

**JAMES/KILMER CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS MEETING  
October 24, 2017**

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, October 24, 2017, 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. A quorum was present in that the following directors were present:

Judy Barnes  
David Beck  
Patty Culbertson  
Jacque Ehrlich  
Susan Geffen (arrived 7:10 p.m.)  
Betty Latson  
Barbara Mueller  
Nancy Slattery (by telephone)  
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.

There were no changes to the agenda.

**APPROVAL OF MINUTES**

**David Beck moved that the minutes of the regular Board of Directors meeting held on September 26, 2017, be approved as presented. Bill Winter seconded the motion. After discussion, David Beck moved that the minutes of the regular Board of Directors meeting held on September 26, 2017, be approved as amended. Bill Winter seconded the motion, and it passed, with Ms. Slattery abstaining.**

**MANAGEMENT REPORT**

Mr. Kristufek presented the Management Report, as follows:

- Freight Elevator Modernization Project: Urban Elevator has completed the punch lists submitted by Leo Fenili of Vertex Consulting Services and by the City of Chicago Building Inspector. The latter will return on October 26 to review the punch list items and monitor the fire safety test, beginning at 10:00 p.m. Urban has fixed the source of the clanging noise, as well as the problem with the door not opening on the 22<sup>nd</sup> floor. Urban will also install all new, matching screws for the three passenger elevator button panels as soon as the screws for the panels are received. Discussion ensued.
- Kilmer Freight Elevator Cab Upgrade: Funds in the amount of \$36,792.00 are in the Reserve Fund budget for freight cab finishes in Kilmer House. Vertex will write specifications for the work, and Urban Elevator will write a proposal for the work which Management will present to the Board, probably at the December meeting, with the work to be performed in 2018.

- Gooch Design Studio presented a budget estimate for additional renovation and design work in the James and Kilmer lobbies and refreshing the passenger elevator cabs. Mr. Kristufek then read an addendum to the Management Report regarding GDS's budget estimate. Discussion ensued about the addendum and details of the budget estimate and about plans to improve the appearance of the lobbies.
- Lobby Travertine Restoration Project: The additional repairs, in the additional amount of \$4,500.00, were performed early in the week of October 16. In the larger restoration project, the entire southwest wall has been completed, as well as the lower portion of the southeast wall. The elevator vestibule will be restored next, after which the lighting fixtures will be reinstalled.
- Window Washing: The windows are scheduled to be washed during the second week of November. The Service One workers have been trained in the use of an industrial rope access system and will use it for washing the James House windows.
- Leaks from Façade Exterior: Repairs to a north elevation window frame are scheduled to be completed on October 27. There was a problem with the subsill installation, which is under warranty until 2021, so Softer Lite is responsible for the repair. Thereafter, the swing stage will be relocated to the west elevation and then to the south elevation to deal with leaks on those elevations which are not from windows. The repairs will cost an additional \$31,000.00. Discussion ensued about budgeting and expenses for the various repairs.
- Audit of Passenger Elevator Maintenance: Leo Fenili of Vertex Elevator Consulting Services has provided the Association with an evaluation of Urban Elevator Company's passenger elevator preventive maintenance program, and has given Urban a good grade. The safety tests have been scheduled for November 2 and 3, during which one elevator at a time will be out of service for approximately two hours. The cause of elevators being out of service frequently could possibly be the lack of air conditioning in the elevator equipment room. Discussion ensued.
- Revised Reserve Fund Projection: The \$188,077.00 scheduled for the 2018 exhaust fans rebuild has been eliminated from the Reserve Fund projection because it is an operational expense. In future, such repairs will be expensed to Operating Fund GL#6558, HVAC Repairs and Maintenance, which is budgeted at \$99,000.00.

Mr. Kristufek referred briefly to the 30-Year Capital Reserve Cash Flow Projections included in the Board packet.

During Mr. Kristufek's report, Ms. Geffen joined the meeting at 7:10 p.m.

Mr. Warner reported that at the Community Specialists Managers Meeting held in the James House Penthouse, attorney Matt Goldberg reviewed new laws that will take effect on January 1, 2018, more information about which, including new bankruptcy regulations, will be provided by the Association's attorney, David Sugar. He noted that one new provision permits automatically transferring surplus operating funds to the reserve fund as long as the Declaration does not rule to the contrary. Discussion ensued.

### **TREASURER'S REPORT**

Ms. Latson presented the Treasurer's Report for the period ending September 30, 2017, as follows:

For the month of September 2017, the James/Kilmer Association reported a surplus of revenues over expenses of \$26,028.00, primarily the result of under-budget expenses. Looking at the year-to-date results, the Association reported revenues of \$4,782,000.00,

which was \$141,000.00 above budget. Specifically, HVAC preventive maintenance revenue was greater than budgeted by \$212,000.00, but was offset by the garage net revenue, which was under budget by \$72,000.00, a deficit increase for the garage of \$14,000.00 over the prior month.

Year-to-date operating expenses were \$4,713,000.00, and were \$61,000.00 over budget driven primarily by HVAC preventive maintenance costs – an expense category reimbursed by residents – and garage repairs. HVAC preventive maintenance was \$188,000.00 over budget and garage repairs were \$29,000.00 over budget. Several expense categories were below budget, including administrative expenses, payroll, and utilities. As a result, at the end of September 2017, the Association reported a year-to-date operating surplus of \$69,000.00.

On the capital side, The Association reported a year-to-date deficit of \$141,000.00 as capital reserve revenue through September amounted to \$877,000.00 while capital expenditures were \$1,018,000.00. Included in 2017 capital expenditures are elevator modernization costs, heat exchanger costs, pipe replacement costs, the davits and tie-offs, and minor costs related to the James/Kilmer corridor project.

At the end of September 2017, the Association's operating fund cash balance, excluding garage cash, was reported at \$286,990.00, and the capital fund cash balance, excluding direct charge funds, was reported at \$4,367,732.00. The bank loans were reduced to \$270,000.00.

Ms. Mueller left the meeting at 7:55 p.m.

## **COMMITTEE AND TASK FORCE REPORTS**

### **Finance Committee Report**

Ms. Latson reported that the Finance Committee has held two additional meetings since the last Board meeting. She stated that the October 4 meeting was held to review the questions raised at the previous Finance Committee meetings, and that the final meeting was held on October 16 for the Committee's final review of the operating budget and the 30-year reserve cash flow projections. Ms. Latson stated that she and Mr. Kristufek incorporated the final recommendations into the 2018 budget and are submitting this budget to the Board for its vote to distribute the budget to unit owners. She added that there will be a meeting scheduled for late November or early December to allow unit owners to ask questions about the budget before it is presented for approval at the December Board meeting.

### **Community Activities Committee**

Mr. Winter reported that he intends to get a group of about 15 people together on the afternoon of October 25 to move forward with board games and card games. He stated that on November 1 at 7:00 p.m., there will be a presentation about the history of various neighborhood landmarks, featuring numerous photos of the area from the past. Mr. Winter added that the next Committee meeting will be held on November 13 to make plans for the December 1 holiday event. Discussion ensued about the November 1 neighborhood history event.

### **HOA Report**

HOA Representative Marcie Johnson reported that fabrication of the North Mall railings will begin on November 6, and that the pool punch list items will be completed and the two additional North Mall drains will be installed on that same date. HOA Representative Barbara Fiacchino stated that the HOA Board meeting will take place on October 15 and that the meeting agenda has been posted in the frames near the Receiving Room. HOA Representative David Beck added that the HOA meeting will include a review of 2017 pool operations and a report from Wiss Janney Elstner, and that hundreds of daffodil bulbs will be planted in the garden north of the North Pool on November 6.

### **Corridor Design Task Force**

Ms. Slattery reported that Gooch Design Studio is obtaining carpet, lighting and wall covering samples for the "test floor" display that will take place as soon as all of the samples are available. She stated that the Task Force will reconvene to develop recommendations for the Board to review. Ms. Barnes stated that she, Ms. Slattery, Ms. Conner and Mr. Kristufek will discuss the process to be followed. Ms. Slattery stated that unit owners will be informed about the corridor design survey results, and agreed to write an update on the project for the website and the newsletter.

### **Communications Committee**

Mr. Beck reported that the news brief will be published during the week of November 6.

### **Website Committee**

Ms. Barnes reported that the next meeting will take place in early December.

### **Rules Committee**

Ms. Geffen reported that Schoen Smith has worked on the format and the grammar in the rules and that she will review Ms. Smith's work. She added that Ms. Mueller is preparing a package of the rules for attorney David Sugar to review, after which Mr. Sugar's changes will be incorporated, and the Board will receive a final draft for its review. Discussion ensued.

### **RECESS TO UNIT OWNERS' OPEN FORUM**

The meeting was recessed at 8:10 p.m. for the Unit Owners' Open Forum.

### **RECONVENE TO REGULAR SESSION**

The meeting was reconvened to Open Session at 8:13 p.m.

### **ACTION ITEMS**

#### **Approval of Proposed 2018 Budget for Distribution to Unit Owners**

Upon motion duly made by Patty Culbertson and seconded by David Beck, the following resolution was made:

**BE IT RESOLVED, that the Board of Directors hereby approve the distribution of the Proposed 2018 Budget, which includes a 3.2% increase in assessments, to James/Kilmer unit owners for their 25-day review, pursuant to the requirements of the Illinois Condominium Property Act. After discussion, the motion passed unanimously.**

**Approval of Proposal from Gooch Design Studios for Services Related to Door Hardware Replacement**

Upon motion duly made by Patty Culbertson and seconded by Bill Winter, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors hereby approve the proposal submitted by Gooch Design Studio, LLC, on October 19, 2017, for design, consultation and construction administration services related to the Corridor Design Project's replacement of door hardware for both common area and unit doors, in an amount not to exceed \$35,000.00, to be paid from the Reserve Fund. After discussion, the motion was tabled.

**Approval of Additional Expense for Recent Façade Repairs**

Upon motion duly made by Patty Culbertson and seconded by Jacque Ehrlich, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors hereby approve an amount not to exceed \$35,000.00 for repairs to additional units that suffered water infiltration during the month of October, to be paid from the Reserve Fund. The motion passed unanimously.

**Approval of Remodeling Requests**

Upon motion duly made by Susan Geffen and seconded by Jacque Ehrlich, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors hereby approve the remodeling of units #908, #1001, #2607, #3115 and #3308, 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. After discussion, the motion passed unanimously.

**NEW BUSINESS**

Ms. Barnes reported that, with regard to the 1550 North Clark development, the developers will meet with herself, Mr. Warner and Mr. Kristufek in early November to discuss demolition timing and construction site logistics, and that they are waiting for ComEd to erect poles and move the electrical lines to the west side of Sandburg Terrace for the businesses that are in the building at LaSalle Street and North Avenue. She added that the sales office has been opened on Wells Street, and that there is no presale requirement for the development.

**ADJOURNMENT**

There being no further business to bring before the Board, upon motion duly made by David Beck and seconded by Jacque Ehrlich, the meeting was adjourned at 8:40 p.m.

Respectfully submitted,

  
Board Secretary