

**JAMES/KILMER CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS MEETING  
September 25, 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, September 25, 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 7:15 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.

There were no changes to the agenda.

**PROJECTS UPDATE – MANAGEMENT REPORT**

Mr. Vicens reported on the following:

- The Lateral HVAC Pipe Replacement Project has been somewhat delayed as the condition of the fan coil equipment is investigated so a decision can be made about the need to replace the units as part of the Project. The James House balcony work was completed on Friday, September 14, with the final inspection of Tier 15. The rig for tier 15 was removed, thus allowing Riddiford Roofing to work on the 44<sup>th</sup> floor penthouse roof. There are a number of punch list items to be addressed, and anyone who has issues with any of the recent work should email Mr. Vicens so the issues may be addressed at the regular Wednesday construction meeting.
- The James House address lettering is being hot-dipped a dark bronze color to match the new window frames, and should be available in about a week.
- An isolation wall is erected each time work is begun on a section of the ground floor windows, or "store fronts"; currently the center section is being worked on. The west section is completed, including the new doors.
- Most of the old material has been removed from the James House roof, and interim roofing has been put in place, with permanent roofing to be installed after the penthouse windows are all installed. So far the windows in the areas of the hallway, the women's restroom and the kitchen have been installed.
- The James House roof deck will be installed next year.
- The metal sheathing on the ground floor of James House can be installed during the winter, and work on it will not interfere with the landscaping that is being planted.

- The last phase of the James House landscaping is being completed, including five trees on each side of the James House entrance.
- Work is proceeding on the 2013 proposed budget.

### COMMENT PERIOD FOR LEASE RULE CHANGE

Ms. Slattery announced that the Board would entertain comments from unit owners about the change in the Rules and Regulations covering leases that would increase the minimum lease term from one month to one year and that was distributed to all unit owners for their review. Ms. Slattery and Mr. Beck stated that the rule change was proposed to eliminate transient tenants and promote stability in the Association's population. In response to a question from a unit owner, Mr. Losik stated that even in cases in which there is no signed lease, if a unit owner receives compensation from someone living in his or her unit during his or her absence, a lease is implied. Mr. Beck noted that the rules already prohibit vacation or "hotel" rentals. A lengthy discussion ensued between unit owners and Board members.

Those opposing the rule change cited the following:

- The convenience of being able to lease a unit for a short period while the unit owner is not living in it, as with those who live elsewhere during the winter.
- The flexibility of being able to shorten a lease if necessary.
- The negative effect that longer leases could have on the Association's overall rental market, taking into account the high cost of maintaining a unit that the owner is having difficulty selling.

Those in favor of the rule change cited the following:

- The rental market standard is a one-year lease.
- Greater Management awareness of the renters in the building; many unit owners do not notify the Management Office about short-term rentals.
- Less wear and tear on the hallways, elevators, etc., from numerous move-ins and move-outs.
- Fewer illegal moves.
- Lower resale values if there are too many renters in the building.
- Greater resident population stability and accountability. Mr. Vicens and Ms. Andrews noted that Management and the garage experience the most problems with rule violations, delinquencies and so on from renters rather than from unit owners.

Some suggestions were offered in place of lengthening the minimum lease term:

- Set the minimum at six months instead of one year.
- Place a cap on rentals to maintain the Association's FHA certification. Mr. Vicens noted that the FHA's cap is now at 50%, which is higher than the Association's current rental percentage of 26%.
- Check potential renters' backgrounds. Mr. Beck stated that this must be done by the unit owner, as the Association cannot legally do so.
- Establish a committee that would meet with potential renters to get acquainted with them and apprise them of the Association's rules.
- Permit renewing a lease for a shorter term after one year if necessary for the timing of the sale of a unit.
- Require that unit owners occupy a unit themselves for one year before being permitted to lease it, or allow them to then lease it only to another unit owner. Mr. Beck noted that this would require a change in the Declaration, which requires a two-thirds affirmative vote of the ownership.
- Establish an Association cap on rentals. Mr. Beck noted that, again, this would require a change in the Declaration.

Ms. Slattery thanked those present for their comments, and stated that Board would take all of the questions and comments into account in its decision at this meeting about changing the minimum lease term.

### 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:

- Investigation of replacement of the fan coil units to determine if this needs to be part of the Lateral HVAC Pipe Replacement Project.
- Investigation of replacement or reinstallation of the lobby blinds.
- Unit owners' ability to purchase electricity from independent suppliers if they prefer.
- The need to install a shelf in the Kilmer House laundry room for a book exchange.
- Some wet and moldy ceiling panels in the James House laundry room.
- The delay in the Lateral HVAC Pipe Replacement Project. Ms. Slattery noted that the project is, in fact, on schedule, according to the engineering firm and the project manager, that the project is planned to begin with the top floor in January, and that informational meetings will be held for unit owners; Mr. Vicens stated that the time frame for the phases of the project is being discussed.
- In response to a question about financing the Lateral HVAC Pipe Replacement Project, Ms. Latson explained that Harris Bank has been approached but that further action is on hold until there is more information about whether the fan coil units will also need to be replaced. She added that if they do need to be replaced, it would be better and less expensive to do so in conjunction with the lateral pipe replacement. Ms. Latson also stated that unit owners would be surveyed as to their preferences for financing the project, as with the Window Replacement Project. Ms. Slattery added that there is no decision as yet about replacing the fan coil units, and that further research is needed.

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 4, 2012. There were a few changes. **Barbara Fiacchino moved that the draft of the minutes of the Board of Directors meeting held on September 4, 2012, be approved as amended. David Beck seconded the motion, and it passed unanimously**

### TREASURER'S REPORT

Ms. Latson stated that she had no Treasurer's Report because she had not yet received the August financial report.

## COMMITTEE REPORTS

### Finance Committee

Ms. Latson reported that the Committee is working on the proposed 2013 budget, has met twice so far, and also plans to meet on October 2 and October 10. In response to a question from Mr. Ruley about a joint meeting with the Infrastructure Committee to discuss the possible replacement of the fan coil units, Ms. Latson stated that she expects to be told in a day or two about some possible dates for a joint meeting.

### Garage Committee

Ms. Grodzins reported that as of August, garage revenue was \$31,000.00 greater than budget, owing largely to the Air and Water Show and continued income from Germania Club, noting that Germania Club event announcements list the James/Kilmer garage as the preferred parking facility. She further reported that coupon revenue is also good, and conveyed a reminder from Eddie Main, the garage manager, that coupons may be purchased only by residents, not by their guests. Ms. Grodzins stated that Mr. Main will attend the Finance Committee meeting on October 2 to answer any questions with regard to the garage budget for next year. She stated that the Garage Committee will interview the four firms that have submitted written proposals to manage the garage starting in January, including a proposal from Standard Parking, the current management firm; she added that the interviews will take place some time in October, and that Board members will receive the four proposals via email and are welcome to join the interview meeting. Ms. Andrews stated that any Board members that cannot attend the interview meetings may submit questions in advance via email.

### Pet Committee

Carol Abrioux reported that the latest registration proceeded well but that 25 residents who had pets in the past did not re-register. She stated that the current pet count is 86 dogs and 46 cats. Ms. Abrioux emphasized that anyone with a complaint about pets must submit it in writing to Management rather than voice the complaint to her. Ms. Andrews commented that at the previous evening's Finance Committee meeting, it was suggested that the pet registration deadline extension should be eliminated. Ms. Abrioux disagreed, noting that registration deadline extensions are offered for bicycle, exercise room and other registrations, to accommodate residents who may be out of town when the due date arrives. Ms. Andrews rejoined that not registering a pet by the deadline violates an Association rule. Mr. Beck stated that grace periods are permitted for assessments and garage fees. Ms. Grodzins suggested that a strongly worded letter mentioning a fine should be sent to those who have not registered their pets by the deadline.

### HOA Report

Marcie Johnson reported that the next HOA Board meeting will take place on September 27. She also reported that with regard to the proposed high-rise development on the Jewel lot, the alderman's office has informed her that because it is a planned development, the development rights do not allow for a high-rise tower, and that SuperValu, Jewel's owner, and Fifield, the chosen developer, can only replace the store. Mr. Beck reported that landscaping installations at James House and Kilmer House are continuing.

## ACTION ITEMS

### Ratify Agreement with Law Firm to Appeal Real Estate Assessment Increase

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 ratify the approval previously made by email vote to retain the law firm of Worsek and Vihon to appeal the 2012-2014 triennial real estate assessment increase. The motion passed unanimously.**

Prior to the vote, Mr. Beck asked Mr. Vicens to post a notice stating that the law firm's appeal applies to all unit owners, but that individual unit owners who file their own appeals are automatically removed from the Association's appeal process.

**Approve Association Insurance Package**

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

**BE IT RESOLVED, that the Board of Directors approve the renewal of insurance policies with Mesirow Financial for the period October 1, 2012 through September 30, 2013, for the sum of \$183,664.00, in accordance with its proposal submitted on September 19, 2012. After a brief discussion, the motion passed unanimously.**

Prior to the vote, Mr. Vicens stated that the package is the same as the previous package except that Directors and Officers liability insurance will now be covered by Travelers. Ms. Latson recommended that the package be given to Sarah Leonard to review as she has done in the past, and Mr. Vicens agreed to do so.

**Approve Lease Term Rule Change**

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

**BE IT RESOLVED, that the Board of Directors approve a change in the Rules and Regulations that would increase the minimum lease term from one month to one year. After discussion, a roll-call vote was ordered, the results of which were as follows: Betty Latson–Yes, Barbara Fiacchino–Yes, Barbara Grodzins–Yes, Frances Andrews–Yes, Judy Barnes–Yes, David Beck–Yes, Dorsey Ruley–No. The motion passed.**

Prior to the vote, Mr. Ruley stated his opposition to the lease term increase, noting the negative reactions to it from unit owners during the discussion period earlier in the meeting, and Ms. Latson commented that a six-month minimum term would allow greater flexibility for unit owners, to which Mr. Ruley agreed. Mr. Beck stated that a unit owner could add a rider to a lease allowing for an earlier term expiration if the owner wanted to sell the unit. In response to a comment by Ms. Andrews, Mr. Beck stated that existing short-term leases are "grandfathered" by law. Mr. Ruley mentioned the substantial move-in and move-out fees. Discussion ensued about shorter term leases to coincide with the rental cycle, and about Mr. Beck's suggested rider. Ms. Fiacchino noted that some unit owners had approved the idea of the one-year minimum lease term during the discussion period. Following the roll-call vote, Mr. Beck stated that the lease term information on the website should be changed to reflect the new rule. In response to Ms. Latson's concern about informing unit owners about adding riders to their leases, Mr. Vicens stated that he could do so in a letter to unit owners advising them to contact Management for advice; however, Mr. Losik cautioned that Management should not appear to act as counsel by suggesting language for a rider but should instead advise unit owners to have their attorneys customize their leases if necessary.

**Approve Remodeling Applications**

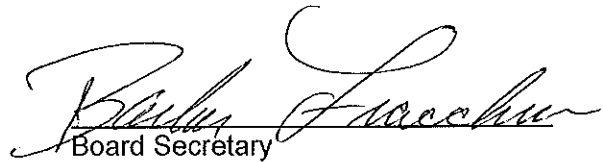
Upon motion duly made by Barbara Grodzins and seconded by Barbara Fiacchino, the following resolution was made:

**BE IT RESOLVED, that the Board of Directors approve the remodeling of units #711 and #805, 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 TO EXECUTIVE SESSION**

There being no further business to come before the Board in open session, upon motion duly made by David Beck and seconded by Frances Andrews, the meeting was adjourned to Executive Session at 8:40 p.m.

Respectfully submitted

  
Board Secretary