

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
July 25, 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, July 25, 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 7:11 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 (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

Susan Geffen moved that the minutes of the regular Board of Directors meeting held on June 27, 2017, be approved as presented. David Beck seconded the motion. After discussion, Susan Geffen moved that the minutes of the regular Board of Directors meeting held on June 27, 2017, be approved as amended. Patty Culbertson seconded the motion, and it passed, with David Beck and Bill Winter abstaining.

MANAGEMENT REPORT

Mr. Kristufek presented the Management Report, as follows:

- John Zissis, the Association's bookkeeper for the past 13 years, is resigning effective July 31. The new bookkeeper, Janine Hodes, has begun training with Mr. Zissis, and will start full time next week.
- Horizontal Domestic Pipe Replacement Project: The project was completed on July 21, about two weeks ahead of schedule, and proceeded fairly smoothly. The project was budgeted at \$511,000.00 and the total project cost was \$473,000.00, \$38,000.00 under budget.
- Freight Elevator Modernization Project: Work on car #5 is expected to be completed around August 12. Work on car #4 will take about four and a half weeks to complete. There have so far been no construction delays or change order requests. The total project cost, including work by others, is in the amount of \$506,910.00. The budgeted amount is \$459,900.00, so this project is over budget by \$47,000.00.

- J/K Corridor Renovation: Design fees in the amount of \$70,000.00 have been paid to Gooch Design Studio.
- Boiler Preventive Maintenance: Boiler #2 was shut down on July 12 for maintenance and safety upgrades to bring it into compliance with City of Chicago code requirements, and is expected to be returned to service on Friday, July 28.
- Roof Anchorage System: The roof anchorage system installation has been completed and tested, and it is expected that certification will be obtained in time for the window washers to begin work next week.
- Window Washing: The window washers expect to begin work during the first or second week of August.
- Fitness Room: Two pieces of strength equipment – a leg press and a combination shoulder and chest press – were delivered recently. The equipment was purchased ahead of the reserve budget schedule for next year; \$13,787.00 was budgeted for the equipment for 2018, and the two pieces cost approximately \$6,600.00.
- HOA North Mall Renovation Project, Final Phase: Bulley & Andrews has reopened the ADA-compliant ramp, and has begun to apply the waterproofing membrane on the stairs near Germania Place and Kilmer House, expecting to reopen the stairs on Monday, July 31. BACR will also reinsulate pipes in the garage. Paul Gaudette of Wiss Janney Elstner and Melissa Goodwin, the HOA Property Manager, have been made aware that the Association is not pleased with the appearance of the garage walls, and Management will have the portion of the walls near the James House entrance repainted. Stanley Decorating will repaint the columns. As appropriate, the costs for painting will be charged back to HOA. Discussion ensued about the relative responsibility of James/Kilmer and HOA for various parts of the garage, and about power washing the lower garage level.
- Air & Water Show: Management will follow the same four-guests-per-unit policy that was followed last year unless the Board dictates otherwise.

In response to a question from Mr. Beck, Mr. Warner stated that it is doubtful that OSHA will rescind its requirements about roof anchorage systems. Discussion ensued about high-rise sprinkler systems, with Mr. Warner noting that the life safety evaluation requirements were put in place in lieu of requiring sprinklers in high-rise buildings. Ms. Ehrlich asked about replacing the plastic sheeting used in the garage to protect automobiles from leaks. Discussion ensued.

TREASURER'S REPORT

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

For the month of June 2017, the James/Kilmer Association reported a surplus of revenues over expenses of \$30,000.00. Lower utility costs and strong maintenance income were the main reasons for the June surplus, which continued to allow the Association to reduce its year-to-date operating deficit.

Looking at the year-to-date results, the Association reported revenues of \$3,205,000.00, which was \$110,000.00 over budget. Specifically, HVAC preventive maintenance revenue was higher than budget by \$183,000.00, but was offset by the Garage net revenue, which was reported at \$61,000.00 below budget.

Operating expenses were \$3,302,000.00, and were \$190,000.00 over budget, driven primarily by HVAC preventive maintenance costs – an expense category reimbursed by residents – and garage repairs. HVAC preventive maintenance expense was

\$183,000.00 over budget and garage repairs were \$19,000.00 over budget. As a result, at the end of June 2017, the Association reported a year-to-date operating deficit of \$97,000.00.

On the capital side, the Association reported a year-to-date deficit of \$58,000.00 as the capital reserve revenue through June amounted to \$586,000.00 while capital expenditures were \$644,000.00. Capital expenditures so far in 2017 include elevator modernization costs, heat exchanger costs, pipe replacement costs, and minor costs related to the James/Kilmer corridor project.

At the end of June 2017, the operating fund cash balance excluding garage cash was reported at \$202,198.00, and the capital fund cash balance excluding direct charge funds was reported at \$4,677,601.00. The bank loans were reduced to \$327,582.00.

Ms. Latson then explained some details about the financial statements. Discussion ensued.

COMMITTEE AND TASK FORCE REPORTS

Finance Committee

Ms. Latson reported that the Finance Committee has been working on the final changes to the draft 2016 audit and cost allocation study, and that the two reports have been submitted to Board members for their approval. She stated that the two reports, along with the investment tax letter, will be sent via email to those unit owners who have designated their preference for email correspondence, and that all other unit owners will receive the same package by U.S. mail. Ms. Latson reported that Management is beginning to work on the reserve cash flow projects, and that once the projections are complete, she expects to schedule a Finance Committee meeting to review the information and to begin the planning for the Association's 2018 budget year.

Community Activities Committee

Bill Winter reported on last Friday's successful James/Kilmer SummerFest. He thanked the Board members for attending the event. Mr. Winter noted that approximately \$1,800.00 remains for the holiday party. He thanked the staff members for their assistance, and expressed his appreciation for the Committee members' guidance, noting that the Committee has so far hosted five events and will plan more for the future, including a "tiki hut" event next year. Mr. Winter stated that he will review the Committee's inventory of supplies next week, commented that he is working on compiling the responses to the Committee's survey, and stated that after Labor Day, the Committee will launch a program of monthly speakers. At Mr. Beck's suggestion, Mr. Winter supplied the names of the Committee members for the record, as follows: Carol Abrioux, Barbara Fiacchino, Donna Giacalone, Kathy Greco, Marilyn Hennessy, Marcie Johnson, Elenore Lapardo, Inez Levy, Ann Meyer, Vi Nelson, Mary Occhipinti, Bonnie Pool, and Nancy Slattery.

HOA Report

HOA Representative Dave Beck reported that the HOA Board will meet on Wednesday, July 26, and that he asked HOA Property Manager Melissa Goodwin to have the BACR equipment staging area power washed after the North Mall construction equipment was removed, to have the curb repainted, and to turn on the Germania Place fountain. He noted that resurfacing the driveway area must be coordinated with the City of Chicago to assure that the entire area will be as level as possible. Ms. Ehrlich mentioned ponding in an area near the Kilmer House back door. Discussion ensued about methods of dealing with rats in the area. Ms. Fiacchino reported that the installation of railings around the mall has been delayed.

Rules Committee

Ms. Mueller reported that attorney David Sugar's corrections have been received and that she and Ms. Geffen will meet with Schoen Smith on July 26 to discuss final formatting of the Rules. She stated that the document will be sent back to Mr. Sugar for his final approval, after which it will be submitted to the Board for its approval, and then distributed to unit owners. Ms. Geffen noted that Mr. Sugar removed certain phrasing from the Rules.

Website Committee

Ms. Barnes reported that the Committee will meet on August 3 to discuss updating and reformatting the Association's website to make it more user-friendly, and that the Committee will seek assistance from Jim Friedrichsen, Community Specialists' Director of Administration and Information Technology.

Communications Committee

Ms. Geffen reported that she met with Mr. Warner, Ms. Barnes and Mr. Kristufek to discuss making the newsletter more succinct; taking into account the Association's several modes of communication to residents. She stated that the newsletter will continue to be made available on line and as hard copy, and that the Management report, the Chief Engineer's report, and a neighborhood events calendar will continue to be included in each issue. Ms. Geffen added that the August issue will be shorter and will feature a new format and appearance that will be developed with Schoen Smith's assistance, and also that her students at Columbia College will be asked to contribute ideas for creating a consistent look for all James/Kilmer communications. She concluded by announcing that, owing to an increased workload, she is resigning her position as the newsletter's editor, and that Dave Beck will be the new editor. Ms. Barnes thanked Ms. Geffen for her work on the newsletter, and Ms. Geffen thanked all those who contributed to the effort.

Hallway Renovation Task Force

Ms. Slattery reported that there will be a report in the next newsletter on the progress of the hallway renovation project, that design displays will be mounted for about ten days in both James House and Kilmer House, that residents will be encouraged to provide their opinions of the designs on feedback forms, and that the Task Force will meet afterward to review residents' comments. She stated that the Task Force intends to present a recommendation to the Board at its August meeting.

CAPS

Ms. Ehrlich reported that the Beat 1821 CAPS meetings are held at the police station at Larrabee and Division streets, and that that beat covers the area west of Clark Street. The Board agreed that it is also important to attend the meetings that are held at the Latin School of the beat that covers the area east of Clark Street. At Ms. Mueller's suggestion, Ms. Barnes agreed to ask for volunteers to form a CAPS Task Force to keep the Association up to date on occurrences in the neighborhood. Nancy Slattery and unit owner Mary Occhipinti offered to attend beat meetings. 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 8:28 p.m.

ACTION ITEMS

Approval of 2016 Audited Financial Statements

After discussion, upon motion duly made by Betty Latson and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve Draft #6 of the audited Financial Statements for the Year Ended December 31, 2016, as prepared by the Association's auditors, Marcum LLP, as amended; and

BE IT ALSO RESOLVED, that the Board of Directors approve Draft #3 of the 2016 cost allocation expense study, as prepared by Marcum LLP.

The motion passed unanimously.

Approval of Installation of Proximity Card Reader for Garage Pedestrian Door

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 ratify the previous approval by Management on July 13, 2017, of the proposal submitted by Titan Electronics, Inc. on June 13, 2017, to install a proximity card reader for the garage pedestrian door, applicable door hardware and doorbell, in the amount of \$7,975.47, to be paid from Operating Account GL#6478, Security Equipment. The motion passed, with Patty Culbertson, Betty Latson and Nancy Slattery abstaining.

Approval of A Budget Allowance for Leak Investigation and Repair to the South Elevation of James House

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 approve a budget allowance of \$22,000.00 for the purpose of investigating a chronic leak into a unit located on the south elevation of James House and to make the required repairs, to be paid from the Reserve Fund. The motion passed unanimously.

Approval of Proposal to Polish Lobby Travertine Walls

Upon motion duly made by Barbara Mueller and seconded by Susan Geffen, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the proposal submitted by Stuart Dean Co., Inc. on March 28, 2017, to polish the lobby travertine walls, in the amount of \$34,574.40, to be paid from the Reserve Fund. After discussion, the resolution passed unanimously.

Approval of Remodeling Requests

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 hereby approve the remodeling of units #410J, #508J, #915, #1706, #2302, #2506, #2515, #2601, #2710, #4310, and #408K, 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

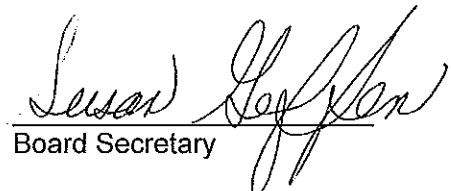
Ms. Barnes announced that Illinois 12th District State Representative Sara Feigenholtz will speak to the Board and unit owners starting at 6:30 p.m. before the Board's August 22 meeting.

Ms. Barnes reported that the 1550 North Clark developers are moving through the procedures required by the City of Chicago, the Chicago Department of Transportation and the Illinois Department of Transportation. She stated that Elly's Restaurant will close on August 31, that demolition is scheduled to begin in the fall, and that the developers will work with ComEd to move power lines to the west side of Sandburg Terrace. Ms. Barnes added that the sales center is scheduled to open in October.

ADJOURNMENT

There being no further business to bring before the Board, upon motion duly made by David Beck and seconded by Susan Geffen, the meeting was adjourned at 9:00 p.m.

Respectfully submitted,


Board Secretary