

**JAMES/KILMER CONDOMINIUM ASSOCIATION  
BOARD OF DIRECTORS MEETING  
September 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, September 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 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 was Richard Vicens, Property Manager, of DK Condo, A Draper & Kramer Company. Barbara A. Roberts acted as Recording Secretary.

Ms. Slattery removed the lease term discussion item from the agenda because it was also included as an action item.

**PROJECTS UPDATE – MANAGEMENT REPORT**

Mr. Vicens reported on the following:

- Information about the Lateral HVAC Pipe Replacement Project is included in the latest newsletter.
- The glazing on the James House ground floor west side windows will be completed on September 5. On Thursday the contractors will build an isolation wall on the southeast side of the lobby and will then begin to dismantle the existing window framing on that side.
- Temporary roofing has been installed on James House up to the north edge of the last room on the Penthouse floor. Recent heavy rain caused a couple of leaks on the 43<sup>rd</sup> floor, and the roofing contractor has been consulted as to how to deal with the leaks.
- On September 5, the plywood and framing in the lobby will be brought up to the Penthouse floor to be used as protection for the temporary roof. The Penthouse windows will be delivered in mid-September. Softer Lite will advise Management at the progress meeting on September 5 if the Penthouse and ground floor windows can be installed at the same time. If not, the crew will be diverted from the ground floor to work on the Penthouse windows so that they can be finished, the roof can be installed, the mast climber can be dismantled, and the north end of the building can be painted.
- Trees have been installed on the west side and new drainage has been installed so that no water can enter the lobby. This will be repeated on the east side of the building.
- Details as to the start of the Lateral HVAC Pipe Replacement Project will be forthcoming after discussions with the contractor.
- Property Supervisor James Losik has finished the draft of the budget.

## REGULAR OPEN FORUM

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

- The condition of the James House elevator tracks owing to all the construction work on James House and residents' moves and remodeling.
- How the revenue from move-in and remodeling fees is accounted for.
- Partially paying for the Lateral HVAC Pipe Replacement Project out of the reserves, although the lateral pipes are a limited common element for repairs to or replacement of which unit owners are responsible, as with the recent window replacement.
- Other projects that must be accomplished in the future as various elements of the building's infrastructure come to the end of their useful lives, as noted in the Reserve Study.
- The Finance Committee's close attention to the projections in the Reserve Study, including the calculation of contributions to the reserves based on the funding analysis that forms part of the Reserve Study.
- The inadvisability of paying for all large building projects or regular maintenance out of the reserves, which would result in an increase in assessments.
- The advisability of unit owners attending Infrastructure Committee and Finance Committee meetings to keep abreast of what is happening in the building.
- The Association's advantage over many similar associations in funding its reserves appropriately and maintaining its buildings
- The good negotiations resulting in the Penthouse and lobby windows costing the Association very little.
- The necessity to make concrete repairs every few years, and, owing to the critical façade inspection performed in 2012, the fact that the next repairs can be delayed until 2016.
- Whether Board members who have had to pay for their own lateral HVAC pipe repairs should recuse themselves from voting on the project, bearing in mind that the breaks began in 1998 and the repairs may have to be repeated, after an inspection to ensure that they conform to the standard for the repairs that has been established since that time.
- The preliminary estimate of the cost of the fan coil replacement, and the fact that replacing the fan coils may be a voluntary option, but that there might be a quantity discount – taking into account a sizable range of costs depending on unit size – for such repairs if they are performed on all units.
- When the previously replaced lateral pipes will be inspected, and the affect on the inspection of previously installed access panels.
- The installation of fan coils by the original supplier, a company still in existence whose website can be accessed for information.
- The need for directional signs in the hallways across from the elevators indicating the direction to the various units on the floor.
- The question of a penalty clause in the Association's contracts for various projects that would take effect if projects are not completed on time, which would include the necessity of bonuses if projects are completed ahead of time, and the factor of weather conditions affecting timely project completion.
- Changing the James House address to a Germania Place address so as to remove it from Carl Sandburg Village, which is not currently possible owing to the terms of the James/Kilmer declaration.
- Kilmer House residents' appreciation for the installation of a security camera, a resident directory, and the repair of the doorman's desk.
- The exposed wire hanging down at the rear entrance to Kilmer House.

- Replacing land lines with cell phone numbers for visitor entry,
- Finding a better location for the recycling bins, because the current bins are overflowing and are an eyesore.

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 July 24, 2012. There being none, **Barbara Fiacchino moved that the draft of the minutes of the Board of Directors meeting held on July 24, 2012, be approved as presented. David Beck seconded the motion, and it passed, with Ms. Grodzins and Ms. Latson abstaining.**

### TREASURER'S REPORT

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

For the first seven months of 2012, the Association reported total revenue of \$3.44 million including Direct Charge revenue, and \$3.08 million excluding Direct Charge revenue. Revenues were \$26,000.00 greater than budget largely due to garage income and service recoveries.

Operating expenses were \$2.39 million, which were greater than budget by \$17,000.00. Higher payroll, elevator, and repairs costs were partially offset by \$86,000.00 in savings in gas expenses. As a result, the Association reported revenues over expenses before capital reserves of \$687,000.00. After capital reserve contributions of \$700,000.00, the Association reported a deficit of expenses over revenues of \$13,000.00, which was better than the budgeted loss of \$23,000.00 expected for the first seven months of 2012.

At July 31st, 2012, the operating reserve fund stood at \$364,000.00. The capital reserve fund stood at \$6,243,198.00, and the loan balance stood at \$2,308,686.00.

The cited numbers do not reflect the results of the 2011 audit adjustment. The Finance Committee expects to approve the audit next month, so it is expected that there will be some adjustments to the interim numbers as a result, but essentially the Association's finances are at a break-even point at this time.

### COMMITTEE REPORTS

#### Finance Committee

Ms. Latson, the Committee chair, reported on the following:

The Finance Committee met on August 30. The auditor from Picker and Associates attended the meeting to review the draft audit of the Association's 2011 financial statements. The Finance Committee and the auditor agreed to certain changes. The Committee expects that it will receive the revised draft audit shortly. At this time, it

appears that the Association experienced a deficit of expenses over revenues of approximately \$15,000.00, signaling a very good year, given the variables that the Association could not control. The auditors complimented the Finance Committee and the Board for the good operating fund budget. The draft should be ready to be presented to the Board at its September 25 meeting.

At this meeting, the Finance Committee received an update on the results of the Kilmer Direct Charge collected on August 1, 2012. Of the total of 96 unit owners, 66 Kilmer unit owners elected to pay cash, 10 unit owners chose the 12-month payment option, one unit owner chose the 24-month payment option, and 19 unit owners chose the 36-month payment option.

The Finance Committee discussed the 2013 budget process. Management and Draper and Kramer have been working on a draft budget that will be presented to the Finance Committee for its review. Finance Committee meetings will be held to review the budget. A schedule is under development for these meetings so that the budget may be submitted for unit owner review at the October meeting, with a Board vote to follow in November.

Finally, the Committee discussed potentially financing the HVAC project. At this meeting, the Board will approve a contractor for the project, but the Finance Committee is still gathering information about the total cost of the project for eventual discussion about the Direct Charge to unit owners. Bank financing is being investigated to support any payment options that might be offered to unit owners for the financing of their HVAC lateral pipe replacement costs. Additionally, this is also the time to discuss the fan coils and what might be the best way to handle their replacement

#### **Garage Committee**

Ms. Grodzins reported that to date net garage revenue exceeds the budgeted amount, with considerable revenue added by outside parkers. She stated that Eddie Main, the garage manager, has brought in a number of parkers from the surrounding businesses, adding that there were a record number of parkers during the Air and Water Show this year, and that parkers were impressed by the speed with which the garage staff handled the cars. Ms. Grodzins also stated that Mr. Main appreciated the large number of residents who purchased parking coupons before the weekend, which saved time for him and his staff. She mentioned that many unit owners recently expressed their appreciation for her article in the newsletter about how the garage staff had helped residents in so many ways. Ms. Grodzins stated that on September 12, the Garage Committee will meet with Mr. Vicens to review the proposals from the garage management companies that replied to the RFP, representatives of which Mr. Vicens has interviewed, noting that this will not be a regular Garage Committee meeting. She further stated that a Garage Committee meeting will be held after the week of September 12 at which a summary of the Committee's findings will be delivered and a recommendation will be agreed upon, adding that this meeting will be posted and that unit owners and Board members are encouraged to attend. Mr. Beck suggested that Board members be invited to the meeting on September 12. Discussion ensued, after which it was agreed that it would be better for unit owners and Board members to attend the later Committee meeting. Ms. Andrews reported that on the Sunday of the Air and Water Show weekend, there were a record number of parkers using the garage. In response to a question, Ms. Grodzins stated that the Garage Committee consists of herself, Ms. Andrews and Ms. Barnes.

### HOA Report

Mr. Beck stated that the next HOA Board meeting is scheduled for September 27, that the HOA Finance Committee will meet to discuss the 2013 HOA budget on September 12, and that the HOA Board will review and approve the proposed 2013 HOA budget at its meeting on the 27<sup>th</sup> so that it may be distributed to all Village unit owners in October. He added that he will inform the Association as soon as possible if there is any increase in the HOA assessment resulting from the 2013 budget.

Marcie Johnson, James/Kilmer's other HOA Board director, reported that HOA has received approval to set 24 additional rat traps around the common areas because the rat population has increased, and has been asked to cooperate with other neighborhood groups and the City in efforts to control rats. She added that one cause of the increased number of rats seen in the area may be the extensive sewer work that has been taking place in the neighborhood. Ms. Johnson also reported that the pools will be closed on September 23, slightly earlier than normal, because HOA will be performing construction work on the locker rooms and reroofing the cabanas, but that in future years HOA will try to keep the pools open until the end of September. Ms. Andrews remarked that an advantage to the Association to be part of Sandburg Village is the services provided by HOA. Discussion ensued about rat sightings.

Ms. Andrews asked about the transition to Alderman Robert Fioretti as Sandburg Village's alderman. Ms. Johnson responded that Alderman Brendan Reilly is still taking calls from neighborhood residents, but that Alderman Fioretti's name and "2<sup>nd</sup> Ward" now appear on residents' new voter registration cards. She added that the Board of Elections is still trying to figure out what is happening with regard to voting, but that the James House lobby will still be a polling place for Village residents.

### ACTION ITEMS

#### Approve Contractor for Lateral HVAC Pipe Replacement Project

Upon motion duly made by Frances Andrews and seconded by Judy Barnes, the following resolution was made:

**BE IT RESOLVED, that the Board of Directors approve awarding a contract to EMCOR Services/Team Mechanical, Inc., to replace the lateral HVAC pipes in James House and Kilmer House, in the amount of \$1,958,219.00, plus the cost of a performance bond, in accordance with its proposal dated August 8, 2012. After discussion the motion passed unanimously.**

The discussion preceding the vote concerned the performance bond, with Ms. Slattery noting that according to the terms of the contract, the Board would determine the amount of the bond but that the contract also states that the amount of the bond is 5%, and Mr. Beck stating that it should be 110% of the cost of the project. Ms. Latson noted for the record that the price quoted in EMCOR's proposal does not reflect the total cost of the project and that there will be additional "soft" costs incurred that will add to the total. There was also discussion about signing the contract, about the contents of a letter of intent from the Association to EMCOR to inform EMCOR that it has won the bid, and about the purpose of the letter.

#### Approve Distributing a Change in the Rules and Regulations to Unit Owners

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 approve distributing to unit owners a proposed change in the Rules and Regulations that would change the minimum lease term from one month to one year. After discussion, the motion passed unanimously.**

During the discussion, Mr. Ruley asked why the term of the lease would matter, since the move-in fee is paid no matter how long the lease term is. Mr. Beck responded that the Board's intent is to reduce the transient nature of the rental population and create a more stable population in the Association. Mr. Ruley asked about the effect of a six-month limit, to which Mr. Vicens reiterated that the goal was population stability, noting that many problems that occur in the Association are caused by renters. Discussion ensued about short-term lessees and illegal move-ins and move-outs, and the greater stake in the Association that long-term lessees are believed to have. Mr. Vicens agreed to Mr. Beck's suggestion to remind residents in a letter accompanying the rules change that short-term rentals are not permitted.

**Approve Remodeling Applications**

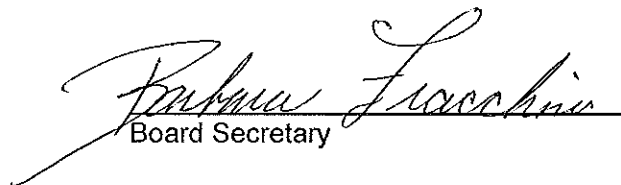
Upon motion duly made by Judy Barnes and seconded by Barbara Grodzins, the following resolution was made:

**BE IT RESOLVED, that the Board of Directors approve the remodeling of units #403J, #701 and #3009, 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 Frances Andrews and seconded by Barbara Grodzins, the meeting was adjourned at 8:14 p.m.

Respectfully submitted

  
Board Secretary