

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
May 1, 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, May 1, 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 to order at 7:02 P.M. A quorum was present in that the following directors were present:

Frances Andrews
Judy Barnes
David Beck
Barbara Fiacchino
Barbara Grodzins
Betty Latson
Tom Meyers
Dorsey Ruley
Nancy Slattery

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

One item was added to the agenda: approval of metal paneling replacement on James House.

PROJECTS UPDATE – MANAGEMENT REPORT

Mr. Vicens reported that he has developed a Schedule of Projects based on current information and on how the projects will be coordinated with the Roof Replacement Project:

- Present to June 15: the façade of James House.
- Replacement of the James House Penthouse and ground floor windows will start during the second or third week of June.
- The Roof Replacement Project will be in place from August 6 through October 5.
- Landscaping will be installed on the west side of James House in early September, and installation will continue around the other three sides of the building after other projects are completed.
- Once the roof replacement is complete, the north mast climber will be taken down, after which the north façade will be painted using swing stages from October 15 through October 26.
- Metal sheathing is on the Agenda for tonight. The project will take 20 weeks from the award of the contract to completion.

Mr. Vicens stated that there will be the weekly project meeting on May 2 and that more details and timing, including an updated Schedule of Projects, will be available after the meeting.

In addition, Mr. Vicens reported on the following:

- Kilmer House Façade started but is running behind approximately two weeks; a new schedule and more detailed information will be available after tomorrow's project meeting and will be posted.
- With regard to HVAC lateral pipe replacement in both buildings; the Infrastructure Committee decided to hire a mechanical engineering consultant. Eight RFPs were sent out and six responses were received. The Committee feels this should be narrowed down to three proposals with the Committee then interviewing those firms and making a recommendation to the Board. It does not appear that work will be able to begin until October because of the permitting process, which can

take two to four months. There is a remote possibility this could be done on another basis that the City would accept, without a permit, and this is being looked into and will be discussed with the final proposed engineering firms.

- Work is still needed on the punch list items for the James House windows and this is being followed through; Management is attempting to get this done as soon as possible as the project has gone on too long.

There was some discussion about the timing and coordination of the various projects.

REGULAR OPEN FORUM

Ms. Slattery reminded unit owners in attendance that this is the part of the Board meeting during which they may ask questions about or comment on agenda items, and that once the Board moves forward with its meeting agenda, discussion will be limited to Board members. The following items were discussed:

- The Kilmer House Façade Project, which includes installation of the membrane on the balconies, is nearing completion.
- The James House Roof Replacement Project will be charged to the Reserves.
- The direct charge for the HVAC Lateral Pipe Replacement Project, including the timing of the direct charge. In the discussion, Ms. Latson explained that unit owners will be informed about the estimated cost of the project. She stated that the initial project costs will be paid for out of the Reserves and possibly also a line of credit, and that unit owners will reimburse the Association by means of a direct charge – with financing options available if needed – to be levied probably in the fourth quarter, depending on the Association's legal counsel's advice. Mr. Beck added that if a sales contract situation calls for the direct charge to be levied earlier, this can be done, as it was for the James House Window Replacement Project.
- The deteriorating plywood panels on either side of the Kilmer House entrance were questioned. Mr. Vicens stated that at the next project meeting, he will discuss possible ways to eliminate the plywood with the contractors who are working on the building.
- Ms. Grodzins, as a unit owner, thanked the Mr. Vicens and Ms. Latson for the meeting held to discuss the Kilmer direct charges and commented that the façade report was excellent.
- The project management oversight by Klein and Hoffman's was questioned. Mr. Vicens stated that he will meet with their representatives to discuss the issue.
- The quality of the new roof was discussed. Mr. Vicens stated that it will be superior to the current roof, and that specifications have been posted on the manufacturer's website and forwarded to all Board members. The City of Chicago also has new specifications in place for roofs, which will be met by the new roof.

APPROVAL OF MINUTES

Ms. Fiacchino asked if there were any additions or corrections to the minutes of the Board meeting held on February 28, 2012. There was one correction. **Barbara Fiacchino moved that the draft of the minutes of the Board of Directors meeting held on February 28, 2012, be approved as amended. David Beck seconded the motion. After discussion, the motion passed unanimously.**

The discussion preceding the vote concerned the amount of detail currently being included in the minutes, which the Board Secretary stated was authorized by herself in consultation with the Recording Secretary, to bring the minutes more in line with the concept of "corporate minutes." Ms. Slattery suggested that when the Board's regular Recording Secretary is present, the subject may be revisited so that the Board may agree on the format and style of Board meeting minutes going forward.

TREASURER'S REPORT

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

For the first quarter of 2012, the Association reported total revenue of \$1.47 million including Direct Charge revenue, and \$1.33 million excluding Direct Charge revenue. Revenues were \$8,000.00 higher than budget largely due to Garage income.

Operating expenses were \$1.10 million, which was \$19,000.00 over budget. During the first quarter the Association benefited from the warm winter and the completion of the window installation, resulting in \$58,000.00 in gas savings for the quarter. However, the utility savings were more than offset by \$23,000.00 in bad debt write-offs, \$14,000.00 in excess payroll taxes, and \$53,000.00 in higher repairs and maintenance costs related primarily to HVAC pipe leaks and the fire. As a result, the Association reported revenues over expenses before Capital Reserves of \$239,000.00. After Capital Reserve contributions, the Association reported a deficit of revenues over expenses of \$93,000.00, which represented an \$11,000.00 greater loss than budget.

As of March 31, 2012, the Association's Operating Reserve Fund stood at \$208,000.00. The Capital Reserve Fund stood at \$6,204,232.00. The loan balance stood at \$2,458,835.00.

COMMITTEE REPORTS

Finance Committee

Ms. Latson reported that the Finance Committee met on April 18 to complete its planning for the direct charge for the Kilmer façade project and to begin discussions of the HVAC Pipe Replacement Project. She stated that on April 24, the Finance Committee hosted a question-and-answer session for unit owners regarding the Kilmer façade project direct charge, adding that the meeting was well attended. Ms. Latson noted that the Kilmer façade project direct charge will be discussed and voted on by the Board at tonight's Board Meeting.

Ms. Latson also reported that the Cost Allocation Study has been completed and will be posted on the Association's website, adding that the audit is in process.

Garage Committee

Ms. Grodzins reported that revenues are fairly close to the budgeted amounts, noting that some accounts have been lost, so that revenues are down a little, but efforts are being made to add more business. She stated that the garage will undergo some spring cleaning and that power washing has begun on the 1st floor, after which the 2nd floor will be power washed. Ms. Grodzins reported that the Committee has worked with Mr. Vicens in the past about the possibility of adding some storage spaces in the garage, but that this idea has been shelved for a while as these areas are being utilized to store materials and equipment for the ongoing construction projects. She stated that this idea is going to be discussed again, and that such storage may add to garage revenues, noting that the items are being stored in areas where cars cannot park.

Ms. Grodzins noted there is an action item on the agenda regarding Zipcars, stating that in the past Zipcar rented two spaces at \$220.00 each per month. She stated that one car was removed because the original contract apparently lapsed. Ms. Grodzins reported that Zipcar now has a contract with the garage for two spaces but for \$200.00 each per month for a minimum of two years, and no taxes are paid on these spaces. She stated that this new contract began today, May 1, 2012.

Mr. Beck commented that he believes the current contract with Standard Parking for the garage expires this year, and asked if Standard Parking has approached the Association with a proposal to extend their contract. He asked if the Board wishes to seek additional proposals regarding the Garage. Mr. Vicens responded that a new proposal has just arrived from Standard Parking asking for a five-year term. He further stated that he will contact other parking companies, and that a decision on a contract must be made by September.

Pet Committee

Carol Abrioux stated that in the recent newsletter there was an article regarding the Pet Committee that included a request that individuals noticing infractions of the pet rules should report them. She stated that there were also suggestions about how to handle issues related to older pets.. Ms. Abrioux reported that the Committee is looking for more volunteers, and asked that anyone interested in joining the Committee contact the Management Office. Ms. Slattery stated that committees seeking new volunteers can have a notice posted on the website.

Website Committee

Mary Occhipinti reported that there was a Website Committee meeting on April 9 and the Committee's minutes were sent to the Board. In response to a question, she noted that Board meeting minutes are posted only after they are approved.

Infrastructure Committee

Ms. Slattery reported that the Committee did meet and that most of the items discussed were covered in Mr. Vicens's Schedule of Projects. She stated that the Committee's next task is to review the bids from the engineering firms regarding the HVAC Lateral Pipe Replacement Project, and that once this is done, a meeting will be scheduled.

HOA Report

Mr. Beck reported on the following:

- The contract for painting the fences in the 1500 block is in place and the work was supposed to begin on April 30 but has been delayed due to weather. The fences will be scraped, blasted, primed and then painted.
- A contract to reconfigure the water fountain has also been approved. The change will redirect the water jets and prevent the water from blowing out of the fountain during high winds.
- The pool is scheduled to open at the end of May. No personal furniture will be allowed on the pool decks other than the furniture provided by the Association per HOA's insurance company for liability reasons. The weekend guest price has been decreased; from \$16.00 to \$8.00, and the weekday rate has been raised from \$6.00 to \$8.00. Members will still receive two free guest passes.
- Regarding the tennis courts, Faulkner House is attempting to close them during the NATO Summit for three or four days. They are trying to lock down the building. This is still being discussed.
- The next HOA Meeting is scheduled for May 23.

Marcie Johnson reported on the following:

- She attended a meeting that dealt with the NATO Summit. Security issues were not addressed. There is an e-mail address for questions: info@chicagonato.org. Informational websites include: chicagonato.org, notifychicago.org, preparedchicago.org. There will be an expanded 311 service

- On May 14 she will be attending the North Dearborn Association Annual Meeting as a HOA representative. They will have the alderman from the 2nd Ward, which the Association will eventually be in, as well as the 43rd and 42nd Wards. She stated that if anybody has specific questions to ask at this meeting, they may forward them to her.
- Regarding furniture at the pool, this notice just came out. New chairs are purchased every year. Having a sufficient number of chairs will be brought up at the next HOA Board meeting. As a part of the cabana contract, there is a statement about not putting personal furniture on the pool deck. Perhaps a hand-out can be made available about this rule at registration.

Recycling

Ms. Barnes reported that recycling containers have been placed in the mailbox area for junk mail; however, they are not being well utilized. Ms. Grodzins commented that there is a notice posted in James House about these containers but not in Kilmer. She stated that she has observed the mail carrier put all of the flyers in the regular garbage container, and that signs about the recycling containers should be posted.

MANAGEMENT REPORT

Mr. Vicens reported on the following:

- The Life Safety Evaluation has been completed, the Association has passed inspection, and there is an action item regarding this on the meeting's Agenda. He stated that the final documents will be reviewed and the necessary filing with the City of Chicago for both buildings will be done; once the filing is completed, the buildings will be posted on the city's website as having passed the Life Safety Evaluation and being in full compliance.
- The State Fire Marshall conducted an inspection of the building and it was found to be noncompliant; however, the items noted had been "grandfathered" in, and all of the documentation has been forwarded to the Association's attorney.
- The technicians from RCN have completed most of their work and there were just a few units to which they did not have access.
- Picker and Associates has begun work on the 2011 audit.

ACTION ITEMS

Ratify Previous Vote for Life Safety Evaluation Contract

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

BE IT RESOLVED, that the Board of Directors ratify its previous vote to award a contract to AON Fire Protection to perform a Life Safety Evaluation (LSE) of James House and Kilmer House for the fee of \$12,200.00 in accordance with its proposal dated February 20, 2012. The motion passed unanimously.

Approve Zipcar Parking Rate

After discussion, upon motion duly made by Barbara Grodzins and seconded by Judy Barnes, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve a two-year contract with Zipcar to bring a second vehicle back to the garage and pay a fee of \$200.00 per month for each of the two vehicles. The motion passed, with Tom Meyers and Dorsey Ruley opposed.

Approve Awarding a Contract to Replace James House Roof

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 contract to Riddiford Roofing to replace the James House roofing system in the amount of \$484,609.00, in accordance with its proposal dated February 10, 2012. The motion passed unanimously.

Approve Direct Charge Assessment for Unit 606J

Upon motion duly made by Judy Barnes and seconded by Tom Meyers, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve a Direct Charge Assessment to the owner of Unit 606J in the amount of \$3,314.04.

After discussion that only preliminary estimates of the cost of the HVAC Lateral Pipe Replacement Project are currently available and that the final scope of the project has not been determined, upon motion duly made by David Beck and seconded by Betty Latson, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve a Direct Charge Assessment to the owner of Unit 606J in the amount of \$5,000.00 for the James/Kilmer HVAC Lateral Pipe Replacement Project, any amount over this cost to be assessed to the current owner of Unit 606J. The motion passed unanimously.

Approve 11th Amendment to Declaration for Unit Subdivision

Upon motion duly made by Frances Andrews and seconded by Betty Latson, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the Eleventh Amendment to the Declaration of Condominium Ownership of Carl Sandburg Village Condominium Association No. 7 to separate two previously joined units #2101 and 2012. The motion passed unanimously.

Approve Direct Charge for Kilmer House Restoration

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

WHEREAS, the patios/balconies, balcony railings, and terrace walls that adjoin and serve certain units in the Kilmer House building are deteriorated, require maintenance and restoration, including concrete and railing repairs, patio/balcony and railing repainting and waterproofing of concrete surfaces, and the windows of each unit need to be resealed and the terrace walls adjoining the first floor units of Kilmer House need to be repaired, at a total cost of \$316,502.00.

WHEREAS, Section 3.02 of the Association's Declaration of Condominium Ownership provides that the patios/balconies, windows and terrace walls that adjoin and serve certain Kilmer House units are Limited Common Elements of those units.

WHEREAS, Section 4.06 (b) (iii) of the Association's Declaration authorizes the Board, in its sole discretion, to provide Limited Common Element maintenance, repair and restoration as long as some portion of the cost is charged directly to the owners of the units benefited by the work.

WHEREAS, the Board of Directors deems it in the best interests of the Association to maintain, repair and restore all of the Limited Common Element patios/balconies and balcony railings, reseal all of the Limited Common Element windows and repair the Limited Common Element terrace walls that adjoin and serve units in the Kilmer House building at a total cost of \$316,502.00, and to exercise its discretion to directly charge the owner of each Kilmer House unit with an adjoining patio/balcony, railings, windows and terrace walls for 100% of the cost of the patio/balcony, balcony railing maintenance, repair, and restoration work performed on the patio/balcony that adjoins and serves that owner's unit, the windows of the unit's perimeter wall and the terrace walls that adjoin the first floor Kilmer units based on the linear footage of the windows serving the unit, the linear footage of the unit's terrace wall (if any), and the linear footage of the unit's patio/balcony and balcony railing (if any).

NOW, THEREFORE, BE IT RESOLVED THAT, the Board does hereby direct that the owner of each Kilmer House unit with an adjoining patio/balcony, perimeter windows and terrace wall be directly charged for 100% of the cost of the patio/balcony and balcony railing maintenance, repair and restoration, window resealing and terrace wall repairs that serves that owner's unit, based on the linear footage of the windows serving the unit, the linear footage of the unit's terrace wall (if any), and the linear footage of the unit's patio/balcony and balcony railing (if any).

The motion passed unanimously.

Approve Payment Method for Kilmer House Direct Charge

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

WHEREAS, the Board has authorized the repair and rehabilitation of patios, balconies and railings adjoining Kilmer House units, resealing of all perimeter windows of Kilmer House units, and repair of the terrace walls adjoining the first floor units of Kilmer House, and directed that the owner of each unit in the Kilmer House building be directly charged for 100% of the cost of the aforementioned repairs which said cost is \$316,502.00.

WHEREAS, the Board now wishes to establish how and when the Direct Charge is to be paid by the owners of units in the Kilmer House building.

BE IT RESOLVED THAT the owner of each unit in the Kilmer House building shall pay the Direct Charge attributable to his or her unit in one of the following ways:

In a single lump sum payment by August 1, 2012;

In a partial payment by August 1, 2012, with the balance paid in 12, 24 or 36 consecutive monthly installments, as described below;

In 12 consecutive equal monthly installments of principal plus interest at 4.5% per annum from August 1, 2012, with the first installment payment due on August 1, 2012;

In 24 consecutive equal monthly installments of principal plus interest at 4.75% per annum from August 1, 2012, with the first installment payment due on August 1, 2012;

In 36 consecutive equal monthly installments of principal plus interest at 5.0% per annum from August 1, 2012, with the first installment payment due on August 1, 2012

Note: 0.5% has been added to the base interest rates to cover administrative expenses.

BE IT FURTHER RESOLVED THAT:

1. Any owner of a unit in the Kilmer House building who does not pay 100% of the Direct Charges attributable to that unit in a lump sum payment by August 1, 2012 and who does not affirmatively choose one of the installment payment options listed above, shall be deemed to have elected to pay the Direct Charges in 36 consecutive monthly installments.
2. The entire unpaid balance of the Direct Charges attributable to any unit in the Kilmer House building shall become immediately due and payable, in full, upon the sale or other transfer of such unit at any time after August 1, 2012.
3. The Board may, in its sole discretion, accelerate and declare immediately due and payable, in full, the entire unpaid balance of the Direct Charges attributable to a unit in the Kilmer House building if the owner of that unit fails to timely pay any monthly installment payment of Direct Charges or any other amount due and payable to the Association.
4. From and after August 1, 2012, all payments received from the owner of a unit in the Kilmer House building who does not pay 100% of the Direct Charges attributable to that unit in a lump sum payment by August 1, 2012, will be applied first to payment of any monthly installments of Direct Charges then due from such unit, and the balance (if any) will be applied to regular common expense assessments and other charges.

After discussion, the motion passed unanimously.

Approve Remodeling Applications

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

BE IT RESOLVED, that the Board of Directors approve the remodeling of units #301J, #908, #1506, #1908, #2407, #2412, #2603, #3102, #3506 and #3509, 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.

Approve Contractor for Metal Paneling Replacement

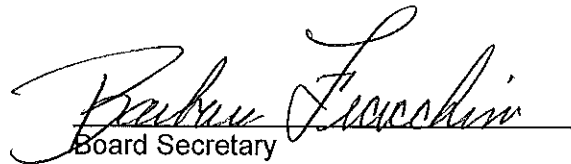
Upon motion duly made by David Beck and seconded by Barbara Grodzins, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve awarding a contract to Tuschall Engineering to replace the James House metal paneling, in the amount of \$131,172.00, in accordance with its proposal dated April 25, 2012. 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 Barbara Grodzins, the meeting was adjourned at 8:50 p.m.

Respectfully submitted


Board Secretary