

**JAMES/KILMER CONDOMINIUM ASSOCIATION
THIRTY-SECOND ANNUAL MEETING OF UNIT OWNERS
November 13, 2012**

The Thirty-Second Annual Meeting of Unit Owners of the James/Kilmer Condominium Association (the "Association"), an Illinois not-for-profit corporation, was called to be held on Tuesday, November 13, 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 7:01 p.m., introducing herself and welcoming all in attendance to the 32nd Annual Meeting of Unit Owners of the James/Kilmer Condominium Association.

ANNOUNCEMENT OF QUORUM

At Ms. Slattery's request, Brad Kovach of Picker & Associates, LLC, the Association's auditors, confirmed that there was a quorum, either in person or by proxy, of more than 28%.

APPROVAL OF MINUTES

Barbara Fiacchino, Board Secretary, asked if there were any corrections or additions to the draft of the minutes of the November 8, 2011, Annual Meeting. There was one correction. **Barbara Fiacchino moved to approve the minutes of the Thirty-First Annual Meeting of Unit Owners of the James/Kilmer Condominium Association held on November 8, 2011, as amended. David Beck seconded the motion. All unit owners present voted in favor of the motion.**

EXPLANATION OF VOTING PROCEDURES

Ms. Slattery reported that there were four Board director vacancies and five candidates. She stated that each candidate would have the opportunity to address the unit owners during tonight's meeting and that unit owners would have the opportunity to ask them questions immediately following.

NOMINATION OF CANDIDATES FROM THE FLOOR

Ms. Slattery asked if there were any nominations of additional candidates from the floor. There being none, she declared the nominations closed.

STATEMENTS FROM CANDIDATES AND QUESTIONS FROM UNIT OWNERS

Judy Barnes, James House: Ms. Barnes thanked the unit owners for coming to tonight's meeting and urged them to attend future Board meetings and to participate on committees. She stated that she has lived in the building since 1989, has been on the Board for four years and has been an officer for the last three years, and that she has been a member of the Infrastructure, Garage and Finance committees and the editor of the Association's newsletter for three of the last four years. Ms. Barnes stated that she considers herself an innovator in terms of creating and updating the electronic recording process for the Employee Holiday Fund that retains confidentiality as well as providing checks and balances. She noted that last summer she spearheaded the Association's recycling program, and that she worked with Draper & Kramer to implement the "Board of Director Oath," a standard in the condominium association industry. Ms. Barnes stated that she also helped to implement the Association's use of a direct vote/secret ballot in place of the previous proxy system. She stated that if elected, she will continue to work responsibly in recommending implementation of capital projects, as they are critical and add value to unit owners' homes, and that she personally promises to continue working to improve the appearance of the building and the cleanliness and efficiency of the workers, and to attain higher owner occupancy levels.

David Beck, James House: Mr. Beck reported that he has served on the Board for ten years – its second longest serving member, was the Board President in 2008 and 2009 during the beginning of the Window Replacement Project, and was Board Secretary in 2010 and 2011; he added that he is an attorney. He stated that there are three areas that are critical to running the Association in which he has played an active role during the past, the first being maintaining the infrastructure of the building, as with the successful Window Replacement Project. Mr. Beck added that there has also been a lot of work done on Kilmer House that has improved its appearance, and that the Association is in excellent condition. He cited an example of issues at a nearby high-rise in which the infrastructure was not well maintained, and also mentioned other capital projects that should be undertaken by the Association. Mr. Beck stated that another critical area is finance and that he has always been a strong advocate of budgeting the reserves properly, noting that the Association's reserves are in much better condition than is the case for some other Village associations. He stated that he is proud to have been a part of the Finance Committee, which has maintained the reserves at their current level. Mr. Beck also mentioned the importance of cutting costs where possible, including cutting personnel costs responsibly, and noted that he was an advocate of changing the Association's insurance company, which resulted in considerable savings. He stated that he was an advocate of putting the TV contract out for bid; resulting in savings because two companies were bidding for the contract. The third critical area that Mr. Beck cited was communications, stating that when he was President he posted his picture and email address even before the Association had a website so that residents would know who he was and how to contact him. He stated that he continues to receive queries from residents either in person or by email, and that he provides the best answers that he can.

Peter Cremer, James House: Mr. Cremer reported that he has lived in the Village since 1981 and in James House since 1991. He stated that he works in advertising, marketing and the hospitality industry. Mr. Cremer asserted that he is not running for the Board in order to criticize any past Board members, noting that past boards have performed well and the building looks great and functions better than most of the buildings in the area, but rather so that there will be

another voice to ask questions that may not have been asked before, such as what is the financial integrity of the economy of the building, and is the Association's money being handled so as to get the most value for the money spent. He stated that this might not always be the "cheapest" but that he believes in obtaining value for the dollars spent because every dollar is important, and that it is important to look at each expense to see what is going on. Mr. Cremer stated that he believes in constant improvement to the buildings in terms of making this a great place to live, finding new ways to improve the buildings and the services, and determining what can be added to the value of the individual units to make them more attractive to future buyers.

Marcie Johnson, James House: Ms. Johnson stated she served on the Board for ten years in the past, and that she wants to rejoin the Board to have her voice heard and to help make decisions for all the residents, instead of just sitting in the audience asking questions. She stated that even when she was not on the Board, she was still involved in the Association, coming to almost every Board Meeting, and being involved in the Infrastructure, Window, Pet and Rules committees. Ms. Johnson stated that she has no hidden agenda, but believes in transparency, and that her goal is to serve the Association as she has in the past. She noted that she is good at seeing the "big picture," and that when compromise is necessary she is good at negotiating, to enable people who are on opposite ends of a question to find some satisfaction in the end result. Ms. Johnson remarked that on Candidates Night a question was asked if there is a conflict of interest with someone serving on both the HOA Board and the James/Kilmer Board, noting that she has been a HOA Representative for the past ten years and advocates for this Association constantly. She stated that she does not feel there is any conflict, because Board members want what is best for our Association as well as what is best for the Village as a whole. Ms. Johnson noted that the next big project for the Association is the Lateral HVAC Pipe Replacement Project, and that having been one of the unfortunate owners to have a pipe break, she has a vested interest in seeing that this project gets finished so no one has to worry about a pipe breaking in a unit above whose pipes have not been repaired yet. Ms. Johnson stated that she wants to see the results of the fan coil test and what that will mean to unit owners, including what the financial arrangements will be for that, as well as the financial arrangement for the Lateral HVAC Pipe Replacement Project, which has to be carefully planned both from the operational and the financial viewpoint. She stated that with regard to a couple of other projects, she would love to see the Hospitality Floor completed, as it was discussed years ago when plans were drawn up, to make it an asset for both the buildings because it is a beautiful space with a wonderful view, especially with the new windows, and now with a TV in the space a part of the new RCN agreement. Ms. Johnson noted that she worked on the Rules Committee when some of the rules were rewritten, and that she would like to see a public meeting to discuss them and implement rules that can be enforced to benefit everybody.

Betty Latson, James House: Ms. Slattery stated because Betty Latson was not able to attend tonight's meeting owing to a work commitment, she would read Ms. Latson's prepared statement, as follows: Ms. Latson has been a resident of James House for 26 years and a Board Member and Treasurer for over 15 years. Her background is in business with her undergraduate and graduate degrees in finance and accounting. Ms. Latson has worked in commercial banking for over 30 years, dealing with executive management of medium-sized businesses to assist them in various areas of their businesses, including working capital, capital expenditure planning, money management and strategic planning needs. She has also worked with many property management companies, condominium buildings and associations and has

gained valuable insight from these experiences that she has been able to bring to this Association. Many years ago Ms. Latson saw the need to assist the Association with planning and forecasting, bringing financial responsibility to the Association to ensure that costs were appropriate and that the Association was financially sound, as well as to listen to issues, ideas and unit owners' thoughts with objectivity. When she became involved with the Association many years ago, the Association had depleted its Reserve Account to almost zero and was in the midst of a Concrete and Garage Project without sufficient funds to complete the project. Today the Association is very sound, there is very good planning for the short and long term, there is good cost control management, and there is now a healthy Reserve Account with over \$4.2 million forecasted at year-end for 2012. A \$14 million Concrete Repair and Window Replacement Project was completed and was left with only \$2.5 million outstanding in loans despite very difficult times for unit owners, a troubled economy and a difficult lawsuit. The Association has had to deal with many challenges and has done so without running the building into the financial difficulty that has occurred in many of the neighboring associations. Most important, Ms. Latson hopes that unit owners feel that she is an objective Board member who listens and looks out for the Association's and unit owners' best interests.

Questions from Unit Owners:

A unit owner asked what the costs for the Lateral HVAC Pipe Replacement Project are expected to be, excluding costs for replacing the fan coil units, stating that she has experienced two floods in her unit, and will not be happy if there are any more delays.

Ms. Slattery responded that the initial cost estimates have been shared with the Board and that a meeting of the Finance Committee has been scheduled for November 20th to discuss this. She stated that the Project Manager from Cotter will be present to discuss any questions that the Board and the Committee may have, and that following this meeting, it is hoped that there will be more information to share with unit owners. Ms. Slattery stated that the Board has decided not to start on the lateral pipes until after the holidays, perhaps in March. Richard Vicens, the Property Manager, added that there are many things that have to be done before the project actually begins: information regarding the costs will have to be given to the unit owners, there will be a Town Hall Meeting about the process, including unit owner responsibilities such as removing mirrors and built-in furniture, there has to be Board approval on contracts, etc. and this all takes time. Mr. Beck added that January is also cold and heat is needed. Mr. Vicens stated the project is expected to take six months to a year, and that the plan is to shut down a tier for a day and re-energize it after the workday is over, so that it will be back in operation in the evenings and on weekends. He added that this is all still in the planning stages.

COLLECTION OF BALLOTS, RECESS, AND DECLARATION OF THE CLOSE OF VOTING

At 7:27 p.m. Ms. Slattery called a recess to collect remaining ballots.

At 7:37 p.m. Ms. Slattery called the meeting back to order, and declared the voting closed.

VOTE ON TAX RESOLUTION

After explaining the reason for the tax resolution, **David Beck moved to approve that any cumulative excess of membership income over expenses as defined in the IRS Reg. 1.277-1 for the year ending December 31, 2012, shall be applied against subsequent tax year membership assessments, as provided by IRS Revenue Ruling 70-604. Barbara Fiacchino seconded the motion. All unit owners present voted in favor of the motion.**

ANNOUNCEMENT OF PRELIMINARY RESULTS OF VOTING

Mr. Kovach confirmed that the final quorum, either in person or by proxy, was 31%.

Ms. Slattery announced the preliminary results of the voting for Board members for two-year terms: Judy Barnes – 25%, David Beck – 22%, Peter Cremer – 28%, and Betty Latson – 27%. She stated that official results will be available from the Management Office tomorrow, and that the new Board will be seated at the next regular Board meeting on December 4, 2012.

PRESIDENT'S REPORT

Ms. Slattery thanked all of the unit owners and residents for their patience over the past couple of years during the construction and concomitant inconvenience going on in the buildings. She remarked that everybody has seemed to have a positive attitude, knowing that this is all for the good of everyone, and that the results are being seen in both buildings. Ms. Slattery added that over the past year especially, unit owners have been able to see their assessment money working.

Ms. Slattery then reported on the following:

- The Window Replacement Project is now completed. The last remaining item is to paint the north side of the building, which should be done soon.
- New landscaping has been planted on the east and west sides of James House.
- Concurrent with installing the new windows, there is now new drainage on the west side of James House so there will no longer be water infiltrating into the building during storms – a huge advantage.
- The James House railing repairs, painting the balconies and replacing the balcony membranes has been completed.
- The new James House roof is completed. Thanks to the 34th floor residents for their patience.
- The Kilmer façade maintenance repairs, balcony and railing repairs and patio work is now completed.
- James and Kilmer now both have new laundry rooms.
- The passenger elevators in James House have been updated, and the service elevators will be updated soon.
- After the unfortunate fire in James House last December, the fire alarm system has been upgraded to increase the volume of the speakers; heat detectors have also been added.
- By City of Chicago ordinance, every unit has been inspected to ensure that every unit has a working smoke detector and door closers.

- The Life Safety Evaluation has been completed and the Association has passed with flying colors.
- Fox Valley, Cotter and EMCOR have been hired during the past year to deal with the engineering, project management and plumbing aspects related to the Lateral HVAC Pipe Replacement Project that will be coming up.
- The fan coil units are in the process of being tested, and the results should be available soon.

Richard Vicens reported on the Lateral HVAC Pipe Replacement Project, conveying the following scenario:

- The bids obtained in 2011 were not used, so the project was rebid this year. New bids have been received and costs have been developed for units in James House and Kilmer House.
- The Finance Committee together with Board members will meet on Tuesday, November 20, to discuss the unit costs.
- Once the Finance Committee reviews the costs, an allocation of charges will be developed for every unit. These charges will then be made available to unit owners.
- A Town Hall meeting will be scheduled to outline the overall program and answer unit owner questions.
- The project had been delayed somewhat in order to determine the condition of fan coil units.
- Samples of coil piping for various sizes of fan coils have been taken and were sent to a metallurgical laboratory on November 13 for testing to determine remaining useful life. Test results should be available by November 27.
- Once test results are available, the Infrastructure Committee will meet to assess the results and vote to make a recommendation to the Board regarding the fan coil units.
- The Board will then meet to approve the final scope of work for the overall project.
- Work is expected to begin in March.

On other items that have been completed this past year, Ms. Slattery reported:

- The intercom entry system in James House and Kilmer have been updated. There is the possibility of upgrading this to allow residents to connect this system to cell phones for those who do not have land lines.
- New canopy lights have been installed at James House.
- Regarding concerns about the length of time people lease their units, the Board passed a Rule that states that a lease must be a minimum of one year in attempt to limit the number of turnovers and in-and-out or illegal moves.
- Financially the Association is in very good shape. There will be no assessment increase in 2013. Betty Latson and the Finance Committee have done an excellent job in keeping expenses in check.
- Last month the Garage Committee performed its due diligence, and as a result a contract with Standard Parking as the management company for the garage was approved. Garage operations have performed outstandingly this year, bringing in additional revenue to the Association. The Garage Committee worked very hard with the garage staff to accomplish this.
- The Lateral HVAC Pipe Replacement Project will begin in the new year. It is hoped that this will be the last major project for a while, and that this project will proceed as smoothly as the Window Replacement Project did.

Ms. Slattery thanked former Board member Tom Meyers, who has chosen not to run for the Board again this year, noting that he served for many years on the Board, made many contributions, was very thoughtful and passionate, and gave a lot of his time to the Association over the years. She asked that residents thank him when they see him in the building.

Ms. Latson asked when the new James House address letters and numbers would be finished. Mr. Vicens responded that some difficulty arose in the metal anodizing process, but that the problem has been solved and the letters and numbers will arrive shortly.

Mr. Beck asked for a round of applause for Mr. Vicens for all his efforts in managing the property during the last three somewhat difficult years. The audience applauded.

Ms. Slattery welcomed the new Management Office employee, Melissa Jones, and thanked her for attending the Annual Meeting. Ms. Jones was greeted with applause.

Ms. Fiacchino thanked Ms. Slattery for her service as the Board President, saying that she has done a very good job. The audience applauded.

OPEN FORUM

A unit owner asked if the Association has a position on the City of Chicago's offer to choose from among independent suppliers of electricity.

Mr. Beck responded that this is for individual usage, not the buildings' usage, stating that the Association buys electricity for the common areas and that current prices are locked in. James Losik, the Property Supervisor from Draper and Kramer, responded that it is still too early to tell how individuals in condos will be affected but that it appears that the City's plan should be beneficial. He stated that it is Draper and Kramer's understanding at this point that individuals will be automatically entered into the City program unless they opt out of it, noting that the process will be seamless, that there still will only be one bill from ComEd, which will provide the distribution of electricity, but that ComEd will not be the source of supply of electricity. Mr. Vicens added that the buildings are so large that they are not part of this program, and that the program is only for individual units.

A unit owner asked when the next Finance Committee meeting will be held, and if it will be an open meeting.

Ms. Slattery responded that it is hoped to be held on the November 20 if all of the needed information is available, and that all committee meetings are open to unit owners. Mr. Beck commented that there are some meetings that are held during which contractors are interviewed, for instance, that are not "open" meetings, as was done at the beginning of the Window Replacement Project, noting that these are meetings in which figures may be discussed that are not finalized, but that once accurate figures are received, this information is relayed to unit owners. He explained that this is in an effort to ensure that incorrect or incomplete information is not passed around as rumors. Marcie Johnson commented that all committee meetings should be open, and that it should be explained that figures discussed are not firm or final, noting that this should be done for transparency's sake.

A unit owner asked if there have been any more recent pipe breaks.

Mr. Vicens responded that there were two: one in Kilmer Unit #602 on November 7, and in Kilmer Unit #509 on November 11.

A unit owner asked about the leak in the garage that is ruining the paint on the foot ramp from the lower garage level.

Mr. Vicens responded that leak is from the fountain, stating that the sealant was not able to be applied because work on the expansion joint is not completed. He explained that HOA is responsible for this work, and that HOA Management has been reminded specifically about the leak. Discussion ensued. Dorsey Ruley commented that a notice should be sent to HOA that the work must be done by a specific date and that if it is not completed by that date, the Association will do the work and bill it back to HOA. Further discussion ensued.

A unit owner commented that there seems to have been a breakdown in communication between Mr. Vicens and Steve Habib, the HOA Property Manager. He noted that HOA has tried to work around the various projects going on around James House, and that the expansion joint work will be done, but that many projects have been delayed because of all of the work being performed around James House. Discussion ensued.

A unit owner stated that she has taken pictures of the leakage as well as things like cigarette butts, and dogs relieving themselves in the garage.

Mr. Vicens responded that these are matters that should be reported to the Management Office. Frances Andrews stated that it is not the garage staffers' job to clean up the garage, but rather that of the building's maintenance staff.

A unit owner commented that where her car is parked in the northwest corner of the lower level of the garage, there is always a pool of water behind her car such that she cannot get into her trunk because the area is always flooded. She asked whether the drain could be rodded if there is a problem with it.

Mr. Vicens reported that work will be done in the garage in 2013, and that the drains are one of the items to be dealt with as they appear to be undersized. He asked that if the drain appears clogged, it be reported so that the drain can be rodded.

Ms. Barnes commented on the cigarette butts, noting that smouldering cigarettes can damage the floor and the membrane, and asking if there are any cigarette receptacles or "No Smoking" signs.

Mr. Beck responded there are some "No Smoking" signs but that they are not everywhere in the garage.

A unit owner asked if there is any estimate on the cost for the Riser Project.

Ms. Slattery responded that information is coming in regarding the lateral pipes and that it will be released to unit owners in the next few weeks. Mr. Vicens responded that the risers have been tested and are all right.

A unit owner asked if the average replacement span for the lateral pipes is perhaps six to seven linear feet.

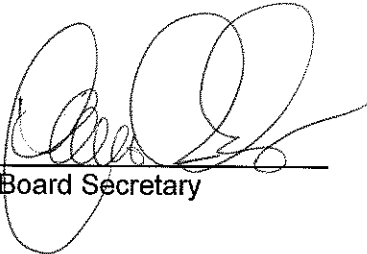
Mr. Beck responded that it is a little more than that on average, depending on the unit. He stated that when his pipes burst, the span to be replaced went from the bedroom into the living room and was about 12 to 13 feet long, and that his cost for four pipes and both convector units was around \$4,000.00.

A unit owner stated that she lives on the 35th floor and that there are flocks of pigeons roosting along the ledges of the building on the 35th and 36th floors. Others commented that this is not uncommon, and that there is a large flock of pigeons that lives in the area.

ADJOURNMENT

Upon motion made by David Beck and duly seconded, the meeting was adjourned at 8:10 p.m.

Respectfully submitted,



Board Secretary