

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
August 27, 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, August 27, 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 7:03 p.m. A quorum was present in that the following directors were present:

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

Betty Latson was not present.

Also present was James Losik, Property Supervisor, of DK Condo, A Draper & Kramer Company. Barbara A. Roberts acted as Recording Secretary.

Ms. Andrews added one item to the agenda: establishing a new garage rate.

PROJECTS UPDATE AND MANAGEMENT REPORT

Mr. Losik reported on the following:

- New Property Manager: Tom Kristufek will assume the Property Manager position for James/Kilmer on Monday, September 9. He currently manages Kennelly Square in Old Town and has a great deal of property management experience.
- Kurt Kruger Illness: Mr. Kruger has been ill and blood clots have been found in his leg. He is currently at home recuperating and we are looking forward to his return.
- Illinois State Fire Marshal Enforcement of State Fire Codes: The Fire Marshal has for the moment rescinded his mandate that all pre-1975 residential and commercial high-rise buildings be equipped with fire sprinklers and is reconsidering it; the issue arises every three or four years.
- Lateral HVAC Pipe Replacement Project Direct Charge: The direct charges were added to the September 1 assessment statements. Fifty-six percent of unit owners selected the lump-sum payment; 44% of unit owners chose the 36-month payment option.
- Garage Rehabilitation Report: The Board agreed that before accepting a proposal from Klein and Hoffman to update its 2011 garage engineering analysis at a cost of \$5,500.00, K&H should engage a Mechanical Engineering and Plumbing (MEP) consultant to participate in the update. K&H concurred and is providing Management with the names of MEP consultants. Site visits are being conducted, and there will be five proposals from qualified MEP consultants to consider for the overall garage analysis update. Management intends to present a recommendation at the Board's September meeting.
- Lateral HVAC Pipe Replacement Project: The project is complete in James House except for some punch list items, and the project in Kilmer House is scheduled for completion on September 17.

- James House Metal Sheathing: Mr. Losik, Nichelle Meadors, and Harry Gedzius met with the Klein and Hoffman project engineer last week and examined the building to identify areas where the appearance of the building could be improved by positioning conduit and other protrusions behind the metal sheathing; a proposal will be available shortly. The color of the sheathing has been selected, and installation of the sheathing is scheduled for late October.
- James House Exterior Bench: A unit owner requested that the Board consider placing a bench in front of James House. The Sandburg Homeowners Association Manager, Steve Habib, advised that doing so would require architectural and aesthetic approval from the HOA Board.
- Kilmer House Security Channel: At the last Board meeting, a question was raised about the status of the splitter that would allow those in the Management Office to determine when the Kilmer House security channel is inoperable. Ms. Meadors met with a representative from RCN, and the process to remedy the situation is moving forward.

APPROVAL OF MINUTES

Ms. Andrews asked if there were any additions or corrections to the minutes of the Board meeting held on July 23, 2013. There were three corrections. Frances Andrews moved that the draft of the minutes of the Board of Directors meeting held on July 23, 2013, be approved as amended. David Beck seconded the motion, and it passed unanimously.

TREASURER'S REPORT

Mr. Losik delivered the Treasurer's Report for the period ending July 31, 2013, as follows:

As of July 31, 2013, the Operating Fund cash and investments balance was \$308,642.00, and the Capital Fund cash and investments balance was approximately \$3.9 million. The garage is outperforming budget, with net income of \$23,000.00, and over all year-to-date deficit through the first seven months of the fiscal year of \$12,000.00. Variances in July include the following:

- The garage produced \$14,000.00 more than anticipated. Eddie Main, the Garage Manager, noted that August's figures should be good owing to Air & Water Show parking revenue.
- Professional Fees show a negative variance of almost \$27,000.00 due primarily to the attorneys' contingency fee of almost \$25,000.00 for the tax appeal; this amount will be billed back to unit owners on their October statements. Discussion ensued about the bill-back of the fee, including the fact that the fee is not for a repair or replacement of common elements and so cannot be paid out of the Reserve Fund.

COMMITTEE REPORTS

Infrastructure Committee

Ms. Grodzins reported that the James House lateral HVAC pipe replacement was completed three weeks ahead of schedule and that the Kilmer House lateral HVAC pipe replacement began on August 8, with work completed in all of the one-bedroom units and work begun in the two-bedroom units. She stated that the pipes in the 07 tier were found to be buried in the original construction, and EMCOR, Fox Valley and Project Manager David Krc are working on a way to gain access to and replace the pipes. Ms. Grodzins stated that other than in the 07 tier, the work will be completed on September 17. She noted that Mr. Krc and Melissa Jones wish to thank the residents for their cooperation during this

project, and that Mr. Krc and Ms. Jones have moved the project along very well and have worked well with the residents. Ms. Grodzins reported that the project is still on budget and that Fox Valley is satisfied with the results. She stated that the additional work required for the 07 tier will be paid for from the contingency amount included in the contract. Ms. Grodzins reported that a proposal for the garage drainage investigation is expected soon from the MEP consultant.

Finance Committee

Ms. Fiacchino reported that the Committee met recently and has begun reviewing the Reserve Study. She stated that once all required changes have been made to the Reserve Study, it will be made available to unit owners.

Communications Committee

Ms. Barnes reported that the August issue of the newsletter has been published and that the next issue is planned to be published around October 7, with emails soliciting articles to be sent out in late September or early October. She added that comments are being sought about the format, noting that a format is being sought into which it will be easy to drop articles.

Garage Committee

Ms. Andrews stated that she and the Treasurer have been reporting different numbers relating to garage operations because Standard Parking revised the 2013 budget figures upward, but that Standard Parking will now report figures based on Ms. Latson's budget. She reported that it was a record year for coupon sales for this year's Air & Water Show parking, with total cash collected over the show weekend of \$6,971.00, including \$1,720.00 in coupon sales, compared to typical weekend coupon sales of \$500.00 to \$800.00. Ms. Andrews commented on the excellent performance of the entire garage staff. Mr. Cremer also commended the staff's efforts and asked if there might be funds available to treat the staff to a lunch to thank them. The Board agreed to such an expenditure. Mr. Ruley asked how much it cost in staff payroll to bring in the \$6,000-plus over the show weekend; Ms. Frances rejoined that the weekend still resulted in a profit.

Ms. Andrews reported that one of the parkers has been charging his electric vehicle at an outlet in the garage and that he is willing to pay \$795.00 to have a charging station installed. She asked the Board to consider installing one or more stations at the Association's expense because it is a good amenity to offer parkers. Mr. Beck asked that Mr. Main present a proposal to the Board. Discussion ensued about how many metering stations to provide, about how the electricity would be paid for, and about where charging stations could be located in the garage. Ms. Slattery asked Mr. Losik to provide information about how other associations are handling the situation for later discussion by the Board. Mr. Losik responded that the situation at other associations is still very fluid, with various associations handling it in different ways. Mr. Ruley stated that ComEd provides free information about electricity costs. Further discussion ensued.

Ms. Andrews reported that Christian Community Church is going to lease space in the Germania Club building and that its parishioners will purchase coupons to park in the James/Kilmer garage during Sunday services. She stated that the church has seven to ten assistants who set up the church's space for services, that Mr. Main has suggested charging them \$15.00 instead of \$25.00 for zero to eight hours of parking time, and that the garage staff will closely track how many assistants park in the garage. Ms. Andrews added that there will be 20 to 40 parishioners parking in the garage on Sundays, which will bring in additional Sunday revenue. Mr. Ruley suggested establishing the \$15.00 rate on a trial basis.

James House Roof Deck Task Force

Mr. Cremer reported that the Task Force met recently and examined samples of the pavers, including various paver colors and surfaces. He stated that Mike Naponelli of Klein and Hoffman has been in contact with Bulley and Andrews about the color and surface options and has conveyed that information. Mr. Cremer stated that the Task Force has requested larger paver samples in six colors, that the task Force will make color selections at its next meeting, and that measurements of the deck will be taken and confirmed shortly, adding that the project is moving forward well and is expected to be completed at the end of November.

HOA Report

Mr. Beck reported that the next HOA Board meeting will be held on the fourth Wednesday in September and that the HOA Finance Committee will meet on September 11.

ACTION ITEMS

Approval of Benches in Front of James House

Ms. Slattery reported that if the Board wishes to install benches in front of James House, it will have to present some design options to the HOA Board for approval. Discussion ensued. **Upon motion duly made by David Beck and seconded by Peter Cremer, the following resolution was made:**

BE IT RESOLVED, that the Board of Directors approve the idea of installing benches in front of James House. The motion was unanimously defeated.

Approval of Needed Repairs to the Heat Exchanger

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 proposal submitted by Alternative Repair Systems, Inc., on June 14, 2013, to repair the heat exchanger, in the amount of \$8,800.00. The motion passed unanimously.

Approval of Repairs on the South Side of Kilmer House

Mr. Losik explained the need for repairs on Kilmer House and stated that the prices in a proposal for the repairs from Quality Restorations, Inc. dated August 21, 2013, were to be used as not-to-exceed amounts but that competitive bids would be sought. **Upon motion duly made by Judy Barnes and seconded by Frances Andrews, the following resolution was made:**

BE IT RESOLVED, that the Board of Directors approve concrete repairs on the south side of Kilmer House, to include the following:

- **The foundation beneath a brick privacy wall, in an amount not to exceed \$7,760.00.**
- **Concrete beneath the brick wall, in an amount not to exceed \$1,552.00.**
- **Concrete at the wall near the stairs, in an amount not to exceed \$1,552.00.**

The motion passed unanimously.

Approval to Proceed with an Amendment to the Declaration

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 hereby direct Management to initiate an amendment to the Declaration to modify or eliminate certain leasing restrictions that are currently prohibiting Veterans Administration certification of the Association. After discussion, the motion failed, with Dorsey Ruley in favor.

In the discussion preceding the vote, Mr. Losik explained the leasing restrictions – particularly the right of the Board to approve or disapprove a tenant and/or a lease – in the Declaration to which the Veterans Administration objects. He conveyed the opinion of the Association's attorney, Mr. David Sugar, that it will be all but impossible to get approval for the amendment from 75% of the ownership, that there is no reason to relinquish the Association's control over the leasing process when so few VA mortgages are sought by buyers at James/Kilmer, and that initiating the amendment could cost the Association \$5,000.00 to \$10,000.00.

Approval of Remodeling Requests

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 remodeling of units #910, #1004, #1209, #1515, #2101, #3903, #4215, #217K, #501K, #506K, and #512K, 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.

Approval of Parking Rate

Upon motion duly made by Frances Andrews and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve a rate of \$15.00 for zero to eight hours of parking for Christian Community Church assistants. After discussion, the motion passed, with Dorsey Ruley opposed and Peter Cremer abstaining.

Approval of Sale Agreement

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 sale agreement/offer proposed by the owner and seller of Unit #503J as discussed by the Board in Executive Session. The motion passed, with Dorsey Ruley opposed.

Approval of Rule Violation Fine

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

BE IT RESOLVED, that the Board of Directors approve charging the owner of Unit #3202 a fine of \$150.00 for a rule violation, the fine to increase by \$50.00 per day until the unit is inspected and found to be free of farm animals, that the Board of Directors approve increasing the fine to \$500.00 if the owner of Unit #3202 brings

any other animals into the unit, and that the Board of Directors authorize legal counsel to take any action necessary consistent with the Board's decision. The motion passed, with Dorsey Ruley abstaining.

REGULAR OPEN FORUM

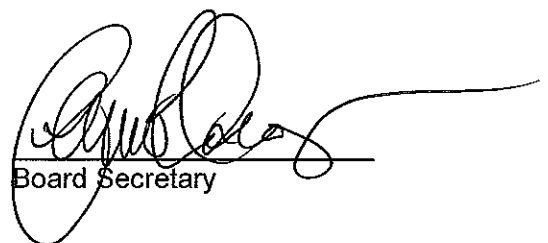
At Ms. Slattery's invitation, the unit owners present offered comments on the following topics, and discussion among owners and Board members ensued:

- Placing limits on the number of renters permitted in James House and Kilmer House, including "grandfathering" current renters and the difficulty of getting a two-thirds affirmative vote of the ownership in order to alter the Declaration to limit renters.
- Unlocked doors to the roof deck.
- Roof deck furnishings, which will be the second phase of the roof deck renovation.
- Adhesive residue on the marble tiles in the hallways left when the protective plastic sheeting laid down by the pipe replacement project plumbers was removed.
- Whether or not the special parking deal for Latin School teachers and assisting parents should be continued, and the extra revenue from the Latin School.
- Rewarding the garage staff for its extra efforts during the Air & Water Show.
- Installing benches at James House, and the door staff's duty to get rid of loiterers.
- How long it can take to fully charge an electric vehicle.
- The moped chained to the fence near the loading zone.
- Unit owner comments at the June Board meeting that were not included in the minutes, and the extent to which comments were edited or summarized and why.
- Some unit owners' perception of the attitude of the Board toward owners.
- The requirement in the Illinois Condominium Property Act and the Association's Declaration that repairs to or replacement of limited common elements be paid for by unit owners, not out of the Reserve Fund, and the effect of the Kilmer House lawsuit in meeting this requirement.
- The new Reserve Study's separation of limited common elements from common elements, and its suggested lowering of the contribution to the Reserve Fund owing to LCE expenses being paid directly by unit owners.
- The reduction in the building's assessed valuation and its effect on property taxes for 2012 payable in 2013.
- The high temperatures in the area where the James House door staff sits, and the chilly air in the Kilmer House door desk area.
- The circumstances surrounding the Kilmer House lawsuit.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by David Beck and seconded by Barbara Grodzins, the meeting was adjourned at 9:47 p.m.

Respectfully submitted,


Board Secretary