

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
May 23, 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, May 23, 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 7:20 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., and Eddie Main, Senior Manager, of Standard Parking. Barbara A. Roberts acted as Recording Secretary.

There were no changes to the agenda.

GARAGE INCIDENT REPORT – EDDIE MAIN, GARAGE MANAGER

Ms. Barnes introduced garage manager Eddie Main of Standard Parking, who reported on a recent attempted theft of an automobile from the James/Kilmer garage. He stated that automobiles on the upper levels of the garage are always kept locked, that additional security measures have been implemented in the lower levels of the garage, and that he is working with Mr. Kristufek on additional safety features in the garage. Mr. Main also informed the Board about security concerns in the neighborhood, in general, and Standard Parking's response to these situations; about his and other managers' unannounced site visits; about ways that he checks cars in the garage to ensure that approved procedures are being followed at James/Kilmer; and about his recommended earlier lock-down time. He then responded to questions from Board members.

The Board thanked Mr. Main, and he left the meeting at 7:30 p.m.

APPROVAL OF MINUTES

Susan Geffen moved that the minutes of the regular Board of Directors meeting held on April 25, 2017, be approved as presented. David Beck seconded the motion, and it passed, with Betty Latson and Nancy Slattery abstaining.

MANAGEMENT REPORT

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

- Horizontal Domestic Pipe Replacement Project: Plumbing work is being performed in the lobby. Four or five water shut-downs will be scheduled, and residents will receive notice of each shut-down a week in advance. The laundry room might also have to be closed, but only during daytime hours. The 43rd floor ceiling is being restored this week and new ceiling insulation will be installed in June. Residents on the 43rd floor have been informed about the planned work.
- Freight Elevator Modernization Project: The project is scheduled to begin on June 26 and to be substantially completed on September 5. One freight elevator at a time will be out of service, and moves and Receiving Room deliveries will be curtailed during the project.
- J/K Corridor Renovation and Kilmer Lobby: Gooch Design Studio designers were on site on May 16 to review the schematic design samples on a floor. They will next view the 31st floor of James House and the 2nd floor of Kilmer House on May 31, and if sufficient lighting fixture samples are available, a few temporary lighting fixtures will be installed to better show what the finished schematic designs will look like. Otherwise, the May 31 meeting will be postponed.
- HVAC Preventive Maintenance Program: As of the close of the program on May 15, a total of 173 units had some level of service performed by Assurance. The program was successful and will be repeated early next year.
- HVAC Filter Changes: This project is in progress.
- Cooling Tower Repairs: The new suction pump hoods were installed on May 13.
- Kilmer House Air Balancing: The damper was installed and the amount of make-up air in the corridors did increase. Another CFM reading will be obtained for comparison with design specifications.
- Electrical Switchgear Room Ventilation Improvements: This work has been completed and a follow-up City inspection will be scheduled after the HOA project affecting the garage is finished.
- Low Zone Heat Exchanger: The heat exchanger was installed on May 12 and will provide more consistent hot water.
- Boiler Preventive Maintenance: Boiler #2 will be shut down for preventive maintenance in June.
- Roof Anchorage System: Installation began on Kilmer House on May 17 but has been delayed owing to adverse weather conditions. Work on the James House roof will follow. Discussion ensued.
- Proposed Restoration of Lobby Travertine Marble Walls: Stuart Dean has provided a proposal to do this work, and Management has also requested a proposal from Sungloss Marble Company. The auditor has indicated that the work can be paid for from the Reserve Fund.

The Board and Management discussed the doors on Elevator #5, the "Up" and "Down" indicators for the Kilmer House freight elevator, and the upcoming water shut-downs.

- North Mall Renovation Project Phase Plan: The updated phase plans as of May 17 are included in the Board packet. Phase 6 will begin a week or ten days into June owing to rainy weather, and will include work on the ADA ramp and the leaking expansion joint above the James House garage basement entrance. Further details are included in the Phase Plan, but delays of about one week are expected.
- The Bike Room was reopened on Friday, May 19.
- 2016 Audit and Cost Allocation Study: First drafts have been provided to Management and the Treasurer.
- Door Staff Meeting: A meeting was held on May 11. As with the April meeting, the focus was on door reports, procedures included in the manual, and rules governing common areas.
- Scheduled Opening of the Sundeck: The sundeck was officially opened on May 19. Discussion ensued about the excellent actions of the new security guard.

- Garage and Building Security: Mr. Kristufek recommended that he, Mr. Main, Ms. Barnes and other Board members meet to review Mr. Main's suggested security measures for the garage. Management has also ordered bolt locks for the revolving doors that will be installed on May 19. Discussion ensued about various doors on the property and about installing additional cameras.

Mr. Warner reported that Community Specialists has been approached by Golub to manage the building that will be erected at Clark and North. He stated that he created an operating budget for the firm, and has suggested that for the first year of operation at least, a Community Specialists on-site manager be considered.

TREASURER'S REPORT

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

For the month of April 2017, the JK Association reported a deficit of revenues over expenses of \$37,193.00. The deficit was caused by the payment of an additional \$19,000.00 for the pension withdrawal cost related to the doorman and receiving room employees, the timing of the expensing of the HVAC preventive maintenance against reimbursement by unit owners, and unplanned garage repairs. It is noteworthy that garage income was on budget for the month of April after several months of being below budget. The Association reported a year-to-date deficit of revenues over expenses of \$144,000.00 through April 2017, which was unfavorable to the operating budget by \$126,000.00.

Total income through April 2017 was reported at \$2,070,000.00, which was in line with the budget. Higher maintenance income from the HVAC preventive maintenance program was offset by lower year-to-date garage revenues, lease process fees, move-in and move-out fees, and health club fees.

Operating expenses were \$2,214,000.00 through April 2017 and were greater than budget by \$133,000.00, largely from higher HVAC preventive maintenance expense, filter costs, garage repairs, and additional pension cost expense. As a result, at the end of April 2017, the Association reported a year-to-date operating deficit of \$144,000.00.

On the capital side, the Association reported year-to-date net income of \$373,000.00, as the capital reserve income through April amounted to \$394,000.00, while capital expenditures were only \$21,000.00 for the same period.

At the end of April 2017, the operating fund cash balance, including garage cash, was reported at \$133,053.00 and the capital fund cash balance was reported at \$5,400,526.00. The bank loans have been reduced to \$356,260.00.

COMMITTEE AND TASK FORCE REPORTS

Finance Committee

Ms. Latson reported that the first drafts of the 2016 audit and cost allocation study have been received. She stated that the first Finance Committee meeting of 2017 will be scheduled shortly to review these documents with Marcum, the Association's auditors, and Community Specialists, that all unit owners are invited to join the meeting, and that the meeting date will be posted shortly.

HOA Report

Mr. Beck stated that the next HOA Board meeting will be held on May 24. He stated that the audit will be discussed, and that the North Mall Renovation Project is taking longer than expected because additional concrete has had to be replaced, resulting in the project being \$500,000.00 over budget. Mr. Beck remarked that the work on the North Mall greatly benefits the James/Kilmer garage. He noted that the summer landscaping rotation will be installed in June. Discussion ensued about plantings and trees in the Village and about the covering peeling off the pipes in the garage. Further discussion ensued.

Community Activities Committee

Mr. Winter reported that he is putting together the second annual Community Activities Committee survey, covering in particular interest in table games and having residents address the group about their areas of expertise. He stated that he intends to focus on in-house activities rather than field trips. Mr. Winter announced that the next scheduled event will be on July 22, and will feature barbecue shack food, Chicago street food, and beanbag games.

Communications Task Force

Ms. Geffen reported that the next newsletter will be published and distributed in June, and that the Communications Planning Group will meet with a resident who specializes in surveys to assist with a newsletter survey. She stated that an initial planning group consisting of herself, Mr. Kristufek, Mr. Warner, Ms. Barnes and Schoen Smith has been working on communications branding for the Association, which will include discussions with designers. Ms. Geffen explained that "branding" deals with the creation of an image for the Association, including a logo and color scheme to be used on the website and on paper communications. Mr. Warner added that branding can lend consistency and coherence to the Association's communications. Discussion ensued.

Hallway Renovation Task Force

Ms. Slattery reported that the Task Force met with designers from Gooch Design Studio on May 16 to review options for hallway concepts. She reiterated Mr. Kristufek's report that the designers will install lighting options and carpet samples in corridors in both James House and Kilmer House, to provide an idea of what the proposed materials will look like *in situ*. Ms. Slattery added that after the meeting at the end of May or the beginning of June, two different design concepts will be fine-tuned for each building and displayed in the lobbies to determine residents' opinions. Discussion ensued.

Rules Task Force

Ms. Mueller reported that the Task Force is close to providing copy to the Board and to attorney David Sugar for their review.

Website Committee

Ms. Barnes reported that the Committee met on May 10 and discussed limiting access to portions of the website to Board members, unit owners and residents, coming to the conclusion that doing so, particularly with regard to managing passwords, will create a sizable administrative task for the Management Office staff. Mr. Kristufek added that the open website has been an asset to Management, and that limiting access to portions of it will make it much less useful. Ms. Barnes asked that the Board members give the matter some thought. Discussion ensued about organizing the website better to make it more user friendly, about how much information to include for public consumption, and about Community Specialists' website.

RECESS TO UNIT OWNERS' OPEN FORUM

The meeting was recessed at 8:44 p.m. for the Unit Owners' Open Forum.

RECONVENE TO REGULAR SESSION

The meeting was reconvened to Open Session at 8:45 p.m.

ACTION ITEMS

Approval of Roofing Work for Anchor Installation

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

BE IT RESOLVED, that the Board of Directors hereby approve the proposal submitted by Riddiford Roofing Company on May 1, 2017, to perform roof work related to the installation of an OSHA-required roof anchorage system, in the amount of \$67,746.00, to be paid from the Reserve Fund. The motion passed unanimously.

Approval of Remodeling Requests

Upon motion duly made by Nancy Slattery and seconded by Patty Culbertson, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve the remodeling of units #2101, #3004, and #4104, 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, with Bill Winter abstaining.

NEW BUSINESS

Ms. Ehrlich reported that the wallpaper in the Kilmer House lobby and around the mailboxes is being repaired. She asked about the back door light for Kilmer House and was informed that it will be delivered in two or three weeks.

Ms. Barnes reported that Golub completed its purchase of the 1546 North Clark property in early May, that Elly's lease has been bought out and the restaurant plans to close at the end of August, and that representatives from Golub are discussing Germania Place and Sandburg Terrace with the Chicago Department of Transportation. She added that the architectural drawings for the building have been updated.

RECESS TO EXECUTIVE SESSION

The meeting was recessed to Executive Session at 8:55 p.m.

RECONVENE TO OPEN SESSION

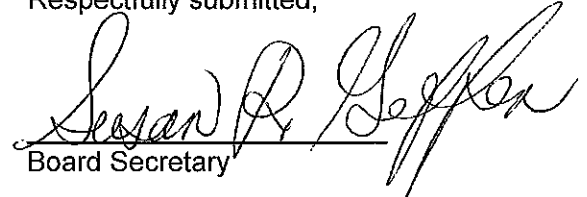
The meeting was reconvened to Open Session at 9:48 p.m. Upon motion duly made by Susan Geffen and seconded by Patty Culbertson, the following resolution was made:

BE IT RESOLVED, that the Board of Directors reset the fine of a unit owner, as discussed in Executive Session. The motion passed unanimously.

ADJOURNMENT TO EXECUTIVE SESSION

The meeting was adjourned to Executive Session at 9:50 p.m.

Respectfully submitted,


Board Secretary