

**JAMES/KILMER CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS MEETING  
TUESDAY, FEBRUARY 24, 2009**

A meeting of the Board of Directors of James/Kilmer Condominium Association (“the Association”), an Illinois not-for-profit corporation was held on Tuesday, February 24, 2009 at 7pm in the James House Hospitality Room, 1560 N Sandburg Terrace Chicago, Illinois, pursuant to the By-Laws.

**Board Members Present:**

David Beck-President	Judy Barnes-Secretary
Betty Latson-Treasurer	Lynn Conner-Director
Tom Meyers-Director	Karla Ross-Director
Dorsey Ruley-Director	Angus Shorey-Director

**Board Members Absent:**

Duane Hickling – Vice President

**Management Representatives:**

Maurina Provus, On-Site Property Manager  
Debra Galassi, Assistant Property Manager  
Dan Harvey, Property Supervisor-Draper and Kramer, Inc

With quorum being present, the meeting of the James/Kilmer Condominium Association Board of Directors was called to order by President David Beck at 7:06pm.

**Regular Open Forum**

Unit owner Sarah Leonard expressed her concerns about moving forward with the proposed window project for the James House at such a bad time in the economy. While she recognizes that the James House is in grave need of windows, she feels that the project should be put off for a minimum of 2 years. She noted that her unit has been on the market since last summer and unable to sell due to the pending special assessment that may accompany the window project. She also expressed her concerns about a special assessment during a pending lawsuit.

Board President David Beck acknowledged Sarah's concerns and assured the members that the Board has not made any final decisions or plans to move on the project at this time and were doing due diligence by gathering the necessary information. Director Tom Meyers stated that he would like to add an action item regarding the window project to the agenda.

Unit owner Jody Levine voiced a concern about the shoveling of snow and removal of ice on the LaSalle side, as she almost fell during the last snow. She advised that the staff get out earlier, possibly 6am or 7am, to ensure that when people are leaving, the areas are clear. She also asked that management inform maintenance that salt should be put down prior to the temperatures dropping as salt does not work below 30 degrees.

President David Beck informed Jody that the HOA employs 2-3 employees that start work at approximately 7am and have a 4 block radius to cover so the removal is being done, just not as early as some may like. The building does its own salting to save cost on additional employees.

Jody also stated that she was informed by someone in the management office that mail was being returned by management, if it did not contain the apartment number and this was unacceptable. David informed Jody that the building or management was not responsible for returned mail and legally had no access to the mail or mail room, without permission from the Post Office. All mail that is incorrectly addressed, or unmarked, is placed in the misdirected box and handled by the mail person. David suggested that Jody talk to Ellen Levin, our building representative to the Post Office. Ware Adams informed the board that he had been told by the Post Office (when complaining that the current mailboxes are too small and not regulation), that the unit owners were promised bigger mail boxes when the lobby was remodeled and this has not happened.

#### **Approval of Minutes from January 27, 2009 Board of Directors Meeting**

Board Secretary Judy Barnes asked for any corrections to the proposed minutes. Director Tom Meyers asked that "and excused" be removed from the absence of Duane Hickling.

**Judy Barnes moved to accept the proposed minutes from the January 27, 2009 Board of Directors meeting with the necessary corrections. Tom Meyers second the motion. With a roll call vote, the motion carried unanimously.**

#### **Treasurer's Report**

Board Treasurer, Betty Latson reported the following:

The preliminary figures for the 12 months ending December 31, 2008, reflect \$4,851,000 in total revenue which was higher than budget by \$10,000. Higher garage and health club membership offset lower than budget service recoveries, construction revenue, transfer fees and interest income.

Operating expenses were \$3,769,000 for 2008, which were higher than budget by \$106,000. \$61,000 of this overage is the result of higher than budget utility costs,

primarily gas, higher elevator maintenance contract costs, repair expense fees and legal fees that contributed to higher than budget operating costs, which were partially offset by lower than budget payroll.

After the provision of the capital reserves of \$1,082,000, a net loss of \$95,781 was generated. The loss is funded by the operating fund balance, which stands at \$173,477 as of 12/2008. The capital reserve balance at the end of the same period was \$4,484,899.

The 2008 loss is expected to be higher as there are gas bills (approximately \$40,000) that appear on the January Financials that belong to 2008 and a write off of a receivable to be discussed later in this meeting.

January financials reflect revenue of \$423,000, slightly higher than the \$408,000 budget amount. Most of the higher revenue reflects strong garage income. Operating expenses were \$51,000 due mostly to higher gas expense. As mentioned previously, approximately \$40,000 of our 2009 gas expense belongs to 2008.

After the capital reserve provision, the association posted an \$83,000 loss for January 2009 against a budgeted loss of \$47,000. Without the expenses that belong to 2008, we would have been better than budget for the month of January 2009.

Betty also reported that the auditors are currently working on the 2008 audit, at which time exact numbers for 2008 will be provided. There will also be postings for membership to the Finance Committee.

Director Tom Meyers asked about the large amount of money that was being held at Bank of America and whether it was in treasury bills. Treasurer, Betty Latson informed the Board that the investments were not in treasury bills, but in various CD's in amounts within the FDIC limits with banks throughout the country, but not in Bank of America CDs. The Association also has \$2.6 million invested in a mutual fund that invests in government securities. Historically, Bank of America/LaSalle Bank had brokered CDs for our association, but Bank of America had recently stopped participating in this business. With the acquisition of Merrill Lynch, Bank of America is expected to resume brokering CDs, but has not done so as of yet.

Betty and Draper and Kramer have spoken with both Harris Bank and Barrington Bank. Both Banks would be interested in brokering CDs for our association. Both of these Banks are also interested in providing loans to our association for our window replacement project. Betty is recommending that we use either one or both of these banks to purchase CDs for our association. The Association would invest all but \$700,000 of our reserve funds in short term CD's, and revisit the entire cash management for our association's funds when the Association investigates its borrowing needs late spring/early summer. Betty also recommended undoing the sweeps into the mutual funds as those mutual funds are not FDIC insured

**Betty Latson moved to undo the sweeps on both the operating and capital reserve accounts. Anything over the \$700,000 will be invested in short term CD's for a period of 30-180 days, and each CD will not exceed \$250,000, so that the principal of each CD is fully insured. The Board and Finance Committee will revisit this position in the near future. Tom Meyers seconded the motion. With a roll call vote, the motion carried unanimously.**

### **Committee Reports**

**Hospitality/Penthouse Committee: Lynn Conner**

The committee has obtained proposals that range from \$38,000-\$56,000 for painting, ceiling tiles, flooring of both the north and south rooms and the lobbies. In reference to the windows, we have been informed that they can be caulked to mitigate further damage to the room if and once the improvements have been made.

Board President David Beck instructed management to find out who the contractor is that ripped the wallpaper during their inspection. He commented that the room is not in the best condition, but that should not encourage contractors to deface the property.

He also instructed Lynn that since this is a capital budget/renewal expenditure, she should present the bid responses and plans to the IC, for alignment with any/all other such capital projects. Subsequently this project will require Board approval, as well.

**Window Committee: David Beck**

The IC Committee, Board of Directors and Window Committee are asking that the evaluations regarding the window mock ups be returned as soon as possible. David also stressed that all the information obtained and currently being gathered is preliminary and no final decisions have been made or will be made before the issue is brought back to the owners, with as much advance notice as possible.

There will be no HOA meeting Wednesday, February 25, 2009.

**Rules Committee: David Beck**

Everyone is asked to take a look at the current rules and get suggestions to the Rules Committee for review.

**Garage Committee: Angus Shorey**

For the month of February, 48 parkers were late with their garage payments. Some revenue enhancement suggestions made by the committee are:

- For Germania party parking, implement a flat fee of \$20 per car. All party bookings will be processed through the management and garage offices. This will *not* pertain to the Wells Street Art Fair or the Chicago Air Show weekends.
- Offer an “anytime car wash service” in the garage for \$100 per month.

The committee also offered their recommendations that four (4) additional carts be purchased for use by garage parkers to assist in transporting packages and groceries to their units.

The Garage Committee's proposed cart procedures will be as follows:

The carts will be secured on the G-1 level in the garage, outside the garage office. Any parker wishing to use a cart, on a 'first come, first served' basis, will have to see garage staff. Only after a sign-out sheet is completed and time stamped, will the cart be released for use.

Each parker's use of the cart will be limited to, and not to exceed, a period of 45 minutes.

Persons who abuse the prompt return of the carts (within 45 minutes), and who violate this rule three times, will lose their cart privileges for 60 days.

The building already has 2 large carts and is proposing the purchase of 4 additional smaller carts at \$277 per cart. This will be a reserve account purchase.

Note: Not part of the Garage Committee report, but there was a request from the audience regarding the use of the Receiving Room carts. Management will also be looking at establishing a policy for placement of carts at the back door for those residents who wish to use the Receiving Room carts, but who do not drive and/or use the garage.

**Infrastructure Committee: Judy Barnes**

- I. IC met on February 5<sup>th</sup> with Klein & Hoffman (K&H) representatives Pete Power and Jim Swint to review:
  - A. Options for **Balcony Accessibility** and
  - B. Final List of the **Windows/Door Alternates** for the release of the windows bid package

A. **Balcony Accessibility** - The IC goal was to develop options which would provide access to the level of our *current* balcony – sliding door height differential.

The current balcony door has a height differential of 2.5" – but, it rises 1.25" from the balcony deck to the sliding door track – which is 2.5" wide; there is then another 1.25" rise to the top of the balcony window threshold assembly.

This stepped rise currently allows wheelchairs to reasonably pass over the balcony sliding door threshold.

The challenge is that in order to maintain appropriate wind and water resistance standards recommended for Chicago high rise buildings (10 lbs. psi – the ability to resist water penetration with a sustained 60 mph wind for 15 minutes), the current designs of new balcony options are higher than what exists for sliding doors. Terrace doors *do* offer the accessibility possibility – but, have drawbacks with the configuration of our balconies (hitting the railing prohibiting full open of the door swing)

Hence, K & H is proposing pursuit of 3 options for the bid package to remedy this to meet (or improve) current accessibility to balconies:

1. Traco (one of the window manufacturers) is pursuing a *redesign* of their sliding door threshold, which would have a removable element which would achieve the current height differential
2. A repositioning of the terrace door to allow it to fully open (this does not solve other potential drawbacks of the terrace door)
3. Installation of decking on the balconies to raise the level 2 inches. This will eliminate the excess height differential of the new balcony door threshold

Everyone in attendance of the IC meeting agreed that bidding out these various options will meet our accessibility needs for the balconies.

***Therefore, the IC recommends continued exploration of all 3 of these options in the bidding process to determine the relative cost and desirability of each solution to maintain (or improve) the current accessibility to balconies.***

**B. Final Review of List of Window/Door** - The IC also reviewed options and alternates, which K&H is recommending be included in the bid package. K&H went over ALL of the different features that were being sent out to bid in order to give the association as much FLEXIBILITY as possible in terms of PRICE and OPTIONS that we might desire. These options and alternates were discussed and recommended by the Windows Design Committee and K&H (given their experience in window replacement in high-rise buildings). The IC had a thorough discussion of the options and everyone in attendance agreed that bidding out *multiple* options made perfect sense.

The list of Window/Door alternates includes a variety of tints, colors, frames, window and door designs, balcony accessibility options, installation methods, modifications to allow *future* (potential) installation of heat pumps (should the association decide to move in that direction), as well as the option for the 2-bedroom units to add an additional hanging or hopper window in the dining room. All in all, K&H has emphasized the ***primary purpose of doing the mockups is to determine problems unique to JK with installation and concrete behavior.*** K&H has also indicated they can have lobby samples for us as long as people understand that they are judging ***function*** and may not be able to provide the ***exact*** color.

***In Conclusion: The objective for going to bid for specific cost information at this point in time is:***

- 1) to have specific costs allows us to understand the budget implications when making design choices***
- 2) to have specific costs helps us seek/evaluate potential alternative financing that will be necessary to find a solution that is amenable to the majority of owners***
- 3) to have specific costs helps us do the appropriate due diligence to make intelligent decisions and hold price for a period of time while we make the decision to either go forward or defer for 1 or more years***
- 4) to have specific costs helps us seek the benefits/opportunities with Siemens and the evaluation of the Clinton Climate Act to benefit JK on energy savings***
- 5) to have specific costs helps us seek ways that JK can take advantage of the Economic Stimulus Package and potential tax advantages for the association/unit owners in 2009 and 2010***

***Therefore, the IC recommends proceeding with the K&H bid package so the true costs of a windows replacement project can be ascertained now for the above stated reasons.***

**Management Report:** Due to time constraints, none was reported at the meeting, but will be distributed later.

**Action Items:**

- 1.) Angus Shorey moved to purchase 4 small carts for resident use, not to exceed \$1500. Lynn Conner seconded. With a roll call vote, the motion carried unanimously.**
- 2.) Lynn Conner moved that the Association write off the delinquency of Unit 908 in the amount of \$9,196.88 as of February 24, 2009. Tom Meyers seconded. With a roll call vote, the motion carried unanimously.**
- 3.) Betty Latson moved to approve Klein and Hoffman to move forward with the distribution of the bid package to obtain true cost of the window replacement project. Karla Ross seconded. Motion carried 6-1**

**Roll Call**

<b>Karla Ross-yes</b>	<b>Betty Latson-yes</b>
<b>Judy Barnes-yes</b>	<b>Angus Shorey-yes</b>
<b>Lynn Conner-yes</b>	<b>Tom Meyers-no</b>
<b>Dorsey Ruley-yes</b>	

Board President David Beck informed the board that they needed to make a decision as to the bond amounts that they will require each bidding company to have.

**The motion to have included in the bid package that each company bond the job at 110%, carrying a minimum of \$5 million liability coverage and a minimum of \$10 million umbrella coverage with a B+ or better insurance carrier was stated by Board President David Beck, and so moved by Betty Latson and seconded by Judy Barnes. With a roll call vote, the motion carried unanimously.**

Director Tom Meyers expressed his concerns with moving forward with a special assessment (for the Windows Project) as many Unit Owners have either lost their jobs, had their compensation reduced, and/or had their hours cut back. In addition, many Unit Owners have suffered a loss in their retirement accounts due to the recent stock market decline. Because of these factors, many Unit Owners are concerned about how they are going to pay for a Special Assessment for the Windows and when the Board will require funds for the windows. Tom thought it would reduce anxiety among Unit Owners if the Board would agree not to have a Special Assessment during 2009—especially as we are not sure about the likelihood of the economy recovering before the end of 2009.

**Tom Meyers made a motion that there would be no Special Assessment to Unit Owners (for the Windows Replacement Project) before January 1, 2010. Dorsey Ruley seconded. Motion denied 4-3**

**Roll Call**

<b>Karla Ross-No</b>	<b>Betty Latson-No</b>
<b>Judy Barnes-No</b>	<b>Angus Shorey-No</b>
<b>Lynn Conner-yes</b>	<b>Tom Meyers-yes</b>
<b>Dorsey Ruley-yes</b>	

**Voting Procedure Change:**

James/Kilmer currently is allowed to vote by proxy however there have been complaints from the owners that the solicitation of proxies during election has become disturbing. This is a time sensitive matter and needs to be addressed 120 days prior to the election. President David Beck stated that he will have the rule drafted against proxies, distributed to the board for review and brought for approval to distribute to the owners. There was no Board vote on this item (at this time) due to the lateness of the evening.

The remainder of the agenda discussion items will be tabled. They include:

- Caregiver Policy
- Mandatory Insurance Requirements for Unit Owners.

Karla Ross motioned to adjourn. Tom Meyers seconded.  
Meeting adjourned at 9:16pm

Respectfully Submitted,

*Judy Barnes*

Judy Barnes  
Board Secretary