

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
December 7, 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, December 7, 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 7:09 p.m. A quorum was present in that the following directors were present:

Frances Andrews
Judy Barnes
David Beck
Duane Hickling
Betty Latson
Dan McNamara
Tom Meyers
Dorsey Ruley
Nancy Slattery

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.

UPDATES: WINDOW REPLACEMENT AND CONCRETE REPAIR PROJECTS

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

- Although the concrete contract work is completed, workers are still drilling out concrete in window corners and on balconies, the latter to allow for installation of the balcony windows and doors.
- The Maintenance staff has devised ways of keeping water pipes from freezing in units that are exposed to the open air because of the window installation.
- Because there have been some weather-related work delays, there is a new schedule for Phase I only of the Window Replacement Project; the new schedule has been posted. Mr. Vicens is always available in the lobby on Monday evenings to discuss individual concerns about scheduled work.
- The project is proceeding well, and no major structural problems have surfaced.
- Because of the need to remove concrete from window corners, a new goal of finishing one floor per day is set to begin January 4.
- There have been some problems with unit owners attempting to prepare their own units for the window replacement, instead of having them professionally prepared, and failing to prepare them properly, especially with regard to protecting items from dust and debris. All unit owners are urged to discuss the preparation procedure with Management and to have Tamas Partners prepare their units properly. Discussion ensued about the problem, and about the improved appearance of the building after the concrete repair and also how much warmer and quieter the units are that have the new windows. Further discussion ensued about increased efforts to inform unit owners about the necessity of proper preparation. Mr. Vicens stated that notices are put under doors of units about to be worked on and commented about Paulette Demers's communications with unit owners. Mr. Hickling noted that if a unit is not properly prepared, the Board has authorized Management to have Tamas Partners prepare the unit and bill the owner. Discussion ensued about the timing of inspections of units and about the fees charged by Tamas Partners.

APPOINTMENT OF BOARD OFFICERS FOR 2011

Upon motion duly made by David Beck and seconded by Frances Andrews, the following resolution was made:

BE IT RESOLVED, that the Board of Directors appoint the following slate of officers for the 2011 term: President–Duane Hickling, Vice President–Judy Barnes, Treasurer–Betty Latson, Secretary–David Beck. The motion passed unanimously.

REGULAR OPEN FORUM

A unit owner stated for the record her thanks to Richard Vicens for decorating the building as beautifully as he did this year, commenting that it has never looked as beautiful for the holidays. Others concurred, and all present applauded Mr. Vicens.

A Kilmer House unit owner presented a petition signed by 66 Kilmer House residents objecting to the reduction in doorman service for the building. She mentioned the many services that doormen provide to residents and commented that the cost allocation study was only recently released to unit owners, and that Kilmer House residents should have been involved, perhaps by means of a committee or a survey, in the decision to explore other budget options besides reducing the doorman service. The petition read as follows: "We the undersigned oppose the Finance Committee's recommendation to reduce the Kilmer doorman shifts to one per day. This would reduce our quality of life, the value of our units, and security. We do not feel that it is appropriate to reduce an amenity to one and not another in order to save the Association money." Discussion ensued about paying to maintain the original shift schedule and whether other options could have been considered. Mr. Beck stated that a Kilmer House resident was involved in the cost allocation study, and that it was presented to unit owners and discussed at the February Board meeting. The unit owner stated that she did not know that, but that in any event Kilmer House residents should have been surveyed about the matter during the budget process. She added that she intended no implication that the doorman service was reduced in retaliation for the Kilmer House lawsuits but that, owing to a lack of communication, that is what many Kilmer House residents believe. A lengthy discussion ensued about the availability of the cost allocation study, about how few Kilmer House residents attend Board and committee meetings even when issues affecting them are on the agenda, and about communications to Kilmer House unit owners by those who do attend meetings or by Kilmer House Board members. A unit owner asked if the budget could be changed at this point. Mr. Hickling responded that it can, but that it would then have to be redistributed to unit owners for another review period. Further lengthy discussion ensued about the proposed reduced shift schedule, about the potential effect on the budget of maintaining the current doorman shift schedule, about the allocation of the cost between James House and Kilmer House, about ways to arrange the reduced shifts so as to afford the most doorman coverage possible, about the duty of the Finance Committee to consider the future in preparing the budget, and about the perception of security in the building.

APPROVAL OF MINUTES

Mr. Beck asked if there were any additions or corrections to the minutes of the Board meeting held on October 26, 2010. There was one correction. **David Beck moved that the draft of the minutes of the Board of Directors meeting held on October 26, 2010, be approved as amended. Frances Andrews seconded the motion, and it passed, with Tom Meyers opposed and Frances Andrews abstaining.**

TREASURER'S REPORT

Ms. Latson stated that she had no Treasurer's Report and would report on the proposed 2011 budget later in the meeting.

COMMITTEE REPORTS

Holiday Fund Committee

Ms. Barnes reported that funds collection has begun and will continue until the staff party, which will be on December 15 at Marcello's. She added that she will include a reminder about the Holiday Fund in the newsletter about to be published.

In response to a question from Mr. Beck, Mr. Hickling stated that committee appointments will be made at the January Board meeting.

Pet Committee

Betsy Ruley first reported that Carol Abrioux is expected to come home from the hospital on Friday. She then reported on the pet survey, noting the good response and stating that 600 surveys were sent out and 205 replies were received, of which 128 were from people who do not own pets and 77 were from people who do. Ms. Ruley stated that the first of the two questions on the survey was whether the weight limit on dogs should be increased and, if so, to what weight. The results were:

- Keep the limit at 40 pounds – 123
- Increase the limit to 45 pounds – 10
- Increase the limit to 50 pounds – 34
- Other (larger or smaller) – 35

The second question was how many four-legged pets to allow per unit:

- One four-legged pet – 113
- Two four-legged pets – 75
- Three four-legged pets – 2
- No four-legged pets – 4

- Two cats – 19
- One dog and one cat – 3
- Two dogs – 9

Ms. Ruley then reported on the comments received on the surveys, stating that most of those commenting stated that owners must take responsibility for their pets inside and outside of the buildings, and that the current rules must be enforced. She added that many respondents who have no pets stated that they like having pets in the buildings. Ms. Ruley then stated that the Pet Committee's recommendation is to allow one dog weighing no more than 40 pounds per unit, one dog weighing no more than 40 pounds plus one cat per unit, or two cats per unit. A brief discussion ensued. Ms. Ruley stated that a summary of the survey results will be made available, and she also reported that one Pet Committee member resigned from the Committee because the Finance Committee raised the dog fee without consulting the Pet Committee. Mr. Hickling added that the survey results will be posted on the Web site. A lengthy discussion ensued about the doggie bags that the Association provides, their

quality, their cost, other types of bags that have been provided in the past, and the advisability of reviewing the cost of the bags. Ms. Ruley then stated that the Pet Committee wishes to know how many dogs in the building have been registered and weighed.

Garage Committee

Ms. Andrews reported that she and the Garage Task Force met with Eddie Main, the garage manager, and one of the accountants from Standard Parking to discuss some difficulties with Standard Parking's financial reports. She stated that Standard Parking keeps its accounts on a cash rather than an accrual basis, and that the accountant agreed to change the report in the future to make it easier for the Association to use. Ms. Andrews reported that the Garage Task Force recommends investigating moving the garage account to a different bank owing to the high fees charged by the current bank. She also reported that she, the Garage Task Force, and the representatives from Standard Parking conducted a walk-through of the garage, and that the Committee will compose two reports, one for HOA and one for the Infrastructure Committee, about conditions in the garage. Mr. Hickling stressed the necessity to communicate the change in banks to monthly parkers who pay for their parking via direct debit. Discussion ensued about banks.

HOA Report

Marcie Johnson reported that the HOA Board will meet on December 8 and that one of the agenda items is the pool management contract with Fitness Formula Clubs. Discussion ensued about the contract and about management of the pools this year. Mr. Ruley commented on the rust marks on the garage ceiling. Mr. Beck stated that HOA will seek bids in January on the North Mall project, which will include the James/Kilmer garage, explaining that the bid process was delayed at James/Kilmer's request because certain costs will have to be borne by Kilmer House first-floor unit owners, so three bids are required. Mr. Ruley asked Mr. Vicens to investigate the cost to remove peeling paint at the entrance of the garage and paint the entrance. Mr. Beck stated that work on the garage will begin in the spring. Discussion ensued. Mr. Hickling summed up the discussion, asked Mr. Vicens to look into painting costs if no work has been done in the garage by April 15 and asked that the HOA representatives present the Board with a status report in April. Ms. Barnes advised coordinating with the Garage Task Force on any such work. Ms. Andrews noted that not all of the conditions noted in the garage are HOA's responsibility but that some of them are James/Kilmer's responsibility.

Communications Committee

Ms. Barnes reported that the December newsletter is in the process of being written and asked committee chairs to send her by Friday anything that they want included in the newsletter. Mr. Beck asked that the Committee set specific deadline dates for newsletter materials next year. Ms. Barnes stated that the Committee has followed its bimonthly newsletter schedule for the last two years. She further reported that the Window Installation Guide has been reformatted and includes information from Ms. Demers, Mr. Vicens, Judy York of Softer Life, and Tamas Partners, and that it has been distributed to all residents. In response to a question from Mr. Ruley about the cost to distribute the guide, Ms. Barnes stated that Committee members themselves distributed the Window Installation Guide to building residents, and Mr. Vicens added that the budgeted annual cost to mail the newsletters to nonresident owners is \$1,000.00.

Infrastructure Committee

Mr. Hickling reported that the Committee has not met but will do so as soon as possible after the holidays.

MANAGEMENT REPORT

Mr. Vicens reported on the following:

- With regard to the Monday Manager's Table sessions held in the lobby on Monday evenings, Mr. Vicens noted that he correctly predicted that the dog fee would be a major issue of concern brought up by residents at the sessions.
- The quorum for the Annual Meeting was easily met.
- According to David Sugar, the Association's attorney, an owner may override his or her previous vote provided that the duplicate ballot is clearly marked; ideally it will also be a different color from the overridden ballot.
- Management is working with vendors on the laundry room contract and has visited four locations and decided on a mix of machines to satisfy residents who want top loaders and those who want front loaders. There will be one large dryer in each room but the remaining dryers will be smaller. Mr. Vicens expects to have a proposal for the Board at its January meeting. Later in the meeting Mr. Meyers questioned Mr. Vicens about the number of dryers he proposes to supply.
- Project costs: a template has been created to report on expenditures for the Window Replacement Project and the Concrete Repair Project. Expenditures will be included for Golf Construction, Softer Life Window Company, USA Hoist, Klein and Hoffman, Paulette Demers, and Tamas Partners, as well as a miscellaneous category.
- Management is working with a consultant on the Association's FHA recertification, which at this point requires provision of 12 documents including the original recorded Declaration of Condominium Ownership and Bylaws.
- The Trex decking accessibility mock-up has been installed at Unit #915. Ms. Andrews has agreed to test the interior ramps. Later in the meeting Mr. Ruley asked to also inspect the ramps.

Mr. Werth reported that the Association's workers compensation insurance policy will end on December 31 and that for the past couple of years the Association has used DK Condo's agency for that coverage. He stated that its quote for 2011 is \$36,198.00, which is close to what the Association has been paying. Mr. Werth also stated that he sought quotes from other agencies, with a December 1 deadline, that Mesirow Financial was unable to meet that deadline, and that of the five markets that Mesirow contacted, only Zurich offered a quote, which was \$41,000.00-plus. He added that he did not have a written quote from Zurich but that when he received it, he would distribute it to the Board for a poll vote. Discussion ensued. Sarah Leonard commented that loss ratios in Illinois are high and that it is expected that rates could increase as much as ten percent. In response to Mr. Meyers's question, Mr. Werth and Mr. Hickling explained why the quotes were not available earlier in the year.

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

BE IT RESOLVED, that the Board authorize the purchase of workers compensation insurance for union employees from the DK Condo agency in the amount of \$36,198.00 for the year 2011. The motion passed unanimously.

Mr. Hickling asked Mr. Vicens whether the results of the successful appeal of the Association's property tax assessment were conveyed to unit owners. Mr. Vicens responded that notices were posted, and Ms. Barnes added that there is an article about the results in the December newsletter.

ACTION OR DISCUSSION ITEMS

Approve DK Condo Management Office Holiday Schedule for 2011

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 the DK Condo Management Office Holiday Schedule for 2011. After a brief discussion, the motion passed unanimously.

Approve Board/Operations Meeting Schedule for 2011

Upon motion duly made by David Beck and seconded by Frances Andrews, the following resolution was made:

BE IT RESOLVED, that the Board of Directors adopt the Board/Operations Meeting Schedule for 2011 attached to and made part of these minutes. After a brief discussion, the motion passed unanimously.

Approve HOA Board Representatives and Alternates

Upon motion duly made by David Beck and seconded by Dan McNamara, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the following slate of Representatives and Alternates to the Sandburg Village Homeowners Association Board of Directors for 2011: Representative #1–Jack Vedra, Representative #2–Marcie Johnson, Representative #3–David Beck, Alternate #1–Frank Mustari, Alternate #2–Darwin Spurling. After a brief discussion, the motion passed unanimously.

In the discussion preceding the vote, in response to questions, Ms. Johnson and Mr. Beck stated that the alternates are informed that they have been appointed, that they do receive Board packets before every HOA Board meeting, and that only rarely do they or any of the other associations' alternates attend HOA Board meetings because the representatives do so, although they are always welcome to attend.

Approve Proposed Budget for Fiscal Year 2011

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 adopt the proposed budget for Fiscal Year 2011 as distributed to unit owners. After a lengthy discussion, a roll-call vote was requested, the results of which were as follows: Dorsey Ruley–No, Tom Meyers–No, David Beck–Yes, Frances Andrews–Yes, Judy Barnes–Yes, Dan McNamara–No, Nancy Slattery–Yes, Betty Latson–Yes. The motion passed.

Ms. Latson summarized the issues raised by unit owners at the November 30 budget discussion meeting: the increased dog fees; the survey of other buildings with regard to pet fees; the quality of the doggie bags; and the increase in the price of 24-hour garage coupons, noting that coupons at the current price will still be accepted until they are used up. She stated that the Finance Committee's proposal to reduce the number of doorman shifts at Kilmer House was also discussed at great length, and that a compromise solution arrived at in the budgeting process was to budget for one shift on

weekdays and two shifts on weekends. Ms. Latson further reported that rental fees were also discussed, noting some of the problems that can occur as the rental population in a condominium building grows and reporting the suggestion that James/Kilmer institute higher fees and more rigorous screening of prospective renters. She stated that following the unit owner meeting she solicited feedback from the Finance Committee and that the response was largely positive, with general approval of the proposed budget. Mr. Ruley stated his disagreement with the Finance Committee's proposed reduction of the Kilmer House doorman shifts, citing security concerns, and also with the conclusions about doggie bag costs, saying that the matter should be reconsidered.

Mr. Hickling summed up by stating that the three issues of most concern appear to be the increased dog fee, the increased 24-hour parking fee, and the Kilmer House doorman shifts. These were then discussed in turn.

The discussion about the increased dog fee included remarks about the following:

- The price of dog waste bags has increased and dogs make more work for Maintenance, so the fee has to be raised from time to time.
- Other buildings charge even higher fees; dog owners should bear the cost of the waste bags.
- The price of the waste bags seems fair but should be reviewed.
- HOA Maintenance staffers should keep the dog runs cleaner.
- Some dog owners do not pick up after their dogs.
- The Pet Committee should have been notified before the Finance Committee included the higher dog fee in the budget.
- The Finance Committee should not determine the level of service offered to residents.
- The Finance Committee is the largest committee; its membership is diversified and its meeting agendas are posted as information for anyone who wishes to attend its meetings.
- A 50% increase in the dog fee is not warranted.
- Previous pet fees were as follows: through 2002 – \$10, 2003 – \$20, 2007 – \$30, 2011 – \$45 for dogs only.

At Mr. Hickling's suggestion an unofficial vote on just the dog fee was taken: two Board members were opposed to the increase in the dog fee.

The discussion about the \$5.00 increase for guest parking over 13 hours included remarks about the following:

- Any coupons that residents currently have will be honored.
- Coupons at the current price of \$10.00 may be purchased up through December 31.
- The coupon colors will remain the same – blue for hours 0 to 13, green for 24 hours – but the purchase price of the 24-hour coupons will change to \$15.00 on January 1.

The outcome of the unofficial vote was unanimous approval of the coupon price increase.

The discussion about the Kilmer House door staff service included remarks about the following:

- The proposed budget will cover nine eight-hour shifts per week, or 72 hours of coverage, divided presumably into one shift each on weekdays and two shifts each on weekend days, although the shift schedule could be rearranged.
- The hours covered in a shift may be flexible, but there may be union restrictions on the allocation of time or on shift length.
- Kilmer House residents will be asked about the shift schedule that they would prefer.
- Door staff coverage in other Sandburg Village buildings.
- Additional security will be achieved with installation of a fob system at the entrance.
- Some residents do not want their names to appear on the directory, so their visitors can telephone them from the vestibule, as is done in several other Sandburg Village buildings that do not have 24-hour door staff coverage.

- The persistence of the perception among Kilmer House residents that they are being slighted, a feeling perhaps aggravated by the decrease in door staff following the results, earlier in the year, of the cost allocation study.
- The claim that the reduction in door staff is necessary to keep assessments from increasing too much while at the same time increasing the capital reserve contribution.
- Other ways to address the reserve allocation, such as bank financing, instead of increasing the budgeted contribution.
- The risk that service and maintenance will diminish if assessments are not increased.
- Decreasing an established service that may have been the reason that some people bought units in the building, and the relatively small saving to be achieved.
- Amenities should be the same for everyone.
- The issue of safety and security.
- The Finance Committee should not be making decisions about service.
- For the first 16 or 17 years of its existence, Kilmer House had one door staff shift per day, with the J/K Board feeling that it would be inappropriate to spend more.
- Currently, more than 40% of the doorman budget is being spent for the sake of 16.7% of the Association's unit owners.
- Faulkner House and Lowell House, both much larger than Kilmer House, each have one door staff shift; the same is true of many other nearby buildings.
- Quote from Nancy Temple's legal brief regarding splitting the budget: "James House and Kilmer House are two distinct buildings that may require separate and independent maintenance or capital expenditures to be paid solely by the unit owners in each building" and "The declarations thus acknowledge the situation here if repair is performed for all units in one of the two very different buildings may render that building a limited common element in and of itself."
- James House unit owners are fully paying for their doormen; Kilmer House unit owners are not.
- The whole question was discussed several years ago but no action was taken because no cost allocation data was then available.
- Kilmer House's maintenance service has been cut with no complaints.
- The buildings are very different and should be run differently.
- Kilmer House owners are paying for 16.7% of the James House doormen.
- There is a provision in the Declaration that the budget may be split.
- The Board is obligated to operate the buildings cost efficiently.
- There was in fact enough money available for Kilmer House door staff in the early years, until the concrete and garage projects were taken on back to back.

Mr. Hickling outlined two possible actions that the Board may take: approve the budget as it currently exists with nine door staff shifts per week, or reject the budget, revise it and redistribute it to the ownership for review. Further lengthy discussion ensued about shifts and the cost allocation study. The Board agreed that Kilmer House residents should be consulted about the shift schedules. Mr. Hickling then called the roll-call vote. Further brief discussion ensued during which Sarah Leonard stated her willingness to work with Mr. Vicens and others to determine the wishes of Kilmer House residents with regard to door staff shift schedules as well as entrance systems.

Approve Contract for Chiller Maintenance

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 AMS Mechanical Systems to provide full maintenance service on chillers #1 and #2 for a three-year period in the total amount of \$62,346.00, in accordance with its proposal dated September 15, 2010. After discussion, the motion passed unanimously.

In the discussion preceding the vote, Mr. Ruley asked how much was allocated in the budget for the maintenance contract. Mr. Hickling stated that because this is a maintenance matter, it is an operating fund expense. Mr. Vicens explained that the budgeted amount is \$33,000.00 per year, or \$99,000.00 for three years, and thus the proposed contract is under budget by approximately \$26,000.00. Discussion ensued about the comparison of AMS's three-year contract to the single-year contracts offered by the other two bidders, and about how the bids were solicited. Mr. Vicens explained why it is better to have a multi-year contract, and that the proposed full-service three-year contract offers more service and a three-year warranty on both chillers. Mr. Hickling further explained the advantages. Further discussion ensued.

Approve Proposal to Rebuild Chiller #2

Upon motion duly made by David Beck and seconded by Frances Andrews, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve awarding a contract to AMS Mechanical Systems to perform a necessary ten-year overhaul of 500-ton Chiller #L83K14866 and to replace the associated obsolete chiller control panel with a new state-of-the-art control panel, in the total amount of \$58,410.00, in accordance with its proposal dated November 9, 2010. After discussion, the motion passed unanimously.

In the discussion preceding the vote, Mr. McNamara asked what the difference is between the old control panel and the proposed new one. Mr. Hickling explained that the new control panel is digital rather than pneumatic, and Mr. Vicens added that it includes various read-out screens that reveal how the chiller is operating, as well as an array of alarms. Mr. Hickling stated that this is a capital expense.

Approve Proposal for Roof Feasibility Study

Upon motion duly made by Judy Barnes and seconded by Frances Andrews, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve awarding a contract to Klein and Hoffman to perform a roof/deck feasibility study at James House for a fee of \$8,000.00, in accordance with its proposal dated September 30, 2010. After discussion, the motion passed unanimously.

In the discussion preceding the vote, Mr. Hickling explained that the proposed study, which is a first step with regard to work on the roof as explained in the proposal, is to examine the sundeck, about which there are concerns about access and egress to meet City of Chicago codes, and also that it must be performed as soon as possible so that workers from Softer Lite can take measurements for the windows and doors to be installed in the Penthouse. Mr. Meyers asked why no one other than Klein and Hoffman was considered for this study. Mr. Hickling explained that other contractors may be considered for the other elements of the roof and sundeck repair, but that because this study affects the Window Replacement Project, with which Klein and Hoffman is already involved, for purposes of coordination with the window contractors it is necessary to use Klein and Hoffman for this phase.

Ratify Gas Price Lock for 2012

Upon motion duly made by Frances Andrews and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors ratify its approval by poll vote to authorize the Board Treasurer and the DK Condo Site Supervisor to lock in gas rates with Exelon Energy for 2012 at a target price of \$0.560 per therm for 65% of the past five-year average monthly usage. The motion passed unanimously.

Approve Remodeling Requests

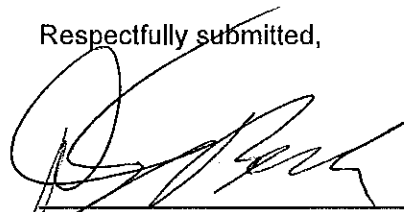
Upon motion duly made by Nancy Slattery and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the remodeling of Units #606J, #1504, #2811, #2905, #3301-03 and #416K, 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 Assistant Chief Engineer. The motion passed unanimously.

ADJOURNMENT TO EXECUTIVE SESSION

The meeting was adjourned to Executive Session at 9:42 p.m.

Respectfully submitted,



David Beck, Secretary