

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
January 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, January 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 7:02 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.

There were no changes to the agenda.

APPROVAL OF MINUTES

Susan Geffen moved that the minutes of the regular Board of Directors meeting held on December 13, 2016, be approved as presented. Jacque Ehrlich seconded the motion. Two changes were made to the minutes. Susan Geffen moved that the minutes of the regular Board of Directors meeting held on December 13, 2016, be approved as amended. Jacque Ehrlich seconded the motion, and it passed unanimously.

MANAGEMENT REPORT

Mr. Kristufek presented the Management Report, reporting on the following items:

- James House Freight Car Modernization Project: Approval of a contractor is an action item on this meeting's agenda. Pictures of the "rigidized" stainless steel for the freight elevator cab walls and floors are included in the Management Report. According to the regular work schedule, work would begin on June 8 and be completed on December 6. According to the expedited work schedule, six days per week and 11 hours per day, work would be completed on October 11.
- Replacement of Horizontal Domestic Hot Water Pipes Above the 43rd Floor: This project is on schedule, with bids to be presented to the Board at its February meeting. The Reserve Fund allocation for the project is \$511,000.00.
- J/K Corridors and Kilmer Lobby: Management, Ms. Barnes, Ms. Slattery and Lynn Conner met via conference call with Wendell Gooch and Sarah Reaume to reintroduce the project. Details of the discussion including Mr. Gooch's discussion about the unit "Door Enhancement Program" are included in the Management Report.

- Draft Control Motor, Boiler #2: This motor failed on Saturday, January 14, owing to water dripping from a leaking pipe above it, and a new part was installed on January 18. The Chief Engineer and the boiler contractor were able to restart the boiler in the meantime, which kept reports of low hot water temperature to a minimum.
- Low Zone Heat Exchanger: This heat exchanger, serving James House floors 3 through 23 and Kilmer House, was not replaced when the other low zone heat exchanger was replaced in 2016. Owing to its condition, Management recommends replacing this heat exchanger in spring 2017. The Reserve Fund allocation for 2018 in the amount of \$52,224.00 for an express domestic water high-zone return could be used, since that project probably should be done during a vertical riser replacement project, because the work would require opening unit bathroom walls.
- HVAC Preventive Maintenance Program: This program was begun a few weeks ago and 12 apartment units have been serviced to date, most containing four convector units. Eleven apartment units have been scheduled for this week alone. Staff also started the process of flushing out the main condensate drain line in the 05-07 tier today. This work will be continued every five to seven floors, to avoid another back-up during the cooling season. Discussion ensued.

Mr. Warner reported for Community Specialists, stating that the buildings' cleaning program has been completely revamped, and the Assistant Chief Engineer has been appointed "Cleaning Czar," scheduling and monitoring cleaning activities, with the "C" janitors reporting to him directly. He stated that a meeting was held with the staff to explain the new cleaning program, and that two "A" janitors were noted in particular as working very well with the Chief Engineer on problems and work orders, saving the Association money by performing work that would otherwise have to be done by outside contractors.

Mr. Kristufek reported on the HOA North Mall Project, stating that the most recent phase plan shows work above the garage down ramp, which is completed, and on the up ramp, to be completed February 10. Phase 2B includes work on the area just north of the ramps from February 13 through March 10. He noted that Garage management is concerned about Phase 3 in two locations, closing off parts of the garage south of the ramps from March 13 through May 5, and beneath the pool showers and locker rooms from March 13 through March 31. Mr. Kristufek added that more details about the concerns will be obtained at the January 25 garage meeting.

TREASURER'S REPORT

Ms. Latson presented the Treasurer's Report for the period ending December 31, 2016, as follows:

Through December 2016, the James/Kilmer Association's unaudited financial statements show revenues of \$5,881,000.00, which were better than budget by \$117,000.00. The positive results stem primarily from the Association collecting \$56,000.00 in legal fee reimbursements, garage net income being greater than budget by \$30,000.00, \$7,700.00 in above-budget move-in and move-out fees, and \$22,000.00 in excess maintenance income.

Operating expenses were over budget by \$433,000.00 due to higher payroll, maintenance and repair costs, and common area decorating and interior repairs all related to the Association's plumbing challenges, as well as 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 \$123,000.00; maintenance payroll related to plumbing repairs, which was over budget by \$20,000.00; uninsured losses, which were \$47,000.00 over budget; and common area decorating and interior repairs, which were \$41,000.00 over budget. Offsetting these higher costs, utility costs were \$47,000.00 below budget. As a result, at the end of December 2016, the Association reported operating expenses of \$6,197,000.00, resulting in the Association reporting a 2016 deficit of \$316,000.00.

On the capital side, James/Kilmer reported a year-to-date net loss of \$42,000.00. Capital reserve income amounted to \$1,072,000.00 through December 2016, while capital expenditures totaled \$1,114,000.00.

At the end of December 2016, the operating fund cash balance was reported at \$250,137.00 and the capital fund cash balance was reported at \$4,916,648.00. The bank loans have now been reduced to \$412,680.00.

Ms. Barnes and Ms. Latson commented favorably on garage management's ability to bring in greater than expected net operating income despite the disruption in garage operations caused by the North Mall Project construction.

COMMITTEE REPORTS

Finance Committee

Ms. Latson reported that in the last few weeks, Management and the Committee have formalized the 2016 Reserve Study, completed the 2015 Cost Allocation Study and composed the 2015 Investment Tax Basis Letter, noting that the latter two along with the 2015 audit have been packaged together and distributed to all unit owners either by email or by regular mail, depending on unit owners' stated preferences. She added that the Reserve Study is available by contacting the Management Office.

Ms. Latson continued by stating that one of her first actions for the year is to form the new 2017 Finance Committee, and that she will send invitations to existing Committee members to rejoin if they are interested and extends an invitation to all James/Kilmer unit owners as well. She stated that ideally, Finance Committee members should be familiar with financial statements and budgeting. Ms. Latson further stated that if unit owners do not have the qualifications for formal membership on the Finance Committee, they are still welcome to attend any of the Finance Committee meetings, all of which are open. She asked that those interested in joining the Committee let Mr. Kristufek or herself know so that the Committee can be assembled. Ms. Latson concluded by stating that the first Finance Committee meeting is expected to be held in April to review the draft 2016 audited financials. She added that other tasks during the year will include review of interim financial statements, the Association's investments, and hedging for utilities, as well as oversight of the 2018 budget, with most of the work starting in the spring and continuing through the fall.

Communications Committee

Ms. Geffen reported that the next newsletter will be published and distributed during the first week in February, and will include two articles that are dependent on the results of this evening's meeting.

HOA Report

Mr. Beck announced that the first HOA Board meeting of the year would take place on Wednesday, January 25, in the Alcott Hospitality Room, and that all were welcome to attend.

Rules Committee

Ms. Mueller reported that the Committee is close to finishing the final draft for the Board, that Ms. Geffen is reformatting the document, that additional work is needed to piece together the reformatted new rules with the old rules, after which the draft will be forwarded to the Board for review. She stated that the plan is for there to be a special Board meeting to discuss the revised rules before they are submitted to the Association's legal counsel, David Sugar, for his review of the revised rules.

Community Activities Committee

Mr. Winter announced that the Committee will meet on January 25 and that a major agenda item will be discussion of a process by which people with similar interests can be brought together under the aegis of the Committee. He also reported that he and some Committee members plan to meet with Amy at Wintrust Bank to discuss resources that the bank can bring to the community.

Penthouse and Hallway Renovation Task Force

Ms. Slattery stated that according to Ms. Latson and the Finance Committee, funds will be available for the planned renovations, and that the Task Force will be split into two task forces, with the hallway project for both buildings to be considered first. She reported on a conference call with Wendell Gooch of Gooch Design Studio to discuss the 2015 feasibility study so that he can update it, and that work on the hallways is expected to begin in January 2018. Ms. Slattery stated that she and Lynn Conner will create a committee, and that in particular they discussed unit doors with Mr. Gooch. She also noted that the Task Force must develop a new budget for the project. In response to a question from Ms. Culbertson about why doors are being considered separately, Ms. Slattery stated that unit doors will be part of the overall design but that because they are limited common elements, decisions about renovating them must take into account the possibility of a direct charge to unit owners for the work. Discussion ensued about renovating the doors, Mr. Gooch's fees, and updating the feasibility study to take 2017 pricing into account. Ms. Latson stated that only Option 1 should now be under consideration, and that this information should be conveyed to Mr. Gooch. Ms. Barnes stated that she, Mr. Kristufek, Ms. Slattery and Ms. Conner will discuss ways to negotiate with Mr. Gooch with regard to the additional fee that he proposes to charge.

RECESS TO UNIT OWNERS' OPEN FORUM

The meeting was recessed at 7.45 p.m. for the Unit Owners' Open Forum.

RECONVENE TO REGULAR SESSION

The Board reconvened to its Regular Session at 8:05 p.m.

ACTION ITEMS

Approval of Window Washing Company

Upon motion duly made by David Beck and seconded by Barbara Mueller, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve the proposal submitted by General Window Cleaning Company for 2017 window washing services, including two insecticide applications, in the amount of \$34,065.00, to be paid from Operating Fund GL#6544, Window Washing. After discussion, the motion passed, with Bill Winter opposed.

Approval of James House Freight Elevator Modernization

Upon motion duly made by Susan Geffen and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve engaging Urban Elevator for the James House freight elevator modernization project, in the amount of \$473,705.00, to be paid from the Reserve Fund. After discussion, the motion passed unanimously.

Approval of Development Modifications to the 101 W. North (Clark and North) Project

Upon motion duly made by Nancy Slattery and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that

WHEREAS, the James/Kilmer Condominium Association Board of Directors hereby approves the Modified Development Plans for the Project attached hereto as Exhibit A, but no Association letter of support regarding the same shall be issued to the City of Chicago or to any other person or party until and unless 1546 N. Clark Street LLC, Golub/Avoda Group, and the Association first enter into a Second Amendment to the Zoning Agreement, which is acceptable to the President and the zoning attorney of the James/Kilmer Association (for consistency with the existing Zoning Agreement), without the need for further Board approval, and which not only memorializes the Association's approval of the Modified Plans (attached as Exhibit A) but which, among other matters, also:

1. provides for the Association's prior approval of subsequent formal requests for Minor Change Letter approval from the Chicago Zoning Administrator and supporting exhibits, which consent shall not be unreasonably withheld or unduly delayed beyond 30 days;
2. provides for the Association's prior approval of subsequent changes to either the Modified Development Plan or the request for Minor Change Letter approval and supporting exhibits, which consent shall not be unreasonably withheld or unduly delayed beyond 30 days;
3. memorializes the agreement of Golub/Avoda to abide by the Zoning Agreement and provides a mechanism for the formal assignment of the Zoning Agreement, as amended, from 1546 N. Clark LLC to Golub/Avoda and Golub/Avoda's assumption of all of 1546 N. Clark LLC's rights and duties under the same upon Golub/Avoda's acquisition of title to the Subject Property; and
4. memorializes that the Zoning Agreement, except as modified by the Second Amendment, continues, unmodified, in full force and effect.

The motion passed unanimously.

Approval of Remodeling Requests

Upon motion duly made by Jacque Ehrlich and seconded by Nancy Slattery, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve the remodeling of units #507J, #4202, #301K, #409K, and #505K, 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. Ehrlich asked who is responsible for cleaning up Clark Street in front of Kilmer House. Mr. Beck responded that cleaning the area is the responsibility of HOA but that, because HOA's maintenance staff is small, the individual associations' maintenance staffs assist in this effort. Mr. Kristufek noted that the Board's consent is needed for the Association's maintenance staff to provide this assistance, and that he has spoken to the Chief Engineer about potentially expanding the maintenance staff's duties.

Ms. Geffen stated that the Receiving Room is too small and that the crowding situation was especially bad during the holidays. Mr. Beck asked about automatic email notification to residents that packages have arrived for them, and Mr. Warner informed the Board that the necessary software is available on the Community Specialists website. Discussion ensued about reconfiguring the room for more efficient storage of packages, possibly by moving the lockers elsewhere and improving the shelving configuration. Mr. Warner stated that the matter would be brought up with Larry Puder of Community Specialists.

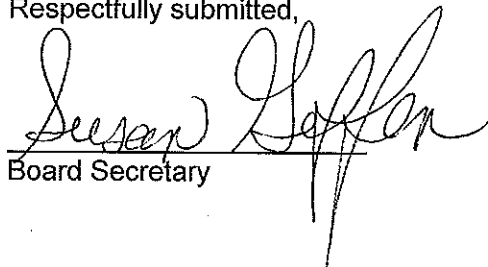
Ms. Mueller asked about ways to deal with the increased instances of drivers turning south from North Avenue into Sandburg Terrace, which is a one-way northbound street. Discussion ensued about taking up the matter with the new developer and about the need for clearer signage.

Ms. Culbertson voiced her objection to the person selling *Streetwise* in the area. After discussion, Mr. Beck advised calling the offices of the newspaper.

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 8:35 p.m.

Respectfully submitted,


Board Secretary