

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
October 23, 2018**

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, October 23, 2018, 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 Board 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
Bruce Kaminsky
Betty Latson
Barbara Mueller
Nancy Slattery
Bill Winter

Also present were Thomas Kristufek, Property Manager; Andy Warner, Property Supervisor; and Larry Puder, Technical Operations Director, of Community Specialists, Inc. Barbara A. Roberts acted as Recording Secretary.

Ms. Barnes added an item to the agenda: Management's request for an additional allowance for concrete work.

APPROVAL OF MINUTES

Jacque Ehrlich moved that the minutes of the regular Board of Directors meeting held on September 25, 2018, be approved as presented. David Beck seconded the motion. After discussion, Jacque Ehrlich moved that the minutes of the regular Board of Directors meeting held on September 25, 2018, be approved as amended. David Beck seconded the motion, and it passed unanimously.

MANAGEMENT REPORT

Mr. Kristufek presented the Management Report, as follows:

- Chiller Engineering: The letter of intent sent to Daikin, the manufacturer, states that the Board approved the purchase of two 500-ton chillers in the amount of \$356,400.00. Elara Engineering's representative met with Daikin's representative on site to review the chiller room layout and pipe configurations, and an installation contractor will be approved at the December 11 Board meeting.
- Corridor Renovation Project: Cost updates have been provided to the Board. The total amount of change orders to date, including the credit change order – #4 – for \$128,888.00, is \$267,295.00, which is very close to the numbers provided by Mr. Puder. The sum of change orders #6, #7 and #9 – \$396,183.00 – is mainly for inherent and unforeseen building conditions, upon which Mr. Puder will elaborate at this meeting.

- Façade Inspection, Leak Investigations and Concrete Repairs: Repairs are still being performed on the south elevation at the 01 tier. More will be known about the extent of further repairs after a meeting with the representative from Klein and Hoffman, but the additional work on that tier is expected to take two to three more weeks, depending on the weather. The Board has been given representative photos showing areas of spalling and cracking in the concrete. Once work on those is completed, the two units on the south elevation drop will be tested for water infiltration and repaired, after which the swing stage will be moved back to the north elevation to deal with two units suffering from water infiltration. The contractor has proposed the use of a second swing stage owing to worsening weather to deal with the north elevation units. The \$60,000.00 allowance that Management is asking for is for \$35,000.00 for the concrete repairs that are part of the condensate tank project, \$15,000.00 for mobilizing the second swing stage, and \$10,000.00 for additional work on the south elevation drop. The contractor has billed \$73,760.00 to date and is projecting another \$24,000.00 of work that does not include work on the two north elevation units. Engineering fees related to the façade inspection, leak investigations and repairs and concrete repairs amount to \$16,770.00 to date, for a total of \$114,530.00 including the contractor's projection. The Board had approved a total allowance twice this year in the amount of \$120,575.00, and Management requests an additional \$60,000.00 for the additional work.
- Condensate Tank Replacement: Most of the concrete work has to do with the condensate tank replacement, for which the Board approved an amount not to exceed \$50,000.00. The concrete in the basin almost directly above the condensate tank is badly corroded and repairs to it are estimated to cost \$30,000.00 to \$35,000.00, which is part of the \$60,000.00 that Management has requested.
- Recent Gas and Electricity Purchases: The gas purchase price for the period January 2022 through December 2023 is \$0.2847 per therm, and the electricity purchase price for the period April 2021 through April 2023 is \$0.0265 per kWh, both of which prices are below the Board-approved target prices.

In response to a question from Ms. Mueller, Mr. Kristufek stated that the north elevation swing stage will most likely be mobilized during the next week. Discussion ensued about Reserve Fund cost projections.

Mr. Puder addressed the Board on the subject of Corridor Renovation Project Change Order #9 in the amount of \$128,675.94. He stated that it includes multiple items, that change orders for the project fall into three categories – (1) discovered unexpected conditions, (2) owner requests and upgrades, and (3) design changes or upgrades – and described all three in detail as well as stating what percentage of the \$396,183.00 total of change orders #6, #7 and #9 each category accounts for. He noted the probability of another \$40,000.00 to \$45,000.00 in change orders yet to come and recommended that the Board accept the change orders. Mr. Puder also noted that the corridor make-up air units bring outside air, which is often moist, into the building, and that much of the wall bubbling can be ascribed to leaks from risers in the walls. Discussion ensued about additional costs that have arisen, taking precautionary measures to meet them, debonding of the concrete ceilings on some floors, and the advisability of adding a 15% to 20% contingency to all project expenditure estimates.

Mr. Warner reported that Community Specialists has received from attorney David Sugar the resolution that the Board must pass and the documentation for the Illinois legislature's Ombudsperson Act, to be voted on at the December meeting.

The Board thanked Mr. Puder, and he left the meeting at 7:44 p.m.

TREASURER'S REPORT

Ms. Latson presented the Treasurer's Report for the period ending September 30, 2018, as follows:

The James/Kilmer Association reported another positive month with a surplus of \$39,175.00 in August. The Association reported total year-to-date revenue of \$4,771,000.00, which was \$29,000.00 over than budget largely due to strong garage revenue and move-in/move-out fees.

Year-to-date operating expenses were \$4,466,000.00 and were below budget by \$259,000.00 as a result of expenses remaining well below budgeted levels. Lower than budgeted utilities, payroll, HVAC and garage repairs, elevator maintenance, and reimbursement for overpayment of the withdrawal liability for the doormen and receiving room pension in the amount of \$53,214.03 were the most noteworthy areas contributing to the lower operating expenses, with the exception of legal expense, which was more than double the budgeted amount. As a result, the Association reported a \$305,000.00 operating surplus through September 2018.

On the capital side, the Association reported a year-to-date surplus of \$254,000.00 as the capital reserve revenue through September amounted to \$1,350,000.00 while capital expenditures were \$1,096,000.00, related largely to the Corridor Renovation Project, garage painting, the Kilmer elevator cab project, and the security system upgrade.

At the end of September 2018, the James/Kilmer operating fund cash balance, excluding garage cash, was reported at \$682,037.00, and the capital fund cash balance, excluding direct charge funds, was reported at \$4,759,983.00.

COMMITTEE AND TASK FORCE REPORTS

Finance Committee

Ms. Latson reported that the Finance Committee hosted its final budget meeting on September 27, at which time the Committee focused on the follow-up work that had been requested of Management for both the operating budget and the capital reserve budget. She stated that the result of the Committee's work is that this evening the Committee will recommend a budget that includes no increase in assessments. Ms. Latson noted that HOA is increasing assessments a small amount, so that J/K's actual budget is going to be a little less, and the net effect is that unit owners will not see an increase in their assessments this coming year. She added that there will be no increases in fees, but the bill from RCN will increase, according to the increases built into the five-year contract with RCN. Ms. Latson stated that the Association has caught up with a series of needed repairs, such that this year the Association is experiencing a surplus instead of the deficits of the past few years, that this year more funds will be added to the capital reserves, and that overall the Association is in very good shape.

Community Activities Committee

Bill Winter stated that the holiday get-together will take place on November 30, and that no RSVPs will be needed. He described the decorations that will be provided.

HOA Report

Mr. Beck reported that the next HOA Board meeting will take place on Wednesday, October 24, at 6:30 p.m.

Corridor Renovation Task Force

Ms. Slattery expressed the Task Force's appreciation of residents' patience with the delay that has occurred in the Corridor Renovation Project, and noted that numerous residents have commented favorably on the appearance of the finished corridors.

Communications Committee

Mr. Beck reported that the next news brief will be published in late December or early January.

Website Committee

With regard to the website upgrade, Ms. Barnes reported on her conversation with Community Specialists, and also stated that a photographer will come to the building to work with Ms. Slattery on a photo shoot for the upgrade of the Association's website. Mr. Warner stated that the search engine that will be part of the new website will make it easier to find information on the site.

1550 On The Park

Ms. Barnes reported that she spoke with Jeff Werstack, the Project Manager for Golub, and that the ongoing utility work taking place on Sandburg Terrace will continue through the end of October, noting that Sandburg Terrace is usually closed during the day for this work but is opened for traffic at the end of the work day. She stated that work on the gas service on North Avenue was completed on October 17, that the basement slab on grade was poured on October 12, and that the L1 suspended deck is scheduled to be poured on October 22 and next week, with the column and deck pour cycle continuing through 2019. Discussion ensued about how quiet the construction work is.

RECESS TO UNIT OWNERS' OPEN FORUM

The meeting was recessed at 7:55 p.m. for the Unit Owners' Open Forum.

RECONVENE TO REGULAR SESSION

The meeting was reconvened to Regular Session at 8:13 p.m.

ACTION ITEMS

Distribution of Proposed 2019 Budget to Ownership

Upon motion duly made by Bruce Kaminsky and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve the distribution of the Proposed 2019 Budget, which includes no increase in assessments, to James/Kilmer unit owners for their 25-day review, pursuant to the requirements of the Illinois Condominium Property Act.

The motion passed unanimously.

Supplemental Contribution to Replacement Reserve Fund

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 hereby authorize a supplemental contribution to the Replacement Reserve Fund in the amount of \$200,000.00

After discussion, the motion passed unanimously.

Contract with New Carpet Cleaning Company

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 the proposal submitted by FMG – Flooring Management Group – on October 16, 2018, to perform carpet cleaning services in the amount of \$7,400.00 annually, to be paid from Operating Account GL#6526, Public Area Maintenance.

After discussion, the motion passed unanimously.

Designer to Create James/Kilmer Logo and Updated Typeface For All Communications Including Updated Website

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 proposal submitted by Emily Tumen Creative to provide design services related to creating a unique, upscale and unified communications appearance and identity for James/Kilmer, in the amount of \$3,000.00, to be paid from Operating Account GL#6350, Professional Fees.

The motion passed, with David Beck abstaining.

Change Order for Corridor Renovation Project

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

BE IT RESOLVED, that the Board of Directors hereby approve Change Order #9 submitted by Leopardo Companies, Inc., in the amount of \$128,575.94 for additional labor and materials beyond the terms of the contract, to be paid from the Reserve Fund.

After discussion, the motion passed unanimously.

Approval of Remodeling Requests

Upon motion duly made by Jacque Ehrlich and seconded by Bruce Kaminsky, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve the remodeling of units #1910, #2807, #3815 and #109K, 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.

The motion passed unanimously.

Additional Funds Request

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 authorize an allowance in the amount of \$60,000.00 for concrete repairs, including the basin above the condensate tank, as well as the ongoing façade repair project.

After discussion, the motion passed unanimously.

NEW BUSINESS

There was no new business brought before the Board. Mr. Kristufek responded to questions about the labor rates on the James/Kilmer Service Fee Schedule, and about the next scheduled HVAC maintenance work.

ADJOURNMENT

Upon motion duly made by David Beck, seconded by Jacque Ehrlich and unanimously approved, the meeting was adjourned at 8:30 p.m.

Respectfully submitted,


Board Secretary