

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
June 22, 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, June 22, 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 7:02 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.

UPDATES: WINDOW PROJECT PROGRESS AND FINANCING

Mr. Vicens reported on the current status of the Window Replacement Project:

- The contract with Softer Lite is expected to be signed on Friday, June 25.
- Installation of the mock-up in Unit #915 is scheduled to begin on August 3 and will take a week to complete.
- The mast climber and pedestrian protection installation on the west side of the building will begin on September 13.
- Window installation Phase I, west side tiers 3, 5, 7, 9 and 11, will begin on October 11. Information about this and the other phases is available in the Management Office and is included in the newsletter.
- Phase II, south side tiers 1 and 2, will begin on January 10, 2011; Phase III, tiers 4, 6, 8 and 10, will begin on April 4, 2011; Phase IV, tiers 12 and 15, will begin on June 27, 2011.
- There was an error in the first printing of the newsletter to the effect that tier 2 window installation would be part of Phase III; this error was corrected and the newsletters were reprinted.
- The concrete work contract was signed on January 10; tiers 1, 2 and 5 and parts of tiers 3 and 7 are finished. A meeting on June 23 will provide an update on the work, and schedules will be posted in the mailbox area, as they are every two weeks.
- Management apologizes for Golf Construction working on the tier 6 and 8 balconies at the same time; this was unanticipated, and Management is assisting residents who needed to remove items from their balcony with no advance warning.

Mr. Beck asked about any residents who did not remove items from their balconies after notification. Mr. Vicens responded that Paulette Demers is handling the situation and that neither she nor Golf

Construction has reported any problems. Mr. Beck asked about ponding on balconies. Mr. Vicens responded that balconies with ponding problems have been identified and listed, and that ponding will be eliminated by building up the concrete before the new membrane is installed on each balcony, after all of the windows are installed, and then the membrane will be painted, along with the entire building. The work will take place from fall 2011 through spring 2012. Mr. Hickling advised publicizing that the ponding problem will be dealt with as part of the work on the balconies, to reassure unit owners who have ponding on their balconies.

Ms. Latson reported on the current Window Replacement Project financing situation:

- The commitment letter requests were sent to James House unit owners at the end of May and results were due by June 15; they will be published in the newsletter. In brief:
 - 77% of James House unit owners responded; of these, 78% indicated that they will pay their direct charge in one lump sum and 22% planned to use one of the Association's payment plans.
 - Of the 210 unit owners who will use financing, 11% have chosen the 36-month plan, 11% will use the 60-month plan, 2% will use the 84-month plan, and 76% will use the 120-month plan. Those who did not respond have been placed in the 120-month plan category. Management will attempt to contact all those who did not respond to verify this, but any of those unit owners who cannot be reached will remain in the 120-month plan.
- The bank loan was approved in May and the loan documents are still being worked on to make sure that the wording is correct and applicable to the James House situation. The documents are expected to be finished within the next couple of days, after which the window contract can be signed.
- Unit owners will be billed for the direct charge at the end of July. The amount of the direct charge appearing on each assessment invoice will depend on the payment plan selected, including situations in which the entire amount is being paid at once, or in which a payment plan was chosen that includes a partial up-front cash payment. Payment will be due on August 1.
- Because of the large number of unit owners who will pay the entire direct charge at once, the Association expects to have to borrow only \$5 million.

REGULAR OPEN FORUM

A unit owner mentioned a leak in his ceiling and asked if the timing of the roofing project has been changed. Mr. Vicens responded that the roofing project will be performed after the Window Replacement Project is finished, and that the leak was caused by a drain problem. The unit owner stated that he is waiting for finalization of a home equity line of credit that he intends to use to pay his direct charge, and that it may not be in place by August 1; he expressed his concern that a loan pay-off can be done only once a year. Ms. Latson explained the reason for this, and suggested that the unit owner speak with her in private to discuss possible solutions. Further brief discussion ensued.

A unit owner mentioned an article in the newsletter about the trash chutes and trash rooms, and asked what to do with discards that cannot be put down the chute. Mr. Vicens responded that such items may be left in the trash rooms because the Maintenance staff clears the rooms regularly. The unit owner stated that Karl Kruger's articles in the newsletter are very helpful.

A unit owner asked about the hours that the Penthouse meeting room is open and was told that it is supposed to be open until 9:00 p.m. The unit owner stated that she wants to be a member of the group dealing with recycling and commented briefly on some recycling matters. Ms. Barnes and Mr. Hickling explained that the group is a task force rather than a standing committee. Discussion ensued about the task force, inviting a speaker from the City of Chicago Department of Environment to address either the individual associations or HOA, recycling bins from Waste Management, what kinds of items can be

recycled, the need for convenient drop-off points, and other Sandburg Village associations' recycling efforts. Ms. Johnson agreed to provide more information about recycling at the next meeting as well as a task force report.

A unit owner asked if Ms. Latson has a breakdown by unit size of the unit owners who did not return their commitment letters. Mr. Vicens stated that he will put together such a breakdown.

A unit owner asked if there is any procedure in place for renting the Penthouse. Mr. Vicens stated that such a procedure already exists and that the room is rented frequently. He suggested that the unit owner talk to Diana Cardenas in the Management Office about renting the Penthouse. A brief discussion ensued about publicizing the rental procedure and rates in the newsletter and on the Association's Web site, updating the rules for using the Penthouse for private gatherings, and the rental amount and the deposit for use of the Penthouse.

APPROVAL OF MINUTES

Mr. Beck requested a change in the procedure for reviewing the minutes, to which the Board agreed. He then asked if there were any additions or corrections to the minutes of the regular Board meeting held on May 25, 2010. There being none, **David Beck moved that the draft of the minutes of the regular Board of Directors meeting held on May 25, 2010, be approved as presented. Nancy Slattery seconded the motion, and it passed unanimously.**

BOARD MEMBER'S OATH

Mr. Hickling explained that the Board Member's Oath, a copy of which is attached to and made part of these minutes, was discussed and accepted by the Board at its January meeting, but that three of the Board members – Messrs McNamara, Meyers and Ruley – have not yet signed it. He stated that if the Board is not, in fact, unanimous in its acceptance of the oath, it is important to understand why, and asked for a further discussion about the oath. Mr. Meyers stated that he originally voted against acceptance of the oath and did not approve of it for various reasons but that he has decided to sign it. Mr. Ruley stated that he sees no benefit to the oath and that it will neither worsen nor improve how Board members act. Mr. Hickling responded with remarks about the Board's reasons to consider the oath in the first place, such as the need for Board members to understand their role and responsibilities and to hold themselves accountable for their actions and behavior. Ms. Barnes stated that the oath was suggested by Mr. Werth and is used by numerous other condominium associations with the objective of setting a standard for ethical behavior on the part of board members; she added that it was at the top of the list of goals and objectives compiled and voted on by the Board members at the beginning of the year. Discussion ensued about the oath. Mr. Werth stated that the boards of approximately 60% to 70% of the properties that he supervises have adopted this oath or their own version of it, and all of the board members have signed it.

TREASURER'S REPORT

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

For the five months ended May 31, 2010, the J/K Association reported total revenue of \$2.051 million. Revenues continue to remain lower than budget by approximately \$21,000.00 due primarily to lower garage revenue.

Operating expenses were \$1.701 million and were lower than budget by \$5,000.00. Lower payroll, maintenance, and repair costs more than offset higher gas and legal costs. Payroll was under budget by \$46,000.00. Maintenance and repair costs were under budget by \$21,000.00. Gas costs were over budget by \$41,000.00. Legal costs were over budget by \$17,000.00.

As a result, the Association posted revenues over expenses of \$350,000.00 before capital reserve contributions. After the provision for capital reserves of \$417,000.00, the Association generated an operating deficit of expenses over revenues of \$67,000.00, which compares unfavorably to the budgeted deficit of \$51,000.00.

At May 31, 2010, the operating reserve stood at \$11,750.00. The capital reserve fund stood at \$5,407,000.00.

The budget results are improving; in particular, the operating deficit is nearing the budgeted deficit, and the operating reserve is now positive rather than negative. There are certain capital reserve expenditures related to the window and concrete projects which will be reimbursed once the direct charge is collected.

The next task before the Finance Committee is to review the draft version of the 2009 audit of the J/K financial statements. The draft of the audit was received on June 21. After review of the draft audit by the Finance Committee and completion of any revisions, the final draft will be submitted to the Board for its review and approval. Unit owners may expect to receive a copy of the final 2009 Audited Financial Statements shortly after Board approval, which should be in August.

COMMITTEE REPORTS

Finance Committee

Ms. Latson reminded the Board that the budget process for 2011 will begin soon.

Garage Committee

There was no formal Committee report owing to Ms. Andrews's absence. Ms. Slattery commented about how helpful it is to post notices in the garage of special events at the Germania Club so residents will know when there will be additional cars in the garage. Mr. Hickling commented on Eddie Main's efforts to increase garage revenue. Ms. Latson noted that garage revenues are higher but that garage operating expenses are also higher and should be monitored. Ms. Barnes stated that Germania Club events are also listed on Channel 195 and on the Association's Web site.

Pet Committee

Betsy Ruley reported that the Committee held its second focus group, which was sparsely attended because of the final Stanley Cup hockey game, so the Committee plans to conduct a survey of all residents about pets; she added that Karen Flannery will help develop the survey. Discussion ensued about how much notice is needed to announce a committee meeting.

HOA Report

Mr. Beck reported as follows:

- The North Mall repairs will include the walls around the Kilmer House patios. Mr. Habib, the HOA Property Manager, has agreed to postpone those repairs until they can be performed in conjunction with the Kilmer façade project in the spring of 2011. He added that the North Mall expansion joint repairs will be done this fall and should put an end to the leak at the garage entrance.
- The Village fences are being sanded and painted, working from the south end of the Village to the north end, and that the fences in the vicinity of James House most likely will not be worked on until later next year, partly owing to the construction work in the area.

MANAGEMENT REPORT

Mr. Vicens reported on the following:

- Management has spoken with the principal of a firm that markets rooftops for antennas; installing such an antenna on the James House roof could bring in \$8,000.00 to \$10,000.00 per month after five years. Discussions are in the preliminary stage.
- Management also received a proposal from a vending machine provider, but the beverage bottles it vends are too large. Management will investigate other vendors.
- Four proposals were received to perform the Reserve Study.
- The garage was power washed and looks much better than it did last time it was power washed.
- Fireman's Fund inspected the building and noted that fire or smoke alarms are not automatically transmitted to the Chicago Fire Department when they are activated. As a result, a system is being installed that will transmit alarms to a central station, which will then call the Fire Department. This will occur when the cross-connected smoke detectors operate in one of the elevator lobbies and bring all of the elevator cars down to the lobby level.
- The agenda for tonight's meeting includes a vote on the new Reserve Study, for which four proposals have been received.
- The ComEd vault repair project is moving ahead with Meade Electric. As a consequence of obtaining new coring samples, a revised shoring plan is being developed and a new proposal will be provided to Management.
- Future action items include: garage exit door replacement, electrical vault replacement, heat exchanger replacement, air balance study, carbon monoxide control of garage exhaust fans, and garage ramp snow melt cable replacement.

Mr. Meyers asked why James/Kilmer has to pay for the repairs to the ComEd vault; Mr. Beck explained that the HOA Declaration clearly sets forth that J/K must pay 97% of the repair costs and HOA pays 3% of the repair costs, which it has already done. Discussion ensued. Mr. Meyers then asked where vending machines would be located. Mr. Vicens listed several possible locations, explaining that the machines would vend food and snacks as well as beverages, and that the idea is just being explored at this point.

Mr. Beck asked if a policy will be developed by either the Board or Management to deal with residents, using fines or other means, who do not cooperate with the requirements for the Window Replacement Project. Discussion ensued about how to handle recalcitrant residents and about Ms. Demers's role in the process. Mr. Hickling asked Mr. Vicens for Management's recommendation for procedures for pre-installation inspection of units and what action to take if a unit fails inspection. The Board agreed that advance notice to residents about this is very important. Discussion ensued about Town Hall Meetings and question-and-answer sheets to inform residents. Mr. Vicens explained that information may be disseminated when a firm start date is known.

Mr. Hickling listed three key steps as follows: (1) the contract must be signed, (2) the contractors are reviewing their current schedule to see if it can be tightened up, and (3) the mock-up must be installed and then approved by Klein and Hoffman. He explained that after that a detailed schedule may be developed and communicated to residents. A unit owner suggested assembling a team of residents to volunteer to help residents move furniture, window treatments, decorations and so on out of the way for the window installation. Mr. Hickling explained that if the Board organizes such a group, then it may be assuming liability if someone gets hurt or an item is lost, but that this might not apply if the unit owners themselves create a volunteer group. The unit owner agreed that the legal aspect must be looked into.

Ms. Latson commented again on the importance of communication to residents about the balcony project and other project schedule phases and coordination and engaging Ms. Demers to take part in this communication process. Ms. Barnes offered to work with Mr. Vicens and Ms. Demers to facilitate communication. Mr. Hickling agreed that a communication plan is needed on the Window Replacement Project to deal with the schedule, with moving, and with the phases of balcony work. Ms. Slattery relayed concerns from residents who want to know what is happening and when. Mr. Vicens urged the Board to direct resident inquiries to Management. Discussion ensued.

ACTION OR DISCUSSION ITEMS

Approve Hiring a Consultant to Perform the Reserve Study

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 hiring Reserve Advisors to perform a Reserve Study update in the amount of \$8,900.00, in accordance with their proposal dated March 24, 2010. After discussion, the motion passed unanimously.

During the discussion that preceded the vote, Mr. Hickling stated that Mr. Vicens has given the Board a matrix that explains what Reserve Advisors will and will not do as part of the Reserve Study update. Ms. Latson asked when the update will be started and completed; Mr. Vicens stated that he will obtain that information tomorrow. Mr. Beck commented on the importance of distinguishing between common elements and limited common elements for purposes of the Reserve Study.

Approve a Minor Change in the Windows Project Concrete Color Scheme

Upon motion duly made by Nancy Slattery and seconded by Judy Barnes, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the use of Carbonite as the concrete paint color in the overall exterior wall color scheme, which is #4, the westernmost sample on the north side of the building. After discussion, the motion passed unanimously.

During the discussion preceding the vote, Ms. Slattery explained why the Windows Design Subcommittee was dissatisfied with the original color sample and consequently chose a different paint color. Mr. Hickling asked if HOA has to approve the color. Jack Vedra, a James House resident who is the HOA Board President and who was present at the meeting, stated that HOA approval will not be necessary in this instance. In response to a question from Mr. Meyers, Ms. Slattery confirmed that the new color will be applied to the concrete around the window mock-up.

Approve Remodeling Requests

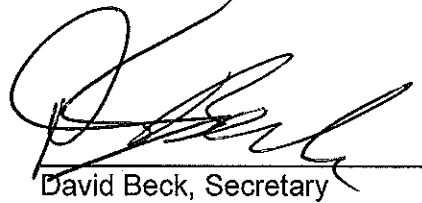
Upon motion duly made by Tom Meyers and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the remodeling of Units #911, #1101 #1601, #507K and #4517K, 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 Judy Barnes, the meeting was adjourned at 8:24 p.m.

Respectfully submitted,



David Beck, Secretary

**ATTACHMENT TO MINUTES OF JUNE 22, 2010 JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING**

I, _____ (insert name), a duly elected/appointed director of the James/Kilmer Association, do solemnly swear and do hereby affirm as follows:

- I will attend as many meetings as possible and prepare in advance by reviewing all materials.
- I understand that if I miss 3 consecutive meetings without good cause, as determined by the Board and by-laws, the Board may declare my seat vacant and appoint another owner to complete my term of office.
- I will avoid self-dealing and I will place the Association's interests above my own personal agenda.
- I will cooperate with the other directors and follow the rules of decorum and parliamentary procedure for every meeting, and act in a courteous and civil manner toward my fellow directors, homeowners, employees and contractors of the Association.
- I will not divulge Association confidences or sensitive information to non-directors.
- I will not attempt to micro-manage or interfere with the management of the Association or the performance of Association contractors.
- I will not act in any manner which I know or believe to exceed the scope of my authority as a director/officer and will otherwise act at all times in the best interests of the Association.
- I understand that no officer or director has any authority to act independently of the Board and that the authority of each Board Member to act on Association matters is a direct result of the by-laws and/or approval of the Board.
- I understand that I am a director of a not-for-profit corporation and I will not directly or independently intervene in any homeowner disputes.
- I shall at all times be aware of and obey the rules of the Association, even if I disagree with them, and shall remain current in the payment of fees and expenses charged by the Association.
- I will not make public statements regarding Association matters without the express authority of the Board.
- I recognize that I am a fiduciary on behalf of all owners and I will attempt to use sound business judgment when deliberating and voting on decisions made by the Board.
- I will be sensitive to individual differences, respectful of dissenting opinions and cooperative in implementing decisions of the Board enacted pursuant to the by-laws.
- I will at all times make a full disclosure of any potential conflict of interest refrain or abstain from voting or any issues from which I may receive direct economic benefit and at all times avoid even the appearance of impropriety.
- In the event that I cannot faithfully fulfill my duties as a director or officers, I shall submit my resignation from the Board. In the event the Board determines that I have violated any provisions of my oath of office, I understand that I can be suspended, censured or removed from my duties as a director and/or officer of the Association upon the unanimous consent of the remaining Board Members.

Director, James Kilmer Board (Name)

(Date)