

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
September 28, 2010**

A meeting of the Board of Directors of James/Kilmer Condominium Association (the "Association"), an Illinois not-for-profit corporation, was called to be held on Tuesday, September 28, 2010, in the James House Hospitality Room, 1560 North Sandburg Terrace, Chicago, Illinois, pursuant to By-Laws.

CALL TO ORDER

Judy Barnes, Vice President of the Association, called the meeting to order at 7:17 p.m. A quorum was present in that the following directors were present:

Frances Andrews (by telephone)
Judy Barnes
David Beck
Betty Latson
Tom Meyers
Dorsey Ruley
Nancy Slattery

Duane Hickling and Dan McNamara were not in attendance.

Also present were Richard Vicens, Property Manager, and Allan Werth, Site Supervisor, of DK Condo, A Draper and Kramer Company, and Richard Morel, Senior Vice President, Mesirow Financial, the Association's insurance broker. Barbara A. Roberts acted as Recording Secretary.

Ms. Barnes rearranged the published agenda to accommodate Mr. Morel and also Ms. Latson, who needed to leave the meeting early.

UPDATES: WINDOW REPLACEMENT AND CONCRETE REPAIR PROJECTS

Mr. Vicens reported on the current status of the Window Replacement and Concrete projects:

- The published updated commencement date of the Window Replacement Project is November 29; an earlier start date may be possible pending firm information from the contractors, and the published schedule will apply to the west side windows only.
- The scheduled replacement rate is now one day per unit for the time being, instead of the earlier rate of two days per floor.
- The landscaping must be removed from the west side of the building to allow for installation of the mast climber.
- The Concrete Repair Project is progressing well and is expected to be completed in mid-November. There was some delay owing to rain, wind and excessive heat, and the theft of contractors' tools.
- The Thursday Window Replacement Project meeting has been cancelled owing to the delay in starting the installation and to Ms. Demers absence; it has been rescheduled for October 7.

In response to a question from Mr. Meyers, Mr. Vicens stated that the concrete will be removed from the driveway when there is a complete load to remove.

TREASURER'S REPORT

Ms. Latson delivered the Treasurer's Report as follows:

For the eight months ended August 31, 2010, the Association reported total revenue of \$12.6 million including the direct charge revenue. Excluding the direct charge revenue, the Association reported revenue of \$3.4 million, which exceeded budget by \$37,000.00. Garage net income, reimbursement of legal fees from unit owner transactions, and transfer fees all exceeded budget and resulted in the better-than-budget revenue results.

Operating expenses were \$2.6 million and were below budget by \$94,000.00 due largely to lower payroll, utility and plumbing expenses, which were partially offset by higher administrative expenses. Payroll was under budget by \$74,000.00, utility costs were under budget by \$18,000.00, and plumbing costs were under budget by \$12,000.00. Legal costs related to the lawsuit were over budget by \$8,000.00, and professional fees were over budget by \$5,000.00.

As a result, the Association posted revenues over expenses before capital reserve contributions of \$791,000.00. After the provision for capital reserves of \$667,000.00, the Association generated an operating surplus of revenues over expenses of \$124,000.00, which compares very favorably to the budgeted deficit of \$6,000.00.

At August 31, 2010, our operating reserve stood at \$170,725.00, and the capital reserve fund stood at \$5,914,000.00. The loan balance is \$3,137,683.00.

Finance Committee Report

The first Finance Committee meeting was held this evening. The next three Finance Committee meetings are scheduled for October 5, October 12 and October 19, at which more specifics will be discussed, including capital expenditures and the amounts that need to be collected for future projects. The Committee has conducted a preliminary review of the Reserve Study. More work on the study is required before it may be used for projections, but what information is available will be used to help with decisions about the work being done this year.

APPROVAL OF MINUTES

Mr. Beck asked if there were any additions or corrections to the minutes of the Board meeting held on August 24, 2010. There being none, **David Beck moved that the draft of the minutes of the Board of Directors meeting held on August 24, 2010, be approved as presented. Nancy Slattery seconded the motion, and it passed, with Frances Andrews abstaining.**

ACTION OR DISCUSSION ITEMS

Approve the Procedures for Direct Voting

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 following procedures for the November 2010 Board elections for the James/Kilmer Condominium Association Board of Directors and for all subsequent Board elections.

1. All unit owners must vote and submit their own ballot. A ballot submitted by a unit owner other than the unit owner signing the ballot shall be deemed invalid.
2. A unit owner may properly vote in one of the following ways:
 - A. By submitting his or her completed, signed ballot in person at the annual meeting of unit owners.
 - B. By handing his or her ballot to a J/K Management Office employee in the office during normal business hours (Monday through Friday 7:30 a.m. to 6:00 p.m.) prior to the election. The J/K office employee shall mark off the unit owner's name as having voted and shall then deposit the ballot into the locked ballot box kept in the Management Office. No ballots may be slid under the office door, as such ballots shall be deemed invalid.
 - C. Non-resident or traveling unit owners may submit their signed and voted ballots by mail, overnight delivery service, fax (312-654-2082) or by computer (scanned and emailed to jkcondo@rcn.com). A ballot voted in this fashion must be received by the office no later than the close of business (6:00 p.m.) on the date of the election.
 - D. Resident owners who are physically incapable of getting to the Management Office or using one of the other voting methods described above should contact the Management Office to have their signed, voted ballot picked up by J/K Management Office staff and placed into the locked ballot box in the Management Office.
3. A ballot must be signed by the unit owner. Tenants or other occupants of a unit may not sign for the unit owner. If anyone other than the owner of a unit signs a ballot, it shall be deemed invalid.
4. Candidates for the Board of Directors or their representatives may not solicit door to door or in any other fashion for signed or unsigned or voted or unvoted ballots. Any violation of this procedure should be reported immediately to the Management Office. This is not intended to prevent candidates from campaigning, talking to owners about voting for specific candidates or passing out campaign literature.
5. Each ballot will contain a tear-off section which must be signed by the unit owner. The tear-off section will be removed by the Auditors at the time of the election to maintain the secrecy of the ballot. Any ballot submitted without a signed tear-off section shall be deemed invalid.

After discussion, a roll-call vote was requested, the result of which was as follows: Frances Andrews–Yes, Nancy Slattery–Yes, Betty Latson–Yes, David Beck–Yes, Tom Meyers–No, Dorsey Ruley–abstain. The motion passed.

Mr. Meyers requested that the minutes record his objection to Ms. Andrews voting by telephone. During the discussion that preceded the vote, it was established that Ms. Barnes and Mr. Beck contributed to the formulation of the procedure, much of which was included in the rules adopted by the Board earlier in the year. Mr. Meyers stated numerous objections to the procedures and questioned their benefit, to which other Board members responded, including citing previous complaints about solicitation of proxies. Ms. Barnes pointed out that the procedure is based on direct voting procedures long in use by every one of the other condominium associations in Sandburg Village. She then called the vote.

Approve Association Insurance Proposal

At Ms. Barnes's invitation, Richard Morel of Mesirow Financial presented the proposal for renewal of the Association's insurance policies, specifically addressing underwriter options for garage keepers coverage, umbrella liability coverage, and Directors and Officers liability coverage. He led the Board through the comparison of coverage from various underwriters included in his proposal. Mr. Morel then responded to questions from Board members. At Ms. Barnes's request, unit owner Sarah Leonard, a commercial property insurance underwriter, offered her comments and recommendations with regard to the proposal. Further discussion ensued about the proposed coverage and the latest appraisal of the building. **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 renewal of Association insurance policies with Mesirow Financial for the period September 30, 2010, through September 30, 2011, in the amount of \$184,585.00. After discussion, a roll-call vote was requested, the result of which was that the motion passed unanimously.

Ms. Barnes thanked Mr. Morel, and he left the meeting.

Ratify Approval of the Windows Mock-Up Installation

Upon motion duly made by Nancy Slattery and seconded by David Beck, the following resolution was made:

BE IT RESOLVED, that the Board of Directors ratify the previous vote by Board members to approve the window mock-up installation in Unit #915 as recommended by the Infrastructure and Window Design committees. A roll-call vote was requested, the result of which was as follows: Dorsey Ruley-Yes, Tom Meyers-Yes, David Beck-Yes, Betty Latson-Abstain, Nancy Slattery-Yes, Frances Andrews-Yes. The motion passed.

Ms. Latson left the meeting at 7:55 p.m.

REGULAR OPEN FORUM

Unit owner Gail Gill reported that she and Ms. Barnes spoke with a representative from Waste Management about recycling in the buildings and in other buildings in Sandburg Village. She stated that she plans to station herself in the lobby to talk to residents about their interest in recycling, and displayed some printed material about recycling provided by Waste Management that she intends to distribute. Ms. Gill quoted some recycling statistics from Waste Management's pamphlet and also ideas about creatively using waste materials. Ms. Barnes and Ms. Gill mentioned plans for a formal education session for residents followed by distribution to residents of a questionnaire about recycling. Ms. Gill stated that Waste Management will send a representative to address residents, if desired. Comments followed from Mr. Meyers and another unit owner about recycling containers and recycling efforts by food stores in the area.

Ms. Slattery brought up a continuing concern about the lock on the James House back door being taped so that the door is often not locked at night, which is a security risk. Discussion ensued about views from the security cameras in the area, about why anyone would tape the lock, and about ways to deal with the problem. Mr. Vicens stated that he and Mr. Kruger are addressing the problem.

COMMITTEE REPORTS

Pet Committee

Mr. Vicens reported on Committee chairman Carol Abrioux's recent injury, hospitalization and treatment. Ms. Barnes reported that the Committee's meeting will be rescheduled and that the results of the pet survey will be reviewed at that meeting.

Infrastructure Committee

In the absence of the Committee chairman, Duane Hickling, Ms. Barnes delivered his report. She stated that the Committee met on September 8, reviewed the contractor quotes for the balcony decking and inspected decking samples, and has made a recommendation for decking material so that a mock-up may be manufactured and tested with the new balcony threshold height. Ms. Barnes reported that the Committee toured the mock-up window installation in Unit #915 on September 19 and that the installation appears to be excellent, in that the windows and balcony door operate well and the hardware meets the requested specifications. She then listed a series of concerns and questions arising from the inspection of the mock-up that it is felt will be addressed by the contractor, by Klein and Hoffman and by Mr. Vicens, such that the Committee approved the mock-up so that Softer Lite and TRACO may proceed with shop drawings for the Phase I installation. Mr. Beck added that the screen used in the mock-up meets specifications.

Communications Committee

Ms. Barnes reported that the October newsletter will be published before the end of the month, and that the Committee will assist Ms. Demers and Mr. Vicens in creating an overall Window Replacement Project process guide for residents, including information about required pre-installation preparation and post-installation clean-up.

MANAGEMENT REPORT

Mr. Vicens reported on the following:

- All of the bicycle and pet registrations have been completed.
- The Board election schedule has been prepared and materials are being distributed to unit owners according to the schedule.
- The garage entrance ramp snow melting equipment has been installed.
- There have been three breaks in HVAC piping from the convectors to the riser pipe. The extent of damage is not yet known. This will have to be addressed in terms of a capital repair in the future.
- The Association's FHA certification will expire at the end of October, and Mr. Vicens is working with a consultant to obtain recertification. The Association is now below the 20% owner-occupancy limit, which could pose a problem with regard to recertification. Mr. Meyers mentioned having read that units rented by relatives and family friends do not count as investor units. Mr. Vicens responded that he will discuss the matter with the consultant.
- Mr. Werth and Ms. Latson have reviewed the Reserve Study with Mr. Vicens and have noted several items that require adjustment and discussion with the engineer who performed the study.
- The ComEd vault repair by Meade Electric has not yet been started. Mr. Vicens is urging action on the project. Mr. Beck noted that the arcing that occurred this summer has nothing to do with the reasons for the vault repair.

Ms. Barnes asked Ms. Andrews if she had a report from the Garage Committee. Ms. Andrews responded that there was no report and that she is at this time focusing on the budget. Mr. Meyers requested that Ms. Andrews ask Eddie Main how Standard Parking could accommodate electric vehicles in the garage.

ACTION OR DISCUSSION ITEMS continued

Approve Outlet Box and Raceway Locations for Balcony Electrical Outlet Installations

Upon motion duly made by David Beck and seconded by Tom Meyers, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the installation of an exterior electrical outlet box with blank plate and empty raceway to the nearest interior electrical outlet for all units having balconies, the outlet box for one-bedroom units to be located in the left-hand section of the paneling and the outlet box for two-bedroom units to be located in the right-hand section of the paneling, as viewed from inside the unit. After discussion, the motion passed unanimously.

The discussion preceding the vote centered on whether the cost for the outlet box and raceway installation was included in the contract, and how unit owners would arrange for the electrical connection to the new outlet boxes. At Mr. Meyers's suggestion, Mr. Vicens agreed to look into having an electrician provide the connection service for the entire building at a bulk rate.

Approve Window Replacement Project Corridor Security Proposal

Upon motion duly made by Nancy Slattery and seconded by Tom Meyers, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve awarding a contract to Guardian Security Services to provide one unarmed guard during the time that windows are being installed on each floor in James House to prevent curiosity seekers and residents who do not live in the units being worked on from entering those premises, in an amount not to exceed \$40,000.00, in accordance with its proposal dated August 24, 2010. After discussion, the motion passed unanimously.

During the discussion preceding the vote, Mr. Meyers asked about the cost of the security guard service and whether staff members could guard the floors during installation. Mr. Vicens responded that there is insufficient staff for such an undertaking, and that overtime expense would be excessive. Ms. Slattery added that uniformed guards would be more effective.

Approve Remodeling Requests

Upon motion duly made by Nancy Slattery and seconded by Tom Meyers, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the remodeling of Units #2306, #2411, #3011 and #314K, 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 inspection by the Association's Chief Engineer. The motion passed unanimously.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by David Beck and seconded by Frances Andrews, the meeting was adjourned at 8:31 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'David Beck', written over a horizontal line.

David Beck, Secretary