

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
April 26, 2011**

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, April 26, 2011, 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 7:06 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 Project:

- Window installation has completed up to the 28th floor on the south side of the building and installation has been completed on all units on the west side of the building. Seven days of work have been lost in Phase II owing to wet weather, with completion on the south side of the building expected on June 1. No further Saturday work is contemplated at this time, owing to the expense of overtime. The North Pool will open on time, but its hours of operation will be limited to evenings and weekends at least through mid-June. Start-up for Phase III and Phase IV will be delayed, with Phase III starting around June 10. Phase timings are posted in the lobby and at the Monday evening lobby meetings.

Mr. Vicens then reported on the current status of the Concrete Repair Project

- No schedule for painting the concrete is yet available from Golf Construction, but no impact on the pool season is anticipated.
- It is not yet known how long residents may not use their balconies during the painting project, but it may be 30 days as it was last year.

A unit owner inquired if the window replacement was still proceeding at the rate of two floors per day.

Mr. Vicens stated that it is not possible to determine the schedule ahead of time and that once an installation is started, it must be finished. He added that overtime work is expensive. Another unit owner commented favorably on the new windows, and mentioned bent window trim.

REGULAR OPEN FORUM

A unit owner reported that because the freight elevators are in use a great deal, many dog walkers are using the passenger elevators. A lengthy discussion ensued about how to accommodate people who want to walk their dogs but cannot use the freight elevators owing to use by the window installers and also remodeling contractors and residents moving in or out, during which various schedules for dog walkers' use of the passenger elevators were proposed. Mr. Hickling suggested permitting use of the passenger elevators by dog walkers between 6:30 and 8:30 a.m. and 2:00 to 4:30 p.m. After further discussion, it was agreed to experiment with that schedule for a month. Ms. Slattery urged that the schedule be posted to avert complaints from users of the passenger elevators.

A unit owner thanked the Chief Engineer, Kurt Kruger, and his crew for their efforts at Kilmer House during the recent flooding situation. She also asked when figures for the direct charges to certain Kilmer House unit owners for repairs to the patio walls and expansion joints will be available. Mr. Hickling responded that the construction bids have just been received from the contractors. Ms. Latson stated that the Finance Committee will meet on April 27 and will begin work on calculating the direct charges, noting that the amounts arrived at may not be final but will be close.

A unit owner commented that many residents push both the "Up" and "Down" elevator buttons in hopes of making the elevators come to their floor more quickly, and asked that a notice be published in the newsletter asking residents not to do so. Mr. McNamara asked if the elevators can be programmed so as to open again if the doors are just closing, even if the elevator has been summoned to another floor. Mr. Hickling responded that this will be investigated.

APPROVAL OF MINUTES

Mr. Beck asked if there were any additions or corrections to the minutes of the Board meeting held on February 22, 2011. There being none, **David Beck moved that the draft of the minutes of the Board of Directors meeting held on February 22, 2011, be approved as presented. Frances Andrews seconded the motion, and it passed, with Dorsey Ruley abstaining.**

TREASURER'S REPORT

Ms. Latson delivered the Treasurer's Report for the period ending March 31, 2011, as follows.

For the first quarter of 2011, the Association reported a slightly higher deficit than the deficit that was budgeted, which was the result of the HVAC flooding as well as utility costs that belong to 2010.

Through March 2011, the Association reported total revenue of \$1.5 million including the James Direct Charge revenue. Excluding the Direct Charge revenue, the J/K Association reported revenue of \$1.3 million, which exceeded budget by \$15,000.00 due primarily to higher garage net income.

Operating expenses were \$1,099,000.00, and were higher than budget by \$42,000.00, principally the result of uninsured losses and building interior repairs related to the HVAC flooding as well as \$25,00.00 in utility bills that belong to 2010.

For the first quarter of 2011, the Association reported a deficit of expenses over revenues of \$222,000.00 before capital reserve contributions. After the provision for capital reserve contributions of \$332,000.00, the Association generated an operating deficit of \$110,000.00.

At March 31, 2011, the operating reserve stood at \$151,813.00. The capital reserve fund stood at \$6,437,843.00, and the loan balance stood at \$2,858,132.00.

Finance Committee Report

The Finance Committee will have its first meeting on Wednesday, April 27 at 6:30. The topic of discussion will be the Kilmer capital expenditures and the Kilmer limited common element direct charge. The Reserve Study, the 2010 audit, and the update to the annual allocation study are in process.

Mr. Beck asked if any flood damage expenditures are being coded to reserves, for repairs of common elements such as walls. Mr. Vicens stated that bills are just coming in, and that there are insufficient funds in the operating budget to pay all of them, some of which he enumerated. Ms. Latson contended that that these are repair expenses, which should be paid from operating funds. She and Mr. Vicens discussed the matter briefly, with Ms. Latson reiterating that repairs are repairs and as such are operating expenses, even if an operating fund deficit were to occur as a result.

COMMITTEE REPORTS

Garage Committee

Ms. Andrews reported that the Committee, consisting of herself, Barbara Grodzins, Judy Barnes and Jim Ehrlich, garage manager Eddie Main and Mr. Werth, recently conducted two fruitful working sessions. She stated that the Board has been supplied with information on rates as well as net and gross income, which may be helpful for budgeting purposes. Ms. Andrews also stated that the Weil Foot & Ankle Institute has opted not to take advantage of the bulk parking rate because it does not have enough vehicles using the garage at one time, and that, after discussions with Mr. Hickling, the Weil Foot & Ankle Institute will use a parking stamp for its patients for the ten dollar rate for three hours. She reported that Mr. Main is keeping track of the number of those parkers as well as those from the Latin School at the ten dollar daily rate, so that good data is being collected. Ms. Andrews also reported that Mr. Main has suggested some rates for various situations, which have been approved by Mr. Werth to avoid Mr. Main's having to come to the Board for permission to charge particular rates as each situation arises.

Infrastructure Committee

Mr. Hickling reported that the Committee met on March 16, and that among the subjects discussed was balcony accessibility after the new windows have been installed – because decking reduces the threshold at the balcony door – for which the Committee drafted some suggested rules and has forwarded a recommendation about balcony accessibility requirements to Mr. David Sugar, the Association's attorney, for his legal interpretation, which the Committee will review and present to the Board. He also reported that the Committee discussed the recent lateral HVAC pipe failures, of which there have been many more in recent months than in the previous ten years, stating that the breaks have been investigated and it has been found that the 40-year-old pipes, which are galvanized iron, not copper, are corroding. Mr. Hickling stated that the Committee recommends that the Property Manager pursue engaging an engineering firm to create engineering specifications for bidders to provide a price for wholesale replacement of the pipes, adding that the project could begin with replacement of the

pipes at a unit owner's request. In response to a unit owner's question, Mr. Hickling described the HVAC piping units and noted that the breaks have been occurring in the horizontal pipes leading from the vertical risers to the fan coil units rather than in the fan coil units themselves. A lengthy discussion ensued about the configuration of the HVAC units and the piping in the walls. A unit owner asked if the window replacement project had any effect on the pipe breakages, because a recent breakage took place in the vicinity of a window replacement. Mr. Vicens responded that in that instance, owing to the rusted condition of the pipe, any jostling or vibration could have caused the pipe to fail. Mr. Hickling added that most of the other breaks were in random locations, and that the vertical pipes have not failed partly because they are made of heavier gauge metal and also because water does not stand in them as it does in the horizontal pipes leading to the fan coils when neither heating or cooling is being used. Further discussion ensued, during which Mr. Hickling explained how a mandatory versus a voluntary replacement program would work. A unit owner commended Mr. Vicens, Mr. Kruger and Harry Gedzius for their swift early-morning response to one of the leaks. Mr. Beck noted that even a mandatory, whole-building replacement project would take several years to complete, citing a similar project in another large high-rise building, partly because the work can be done only in the fall and the spring. In response to a question from a unit owner, Mr. Hickling stated that homeowners insurance should cover damage from the leaks; Ms. Barnes and Mr. Beck cautioned that it is important to check one's policy to make sure such damage is covered, and Mr. Beck added that insurance will not cover the breakage of the pipes. A unit owner suggested that a representative from Mesirow Financial, the Association's insurance carrier, be asked to give unit owners a talk about homeowners insurance. Mr. Hickling agreed that this is a good idea, and Mr. Ruley added that a list of insurance companies that do not cover this type of damage should be created and distributed. A unit owner asked if the cost to replace the pipes would be covered by the Association's reserves; Mr. Hickling responded that the pipes are a limited common element and as such are the responsibility of the individual unit owners. Ms. Barnes commented that some insurance companies do not understand required condominium coverage with regard to how it differs from coverage for single-family houses. Mr. McNamara offered some suggestions to shorten the response time and minimize damage in the event of future breaks: (1) find a way not to have to redirect the leaking water outside of the building, such as directing it down bathtub drains; (2) install pressure-sensing devices in each tier to detect breaks in pipes by the change in pressure – to which Mr. Hickling added the suggestion of using alarm-type water sensors on the floor near each pipe; and (3) because there are problems with valves, test all the valves now and replace faulty ones, to help in relieving the water pressure and reducing the flow of water. Mr. Hickling stated that Mr. Kruger has been examining the valves and many of them do need to be replaced. Discussion ensued about remediation measures and about pipe breaks and valves. Mr. Hickling stated that the Maintenance staff should make sure of the functionality of the valves as quickly as possible.

Pet Committee

Committee Co-Chair Carol Abrioux reported that the Committee met the previous week and concluded that the rules devised in 1998 were too wordy, covering policies as well as rules, such that the Committee is engaged in trying to define the which items are policies and which are rules. She stated that the Committee recommends that fines for various infractions should be specified in detail, so pet owners will be aware of the monetary consequences of breaking rules. Ms. Abrioux added that the Committee's next meeting will be in two weeks, after which it intends to present some general recommendations and action items to the Board. Mr. McNamara asked Ms. Abrioux what process the Committee uses to determine if a claim against a pet owner is verifiable. Ms. Abrioux responded that that is not the responsibility of the Committee but is rather the responsibility of Management. Mr. Vicens stated that if a resident comes to the Management Office and fills out a complaint form, it is considered to be valid and is dealt with accordingly.

HOA Report

Mr. Beck reported that the fountain will not be turned on this summer and there will be no landscaping in the area owing to the North Mall project and possible work on the ComEd vault. He added that the garage leaks are being repaired as part of the North Mall project. Mr. Beck stated that it has been determined that the Kilmer House patio walls require ten-inch rather than eight-inch capstones, and also mentioned that the pool wall is being tuckpointed. Ms. Latson asked about the bicycle room closure notices and was assured that everyone using the bike rooms was notified if they needed to remove their bikes. Discussion ensued about the locations of the bike rooms. Mr. Ruley asked if construction and painting has begun in the garage. Mr. Beck responded that work has begun on the expansion joint along the Kilmer House side but not on the James House side until the mast climbers have been moved, probably in September; he explained where the expansion joint runs. Mr. Ruley asked about a temporary fix and insisted that the garage walls should be painted now and that it had been agreed that work on the garage would begin in April. Mr. Vicens explained that work on the garage was delayed because the window work was delayed. Mr. Hickling explained that rainwater running through the leaking expansion joint would wash away any paint applied now, so that painting should be done only after the expansion joint is repaired. Ms. Andrews stated that Mr. Main is assembling a list of safety issues in the garage, dealing with which should have priority over esthetics. Mr. Hickling stated that the original issue was to learn if HOA intended to deal with the root cause of the leaks – the failed expansion joints, that it would be necessary to wait until April to get this information, that there was no plan to start the garage work in April, and that once the mast climbers are moved, the expansion joints can be repaired and the garage can be painted. A unit owner asked about plastic hanging from the ceiling for years in a garage stall directly across from the Kilmer House elevator. Mr. Vicens stated that he will investigate the matter. Discussion ensued.

Technology Task Force

Ms. Slattery reported that the Task Force has met once to discuss the cable TV contract, and that information is being gathered from various cable TV providers, all of which will be evaluated by the members of the Task Force.

Communications Coordination

Ms. Barnes reported that the April newsletter has been published and distributed, and that the next newsletter will be published and distributed during the first week of June.

MANAGEMENT REPORT

Mr. Vicens reported briefly on the following:

- Since March 11, lateral pipes have broken in the following units: 308 and 610 in Kilmer House, and 815 and 2901 in James House. The pipes are on display in the Management Office, as well as pictures of how the problem is being remedied. There was some discussion about the locations of the leaks.
- The mast climber on the west side of the building is now down to the third floor. It will next be moved to the east side of the building, and the entrance canopy will be bridged over and supported on either side. A third mast climber will be installed at the north end of the building in preparation for Phase III, which is being moved up so that cars may enter and exit the garage during the North Mall project.
- RCN has submitted a proposal for cable TV service and has been asked to send details as to what it is presently supplying to the Association. The AT&T U-verse system will be presented to Management next week.

- The recycling program will begin on Monday, May 2. Two two-yard containers will be placed against the wall on the LaSalle Street side of the James House exit, and four containers will be placed in the garage across from the Garage Office. Ms. Barnes stated that blue bags are available and that recyclable materials do not have to be separated, and added that Gail Gill will distribute information about the single-source recycling program. Mr. Beck expressed concern about the announcement in the newsletter about the launch of the recycling program before it was discussed by the Board, and asked if there is a cost for the program. Mr. Vicens stated that there is, and Ms. Barnes explained that so far, Waste Management proposes to trade one day of garbage pick-up for one day of recycling pick-up, so there will be no additional cost. Discussion ensued about problems with garbage odors, and about failure to bring the issue to the Board for discussion of logistics and cost. Ms. Barnes quoted from the updated City of Chicago code requirements to explain the advantage to J/K of moving to the source-separation recycling method preferred by the City rather than continuing with its existing post-collection separation program, which would require a multi-step feasibility study. Further discussion ensued about whether the process can be reversed if there is little or no recycling activity by residents, and about how source-separation recycling works. Mr. Meyers objected to the placement of two dumpsters on the LaSalle Street side of the building. Mr. Beck suggested that the program be delayed until the Board can discuss the process and the cost. An informal vote was taken, the result of which was six in favor of delaying the program as suggested, one against delay, and one undecided. In response to a question from Mr. Hickling, Mr. Vicens stated that there would be no problem with delaying the program. Mr. Hickling directed that the recycling program be delayed until all its details are discussed by the Board.
- The ComEd vault repair is going forward; there will be a 20-foot-by-30-foot hole in the driveway area that will not interfere with the garage exit lane.
- The James House roof, sundeck and windscreen study has been distributed to the Board, and it is expected that the project will be finished in time for the 2012 Air and Water Show.

ACTION OR DISCUSSION ITEMS

Approve Garage Committee Charter

Upon motion duly made by Frances Andrews and seconded by Nancy Slattery, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the Garage Committee Charter. After discussion, the resolution was amended to read: BE IT RESOLVED, that the Board of Directors approve the Garage Committee Charter as amended. The motion passed, with Tom Meyers opposed.

During the discussion preceding the vote, Mr. Beck expressed reservations about some of the wording in the "General Scope" section of the charter which implied that the Garage Committee would oversee management of the garage; he objected to this on the grounds that that is Standard Parking's function. Ms. Andrews responded that the Standard Parking garage manager, Eddie Main, is pleased to be included in the Committee's working sessions, but she agreed to an amendment of the charter to remove the wording to which Mr. Beck objected. Further discussion ensued, during which Mr. Werth reported that for most of the condominium associations for which Standard Parking manages garages, the company reports to the condominium management, and that the various garage committees limit their activities to recommending policies, procedures and parking rates. The Board then agreed on an amendment to the charter.

Approve Replacement of Vertical Riser Valves

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 Fluid Technologies, Inc. for the replacement of 25 vertical HVAC system riser shut-off valves with one-and-one-half-inch gate valves in Kilmer House in the amount of \$23,096.00, in accordance with its proposal submitted April 21, 2011. After discussion, the motion passed, with Tom Meyers opposed.

During the discussion preceding the vote, Mr. Meyers asked why Management did not recommend AMS for the work. Mr. Vicens explained that AMS does not have the capacity to do the job as quickly as it needs to be done, and explained how the valves are to be replaced.

Approve Purchase of Additional Guard Services

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

BE IT RESOLVED, that the Board approve entering into an agreement with Guardian Security Services to provide additional security guard services to secure and protect the Window Replacement Project mast climbers, in an amount not to exceed \$45,000.00, in accordance with the terms and conditions of its proposal submitted October 4, 2010. 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 #304, #708, #1207, #1401, #1415, #2204, #2609m #2804, #402K, and #610K, 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.

Ms. Barnes reported that several residents have mentioned noticing workers sneaking into the laundry room to avoid the security camera and washing their hands in the laundry room. She also thanked Mr. Vicens for the attractive new ceiling light fixtures in the Hospitality Room, noting that they are a great improvement to the room decor.

RECESS TO EXECUTIVE SESSION

The Board recessed to Executive Session at 9:12 p.m.

RECONVENE TO OPEN SESSION

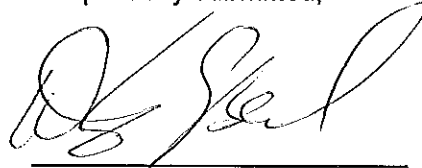
The Board reconvened to Open Session at 9:32 p.m. Upon motion duly made by David Beck and seconded by Judy Barnes, the following resolution was made:

BE IT RESOLVED, that a fine be assessed against the owner of unit #3411 in accordance with the discussion held in Executive Session. The motion passed unanimously.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 9:34 p.m.

Respectfully submitted,

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

David Beck, Secretary