

**JAMES/KILMER CONDOMINIUM ASSOCIATION
THIRTY-SIXTH ANNUAL MEETING OF UNIT OWNERS
November 9, 2016**

The Thirty-Sixth 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 Wednesday, November 9, 2016, 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 36th Annual Meeting of Unit Owners of the James/Kilmer Condominium Association to order at 7:05 p.m. She asked if there were any additions or corrections to the Agenda. There were none.

ANNOUNCEMENT OF QUORUM

Ms. Barnes introduced James Neumann and Jane Andrianova, of Marcum LLP, the Association's auditors. Mr. Neumann announced the confirmation of a quorum, either in person or by proxy, of 27.0% at that point in the meeting.

APPROVAL OF MINUTES

Susan Geffen moved that the minutes of the Thirty-Fifth Annual Meeting of Unit Owners of the James/Kilmer Condominium Association held on November 10, 2015, be approved as presented. David Beck seconded the motion, and it passed unanimously.

TAX RESOLUTION

At Ms. Barnes's request, Mr. Neumann explained that IRS Revenue Ruling 70-604 is for the specific type of tax return that the Association files, and is a tax rule that allows the Association to carry forward any excess membership income for use in future years. He stated that the resolution must be passed at every Annual Meeting. **Betty Latson 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, 2016, shall be applied against subsequent tax year membership assessments, as provided by IRS Revenue Ruling 70-604. Nancy Slattery seconded the motion, and it passed unanimously.**

EXPLANATION OF VOTING PROCEDURES

Mr. Neumann stated that he and Ms. Andrianova, of Marcum LLP, are the independent auditors for the Association's Board of Directors election, and are present to ensure that the unit owners' votes are counted in accordance with the Association's Declaration and the Illinois Condominium Property Act, and that the votes are kept confidential.

NOMINATION OF CANDIDATES FOR DIRECTOR

Mr. Beck moved to accept the four unit owners listed on the ballot as candidates for the four open Board director positions. Ms. Geffen seconded the motion, and it passed unanimously.

SPEECHES FROM CANDIDATES AND QUESTIONS FROM UNIT OWNERS

Ms. Barnes announced that the candidates, in alphabetical order, would speak to the unit owners present. The four candidates – Judy Barnes, Patty Culbertson, Jacque Ehrlich and Betty Latson – all of whom were incumbents, each provided information about themselves, including their professional credentials and previous Board experience, if any, and stated their intentions in continuing to serve on the Board and their views about the responsibilities of the Board. A unit owner had a question for Ms. Culbertson, to which she responded.

RECESS AND VOTING

At 7:24 p.m. Ms. Barnes declared a recess to collect remaining ballots.

MEETING RECONVENED

At 7:27 p.m. Ms. Barnes called the meeting back to order, and announced that voting was officially closed.

ANNOUNCEMENT OF PRELIMINARY RESULTS OF VOTING

Mr. Neumann announced that the total percentage of unit ownership voted was 29.1%, and stated that the preliminary, unofficial results of the voting showed that the four candidates elected to the Board were as follows, in alphabetical order: Judy Barnes, Patty Culbertson, Jacque Ehrlich, and Betty Latson. He stated that he and Ms. Andrianova would take the ballots back to their office and perform a second check of the vote, in order to provide Property Manager Thomas Kristufek with the official results the next day.

PRESIDENT'S REPORT

Ms. Barnes welcomed the unit owners present and thanked them for attending the Thirty-Sixth Annual Meeting. She then delivered her report, as follows:

- Thanks to the Treasurer, Betty Latson; Allan Werth, the Community Specialists Controller; Tom Kristufek, the Property Manager; and the Finance Committee, the Association has very good operating and reserves budget processes. The Board approved the proposed 2017 budget for distribution to unit owners at its October Board meeting, the distribution took place today, and the proposed budget includes a 3.42% assessment increase. A meeting is scheduled for December 6 for unit owners to ask questions about and comment on the proposed budget.

- The Board approved the engagement of Superior Reserves in place of Reserve Advisors, and of Marcum LLP in place of Picker and Associates. Superior Reserves will update the Reserve Study. It is expected that bringing on these new vendors will result in better service, information and advice to the Board.
- 2016 Projects Update:
 - Completion of HVAC upgrades and air balancing, including 93 corridor grilles installed and corridor make-up air balanced in both James House and Kilmer House.
 - Elevator door equipment and freight elevator modernization. Vertex Corporation has been engaged for consulting services to deal with the persistent freight elevator mechanical problems. Full modernization will be completed in 2017, with all major components working in sync with each other.
 - Elara Engineering was engaged to review the horizontal domestic water pipes above the 43rd floor in order to draft specifications for their replacement, which will most likely occur during the first half of 2017.
 - Plumbing and HVAC pipe repairs have been largely completed, along with the replacement of domestic water main return valves, boiler room major valves, two out of four domestic water heat exchangers, and the tube bundle in the third heat exchanger, as well as the cooling tower major repairs.
 - An HVAC operating maintenance program has just begun, starting with filter changes and a preliminary inspection of drain pans so that Management will be better informed on the overall condition of this component. Management will also soon launch a preventive maintenance program using a third-party vendor, as part of which, residents will be offered a competitive price for a complete coil flush and cleaning, inspection of the drain pans and replacement of them as needed.
 - The garage exhaust and carbon monoxide controls have been replaced for better air flow and lower utilities costs.
 - Garage Manager Eddie Main along with Tom Kristufek and the garage hikers have coordinated well with the Sandburg Village Homeowners Association with regard to the renovation of the North Mall to minimize its effects on residents using the garage.
 - The Hallway Renovation Project, if approved, will begin in 2017 and continue in 2018, and the Penthouse renovation is now a separate project, to be undertaken in 2019, helping to maintain an appropriate cash balance in the Association's reserves.
 - The RCN contract was renewed for five years this year, owing to the efforts of two task forces to research the industry and then to negotiate the contract – which includes cable TV and Internet – with RCN at a low, competitive monthly rate. RCN phone service is also available. This changing industry will be closely monitored over the next few years.
 - The new Community Activities Committee, chaired by Bill Winter, has already hosted a couple of events and is planning more for the holidays.
 - Barbara Mueller, Susan Geffen and Dave Beck have been working on the Rules update, which is now in the draft stage and is being reviewed by Tom Kristufek and Andy Warner. It will undergo final review by David Sugar, the Association's attorney, prior to Board approval, in 2017.
- Howard Weiner, the developer of 101 North, has said that he is bringing in additional financing partners, and has sold 30% of the units, with \$25 million under contract.
- The Board and Association are very pleased with the new management company, Community Specialists, engaged at the end of 2014, and greatly appreciate the many contributions of Andy Warner, the Property Supervisor, as well as the firm's organizational and budgeting input.

- Thanks to Standard Parking's Eddie Main, Rich Mullins and the garage hikers for their successful efforts to keep the J/K garage such a valuable asset, especially during construction.
- Thanks as well to Tom Kristufek, the Management Office staff, door staff and Maintenance staff for their efforts to serve the Association well and contribute to the residents' pleasant living environment.

OPEN FORUM

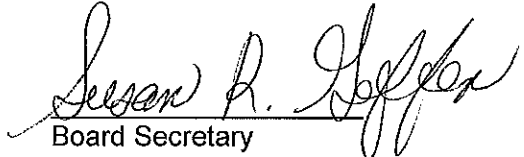
Unit owners and the Board discussed the following:

- A large bubble on the wall opposite unit #708.
- The poor condition of the door desk. It can most likely be refurbished to improve its first-impression appearance.
- Problems with refinancing. Mr. Warner agreed to investigate.
- The poor appearance of the Clark and North corner. Howard Weiner has five years to complete his development project, and the electrical lines to the west of Germania still have to be moved, but also the current market is poor, as evidenced by other developers who are also struggling.
- Commendation on the beautiful appearance of the James and Kilmer buildings and approval of the new HVAC maintenance plan.
- Excessive dripping from an HVAC unit. This is possibly caused by high humidity and colder water from the chiller.
- Why the plumbing expense line item in the 2017 budget is not listed as a capital reserve expense. Plumbing repairs are an operating expense, not a capital reserve expense.
- The RCN charge as a separate line item on assessment statements. It is now a per-unit charge rather than a percentage-of-ownership charge, and includes Internet service as well as cable TV, at a bulk rate.
- Whether RCN's phone service would come through residents' computers. Yes, it would be VoIP – Voice over Internet Protocol – and the service is not a true land line.

ADJOURNMENT

There being no further business to come before the unit owners, upon motion duly made by David Beck and seconded by Patty Culbertson, the meeting was adjourned at 8:00 p.m.

Respectfully submitted,


Board Secretary