

**JAMES/KILMER CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS MEETING  
MAY 26, 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, May 26, 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 7:00 p.m., and declared that a quorum was present in that the following directors were present:

Judy Barnes  
David Beck  
Lynn Conner  
Duane Hickling  
Betty Latson  
Tom Meyers  
Dorsey Ruley  
Angus Shorey

Karla Ross was absent.

Also present were Richard Vicens, Property Manager, Debra Galassi, Assistant Property Manager, and Allan Werth, Site Supervisor, of Draper & Kramer, Inc. Barbara A. Roberts acted as Recording Secretary.

**AGENDA CHANGES**

Mr. Beck asked if there were any changes or additions to the agenda. Mr. Meyers added an item about engaging an architect for the James House window replacement project.

**REGULAR OPEN FORUM**

A unit owner commented on other work that needs to be done in James House besides replacing the windows, such as painting door frames and cleaning carpeting outside the elevators. She also stated that the small planted area on the north side of James House needs attention and asked that HOA be notified. She then asked about painting the balcony railings; Mr. Beck replied that this would be done as part of the window/concrete/railing project.

A unit owner asked whether the lawsuit brought against James House by Kilmer House sets a precedent, such that disagreements in the future will spawn additional lawsuits. Mr. Beck replied that efforts must be made to avoid such a situation.

A unit owner asked that the garage be made a non-smoking area for garage employees. Mr. Beck replied that it already is.

Mr. Meyers remarked that dog owners should not be permitted to allow their dogs to relieve themselves in the garage. A brief discussion ensued. Mr. Beck stated that the sign posted at the back door forbidding this activity seems to be having the desired effect, and suggested that a similar sign be placed in the garage.

Mr. Ruley asked what is being done about the garage ceiling, which is in poor condition. Mr. Beck replied that HOA engaged engineers to inspect the garage and will ratify a vote at its next meeting to repair the broken drain pipes in the garage; he added that another engineering firm will also inspect the ceiling. Marcie Johnson, one of the Association's representatives to HOA, assured Mr. Ruley that HOA is making sure that it has the necessary information and specifications so that repairs may be made correctly.

A unit owner asked if James House can split from Kilmer House to form a separate condominium association. Mr. Beck replied that it is possible but not under consideration at this time, and that it would be better to explore other ways to resolve conflicts; he added that splitting the Association would require either a two-thirds or 100% affirmative vote of unit owners because it would result in changes in the owners' percentage of ownership.

### **APPROVAL OF MINUTES**

Ms. Barnes asked if there were any additions or corrections to the minutes of the regular Board meeting held on April 28, 2009. There being none, **Judy Barnes moved that the draft of the minutes of the regular Board of Directors meeting held on April 28, 2009, be approved as submitted. Tom Meyers seconded the motion. The motion passed, with Duane Hickling abstaining.**

### **TREASURER'S REPORT**

Ms. Latson delivered her report as follows:

For the four months ending April 30, 2009, the Association reported \$1,603,000.00 in total revenue, which was under budget by \$30,000.00. Lower garage income was the primary reason for the lower-than-budgeted results, although less transfer fee income, construction revenue and interest income also contributed to the lower results.

Operating expenses were \$1,398,000.00 for the first four months of 2009, and were over budget by \$75,000.00, owing primarily to gas costs and legal fees. The 2009 interim financials have not been adjusted for year-end audit entries and therefore include approximately \$75,000.00 in duplicate gas bills that belong to 2008. Actual therm usage and per-therm costs are running only slightly higher than budget. Legal fees, which pertain largely to the Kilmer lawsuit, are running \$13,000.00 over budget, and year to date total \$24,000.00. As a result, the James/Kilmer financial statements are currently showing interim operating income of \$205,000.00.

After the provision for the Association's capital reserves of \$393,000.00, an unadjusted net loss of \$188,000.00 was generated. With the year-end audit adjustments, this loss should be reduced to \$113,000.00, which compares to a budgeted loss of \$105,000.00. The operating loss is funded by the Association's operating fund balance. At April 30, 2009, the capital reserve fund stood at \$4,865,000.00.

Mr. Ruley commented on the terminology that Ms. Latson used in her report.

## **COMMITTEE REPORTS**

### **Garage Committee**

Mr. Shorey reported a decrease in monthly revenue owing to 14 fewer resident parkers and 10 fewer non-resident parkers, as well as to sizable purchases of coupons at the end of 2008. He then offered the Committee's ideas to increase revenue, as follows:

- Allow Zipcar® to occupy two transient parking spaces at a charge of \$440.00 per month.
- Allow 90 parkers from LaSalle Condominium Terrace to use the garage for a day and a half at a charge of \$1,350.00.
- Offer parking to mothers dropping off and picking up children attending Lincoln Park Preparatory School and to patrons of Starbucks at \$6.00 for one-half hour; this would have the additional benefit of decreasing the number of cars parked on Germania.

Mr. Shorey also stated that bids are being sought to power wash the garage, now that there is no more snow and slush. Ms. Latson commented that the circumstances causing the decrease in revenue are likely to continue. Mr. Shorey replied that all garage operations in Sandburg Village are earning less than formerly, and that the Garage Committee tried to develop some ideas to generate income. Discussion ensued. Mr. Ruley suggested monthly or weekly passes for the mothers; Mr. Shorey agreed to discuss this with his Committee.

### **Hospitality-Penthouse Committee**

Ms. Conner reported successful interviews with four contractors bidding for painting and carpeting work in the penthouse and that a bid from a fifth contractor was received today. She stated that after the Committee finishes reviewing the bids, it will make a recommendation for an action item to be considered at the next Board meeting. Mr. Beck asked Ms. Conner to first present the bids and recommendation to the Infrastructure Committee for its review. Ms. Conner replied that because the painting and carpeting is simply a maintenance project, she would prefer not to do so; she added that she had previously briefed the Infrastructure Committee on initial plans for the project. Mr. Hickling, the Chairman of the Infrastructure Committee, offered some reasons for presenting the project to his Committee, including that payment for the project would be a capital expenditure, but stated that it was not necessary to do so. In response to a question from Mr. Ruley, Ms. Conner stated that the cost of the project is expected to be less than \$75,000.00.

### **Infrastructure Committee**

Mr. Hickling reported on the results of two meetings held in May at which the windows bids were reviewed.

May 6 meeting:

- HVAC panels in the knee walls should not be included in the bids.
- Ask Klein + Hoffman to supply an estimate to install electrical outlets on the balconies.
- An estimate for grinding the floor down one-half inch under the sliding door tracks to make the balconies more accessible is included in the bids.

May 19 meeting:

- Continuing discussion of project coordination, and role and responsibilities of a project coordinator.
- Working with a Windows Committee subcommittee, develop questions to include in interviews with contractors and window manufacturers.

### Windows Committee

Mr. Beck reported that the minutes from the May Committee meeting have now been linked to the Windows Committee page on the Web site and to the window pages; he added that updates about the project are in the current newsletter. He stated that three subcommittees have been formed: the Interview Subcommittee, which will work with the Infrastructure Committee; the Design Subcommittee, comprising eight or nine people, which will work with Peter Powers and any other architects engaged for the project; and the Display Subcommittee, which is responsible for displays of window samples that will show how the windows will be installed and will function.

### MANAGEMENT REPORT

Mr. Vicens thanked Maurina Provus for the information she provided as he assumed the position of Property Manager. He then briefly reported on a few items, as follows:

- A cracked kitchen main drain pipe and a stripped vent pipe have been replaced.
- Channel 195 has been tested and is ready for use.
- The air conditioning is operational.
- The action item regarding the purchase of treadmills will be delayed until a later meeting.

There was some discussion about purchasing an elliptical exercise machine for the James House Exercise Room.

Mr. Vicens asked that all residents act as his "eyes and ears" to keep him aware of what needs to be done in the buildings; he added that he conducts daily walk-throughs on several floors with the goal of covering the entire property at least once a month. He stated that residents may communicate with him via note, e-mail, telephone or the Web site. A unit owner remarked that several employees have commented that they are impressed with Mr. Vicens's attention to the property. Discussion ensued about using a suggestion box or the Web site to communicate with Mr. Vicens.

### ACTION ITEMS

#### Approval of Capitalization Policy

Ms. Latson stated that the auditor suggested that the Finance Committee adopt a policy that would establish a minimum expenditure for real and tangible personal property above which such purchases would be recorded as depreciable assets. **Upon motion duly made by Betty Latson and seconded by Tom Meyers, the following resolution was made:**

**WHEREAS, Carl Sandburg Village Condominium Association No. 7 is an Illinois corporation duly organized and existing under the laws of the State of Illinois; and**

**WHEREAS, the members desire that the corporation shall record significant property and equipment additions in accordance with generally accepted accounting principles;**

**NOW, THEREFORE, the members hereby adopt the following resolution by and on behalf of Carl Sandburg Village Condominium Association No. 7:**

**BE IT RESOLVED**, that purchases of real and tangible personal property and equipment in excess of \$10,000.00 be recorded as assets in the Association's balance sheet and be depreciated using acceptable depreciation methods over the estimated useful life of the property. The motion passed unanimously.

**Ratification of Approval of Retirement Gift to Robert Walker**

Upon motion duly made by Lynn Conner and seconded by Tom Meyers, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors ratify its approval of the payment of \$2,500.00 net to Robert Walker as a retirement gift. The motion passed unanimously.

**Approval of Finance Committee Charter**

Ms. Latson explained that the charter lists the agreed-upon responsibilities of the Finance Committee. Upon motion duly made by Betty Latson and seconded by Tom Meyers, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors approve the Finance Committee Charter. The motion passed unanimously.

**Approval of Audited Financial Statements**

Ms. Latson explained that the Finance Committee has discussed the draft of the audit for 2008 and has met with the auditor; she added that suggested changes have been made and that the Committee is now submitting the audit for approval. Upon motion duly made by Betty Latson and seconded by Judy Barnes, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors approve the Audited Financial Statements for the Years Ended December 31, 2008 and 2007. After discussion, a roll-call vote was taken, the results of which are as follows: Betty Latson–Yes, Judy Barnes–Yes, Duane Hickling–Yes, Angus Shorey–Yes, Lynn Conner–Yes, Tom Meyers–No, Dorsey Ruley–No. The motion passed.

The discussion that preceded the vote concerned "Note 7 – Contingencies" at the end of the financial statements, which covers the window replacement project and the Kilmer House lawsuit. Mr. Meyers suggested delaying distribution of the financial statements until Kilmer House's supplemental motion for summary judgment is heard and decided by the Court in June. Mr. Beck cautioned that the judicial process could take longer than two months, that an audited financial statement presents conditions at a specific moment in time, that prospective purchasers' financial institutions require current financial statements, and that distribution of the audited financial statements should therefore not be delayed. Ms. Latson commented that prospective buyers should be truthfully informed about the condition of the Association. Further discussion ensued about delaying or not delaying distribution of the audited financial statements.

**Approval to Rent Two Transient Parking Spaces to Zipcar®**

Mr. Beck stated that a blank contract for the transaction with Zipcar has been approved by the Association's attorneys. Upon motion duly made by Angus Shorey and seconded by Lynn Conner, the following resolution was made:

**BT IT RESOLVED, that the Board of Directors approve a contract with Zipcar according to which the Association will provide two transient parking spaces in the James/Kilmer garage at a monthly rental fee of \$220.00 per space. After discussion, a roll-call vote was taken, the results of which were as follows: Betty Latson–Yes, Judy Barnes–No, Duane Hickling–Yes, Angus Shorey–Yes, Lynn Conner–Yes, Tom Meyers–No, Dorsey Ruley–Yes. The motion passed.**

The discussion that preceded the vote covered the amount of revenue expected, who will manage the procedure for using the cars, how the Zipcar system works, security issues, whether a higher fee could be charged, and whether the Association can spare the two parking spaces. After the vote, Mr. Beck commented that Zipcar should promote the service and should discuss with the Mr. Vicens how to publicize the service in the Association.

**Approval of Additional Funds for ComEd Vault Repair Permit Process**

Mr. Hickling explained that Meade Electric has requested additional funds because of changes in the permit process with the City of Chicago Office of Underground Concerns. **Upon motion duly made by Duane Hickling and seconded by Lynn Conner, the following resolution was made:**

**BE IT RESOLVED, that the Board of Directors approve the payment of an amount not to exceed \$12,000.00 to Meade Electric for additional permit expenses for the ComEd vault repair project. The motion passed unanimously.**

During the discussion that preceded the vote, in response to a question from Mr. Meyers, Mr. Hickling explained that although the Association is not required to engage Meade Electric for the project, Meade is one of only three electrical contractors approved by ComEd, and that switching to another contractor would require rebidding the project. Discussion ensued about Klein + Hoffman's evaluation of the bid from Meade Electric.

**Approval of Remodeling Requests**

**Upon motion duly made by Duane Hickling and seconded by Tom Meyers, the following resolution was made:**

**BE IT RESOLVED, that the Board of Directors approve the remodeling of Unit #701 and Unit #3907 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, and that will be subject to ongoing inspection by the Association's Chief Engineer. After discussion, the motion passed unanimously.**

The discussion that preceded the vote covered the work to be done in the units and the necessity of thorough inspections during and after projects and of maintaining inspection reports.

**Approval of Reimbursement for Damage**

**Upon motion duly made by Judy Barnes and seconded by Duane Hickling, the following resolution was made:**

**BE IT RESOLVED, that the Board of Directors approve the payment of \$2,886.16 to the owner of Unit #3507 for damage caused by a running pipe. The motion passed unanimously.**

**Approval of Special Short-Term Parking Fee**

Upon motion duly made by Angus Shorey and seconded by Tom Meyers, the following resolution was made:

**BE IT RESOLVED, that the Board of Directors approve a special short-term parking fee of \$6.00 per half-hour for Starbucks patrons and for persons picking up or dropping off students at the Lincoln Park Preparatory School. The motion passed unanimously.**


**Architect for Windows Project**

Mr. Meyers presented his rationale for engaging an additional architect to provide ideas for upgrading the exterior appearance of James House as part of the windows replacement project. A lengthy discussion ensued about the difficulties that occurred during the lobby renovation, getting architectural approval from HOA, the positions and functions of James House resident and Infrastructure Committee member James Young and Klein + Hoffman engineer and architect Peter Powers, and the ideas that an additional architect could provide for this one-time opportunity to improve the appearance of the façade of the building. Further discussion ensued about the fruitful efforts of the Windows Committee up to this point and about the importance of coordinating an architect's work, which would be limited in scope, with that of the Design Subcommittee. Mr. Beck summed up by stating that he would seek recommendations for architects from James Young, that the Design Subcommittee will meet and recommend an architect to the Board, and that the architect will work with the Board and the Design Subcommittee.

**ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 8:35 p.m.

Respectfully submitted,

  
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Judy Barnes, Secretary