

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
January 26, 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, January 26, 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 7:07 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
Nancy Slattery

Dorsey Ruley was not in attendance.

Also present were Richard Vicens, Property Manager, Diana Cardenas, Administrative Assistant, Allan Werth, Site Supervisor, and Thomas Taylor, Vice President, of DK Condo, A Draper and Kramer Company. Barbara A. Roberts acted as Recording Secretary.

OPEN FORUM

A unit owner asked about the timeline for the Window Replacement Project, including when unit owners would have to make their payments and when the installation will begin. Mr. Hickling stated that after the recommended contractor is awarded the project, the contract will be written and subjected to legal and other review before being signed. He added that meanwhile, the Finance Committee will work on the financing aspects of the project, and that it has been provided with a cash-flow timeline to help with this. Ms. Latson, Treasurer of the Association and Chair of the Finance Committee, stated that at this point it is expected that payments will be required perhaps in May. Mr. Hickling stated that the installation is expected to begin this summer. He also stated that information about the project will be included in the newsletter, an issue of which he expects will be published soon.

A unit owner asked if there will still be a demonstration installation of the windows, including balcony railings. Mr. Hickling and Mr. Beck responded that there will be mock-up installations in one or possibly two units, and that also the concrete immediately surrounding the demo windows will be painted a coordinating color to show what the final appearance will be.

A unit owner asked if the installation will continue throughout the year. Mr. Hickling stated that it will, but that construction in the winter is affected by wind speed and temperature, so that the Project Manager will determine each morning whether or not work will proceed that day; he added that this applies to the concrete work as well.

A unit owner asked if the construction schedule will take the pool season into account. Mr. Hickling stated that this was considered in the final plans from the contractors. Mr. Vicens stated that once the contract is awarded, a meeting will be scheduled with the concrete contractor and the windows installation contractor to coordinate plans to complete the concrete façade work on the pool side of the building first.

A unit owner asked how long the total project will take to complete. Mr. Hickling replied that the estimate is 12 to 13 months, and that as the start of the project nears, a Project Coordinator will be assigned to work with Mr. Vicens so that schedules and other information maybe communicated timely to residents.

In response to a question from a unit owner, Mr. Hickling stated that mast climbers will be used instead of drop stages to save wear and tear on the building, the elevators and the units.

In response to a question from another unit owner, Mr. Hickling stated that the contractors will start at the top of the building and work down, with the goal of completing one floor each day. He added that there will be four such phases, starting with the south side of the building, followed by the north, west and east sides.

A unit owner asked if the Infrastructure Committee succeeded in achieving better prices during the final negotiations. Mr. Hickling stated that it did, and that he would report further on the negotiations as part of the Infrastructure Committee report.

A unit owner asked about the status of the ComEd vault repairs. Mr. Vicens stated that he would cover the situation as part of his Management Report. Mr. Hickling stated that the plan is for all current construction projects to take place at the same time.

A unit owner asked about the status of the Kilmer lawsuit. Mr. Beck gave a brief report on the status, noting that the entire process may take many months, and that one result of the latest actions by the judge is that James House may use its percentage of the Association Reserves as collateral for the unit owner window financing.

In response to a question from a unit owner, Mr. Hickling responded that the roof repair project will probably take place in 2011.

In response to a question from another unit owner, Mr. Hickling stated that the Window Replacement Project may be started before the Kilmer lawsuit is settled.

APPROVAL OF MINUTES

Mr. Beck asked if there were any additions or corrections to the minutes of the regular Board meeting held on December 8, 2009. There was one change. **David Beck moved that the draft of the minutes of the regular Board of Directors meeting held on December 8, 2009, be approved as amended. Judy Barnes seconded the motion, and it passed unanimously.**

SESSION DISCUSSION

Thomas Taylor, Vice President, DK Condo, A Draper and Kramer Company

Ms. Barnes briefly described the development of the Memorandum of Understanding between James/Kilmer and DK Condo, noting that its purpose was to optimize the Association's relationship with DK Condo, making both more accountable, and to identify areas in which the Management Search Committee believed the Association to have been underserved, with quarterly or more frequent status reviews. She then introduced Tom Taylor.

Mr. Taylor stated that he is pleased to be able to continue to work with James/Kilmer, and commended the Management Search Committee for the way it defined expectations and established priorities so that DK Condo could focus on and address real issues. He stated that to assist in continually reviewing the relationship between DK Condo and James/Kilmer as well as to stay current with all the elements of the various projects to be undertaken, a monitoring spreadsheet was developed for the Board to review, and that the intent was for DK Condo to report to the Association at the beginning of each quarter; he added that this is a unique approach and one that should be of long-term benefit to James/Kilmer. Discussion ensued about the intent of the Memorandum of Understanding and about how the monitoring and review process is intended to work. Ms. Barnes noted that issues or problems will be addressed as they arise. Mr. Taylor characterized the new approach as one that is structured but that also allows the parties to refocus as needs change. Mr. Hickling and the Board thanked Mr. Taylor for his remarks.

Goals and Objectives

Mr. Hickling read a lengthy list of Goals and Objectives composed by Board members and given a draft ranking in order of importance. During the ensuing discussion, the Board agreed that some of the items either are mandatory, are activities upon which the Association already has embarked or is about to embark, have already been included in the Memorandum of Understanding, or are natural priorities. It was decided to rework the list, deleting inappropriate items, and resubmit it to the Board to be prioritized. Mr. Hickling noted that the list is dynamic and that he will meet with Mr. Vicens to work on it. Ms. Andrews urged that the Community Association Institute oath be promulgated so as to remind Board members of the standards according to which they should behave, and Ms. Barnes responded that she would redistribute the CAI Oath to all Board members to review before the February meeting.

Assignment of Committee Chairs

The Board appointed committee and subcommittee chairs and co-chairs as follows:

- Infrastructure Committee – Duane Hickling, Chair
- Finance Committee – Betty Latson, Chair
- Rules and Regulations (Policy Development) Committee – Judy Barnes and Richard Vicens, Co-Chairs
- Pet Committee – Carol Abrioux and Betsy Ruley, Co-Chairs
- Window Advisory Committee – David Beck, Chair
- Window Design Subcommittee – Nancy Slattery, Chair
- Communications Committee – Judy Barnes and Karla Ross, Co-Chairs
- Web Site Committee – Ron Miller, Chair
- Garage Committee – Frances Andrews, Chair
- James/Kilmer Holiday Fund – Judy Barnes, Chair
- Penthouse Committee – Nancy Slattery, Chair
- Garage Holiday Fund Committee – Frances Andrews, Chair
- Property Management Company Review Committee – Judy Barnes, Chair

As the Board made its appointments, it discussed the functions and activities of the various committees, the procedures that they should follow, the need for committee chairs to reevaluate committee membership and to solicit residents to volunteer as committee members, creating charters for those committees that currently should have them, keeping minutes or notes of meetings to keep track of committees' activities, and posting the notes on the Web site to give unit owners access to them. Further discussion ensued about various ways, including the newsletter and postings from the Management Office, to communicate with residents about membership on the committees and about their meetings.

TREASURER'S REPORT

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

For the 12 months ended December 31, 2009, the Association reported \$4.8 million in total revenue. Revenues were lower than budget by \$97,000.00, of which \$67,000.00 stemmed from lower garage revenue.

Operating expenses were \$3,797,000.00, and were over budget by \$33,000.00 primarily because of uninsured losses. Lower-than-budgeted utility expenses offset some of the overage in the uninsured losses.

Revenues over expenses before capital reserve contributions totaled \$1,048,000.00, and were under budget by \$130,000.00.

After the provision for capital reserves of \$1,178,000.00, the Association generated an operating deficit of expenses over revenues of \$130,000.00.

At December 31, 2009, the operating reserve stood at \$5,318.00. The capital reserve fund stood at \$5,373,000.00. Note that these are preliminary 2009 financial results before audit adjustments.

The Finance Committee now has a time line for the Windows Replacement Project and will be ready to begin its work directly with the banks on all the next steps leading to information about the direct charges to unit owners.

A unit owner asked about the status of the James House and Kilmer House expense allocation study. Mr. Hickling stated that a draft report on the study has been received from Picker and Associates but that it needs to be further studied and discussed by the Board; he added that it is hoped but not promised that the report can be distributed by the February Board meeting.

COMMITTEE REPORTS

Infrastructure Committee

Mr. Hickling reported that Mr. Vicens and engineers from Klein and Hoffman met with the two contractors chosen for consideration by the Committee and reviewed such details as hardware specifications and the contractors' best plans for project execution, logistical arrangements and final pricing, and other matters. They recommended Softer Lite Window Company as the installer, using TRACO windows, as both quantitatively and qualitatively the better of the two. Mr. Hickling noted that the choice of Softer Lite Window Company will result in considerable savings in project costs. He

reported that the Infrastructure Committee reviewed Softer Lite's submission and concurs with Management's recommendation, noting especially Softer Lite's ability to incorporate specifications stemming from residents' evaluations of the sample windows. Mr. Vicens added that the representatives from Softer Lite were highly organized, had a definitive plan, were able to name a Project Manager, and were able to provide some additional ways to avoid costs. Discussion ensued about other clients' opinions of Softer Lite, pricing negotiations, and some details about how the contractors will conduct the project so as to disturb residents as little as possible.

Window Design Subcommittee

Ms. Slattery reported that the Subcommittee will meet on January 28 to review new renderings from Klein and Hoffman in hopes of narrowing down the options so far presented to a more workable number; she stated further that with the decisions made so far, her Subcommittee can work on a time frame. Mr. Beck advised Ms. Slattery to ask Peter Powers of Klein and Hoffman when a final decision will be needed.

Garage Committee

Angus Shorey reported that \$10,785.00 was collected for the Garage Holiday Fund. He stated that business in the garage is decreasing, and that Eddie Main of the garage staff has been soliciting more business in the neighborhood, including promoting a two-year parking arrangement with the Latin School that would bring in additional revenue. Discussion ensued about how the arrangement with the Latin School would work, how many spaces would be used, and whether the charges could be raised after the initial two-year period.

James/Kilmer Employee Holiday Fund Committee

Ms. Barnes stated that the Committee consisted of herself, Frances Andrews and Barbara Grodzins. She reported that \$23,500.00 was collected, and noted that there was enough money to fund both distributions to employees and a holiday party for them.

MANAGEMENT REPORT

Mr. Vicens reported on the following:

- Athen White, known as "A.W.," will have worked for James House for 25 years as of January 31; Management will mark the occasion with a gift.
- One of the two 500-ton chillers is due to be rebuilt and its controller must be replaced in order for the chiller to function satisfactorily for another ten years. Four proposals have been received to perform the work; approving one of them is an action item on this meeting's agenda.
- The Citizens Utility Board has requested that James/Kilmer participate in a Demand Response Program to conserve energy use. Mr. Vicens and Mr. Werth explained how the pilot program works. Discussion ensued about details of the program – including the ability to override a power curtailment, the effects of the power curtailment on residents' comfort, and the fact that participation in the program is voluntary and would cost the Association nothing.
- The concrete project contract with Golf Construction has been fully executed.
- A report about the ComEd vault repairs has been received from Meade Electric containing details about what currently needs to be done, including obtaining approval from the Chicago City Council.

ACTION OR DISCUSSION ITEMS

Awarding the Contract for the James House Window Replacement Project

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

BE IT RESOLVED, that the Board of Directors approve awarding a contract to Softer Lite Window Company for the replacement of James House resident, penthouse and ground-level windows with TRACO-manufactured windows in accordance with specifications developed by Klein and Hoffman, Inc. and in accordance with its price bid of April 9, 2009, which was subsequently modified on January 11, 2010, for a not-to-exceed price of \$11,506,060.00. After discussion, Mr. Hickling requested a roll-call vote, the results of which were that the motion passed unanimously.

The discussion that preceded the vote included the order in which the various actions affecting and affected by the contract would take place, including building mock-ups, arranging financing, and other matters, as well as how the contract will be evaluated and negotiated before being signed. Mr. Vicens explained that Klein and Hoffman will draw up the contract for review by the Board and by the Association's and Softer Lite's attorneys, to ensure that it satisfies the requirements of both Softer Lite and the Association. Mr. Beck stressed the importance of review by the Association's attorney. Mr. Hickling assured the Board that the contract would be signed only when all required contingencies are included and financing is in place.

Awarding the Contract to Overhaul a 500-Ton Chiller

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 perform a necessary 10-year overhaul of 500-ton chiller #L83K14865 and to replace the associated obsolete chiller control panel with a new state-of-the-art panel, in accordance with its proposal dated November 9, 2009, and amended January 25, 2010, in the amount of \$57,980.00. After a brief discussion, the motion passed unanimously.

The brief discussion preceding the vote included clarification as to the amendment of the proposal, and the reason for the choice of contractor.

Approval of Installation of Electricity Demand Control Equipment

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 the installation of electricity demand sensing equipment, at no cost to the Association, to allow the Association to participate in a voluntary power curtailment program during periods of high electricity demand, with potential resultant revenue to the Association of up to \$3,200.00. After a brief discussion, the motion passed unanimously.

The brief discussion preceding the vote concerned how the power curtailment program works and how the Association would be paid.

Approval of Remodeling Request

Upon motion duly made by Tom Meyers and seconded by Frances Andrews, the following resolution was made:

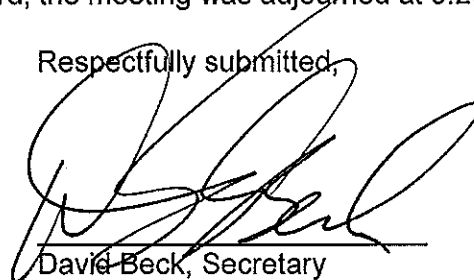
BE IT RESOLVED, that the Board of Directors approve the remodeling of Units #1708, #1904, #2905, #3503, #204K and #504K, according to the requests submitted by the unit owners that have been reviewed and found to be in compliance with the Association's rules, regulations and conditions, and that will be subject to ongoing inspection by the Association's Chief Engineer. After a brief discussion, the motion passed unanimously.

During the brief discussion preceding the vote, Ms. Barnes asked about the status of the remodeling projects and also asked whether unit owners provide Management with an approximate time frame for their projects. Mr. Vicens responded that this is not generally done but that a requirement to do so will be included in the Rules and Regulations that he is in the process of revising. Ms. Barnes also commented on damage to common elements by contractors, and Mr. Vicens suggested that a refundable deposit paid by the unit owner to cover rule violations or damage by contractors might alleviate that problem.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 9:20 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'David Beck', is written over a horizontal line. The signature is stylized and cursive.

David Beck, Secretary