

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
September 26, 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, September 26, 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 7:12 p.m. A quorum was present in that the following directors were present:

Judy Barnes
David Beck
Patty Culbertson
Jacque Ehrlich
Betty Latson
Barbara Mueller
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. Susan Geffen and Nancy Slattery were not in attendance

There were no changes to the agenda.

APPROVAL OF MINUTES

Jacque Ehrlich moved that the minutes of the regular Board of Directors meeting held on July 25, 2017, be approved as presented. David Beck seconded the motion, and it passed unanimously.

MANAGEMENT REPORT

Mr. Kristufek presented the Management Report, as follows:

Freight Elevator Modernization Project: Inspections and the fire safety pretest and test will be performed in October. The pretest and test will likely each take eight hours to perform, during which time there will be no elevator service from the floors above the first floor. The pretest is scheduled for the early part of the week and will take place between 10:00 p.m. and 6:00 a.m. All residents will receive advance notice about the tests. In addition, Vertex Consulting will draft and oversee a punch list of outstanding items for Urban Elevator to complete. Discussion ensued about the tests and what time they will take place.

- Lobby Travertine Restoration Project: The project is scheduled to begin the week of October 16, with work to be performed on weeknights between 9:00 p.m. and 5:00 a.m., and is expected to be completed about a week before Thanksgiving. It will require a small movable scaffold in the lobby that will be moved out of the way during the day, and the lights above the elevator bank will be temporarily relocated when work is done in that area. Work on the travertine behind the doorman's desk will be performed after the holidays. Discussion ensued about the panels on the wall behind the doorman's desk.

- **Window Washing:** The windows are scheduled to be washed during the first week in November, and the vendor, Service One, has been asked to use industrial rope access instead of a swing stage just for this scheduled window washing. Service One has provided estimates for both industrial rope and swing stage access for the 2018 budget.
- **Leak Investigation:** An area of the south elevation has been leak-tested and the concrete has been repaired. Of the funds budgeted for this work, a sufficient amount remains to repair a portion of cracked concrete on the north elevation. The Board can approve final costs at its October meeting.
- **Audit of Passenger Elevator Maintenance:** Management awaits a final version of the audit of Urban Elevator Company's passenger elevator maintenance from Leo Fenili of Vertex Elevator Consulting, which will be forwarded to the Board when Management receives it.
- **2018 Budget Process:** The remaining meeting dates are October 4 and 12, and the week of October 16, after which the Board will approve distribution of the draft budget to unit owners for their review.
- **Updated Projections for Exterior Elements:** Klein and Hoffman updated its projections for repairs to both buildings' exterior components, and the updated numbers have been incorporated into the Reserve Fund budget.

Discussion ensued about previous work on the passenger elevators and about current problems with the elevator doors. Mr. Kristufek reported that the air conditioning in the penthouse elevator room malfunctioned and had to be replaced, speculated that the lack of air conditioning might have been the cause of some problems with the elevators, and stated that Vertex Elevator Consulting will investigate the matter. Further discussion ensued about the elevators.

Mr. Warner reported that the Illinois Condominium Property Act will be amended as of January 1, 2018, with ten new laws. He stated that Community Specialists will hold a legal seminar for property managers on October 18 for purposes of discussing the new legislation, and that he will report further at the Board's next meeting. Mr. Warner noted that the amount of time permitted to provide requested documents has been reduced from 30 days to 10 days, and that rules governing how to handle surplus operating funds have been relaxed.

TREASURER'S REPORT

Ms. Latson presented the Treasurer's Report for the period ending August 31, 2017, as follows:

For the month of August 2017, the Association reported a surplus of revenues over expenses of \$16,000.00, primarily the result of revenues exceeding budget but also because of expenses remaining well controlled for the month.

Looking at the year-to-date results, the Association reported revenues of \$4,270,000.00, which were \$144,000.00 over budget. Specifically, HVAC preventive maintenance revenue was higher than budgeted by \$207,000.00, but was offset by the garage net revenue, which was under budget by \$58,000.00.

Operating expenses were \$4,226,000.00, and were \$89,000.00 over budget, driven primarily by HVAC preventive maintenance costs, which is an expense category reimbursed by residents, and by garage repairs. HVAC preventive maintenance was \$190,000.00 over budget and garage repairs were \$26,000.00 over budget. Several expense categories were under budget including administrative expenses, payroll, and utilities. As a result, at the end of August 2017, the Association reported a year-to-date operating surplus of \$43,000.00.

On the capital side, the Association reported a year-to-date deficit of \$184,000.00, as the capital reserve revenue through August amounted to \$782,000.00 while capital expenditures were \$966,000.00. Capital expenditures in 2017 included elevator modernization costs, heat exchanger costs, pipe replacement costs, davits and tie-off costs, and minor costs related to the corridor project.

At the end of August 2017, the operating fund cash balance, excluding garage cash, was reported at \$213,593.00, and the capital fund cash balance, excluding direct charge funds, was reported at \$4,331,513.00. The bank loans have now been reduced to \$284,617.00.

COMMITTEE AND TASK FORCE REPORTS

Finance Committee Report

Ms. Latson reported that the Finance Committee has held two meetings so far in 2017 related to the 2018 budget. She stated that the first meeting took place on September 13 for the purpose of reviewing the Association's capital projects and 30-year capital reserve projections, and that the second meeting took place on September 18 for the purpose of reviewing the draft 2018 operating budget. Ms. Latson noted that a number of questions and areas of research resulted from the meetings, and that the Finance Committee will review those open items at its next meeting on October 4, adding that a final meeting is planned for October 11 if needed, and that the operating and capital budgets should then be ready to be presented to the Board for its approval at its October meeting.

Community Activities Committee

Bill Winter reported that 35 residents responded to the survey that he distributed in early July, noting that many of them wish to attend a show at a comedy club. He stated that eight residents attended the Committee meeting on September 25, that the annual holiday get-together will be held on December 1, that speakers will be scheduled for two meetings before the end of the year, and that there will be get-togethers featuring table or board games within the next two weeks. Mr. Winter added that he will send an e-blast out to everyone shortly stating the Committee's plans through the end of the year. Discussion ensued about decorating the lobby holiday trees in James House and Kilmer House. Mr. Kristufek stated that Ms. McFarlin is obtaining prices from professional holiday tree decorators.

HOA Report

HOA Representative David Beck reported that the HOA Board will meet on Wednesday, September 27, and that the Board will approve the proposed HOA insurance package and as well as distribution to all unit owners of the 2018 budget, which includes a 2.64% assessment increase. HOA Representative Marcie Johnson reported that new railings in the area are scheduled to be installed on October 16, and that two drains will be installed on the top surface of the North Mall. She stated that the pools will close on Friday, September 29, and that the pool area will be open over the following weekend and Monday and Tuesday of the following week to allow the cabanas to be cleaned out. Ms. Johnson and Mr. Beck also noted that engineers from Wiss Janney Elstner Associates have advised that the fountain not be turned on until its multiple leaks are repaired and its drains are rodded, which will take place in the spring of 2018. Further discussion ensued about the fountain. In response to a question from Ms. Ehrlich about ponding in the area behind Kilmer House, Ms. Johnson stated that the new drains are intended to prevent further ponding.

Rules Committee

Ms. Mueller stated that Schoen Smith and Susan Geffen have reviewed the current draft and that the next step is for the Board to review the draft before it is sent back to David Sugar for his final approval.

Communications Committee

Mr. Beck reported that the next issue might be published in October.

Hallway Renovation Task Force

In Nancy Slattery's absence, Mr. Beck reported that the Task Force displayed two design schemes in James House and three in Kilmer House from September 8 through September 20, and received a good response from owners in both buildings. He stated that the Task Force met on Sunday to review the responses, and met with the design team from Gooch Design Studio on Monday to review the results and develop recommendations to be brought to the Board for its special meeting on October 3. Mr. Beck further stated that Wendell Gooch will attend that meeting and will present design boards for the Board to review, and that residents are encouraged to attend the meeting.

With reference to the 1540 North Clark development, Ms. Barnes reported that she and Mr. Kristufek conducted a conference call with Mike Arnold of the Avoda Group about the development. She stated that demolition will begin in mid- to late October, that the permanent electrical supply will be housed underground and that conduit has been laid in the trench that has been dug, noting that ComEd will install temporary power poles to continue the electrical supply to the LaSalle-North building in the interim. Ms. Barnes stated that before the demolition begins, the Village Theater façade will be braced to protect it, that the development's sales office will open in October at 1549 North Wells, and that sufficient funds for the development are available such that no advance pre-sales will be needed. She further stated that the Chicago Department of Transportation's priority in the area is pedestrian and vehicular safety, and that the developers will inform the Association when updated site plans are completed and will present them to the Board upon request.

RECESS TO UNIT OWNERS' OPEN FORUM

The meeting was recessed at 7:53 p.m. for the Unit Owners' Open Forum.

RECONVENE TO REGULAR SESSION

The meeting was reconvened to Open Session at 7:54 p.m.

ACTION ITEMS

Approval of Building Insurance Renewal

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

BE IT RESOLVED, that the Board of Directors approve the renewal of the Association insurance policies provided by Mesirow Financial for the period September 30, 2017 through September 30, 2018, in the amount of \$168,239.00, to be paid from Operating Account GL#6820, Insurance Expense.

BE IT FURTHER RESOLVED, that the Board of Directors approve financing the entire amount in ten payments consisting of an initial payment of 20%, or \$33,823.00, followed by nine payments at 2.72% interest.

The motion passed unanimously.

Approval of Remodeling Requests

Upon motion duly made by Jacque Ehrlich and seconded by Barbara Mueller, the following resolution was made:

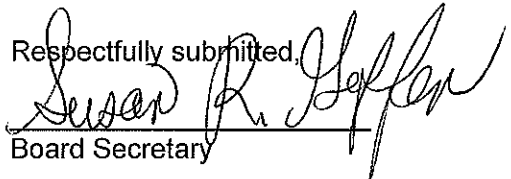
BE IT RESOLVED, that the Board of Directors hereby approve the remodeling of units #1007, #1915, #2411, #2607, #2609 and #3404, according to the requests submitted by the unit owners that have been reviewed and found to be in compliance with the Association's rules, regulations and conditions, the work to be subject to ongoing inspection by the Association's Assistant Chief Engineer. After discussion, the motion passed unanimously.

NEW BUSINESS

Ms. Ehrlich reported that a branch of a crabapple tree in one of the Kilmer patio gardens extends over the wall and the sidewalk and that crabapples are dropping onto the pavement, causing a slippery mess and attracting rats. Discussion ensued, during which Mr. Kristufek stated that a representative from Bartlett Tree Experts will assess the situation and provide a price to cut the branch.

ADJOURNMENT

There being no further business to bring before the Board, upon motion duly made by David Beck and seconded by Bill Winter, the meeting was adjourned at 8:05 p.m.

Respectfully submitted,

Board Secretary