

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
July 27, 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, July 27, 2010, in the James House Hospitality Room, 1560 North Sandburg Terrace, Chicago, Illinois, pursuant to By-Laws.

CALL TO ORDER

Judy Barnes, Vice 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
Betty Latson
Dan McNamara
Nancy Slattery

Duane Hickling, Tom Meyers and Dorsey Ruley 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.

UPDATES: WINDOW REPLACEMENT AND CONCRETE REPAIR PROJECTS, AND RCN

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

- The mock-up installation has been delayed and will begin on August 10 or later instead of August 3; however, this does not necessarily mean that start of the main installation will be delayed. It will take five days to install the mock-up, after which it must be tested and approved by an outside testing agency before the shop drawings may be released for manufacture.
- The concrete repairs are moving along well and are within budget. The Management Office now has new forms with which to notify unit owners with balconies when to remove and then put back balcony furnishings, plantings, etc. Concrete repair project meetings with the contractors are held every Wednesday at 10:00 a.m.; therefore, residents who want more information about the project are advised to call Mr. Vicens after 11:00 a.m. on Wednesdays.
- RCN upgraded the building's system in June, subsequent to which some residents of James House reported loss of service, particularly those residents with bundled telephone-television-Internet service from RCN. RCN has identified the problem, which appears to stem from a combination of two different types of cabling in the building to which the upgraded system is more sensitive. Residents must contact both RCN and the Management Office if they experience problems with service; RCN personnel will respond when four or more residents are experiencing problems concurrently. In addition, in some instances, remodeling contractors reinstalled the splitting transformer the wrong way. Mr. Vicens and Ms. Barnes agreed about using the newsletter, Channel 195 and the Association Web site to advise residents to call both RCN and the Management Office if they have problems with their RCN service.

REGULAR OPEN FORUM

A unit owner questioned a notification that she received from Paulette Demers after concrete work on her balcony was completed that stated that she would have to remove her balcony furnishings again for membrane installation and painting in 2011, and asked about having to also remove the furnishings when the threshold is being cut to accommodate the new balcony door. Mr. Vicens stated that Ms. Demers's message is accurate in that for the threshold cut, the furnishings need only be moved out of the way, not removed altogether. Mr. Beck added that the balcony leveling will take place as the windows are being installed, in which case the balcony furnishings would have to be removed anyway, and that the installation of the membrane and painting the balcony would take place after the window installation.

A unit owner asked if a whole new surface will be installed on the balconies, and if the cost is included in the direct charge. Mr. Vicens responded in the affirmative to both questions, and added that the reason that Modac is not being applied to the balconies is that installing a new membrane obviates any need for the Modac coating.

A unit owner asked if she could leave her grill where it is now stored until the entire project is completed. Mr. Vicens stated that she could but that he would prefer that she did not. He then explained in detail his plans for using what is now the storage room as an observation area during the Air and Water Show in August.

A unit owner living in the 04 tier asked if her balcony would be safe to use for a party during the Air and Water Show; Mr. Vicens responded that he will ask about this during the next Concrete Project meeting.

A unit owner mentioned that a friend who is familiar with concrete repairs questioned why the building's concrete is being tested by tapping rather than scanning, asserting that tapping is an outmoded method, and that scanning provides superior documentation of findings; Mr. Vicens responded that he will ask about this during the next Concrete Project meeting.

A unit owner asked about the proposed Recycling Task Force and about recycling at Bryant House. Ms. Barnes stated that recycling at Bryant House is mandatory and that Kurt Kruger is contacting Bryant's chief engineer to learn more about it. She also stated that James/Kilmer is planning to participate in Alderman Brendan Reilly's "Electronics Recycling Day" on August 7 and that more details will be communicated to residents. Gail Gill mentioned the city recycling center near the Notebaert Nature Museum. Ms. Barnes reported that she attended a recent Community Associations Institute (CAI) seminar dealing with single-stream recycling, and remarked on the potential need to survey residents to determine their real interest in recycling. Ms. Barnes then appointed Ms. Gill to lead the task force, to which Ms. Gill agreed, and added that she and Marcie Johnson will also assist Ms. Gill. Ms. Barnes stated that she will include an article about recycling in the August newsletter.

A unit owner asked if there was a lawsuit involving the balconies, to which several Board members replied that they have not heard of such a lawsuit.

APPROVAL OF MINUTES

Mr. Beck asked if there were any additions or corrections to the minutes of the Board meeting held on June 8, 2010. There was one correction. **David Beck moved that the draft of the minutes of the Board of Directors meeting held on June 8, 2010, be approved as amended. Nancy Slattery seconded the motion, and it passed, with Frances Andrews abstaining.**

Mr. Beck asked if there were any additions or corrections to the minutes of the Board meeting held on June 22, 2010. There being none, **David Beck moved that the draft of the minutes of the Board of Directors meeting held on June 22, 2010, be approved as presented. Frances Andrews seconded the motion, and it passed, with Frances Andrews abstaining.**

TREASURER'S REPORT

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

For the six months ended June 30, 2010, the James/Kilmer Association reported total revenue of \$2.48 million. Revenues were approximately \$12,000.00 under budget due to lower garage revenues, though garage revenue has been increasing. Monthly, transient and coupon garage revenue were all over budget in the month of June.

Operating expenses were \$2.0 million and were under budget by \$28,000.00. Lower payroll, maintenance and repair costs more than offset higher utility and legal costs. Payroll was under budget by \$54,000.00, maintenance and repair costs were under budget by \$14,000.00, utility costs were over budget by \$21,000.00, and legal costs were over budget by \$15,000.00.

As a result, the Association posted revenues over expenses before capital reserve contributions of \$484,000.00. After the provision for capital reserves of \$500,000.00, the Association generated an operating deficit of expenses over revenues of \$16,000.00, which compares favorably to the budgeted deficit of \$32,000.00.

At June 30, 2010, the operating reserves stood at \$78,000.00. The capital reserves stood at \$5,240,000.

The Finance Committee has framed two resolutions to be discussed at this meeting, one dealing with moving the Association's accounts and the other with establishing new bank accounts pertaining to the Window Replacement and Concrete Repair projects.

The invoices for direct charges were sent out last week along with the assessment invoices, with payments due on August 1; collections are proceeding. It is expected that \$9 million will be collected in lump-sum payments, leaving less than \$3.5 million to be borrowed. The funds collected in payment of direct charges will be kept in a separate account.

The Finance Committee is preparing for the budgeting process, which will begin in September and which will include information from the Reserve Study.

COMMITTEE REPORTS

Infrastructure Committee

Ms. Barnes stated that the Committee has not met, but that Mr. Hickling plans to hold a meeting in August.

Garage Committee

Ms. Andrews commented on the quick thinking and action of one of the garage hikers, Amin Khamo, to ensure that no one was hurt when flames erupted from the ComEd vault during a storm, and stated that she communicated her commendation to Eddie Main; she added that Standard Parking will reward Mr. Khamo with some gift certificates and will commend his actions in the company's internal newsletter. Ms. Andrews reported that garage revenues and expenses have both increased, that some of the expenses have been unanticipated, and that both will be thoroughly reviewed during the budgeting process. Mr. Beck noted that Mr. Main has stated that there are more parkers now from the building than in the recent past, owing to more new residents with cars. Mr. McNamara mentioned that a garage hiker was physically attacked by a parker who was angry at being informed that he could not pay for parking with a credit card, and suggested that signs stating this should be posted. Ms. Andrews responded that signs have been ordered and that the hikers try to inform all outside parkers about the no-credit-card rule. Mr. Beck and Mr. McNamara added that people attending events at Germania Place who park in the garage should be notified about the rule.

Pet Committee

Carol Abrioux reported that the Committee held two meetings in July, and that at its meeting in late June, the decision was made to survey unit owners only about two key elements with regard to pets: weight and number of pets. She added that Karen Flannery has donated her professional expertise to prepare the survey, which has been completed and given to Management to be delivered under doors and also mailed to nonresident owners. Ms. Abrioux stated that the Committee will use the results of the survey in its revision of the 1998 pet rules, developing new rules, a fine system, and so on, and that it will present the survey results and the new rules to the Board along with a chart showing comparisons to pet policies in other condominium associations. Ms. Latson asked if the Board will review the survey before it is distributed. Ms. Abrioux responded that she had asked if this was necessary and was told that it was not. A lengthy discussion ensued about whether or not the Board should review the survey before distribution, after which Ms. Barnes directed that the survey be distributed to the Board members via e-mail, with any suggested changes to be communicated to Ms. Abrioux by Thursday morning.

HOA Report

Mr. Beck reported that it is expected that the HOA Board will vote on Wednesday on the repairs to be made in the North Mall, which will include the expansion joints, drains, and the Kilmer House patio wall.

Communications Committee

Ms. Barnes reported that the Committee has been successful in producing a newsletter every other month, with work starting now on the August issue, adding that the Committee is planning to feature the ComEd vault situation. She further reported she, Karla Ross, Ms. Demers and Mr. Vicens met to start work on a plan for integrated communications about the Window Replacement and Concrete Repair projects.

MANAGEMENT REPORT

Mr. Vicens reported on the following:

- Residents have been calling Ms. Demers about issues that are unrelated to the Window Replacement or Concrete Repair projects, which diverts her from her assigned work of communicating with residents only about their balconies. Mr. Beck and Mr. Vicens agreed that the situation should be made clear to residents via the newsletter.
- There have been some changes in the hours worked by the door staff, effective August 6.
- Fifth-Third Bank has ceased financing mortgages, but Diamond Bank is welcoming new mortgage business. Discussion ensued.
- New estimates are being developed for the ComEd vault repair and a new plat of survey has been created. Discussion ensued.

Mr. Beck asked that the next newsletter be distributed under doors, stating that many people seem not to be receiving it. Discussion ensued about the Board's previous agreement to use door drops only in emergencies owing to demands on the Maintenance staff. The Board agreed to the newsletter door drops to ensure that all residents receive these important communications.

ACTION OR DISCUSSION ITEMS

Approve the Audited Financial Statements

Upon motion duly made by Betty Latson and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the Audited Financial Statements for the Year Ended December 31, 2009. After discussion, the motion passed unanimously.

During the discussion that preceded the vote, Ms. Latson stated that a change had been made in the statements, increasing the bad debt reserve to \$8,000.00.

Approve Moving the Association's Operating and Replacement Reserve Funds

Ms. Latson explained the advantage to the Association in moving its funds. Upon motion duly made by Betty Latson and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the following:

1. That the Association's operating account be moved from Bank of America to Barrington Bank.
2. That the Association's reserve checking account at Bank of America be closed and the funds moved to FDIC-insured vehicles – Money Market Funds and Certificates of Deposit – through Merrill Lynch.
3. That the Association's reserve funds be moved from Harris Bank to Wintrust Financial Banks and to FDIC-insured vehicles – Money Market Funds and Certificates of Deposit – through Merrill Lynch.
4. That all future investments and further fund transfers be directed by the Board Treasurer.

After discussion, the motion passed unanimously.

Approve Establishment of New Bank Accounts

Ms. Latson explained the necessity to establish accounts for deposit of James House unit owners' direct charge payments and for payments to various contractors performing the Window Replacement and Concrete Repair project work. Upon motion duly made by David Beck and seconded by Nancy Slattery, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the following:

- 1. That the Association establish a general account, default funds bank account, and other accounts or investments that are FDIC insured as deemed appropriate at Harris Bank or another designated financial institution for the sole purpose of maintaining the James House Direct Charge funds, the accounts to be used to pay for the James House projects as well as required debt service.**
- 2. That all future investments and further fund transfers be directed by the Board Treasurer.**

The motion passed unanimously.

Approve Remodeling Requests

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

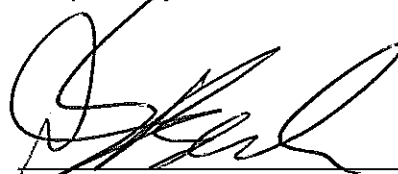
BE IT RESOLVED, that the Board of Directors approve the remodeling of Units #2115 and #4115, according to the requests submitted by the unit owners that have been reviewed and found to be in compliance with the Association's rules, regulations and conditions, and that will be subject to ongoing inspection by the Association's Chief Engineer. After discussion, the motion passed unanimously.

During the brief discussion, Ms. Andrews suggested that all cable connections be checked to make sure that remodeling contractors have reconnected them correctly. Mr. Vicens stated that this requirement will be included in the modified remodeling packets.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by David Beck and seconded by Frances Andrews, the meeting was adjourned at 8:13 p.m.

Respectfully submitted,



David Beck, Secretary