

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
August 23, 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, August 23, 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 7:05 p.m. A quorum was present in that the following directors were present:

Frances Andrews
Judy Barnes
David Beck
Duane Hickling
Betty Latson
Tom Meyers
Dorsey Ruley
Nancy Slattery

Dan McNamara was not present.

Also present were Richard Vicens, Property Manager, and James Losik, Property Supervisor, of DK Condo, A Draper and Kramer Company. Barbara A. Roberts acted as Recording Secretary.

There was one addition to the agenda: a request from Tom Meyers to discuss the garage manager's request for spare car keys.

UPDATES: WINDOW REPLACEMENT, CONCRETE REPAIR AND OTHER PROJECTS

Mr. Vicens reported on the current status of several projects:

- Window Replacement Project – Phase III will be completed on Monday, August 29.
- Kilmer House Façade Project – Owing to the lack of a drop schedule, there was no notification to residents about drops, but a schedule is now available in the lobby and after some adjustments the project is proceeding smoothly. Mr. Vicens and the contractors meet every Wednesday. The project is planned to be completed on November 28, and Kelly Riordan has been retained to assist residents with balcony repair and membrane application coordination.
- ComEd Vault Repair Project – The project is scheduled to be completed on September 1 or 2. A surveyor was on site on Monday to determine elevations so the asphalt company will be able to properly slope the new asphalt toward the drains in the driveway. There will be no membrane installed on top of the repaired vault. In response to a question from Mr. Meyers, Mr. Vicens stated that it is not ComEd's standard practice to install membranes over its vaults, that such an installation would entail significant delay and expense, and that neither Wiss Janney Elstner nor Klein and Hoffman knows of any compelling reason to install a membrane.
- Lateral HVAC Pipes – Bids were received on Wednesday, August 17, of which two will be reviewed at the Infrastructure Committee meeting on August 30; the meeting will also include interviews with the two bidding contractors. The Board will then approve the choice of a contractor at its September meeting, after which financing and funding plans will be created. Because the pipes are a limited common element, the expense to replace them will be directly charged to unit owners. The

documents specifying allocations between James House and Kilmer House of direct charges have been completed, and a mechanism for the direct charge must be determined. The work can begin as soon as approval is received from the Board. Mr. Vicens provided details about the timing of the James and Kilmer portions of the project and explained the repair procedures. Discussion ensued about constructability issues, minimizing the impact on residents, dealing with future leaks, vertical transport of equipment, project coordination and financing. Ms. Latson asked if the air conditioner fan coil units will be replaced at the same time as the lateral pipes, to do as much work as possible now in order to create less disruption in the future; Mr. Hickling responded that a unit price would have to be obtained, and stated that there will be a Town Hall meeting about the project to explain everything to residents.

REGULAR OPEN FORUM

There were no unit owner comments.

APPROVAL OF MINUTES

Mr. Beck asked if there were any additions or corrections to the minutes of the Board meeting held on June 28, 2011. There being none, **David Beck moved that the draft of the minutes of the Board of Directors meeting held on June 28, 2011, be approved as presented. Tom Meyers seconded the motion, and it passed unanimously.**

TREASURER'S REPORT

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

Through the first seven months of 2011, the Association continued to report a higher operating deficit than the budgeted deficit. Uninsured losses and repairs related to the HVAC pipe leaks were the primary reasons for the higher deficit.

At July 31, 2011, the Association reported total revenue of \$3.6 million including the Direct Charge revenue, and \$3.1 million excluding the Direct Charge revenue. Revenues were \$32,000.00 higher than budget due primarily to higher garage net income. Operating expenses were \$2,444,000.00, and were higher than budget by \$131,000.00. After the provision for capital reserves of \$776,000.00, the Association generated a net operating deficit of \$118,730.00, which was \$99,000.00 over budget.

The Association continues to have healthy reserve levels. At July 30, 2011, the operating reserve fund stood at \$142,972.00. The capital reserve fund stood at \$6,729,721.00, and the loan balance stood at \$2,751,014.00. The loan balance does not reflect the annual early payoff allowed on outstanding Direct Charge loans. Several unit owners took advantage of this early payoff, resulting in over \$100,000.00 in additional loan payoffs that will be reflected in the August Association financials and loan balance.

Finance Committee Report

The Finance Committee met with the Association's accounting firm, Picker and Associates, on August 17 to review the draft of the 2010 audit. A number of follow-up items were required of the auditor and Management to complete the Finance Committee's review. A revised draft audit was just received. The Finance Committee hopes to have all work completed on the audit with the goal of having the Board review and approve the audit at its September meeting.

The 2010 cost allocation study is also under way and is expected to be completed shortly by Picker and Associates.

The last item of business at the August 17 Finance Committee meeting was to review the Kilmer House capital expenditures once more as a result of additional charges that are expected to be incurred at Kilmer House to complete the work on the east terrace walls; the charges have been added to the estimate. The Finance Committee believes that the project has reached a point where a letter can now be sent to Kilmer House owners regarding the estimated charges, which are expected to be close to the official direct charges. In this same letter, the Committee will also survey Kilmer House owners regarding their financing needs. The Finance Committee is currently recommending financing options of up to three years, and will ask owners if they feel they can pay in cash or would prefer one-, two- or three-year financing, so the Committee can plan accordingly.

Dates and topics for future Finance Committee meetings have been finalized and are as follows:

- August 29: the James/Kilmer 30-year cash flow projections.
- September 13: review highlights of the 2012 operating budget.
- September 19: review the 2012 operating and capital budgets.
- October 4: review the 2012 budgets for any remaining issues, if necessary.

The 2012 budget will then be presented to the Board at its October meeting to be approved for distribution to unit owners for their review; in addition, there will be the usual Town Hall meeting for unit owner questions and comments, and the Board will then vote on the budget in December.

Following the Treasurer's report, there was a discussion about uninsured losses and Window Replacement Project loan defaults.

COMMITTEE REPORTS

Communications Committee

Ms. Barnes reported that the August newsletter was distributed and that the next bimonthly newsletter will be published in October. She also reported that Alderman Brendan Reilly will be present at the Association's Annual Meeting, speaking for about 30 minutes and answering questions for another 30 minutes before the meeting.

Garage Committee

Ms. Andrews reported that there is good traffic flow into and out of the garage despite the ComEd vault construction in the driveway, owing to Mr. Vicens's management of the lane arrangements and adept traffic direction by the garage staff. She also reported that there is still some leakage on the south side of the garage and that it should be reported to HOA.

Infrastructure Committee

Mr. Hickling announced that the Committee will meet on August 30.

Pet Committee

Carol Abrioux reported that the pet rules and procedures were submitted to unit owners for their review and that at the owners meeting held on August 15, those present agreed with the policies and the rules, such that these have been submitted to the Board at this meeting for its approval.

Technology Task Force

Ms. Slattery reported that all of the surveys about cable service have been tabulated and the results will be discussed at a Task Force meeting on August 31, after which. She stated that in the following week the three providers being considered will be invited back for a final meeting with the Task Force, to which Board members are invited, after which the Task Force will make its recommendation for a provider to the Board. There was a brief discussion about how well RCN has cooperated with the Task Force and the favorable rates it is offering.

Recycling Task Force

Ms. Barnes stated that the Task Force has completed its work and may be disbanded, noting that the recycling program is operational and proceeding well thanks to the work of Mr. Vicens and Kurt Kruger, the Chief Engineer.

Web Site Committee

Mr. Hickling stated that Ron Miller, the Committee Chair, reports that the site is being used extensively.

HOA Report

Marcie Johnson reported that the HOA Board will not meet in August. Mr. Beck stated that HOA's Budget Review Committee will meet soon, and that it is not expected that HOA's budget will remain level this year.

MANAGEMENT REPORT

Mr. Vicens reported briefly on the following:

- The mast climber is being installed on the north end of the building, so no pedestrian traffic will be permitted in that area during the work day. He added that no moving will be permitted on Saturday, and that movers will be able to park in the LaSalle loading zone on weekdays.
- With regard to the traffic problems caused by the closure of the north lane of Germania Place during the ComEd vault project, the situation has improved, owing largely to the efforts of Alderman Reilly and the 18th District police commander.

Ms. Barnes noted that Alderman Reilly is urging greater participation in the neighborhood CAPS meetings. Mr. Vicens stated that he has been given a schedule of CAPS meetings and agreed that representatives from James/Kilmer should attend the meetings; the Board concurred.

ACTION OR DISCUSSION ITEMS

Spare Key Request

Mr. Meyers raised several objections to the garage manager's request for spare car keys, including his impressions of the tone of the request letter, whether keys for every car are needed or just keys for the cars parked in the areas where leaks are occurring, the time and expense involved in procuring keys for

foreign cars, the ability of the staff to move cars without keys, liability issues with regard to cars and their contents, and his lack of confidence in the ability of the staff to safeguard the spare keys. Discussion ensued during which Ms. Andrews stated that the garage manager's first letter explained why the keys are needed, that the matter was discussed in a working session of the Garage Committee that included Allan Werth, then the DK Condo Site Supervisor, and Eddie Main, the garage manager, and that the spare keys are not kept with the valet keys but instead are locked up and used only in an emergency. Mr. Vicens confirmed that the garage management is responsible for any damage to a car that the staff moves. Ms. Andrews pointed out that while the chances that a car will have to be moved are slim, the chances that a car that cannot be moved could be damaged in an emergency are greater. During the ensuing discussion, Ms. Andrews stated that a new, more secure coding system for the spare keys has been devised. In response to remarks that the valet keys should also be locked up, she stated that the staff needs very quick access to those keys, and that the keys are not identified with the cars to which they belong. Further discussion ensued.

Approve Laundry Room Service Contract

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 awarding a license agreement to Universal Laundries for a five-year term, to provide Laundry Room equipment and services, in accordance with its proposal dated June 23, 2011. After discussion, the motion passed, with Mr. Meyers and Mr. Ruley opposed.

Prior to the vote, the Board discussed the relative merits of large and small dryers.

Approve Pet Rules

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

BE IT RESOLVED, that the Board of Directors approve the revised Pet Rules dated June 2011 as developed and recommended by the Pet Committee. After discussion, the motion passed unanimously.

Prior to the vote, the Board and Ms. Abrioux discussed the rules and policies about weighing dogs.

Approve Uniform Lease Form

Upon motion duly made by David Beck and seconded by Judy Barnes, the following resolution was made:

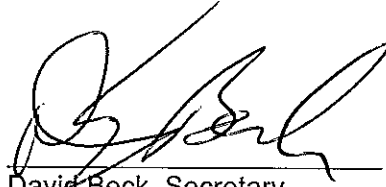
BE IT RESOLVED, that the Board of Directors approve adopting a uniform lease for investor units in James House and Kilmer House, a copy of which is attached to and made part of these minutes. After a brief discussion, the motion passed unanimously.

Prior to the vote, Mr. Vicens confirmed that copies of the uniform lease sanctioned by the Apartment Building Owners and Managers Association (ABOMA) are available in the Management Office, and Mr. Beck advised that all investor owners be informed about the uniform lease.

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 9:12 p.m.

Respectfully submitted,



David Beck, Secretary