

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
December 4, 2012**

A meeting of the Board of Directors of the James/Kilmer Condominium Association (the "Association"), an Illinois not-for-profit corporation, was called to be held on Tuesday, December 4, 2012, in the James House Hospitality Room, 1560 North Sandburg Terrace, Chicago, Illinois, pursuant to By-Laws.

CALL TO ORDER

Nancy Slattery, President of the Association, called the meeting order at 7:03 p.m. A quorum was present in that the following directors were present:

Frances Andrews
Judy Barnes
David Beck
Peter Cremer
Barbara Fiacchino
Barbara Grodzins
Betty Latson
Dorsey Ruley
Nancy Slattery

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

One item was removed from the agenda.

ELECTION OF OFFICERS FOR 2013

Ms. Slattery announced that each Board position would be voted on separately by secret ballot, the ballots to be counted by Mr. Losik.

Board President

Ms. Slattery called for nominations for the office of Board President.

Mr. Beck nominated Nancy Slattery for the office of Board President. Mr. Cremer seconded the nomination.

Ms. Grodzins nominated Judy Barnes for the office of Board President. Ms. Fiacchino seconded the nomination.

Mr. Ruley nominated Frances Andrews for the office of Board President. Ms. Latson seconded the nomination.

After counting the votes, Mr. Losik announced that Nancy Slattery was elected to the office of Board President.

Board Vice President

Ms. Slattery called for nominations for the office of Board Vice President.

Ms. Grodzins nominated Frances Andrews for the office of Board Vice President.
Ms. Barnes seconded the nomination.
Mr. Beck nominated David Beck for the office of Board Vice President. Ms. Fiacchino seconded the nomination.
Ms. Latson nominated Barbara Fiacchino for the office of Board Vice President.
The nomination was duly seconded.

After counting the votes, Mr. Losik reported that there was a tie between two of the candidates: Frances Andrews and Barbara Fiacchino. A run-off vote was conducted. After counting the run-off votes, Mr. Losik announced that Barbara Fiacchino was elected to the office of Board Vice President.

Board Treasurer

Ms. Slattery called for nominations for the office of Board Treasurer.

Ms. Fiacchino nominated Betty Latson for the office of Board Treasurer. Ms. Grodzins seconded the nomination.
Mr. Ruley nominated Frances Andrews for the office of Board Treasurer. Ms. Latson seconded the nomination.

After counting the votes, Mr. Losik announced that Betty Latson was elected to the office of Board Treasurer.

Board Secretary

Ms. Slattery called for nominations for the office of Board Treasurer.

Ms. Fiacchino nominated Judy Barnes for the office of Board Secretary. Ms. Grodzins seconded the nomination.
Mr. Cremer nominated Frances Andrews for the office of Board Secretary. Ms. Grodzins seconded the nomination.
Ms. Latson nominated David Beck for the office of Board Secretary. Mr. Cremer seconded the nomination.

After counting the votes, Mr. Losik announced that Frances Andrews was elected to the office of Board Secretary.

PROJECTS UPDATE – MANAGEMENT REPORT

Mr. Vicens reported on the following:

- 2011 Audit: The audit has been completed and the final draft was received today. There is a motion on tonight's agenda to approve this final draft.

- 2013 Budget: The final draft of the 2013 Budget was sent to all unit owners. There is a motion on tonight's agenda to adopt this final draft.
- Lateral HVAC Pipes: Test results were due this week; however, they are now not expected until December 12. The Infrastructure Committee meeting scheduled for December 6 will have to be rescheduled. The Project Manager, Tim Winnecke of Cotter Consulting, has resigned from the company. His replacement was interviewed yesterday with Mr. Winnecke and his supervisor present. No problems are anticipated as a result of this change.
- James House Façade: Concrete work has been completed. Painting has been completed except for the north façade, of which 80% is completed, and it is expected to be finished this year, after which the scaffolding will be removed. Concrete is being repaired on the planters and some cap stones are being replaced.
- James House Roof: Work on the roof is completed. Once the painting is finished and the rigging removed, the roof will be pressure washed.
- Penthouse Windows: All of the Penthouse windows have been installed. There are outside doors in the north room that need to be replaced as they are the wrong size; the replacements are ordered and are expected to be installed soon.
- James House Roof Deck: This is planned to be done in early spring, with bidding to be conducted over the winter.
- Gate/Fence: As recommended by Mr. Vicens and Chief Engineer Kurt Kruger, the gate on the north side of the building that was used for security during Association projects will remain permanently. There were several questions about the gate/fence and the need for it. Ms. Slattery recommended that all Board members look at the area in question before the next Board meeting so an informed decision can be made on whether the fencing should remain.
- Cell Phone Reception: This is being investigated. Once some solutions are determined, residents will be informed.

REGULAR OPEN FORUM

Ms. Slattery opened the floor to comments and questions from unit owners, stating that once the Board moves forward with its meeting agenda, discussion will be limited to Board members. The following issues were discussed:

- The pleasing appearance of the holiday decorations in the building.
- Whether the past Board acted soon enough in adding to the reserves to fund the replacement of the windows and why the cost of replacing the lateral HVAC pipes is not being paid out of the reserves. Ms. Slattery responded that the lateral pipes are a limited common element, and Ms. Latson added that one result of the Kilmer lawsuit was the finding that repair or replacement of limited common elements must be charged to unit owners. She and Mr. Beck also noted that the lateral HVAC pipes must be replaced because they are failing. Ms. Latson further stated that efforts are under way to try to determine if part of the expense of the replacement of the fan coil units can come from the reserves, that the replacement must be conducted uniformly, and that planning is done with the Reserve Study as a guide, noting that it looks ahead 5 to 30 years.
- Possible energy savings realized because of the new windows. Mr. Beck stated that Association assessments are not being increased for 2013, and Ms. Andrews added that there will be a considerable future expense for work on the garage.

- Renting the Hospitality Room to nonresidents to add to revenues. Ms. Slattery responded that security issues arise if outsiders are allowed into the building. Ms. Fiacchino added that reminders have been sent to residents that the Hospitality Room is available for them to rent.
- Air leaking through the revolving entry doors. Mr. Vicens responded that this is being worked on.
- The process to determine the condition and possible need for repair of the fan coils, and whether meetings about the fan coils will be open to unit owners. Ms. Slattery noted that committee meetings are open to unit owners, and that once the fan coil test results are received, they will be reviewed by the Chief Engineer and the Infrastructure Committee. A unit owner commented on her recollection that the life expectancy of the fan coils was supposed to be 40 to 50 years. Mr. Vicens responded that the vertical risers have a life expectancy of 50 years and that there are as yet no results from the fan coil tests.

APPROVAL OF MINUTES

Ms. Fiacchino asked if there were any additions or corrections to the minutes of the Board meeting held on October 23, 2012. There was one addition. **Barbara Fiacchino moved that the draft of the minutes of the Board of Directors meeting held on October 23, 2012, be approved as amended. David Beck seconded the motion, and it passed unanimously.**

TREASURER'S REPORT

Ms. Latson delivered the Treasurer's Report for the period ending October 31, 2012, as follows:

The Association reported very strong operating results through the first ten months of 2012. As of October 31, 2012, the Association reported total revenues of \$5.2 million. Revenues net of direct charge payments totaled \$4.4 million and were higher than budget by \$79,000.00. Higher garage income was the primary reason for the higher J/K revenues.

Operating expenses of \$3.2 million were \$90,000.00 less than budget. Utility savings of more than \$112,000.00 more than offset higher maintenance, repair, and payroll expenses. After the provision for capital reserves of \$1,000,000.00, the Association generated excess revenues over expenses of \$205,515.00. These results exceeded budget by \$175,640.00.

The Association continued to have healthy reserve levels. At October 31, 2012, the operating reserve fund stood at \$614,984.00. The capital reserve fund stood at \$5,921,024.00, and the loan balance stood at \$2,194,480.00.

COMMITTEE REPORTS

Garage Committee

Barbara Grodzins reported that the garage is still operating well. She announced that there is a Toys for Tots drive being held in the garage, with a box available for donations, and that the drive will end on December 10. Ms. Grodzins stated that there is a Holiday Fund for employees.

She reported that there are no additional monetary incentives for the employees. Ms. Grodzins stated that union wages have been increased and that at some point there will have to be a parking rate increase. She added that employees also receive tips.

Website Committee

Mr. Vicens reported that Management has received some questions with regard to the website, including when items are posted and why the Association's financials are not posted. Ms. Latson questioned whether the financials are something that should be posted for outsiders to see. Ms. Fiacchino pointed out that many other associations do post this information. Mr. Losik reported that approximately 90% of the associations that Draper & Kramer manages do post their financials, but that most use a portal that is password protected. Mr. Beck commented that perhaps the audited financial statements could be posted on the website, with a notice in the elevators informing unit owners this was done, adding that this would save the cost of mailing the financial statements – although the proposed budget would still have to be mailed – and that hard copies of the financial statements would be available in the Management Office. Ms. Latson responded that the mailing costs are not a significant expenditure. Mr. Beck stated that he will see to it that the link to the Window Replacement Project information is removed from the website because the project is completed.

Pet Committee

Marcie Johnson stated there she had no formal report, but that in the next newsletter there should be a reminder re-emphasizing that residents must take their dogs away from the building to relieve themselves. She also noted that the Maintenance staff is trying to use pet-friendly salt to melt snow and ice.

Infrastructure Committee

Ms. Slattery reported that the Committee is still awaiting information on the fan coils, and that once it is received, a meeting will be scheduled.

HOA Report

Mr. Beck reported that the HOA Board approved the 2013 HOA Budget with no increase in assessments. Marcie Johnson added that the roofs on the pool cabanas have been repaired and that all of the holiday greenery looks great. Mr. Cremer asked who is responsible for purchasing pool chairs as there seem to be fewer every year and many are broken, adding that this is an ongoing problem. Mr. Beck responded HOA is responsible, and that more people used the pools this year because of the very hot summer. He stated that Mr. Cremer's comment will be conveyed to HOA, and that unit owners are welcome to attend HOA Board meetings.

ACTION ITEMS

Approve the Draper & Kramer Holiday Schedule for 2013

Upon motion duly made by Barbara Grodzins and seconded by Barbara Fiacchino, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the Draper & Kramer Holiday Schedule for 2013 as presented.

Ms. Andrews asked that the motion be amended to approve an amended holiday schedule. Discussion ensued, after which Ms. Slattery read the Holiday Schedule as presented and the Board agreed on the following:

- Days on which the Management Office will be closed: New Year's Day, Martin Luther King's Birthday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving, and Christmas Day.
- Days on which the Management Office will be closed at 2:00 p.m.: Good Friday, the day before Thanksgiving, Christmas Eve and New Year's Eve.
- Days on which the Management Office will not be closed: President's Day, the Friday before Memorial Day, the day after Independence Day, and Columbus Day.

Upon motion duly made by Barbara Grodzins and seconded by Peter Cremer, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the Draper & Kramer Holiday Schedule for 2013 as amended. The motion passed unanimously.

Approve Board/Operations Meeting Schedule for 2013

Upon motion duly made by Peter Cremer and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the Board/Operations Meeting Schedule for 2013 as presented. After discussion, the motion was withdrawn.

Ms. Latson requested a change to the Board meeting schedule, moving the December meeting from December 3 to December 10. Mr. Cremer and the Board agreed to the change, and Mr. Cremer withdrew his motion. Upon motion duly made by Peter Cremer and seconded by Frances Andrews, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the Board/Operations Meeting Schedule as amended. The motion passed unanimously.

Approve Appointment of HOA Representatives and Alternates

Upon motion duly made by David Beck and seconded by Peter Cremer, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the following slate of Representatives and Alternates to HOA: Representative #1 – Jack Vedra, Representative #2 – Marceline Johnson, Representative #3 – David Beck; Alternate #1 – Judy Barnes, Alternate #2 – Barbara Fiacchino. The motion passed unanimously.

Approve Fiscal Year 2013 Proposed Budget

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 adopt the Fiscal Year 2013 Budget as distributed to Unit Owners. The motion passed, with Dorsey Ruley opposed.

Approval of 2011 Financial Statements

Upon motion duly made by Betty Latson and seconded by Judy Barnes, the following resolution was made:

BE IT RESOLVED, that the Board approve the amended Audit of Financial Statements for the Years Ending December 31, 2011 and 2010 as prepared by Picker & Associates. After discussion, the motion was withdrawn.

In the discussion, Ms. Grodzins commented that she had just received the revision on the day of the meeting and has not had the time to review it. Ms. Latson reported that the Finance Committee did review the amended audited statements, that it has been working on the audit with Picker & Associates, and that this final draft included items that have been previously discussed, adding that the draft should be approved before the end of the year. The Board agreed that the Finance Committee would begin the audit process earlier next year. Ms. Latson withdrew her motion. The Board agreed that an e-mail vote will be conducted regarding the Audit on December 10.

Approval of Due on Sale Policy

Upon motion duly made by Barbara Grodzins and seconded by Frances Andrews, the following resolution was made:

BE IT RESOLVED, that the Board of Directors hereby adopt a policy for implementation of the "Due on Sale" provision in the "Payment of Direct Charges" motion approved at the May 10, 2010 Board Meeting whereby the Board may, upon request and in very limited situations, waive the due on sale provision and allow a new owner to continue making installment payments when doing so would clearly be in the best interests of the Association and its unit owners. After discussion, the motion passed unanimously.

In the discussion, Ms. Latson commented that this would only be used in very rare instances, at the Board's discretion, when the Association would lose money and the loss would be greater if the "Due on Sale" provision were imposed.

Approval of Remodeling Applications

Upon motion duly made by David Beck and seconded by Barbara Grodzins, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the remodeling of units #1507, #2401, #2212, and #108K, according to the requests submitted by the unit owners that have been reviewed and found to be in compliance with the Associations rules, regulations and conditions, and that will be subject to ongoing inspection by the Association's Assistant Chief Engineer. The motion passed unanimously.

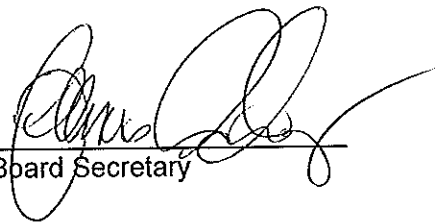
David Beck commented that next year it is planned to rebalance the building's ventilation system, and that during remodeling some residents have sealed off the bottoms and tops of their doors, asking whether this would affect the rebalancing. Ms. Slattery responded that this is a good point, and that before the rebalancing is done, doors and transoms should perhaps be inspected.

Mr. Cremer asked if the cigarette receptacle outside the building will be removed when the contractor's workers leave. Mr. Vicens reported that the receptacle was removed but that then there were cigarette butts littering the area, that the receptacle was put back and that the situation was improved. He added that workers are not the only ones using the receptacle or not using it when it is not in place, and that the situation will be investigated.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Frances Andrews and seconded by Judy Barnes, the meeting was adjourned at 8:43 p.m.

Respectfully submitted,


Board Secretary