

**JAMES/KILMER CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS MEETING  
August 24, 2010**

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 24, 2010, in the James House Hospitality Room, 1560 North Sandburg Terrace, Chicago, Illinois, pursuant to By-Laws.

**CALL TO ORDER**

Duane Hickling, President of the Association, called the meeting to order at 7:01 p.m. A quorum was present in that the following directors were present:

Judy Barnes  
David Beck  
Duane Hickling  
Betty Latson  
Tom Meyers  
Dorsey Ruley  
Nancy Slattery

Frances Andrews and Dan McNamara were not in attendance.

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

Mr. Hickling added one item to the agenda: a discussion about door drops.

**UPDATES: WINDOW REPLACEMENT AND CONCRETE REPAIR PROJECTS**

Mr. Vicens reported on the current status of the Window Replacement and Concrete projects:

- The mock-up installation has again been delayed and will begin on August 31. It will take four days to install the mock-up, after which an outside testing agency will perform water and wind infiltration tests, expected to last through September 10. Klein and Hoffman has the Phase 1 shop drawings and is ready to release them to the manufacturer if the testing agency finds nothing wrong with the mock-up installation. The project schedule that was posted on August 23 was based on a start date of October 11, which might have to be changed if the mock-up requires adjustment.
- Following a meeting between the HOA landscape architects and representatives from USA Hoist Co., it was determined that most if not all of the landscaping around James House will have to be removed, except for the large trees on the east side. It is expected that the building will be without landscaping through most of 2011, after which replacement landscaping will be planted.
- The next concrete repair project meeting will be held on August 25. Notices are posted daily listing which tiers are being worked on. Discussion ensued about pedestrian protection on the north side of the building, and about the order in which various phases of the window replacement and concrete work are to be performed. Mr. Vicens stated that the order of work will be discussed at the project meeting.
- Management has sent a request to Klein and Hoffman for a proposal to examine the James House roof and make recommendations about replacing the roof and about installing decking and fixtures such as windscreens and railings.

## **REGULAR OPEN FORUM**

Ms. Slattery reported that she met with a representative from Eddie Z's Blinds and Drapery who would like to make a presentation to James House unit owners offering replacement blinds for their new windows at a discount. Mr. Hickling advised inviting other local window treatment vendors to also make presentations at a unit owner meeting. A unit owner stated that she engaged a designer to measure her windows and provide an estimate for window treatments, and that she thought a unit owner meeting with presentations from vendors is an excellent idea. Ms. Slattery agreed to organize such a meeting, and agreed to also invite painting contractors, at Marcie Johnson's suggestion.

A unit owner reported that some residents object to receiving notices to remove objects from their balconies too far in advance of when this actually must be done. Mr. Meyers and Ms. Slattery suggested installing a large sign in a conspicuous place in the building with daily updates about the concrete and window projects.

## **APPROVAL OF MINUTES**

**David Beck** moved that the draft of the minutes of the Board of Directors meeting held on July 27, 2010, be approved as presented. **Dorsey Ruley** seconded the motion, and it passed, with **Tom Meyers** and **Dorsey Ruley** abstaining.

## **TREASURER'S REPORT**

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

For the seven months ended July 31, 2010, the James/Kilmer Association reported total revenue of \$2.9 million. Revenues were approximately \$13,000.00 under budget due to lower garage revenues, although garage revenues continue to increase. Monthly, transient and coupon garage revenues were all over budget in July.

Operating expenses were \$2.3 million and were under budget by \$48,000.00. Lower payroll, maintenance and repair costs more than offset higher utility and legal costs. Payroll was under budget by \$63,000.00 and maintenance and repair costs were under budget by \$19,000.00. Utility costs were over budget by \$19,000.00 and legal costs were over budget by \$14,000.00.

As a result, the Association posted revenues over expenses of \$599,000.00 before capital reserve contributions. After the provision for capital reserves of \$583,000.00, the Association generated an operating surplus of revenues over expenses of \$16,000.00, which compares favorably to the budgeted deficit of \$20,000.00.

At July 31, 2010, the operating reserve stood at \$124,000.00. The capital reserve fund stood at \$5,817,000.00.

## **Finance Committee Report**

### **Direct Charge Update**

James House unit owners reached a significant milestone with the levy and collection of the direct charge for the concrete and window projects. The final numbers reflected 70% of the James House unit owners electing to pay the direct charge in a lump sum. One hundred fifty-six James House unit owners elected to use the Association's payment plan. As a result, the Association has borrowed \$3,137,682.00 or 26% of the total direct charge. The loan breakdown is as follows:

<b>Length of Loans</b>	<b>Total Amount of Loans</b>
3 years	\$490,579.00
5 years	\$631,494.00
7 years	\$143,260.00
10 years	\$1,872,349.00

### **Audit of 2009 Financial Statements**

The Board approved the audit of the James/Kilmer Association 2009 financial statements at the July Board meeting. The 2009 audit will be mailed to unit owners in the next few weeks. The Budget Allocation Study allocating costs to each building for the 2009 audited financials is under way. Picker & Associates, the J/K auditing firm, is conducting the study.

### **2011 Budget**

The Management staff and Allan Werth of DK Condo have begun the 2011 budget process. Finance Committee meetings to review the budget are expected to begin late in September. The proposed meeting schedule is as follows: September 20, October 6, and October 12, with a back-up date of October 19 if another meeting is required.

## **COMMITTEE REPORTS**

### **Communications Committee**

Ms. Barnes stated that the August newsletter will be distributed this week, scheduled to follow the Board meeting.

### **Garage Committee**

In the absence of the chairman, Frances Andrews, Mr. Hickling remarked on the good news in the Treasurer's report that garage revenues are increasing.

### **HOA Report**

Mr. Beck announced that the North Mall projects will be launched in the spring of 2011 and will include, among other things, repairs to the walls around the Kilmer House patios and to the drains, the work to be combined in one construction season for the sake of economy. He stated that the one bid so far received for work on the walls and drains is approximately \$86,000.00, which would be paid for directly by the first-floor Kilmer unit owners on the west side of Kilmer. Mr. Beck further stated that there may be an additional charge to repair the concrete on the patios around the drains, and that the total cost for the North Mall project is estimated at \$150,000.00. He added that other bids are being sought, but that the first-floor owners should expect to have to pay no more than \$86,000.00 plus the cost of any

additional concrete work that may be needed around the drains on each patio, and that the \$86,000.00 cost will be divided among the eight affected owners. Mr. Meyers urged that the affected unit owners be informed about this as quickly as possible. Mr. Beck further stated that all Kilmer House unit owners will be charged for repairs to their balconies and railings in 2011, so letters should go to those Kilmer owners as well. Marcie Johnson noted that there will be no HOA Board meeting in August.

### **Infrastructure Committee**

Mr. Hickling reported that the Committee has not met in August, but that he hopes to schedule a meeting some time in the next two weeks.

### **Pet Committee**

Carol Abrioux reported that so far the Committee has received 193 completed surveys and that more are expected. She stated that the Committee will tabulate the results and present them at the next Board meeting. Ms. Abrioux added that the Committee is pleased with the excellent response to the survey.

### **Web Site Committee**

In the absence of the chairman, Ron Miller, Mr. Hickling brought up the matter of Board member photos on the Web site. Ms. Barnes and Mr. Beck commented that there should either be pictures of everyone on the Board, or no pictures at all. The Board agreed to defer discussion of the issue to a later time. In response to a question from Ms. Slattery, Mr. Vicens, Mr. Werth and Mr. Beck reported that no other boards of directors that they know of have their pictures published.

## **MANAGEMENT REPORT**

Mr. Vicens reported on the following:

- Nichelle Wilson, the Assistant Property Manager, celebrated her one-year anniversary with James/Kilmer on August 12.
- The draft of the Reserve Study conducted by Reserve Advisors was delivered on August 20. Ms. Latson has been provided a copy. Kurt Kruger has also reviewed it and has some questions about it that will be conveyed to Reserve Advisors.
- Mr. Werth has started work on the 2011 budget, a draft of which will be reviewed by the Management staff and will be ready for Finance Committee review on September 3.
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In response to a question from Mr. Meyers, Mr. Vicens stated that unit owners who were being refused financing were directed to Diamond Bank, and that he has heard of no further problems with unit owners obtaining financing.

## **ACTION OR DISCUSSION ITEMS**

### **Door Drops**

The Board engaged in a lengthy discussion about door drops, offering opinions in favor of or against delivering informational materials directly to residents under their doors. Among the reasons given in favor of door drops were making sure that residents receive important or date-specific communications – such as newsletters or emergency notices – or registration materials, and eliminating any basis for residents' claims that they were not informed about one or another matter. Those opposed to door drops cited the Board's decision last year to end them except in emergencies, the expense of having staffers take time to distribute materials, and the risk of annoying residents with too many items put under their doors. Noted during the discussion was the distinction between staffers distributing

materials and committee members or individuals distributing materials. Those opposed to door drops repeatedly suggested posting large notices in conspicuous places such as the lobby or the mailbox area, including notices about newsletters; those in favor of door drops remarked that those areas would become cluttered with notices.

**Approve Proposal for Mast Climber and Pedestrian Protection**

Upon motion duly made by Judy Barnes and seconded by David Beck, the following resolution was made:

**BE IT RESOLVED, that the Board of Directors approve awarding a contract to USA Hoist Co., Inc. to furnish mast climbers and pedestrian protection required for the Window Replacement Project, in the amount of \$619,504.00 plus an allowance for added rental costs in the amount of \$169,260.00, for a total cost not to exceed \$788,764.00, in accordance with its proposal dated July 12, 2010. A roll-call vote was requested; the motion passed unanimously.**

During the discussion preceding the vote, Mr. Meyers raised an objection to the absence of an indemnification from Softer Lite in favor of the Association and expressed concern about the Association's liability as lessor of the equipment in the event of an accident. Mr. Beck responded that the action before the Board was to approve the price, not the wording of the contract itself, and that the Association's attorney, David Sugar, was in the process of reviewing the contract. He and Mr. Vicens noted that the Association carries liability insurance coverage for this situation as it does for the other Window Replacement Project activities. The affirmative votes included remarks from most of the Board members that they were approving the pricing only and that they would like to see the contract before it is signed.

**Approve Proposal for Electrical Vault Repair**

Upon motion duly made by Nancy Slattery and seconded by Tom Meyers, the following resolution was made:

**BE IT RESOLVED, that the Board of Directors approve awarding a contract to Meade Electric to furnish labor, equipment and shoring material for the replacement of the electrical vault roof structure, in the amount of \$326,000.00, and for the replacement of driveway asphalt, in the amount of \$335,500.00, in accordance with its proposal dated August 3, 2010. After a brief discussion, the motion passed unanimously.**

Before the vote was taken, Mr. Meyers asked when the work will begin. Mr. Vicens responded that work will start two weeks after the contract is completed and reviewed. Mr. Meyers suggested that the driveway be paved with concrete rather than asphalt. Mr. Vicens responded that he will ask the engineers for their suggestions about paving materials.

**Approve Proposal for Unit Preparation for Windows Installation**

Upon motion duly made by David Beck and seconded by Judy Barnes, the following resolution was made:

**BE IT RESOLVED, that the Board of Directors approve awarding a contract to Tamas Partners Ltd. to furnish labor and materials to prepare individual units for window installation and to restore the units after installation, in an amount not to**

exceed \$264,000.00, in accordance with its proposal dated July 19, 2010, the costs to be reimbursed to the Association by unit owners. After discussion, Mr. Beck withdrew the motion and Ms. Barnes withdrew her second.

The discussion centered on whether the Board's action would preclude a unit owner from having the work performed by someone other than Tamas Partners, and whether the price would increase if the 75% minimum of participating unit owners cited in the proposal were not met. Mr. Vicens stated that unit owners could have the work performed by others, in which case Paulette Demers would inspect each such unit to make sure it was correctly prepared; if it were not, the work would have to be redone, for which there would be a charge. The Board requested more information about the 75% minimum.

**Approve Cessation of Appeals to the Kilmer Lawsuit**

Upon motion duly made by David Beck and seconded by Tom Meyers, the following resolution was made:

**BE IT RESOLVED**, that the James/Kilmer Condominium Association will take no further appeals in the matter of Ridenour and McNamara v. Carl Sandburg Condominium Association No. 7. The motion passed unanimously.

Before the vote, Mr. Beck asked that the Board's resolution be publicized. Ms. Barnes agreed to include an article on this action in the August newsletter.

**Approve Remodeling Requests**

Upon motion duly made by Tom Meyers and seconded by David Beck, the following resolution was made:

**BE IT RESOLVED**, that the Board of Directors approve the remodeling of Units #102K, #408K, #501K and #510K, 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, upon motion duly made by David Beck and seconded by Tom Meyers, the meeting was adjourned at 8:15 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'David Beck', written over a horizontal line.

David Beck, Secretary