

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
October 23, 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, October 23, 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 7:00 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
Dorsey Ruley
Nancy Slattery

Tom Meyers was not in attendance.

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

Two items were removed from the agenda.

PROJECTS UPDATE – MANAGEMENT REPORT

Mr. Vicens reported on the following:

- The Lateral HVAC Pipe Replacement Project has been somewhat delayed to allow time to test some fan coil units to determine whether the units will have to be replaced.
- The northeast section of the James House ground floor windows was installed on October 23, so the last isolation wall will be removed and the perimeter heating units will be reinstalled in the entire east side of the lobby; in addition, the revolving doors are being adjusted to eliminate air leaks.
- Some concrete was lost from the roof on the north side of the building, penthouse level, when the windows were removed. It was immediately repaired, and the window installation will continue on October 24, with completion expected no later than the 25th.
- The white coating required by City of Chicago has been applied to the roof on the south side, with the remaining permanent roofing to be installed north of the north-side penthouse office. Riddiford Roofing worked last Saturday and will work this Saturday to complete its work on October 29 so that the mast climber can be removed to allow rigging of a scaffold so workers can paint the façade on the north side of James House.
- Work on the metal sheathing at the rear of James House will begin in December and will be completed next year.

In response to a question from Ms. Barnes, Mr. Vicens stated that the temporary employee in the Management Office is being considered for permanent employment, but there is still some documentation to be completed by Draper and Kramer.

In response to a question from Mr. Ruley about cell phone reception interruption in the building, Mr. Vicens stated that considerable retainage is being held while it is determined who is responsible for the problem – Klein and Hoffman or the window manufacturers – noting that the windows have metal particles embedded in the glass, which probably affects cell phone reception. Ms. Slattery and Mr. Beck mentioned that poor cell phone reception is a common problem in high-rise buildings with tinted windows. Discussion ensued about problems with cell phone reception, with Ms. Barnes mentioning that she has no reception problems with her cell phone.

Ms. Barnes commented that the new directories in the basement are very informative.

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 poor appearance of the new wooden storage room doors on some floors in Kilmer House after they were stained, varnished and then painted. Mr. Vicens stated that the doors had to be replaced to conform to the City of Chicago fire code, and that the absence of a window in the door to the garage was also a fire code compliance issue.
- The signage on the Kilmer House storage room doors.
- Water seeping under the floor tiles in the James House laundry room, and the need for a new floor covering that is not composed of separate pieces.
- The time frame for the Lateral HVAC Pipe Replacement Project. Mr. Vicens stated that fan coil unit testing, Infrastructure Committee meetings and recommendations, the first January 2013 Board meeting near the end of the month, and an informational meeting for unit owners would all precede mobilization of the project, moving it back until March 2013 at the earliest.
- The availability of the Party Room for the holidays, the fees for use of the party room – \$100.00 for Monday through Thursday, \$200.00 for Friday through Sunday, and a \$250.00 damage deposit – and the pending installation in the room of a large television set donated by a resident.
- The ability of a visiting family member to use one of a unit owner's two monthly parking spaces, and the recordkeeping that this would require.
- The new shelving for books in the Kilmer House laundry room.
- The estimated cost for the Lateral HVAC Pipe Replacement Project, which still has to be determined, as "soft" costs are not known and because there is still some uncertainty about whether the fan coil units will be replaced as part of the project or as a separate project, and about whether unit owners would have to pay for the fan coil unit replacements.
- The FHA's limit of 50% non-owner occupancy.

The Board and Mr. Vicens stated that they will deal with all of the issues that were raised.

APPROVAL OF MINUTES

Ms. Fiacchino asked if there were any additions or corrections to the minutes of the Board meeting held on September 25, 2012. There were two corrections. **Barbara Fiacchino moved that the draft of the minutes of the Board of Directors meeting held on September 25, 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 August 31, 2012, as follows:

The Association reported very strong results through the first eight months of 2012. As of August 31, 2012, the Association reported total revenue of \$4.3 million. Included in this figure is Direct Charge revenue of \$668,000.00, composed of the James House Direct Charge revenue of \$428,901.00 and Kilmer House Direct Charge revenue of \$239,152.00. Revenues net of Direct Charge payments totaled \$3,593,000.00 and were greater than budget by \$104,000.00. Higher garage income and the timing of scavenger rebate collections were the reasons for the greater J/K revenues.

Operating expenses of \$2,677,000.00 were \$22,000.00 less than budget. Utility savings of more than \$95,000.00 more than offset higher common element decorating expenses. After the provision for capital reserves of \$800,000.00, the Association generated excess revenues over expenses of \$115,851.00. These results exceeded budget by \$126,000.00.

The Association continues to have healthy reserve levels. At August 31, 2012, the operating reserve fund stood at \$503,654.00. The capital reserve fund stood at \$6,269,811.00, and the loan balance stood at \$2,270,923.00.

COMMITTEE REPORTS

Finance Committee

Ms. Latson reported that the Finance Committee reviewed the proposed 2013 operating and capital reserve budget over several sessions in September and October, and is submitting the budget to the Board this evening for approval to distribute, noting that it includes a 0% assessment increase. She stated that the Finance Committee has also continued to work on additional information to conclude its comments on the draft of the 2011 audit, and that the Committee hopes to have the final audit completed shortly.

Infrastructure Committee

Committee Co Chair James Ehrlich reported that the Committee has not met recently.

Garage Committee

Ms. Grodzins reported that garage operations are doing very well, and that through September, garage revenues are \$34,000.00 over budget, due in large part to revenues from transient parking; she noted that the Standard Parking garage manager, Eddie Main, has vigorously pursued transient parking to increase revenues. She stated that Standard Parking's contract ends on December 31, and that the Committee, consisting of herself, Ms. Andrews and Ms. Barnes, interviewed representatives from Standard Parking, Interpark, Pioneer and LAZ on October 16. Ms. Grodzins reported that Mr. Beck forwarded a question to her asking about Standard Parking's efforts to bring in nonresident parking revenue; she stated that the firm has generated \$79,000.00 per year in nonresident parking revenue, largely from parkers from the Germania Club, the Latin School, Tiparo's Restaurant, Lincoln Park Preschool, the nail salons in the area, the Air and Water Show, and Weil Foot & Ankle, as well as revenue from the two Zipcars. Ms. Grodzins provided details of all of the firms' bids, and reported on the Committee's request that Standard Parking provide a more realistic budget figure. She then

announced that the Committee and Mr. Vicens recommend renewing the contract with Standard Parking, which would be for five years with the same management fee as with the current contract, noting that the Board will vote on this matter at this meeting.

Pet Committee

Marcie Johnson reported that all of the previously unregistered dogs have now been accounted for. In response to a question from Ms. Barnes, Mr. Vicens stated that there are 92 registered dogs.

Website Committee

Committee member Mary Occhipinti reported that the Committee met on October 17, and stated that questions should be referred to Ron Miller, the Committee Chair. Mr. Beck suggested that the updated pet rules and the new minimum lease term information should be posted on the Association's website if that has not already been done.

HOA Report

Mr. Beck reported that HOA has saved \$13,000.00 on the James House landscaping, and that trees are being removed from the 1300 and 1400 malls.

ACTION ITEMS

Approve Distribution of the Proposed 2013 Budget to Unit Owners

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

BE IT RESOLVED, that the Board of Directors approve the distribution of the proposed Fiscal Year 2013 Budget to all James/Kilmer unit owners for their 30-day review. The motion passed unanimously.

Ms. Latson noted that the proposed includes a 0% increase in assessments.

Approve Garage Management Contract

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 approve the renewal of the garage management contract with Standard Parking for a two-year period at a yearly fee of \$21,855.00, with the option of a three-year extension at the same yearly management fee as that for the first two years, in accordance with its proposal dated August 23, 2012. The motion passed unanimously.

Approve Testing of the Fan Coil Units

After a lengthy discussion, 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 the testing of tubing from 20 fan coil units by Exova in the amount of \$765.00 per unit, in the total amount of \$15,300.00, in accordance with its proposal dated October 18, 2012. The motion passed unanimously.

Mr. Vicens announced that curved sections the fan coil unit tubing to be tested would be chosen by Exova engineers from among 55 units in both buildings whose lateral pipes have been replaced and which therefore have had shut-off valves installed, noting that the extracted tubing would be replaced immediately. A lengthy discussion succeeded the motion as originally worded, covering how the fan coil units would be chosen – whether by the testing firm or the engineers, how many should be tested, how the testing would be conducted, the projected life expectancy of the fan coil units stated in the reserve study, the activity or lack thereof of the Infrastructure Committee with regard to the matter, the chairmanship of the Committee, and whether or not the testing of the fan coil units should be made part of the Lateral HVAC Pipe Replacement Project, taking into account possible additional costs to unit owners. The motion was amended to increase the number of fan coil units to be tested from 10 to 20. Ms. Barnes commented that the Infrastructure Committee should be chaired by a Board member.

Approve Separation of Previously Joined Units.

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 an amendment to the Declaration to separate previously joined units 4101 and 4102 into 4101 as a one-bedroom unit and 4102 as a three-bedroom unit. The motion passed unanimously.

Approve Remodeling Applications

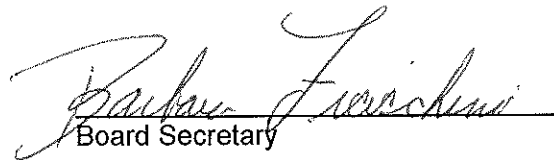
Upon motion duly made by Frances Andrews and seconded by Barbara Grodzins, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the remodeling of units #401J, #1507, #2111, #2212, #2601, #2805 and #4208, 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.

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 8:18 p.m.

Respectfully submitted


Board Secretary