

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
December 13, 2016**

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, December 13, 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 meeting to order at 7:03 p.m. A quorum was present in that the following directors were present:

Judy Barnes
David Beck
Patty Culbertson
Jacque Ehrlich
Susan Geffen
Betty Latson
Barbara Mueller
Nancy Slattery
Bill Winter

Also present were Thomas Kristufek, Property Manager, and Andy Warner, Property Supervisor, of Community Specialists, Inc. Barbara A. Roberts acted as Recording Secretary.

ELECTION OF OFFICERS

Ms. Barnes called for nominations for the position of President of the Board. Ms. Geffen nominated Judy Barnes for the position of President, and Mr. Winter seconded the nomination. **Mr. Beck moved to elect Ms. Barnes to the position of President by acclamation. Ms. Geffen seconded the motion, and it passed unanimously.**

Ms. Barnes called for nominations for the position of Vice President of the Board. Ms. Culbertson nominated Barbara Mueller for the position of Vice President, and Ms. Geffen seconded the nomination. **Mr. Beck moved to elect Ms. Mueller to the position of Vice President by acclamation. Ms. Slattery seconded the motion, and it passed unanimously.**

Ms. Barnes called for nominations for the position of Treasurer of the Board. Ms. Slattery nominated Betty Latson for the position of Treasurer, and Ms. Mueller seconded the nomination. **Mr. Beck moved to elect Ms. Latson to the position of Treasurer by acclamation. Ms. Mueller seconded the motion, and it passed unanimously.**

Ms. Barnes called for nominations for the position of Secretary of the Board. Ms. Mueller nominated Susan Geffen for the position of Secretary, and Ms. Ehrlich seconded the nomination. **Mr. Beck moved to elect Ms. Geffen to the position of Secretary by acclamation. Ms. Ehrlich seconded the motion, and it passed unanimously.**

MANAGEMENT REPORT

Mr. Kristufek presented the Management Report.

- Air Balancing and HVAC Mechanical Upgrades: The air flow as measured in cubic feet per minute – CFM – has been significantly increased in James House.
- James House Freight Car Modernization Project and Lateral Pipe Replacement Project: Time frames for these two projects have been created and they will be coordinated such that the freight car modernization project can possibly begin shortly after the pipe replacement project is completed.
- Corridor Renovations: Management, Ms. Barnes and Ms. Slattery expect to confer with Wendell Gooch about a time frame for the corridor renovation project, following the work on the freight elevator cars.

Discussion ensued about the elevators.

- Section of Kilmer House HVAC Riser: The heating riser section was replaced on December 2.
- Section of James House Domestic Hot Water Riser: A section of kitchen hot water riser pipe, the vent pipe adjacent to it, and an additional section riser have all been replaced owing to leaks.
- Metal Maintenance: The maintenance was performed.
- HVAC Preventive Maintenance Program: The program has been launched. Assurance worked on two convector units today.
- Life Safety Update: All the doors have been replaced that the City of Chicago required. The remaining work is to install fire-rated louvers and an exhaust fan for the basement electrical room, for which Murphy and Miller and Advance Mechanical Services have submitted bids. The City inspector will be provided with an update so that a follow-up inspection can be scheduled.
- Christmas Décor and Set-Up: An owner has offered to select new Christmas trees and ornaments for 2017, and has suggested an allowance of \$3,000.00 to \$4,000.00 for two ten-foot, prelit trees for James House, ornaments and storage.

Ms. Culbertson presented the unit owner's itemized list of offerings from Tree Classics. Ms. Slattery advised obtaining competitive bids. Discussion ensued. It was agreed that Ms. Slattery AND Ms. Culbertson would work with Mr. Kristufek in investigating sources for trees.

- North Mall Project and Garage Wall Repairs: Steve Habib, the HOA Property Manager, has been informed that James/Kilmer will not assume any payments for wall work. HOA's attorney will review the situation with regard to who is responsible for repairs to inner garage walls and/or garage walls below grade. James/Kilmer's attorney, David Sugar, might also need to review the situation.

Mr. Beck pointed out that the perimeter walls support the slab just as the columns do and may be HOA's responsibility. Ms. Culbertson asked about water in the lower level of the garage. Mr. Kristufek stated that Advance Mechanical Systems will investigate the source of the water and apparent blockage. Discussion ensued.

Mr. Warner reported for Community Specialists, stating that he and Mr. Kristufek are reviewing the new recycling ordinance that will take effect on January 1, 2017, and that Community Specialists will send a communication to all residents that recycling is no longer optional, and will ensure that proper signage and containers are in place. Discussion ensued. Mr. Warner also stated that some of the "Palm II" restrictions on the Board have been eased, including the Board's ability to hold executive sessions without a full Board meeting, and an expansion of the topics that can be discussed in executive session, including permitting interviews of vendors and contractors.

APPROVAL OF MINUTES

Susan Geffen moved that the minutes of the regular Board of Directors meeting held on October 25, 2016, 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 November 30, 2016, as follows:

Through November 2016, the James/Kilmer Association reported revenues of \$5,390,000.00, which were better than budget by \$114,000.00. The positive results stem primarily from the Association collecting \$56,000.00 in legal fee reimbursements, garage net income being in excess of budget by \$16,000.00, \$10,000.00 in above-budget move-in and move-out fees, and \$21,000.00 in excess maintenance income.

Operating expenses were over budget by \$447,000.00 year to date due to higher payroll, maintenance, and repair costs related to the Association's plumbing challenges, and the inclusion of the entire \$225,000.00 pension withdrawal liability charge approved at the October Board meeting. Most notable overages include plumbing and sewer expenses, which were over budget by \$114,000.00; maintenance payroll related to plumbing repairs, which was over budget by \$17,000.00; uninsured losses, which were \$43,000.00 over budget; and common area decorating and interior repairs, which were \$38,000.00 over budget. Offsetting these higher costs, utility costs were \$36,000.00 below budget. As a result, at the end of November 2016, the Association reported operating expenses of \$5,590,000.00 resulting in the Association reporting a 2016 deficit of \$200,000.00, which was a \$52,000.00 improvement from the year-to-date deficit from October.

On the capital side, the Association reported a year-to-date net loss of \$11,000.00. Capital reserve income amounted to \$982,000.00 through November 2016, while capital expenditures totaled \$993,000.00. Actual capital expenditures are significantly less than the budgeted levels, because the Association has held back on the more discretionary capital expenditures in 2016 to deal with plumbing challenges, better understand the timing and cost of various potential upcoming projects as well as to receive the new reserve study. These studies are complete and have been helpful in planning for the 2017 budget and for future capital expenditures.

At the end of November 2016, the operating fund cash balance was reported at \$267,362.00 and the capital fund cash balance was reported at \$4,872,463.00. The decrease in reserve funds reflects the collection of funds from unit owners for their direct charge loans, which have been likewise applied to reduce the BMO Harris bank loans, and the collection of funds from unit owners related to the annual opportunity for unit owners to prepay in full their remaining direct-charge Association loans. The BMO bank loans were reduced to \$412,680.00 as of the end of November 2016. At some point, consideration should be given to prepaying the BMO loans.

Discussion ensued.

COMMITTEE REPORTS

Finance Committee

Ms. Latson reported that the Finance Committee held a meeting about the proposed 2017 budget for unit owners on December 6, and that there were very few questions. She stated that the Committee will not meet again until 2017, when the draft audit will be reviewed. Ms. Latson added that a new Finance Committee will soon be assembled and that new members are invited.

Communications Committee

Ms. Geffen reported that the December newsletter was published and distributed at the end of November, and that the next newsletter will come out in six or seven weeks.

Rules Committee

Ms. Mueller reported that the Committee is close to finishing the draft of the revised rules, that Mr. Beck is confirming which rules are completely new, and that Mr. Kristufek is reviewing the draft. Mr. Beck explained the procedure that he is following. She stated that when Mr. Beck and Mr. Kristufek have finished, a special Board meeting will be held to review the draft, after which it will be reformatted and submitted to David Sugar for his approval before being submitted to the unit owners. Discussion ensued about timing, dealing with the document, and next steps.

HOA Report

Mr. Beck reported that the next HOA Board meeting will be held on December 19 to approve the revised 2017 HOA budget. He stated that unit owners will be given the opportunity to ask questions at the beginning of the meeting, and that the HOA assessment increase is 3.98%. Ms. Ehrlich asked whose responsibility it is to clear ice from the sidewalks and malls, and Mr. Beck responded that it is HOA's responsibility but that HOA also distributes salt to the individual associations to apply as needed. Discussion ensued about ice on Village and City property.

Community Activities Committee

Mr. Winter reported that 80 to 90 people attended the "Jingle Mingle" party on December 9, and that expenses amounted to approximately \$1,400.00, \$850.00 of which was spent on food. He commented on the excellent Committee members, and stated that the Committee is planning more activities for 2017. Several Board members and attending residents complimented Mr. Winter on the party.

RECESS TO UNIT OWNERS' OPEN FORUM

The meeting was recessed at 8:26 p.m. for the Unit Owners' Open Forum.

RECONVENE TO REGULAR SESSION

The Board reconvened to its Regular Session at 8:42 p.m.

ACTION ITEMS

Approval of 2017 Board Meeting Schedule

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 hereby approve the proposed Board of Directors Meeting Schedule for 2017. The motion passed unanimously.

Approval of HOA Representatives and Alternates

After discussion and voting by ballot, 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, by secret ballot vote, hereby appoint the following Representatives and Alternates to the Sandburg Village Homeowners Association Board of Directors for 2017:

Representative #1: David Beck
Representative #2: Barbara Fiacchino
Representative #3: Marcie Johnson
Alternate #1: Judy Barnes
Alternate #2: Patty Culbertson

The motion passed unanimously.

Approval of Proposed 2017 Budget

Upon motion duly made by Betty Latson and seconded by Nancy Slattery, the following resolution was made:

BE IT RESOLVED, that the Board of Directors adopt the proposed 2017 Budget, which includes a 3.42% increase in total assessments, and which was distributed to the unit owners on November 9, 2016, pursuant to the Illinois Condominium Property Act. The motion passed unanimously.

Approval of Window Washing Company

After discussion, this agenda item was tabled until the January Board meeting.

Approval of Community Specialists' Corporate Holiday Schedule for James/Kilmer Management Office

Upon motion duly made by Jacque Ehrlich and seconded by Barbara Mueller, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve Community Specialists' corporate holiday schedule for 2017 for the Management Office as published in its Company Handbook. After discussion, the motion passed unanimously.

Approval of Remodeling Requests

Upon motion duly made by Nancy Slattery and seconded by Susan Geffen, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve the remodeling of units #607J, #1103, #1112, #1210, #1812, #2309, #3002, #3004, #3102, #3107, #3210, #3602-#3604, #4312-#4315, #111K, #503K, and #605K, 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.

NEW BUSINESS

Ms. Barnes reported that developer Howard Weiner is close to finalizing a partnership for the 101 North development so as to be able to move forward with the project before the end of the year.

Ms. Barnes announced the committee chairs for 2017, as follows: Website Committee–Ron Miller, Rules Committee–Barbara Mueller, Community Activities Committee–Bill Winter, Finance Committee–Betty Latson, and Penthouse and Hallway Renovation Task Force–Nancy Slattery and Lynn Conner.

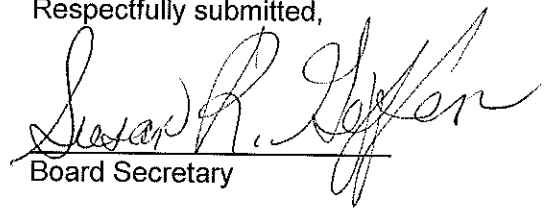
Ms. Geffen stated that a resident has requested that RCN install a sports channel on the television in the workout room. Discussion ensued about sports program packages available. Ms. Geffen agreed to discuss the matter with Mr. Kristufek.

Ms. Ehrlich commented about moving the workout room upstairs, with a goal of allowing the overflow of packages in the Receiving Room to be moved in to the current workout room. Discussion ensued about possibly enlarging the Receiving Room since the volume of packages has increased so markedly. It was decided that Management should deal with this building operations issue. There was some mention about discussing with Wendell Gooch possible ways to expand the existing Receiving Room. Further discussion ensued.

ADJOURNMENT

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

Respectfully submitted,


Board Secretary