

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
August 25, 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, August 25, 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 7:05 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
Karla Ross
Dorsey Ruley
Angus Shorey

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

REGULAR OPEN FORUM

A unit owner commented on the condition of the dog run near James House. She asked if the Receiving Room will be painted, to which Mr. Vicens replied that it will. She stated that there are significant smoke odors on the ninth floor. Discussion ensued about odors on other floors, especially cigarette smoke.

A unit owner asked that the package shelf in the garage near the building directory be moved closer to the door and was advised to speak to Management about this. She also asked about a notice that she wished to have posted on the laundry room bulletin board that was not posted; Mr. Vicens asked her to submit the notice again to Management, and explained the procedure for approving and posting notices.

A unit owner remarked that smokers might not know that opening windows increases the problem of smoke infiltration, and suggested notifying residents about this.

A unit owner stated that she recently noticed a large dog defecating in the garage.

APPROVAL OF MINUTES

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

TREASURER'S REPORT

Ms. Latson delivered the Treasurer's Report as follows:

July was a very disappointing month for the Association's operating results, as we reported a \$25,000.00 loss due mainly to uninsured losses.

For the seven months ending July 31, 2009, the Association reported \$2.8 million in total revenue. Revenues were under budget by \$48,000.00 largely because of lower garage revenue, although revenue has been trending below budget in several fee income categories as well.

Operating expenses totaled \$2.3 million for the first seven months of 2009, and were over budget by \$89,000.00 owing primarily to legal fees that were over budget by \$24,000.00 and uninsured losses that were over budget by \$61,000.00. The Association expects to receive reimbursement from its insurance company for \$30,000.00 of the legal expenses related to the Kilmer lawsuit. The uninsured losses relate largely to the water infiltration problems that the Association has experienced. The Board has since passed a resolution to minimize such expenses being incurred by the Association in this area. We are also looking into whether these losses are classified correctly and whether any of the losses should be covered by insurance.

As a result, the James/Kilmer financials are currently reflecting revenues over expenses before the reserve contribution of \$520,000.00. After the provision for the Association's capital reserves of \$687,000.00, we generated an operating deficit of expenses over revenues of \$167,000.00. I have asked Management and Draper and Kramer to take immediate action to investigate the steps outlined earlier, and to also investigate budget variances and what alternatives can be taken to rectify the situation. At July 31, the Association is reporting an operating fund deficit of \$32,000.00 while the capital reserves stand at \$5.1 million.

The Finance Committee has met on numerous occasions in August to review financing proposals, to talk to various financial institutions, and to review the Association's capital reserve projections, in preparation for a future town hall meeting. The next Finance Committee meeting is scheduled for Thursday, August 27.

Mr. Meyers referred to the delinquency list and summary that the Board received from Mr. Werth, and asked that information also be provided about what is being done to collect the amounts due. Ms. Ross asked how delinquencies are reflected in the financial statements. Ms. Latson explained that delinquent accounts accrue and do not appear in the financial statements unless and until they are written off.

COMMITTEE REPORTS

Windows Design Subcommittee

Mr. Beck reported that Mr. Vicens is working with Nancy Slattery to find a design professional, with help from noted architecture critic Blair Kamin. He then asked Ms. Ross to report on the replacement window sample room. Ms. Ross stated that window samples will be displayed for all unit owners to view in the north room on the penthouse floor from September 11 through September 18. She explained that the mock-ups previously displayed in various units were used to test the construction and installation of the new windows, but that the samples about to be displayed are product samples from the manufacturers under consideration and will demonstrate the form, function and quality of the windows, although not necessarily the frame color or glass tint. Ms. Ross added that unit owners will be given one more opportunity to see the windows after the design stage is completed and before the town hall meeting.

Mr. Meyers expressed concern that unit owners are not being given sufficient time to view the windows and reiterated his suggestion from the July meeting for distribution to all unit owners of a “nonbinding referendum” with all information about the windows 30 days before any type of Board vote on the windows or the financing. Discussion ensued about issues of timing and pricing. Mr. Beck stated that he will call a vote of either the Board or of unit owners at the most appropriate time. **Upon motion duly made by Tom Meyers and seconded by Angus Shorey, the following resolution was made:**

BE IT RESOLVED, that the Board of Directors distribute by mail to all unit owners in the form of a nonbinding referendum a full description of the window replacement plan, including physical descriptions of the windows, interior and exterior illustrations, and financial details about the funding, to solicit unit owner comments about the project, before the Board’s vote on a special assessment, the package to be distributed 30 days prior to any vote on or adoption by the Board of a window replacement plan or imposition of a special assessment. After discussion, a roll-call vote was taken, the results of which were as follows: Tom Meyers–Yes, Dorsey Ruley–Yes, Duane Hickling–No, Karla Ross–No, Lynn Conner–Abstain, Betty Latson–No, Judy Barnes–No, Angus Shorey–Yes. The motion failed.

Infrastructure Committee

Mr. Hickling reported that the Committee is working with Mr. Vicens to schedule second interviews with window manufacturers after the sample room is completed and the samples are delivered. He added that any manufacturer unable to provide a sample that meets the requirements already determined will not be included in the second round of interviews.

A unit owner commented on the absence of microphones at the meeting.

HOA REPORT

HOA Representative Marcie Johnson reported that the HOA Board will not meet in August but will do so in September, and that the Village meeting with 42nd Ward Alderman Brendan Reilly is scheduled to take place in HOA’s Alcott House Hospitality Room on September 2; she added that Village residents are encouraged to attend to discuss issues of concern and importance to the neighborhood.

MANAGEMENT REPORT

Mr. Vicens reported on several items, as follows:

- Nichelle Wilson took up the position of Assistant Property Manager on August 12. She and Mr. Vicens have worked together in the past and he is impressed with her capabilities.
- Microphones will be provided at the next meeting.
- Nichelle Wilson and Diana Cardenas have selected a style and color for new uniforms for the door staff. A sample uniform will be displayed to the Board after the James/Kilmer logo is affixed to it.
- Work on the expense allocation study will continue when Michael Schall, the Association's auditor from Picker & Associates, returns from his vacation on September 1.
- The agenda includes an action item to provide handicap access from the B level of James House to the B-1 garage level, from the garage level to the Kilmer House freight elevator, and for the door between the two revolving doors at the front entrance of James House; this access will also benefit people laden with packages.
- Problems have arisen with the three new treadmills in the Fitness Center, and final payment for them is being withheld until everything is in order.
- As part of the penthouse redecoration, the moldy sheetrock has been replaced, the carpeting will be installed soon, and the ceiling tiles have been repaired.
- Because the window replacement and concrete work contractors will need office space in the building, the north end of the south room in the penthouse will be fitted out with two temporary offices for their use. No carpeting will be installed in this space until the offices are no longer needed.
- Work on the budget and on the concrete and window replacement projects has begun. Klein + Hoffman has prepared the contract for Golf Construction to replace concrete removed during the Critical Façade Examination, to repair and paint balconies and railings, and to paint the entire building. The contract, reflecting a price reduction, is being reviewed by Golf Construction and by the Association's attorney. Work will start shortly and continue through Thanksgiving, and will be resumed next spring. Mr. Beck added that work on Kilmer House, including tuckpointing and concrete and railing repairs, will be performed next year.
- Meade Electric's engineering firm, Primera, has begun obtaining the additional permits required for work on the ComEd vault, which is not expected to start until next year.
- Wiss Janney Elstner has been water-testing the James House garage and the Kilmer House patios to determine how to deal with the water leaks into the James House garage. Mr. Beck added that work on the garage cannot begin until HOA has been able to review the entire scope of all work needed in the Village at this time, including James house garage, the South Mall and the Cummings-Dickinson Mall, so the James House garage project is not expected to begin until next year.
- In response to an inquiry from a unit owner, Mr. Beck and Mr. Vicens stated that Klein + Hoffman engineers will constantly inspect the work on the balcony railings, and Mr. Vicens agreed to check on the warranty terms for the work.

ACTION ITEMS

Approval of Management Agreement with Draper and Kramer Incorporated

Ms. Barnes reported that the Management Search Committee recommends renewing the management contract with Draper and Kramer, citing the new management team's experience and competence, significant improvements in service, and favorable contract terms, but that Draper and Kramer has also agreed to provide further service expansion and upgrades listed in a letter of commitment which needs

to be approved by both the Board and the Association's attorney before the new Management Agreement can be signed. **Upon motion duly made by Judy Barnes and seconded by Tom Meyers, the following resolution was made:**

BE IT RESOLVED, that the Board of Directors approve the Management Agreement with Draper and Kramer Incorporated to manage the Carl Sandburg Village #7 Condominium Association for a period of three years with the option of a two-year extension, beginning on January 1, 2010, for the price of \$90,756.00 in 2010 and the price of \$94,500.00 in 2011 and 2012, and through 2014 if the two-year extension is approved, such approval to be contingent upon approval by the Board of Directors and by the Association's attorney of a letter of commitment from Draper and Kramer Incorporated to be included as an Addendum to the Management Agreement. The motion passed unanimously.

Approval of Contractor to Provide Handicap Access between the Garage and James House and Kilmer House

Upon motion duly made by Lynn Conner and seconded by Angus Shorey, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the proposals submitted by Tee Jay Service Company on June 26, 2009, to supply and install equipment to provide automated handicap access for (1) a pair of doors from garage level 1 to James House "B" level, (2) a pair of doors from garage level 1 to the Kilmer House elevators, and (3) the door between the revolving doors at the James House entrance, in the amount of \$15,758.00. After discussion, the motion passed unanimously.

Prior to the vote, Mr. Ruley asked about using motion sensors instead of switches for exiting the building. A brief discussion ensued and Mr. Vicens agreed to investigate,

Approval to Distribute the Proposed Rule Mandating Homeowners Insurance

Mr. Vicens emphasized the necessity for unit owners to have their own personal property and liability insurance in case of damage to personal property or injury to someone in a unit, to minimize the Association's uninsured losses. 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 approve the distribution to unit owners of a proposed change in the Association's "Rules and Regulations" mandating that all unit owners carry personal property and liability insurance. After discussion, the motion passed unanimously.

The discussion preceding the vote included minimum coverage, how to handle insurance for renters, ways to gather comments about the proposed rule, how unit owners should provide proof of insurance to the Association, assembling a list of unit owners who are insured after the rule is approved, and determining how other similar condominium associations are handling the issue.

Approval of Remodeling Request

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 Units #2801, #2915, #3915 and #4108 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. The motion passed unanimously.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 8:09 p.m.

Respectfully submitted,



Judy Barnes, Secretary