

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
September 25, 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, September 25, 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 7:14 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, and Andy Warner, Property Supervisor, of Community Specialists, Inc. Barbara A. Roberts acted as Recording Secretary.

Ms. Barnes added an update to the agenda about 1550 On The Park, to follow the Committee Reports.

APPROVAL OF MINUTES

Jacque Ehrlich moved that the minutes of the regular Board of Directors meeting held on August 28, 2018, be approved as presented, asking that wording be added to the action items to indicate voting results. David Beck seconded the motion, and it passed unanimously.

MANAGEMENT REPORT

Mr. Kristufek presented the Management Report, as follows:

- Chiller Engineering: Elara Engineering has received pricing for the purchase of two new chillers and has made a recommendation with regard to the purchase. Approval of the purchase is an action item on the meeting's agenda. In addition, the construction schedule has been inserted in the Management Report and includes awarding the contract for the installation, which will be an action item for the December Board meeting.
- Corridor Renovation Project: Management will provide updated costs to date for this project at the Finance Committee meeting on September 27. Included is information from the contractor about optional Schlage satin brass-finished levers for door interiors that are compatible with the specified exterior Schlage lever door handles. Because some units have a Medeco lock cylinder in their door handles, Management is reviewing Schlage levered door handles in a similar finish and style that will fit a Medeco key. Discussion ensued.
- Façade Inspection, Leak Investigations and Concrete and Repairs: The swing stage has been moved to the south elevation to perform repairs specified by Klein and Hoffman. Four units have reported water infiltration within the last month or two following very heavy rains. Two of them are

on the current drop and the other two or in different locations. Management will update the Board further about progress on the repairs. Discussion ensued about painting the façade after such repairs are made and about how long it will take to complete the repairs.

- Fire Pump Control Panel: The new fire pump control panel installation was completed on September 12, for which the Board approved the low bid from Fox Valley Fire and Safety. Liberatore Electrical Services, Inc. contacted ComEd to review the feed from the electrical vault and disconnect it for an additional \$5,620.00, approved by Management, bringing the total cost of the project to \$25,490.00. The City of Chicago Fire Commissioner was informed about the installation.
- Condensate Tank Replacement: In August the Board approved a not-to-exceed amount to replace the condensate tank. Management received this week a proposal just for the tank replacement in the amount of \$21,325.00. Other work in the area includes replacement of the failing concrete and a drain above the tank before it is installed. Work on this project is being coordinated with Klein and Hoffman, Quality Restorations and AMS Plumbing, such that there will be some added expense. Details were provided about the drain repairs.
- Cost and Timing of 2019 Penthouse, Lobby and Elevator Upgrades: Management hopes to have updated information for the Finance Committee meeting on September 27, including updated numbers from Wendell Gooch.

Discussion ensued about costs from Wendell Gooch for the elevator cab design upgrades.

Mr. Warner reported that the Illinois Ombudsperson Act should take effect on January 1, 2019, and that the Association must therefore establish and adopt policies by this date and seek guidelines from its legal counsel to do so. Discussion ensued.

TREASURER'S REPORT

Ms. Latson presented the Treasurer's Report for the period ending August 31, 2018, as follows:

The Association reported another positive month in August with a surplus of \$29,105.00. On a year-to-date basis, the Association reported total year-to-date revenue of \$4,246,000.00, which was \$31,000.00 over budget largely due to strong garage revenue and move-in/move-out fees.

Year-to-date operating expenses were \$3,980,000.00 and were under budget by \$230,000.00. Lower than budgeted utilities, payroll, HVAC and garage repairs, elevator maintenance, and reimbursement for overpayment of the withdrawal liability on the doormen and receiving room pension in the amount of \$53,214.03 were the most noteworthy areas contributing to the lower operating expenses. As a result, the Association reported a \$266,000.00 operating surplus through August 2018.

On the capital side, James/Kilmer reported a year-to-date surplus of \$166,000.00 as the capital reserve revenue through August amounted to \$1,233,000.00, while capital expenditures were \$1,067,000.00, related largely to the corridor project, garage painting, the Kilmer elevator cab project, and the security system upgrade.

At the end of August 2018, the operating fund cash balance, excluding garage cash, was reported at \$649,457.00, and the capital fund cash balance, excluding direct charge funds, was reported at \$4,979,955.00.

COMMITTEE AND TASK FORCE REPORTS

Finance Committee

Ms. Latson reported that the Finance Committee hosted its second budget meeting on September 12 to review the 2019 draft operating budget, stating that a number of areas required further attention. She announced that the third Finance Committee budget meeting will be held on Thursday, September 27, at 6:30 p.m. in the James House Penthouse to follow up on questions and open items raised on both the operating budget and the capital budget. Ms. Latson stated that all unit owners are welcome to attend. Discussion ensued about the funds received from Golub and added to the Reserves, as well as about the unspent remainder of the funds collected from James House unit owners for the James window and balcony project that can be spent only on James House limited common elements.

Community Activities Committee

Bill Winter reported that a guest speaker that he has contacted is not currently available, that he intends to begin promoting Jingle Mingle III to be held on November 30, and that he is looking for ideas for guest speakers and for new activities for the Committee to consider.

Ms. Barnes stated that 2nd Ward Alderman Brian Hopkins has been invited to be present at the October Board meeting.

HOA Report

Mr. Beck reported that the next HOA Board meeting will take place on Wednesday, September 26, and that the Board will approve distribution to unit owners of the proposed 2019 budget, which includes a HOA assessment increase of 1.82%. He stated that pool fees will be increased by 15% because the life guards will be offered higher pay, that extra cleaners will be hired, and that the water aerobics budget will increase by 25%. Ms. Ehrlich announced that the fall rotation of entryway plantings will be put in place during the second week in October, and that any leftover summer flowers still in good condition will be distributed throughout the Village. Ms. Fiacchino reported that the benches in the Village have been reconditioned, and that the North Mall trees, about the condition of which she was concerned, have been treated and are being monitored. Mr. Beck added that the fences along the LaSalle Street side of the malls have been repainted. Discussion ensued about the management of the pools in 2018.

Corridor Renovation Task Force

Ms. Slattery asked audience members to communicate to friends and neighbors that the corridor renovation project will be a long and disruptive process, that efforts are being made to contain the dust, and that there may often be delays in certain phases of the project. She added that Mr. Kristufek monitors the project daily. Mr. Kristufek explained the reasons behind some of the delays. Ms. Slattery also reported on the branding effort, stating that she and Susan Geffen have met with a designer who demonstrates excellent style and talent, and who understands the culture of the Association. She stated that she and Ms. Geffen will create a description of the branding project detailing what will be expected of the designer, to be presented to the Board at its October meeting, along with the designer's cost breakdown. Ms. Slattery stated that the scope of work will be discussed at the October Board meeting, and that a placeholder of \$3,000.00 was included in the budget for the branding project. She also explained what branding means with regard to the Association, and how the progress of the designer's activities will be shared with the Board. Mr. Warner confirmed that most other condominium associations have branding programs. Further discussion ensued.

Communications Committee

Mr. Beck reported that the quarterly winter 2019 news brief will be published in late December or early January. Discussion ensued about providing paper copies of the news brief on the tables in the James House and Kilmer House lobbies on which flyers are placed.

Website Committee

Ms. Barnes reported that the second Website Committee meeting will take place on October 9 at 3:30 p.m., and that Rob Shouse of Community Specialists will continue to assist the Committee in the website process. She stated that the group consists of herself, Ms. Culbertson, Ms. Slattery and Mr. Winter. Ms. Barnes also stated that she, Mr. Beck and Ms. Mueller will review the Association's pet rules.

1550 On The Park

Ms. Barnes reported that recently she and Mr. Kristufek met with Alderman Hopkins and his chief of staff, who is his Chicago Department of Transportation coordinator, and also met with representatives from the Golub group and ComEd. She stated that the underground utility work on North Avenue is nearly completed, and that Sandburg Terrace will be shut down during certain hours for underground utility work, scheduled to begin on October 15 and continue through the end of October, adding that Sandburg Terrace will be reopened at the end of each working day, with metal plates placed over the excavations. Ms. Barnes stated that the basement columns are completed, and that pouring the basement slab will begin on October 1, with column and deck concrete pours continuing through the winter into 2019. Discussion ensued.

RECESS TO UNIT OWNERS' OPEN FORUM

The meeting was recessed at 8:24 p.m. for the Unit Owners' Open Forum.

RECONVENE TO REGULAR SESSION

The meeting was reconvened to Regular Session at 8:25 p.m.

ACTION ITEMS

Gas and Electricity Purchase

The Board and Management, together with Brad Cesario of Century Energy Solutions, the Association's energy consultant present by telephone, discussed the prices quoted on the utilities purchase materials distributed to the Board as well as the reasons for choosing the "100% swing option" for natural gas, which, while slightly more expensive, eliminates the need to guess at future gas usage. They also briefly discussed the quoted prices for electricity. Mr. Cesario agreed to review the agreement offered by Constellation for the gas purchase to make sure that there is no problematic language in it. He also stated that the prices quoted in the material that he supplied should be good through the next day and suggested that the Board approve a not-to-exceed price for both gas and electricity that is just slightly higher than the quoted prices. Discussion ensued about how far into the future to lock in prices. The Board thanked Mr. Cesario, and he left the meeting.

After discussion, upon motion duly made by Betty Latson and seconded by Barbara Mueller, 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 on a swing contract basis for the period January 2022 through December 2023 with Constellation at a target price not to exceed \$0.287 per therm for 100% of therm usage, subject to acceptable contract terms, to be paid from Operating Account GL#6430.

The motion passed unanimously.

Upon motion duly made by Betty Latson and seconded by Bill Winter, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby authorize the Board Treasurer and Property Manager to lock in an electrical energy rate for the period April 2021 through April 2023 with Dynegy at a target price not to exceed \$0.0294 per kilowatt hour, to be paid from Operating Account GL#6400.

The motion passed unanimously.

Elevator Maintenance Agreement Renewal

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 renewal of a three-year Maintenance Agreement with Urban Elevator Service, Inc., under the same terms and conditions as the existing Maintenance Agreement, including the Vertex Specification, effective November 1, 2018, in the amount of \$61,200.00 annually, to be paid from Operating Account GL#6484, Elevator Maintenance Contract.

After discussion, the motion passed unanimously.

Auditing Services

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 Engagement Letter submitted by FSB&W on August 23, 2018, proposing to perform the 2018 and 2019 audits and to prepare the 2018 and 2019 tax returns in the amount of \$9,700.00 each year for two years, to be paid from Operating Fund GL#6340, Auditing Fee; and

BE IT FURTHER RESOLVED, that the Board of Directors hereby approve the Engagement Letter submitted by FSB&W on August 23, 2018, proposing to prepare the 2018 and 2019 cost allocation reports in the amount of \$2,900.00 each year for two years, to be paid from Operating Fund GL#6350, Professional Fees.

After discussion, the motion passed unanimously.

Purchase of Replacement Chillers

After discussion, 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 approve the purchase from Elara Engineering of two Daikin manufactured 500-ton chillers, #WME05015, also known as "Option #4" on the bid sheet, in the total amount of \$356,400.00, to be paid from the Reserve Fund.

After discussion, the motion passed unanimously.

Change Order for Corridor Project

Upon motion duly made by Bruce Kaminsky and seconded by Nancy Slattery, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve Change Order #8 submitted by Leopardo Companies, Inc., on September 4, 2018, for additional labor and materials required for the two model floor mock-ups in the amount of \$21,657.21, to be paid from the Reserve Fund.

After discussion, the motion passed unanimously.

Direct Charge to Ownership for New Door Hardware

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

WHEREAS, the corridor renovation project specifies a new corridor design, including updated or replacement hardware for unit perimeter doors at an aggregate projected cost of \$266,641.00 including attic stock and a projected individual cost of \$386.07 for a typical unit door hardware set including levered handle lockset with four keys, unit rim cylinder or deadbolt, door knocker and viewer; and

WHEREAS, Section 3.02 of the Association's Declaration of Condominium Ownership provides that a perimeter door and any other apparatus designed to serve a single unit is a Limited Common Element; and

WHEREAS, Section 4.06 of the Association's Declaration of Condominium Ownership authorizes the Board, in its sole discretion, to provide Limited Common Element maintenance, repair and restoration as long as some portion of the cost is charged directly back to the owner(s) of the unit(s) directly benefitted by the work; and

WHEREAS, the Board of Directors deems it in the best interests of the Association to replace all the Limited Common Element unit perimeter door hardware in the James House building and the Kilmer House building,

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors hereby exercise its discretion to directly charge the owner of each James House unit and Kilmer House unit 100% of the cost of replacing unit perimeter door hardware that serves each unit.

After discussion, the motion passed unanimously. Further discussion ensued about the direct charge for the door hardware and the direct charge for the windows.

Approval of Remodeling Requests

Upon motion duly made by Bruce Kaminsky and seconded by Barbara Mueller, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby approve the remodeling of units #2106 and #204K, 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.

Owner Request to Combine Units

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

WHEREAS, Section 31 of the Illinois Condominium Property Act (the "Act") provides that the owners of two condominium units may, at their own expense, legally combine the two condominium units into a single condominium unit by making a written application to the condominium association's board of directors requesting an amendment to the condominium declaration, setting forth the new percentage of ownership to be allocated to the combined unit and setting forth whether the limited common elements, if any, previously assigned to the individual units shall be assigned to the combined unit and, if desired, requesting that the combined unit be granted the exclusive right to use as a limited common element, a portion of the common elements within the building adjacent to combined unit; and

WHEREAS, Section 31 of the Act provides that the request for the amendment, including the request for the exclusive right to use as a limited common element that portion of the common elements within the building adjacent to the combined unit, shall be granted if (i) the common element for which the exclusive right to use as a limited common element is sought is not necessary or practical for use by the owners of any units other than the owners of the units being combined; and (ii) the owners of the units being combined are responsible for any and all costs associated with the renovation, modification, or other adaptation performed as a result of the granting of the exclusive right to use as a limited common element; and

WHEREAS, Section 31 of the Act provides that the legal combination of the units shall become effective upon the recording of an amendment to the condominium association's declaration made in accordance with the Act and executed by the owners of the units being combined; and

WHEREAS, the owners of Units 3701J and 3702J have submitted a written application to the Board, a true and correct copy of which has been presented to the Board at this meeting, requesting (i) an amendment to the Association's Declaration of Condominium Ownership to legally combine Units 3701J and 3702J into a single Unit to be known as Unit 3701J/3702J; (ii) that Unit 3701J/3702J be granted the right to use that portion of the 37th floor hallway immediately adjacent to Unit 3701J and Unit 3702J as a limited common element appurtenant to Unit 3701J/3702J; and (iii) that they be granted authorization to renovate and modify that portion of the 37th floor hallway immediately adjacent to Unit 3701J and 3702J; and

WHEREAS, the owners of Units 3701J and 3702J, by their written application to the Board, have agreed to pay all costs and expenses to be incurred in connection with their request including but not limited to (i) the Association's legal costs for preparing an amendment to the Association's Declaration of Condominium Ownership; (ii) the costs of preparing a new plat of survey for the 37th floor of the building depicting Unit 3701J/3702J and the portion of the 37th floor common element hallway adjacent to Unit 3701J/3702J being assigned as a limited common element appurtenant to Unit 3701J/3702J; and (iii) all costs associated with the renovation and modification of the portion of the 37th floor common element hallway adjacent to Unit 3701J and Unit 3702J to be assigned as a limited common element appurtenant to Unit 3701J/3702J; and

WHEREAS, the Association's legal counsel has prepared an amendment to the Association's Declaration of Condominium Ownership, a true and correct copy of which has been presented to the Board at this meeting, providing for (i) the legal combination of Units 3701J and 3702J into a single Unit to be known as Unit 3701J/3702J; (ii) amending Exhibit B to the Association's Declaration of Condominium Ownership to reflect that the percentage of ownership allocated to Unit 3701J/3702J shall be 0.4872%; (iii) amending the plat of survey attached as Exhibit A to the Association's Declaration of Condominium Ownership to reflect the boundaries of Unit 3701J/3702J and the portion of the 37th floor common element hallway being assigned as a limited common element appurtenant to Unit 3701J/3702J; (iv) assigning that portion of the 37th floor common element hallway depicted on the revised plat of survey attached to the amendment as a limited common element appurtenant to Unit 3701J/3702J; and (v) granting the owners of Units 3701J and 3702J the right to renovate and modify that portion of the 37th floor hallway assigned as a limited common element appurtenant to Unit 3701J/3702J in accordance with the terms and conditions set forth in the amendment and the plans and specifications attached as Exhibit 3 thereto; and

WHEREAS, the Board of Directors believes that it is in the best interest of the Association to determine that the owners of Unit 3701J and 3702J have complied with the requirements of Section 31 of the Act and that the portion of the 37th floor common element hallway immediately adjacent to Units 3701J and 3702J is not necessary or practical for use by any other owners in the Association; and

WHEREAS, the Board of Directors believes that it is in the best interest of the Association to determine that, pursuant to Section 31 of the Act, the Board is required to grant the requests made by the owners of Unit 3701J and Unit 3702J; and

WHEREAS, the Board of Directors deems it in the best interests of the Association to (i) grant the requests made in the written application submitted by the owners of Unit 3701J and Unit 3702J; (ii) sign the amendment to the Association's Declaration of Condominium Ownership presented at this meeting; and (iii) cause the amendment to the Association's Declaration of Condominium Ownership presented at this meeting to be recorded with the Cook County Recorder of Deeds;

NOW, THEREFORE, BE IT RESOLVED, that the Board finds that the owners of Units 3701J and 3702J have complied with the requirements of Section 31 of the Act; and

BE IT FURTHER RESOLVED, that the Board finds that the portion of the 37th floor common element hallway immediately adjacent to Units 3701J and 3702J is not necessary or practical for use by any other owners in the Association; and

BE IT FURTHER RESOLVED, that the requests made in the written application submitted by the owners of Units 3701J and 3702J are granted; and

BE IT FURTHER RESOLVED, that the President and Secretary of the Board are authorized to execute the amendment to the Association's Declaration of Condominium Ownership presented at this meeting and to cause the same to be recorded with the Cook County Recorder of Deeds.

After discussion, the motion passed, with Judy Barnes opposed.

Mr. Kristufek obtained from the owners of the units being combined an assurance that they have complied with all of the requirements of the Association and the City of Chicago with regard to combining units, including obtaining the required permits from the city's Department of Buildings.

NEW BUSINESS

There was no new business brought before the Board.

ADJOURNMENT

Upon motion duly made by Nancy Slattery, seconded by Jacque Ehrlich and unanimously approved, the meeting was adjourned at 9:49 p.m.

Respectfully submitted,


Board Secretary