

**JAMES/KILMER CONDOMINIUM ASSOCIATION
THIRTY-FOURTH ANNUAL MEETING OF UNIT OWNERS
November 11, 2014**

The Thirty-Fourth 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 11, 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 7:05 p.m., introducing herself and welcoming all in attendance to the 34th Annual Meeting of Unit Owners of the James/Kilmer Condominium Association.

Ms. Slattery announced one change to the Agenda: an Executive Session of the Board following the Annual Meeting.

ANNOUNCEMENT OF QUORUM

Ms. Barnes announced the confirmation of a quorum, either in person or by proxy, of 41.9%, by the representatives of Picker & Associates, LLC, the Association's auditors.

APPROVAL OF MINUTES

Susan Geffen, Board Secretary, asked if there were any corrections or additions to the draft of the minutes of the November 12, 2013, Annual Meeting. There was one correction. **Susan Geffen moved that the minutes of the Thirty-Third Annual Meeting of Unit Owners of the James/Kilmer Condominium Association held on November 12, 2013, be approved as presented. Nancy Slattery seconded the motion. After discussion, Susan Geffen moved that the minutes of the Thirty-Third Annual Meeting of Unit Owners of the James/Kilmer Condominium Association held on November 12, 2013, be approved as amended. Nancy Slattery seconded the motion, and it passed unanimously.**

TAX RESOLUTION

Ms. Barnes 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. **Judy Barnes 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, 2014, shall be applied against subsequent tax year membership assessments, as provided by IRS Revenue Ruling 70-604. David Beck seconded the motion, and it passed unanimously.**

EXPLANATION OF VOTING PROCEDURES

At Ms. Barnes's request, Regina Gubic, the Draper and Kramer Property Supervisor, stated that the Association uses cumulative voting and that there are four vacancies on the Board to be filled, such that each unit is permitted to cast four votes. She explained that the four votes can be distributed any way that the voter chooses among the six candidates running for election, and that if a ballot shows more than four votes, it is declared invalid.

NOMINATION OF CANDIDATES FROM THE FLOOR

Ms. Barnes 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

Ms. Barnes announced that each candidate would be allowed to speak for three minutes, and that the question-and-answer session following each speech would also be limited to three minutes. She added that the candidates would address the unit owners in alphabetical order.

Judy Barnes, James House:

Ms. Barnes stated that she has lived in James House since 1989 and has served on the Board for six years, holding an office for four years, including this year as President. She stated that she brings her education in cultural anthropology and the skills derived from her work experience to her service on the Board. She then listed the numerous committees on which she has served, including the Finance, Infrastructure, Garage, Management Search and Website committees, the employee and garage holiday funds, Communications Coordinator, and publisher of the Association bimonthly newsletter for five years. Ms. Barnes also stated that she spearheaded the J/K recycling process in 2011, was a member of the core team implementing the window replacement project, and serves as an alternate director for J/K on the Sandburg Village Homeowners Association Board of Directors. She stated that she has worked closely with Howard Weiner of CDC on reaching an agreement between CDC and James/Kilmer on the condominium that CDC will build on the southwest corner of North Avenue and Clark Street. Ms. Barnes stated that she takes her responsibilities as a Board member very seriously. She concluded by stating that there are major capital projects coming up in 2015, including the garage, hallways and penthouse renovations, that will increase the value of the property and unit owners' capital investments.

Questions from Unit Owners:

There were no questions for Ms. Barnes.

David Beck, James House:

Mr. Beck stated that he is the second longest serving Board member, having been first elected to the Board in December 2002. He stated that he worked for three years on the window replacement project, dealing with objections from some unit owners and learning from this and other contentious projects that Board decisions should not be based on the opinions of the loudest complainers but rather on what is best for the majority of the unit owners. Mr. Beck stated that he has served J/K on the HOA Board for 12 years and has insisted that HOA's

reserves be built up so as to be able to pay for necessary projects and that HOA have a Finance Committee for work on its budget. He added that the Sandburg Village pools are making a profit owing to his efforts, which helps to keep unit owner HOA assessments at a reasonable level.

Questions from Unit Owners:

There were no questions for Mr. Beck, but Barbara Grodzins remarked that she appreciates that Mr. Beck always comes well prepared for Board and committee business, and is a good historian of the Association.

Patty Culbertson, James House:

Ms. Culbertson stated that she is a long-time resident of James House and feels that her investment in the Association has been fortunate. She stated her belief that the property is still undervalued and thus is an attractive investment for nonresident buyers. Ms. Culbertson remarked that the Rental Policy Task Force has some excellent ideas for increasing owner occupancy, but that the most permanent way to reduce the number of rental apartments at J/K is to make the Association a place where people really want to live, perhaps by enhancing curb appeal or improving amenities so as to compete better in the general condominium marketplace. She stated that her education and work experience will be valuable in representing the owners with regard to the pending hallway, penthouse and garage remodeling projects. Ms. Culbertson concluded by stating that if elected, she intends to listen and learn from everyone in order to increase J/K property values and enhance the quality of life at James/Kilmer.

Questions from Unit Owners:

A unit owner asked Ms. Culbertson how long she has lived in the Association; she responded that she has lived at James/Kilmer for 27 years.

Jacque Ehrlich, Kilmer House:

Ms. Ehrlich stated that she has lived in Kilmer House for 28 years, and that she will be a representative for all owners. She stated that her many years of working as a teacher has made her very comfortable working with diverse groups to find consensus on issues, and that she has also been deeply involved in the planning and implementation of budgets for her school. Ms. Ehrlich stated that she sees her role on the Board as helping to set policy and direction for management to follow, and that the Board is responsible for making decisions about expenditures for both short- and long-term projects for both buildings. She stated that she will not micromanage the work of the property management office, but that Board members should be aware of what needs to be addressed or improved on the property, and should inspect the property inside and out frequently. Ms. Ehrlich stated that she feels she can bring a fresh perspective to the Board at the time that a new property management company will take over, and that the Board and the new management can start with a clean slate. She noted that she is currently a member of the Rental Policy Task Force, and has attended many Board meetings over the last couple of years.

Questions from Unit Owners:

There were no questions for Ms. Ehrlich.

Betty Latson, James House:

In Ms. Latson's absence, Ms. Slattery read a statement from her. Ms. Latson stated that she could not attend the Annual Meeting because she is out of the country. She stated that she has served on the Board as Treasurer for 17 years and has lived in James House for 28 years, first

as a renter and then as an owner. Ms. Latson stated that her work experience includes 34 years as a corporate banker working with property management firms, condominiums and co-ops in lending, cash management investments and financial planning and other services to help them achieve their goals. She remarked that she joined the Board in 1997 to improve the Association, and that she had the unique opportunity to see how J/K compares to many other organizations. She listed some of the Association's greatest accomplishments of which she is most proud: \$5.8 million in reserves; moderated assessment increases, comparing more favorably with those of other associations; the completion of over \$21 million in capital projects over the last five years, with only \$2 million in bank debt; the enlargement of the roof deck. Ms. Latson stated that she has supported projects that have ensured that owners receive value for their assessments. She stated that her future goals include: modernizing the Association's technology; improving the cleanliness of the buildings; completing the remodeling of the penthouse and hallways professionally; consistently challenging how things are done in the Association, as well as challenging proposed projects to make sure that what is done is right for the unit owners.

Questions from Unit Owners:

Because Ms. Latson was not present, there were no questions for her.

Richard Quigley, James House:

Mr. Quigley stated that he has lived in James House for three years, and that before purchasing his unit, he reviewed past Board meeting minutes on the Association's website and saw that the Board was addressing issues and making improvements to the building. He stated that his qualifications include, in his work life, interacting, negotiating and coordinating with people as a project manager and a service manager for Ameritech/SBC, and that upon retirement he passed the necessary courses to become a real estate broker. Mr. Quigley stated that he previously lived in Dearborn Park, an association of 144 townhome units, where he served on its board of directors for ten years, with three terms as president, and that he saw first-hand the results of deferred maintenance, and presided over a change in the property management company. He noted that he is a founding member and was the first president of the Midwest Regional Dog Club, and was a neighborhood representative when he lived at Sun City Huntley. Mr. Quigley stated that since moving to James House, he has attended as many Board meetings as possible and has served as a member of the Rental Policy Task Force. He stated that he will work to improve the quality of life in the Association while keeping expenses at a reasonable level, and that he has seen the current Board make improvements to the buildings, is aware that more improvements need to be made, and believes that ongoing maintenance is critical.

Questions from Unit Owners:

There were no questions for Mr. Quigley.

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

At 7:35 p.m. Ms. Barnes declared a recess to collect remaining ballots.

At 7:52 p.m. Ms. Barnes called the meeting back to order. **Upon motion duly made by David Beck, seconded by Susan Geffen, and unanimously passed, the voting was declared closed.**

ANNOUNCEMENT OF PRELIMINARY RESULTS OF VOTING

Mr. Fred Kovach of Picker & Associates announced that the total percentage of unit ownership voted was 45.2%, and that the preliminary results of the voting showed that the four candidates elected to the Board for two-year terms beginning in 2015 were as follows: Judy Barnes – 32.2%, Patty Culbertson – 45.8%, Jacque Ehrlich – 28.0%, and Betty Latson – 28.4%. He stated that the percentages of votes cast for the remaining two candidates were as follows: David Beck – 27.6%, and Richard Quigley – 17.8%.

PRESIDENT'S REPORT

Ms. Barnes again welcomed the unit owners present and thanked them for attending the Thirty-Fourth Annual Meeting. She stated that the Association is strong and financially sound, with reserves of \$5.8 million, the highest in Sandburg Village, and that the Association has invested well in its property, 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 status. Ms. Barnes noted that assessments were reduced by 3.5% for 2014, and that there will be a small assessment increase for 2015. She went on to state that each year the Association faces new challenges and rewards, operating as progressively as possible both to improve and beautify the property and to reduce costs by operating at full efficiency.

Ms. Barnes then listed several capital and other projects that were successfully implemented in 2014 or that the Association has begun to undertake:

- The Association's agreement with Howard Weiner, the developer of the Clark and North Village Theater property, of which 70% of unit owners voting on the issue were in favor and according to which the Board worked with Mr. Weiner on issues such as traffic flow, building height, and number of condominium units, as well as retention of the landmark Village Theater façade. In return, the Association will receive from Mr. Weiner \$400,000.00 for exterior neighborhood improvements, and \$250,000.00 for internal Association use. The Association retained a zoning attorney to assist in managing and protecting the agreement through the Plan Commission approval process and the zoning process.
- Completion of the James House roof deck, expanded to 2,025 square feet extending from the previous area on the east side, around the north end of the building and down to the south end of the south Penthouse room. Improvements included a lighted wind-deflector perimeter wall, new floor tiles and new deck furniture.
- An inexpensive update to the northeast Penthouse room, including new furnishings, with further improvements to be part of the Penthouse and J/ K Hallway Renovation Project being planned for 2015 by a task force headed by Nancy Slattery and Lynn Conner.
- The James House service elevator upgrades, which will provide more consistent service, greater speed and efficiency, and fewer service requests. In addition, the Association will save \$10,000.00 annually on the new service contract.
- Shifting to Lake Shore Recycling System for recycling and garbage hauling, and to Vintage Recycling for electronics recycling, saving approximately \$24,000.00 per year.
- Painting throughout the buildings to improve their appearance as well as interim improvements to the hallways before the major overhaul and upgrades in 2015.
- Ongoing staff door training to achieve greater professionalism and service.

- Reduction of assessment accounts receivable and delinquencies from \$60,000.00 at the end of 2013 to approximately \$20,000.00 currently, in part the result of foreclosures being processed.
- The Rental Policy Task Force's assembly of historical sales and rental data as part of its efforts to reduce rentals from the current level of about 30% down to 20%. In addition, the Task Force is preparing for a more aggressive campaign to educate owners about changing the Declaration to reflect the reduced rental ceiling as well as include a rule that an owner must live in a unit for a year before renting it to a tenant.
- Fob updates and registration for at least 16 floors in James House, with the Management Office working to complete the project for both James House and Kilmer House, which will provide greater security for residents in both buildings.
- Working on the goal to improve communications in both buildings and to implement electronic or paperless communications wherever possible, eliminating door drops.
- Management's life safety evaluation preparation for both buildings, progressing to complete all J/K units in order to meet and pass the city and state life safety evaluations.
- Repair of the James House laundry room storm drainpipe in September 2014 to stop leaks from the drainpipe onto the laundry room floor.
- Repair and upgrade of several James House north chute rooms to comply with the city fire code and to reduce odors and debris in the chutes.
- Security upgrades at Kilmer House, such that the outer front door is locked at all times and the rear door is locked from 7:00 p.m. to 7:00 a.m.
- Cleaning air vents in both James House and Kilmer House, with the hoped-for result of greater air flow.
- A very well-attended farewell party for door staffer Athen White – "AW" – who retired after 29 years of service, the cost for which was kept very low owing to smart shopping on the part of the Social Committee.

Ms. Barnes concluded by thanking all in attendance, and her remarks were met with applause.

OPEN FORUM

A unit owner suggested that the ballots in the election packet be printed on paper of a different color from the rest of the packet and be placed at the end of the packet. She also mentioned some confusion about door drops during election campaigns, asking that the Board confirm that only Management is permitted to leave materials at unit doors.

A unit owner asked if it is still permitted to leave large discards in the loading dock area. Mr. Kristufek stated that the practice is not permitted because it attracts scavengers, and Ms. Barnes commented that this can be addressed in the upcoming rules revision process. The unit owner asked if the Penthouse and Hallway Renovation Project will also include further upgrades to the northeast Penthouse Room, and Ms. Barnes responded that it will.

A unit owner reported on a violation at Kilmer House of the rule forbidding storage of bicycles on balconies. Mr. Kristufek responded that the Board conducted a hearing with the resident in question and is levying an ongoing fine for further infractions of the rule. Discussion ensued about increasing the fine, requiring the resident to appear before the Board again, and conveying formal complaints about the infraction to Management.

A unit owner asked if a buzzer system could be installed at the rear entrance to Kilmer House, like the one at the front entrance. Mr. Kristufek suggested that a committee be formed to investigate such a security enhancement, rather than making such improvements piecemeal.

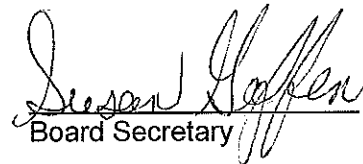
Ms. Geffen asked Mr. Kristufek about notices on some unit doors to alert fire department personnel to the presence of a pet in the unit and asked how such notices may be obtained. She was informed that the Chicago Fire Department does not provide them but that they may be purchased at pet stores or on line.

A unit owner asked if the Hospitality Room will be kept unlocked after the renovations are completed. Ms. Barnes and Ms. Conner responded that this will be considered in the rules revision process.

ADJOURNMENT TO EXECUTIVE SESSION

Upon motion made by Susan Geffen and seconded by Lynn Conner, the meeting was adjourned to Executive Session at 8:20 p.m.

Respectfully submitted,


Board Secretary