

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
March 28, 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, March 28, 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 7:07 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, Andy Warner, Property Supervisor, and Larry Puder, Technical Operations Manager, 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 February 28, 2017, be approved as presented. David Beck seconded the motion. One change was made to the minutes. Susan Geffen moved that the minutes of the regular Board of Directors meeting held on February 28, 2017, be approved as amended. David Beck seconded the motion, and it passed, with Barbara Mueller abstaining.

MANAGEMENT REPORT PRESENTATION: LARRY PUDER, NEW OSHA REGULATIONS

Mr. Kristufek directed the Board's attention to the Management Report item entitled "Window Washing and OSHA Regulations Requiring Roof Anchorage System" and stated that Larry Puder, Community Specialists' Technical Operations Manager, was present to explain that item as it affects the Association. Mr. Puder explained that Walking-Working Surfaces standards developed by the Occupational Safety and Health Administration originally for the construction industry have been updated to include facilities workers, such as James/Kilmer's Maintenance staffers as well as contractors such as window washers. He stated that the new rules became effective on January 17, 2017, and that now the Association must provide a safe, certified roof anchorage system for any employee who works on the roof or hangs off the building, such as a window washer. Mr. Puder noted that neither James House nor Kilmer House currently has any anchorage system on its roof. He briefly reviewed with the Board the informational material included in the Board packet. Mr. Puder noted in particular that because James House is over 300 feet high, rope descent systems such as bosuns'

chairs can no longer be used on it, unless a qualified expert states in writing that it would be unsafe to use anything else. He went on to say that the new law does permit tying back to structural members on the buildings such as columns or girders as long as they can be proven to be structural members. Mr. Puder explained the required recertification and load testing intervals and stated that an additional part of the new law requires training employees in fall protection procedures by May 17, 2017. He stated that the Association could install a roof anchorage system now that could meet the requirements for testing and certification so as to be in compliance with the OSHA regulation by the November 18 or 20 deadline, and noted that Mr. Kristufek has proactively obtained several proposals from firms that can supply certifiable roof anchorage systems. Mr. Puder also stated that even though Kilmer House is under 300 feet high, fall protection is still required because it is possible for someone to fall more than six feet, but that bosuns' chairs can be used on Kilmer House. He then described the requirements for safety zones on the roofs, and advised the Board that the Association will have to provide its window washing company with proof of roof anchorage system certification before windows can be washed. Mr. Puder stated that fines will be levied on the Association if it is not in compliance by the November deadline.

Mr. Puder answered questions from Board members about details of the proposed installation and then commented on the proposals included in the Board packet from roof anchorage installation firms, stating that all three proposing firms are qualified to do the work, and providing details of the services offered. He advised that, to maintain the warranty on the James House roof, the firm that performed the roofing work be engaged to patch the areas where the anchors are installed. After further discussion, Mr. Puder stated his recommendation to engage either Sky Climber or Stone Mountain to furnish and install the roof anchors.

The Board thanked Mr. Puder, and he left the meeting at 7:52 p.m.

MANAGEMENT REPORT (continued)

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

- Time Frame for Capital Plumbing and Freight Elevator Projects: All contracts have been fully executed. LS Contracting can begin the plumbing project above the 43rd floor in mid-April and the 2nd floor and lobby plumbing project in mid-June. Management is considering a start date of mid-June for Urban Elevator's work on the freight elevator project, since the freight elevator will be less needed for the second plumbing project. According to the contractor, work on the 43rd floor plumbing project will take place in the corridors and above the units, not in the units themselves.
- J/K Corridors and Kilmer Lobby: The design phase is restarting, with a kickoff meeting on March 29 that will be attended by three members of the Gooch Design team.
- HVAC Preventive Maintenance Program: As of March 21, 139 HVAC units have received basic service, with 117 drip pans replaced, amounting to 90 units being serviced to date. Management has received compliments from unit owners about the work done by the Assurance employees, with the exception of one recent incident.
- Kilmer Air Balancing: A damper system will be installed by Murphy and Miller in April in an attempt to allow more outside air to be directed to the other floors while keeping noise on the second floor to a minimum.
- Condensate Drains: The condensate drains in the 03, 04, 05-07, 09 and 11 tiers have been flushed, but the project has been postponed for the time being owing to multiple back-ups.
- Proposed Aesthetic Improvements to Elevators: Management will check with the elevator consultant about Urban Elevator's proposals.

- Freight Cab Rails: Photos have been provided showing a bottom rail on the freight elevator cab walls to protect them from damage caused by carts, recommended by Larry Puder. The proposed rigidized stainless steel cab walls are scratch resistant, and Urban Elevator will provide a price for protective pads, which might obviate the need for the bottom rail. Discussion ensued.
- Phase Plan: The ramp in front of James House will be opened on Friday, March 31. The parking configuration in the most recent garage space plan, included in the Board packet, was moved up owing to good weather. Phase 3A is scheduled to be completed this week, after which Phase 3B will begin.
- Kilmer House Light for Back Entrance: The Board packet includes the design specification for the lighting in the North Mall, and the same type of light fixture will be installed above the back entrance of Kilmer House.
- Meeting with Door Staff: Management met with the door staff on March 9, and another meeting has been scheduled for April 11.
- Potential Gas and Electricity Purchases: The futures markets look good for purchasing gas and electricity, and there is an action item to authorize Management and the Treasurer to make those purchases.
- 2016 Audit and Cost Allocation Study: The first draft of the audit and study is expected this week or next week.

In response to a question from Ms. Ehrlich, Mr. Kristufek stated that the heat exchanger for the low zone will be installed very soon, which will help reduce water temperature fluctuation. Discussion ensued.

Mr. Warner reported that Rosemarie Wert, a co-founder of Community Specialists, will retire shortly.

TREASURER'S REPORT

Ms. Latson presented the Treasurer's Report for the period ending February 28, 2017, as follows:

The James/Kilmer Association reported revenues of \$988,000.00 at the completion of the first two months of 2017. Revenues were \$43,000.00 below budget due primarily to lower garage revenues, which were under budget by \$27,000.00. Lower move-in, move-out and lease process fees also contributed to the lower revenue results. Looking more closely at garage operations, resident monthly parking was down 18 spots related largely to a higher population of renters, who turn over their garage spaces more frequently than unit owners do. Additionally, the garage construction project reduced the number of day parkers. Last, Germania Place had been used for *Lion King* practice performances and, as a result, the garage was not collecting as much revenue from Germania Place parkers as it normally does. At the same time, garage expenses have been higher due to the need for more hikers during the construction project. The Association expects to see a gradual improvement in garage net income beginning in April, when Germania reopens to its regular events. The garage construction project should conclude in June, which should increase the number of day parkers. Monthly resident parking may take a while to reach its former levels. Garage Management is working on other revenue-generating ideas to supplement any monthly parker weakness once the construction project is completed.

Operating expenses were \$1,065,000.00 and were greater than budget by \$19,000.00, largely due to garage repairs, which were \$13,000.00 over budget. The garage repairs include the repainting and repairing of the Garage Management Office related to the

construction project. Utility expenses were also artificially inflated by \$48,000.00, as the year-to-date 2017 figures include the December 2016 gas bill. This bill will be backed into 2016 expenses when the audit is completed. As a result, at the end of February 2017, the Association reported an operating deficit of \$77,000.00.

On the capital side, the Association reported net income of \$188,000.00 at the end of February 2017 as capital reserve income amounted to \$199,000.00 with only \$11,000.00 in capital expenditures.

At the end of February 2017, the operating fund cash balance was reported at \$122,035.00 and the capital fund cash balance was reported at \$5,559,161.00. The bank loans have now been reduced to \$384,746.00.

Discussion ensued about the bank loans.

COMMITTEE REPORTS

Finance Committee

Ms. Latson reported that the Committee has been formalized but that no meetings have been held to date in 2017. She stated that the audit of 2016 financial statements is under way, and that the Committee hopes to schedule its first meeting during the second half of April to review the draft audit

Hallway Renovation Task Force

Ms. Slattery reiterated Mr. Kristufek's announcement that three Gooch Design team members will meet with the Task Force at 6:00 p.m. on March 29. She invited all to attend, and stated that the team might present some preliminary layouts.

Website Committee

Ms. Barnes reported that the Committee will perhaps meet in April.

Communications

Ms. Geffen reported that the group is working on branding graphics for all James/Kilmer communications, postings and the newsletter, and that the next newsletter will be published in April, postponed slightly so as to be able to include some timely information.

Community Activities Committee

Mr. Winter reported that on Sunday, April 2, the Committee will host an event to watch the first Cubs game of the regular season, starting at 6:30 p.m., with peanuts, Cracker Jacks and pizza provided. Attendees can bring their own drinks. He stated that he has received good responses from 12 or 13 residents who are interested in table game or card game activities, and that he intends to do a survey about table game interests. Mr. Winter added that the next Committee meeting will take place on Monday, April 24, and that all are welcome to attend.

Rules Committee

Ms. Mueller reported that the Committee has met three times with the Board and that the next Board working session is scheduled for April 12. She stated that she and Ms. Geffen have been working with all their notes from the last several meetings, and that there will have to be two or three more meetings before the document can be sent to David Sugar, the Association's legal counsel, for his review.

HOA Report

HOA Representative Marcie Johnson stated that 2nd Ward Alderman Brian Hopkins will attend the March 29 HOA Board meeting to conduct a discussion with the Board, and that a report about the discussion will be included in the next newsletter. She confirmed that discussion topics have been forwarded to the alderman in advance.

CAPS Meeting Report

CAPS Representative Jay Owens stated that he had nothing to report.

RECESS TO UNIT OWNERS' OPEN FORUM

The meeting was recessed at 8:28 p.m. for the Unit Owners' Open Forum.

RECONVENE TO REGULAR SESSION

The Board reconvened to its Regular Session at 8:35 p.m.

ACTION ITEMS

Approval of Proposal for Cooling Tower Repair

Upon motion duly made by Barbara Mueller and seconded by Nancy Slattery, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve the proposal submitted by J&L Cooling Towers, Incorporated on February 23, 2017, to furnish and install new suction pump hoods on each cooling tower, in the amount of \$7,540.00, to be paid from Operating Account GL#6558, HVAC Repairs and Maintenance. The motion passed unanimously.

Approval of Proposal for Electrical Work Related to Freight Elevator Modernization Project

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 proposal submitted by Dunning Electrical Services, Inc. on February 23, 2017, to furnish the materials needed and to perform electrical work related to the Freight Elevator Modernization Project, as specified by the elevator consultant, in the amount of \$15,305.00, to be paid from the Reserve Fund as part of the Freight Elevator Modernization Project. The motion passed unanimously.

Approval of Proposal for 43rd Floor Ceiling Insulation

Following an explanation by Mr. Kristufek about proposals received, 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 an amount not to exceed \$21,675.60 to furnish and install new insulation about the 43rd floor ceiling, to be paid from the Reserve Fund as part of the Horizontal Domestic Water Pipe Replacement Project. The motion passed unanimously.

Approval of Proposal for Roof Anchorage System

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 hereby approve an amount not to exceed \$78,398.00 to furnish and install a roof anchorage system on James House and Kilmer House, to be paid from the Reserve Fund. The motion passed unanimously.

Approval of Gas and Electricity Purchase

After discussion about the current gas and electricity pricing, 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 authorize the Board Treasurer and the Property Manager to lock in a gas rate for the period January 2021 through December 2021, with a vendor to be determined, at a target price not to exceed \$0.331 per therm for 90% of the past two years' average monthly therm usage, to be paid from Operating Account GL#6430.

BE IT FURTHER RESOLVED, that the Board of Directors hereby authorize the Board Treasurer and the Property Manager to lock in an electrical energy rate for the period April 2020 through March 2021, with a vendor to be determined, at a target price not to exceed \$0.03257 per kilowatt hour, to be paid from Operating Account GL#6400.

The motion passed unanimously.

Approval of Remodeling Requests

Upon motion duly made by Nancy Slattery and seconded by Barbara Mueller, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve the remodeling of units #3307, #3308/10, and #511K, 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, in addition to his appearance at the March 29 HOA Board meeting, 2nd Ward Alderman Brian Hopkins will also speak to the Board and J/K residents prior to the Association's May 23 Board meeting, which will start at 6:30 p.m. She requested suggestions about topics that residents would like the alderman to address. Ms. Barnes stated that in addition, the alderman will co-sponsor a paper shredding event on April 22 at 1254 North State Parkway, from 9:00 a.m. to noon.

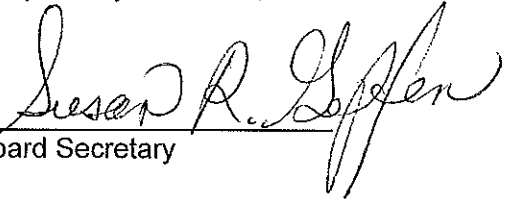
Mr. Kristufek reported that the Environmental Protection Agency has disallowed the use of dry ice to kill rats. Discussion ensued about rat abatement.

Ms. Barnes reported that Howard Weiner and Golub/Avoda – 1546 Clark – are finalizing details for the sale of the land at North and Clark, which is expected to take place within the next 30 to 45 days. She added that a sales center will be set up in the neighborhood, most likely on Wells Street. Ms. Barnes stated that the development is still moving through the City Planning Department, that architectural drawings are being updated and that Mr. Weiner is contacting prospective owners who already signed contracts to learn if they wish to change their plans.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by David Beck and seconded by Susan Geffen, the meeting was adjourned at 8:58 p.m.

Respectfully submitted,


Board Secretary