

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
JANUARY 27, 2009**

A meeting of the Board of Directors of James/Kilmer Condominium Association (the "Association"), an Illinois not-for-profit corporation, was called to be held on Tuesday, January 27, 2009, in the James House Hospitality Room, 1560 North Sandburg Terrace, Chicago, Illinois, pursuant to By-Laws.

CALL TO ORDER

David Beck, President of the Association, called the meeting to order at 7:02 p.m. and declared that a quorum was present in that the following directors were present:

Judy Barnes
David Beck
Lynn Conner
Betty Latson
Tom Meyers
Karla Ross
Dorsey Ruley
Angus Shorey

Duane Hickling was absent.

Also present were Maurina Provus, Property Manager, and Dan Harvey, Site Supervisor, of Draper & Kramer, Inc. Barbara A. Roberts acted as Recording Secretary.

At Mr. Beck's request, the Board members present introduced themselves to the new Recording Secretary.

REGULAR OPEN FORUM

A unit owner expressed concern about leaking pipes. Mr. Beck acknowledged the problem and stated that the Infrastructure Committee is looking into it.

A unit owner remarked that frequently there is no answer when she telephones the Management Office, and she is directed to voice mail. Ms. Provus responded that staff is always present but may be busy answering other calls. Another unit owner commented that the same problem obtains at the HOA Management Office. Mr. Beck stated that the HOA Management Office will soon have a full-time administrative assistant, which should improve the situation.

Mr. Meyers asked if more than one staff member is present in the J/K Management Office at 9:00 a.m. on Mondays. Ms. Provus responded that usually that is the case.

Ms. Ross asked about the late mailing of the current assessment invoices. Mr. Harvey stated that there was a problem in the accounting department at Draper and Kramer, Inc., and apologized for the late mailing. Discussion ensued about the situation, with Mr. Beck reminding those present that unit owners have until the tenth of the subsequent month to mail in assessment payments, and should thus be able to avoid late fees.

A unit owner asked about rental cars in the garage. Mr. Beck stated that Mr. Shorey would discuss this as part of his Garage Committee report.

Mr. Beck asked if anyone wished to add anything to the evening's agenda. Mr. Meyers asked to add three items: 2009 meeting dates, committee meeting announcements, and the EntraGuard system. Mr. Beck advised that these issues would be considered at the appropriate times during the meeting.

In response to a question from a unit owner, Mr. Beck stated that the window replacement project would be discussed during the Window Committee/Infrastructure Committee report.

APPROVAL OF MINUTES

Ms. Barnes asked if there were any additions or corrections to the minutes of the regular Board meeting held on December 9, 2008. There were two corrections. **Ms. Barnes moved that the draft of the minutes of the regular Board of Directors meeting held on December 9, 2008, be approved as amended. Mr. Ruley seconded the motion. The motion passed unanimously.**

Ms. Barnes asked if there were any additions or corrections to the minutes of the special meeting on utilities held on January 13, 2009. There being none, **Ms. Barnes moved that the draft of the minutes of the special meeting of the Board of Directors about utilities held on January 13, 2009, be approved as presented. Ms. Conner seconded the motion. The motion passed, with Ms. Ross and Mr. Shorey abstaining.**

TREASURER'S REPORT

Ms. Latson delivered her report as follows:

For the 11 months ended November 30, 2008, the Association reported \$4,435,000 in total revenue, which was slightly over budget. Higher garage and health club membership offset lower than budgeted service recoveries, construction revenue, transfer fees and interest income.

Operating expenses totaled \$3,409,000 for the 11-month period, and were higher than budget by \$92,000. Of this overage, \$77,000 is the result of higher than budgeted utilities, primarily gas, as the Association used substantially more gas therms than anticipated during the 2008 winter season so far, and the average costper therm was higher than budget. Higher elevator maintenance contract costs, repair expenses and legal fees also contributed to higher than budget operating costs, which were partially offset by lower than budgeted payroll expenses.

After the provision for the Association's capital reserves, a net loss of \$53,833 was generated. The loss is funded by the operating fund balance, which stood at \$215,425 at the end of November 2008. The capital reserve fund total at the end of this same period was \$4,467,000.

Ms. Latson then reported on the follow-up to the January 13 Board meeting on utilities, stating that because energy prices had decreased further, the Board made the decision to enter into extended locks on gas and electricity prices. She explained that the gas contract has been extended from October 2009 through December 2010, and the electricity contract has been extended from December 2009 through December 2010. Ms. Latson noted that electricity usage was lower in 2008 than in 2007, owing partly to more efficient lighting in the garage. A brief discussion ensued about the savings to be realized and the various suppliers who were considered.

COMMITTEE REPORTS

Mr. Meyers asked that the Board establish a policy that all committee meetings be posted seven days in advance of each meeting, and that, except in emergencies, any meetings not so posted be cancelled. Mr. Beck asked that Mr. Meyers put his suggestion in the form of a motion as an additional action item, and also suggested that, when possible, the postings should include a proposed agenda for each meeting. A brief discussion ensued.

Window Advisory Committee

Mr. Beck, the Committee chairman, reported that four unit owners have agreed to make window mock-ups available on February 7 for the Board, the Window Advisory Committee and the Infrastructure Committee to examine, and that efforts will be made to enable all residents to see the mock-ups; he added that further details about this will follow. He also stated that the Infrastructure Committee hopes to meet on February 5 to discuss issues raised at its last meeting. Discussion ensued about the possibility of a virtual tour of the window mock-ups on the Association's Web site, about alternatives to "real" windows, about window specifications, and about the ongoing course of the Association's investigation of all possible options for window replacement. Ms. Ross urged the unit owners in attendance to spread the word among their neighbors that the Board at this point is collecting bids and information about window options as part of an investigative stage, but that no final decisions are being made at this time.

At this point, Mr. Beck stated that two people – Frank Mustari and Darwin Spurling – have expressed interest in acting as alternate representatives to the HOA Board, replacing the current alternates. Mr. Ruley stated that he also volunteers to be an alternate. After a brief discussion, Mr. Beck agreed to ask Mr. Mustari and Mr. Spurling to come to the next Board meeting to talk to the Board.

Rules and Regulations Committee

Mr. Beck asked that everyone examine the draft of the rules that appears on the Web site and e-mail Committee Chairman Marcie Johnson with their comments. He also stated that the homeowners insurance requirement rule should be approved separately as soon as possible.

Penthouse Committee

Committee Chairman Lynn Conner reported that Marcie Johnson has received one estimate to refurbish the 44th floor to make it more attractive and usable in the short term, the project to involve only painting, and replacing ceiling tiles, carpeting and some lights. She stated that two more estimates will be sought, and that she wished to set a date for the next Committee meeting and invite anyone else who is interested in the project to join the Committee, with the hope that a report could be presented to the Board at its next meeting. Discussion ensued about whether this penthouse project should be coordinated by the Infrastructure Committee first, rather than the Board, because it is a capital budget expenditure and a capital renewal project, and should follow normal procedures for such capital expenditures as well as future alignment with the Infrastructure Committee on the review of both short-term and long-term alternative uses and planning for this space. Mr. Beck suggested determining the scope of the penthouse project first, from three bids, and then deciding how to handle it within the committee structure. Further brief discussion ensued.

Garage Committee

Committee Chairman Angus Shorey delivered a brief synopsis of the garage finances for 2008: \$927,000 in revenue and \$513,000 in expenses resulted in net revenue of \$414,000; he added that there was a total net variance from budget of approximately 48,000, with the only over-budget item being labor at \$1,800. He also reported that \$17,000 in coupons were sold during the last ten days of the year, and that he expects that cast members from the musical *Mary Poppins*, who are rehearsing nearby, will be parking in the J-K garage.

Mr. Shorey announced that the Garage Holiday Fund disbursed \$11,500 to the garage employees.

Mr. Shorey addressed the problem of carts not being returned to the garage, stating that a procedure is being set up to keep carts available for use, and that additional carts will be purchased.

Mr. Shorey then stated that the pending contracts with I-GO and Zipcar for the "Share Car" service to J/K residents have been reviewed by the Association's attorney, Mr. David Sugar. Mr. Beck asked that the recent survey of residents be extended for two or three weeks in the hope of getting more responses; he further noted that the current "Share Car" contracts do not include a fee to be paid to J/K for parking in its garage, and that this information should be obtained before the contracts are brought to the Board for a vote. Mr. Shorey agreed. Ron Miller, the Web Master, stated that survey responses so far have been positive. Further discussion ensued about the "Share Car" program, the survey and the carts.

Holiday Fund Committee

Committee Co-Chairman Lynn Conner reported that 330 people contributed a total of \$27,663 to the Holiday Fund, of which \$3,000 remains in the fund owing to a number of contributions having been made after the Holiday Party on December 18. She commended and thanked Judy Barnes, Karla Ross, Sarah Leonard and Gay Byrne Olk for their assistance this year, and especially thanked Ms. Barnes for her persistence in upgrading the processes and procedures to computerized records with appropriate process checks and balances in the recordkeeping for the fund. Ms. Barnes stated that the continued confidentiality of the process was maintained because the only information recorded on the Excel spreadsheets for each check was the bank name, check number, amount contributed and the date of deposit into the bank account, with no unit owner names or unit numbers recorded.

At this point, Mr. Beck commended Debra Moreno and Kathy Greco for their work in organizing the Salvation Army Drive at the end of December, which was a great success.

Communications Committee

Committee Chairman Karla Ross announced that her report will be e-mailed as a PowerPoint presentation to all of the Board members this week, and that she is eager to receive feedback from everyone. Mr. Beck asked others to join Ms. Ross on the Committee. Ms. Ross stressed that communication in the Association should be from and to everyone—Board members, Management, committees and individual residents—and she urged all residents to communicate their comments, criticisms and suggestions to the Committee and the Board via the Web site, e-mail or the Management Office, adding that the Association intended to use paperless communication more and more in the future. Discussion ensued about persuading more unit owners to run for the Board, about problems with uninformed residents spreading misinformation, and about paperless communication. Ms. Barnes complimented Ms. Ross on the latest newsletter; Ms. Ross expressed her hope to find volunteers who understand the new technologies to help with the newsletter, and also mentioned Mr. Meyers' recommendation that Board members review all communications before they are published in order to check for any inaccurate statements.

Infrastructure Committee

Ms. Ross reported that the Infrastructure Committee charter has been distributed to all Committee members and that the Chairman, Duane Hickling, asks that all Committee members review and sign off on the charter so it may be posted for residents to see. She stated that on January 20 the Committee met with Peter Power and Jim Swint of Klein & Hoffman, Inc., that the window bids are ready to be sent out, and that the Committee developed a set of requirements for qualified bidders. Ms. Ross also stated that balcony accessibility will be a key topic at the next Infrastructure Committee meeting, tentatively set for February 5. Discussion ensued about providing minutes of Infrastructure Committee meetings to post on the Web site, and about posting Board meeting minutes.

MANAGEMENT REPORT

Ms. Ross asked if there were any additional costs for the heat exchanger. Ms. Provus stated that there were not.

Mr. Meyer recommended purchasing two touch screens for the EntraGuard system to serve as back-ups in case one or more of the touch screens fails; Mr. Beck added that if the cost is within Management's discretionary spending limit, the purchase may be made without a motion.

In response to a question from Ms. Latson, Ms. Provus explained about repairs to fitness equipment.

ACTION ITEMS

Approval of Amended and Restated Declaration

Mr. Beck explained that the Declaration, which is the Association's governing document, was out of date and so was updated to comply with the Illinois Condominium Property Act, and that a vote of two-thirds of the Board was required for approval of the updated document. **Upon**

motion duly made by Ms. Conner and seconded by Mr. Shorey, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the Amended and Restated Declaration as prepared by legal counsel in accordance with the State of Illinois Condominium Property Act.

After discussion, Mr. Beck requested a roll-call vote, the result of which was as follows: Ms. Latson—abstain, Ms. Barnes—Yes, Ms. Ross—Yes, Mr. Shorey—Yes, Ms. Conner—Yes, Mr. Meyers—No, Mr. Ruley—No. The motion was defeated.

During the discussion preceding the vote, Mr. Beck stated that one hard copy of the new Declaration would be provided to each unit owner free of charge. Mr. Meyers questioned the timing of this action, and asked about the exhibits and amendments that were attached to the old Declaration. Mr. Beck responded that they have been incorporated into the body of the new Declaration, and Mr. Meyers countered that his copy did not contain the list of ownership percentages. Further discussion ensued following the vote, and Ms. Barnes shared her copy of the new Declaration with exhibits and amendments with Mr. Meyers for his review.

Approval to Retain Klein & Hoffman, Inc. to Review the ComEd Vault Project

Ms. Provus explained the reasons for the vault repairs and that the plans developed by Meade Electric Company, Inc. and Primera Engineering were at one time approved by the City of Chicago but that now there are new requirements based on the Americans with Disabilities Act. She further explained Management's request for another opinion on the project that resulted in a proposal from Klein & Hoffman, Inc. to provide an additional evaluation and analysis of the project and costs, given the project size, and to define the scope of the project, which has been budgeted at \$300,000, after which bids to perform the repairs may be sought. **Upon motion duly made by Mr. Meyers and seconded by Ms. Barnes, the following resolution was made:**

BE IT RESOLVED, that the Board of Directors approve retaining Klein & Hoffman, Inc. to conduct a review and analysis of the ComEd vault repairs, for a fee of \$7,000.00 which includes condition evaluation, determination of appropriate repairs, and a total cost estimate.

After a brief discussion, the motion passed unanimously.

Approval of Amended and Restated Declaration

At this point, after reviewing the new Declaration with exhibits and amendments, Mr. Meyers requested a recall of the previous motion to approve the Amended and Restated Declaration. **Upon motion duly made by Ms. Conner and seconded by Mr. Shorey, the following resolution was made:**

BE IT RESOLVED, that the Board of Directors approve the Amended and Restated Declaration as prepared by legal counsel in accordance with the State of Illinois Condominium Property Act.

The result of the roll-call vote was as follows: Ms. Latson—abstain, Ms. Barnes—Yes, Ms. Ross—Yes, Mr. Shorey—Yes, Ms. Conner—Yes, Mr. Meyers—Yes, Mr. Ruley—Yes. The motion passed unanimously.

Approval of Remodeling Proposal

Upon motion duly made by Mr. Meyers and seconded by Ms. Conner, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the remodeling of Unit #3310 according to the request submitted by the unit owner that has been reviewed and found to be in compliance with the Association's rules, regulations and conditions, and that will be subject to ongoing inspection by the Association's Chief Engineer.

The motion passed unanimously.

Approval of Committee Meeting Posting Policy

Upon motion duly made by Mr. Meyers and seconded by Mr. Ruley, the following resolution was made:

BE IT RESOLVED, that the Board of Directors adopt a policy that every committee meeting date be posted throughout the buildings at least seven days prior to the meeting date, that such posting be the responsibility of the committee chairman, that a proposed agenda be included if possible, and that, except in the case of emergency approval by the Board, any committee meeting not so posted be cancelled.

The motion passed unanimously.

DISCUSSION ITEMS

Board of Directors Meeting Dates for 2009

After discussion, Mr. Meyers moved that Board of Directors meetings be held on the fourth Tuesday of each month, with the exception of November and December, unless circumstances dictate otherwise and upon advance notice to Board members. Mr. Ruley seconded the motion. The motion passed unanimously.

Caregiver Parking Policy

Mr. Beck asked that the Board members think about the caregiver parking situation and asked for volunteers to form a Caregiver Parking Policy Committee to develop a policy for caregiver parking that could be discussed at a future Board meeting.

Additions to Bids

Mr. Beck advised the Board of two elements that should be included in the window bids: (1) how much bonding authority is desired, with his suggestion being to obtain a performance bond for more than the full amount of the project, and (2) liability insurance at \$5 million to \$10 million in primary coverage and \$15 million to \$20 million in umbrella coverage, with the installer's insurance as primary and the Association's insurance as secondary. He added that the Association should also require coverage with an insurance company rated B+ or better by A. M. Best Company.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Mr. Meyers, the meeting was adjourned at 8:41 p.m.

Respectfully submitted,

Judy Barnes, Secretary