue and Clark Street, the developer has held meetings with the Sandburg Village Homeowners Association, with the North Dearborn Association and with representatives of James/Kilmer. Second Ward Alderman Robert Fioretti was present at two of those meetings and has been made aware of everyone's concerns. To date, the developer has filed nothing with the City of Chicago, and he has indicated that he would like to work with the Association on that project. The Board has created a liaison committee – consisting at the moment of Barbara Fiacchino, David Beck, architect James Young, Draper and Kramer Site Supervisor Jim Losik, and Ms. Slattery – to communicate with the developer, and with unit

owners through the Board. All unit owner concerns will be addressed, and unit owners are encouraged to convey their concerns to the Management Office. The survey mentioned by Dorsey Ruley will be distributed to unit owners as soon as additional necessary information about the development issue is received that will improve the survey.

Ms. Slattery concluded by asking all present to contribute to the "Toys for Tots" holiday collection box in the garage.

A unit owner asked that the Open Forum take place before the recess and final voting, to address some questions that were not able to be asked during the candidate presentation and question-and-answer session. Ms. Slattery asked if anyone in the room needed to pose questions before the vote. One question was asked about dissemination of an email, and a brief discussion ensued.

COLLECTION OF BALLOTS, RECESS, AND DECLARATION OF THE CLOSE OF VOTING

At 8:09 p.m. Ms. Slattery declared a recess to collect remaining ballots.

At 8:19 p.m. Ms. Slattery called the meeting back to order, and declared the voting closed.

ANNOUNCEMENT OF PRELIMINARY RESULTS OF VOTING

At Ms. Slattery's request, Ms. Latson confirmed that the final quorum, either in person at the meeting or by ballot submitted earlier, was 52.4%.

Ms. Latson announced the preliminary results of the voting for Board members for two-year terms: Barbara Mueller – 48.91%, Nancy Slattery – 39.79%, Dorsey Ruley – 36.10%, Susan Geffen – 33.20%, and Lynn Conner – 29.81%.

OPEN FORUM

A unit owner commented that she was troubled by mentions of the Kilmer House lawsuit during the candidates' presentations on Candidates Night, and the apparent animosity engendered by it, asking that matter be set aside so that the Association can move ahead.

A unit owner stated that she experienced a serious security incident in Bike Room #3 on August 31, and that she described the incident to the Assistant Property Manager, with copies of her description to Ms. Slattery and Mr. Losik, including a request for a security camera in the area. She stated that she has received no response to date, but has moved her bike to another area. Ms. Slattery responded that she discussed the matter with Management and was informed that the unit owner's bike was moved to a different bicycle storage area. She added that she will follow up further with Management about installing a security camera, and Mr. Losik asked the unit owner to discuss the matter with him outside of the meeting.

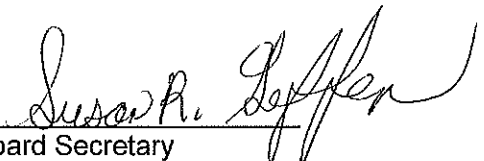
A unit owner asked why, when Ms. Slattery was absolved by the Board of any alleged culpability deriving from a complaint about her sending election materials to nonresident owners, the letter to the Association so stating was written by the Property Manager, instead of by the Association's legal counsel or the Board Secretary. Discussion ensued about the reason that the letter emanated from Management.

A unit owner asked if the date for the Holiday Party has been set. Ms. Fiacchino, Co-Chair of the Social Committee, responded that she wished to wait until the elections took place so that if she were not reelected to the Board, the new Social Committee chairs could set the date.

ADJOURNMENT

Upon motion made by David Beck and seconded by Peter Cremer, the meeting was adjourned at 8:29 p.m.

Respectfully submitted,


Board Secretary