

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
October 1, 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, October 1, 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 7:12 p.m. A quorum was present in that the following directors were present:

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

Barbara Fiacchino and Barbara Grodzins were not present.

Also present was Tom Kristufek, Property Manager, and Tom Taylor, Vice President, of DK Condo, A Draper & Kramer Company; David Sugar of Arnstein & Lehr, the Association's attorney; and Eddie Main of Standard Parking, the Association's Garage Manager. Barbara A. Roberts acted as Recording Secretary.

Ms. Slattery introduced the Association's new Property Manager, Tom Kristufek. She asked if there were any changes to the agenda; there were none.

PROJECTS UPDATE AND MANAGEMENT REPORT

Mr. Kristufek reported on the following:

- Upcoming Meetings and Events: The 2014 Budget Review Meeting will be held on Wednesday, October 2, and the next Board of Directors regular meeting will be held on Tuesday, October 22.
- Kurt Kruger: Mr. Kruger has recovered from his illness, and returned to work on Sunday, September 8.
- Application to Owners' Accounts of the Contingency Fee for the Reduced Property Valuation: The November assessment statements will include the charge-back to each unit owner of the 15% contingency fee charged by O'Keefe Lyons & Hines for its successful appeal of the current triennial property valuation, which will result in property tax savings.
- Garage Rehabilitation Report/Drainage System: Bids from five plumbing engineering firms were sent to the Infrastructure Committee Chairs last week and are included in the Board packet for this meeting, along with Management's recommendation.
- Lateral HVAC Pipe Replacement Project: The work in Kilmer House is complete except for Tier 7, which will require an estimated \$60,000.00 change order. After a permit is obtained, the work will begin in October and is expected to be completed in three weeks.
- James House Metal Sheathing: The sheathing material has been selected and ordered. The concrete at the south end of the west façade will be repaired, the building's electrician will remove or clean up outside wiring and abandoned equipment, and the old sheathing will be removed, after all of which the new sheathing will be installed.

- Roof Deck Paver Project: Klein and Hoffman has received the selected inset and border pavers for the deck; the additional charge for the border pavers is \$2,600.00.
- Kilmer House Miscellaneous Concrete Repairs: The contractor to make concrete repairs in three areas on Kilmer House has been chosen and the repairs will be made as soon as possible.
- Condensate Riser Drain Back-Up: The main condensate riser serving the 07 and 05 tiers in James House backed up owing to a clog, causing water infiltration in several units. Building maintenance staffers and the Association's plumbing vendor cut the riser and cleared the clog. Owners whose units were damaged have been directed to file claims with their insurance carriers.
- Kilmer House Security Channel: The Association's security vendor and cable provider have acted to enable Management Office staffers to view the feed from the Kilmer House security camera.

DISCUSSION ITEMS

Garage Manager Plan for Plug-In Vehicles

Mr. Main presented his proposal to have Liberatore Electric Co. tap the garage's 480-volt main line and install a 210-volt outlet for charging electric cars, at a price of \$1,000.00, adding that this method of charging cars would not involve the parking staff. He stated that other, more powerful chargers range in price from \$2,500.00 to \$10,000.00 and would require Internet access for credit card payments. Mr. Main noted that there is space in the garage for a charging area, and that this amenity could result in added garage revenue. Discussion ensued about Mr. Main's proposal, including whether or not to consider a faster charger, adding additional outlets, how to account for additional electricity usage, and how transient parkers would pay for using the charger. Mr. Kristufek advised starting at the suggested charging level for now and revisiting the issue later.

The Board thanked Mr. Main, and he left the meeting at 7:31 p.m.

Village Theater Development

Ms. Slattery reported that she and unit owner Marcie Johnson have met with the developer who is in the process of purchasing the Village Theater property – which includes other businesses on the block north of the Germania Club – for development. Ms. Johnson reported on her meeting, stating that the developer has not finalized plans for a building on the site but that it will probably be primarily residential with some retail space. She stated that the developer will meet with the HOA Board on October 8 at 6:30 p.m. in the Alcott Hospitality Room, and that unit owners are welcome to attend the meeting. Ms. Johnson added that a date will be set for the developer to meet privately with representatives from James/Kilmer.

OWNERS' OPEN FORUM

There was a general discussion about Ms. Johnson's report of her meeting with the Village Theater property developer, and Ms. Johnson urged those interested to attend the October 8 meeting between the developer and the HOA Board if they wished to obtain more information. Other topics discussed by unit owners and Board members included the following:

- Negative reports about the behavior and appearance of the door staff and the need for Management to review the door staff's responsibilities, appearance and behavior.
- The condensate drain clog and back-up.
- Cleaning the hallways.

- Future projects, including cleaning the air ducts, rebalancing the ventilation system, and redecorating the hallways.
- Action on the problem that some residents previously reported with their cell phone signals.
- The stacks of flyers that are left in the mailbox area and the need to discard them sooner.
- A briefing to come from 42nd Ward Alderman Brendan Reilly, in response to queries from Mr. Ruley, about the Village Theater property development issue.
- Proceeding with Mr. Main's proposal for an electric car charger in the garage, which owners of electric cars can use to charge their cars overnight.
- The failure of Management to check a unit after its lateral HVAC pipes were replaced, noting that an opening was left in the wall between two units.
- Stained and moldy ceiling tiles in the laundry room.
- Visitors' dogs in the building that are larger than the Association's limits on dog size.

In addition, a couple of issues were discussed about which Mr. Sugar provided legal advice:

- A unit owner commented on the Board's actions with regard to terminating the employment of Richard Vicens as Property Manager and on the perceived lack of information from the Board about what led to his termination and how it was handled. Mr. Sugar stated that laws governing employment strictly limit the amount of information about employees that the Board is permitted to provide to unit owners. Ms. Slattery added that the Board's decision to keep Mr. Vicens in his position after determining that his employment must be terminated was based on the need to continue the appropriate management of the property until a suitable replacement could be found as well as the need to ensure the smooth management of the Lateral HVAC Pipe Replacement Project about to be launched. Mr. Taylor explained the employer-employee relationship between Draper and Kramer and the Management Office staff. Discussion ensued.
- A unit owner commented about unsigned flyers pertaining to the upcoming Board of Directors election that were distributed under doors and asked whether candidates can be restricted from using door drops in their campaigns. Mr. Sugar responded that such restrictions are legal under the Illinois Condominium Property Act, for security reasons, noting that candidates are permitted to obtain unit owner names and addresses in order to mail campaign literature to them. He added that it is permissible to allow only Management to distribute door drops for emergencies.

The Board thanked Mr. Sugar, and he left the meeting at 8:14 p.m.

APPROVAL OF MINUTES

Ms. Andrews asked if there were any additions or corrections to the minutes of the Board meeting held on August 27, 2013. There being none, **David Beck moved that the draft of the minutes of the Board of Directors meeting held on August 27, 2013, be approved as presented. Frances Andrews seconded the motion, and it passed, with Betty Latson abstaining.**

TREASURER'S REPORT

Ms. Latson delivered the Treasurer's Report for the period ending August 31, 2013, as follows:

Results through the eight months of 2013 reflect revenues of \$4,308,000.00 including Direct Charge income, and revenues of \$3,624,000.00 excluding Direct Charge income. Revenues were over budget by \$33,000.00, due primarily to strong transfer fee income, miscellaneous income, garage net income, and condominium lease fees, partially offset

by lower service recoveries and legal reimbursements. Operating expenses were reported at \$2,694,000.00, and were higher than budget by \$13,000.00. Higher professional fees, legal fees, plumbing and garage repair expenses, and uninsured losses were offset by lower payroll, utilities and maintenance supply costs. After the Capital Reserve provision of \$913,000.00, the Association reported revenues over expenses of \$15,000.00, which compares very favorably to the deficit of \$4,000.00 budgeted for this eight-month period.

As of August 31, 2013, the Association reported an Operating Fund balance of \$613,000.00, and a Capital Reserve Fund balance of \$4,165,000.00. The loan balance was \$2,476,376.00.

COMMITTEE REPORTS

Finance Committee

Ms. Latson reported that the HVAC Direct Charge did occur on September 1, and added that it is believed that about half the unit owners borrowed from the Association, and that the Management Office will pass along exact information once the details are determined. She reported that the Finance Committee met on August 22 to review the 2013 draft version of the Reserve Study, and that a number of questions and follow-up items were identified, to be addressed by James Losik, the Property Supervisor. Ms. Latson stated that the next Finance Committee meeting is to be held on Wednesday, October 2, at 6:30 p.m., and that the Committee will be working on the 2014 operating budget.

Communications Committee

Ms. Barnes reported that the October issue of the newsletter is scheduled for publication next week, and that she has sent out emails soliciting articles, requesting that they be submitted by October 9.

HOA Report

Mr. Beck reported that the HOA Board at its September 25 meeting approved distribution of the proposed 2014 budget, including no increases in HOA assessments, to unit owners on October 19, with the Board to approve the proposed budget at its November 19 meeting. In response to a question from Ms. Andrews, Mr. Beck stated that the leaking liner in the North Pool will be replaced before the pool is opened next year. He also stated that leakage into the garage has been detected from the area south and east of the fountain, and that HOA is investigating whether the area is HOA property or City of Chicago property. Marcie Johnson reported that the HOA Board has approved the installation of wheelchair lifts in both pools in compliance with requirements of the Americans with Disabilities Act.

In response to a question from a unit owner, Ms. Slattery stated that residents will be informed about when the air duct cleaning will take place. Ms. Latson stated that the cleaning is included in the budget but has not yet been scheduled, and Mr. Taylor stated that the cleaning process will be well contained and will have minimal impact on residents.

Website Committee

Ms. Barnes stated that the Committee's next quarterly meeting is scheduled for October 16.

Garage Committee

Ms. Andrews offered a clarification of remarks made at the last Board meeting, to the effect that parents of Latin School students do not park in the James/Kilmer garage at no charge.

ACTION ITEMS

Ratification of Association Insurance Renewal

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 ratify its previous approval by email of the proposal submitted by Mesirow Financial, dated September 20, 2013 for the renewal of the Association's insurance policies for the period September 30, 2013 through September 30, 2014, in the amount of \$196,894.00. The motion passed unanimously.

Approval of Bad Debt Write-Off

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 approve writing off a bad debt in the amount of \$16,719.45 related to the short sale of Unit 503 at 1560 North Sandburg Terrace, which closed on September 4, 2013. The motion passed, with Dorsey Ruley opposed and Betty Latson abstaining.

Approval of Proposal for Garage Drainage Investigation

Upon motion duly made by Frances Andrews and seconded by Peter Cremer, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the proposal submitted by Bailey Edward, dated September 17, 2013, for plumbing engineering services to investigate and report on the garage drainage system, pursuant to Management's Request for Proposal dated May 10, 2013, in the amount of \$9,880.00. The motion passed unanimously.

Approval for Klein and Hoffman to Update Its 2011 Evaluation of the Garage

Upon motion duly made by David Beck and seconded by Judy Barnes, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the proposal submitted by Klein and Hoffman, dated June 27, 2013, to update its 2011 Parking Garage Rehabilitation Study, in the amount of \$5,500.00. The motion passed unanimously.

Approval of Concrete Repairs Below Sheathing at James House

Upon motion duly made by Judy Barnes and second by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the proposal submitted by Quality Restoration, Inc., dated September 20, 2013, to repair the concrete curbing located beneath the sheathing on the southwest side of James House, in the amount of \$14,550.00. The motion passed unanimously.

Approval of Roof Deck Paver Selection and Border Expense

Upon motion duly made by Peter Cremer and seconded by Frances Andrews, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the roof deck paver selection recommended by the Roof Deck Task Force at its meeting held on September 19, 2013, and further that the Board of Directors approve the additional cost of \$2,578.00 for the border pavers. The motion passed unanimously.

Approval of 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 #503J, #1511, #1807, #2209, #2615, #2807, #4110, #105K, and #210K, 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 Nuisance Violation Fines

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 charging the owner of Unit #3202 a fine of \$500.00 for a nuisance violation, as discussed in Executive Session. The motion passed unanimously.

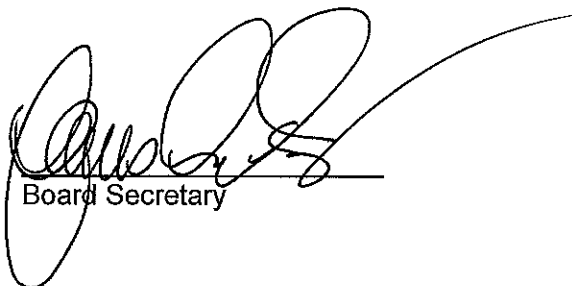
Upon motion duly made by David Beck and seconded by Frances Andrews, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve charging the owners of Unit #2707 a fine of \$100.00 for a nuisance violation, as discussed in Executive Session, said fine to be suspended in the event that the unit owner and renter comply with the conditions set by the Board in Executive Session, and with the understanding that the unit owner shall have ten days from the date of this meeting to comply with the requirements discussed in Executive Session. 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 David Beck, the meeting was adjourned at 8:35 p.m.

Respectfully submitted,


Board Secretary