

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
September 22, 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, September 22, 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.

Mr. Beck removed the approval of renewal of the Association's insurance from the list of action items on the agenda, stating that it needed to be discussed further. Mr. Meyers requested that a discussion about the windows be added to the agenda.

REGULAR OPEN FORUM

A unit owner asked if the Board of Directors determines what is meant by a "limited common element." Mr. Beck explained that the Illinois Condominium Property Act provides the definition of most limited common elements – such as balconies, windows, lateral HVAC ducts or pipes, etc. – and that further information will be made available at the Town Hall Meeting about the window replacement.

A unit owner asked about the allocation of reserves for the James House window replacement project and then commented on the conflicts between Kilmer and James and the necessity for both parties to reconcile and stop spending time and money on lawsuits. Mr. Beck stated that representatives from both buildings are attempting to do so.

A unit owner asked if there has been any further discussion or action on the matter of dividing James/Kilmer into two separate associations. Mr. Beck responded that the expense allocation accounting procedure has to be completed first, to provide factual financial information about the two buildings, and that, in any event, such a separation would be very difficult to accomplish.

A unit owner asked when the expense allocation accounting report will be completed. Mr. Beck stated that it should be completed soon but that the exact completion date is not known.

A unit owner commented on flooding caused by leaks in the horizontal or lateral hot water risers and asked if these are limited common elements; in addition, she asked if a special assessment would be levied to fix all of the horizontal risers at once. Mr. Hickling explained that the leaks occur too seldom to be considered for a building-wide repair at this time, but that the risers may be replaced in phases in a few years unless a new HVAC system is installed; he added that the Infrastructure Committee will look into the matter perhaps next year, and that the project would not be as expensive as replacing the windows. Another unit owner asked if any reserves are available for replacing the horizontal water risers. Mr. Beck stated that because they are limited common elements, each unit owner is responsible for risers serving their unit and that a legal opinion would be sought about a contribution to the project from reserves.

A unit owner asked why the package shelf in the garage has not yet been moved to a more convenient position. Mr. Vicens promised to have this done, and urged unit owners not to hesitate to remind him about such requests in the future. The unit owner asked about the Maintenance staff's ability to handle small plumbing problems with replacement faucets and the like. Mr. Vicens explained why Maintenance stocks only original equipment parts, but agreed that small, common parts such as washers could probably be dealt with by the Maintenance staff.

APPROVAL OF MINUTES

Ms. Barnes asked if there were any additions or corrections to the minutes of the regular Board meeting held on August 25, 2009. There being none, **Judy Barnes moved that the draft of the minutes of the regular Board of Directors meeting held on August 25, 2009, be approved as submitted. Tom Meyers seconded the motion, and it passed unanimously.**

TREASURER'S REPORT

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

For the eight months ended August 31, 2009, the Association reported \$3.2 million in total revenue. This figure was under budget by \$75,000.00, of which \$65,000.00 stemmed from lower garage revenue from both residents and non-residents, and \$10,000.00 stemmed from lower revenue in various fee income categories.

Operating expenses were \$55,000.00 over budget year to date due primarily to uninsured losses and to plumbing and sewer repairs. Some of the operating expenses were offset in August with the collection of \$30,000.00 from the Association's insurance company for legal costs related to the Kilmer lawsuit. As a result, total operating expenses for the eight months of 2009 were \$2,576,000.00.

Revenues over expenses before capital reserve contributions totaled \$638,000.00, and were under budget by \$130,000.00.

After the provision for capital reserves of \$785,000.00, the Association generated an operating deficit of expenses over revenues of \$147,000.00. At August 31, 2009, the capital reserve fund stood at \$5,179,000.00.

The next Finance Committee meetings are set for Thursday, September 24 and Tuesday, September 29 to discuss the material and preparation for the Town Hall Meeting. The Committee has also scheduled budget meetings on October 7, 8, 12 and 14.

Ms. Latson then explained the budget discussion and approval process. Mr. Ruley asked whether there are ways to close the gap between budgeted and actual revenue figures. Ms. Latson stated again that uninsured losses and low garage revenues have contributed to the shortfall, but that the Committee will carefully examine expenses and adjust the new budget to minimize future deficits, probably increasing the operating fund assessment. In response to a question from a unit owner, Ms. Latson and Mr. Beck stated that the number of unit owners in arrears in their assessment payments is about the same as usual.

COMMITTEE REPORTS

Infrastructure Subcommittee

Mr. Hickling reported that the Committee met on September 9 and 10 to conduct its second round of interviews with the four window manufacturer-installer teams and that, after discussion, the Committee voted unanimously in favor of two of the teams: Auburn/EFCO and Softerlite/TRACO, adding that their bids were very competitive. He stated that samples from those two manufacturers are on display in the north room of the penthouse, and that after the Committee has reviewed all of the unit owner feedback about the samples, final contract negotiations will be conducted.

Ms. Ross then reported on the window sample project, stating that volunteer hosts were available in the sample room for the first week to answer unit owners' questions and demonstrate the windows' features, and that the room will remain open, but without hosts, for another week before the Town Hall Meeting. She described the survey given to those examining the samples on which quantitative ratings of the samples, as well as qualitative comments about them, were collected, and she thanked those unit owners who have responded so far, noting that they represent approximately 59% of resident owners. Ms. Ross then thanked the volunteers for their time and efforts: Mary Kay Montalto, who managed the volunteer team, and Barbara and Bob Fiacchino, Marcie Johnson, Larry Hennley, Gina Zehr, Jay Owens, Carol Abrioux, Joan Goldstein, Frances Andrews, Nancy Baltus and Karen Flannery. Ms. Ross also stated that the window samples were numbered in such a way as to provide a blind sampling system irrespective of manufacturer; Mr. Beck added that the final choice, however, will be one manufacturer or the other.

Management Search Committee

Ms. Barnes stated that the addendum to the Management Agreement with Draper and Kramer will be available for Board approval next month.

HOA Report

Mr. Beck reported on the following:

- New gravel has been added to the dog run behind James House.
- The Village-wide fence painting project is continuing and may be finished by winter.
- With regard to the leak in the garage, Paul Gaudette of Wiss Janney Elstner Associates, Inc. will be present at the September 23 HOA Board meeting to present assessments of the various repair and restoration projects that need to be done throughout the Village, and that scheduling repairs to the J/K garage can then be determined by the HOA Board.

Marcie Johnson thanked all those who attended the meeting with 42nd Ward Alderman Brendan Reilly on September 2.

MANAGEMENT REPORT

Mr. Vicens reported on the following:

- The Annual Meeting will be held on November 10, and initial mailings will go out to unit owners on September 25.
- The new appraisal needed for insurance on the buildings will be available on September 23.
- The representative from Picker and Associates has completed the expense allocation accounting for the operating fund and is about to begin the expense allocation accounting for the capital reserve fund.
- Klein and Hoffman is in the process of preparing the concrete project contract for Golf Construction; when it is received, it will be reviewed by Golf Construction and by the Association's attorney, David Sugar.
- The demising wall separating the north end of the south room from the rest of the room has been installed, which will allow for space for the concrete and window contractors to set up temporary offices. Management is researching better ceiling light fixtures, and once they are installed, the ceiling will be sprayed, the carpeting will be laid, and the final painting will be completed. The rooms will be ready for use after telephone outlets and wall phones are installed, in about two weeks. Discussion ensued about various types of lighting fixtures and about the penthouse furnishings.

ACTION OR DISCUSSION ITEMS

Approval of Elevator Maintenance Contract Renewal

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

BE IT RESOLVED, that the Board of Directors approve the proposal submitted by Otis Elevator Company on September 14, 2009, for elevator maintenance for the five-year period from October 31, 2009 through November 1, 2014, in the amount of \$4,931.49 per month, payable monthly. The motion passed unanimously.

Approval to Reimburse Expenses Incurred by Unit Owner

Upon motion duly made by Tom Meyers and seconded by Judy Barnes, the following resolution was made:

BE IT RESOLVED, that the Board approve the reimbursement of expenses, as discussed in Executive Session, in the amount of \$1,102.00 to a unit owner whose unit was damaged by water infiltration from leaks in the James House roof and made uninhabitable for a period of two months. The motion passed unanimously.

Approval to Replace Boiler Water Pumps

After a brief discussion and an explanation by Mr. Hickling and Mr. Vicens of the function of the second boiler and why the boiler pumps must be replaced, upon motion duly made by Duane Hickling and seconded by Tom Meyers, the following resolution was made:

BE IT RESOLVED, that the Board approve the proposal submitted by Acculink on June 30, 2009, to supply all materials for and install four B&G Model 1531 4AC circulating pumps and 5 HP motors, including new check valves on both boilers, in the amount of \$22,750.38. 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 Units #1111, #1512 and #3605 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.

Preceding the vote, Ms. Barnes asked when and how often inspections are performed, and where and for how long inspection reports are kept. Mr. Vicens explained that inspections are performed during the remodeling process, and that the frequency of inspections and the type of recordkeeping varies with the scope of the remodeling, noting that painting, for instance, requires little in the way of inspection or records, whereas more extensive remodeling would require frequent inspections and detailed records. He added that he would investigate where and for how long reports are filed and inform Ms. Barnes of his findings.

Insurance Contract Renewal

Mr. Vicens explained that, because insurance coverage is partly based on the replacement cost of the buildings, renewal of the Association's insurance contract cannot take place until the new appraisal of the buildings is completed on Monday. Mr. Beck asked why renewal of insurance policies always seems to take place so close to the deadline. Mr. Vicens and unit owner Sarah Leonard, an insurance underwriter, provided several reasons that proposals and certificates of insurance are not completed until close to policy termination dates, adding that the situation is particularly difficult in September because so many policies share a common start date of October 1. In answer to a question from a unit owner, Mr. Vicens stated that a valid certificate of insurance will be available both in the Management Office and on the Association's Web site. Mr. Beck stated that when the insurance contract renewal proposal is received from Mesirow Financial, it will be distributed to all Board members for an e-mail vote.

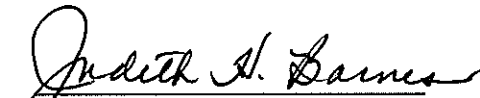
Windows

Mr. Meyers once again raised the issue of providing information about the window replacement project to unit owners 30 days in advance of any Board action on the project, stating that some unit owners to whom he has spoken have expressed interest in having such advance information. A lengthy discussion ensued, with other Board members taking the position (a) that the Board is not deliberately hiding the facts from unit owners but that not all the pertinent data is available yet, (b) that premature notification with incomplete data will do more harm than good, (c) that the Town Hall Meeting on October 1 will go a long way toward providing unit owners with the information they need, and (d) that an artificial timeframe based on incomplete information will be misleading to unit owners. Mr. Beck asked that Board members adhere to a policy of notifying him in advance with requests for items to be added to Board meeting agendas.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 8:30 p.m.

Respectfully submitted,


Judy Barnes, Secretary