

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
May 28, 2013**

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 28, 2013, in the James House Hospitality Room, 1560 North Sandburg Terrace, Chicago, Illinois, pursuant to the By-Laws.

CALL TO ORDER

Nancy Slattery, President of the Association, called the meeting to order at 7:05 p.m. A quorum was present in that the following directors were present:

Frances Andrews
Judy Barnes
David Beck
Peter Cremer
Barbara Fiacchino
Betty Latson
Dorsey Ruley
Nancy Slattery

Barbara Grodzins 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.

PROJECTS UPDATE AND MANAGEMENT REPORT

Mr. Vicens reported on the following:

- Lateral HVAC Pipe Replacement Project: The project is ahead of schedule. Tier 15 will be completed on May 30, Tier 12 on June 7, and drop five will take place June 11 through June 27.
- Mobile Phone Signal Attenuation Investigation: Management is waiting to hear from the 360RF consultant as to when he will be on site to install a test antenna set-up.
- VA Certification: This certification was denied owing to certain restrictions on rentals in the Declaration that could affect the ability of veterans to rent units. Management is asking for specific details from the Veterans Administration office in Minneapolis.
- Reserve Study: Reserve Advisors is in the process of revising the draft and will forward it for further review.
- Garage Repair Work: The leaks from the wall adjacent to the pedestrian ramp leading from the G1 level to the G2 level have been plugged using polyurethane injections as a temporary repair suggested by Wiss Janney Elstner. Further investigation is needed to identify the source of the water. In addition, 15 floor drain grates and surrounding concrete have been repaired to eliminate tripping hazards. Discussion ensued about other leaks and needed repairs in the garage, meetings with representatives from HOA, WJE and Standard Parking about the leaks and repairs, the scope of work included in RFPs that have been sent out, the reason for partial repairs at this time, and repairs to the leaks from the North Pool made by HOA and its plans to examine the garage ceiling.
- James House Revolving Doors: SofterLite has inspected the doors and is being urged to provide a solution to the problem with the revolving door gaskets.
- James House Roof Deck: The bids were received on April 25, and Klein and Hoffman has been asked to present the bids to the Infrastructure Committee for its review and recommendations.

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 rental restrictions in the Declaration that could affect the ability of veterans to rent units, and the process that would have to take place in order to amend the Declaration.
- Rental limitations in general. A unit owner described the results of her survey of some unit owners on the subject, and unit owners and the Board discussed the pros and cons of limiting rentals, the Association's experience with renters, and ways that the entire rental situation can be dealt with in ways favorable to the Association.
- Meetings about the Lateral HVAC Pipe Replacement Project to provide updates on the project.
- The work that the administrative assistant is doing to assist David Krc, the Project Manager for the pipe project.
- A unit owner's inability to open one of her windows.
- How the pipe work is reviewed using a final inspection form from Mr. Krc, and welding checks by Fox Valley.
- Surveying owners about ways that the Association can save on expenses.
- Applying the move-out fee to all residents.
- Designating a specific elevator for the Penthouse when the Party Room is being used for social events.
- HOA security patrols.
- Concerns about nonresidents "tailgating" behind residents at the back door, and the need to be vigilant when using that door.
- The ability of Management to communicate with all residents via email, but the need to continue the use of elevator lobby notices because not all residents use email.

APPROVAL OF MINUTES

Ms. Andrews asked if there were any additions or corrections to the minutes of the Board meeting held on April 23, 2013. There being none, **Frances Andrews moved that the draft of the minutes of the Board of Directors meeting held on April 23, 2013, be approved as presented. David Beck seconded the motion, and it passed unanimously.**

TREASURER'S REPORT

Ms. Latson delivered the Treasurer's Report for the period ending April 30, 2013, as follows:

Results through the first four months of 2013 show revenues of \$1,963,000.00 including direct charge income, and \$1,178,000.00 excluding direct charge income. Revenues were below budget by \$18,000.00 due to lower legal reimbursements and service recoveries. Operating expenses were reported at \$1,378,000.00 and were slightly over budget. A closer look at expenses reveals high plumbing/sewer and uninsured losses that have been partially offset by lower administrative and maintenance supply expenses. After capital reserve provisions of \$400,000.00, the Association reported a deficit of revenues over expenses of \$58,000.00, which compares slightly unfavorably to a budgeted deficit of \$37,000.00.

At April 30, 2013, the Association reported an operating fund balance of \$540,000.00 and a capital reserve fund balance of \$5,238,000.00. The loan balance was \$1,961,000.00.

COMMITTEE REPORTS

Finance Committee

Ms. Latson reported that the Finance Committee is in the process of finalizing the loan documents for the Association loan from Harris Bank to provide unit owners with a payment plan option. She stated that outside of a lump-sum cash payment, unit owners will have the ability to take advantage of a three-year payment plan, adding that the interest rate on the Association payment plan will be 4.35%. Ms. Latson stated that a three-year payment plan was selected as a result of the feedback from the HVAC financing survey.

Ms. Latson reported that the next Finance Committee meeting is scheduled for June 12, and that the Association's audit firm, Picker and Associates, will attend the meeting to review the 2012 draft audit. All interested parties are welcome to attend the meeting. She stated that also at this meeting, the Committee hopes to hold final discussions regarding the HVAC direct charge. Ms. Latson stated that the Committee is still planning to have direct charge commitment letters out to unit owners in early July, and that the letters will ask unit owners to commit to pay their direct charge for the HVAC pipe replacement project in one lump sum cash payment or to use the Association's financing plan.

Ms. Latson further reported that shortly after the June 12th meeting, a Finance Committee meeting will be scheduled to review the Reserve Study. She added that the meeting will be posted and that all are welcome to attend this meeting as well.

Garage Committee

Ms. Andrews stated that when the Infrastructure Committee meeting is scheduled, the Garage Committee will meet jointly with the Infrastructure Committee.

Infrastructure Committee

Ms. Slattery reported that Barbara Grodzins is trying to set up a meeting on June 4, 5 or 9, and is waiting for Klein and Hoffman to respond to the Committee's invitation to make a presentation about the roof deck.

Website Committee

Mr. Beck reported that many people are visiting the James/Kilmer website.

Communications Committee

Judy Barnes stated that the next newsletter is scheduled for June, and that she will send out an email no later than Monday, May 10 with suggested subjects for articles, with the deadline for submission the following Friday, May 14, so that the newsletter can be published on June 17.

HOA Report

Mr. Beck reported that the pools opened on the Memorial Day weekend, and that there are new plantings on the north and south sides of Kilmer House, with a total expenditure of approximately \$200,000.00 this year and last year on landscaping at James and Kilmer. Ms. Johnson reported that she and Mr. Beck attended a meeting with Alderman Robert Fioretti at O'Brien's in May, and are working on trying to get additional meetings with him so that he becomes better acquainted with Sandburg Village. She asked that anyone with any concerns for the alderman to address let her or

Mr. Beck know about them so they may be conveyed to the alderman, adding that it was suggested that the alderman take a walking tour of Sandburg Village so as to become acquainted with it and its residents' concerns. Discussion ensued about the alderman, City services, parking problems in the area, and current litigation about the new ward configurations throughout the city.

Social Committee

Ms. Fiacchino reported that the Social Committee did meet and created a proposed charter, that there will be a holiday party again this year, and that the Committee is reviewing other options for social events.

DISCUSSION ITEMS

Discussion Concerning Rental Restrictions

Ms. Slattery referred to material received from David Sugar, the Association's attorney, about steps that would need to be taken with regard to restricting rentals. Discussion ensued about the percentage of units now rented and about various kinds of restrictions that might be imposed, taking into consideration how the perception of the Association might be improved while at the same time not imposing hardship on owners who are forced to rent their units. The restrictions most often cited were a requirement that an owner occupy a unit for a certain period, such as a year, before being permitted to rent it, and capping the permitted rentals at a certain number while "grandfathering" existing owners. The difficulty of amending the Declaration was pointed out, and that any cap on rentals would have to take into account existing and possible future FHA requirements with regard to the ratio of owner-occupied units to rental units. It was suggested that Draper and Kramer as well as other association managers be consulted as to rental requirements in other buildings – with Mr. Vicens noting that lenders prefer 75% owner occupancy – and that changes not requiring an amendment to the Declaration could be made, such as a one-year residency requirement, background checks on prospective renters, the establishment of a committee to meet with prospective owners and renters and acquaint them with the Association's rules, and requiring owners to lease through realty agents, who already vet prospective renters. It was also suggested that the entire process should be driven by the owners themselves, and that the Board could ask Juliet Beriou, the unit owner who described her survey during the Regular Open Forum, to expand her survey to the entire ownership, asking their opinions about the various suggested ways of limiting rentals or controlling the rental process, with the goal of reaching a sizable enough consensus among unit owners that an amendment to the Declaration would be possible. Mr. Vicens stated that proxies may be used in a vote for a Declaration amendment.

Discussion ensued, after which the Board agreed that Ms. Beriou should be informed about what the Board is considering, and provided with written guidance for a survey based on information from Draper and Kramer about what other associations in its portfolios are doing with regard to rentals.

ACTION ITEMS

Ratification of Approval of Fan Coil Unit Installation for Unit #402J

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 ratify the approval previously voted by email to replace four fan coil units in the Association-owned Engineer's apartment, in the amount of \$12,114.00. After discussion, the motion passed, with Dorsey Ruley opposed.

Prior to the vote, the Board discussed the possibility of ordering additional units from EMCOR at a favorable price if a sufficient number of unit owners were willing to order such units, or to order the units from other installers.

Approve Social Committee Charter

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

BE IT RESOLVED, that the Board of Directors approve the Social Committee Charter as presented. The motion passed unanimously.

Approve Harris Bank Credit Facility

After a brief explanation from Ms. Latson about the three-year loan provision at an interest rate of 4.35% and what was being pledged as collateral, upon motion duly made by Betty Latson and seconded by Frances Andrews, the following resolution was made:

WHEREAS, a bank credit facility will provide the Association with the cash flow needed to allow the owners of all of the units to pay their Direct Charges in monthly installments;

NOW, THEREFORE, BE IT RESOLVED, that the executive officers of the Association be, and they hereby are, authorized (a) to establish a secured credit facility with Harris Bank and to borrow up to \$2,600,000.00 pursuant to such secured credit facility, such secured credit facility to be established on the terms set forth in the March 29, 2013, commitment letter from Harris Bank and on such other terms and conditions as the executive officers of the Association deem to be in the best interests of the Association, (b) to mortgage, pledge and otherwise encumber all Direct Charge payments and up to 100% of the Association's Replacement Reserve Fund, to secure borrowings pursuant to such secured credit facility, and (c) to execute and deliver such agreements, documents and instruments as may be necessary in connection therewith, including the March 29, 2013, commitment letter from Harris Bank. The motion passed unanimously.

Approve Gas Price Lock

Upon motion duly made by Betty Latson and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors authorize Board Treasurer Betty Latson and DK Condo Site Supervisor James Losik to lock in gas rates with Exelon Energy from January 2014 through December 2015 at a not-to-exceed target price of \$0.49 per therm for 80% of the Association's past two years' average monthly therm usage. After discussion, the motion passed unanimously.

Prior to the vote, Ms. Latson explained gas rate fluctuations and the Board discussed rates and percentages.

Approve Electricity Price Lock

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

BE IT RESOLVED, that the Board of Directors authorize Board Treasurer Betty Latson and DK Condo Site Supervisor James Losik to lock in electricity rates with Exelon Energy from January 2014 through December 2015 at a not-to-exceed target price of \$0.042 per kilowatt hour, and further that it authorize Ms. Latson and Mr. Losik to pass through all capacity and network services costs. After discussion, the motion passed unanimously.

Prior to the vote, Ms. Latson explained the rates and the pass-through strategy, and the Board discussed how the strategy would work.

Approve Remodeling Requests

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 the remodeling of units #302J, #1102, and #602K, according to the requests submitted by the unit owners that have been reviewed and found to be in compliance with the Association's rules, regulations and conditions, and that will be subject to ongoing inspections by the Association's Assistant Chief Engineer. The motion passed unanimously.

OTHER ISSUES

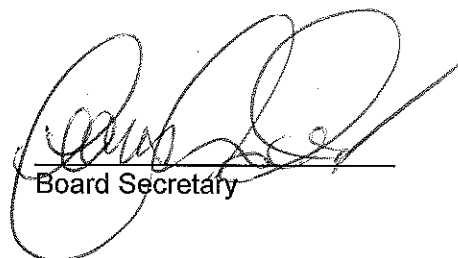
Mr. Cremer asked Mr. Vicens about opening up the vents on both sides of the hallways; Mr. Vicens responded that he will investigate the situation. Mr. Beck and Mr. Cremer stated that there have been complaints from some residents.

Mr. Cremer suggested that telephone books delivered to the buildings should be kept in the Receiving Room in James House rather than by the mailboxes, and that flyers left in the mailbox area make it look messy and should be removed.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by Betty Latson and seconded by Frances Andrews, the meeting was adjourned at 9:33 p.m.

Respectfully submitted,


Board Secretary