

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
July 28, 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, July 28, 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.

AGENDA CHANGES

Mr. Beck asked if there were any changes or additions to the agenda. Mr. Meyers requested discussions and possibly action items concerning an owner vote on the window project before a vote on a special assessment, the distribution of a notice about the damage reimbursement policy change enacted at the last meeting, and the upcoming Town Hall Meeting about the window replacement project. Ms. Ross requested the addition of an item about the Window Design Subcommittee. Mr. Beck added that the Klein + Hoffman action item was to be removed from the agenda.

REGULAR OPEN FORUM

A unit owner from Kilmer House expressed concern about the perceived attitude of the Board members from James House, and stated that she has endeavored to keep Kilmer House residents informed about the litigation activity taking place in recent months. She also commented on what she characterized as discrepancies in the various sworn affidavits made by Mr. Beck during the course of the litigation, and requested that her report about this matter be attached to and made part of these minutes.

A unit owner suggested that Board members talk to realtors familiar with James House to ascertain its current reputation and the perceived value of the property, with specific reference to the windows replacement project and the Kilmer House litigation.

A unit owner commented that James House is a great building in a great location, but that its windows must be replaced.

APPROVAL OF MINUTES

Ms. Barnes asked if there were any additions or corrections to the minutes of the regular Board meeting held on June 23, 2009. There being none, **Judy Barnes moved that the draft of the minutes of the regular Board of Directors meeting held on June 23, 2009, be approved as submitted. Angus Shorey seconded the motion, and it passed, with Tom Meyers abstaining.**

TREASURER'S REPORT

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

For the six months ending June 30, 2009, the Association reported \$2.4 million in total revenue, which was below budget by \$41,000.00 due largely to lower garage revenue.

Operating expenses were \$1,977,000.00 for the first six months of 2009. Operating expenses were over budget by \$61,000.00 due primarily to legal fees, which were over budget by \$26,000.00, and uninsured losses, which were \$33,000.00 over budget. As a result, the James/Kilmer financials are currently reflecting revenues over expenses before the reserve contribution of \$447,000.00. Legal fees are running over budget owing to the Kilmer lawsuit. The Association expects to receive reimbursement for a portion of its legal expenses from insurance, which will offset some of these expenses. Management is overseeing the receipt of the reimbursement. The uninsured losses relate largely to the water infiltration problems that our Association has experienced. The Board has since passed a resolution to minimize any such expense incurred by the Association in the future.

After the provision for capital reserves of \$589,000.00, the Association generated an operating deficit of revenue over expenses of \$142,000.00. The operating deficit is funded by the Association's operating fund balance. At June 30, 2009, the capital reserve fund stood at \$4,994,000.00.

The Finance Committee has sent out a schedule of future dates for its meetings. These dates are as follows: August 4, 6, 10, 13, and 18. We expect during those meetings to review terms sheets from various banks, our cash flow projections, and a number of other topics that will get us ready for a future Town Hall Meeting to inform unit owners of how we may be able to finance the James House replacement windows.

Ms. Latson then addressed the issue of changes to Note 7 in the current audit report, and distributed copies of a revision to the note that includes reporting of the recent Kilmer House cross-appeal in addition to the James House appeal of the decision in the Kilmer lawsuit. Ms. Ross corrected the phrase "James House residents" to "James House owners" in the new wording. **Judy Barnes moved to approve the change proposed on July 22, 2009, to Note 7 in the 2008 audited financial statements. Mr. Hickling seconded the motion, and it passed unanimously.**

Mr. Meyers asked Ms. Latson to provide in future a month-to-month comparison of the number of delinquencies dating back one year; Mr. Vicens agreed to provide such a list. Mr. Ruley asked Mr. Vicens how many units are currently for sale; Mr. Vicens explained that the Management Office is notified only about closed sales of units, not necessarily about units that are on the market.

COMMITTEE REPORTS

Garage Committee

Mr. Shorey announced that a notice would be posted on the July 23 stating that those wishing to have parking passes available for guests during the Air & Water Show must purchase them before Friday, August 14. Ms. Barnes asked if garage revenue has increased as a result of the new parking offer for patrons of the nearby Starbucks and the preschool; Mr. Shorey and Mr. Vicens stated that considerable additional revenue has been collected from these new temporary parkers.

Management Search Committee

Ms. Barnes reiterated her remarks from last month about the results of the Committee's initial search for a management company and stated that the Board is now reviewing in Executive Session the responses received from six management companies.

Infrastructure Committee

Mr. Hickling reported that the Infrastructure Committee and a group from the Windows Design Subcommittee met on July 7, 9, 13 and 16 with the seven windows manufacturer and installer teams that had submitted bids for the windows replacement project, and also interviewed the three low-bid concrete contractors for the façade repairs on James House. He stated the reasons that the Committee recommends Golf Construction to do the concrete work; Mr. Vicens added that he received very good references for Golf Construction from other building managers. Mr. Hickling further stated that the façade work is expected to begin in September and to be finished early in 2010, weather permitting. He confirmed that separate bids would be sought for façade work on Kilmer House.

Mr. Hickling stated that four of the seven window manufacturer and installer teams are still being considered, and that the pricing among the four is very close; he named the three teams that have been eliminated from consideration and explained why. He added that the next step is to assemble full-sized product samples for residents to view.

Communications Committee

Ms. Ross reported that three unit owners are working on arranging the window sample display in the room at the north end of the penthouse floor to have it ready for viewing around mid-August after the redecorating work on that room is finished. She emphasized that every available communication tool will be used to be sure that all owners have ample opportunity to see the samples and to convey their opinions about the samples.

Ms. Ross reported that the various committee chairmen are working with Mr. Vicens and Klein + Hoffman in preparation for the second Town Hall Meeting about the windows replacement project, the focus of which will be the financing of the project and updates on the status of the project; she added that the meeting will most likely take place in August.

Ms. Ross also reported that Mr. Vicens and the Management staff have succeeded in reactivating Channel 195 so that residents will have unlimited access to all announcements and other postings, and are now working to ensure that the system works properly. In response to a question from Mr. Ruley, Ms. Ross explained that the Committee's focus was on communications methods already in use, such

as the Web site and posted notices, and that video monitors in the elevators were considered but were determined to be too expensive. She expressed particular appreciation for the efforts of Mr. Vicens and Diana Cardenas of the Management Office. Mr. Beck added that it might be possible in the future to broadcast Board meetings on the channel. Ms. Ross urged those present to tune in to the channel and provide Management and the Committee with feedback about it.

Penthouse Committee

Ms. Conner reported that two paint samples and two carpet samples for the penthouse redecorating project were put on display and that Sample B of each was chosen by the majority of the 93 residents who expressed their preference; she added that work on the project will begin on July 29. Ms. Conner stated that there will be a one-half-inch rubber pad under the carpeting to help reduce the level of noise reaching residents on the floor below. Discussion ensued about the need to enforce the rules about the use of the penthouse, about the security deposit in case of damage to the rooms or furnishings, and about how much the project will cost. Ms. Conner stated that precise costs are not yet known, and Mr. Vicens reminded the Board that its resolution approving the project specified a not-to-exceed amount of \$40,000.00.

Windows Design Subcommittee

Mr. Beck reported that 10 or 12 people are working on the window samples and stated that he will provide them with clarification on what the Board will require.

HOA REPORT

HOA Representative Marcie Johnson reported that the HOA Board has authorized replacement of the South Pool cabana doors with doors of the same type as were installed on the North Pool cabanas. She stated that HOA Management will see that the hole at the back entrance of the James House loading dock is filled in. Ms. Johnson added that there will be no meeting of the HOA Board in August, but that a meeting with Alderman Brendan Reilly to which the entire Village will be invited is planned for September 2 and may be held at the Latin School, depending on how many people are expected to attend. She encouraged people to submit ideas for issues that they would like alderman to address. Mr. Beck added that there have been numerous complaints about too many children using the South Pool, so some swimming lessons for children will now be conducted at the North Pool.

MANAGEMENT REPORT

Mr. Vicens reported on several items, as follows:

- Assistant Property Manager Debra Galassi will leave the Management staff on August 14 to participate in the opening of a new luxury condominium building
- Chief Engineer Kurt Kruger will have been with the Association for 20 years on August 1.
- Michael Schall, the Association's auditor from Picker & Associates, is in the process of reviewing the documents that Allan Werth has requisitioned from the Draper and Kramer archives as part of the study of James and Kilmer expense allocations approved at the June Board meeting.
- Draper and Kramer continues to hold its round table meetings; today's meeting dealt with delinquencies and collections. Ms. Barnes commented that the list of topics to be addressed is impressive and requested that Mr. Vicens share pertinent information with the Board.
- The repairs to the roof will begin on July 29; canopies and protective barriers will be installed in the entrance area.
- The penthouse redecorating project will also begin on July 29, starting with the north room where the window samples will be displayed.

- Management has received one proposal to construct handicap access from the B level in James House to the garage; additional proposals have been sought.
- The garage wash bay will be painted.

A unit owner asked about installing a window in the door to the staircase leading to the garage, so that anyone using the door can see people passing in front of the door as it is being opened and thus avoid hitting them. Mr. Vicens agreed to investigate the situation.

Mr. Meyers asked that the notice about the change in the Board's policy with regard to damage to units caused by storms, etc., be mailed to all resident and nonresident unit owners, accompanied by a letter about the discussion at the last Board meeting about homeowners and renters insurance. The Board agreed, and Mr. Vicens agreed to draft a letter for Mr. Beck to review.

ACTION ITEMS

Approval of Contract Award to Golf Construction for Concrete Work

Mr. Hickling provided a brief summary of the work to be performed by Golf Construction to complete repairs or replacement of defective concrete discovered during the last Critical Façade Inspection and as part of ongoing building maintenance. **Upon motion duly made by Duane Hickling and seconded by Judy Barnes, the following resolution was made:**

BE IT RESOLVED, that the Board of Directors approve the award of a contract to Golf Construction for work on James House to provide (1) concrete repairs on the entire building, (2) balcony slab repairs, (3) balcony rail repairs, (4) penthouse concrete repairs and tuckpointing, and (5) painting of concrete surfaces, balcony membranes and balcony railings, in the amount of \$1,863,621.00, according to the terms of its proposal submitted on April 2, 2009, with the proviso that additional work associated with window removal and replacement may have to be performed in accordance with a schedule of unit prices provided by Golf Construction, and further that the Board direct Property Manager Richard Vicens to negotiate with Golf Construction for a lower price. After discussion, the motion passed unanimously.

Approval of Proposed Carpet and Paint Samples for Penthouse Redecorating Project

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 use of paint and carpeting as represented by the "B" samples recommended by the Penthouse Committee and preferred by residents for the penthouse remodeling project approved at the June 23, 2009 Board meeting. The motion passed unanimously.

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 Unit #2915 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 Nonbinding Referendum by Unit Owners on Windows

Mr. Meyers raised the issue of whether or not unit owners were to be given the opportunity to express their preferences about the replacement windows, totally apart from the issue of a unit owner vote for or against a special assessment to pay for the windows, if the Board approves a special assessment. A lengthy discussion ensued about optimizing methods of communication to and from unit owners on this and other matters and the importance of doing so. **Upon motion duly made by Tom Meyers and seconded by Dorsey Ruley, 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 and financial details about the funding, to solicit unit owner opinions about the project, before the Board's vote on a special assessment, the package to be distributed 30 days prior to the special assessment vote. A roll-call vote was taken, the results of which were as follows: Duane Hickling--No, Judy Barnes--No, Lynn Conner--Abstain, Angus Shorey--Abstain, Betty Latson--No, Karla Ross--No, Tom Meyers--Yes, Dorsey Ruley--Yes. The motion failed.

DISCUSSION ITEMS

Town Hall Meeting on Window Replacement

Mr. Meyers remarked on the notice he received on the day of the meeting referring to a Town Hall Meeting on the window replacement project scheduled for August 25. He objected to the short notice and to the meeting being held before all information on the windows has been made available to unit owners and at a time when many are out of town on vacation. Ms. Ross countered that the notice was clearly marked as a draft and that it was distributed to the committee chairmen for their review; she added that the Town Hall Meeting would actually be scheduled only when all the relevant committees have completed their work for the project and are ready to make presentations at such a meeting. Further discussion ensued.

Mandatory Insurance for Unit Owners and Renters

Mr. Vicens stated that a rule change covering mandatory insurance for unit owners and renters would be included as an action item on the next meeting's agenda. There was some discussion about listing the Association as the additional insured on the insurance policies; Mr. Vicens stated that he has been informed that most insurance companies will permit such an endorsement.

Doorman Uniforms

Mr. Vicens stated that a representative from a uniform company will bring samples of uniforms to the Management Office this week.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Karla Ross and seconded by Duane Hickling, the meeting was adjourned at 8:45 p.m.

Respectfully submitted,



Judy Barnes, Secretary