

THE FOLLOWING SETS FORTH A DRAFT OF THE MINUTES OF THE THIRTIETH ANNUAL MEETING OF UNIT OWNERS OF THE JAMES/KILMER CONDOMINIUM ASSOCIATION DULY HELD ON November 9, 2010. THE FOLLOWING DRAFT HAS NOT BEEN APPROVED BY THE UNIT OWNERS, BUT WILL BE SUBMITTED AT THE NEXT ANNUAL MEETING OF UNIT OWNERS FOR APPROVAL BY THE UNIT OWNERS, AND IS SUBJECT TO REVISION, MODIFICATION, OR CORRECTION IN WHOLE OR IN PART.

**JAMES/KILMER CONDOMINIUM ASSOCIATION
THIRTIETH ANNUAL MEETING OF UNIT OWNERS
November 9, 2010**

The Thirtieth Annual Meeting of Unit Owners of the James/Kilmer Condominium Association (the "Association"), an Illinois not-for-profit corporation, was called to be held on Tuesday, November 9, 2010, in the James House lobby, 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 7:03 p.m., introducing himself and welcoming all in attendance to the 30th Annual Meeting of Unit Owners of the James/Kilmer Condominium Association.

CERTIFICATION OF QUORUM

At Mr. Hickling's request, Richard Vicens, Property Manager, stated that the Association's auditors, Picker and Associates, confirmed that a quorum of unit owners had voted either in advance or immediately before the meeting.

APPROVAL OF MINUTES

David Beck, Secretary of the Association, explained that because this is a meeting of unit owners, all unit owners present are entitled to vote on motions, and asked if there were any additions or corrections to the minutes of the 29th Annual Meeting of Unit Owners. There being none, **David Beck moved that the minutes of the 29th Annual Meeting of Unit Owners of the James/Kilmer Condominium Association held on November 10, 2009, be approved as presented. Judy Barnes seconded the motion. All unit owners present voted in favor of the motion.**

EXPLANATION OF VOTING PROCEDURES

Mr. Hickling explained that the purpose of the meeting is to elect directors to fill four upcoming vacancies on the Board of Directors, and that there were four candidates for the vacancies, all former directors running for reelection. Mr. Hickling then explained how the direct voting system works, because this would be the first time that unit owners in the Association would be voting in such a way, and that Michael Schall and Brad Kovach of Picker and Associates were auditing the votes and monitoring the election.

NOMINATION OF CANDIDATES FOR DIRECTOR

Mr. Hickling then called for nominations from the floor. There being none, he announced the four unit owners who placed their names as candidates for election to the position of director on the board, as follows: Judy Barnes, Betty Latson, Tom Meyers, and David Beck.

SPEECHES BY AND QUESTIONS FOR CANDIDATES

Mr. Hickling invited the candidates to introduce themselves and speak briefly to the unit owners, and also stated that following each candidate's remarks, unit owners would be invited to ask questions of the candidate.

Judy Barnes, James House. Ms. Barnes thanked the unit owners for their support of and interest in the election. She stated that although she has not been a Board member as long as some of the other directors, she has participated in many Board activities and takes seriously her commitment to serving the Association. Ms. Barnes mentioned her positions as Board Secretary and Board Vice President, as well as her membership in the Infrastructure, Finance, Pet and Holiday Fund committees, and her chairmanship of the Communications and Management Company Search committees. She cited her production of the Association's newsletter, her efforts in helping to create the Memorandum of Understanding with DK Condo when that management company's contract with the Association was renewed, and her advocacy of the CAI Board Oath and the new direct voting procedure. Those in attendance applauded Ms. Barnes. There were no questions for her.

David Beck, James House. Mr. Beck welcomed the unit owners present and expressed how pleased he was that a healthy quorum was achieved. He stated that he has been a James House resident for 23 years and has served on the Board for eight years, including service on the Finance and Infrastructure committees. Mr. Beck also stated that he was proud of his role in helping to bring about the Window Replacement Project, and that it will transform the appearance of the building. He mentioned some future major projects such as Kilmer House balcony and concrete repairs and replacement of the James House roof, and stated that the Association has a good financial plan with strong reserves and assessments comparable to other associations in the area. Those in attendance applauded Mr. Beck. There were no questions for him.

Betty Latson, James House. Ms. Latson was not able to be present at the meeting, so in her absence, Mr. Vicens read a statement that she wrote. In her statement, Ms. Larson referred to her 24-plus years of residency at James House and her service on the Board, in particular as Treasurer since 1998. She explained that early on she saw an opportunity to better manage the Association's costs and to better plan for its capital projects, which informed her eventual interest in joining the Board and becoming Treasurer. Ms. Latson noted that the Association's financial position has greatly improved over the years, especially with regard to its capital reserves, that expenses are kept under control and that the Board, the Finance Committee and Management do a great deal of planning to stay ahead of projects that must be undergone. She further stated that she wishes to run for the Board in order to continue to serve the Association and unit owners' best interests as she has in the past. Those in attendance applauded Ms. Latson's statement.

Tom Meyers, James House. Mr. Meyers remarked on three issues that he felt his financial and management background will be helpful in resolving.

- Financial planning of future projects. This year the Association was constrained to levy direct charges to James House unit owners for replacement of limited common elements, but Mr. Meyers feels that in future other ways should be found to finance such projects.

- Reduction of door staff at Kilmer House. This has been discussed at length and Mr. Meyers understands the position of Board members who approved the reduction in the proposed budget, but feels that it represents a “slippery slope” such that the two buildings will not be in equal positions in the future. He questioned the notion of reallocating expenses in the budget in line with respective revenues from the two buildings and noted that the reduction in door staff at Kilmer could result in a safety problem, and that some Kilmer residents bought their units because of the presence of doormen at Kilmer.
- The Board Oath. Mr. Meyers stated that he has now signed the oath although he originally refused to do so because it does not serve the Association, it is unenforceable and there is no need for it. He added that signing the oath does not mean that a Board member will act ethically, and not signing it does not mean that a Board member will act unethically.

A Kilmer House unit owner challenged Mr. Meyers's stance on both the oath and the reduction in the Kilmer door staff, to which Mr. Meyers responded. Another Kilmer House unit owner stated that other Kilmer House residents dislike the idea of a reduced door staff.

Following the candidates' remarks, a unit owner questioned whether the voting ballots were secret, stating that her sealed ballot was opened by a Management Office staff member when she delivered it to the office. David Sugar, the Association's attorney, explained how the Illinois Condominium Property Act defines a secret ballot, that only the Association's auditors have the identifying information, and that the office staff has to open the ballots to count them for the quorum; Mr. Beck added that it is also done to ensure that there are no duplicate ballots. The unit owner stated her objection to having her secret ballot opened by office staff. Discussion ensued.

RECESS FOR UNIT OWNER VOTE

Mr. Hickling called for a short recess at 7:34 p.m. so that additional unit owners could vote if they had not already done so.

RECONVENE

Mr. Hickling reconvened the meeting at 7:39 p.m. He announced that in future elections, sealed ballots will be opened only by the Association's auditors. Mr. Hickling then reported that Mr. Kovach and Mr. Schall were in the process of performing a final check of the votes, and that unofficial results would be announced shortly.

EXCESS REVENUE DECLARATION

Mr. Beck noted that the excess revenue motion must be voted on every year, to avoid paying income tax on excess membership income. **David Beck moved to approve that any cumulative excess membership income over membership expenses, as defined in IRS Reg. 1-277-1, for the year ended December 31, 2010, shall be applied against the subsequent tax year member assessments, as provided in IRS Revenue Ruling 70-604. Tom Meyers seconded the motion. All unit owners present voted in favor of the motion.**

ANNOUNCEMENT OF PRELIMINARY RESULTS OF VOTING

At Mr. Hickling's request, Michael Schall of Picker and Associates announced the unofficial results of the voting, which was that all four candidates were voted onto the Board of Directors with the following percentages: Judy Barnes–46% of the vote, David Beck–37%, Betty Latson–49%, Tom Meyers–43%. Mr. Schall also stated that the quorum for the vote was 44% of the aggregate unit ownership. Mr. Hickling remarked on the excellent unit owner participation in achieving a 44% quorum.

PRESIDENT'S REPORT

Mr. Hickling reported on Board activities during the past year.

- Implementation of Memo of Understanding with DK Condo. This is a mechanism of continuous feedback and evaluation between the Board and Management by means of which goals are set and progress of goals is measured and discussed each quarter, and next steps are defined. The Association has a very strong property management team in Richard Vicens and in Allan Werth, Site Supervisor. Applause greeted this remark.
- The Board Oath. The decision to implement the oath sprang from the President's invitation at the beginning of the year for each Board member to state what he or she considered to be important matters for the Board to consider, including the issue of Board ethics and behavior exemplified by a past history of divisiveness and incivility, and the stated purpose of the oath was to lay out a code of proper behavior.
- Communication between the Board and unit owners. Efforts to improve communication have included the newsletter and the website, both of which have been very successful – especially the website – as well as Channel 195. In addition, Richard Vicens has begun holding special Property Manager office hours in the lobby on Monday evenings from 4:30 to 6:30. Applause greeted this announcement.
- Direct voting procedure. This was implemented in the hope that active and involved unit owners will vote responsibly.
- Cost Allocation Study. This study examines not only the respective costs of James House and Kilmer House but also all of the Association's assets to ensure that the Association is obtaining full value for its expenditures.
- James House Window Replacement Project. The project will begin on November 15. The Board worked hard to provide proper financing tools to unit owners who could not pay the direct charge in one lump sum.
- Garage revenue generation. After some months of negative cash flow, the garage has now begun to generate a positive cash flow, owing in large part to garage manager Eddie Main's efforts to sell unused garage spaces for special events and to accommodate parkers from the Latin School.
- Utility rate negotiations. Rates have been very favorable for the last 12 to 18 months, and the Association has locked in reasonable rates through the end of 2011 and continually reviews rates for 2012.
- Capital Reserve Study. Reserve Advisors is just completing the study, a long-term review to enable the Board to understand what projects are coming up in the future. All unit owners are urged to examine the future capital reserve projects in the budget; for example, replacing the windows has appeared in the reserve study since 1990.

Mr. Hickling then briefly listed some of the projects that have been identified for the future.

- ComEd vault repair.
- Kilmer House façade maintenance and repair, including the ten-year window maintenance, and balcony and railing repairs.

- HOA North Mall and Kilmer House patio wall repairs, expected to stop water from leaking into the garage.
- Landscaping improvements.
- Garage repair and refurbishment.
- Horizontal HVAC line repair and replacement.
- Replacement of aluminum wiring.
- James House roof replacement.
- Funding strategy for future limited common element repairs and replacement.

Mr. Hickling asked if any of the Board members present wished to add anything to his remarks or if unit owners present had any questions about them. There were no remarks or questions from unit owners.

UNIT OWNERS OPEN FORUM

A unit owner asked about the procedure for amending the proposed budget. Mr. Hickling responded that there will be an open meeting on November 30 at which all unit owners may make suggestions for and comments about the proposed 2011 budget. Mr. Werth stated that at its December 7 meeting, the Board will have the opportunity to make changes to the budget before adopting it, based on unit owner input. In response to a question from Mr. Hickling, Mr. Werth further stated that if the Board does make changes to the budget, it will not have to be distributed again to the unit owners for further review, but that the budget as amended and adopted by the Board will be distributed to unit owners.

A unit owner urged all present to come to an informational meeting to be held on November 22 about single-stream recycling.

A unit owner asked about the appearance in the budget of funds collected for the Window Replacement Project. Mr. Werth responded that funds collected from direct charges are held in separate accounts, including money market funds at the Bank of Barrington and money market funds and Treasury bills at Harris Bank. Mr. Beck added that Ms. Latson's Treasurer's Report delivered every month at Board meetings includes details about the collected funds. Discussion ensued.

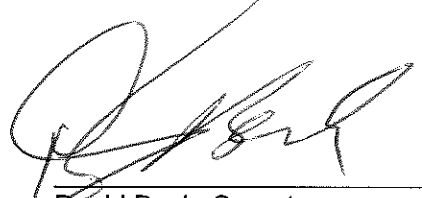
A unit owner asked about reporting of interest earned. Mr. Werth explained that interest earnings are provided to the Board every month. Mr. Hickling added that the interest earnings will be reported at each monthly Board meeting and will be included in the annual financial statement. The unit owner asked about the increase in garage fees shown in the proposed budget. Mr. Hickling stated that there will be a \$10 coupon for 12 hours, and a \$15 coupon for 24 hours. The unit owner expressed concern about increased parking costs. Ms. Barnes stated that budget deliberations included a discussion of rates in other parking lots in the area, and that the James/Kilmer garage rates are still very reasonable. The unit owner asked that the Board reconsider the coupon rate increase.

The spouse of a unit owner was given permission to speak and reported that Mr. Meyers had asked him to review the insurance proposal presented by Mesirov Financial and that he found it to be excellent for the most part. The unit owner stated that he offered some suggestions to Mr. Vicens for better business practices: obtain the workers compensation insurance certificate and keep it in the Management Office files, add employee liability coverage to the Association's insurance coverage, and have DK Condo provide receipts for the quarterly deposit of employee payroll withholding to the Treasurer, to be kept on file in the Management Office.

ADJOURNMENT

There being no further business to come before the unit owners, upon motion duly made by Judy Barnes and seconded by Tom Meyers, the meeting was adjourned at 8:05 p.m.

Respectfully submitted,

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

David Beck, Secretary