

**JAMES/KILMER CONDOMINIUM ASSOCIATION
BOARD OF DIRECTORS MEETING
June 28, 2011**

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, June 28, 2011, in the James House Hospitality Room, 1560 North Sandburg Terrace, Chicago, Illinois, pursuant to By-Laws.

CALL TO ORDER

Duane Hickling, President of the Association, called the meeting to order at 7:01 p.m. A quorum was present in that the following directors were present:

Frances Andrews
Judy Barnes
David Beck
Duane Hickling
Betty Latson
Dan McNamara
Tom Meyers
Dorsey Ruley
Nancy Slattery

Also present were Richard Vicens, Property Manager, Allan Werth, outgoing Site Supervisor, and James Losik, incoming Site Supervisor, of DK Condo, A Draper and Kramer Company. Barbara A. Roberts acted as Recording Secretary.

PRESIDENT'S MESSAGE

Mr. Hickling introduced James Losik of DK Condo, who will replace Allan Werth as the Association's Site Supervisor. Mr. Losik introduced himself and gave a brief history of his employment experience. Mr. Hickling welcomed him, and he and the Board thanked Mr. Werth for his many years of service to the Association.

Mr. Hickling then reported that with regard to the lateral HVAC pipes, with the cooling system now running, there has been no interruption of service. He stated that Mr. Vicens sent out requests for proposal and that five contractors have responded who will by the end of July return bids to replace the HVAC pipes. Mr. Hickling further stated that once the bids are received, they will be reviewed and a contractor will be chosen as quickly as possible.

UPDATES: WINDOW REPLACEMENT AND CONCRETE REPAIR PROJECTS

Mr. Vicens reported on the current status of the Window Replacement Project: Phase II is completed and the project is now at the 42nd floor in Phase III. No work was performed on Monday owing to predictions of severe storms. Phase III is proceeding smoothly so far, and there is less need for grinding concrete than there was on the west side of the building.

Mr. Vicens then reported on the current status of the Concrete Repair Project: Unit owners will not lose the use of their balconies for the entire summer, but there has been some delay caused by Golf Construction. There will be a meeting with representatives from Golf Construction on June 29, and they

have already been informed that residents must be allowed to use their balconies over the July Fourth weekend, even if it means that Golf Construction will have to power-wash the balconies again at its expense. A new schedule for the concrete painting is available in the Management Office.

Ms. Barnes asked about the cause of the delays. Mr. Vicens responded that weather has been a factor and that Golf workers have taken some time to get up to speed on the project. Ms. Slattery asked about the mast climber on the south side of the building. Mr. Vicens responded that it is being dismantled, and described how that process works. He added that the mast climber will be low enough by noon on Friday that the North Pool will be able to be open all day for the rest of the pool season, and that Mr. Habib, the HOA Property Manager, has so informed the pool manager from Fitness Formula Club to make sure that adequate pool staff will be available. Mr. Vicens stated that the pool hours for the remainder of the season will be posted in several locations. There was a brief discussion about posting of the various project schedules.

REGULAR OPEN FORUM

A unit owner asked if access to the roof on top of the 43rd floor ceilings can be improved so that workers do not step through the ceiling as they cross the ceiling to reach the access hatches. Mr. Vicens responded that access hatches have been created in the hallway and that planks will be installed so that workers will not have to walk on the ceiling members. Ms. Latson and Mr. Hickling added that plans are for the roof to be replaced next year.

A unit owner stated her opinion that the motion-sensitive opening device for the handicap-accessible back door is a security hazard in that the door could open if someone walks near the device, and that the device should be replaced with a pushbutton. Mr. Vicens responded that the device has three settings and that he will investigate to make sure that it is working properly so the door opens only when someone is very close to it.

A unit owner suggested that facts about what the recycling program saves be posted and changed every two weeks. Mr. Vicens responded that he will consider this. Another unit owner asked how often the recyclable materials are collected. Mr. Vicens responded that collections are made on Monday, Wednesday and Friday, and noted the increasingly enthusiastic response to the recycling program. Ms. Barnes added that there are 14 containers, that the full containers are rotated out so that there are empty ones available, and that the collection process is being monitored.

APPROVAL OF MINUTES

Mr. Beck asked if there were any additions or corrections to the minutes of the Board meeting held on May 31, 2011. Ms. Latson made a correction to the Treasurer's Report. **David Beck moved that the draft of the minutes of the Board of Directors meeting held on May 31, 2011, be approved as amended. Tom Meyers seconded the motion, and it passed unanimously.**

TREASURER'S REPORT

Ms. Latson delivered the Treasurer's Report for the period ending May 31, 2011, as follows.

Through May 2011, the Association reported total revenue of \$2.5 million, including the James House Direct Charge revenue. Excluding the Direct Charge revenue, the J/K Association reported revenue of \$2.22 million, which exceeded the budget by \$39,000.00, primarily as a result of higher garage net income.

Operating expenses were \$1,774,000.00, and were higher than budget by \$100,000.00 due to maintenance supply costs, uninsured losses and building interior repairs related to the HVAC flooding, as well as \$25,000.00 in utility bills that belong to 2010.

Through May 2011, the Association reported revenues over expenses of \$441,666.00, excluding the James House Direct Charge revenue. After the provision for capital reserves of \$554,170.00, the Association generated an operating deficit of \$112,462.00, which compares unfavorably by \$61,000.00 to the budgeted deficit of \$51,000.00.

At May 31, 2011, the operating reserve stood at \$149,240.00. The capital reserve fund stood at \$6,568,528.00, and the loan balance stood at \$2,822,417.00.

Finance Committee Report

The Finance Committee held its second meeting of the year on June 27 to discuss the Kilmer House exterior capital projects to be started this summer and the related direct charge to Kilmer House owners. The Board has selected a contractor for the Kilmer House project and the costs of the project for the most part have been determined. The Finance Committee together with Management will send out letters shortly that will provide an estimate of the direct charge for each Kilmer House unit owner. Financing for the Kilmer House project has not been determined yet. The final Kilmer House direct charge may be impacted by financing as well as a few additional factors. The Association is expected to levy the direct charge no sooner than September 2011. The Committee will attempt to provide good notification to Kilmer House unit owners.

The Committee also began a discussion on the HVAC pipe replacement project. The Board voted to make the pipe replacement program a mandatory program. An RFP has been sent out to qualified contractors for this HVAC project. The costs of the project will not be known until the bids are received, which may take 30 to 45 days. Once the costs are determined, the Finance Committee and Management will notify unit owners of the details of this project, which will result in a direct charge to unit owners. The Finance Committee is investigating whether financing will be available, so more information about that will be forthcoming once the costs have been determined. The Committee also feels that it will need to survey unit owners at some point to determine their financing needs for this project; the survey will also cover the Kilmer House project.

Mr. Beck mentioned that the Committee also discussed using some money from the Reserve Fund to help pay for the HVAC pipe replacement. Ms. Latson agreed that that was discussed, but cautioned that it is not yet known how much of the Reserve Fund may be set aside for that purpose, and that the Committee is considering whether some proposed reserve projects can safely be delayed. Ms. Latson also referred to her remarks in the newsletter about unit owners commenting on what appears to be a sizable balance in the Reserve Fund, reminding them that the balance will be substantially reduced

when all of the current and necessary future projects, such as the roof replacement, are paid for. She reiterated that the Finance Committee will thoroughly review possible contributions from the Reserve Fund to help pay for the HVAC pipe replacement since this project will affect unit owners in both James House and Kilmer House.

COMMITTEE REPORTS

Infrastructure Committee

Mr. Hickling stated that the Infrastructure Committee has not met since May 16, but that it will meet once bids from contractors for the HVAC pipe replacement project are received so it may review the bids and get information about bid details and constructability issues.

Pet Committee

Carol Abrioux referred to the revised pet rules and general information sheet distributed to the Board members, and related a brief history of the activities of herself and Betsy Ruley in the last decade with regard to the rules, the dog runs, and other pet-related matters. She noted especially that for many years, the pet "rules" also included information and policies, which needed to be removed and published separately from the actual rules. Ms. Abrioux stated that the recent survey about pets helped the Committee to revise the rules to make them clear and enforceable, including specific information about fines for infractions. She suggested that letters be sent to renters to apprise them of the revised rules, and that owners be reminded to send to the Management Office letters permitting those of their tenants who want pets to have them in the rented units. Ms. Abrioux then thanked her co-Chair, Betsy Ruley, and the other members of the Committee: Hy Brandelstein, Barbara Grodzins, Marcie Johnson, Pat McGuire, Deborah Moreno, and Nancy Slattery, the Board liaison. Mr. Beck asked Ms. Abrioux to provide details about the changes to the rules, and she did so. She then listed some items that have been moved to general information. Mr. Beck suggested publishing the new rules in such a way as to show the changes that were made. Mr. Hickling advised waiting to decide this until a vote is taken on the pet rule action item on the agenda.

Web Site Committee

Ron Miller reported that the Web site continues to be used and that the program used for points of contact and updates is working well. He further reported that the HOA minutes to date for 2011 have been published on the site. Mr. Hickling commented that the Web site is an excellent tool.

Technology Task Force

Ms. Slattery reported that the Task Force met recently and reviewed all the information received to date from the cable TV providers contacted so far, acknowledging the diligent efforts of Task Force member Frank Sokol and Mr. Vicens. She further reported that Mr. Ruley has provided the name of another provider, from which Mr. Vicens is obtaining information, and that Mr. Sokol has asked RCN to review its proposal to see if it can be more competitive. Ms. Slattery stated that once all of the information is obtained, the Task Force will meet again to talk with selected providers, and hopes to be able to make a recommendation to the Board at its July meeting. She stated that this will give enough time to give adequate notice to a new provider, if one is chosen, to run its system parallel with RCN's and to RCN to cancel its service, adding that if a new service is chosen, residents will need time to change their Internet service, e-mail addresses and so forth. In response to a question from Ms. Andrews, Mr. Vicens stated that there would be no up-front cost to the Association to change the wiring if a new provider is chosen. In response to a question from Ms. Latson, Mr. Vicens stated that units would have to be entered to install new wiring parallel to RCN's. He also reported on the information that he sent to the Task Force members about results of his calls to providers.

Communications Committee

Ms. Barnes reported that the June newsletter has been published and distributed, and reminded those present to provide updated contact information to the Management Office. Mr. Beck suggested posting a reminder, and Ms. Barnes agreed. Ms. Andrews asked what needs to be done if one's contact information has not changed. Mr. Vicens responded that the contact information form must be given to the Management Office even if there has been no change – perhaps marked “No Change” – because Management would not necessarily know this if the form is not returned. A unit owner suggested making copies of the form and placing them on the mail room tables, and Ms. Barnes mentioned that the form is available on the Web site.

HOA Report

Marcie Johnson reported that HOA Management has posted new signs throughout the Village mall areas and the Germania Place median reminding dog walkers to keep dogs off the grass. She also reported that an additional security guard will patrol the areas, randomly stopping dog walkers whose dogs are off leash or on the planted areas to remind them about the Village's rules, all in an attempt to keep the areas clean, preserve the grass and plantings, and keep down the rat population. Mr. Beck added that signs have also been placed on the LaSalle dog runs. Ms. Barnes thanked the HOA representatives for the planters at the front entrance.

Garage Committee

Ms. Andrews reported that garage revenues have increased, but that Diamond Bank will no longer use the garage, for undisclosed reasons, reducing gross revenue by \$800.00 per month.

MANAGEMENT REPORT

Mr. Vicens reported briefly on the following:

- Nichelle Meadors, the Assistant Property Manager, will be absent for a while as she is donating a kidney.
- A rental resident is moving into James House with a certified service dog that exceeds the Association's weight limits; the resident has assured Management that she will adhere to all of the Association's rules about dogs, such as use of the service elevator only, etc.
- Excavation work is expected to begin on the ComEd service vault on July 6 if the traffic lanes are in place. Meade Electric has been working on the interior of the vault for several days. The project is expected to require four to six weeks to complete after excavation. The area west of the fountain will be closed off with fencing and Jersey barriers, and a survey company will mark out the lanes with divider material and place bollards where needed. Meade Electric has applied to the City to close the outbound lane of Germania Place to provide an area to store compressors and other equipment and trucks. It is expected that this will create problems with parking in the area, particularly with regard to the mothers dropping off and picking up children from the school. A lengthy discussion ensued about parking and traffic problems in the area, including congestion, especially in the morning hours, exacerbated by the various work crews in the area and delivery and garbage trucks, as well as the school mothers who drop off children and then leave their vehicles in the James House entrance area while they are having coffee; Mr. Vicens stated that he can engage a tow truck to deal with this problem if necessary. Mr. Ruley suggested asking the Police Department to post an officer in the area, and also suggested asking the City to restrict parking on southbound Clark Street. Ms. Andrews asked that numerous people call Alderman Reilly's office about the issue. Mr. Hickling suggested asking Alderman Reilly to hold a meeting with representatives of the construction and installation companies to attempt to work out how to solve the anticipated traffic problems as they arise. Ms. Slattery and Ms. Johnson commented that other schools in the area do not allow drop-off parking but rather that children are dropped off and are

escorted into the schools by school employees or older children. Ms. Andrews reiterated that the alderman must be contacted to coordinate with the City for parking enforcement on Clark Street and traffic management, especially if eastbound Germania Place is closed. Further discussion ensued about ways that older children, perhaps from the Latin School, might safely escort young children to the day school, and about how the Latin School handles its traffic situation, including having a police officer present to guide traffic in the morning.

ACTION OR DISCUSSION ITEMS

Status of Leasing Requirements

Mr. Beck stated that there are two options sanctioned by the Declaration with regard to leasing, and that one is to require the use of a lease form supplied by the Association; Mr. Vicens confirmed that such a lease is a standard, uniform Apartment Building Owners and Managers Association (ABOMA) lease for condominium rentals that would not require extensive review by Management staff. Mr. Meyers stated that the lease does not cover everything and might require addenda or amendments. Mr. Vicens stated that copies of the existing lease will be distributed to Board members for review. A unit owner asked about incorporating pet rules; Mr. Beck stated that the lease would include an obligation to abide by all Association rules, which would be supplied by the unit owner. Discussion ensued. Mr. Beck stated that the other option included in the Declaration is that the renting owner pay to the Association a security deposit of up to four months rent, adding that such deposits would be held in a separate account and not be counted as income to the Association, and he asked that the Board members consider this and let him know what they think about it. He added that there have been some concerns about irresponsible renters. Ms. Andrews stated that the Board should consider more comprehensively the entire issue of renting, and Mr. Beck added that the Association has the right to limit the number of rentals in the building, and that he would consult with the Association's attorney about how this may be done. Discussion ensued about problems with owners who rent their units, and Mr. Werth stated that the Declaration may be amended, following the usual rules, to limit the number of renters permitted, but that this may be difficult to do. Mr. Beck stated that Mr. Vicens will distribute to Board members a copy of the proposed lease, and that he would appreciate feedback from Board members on the issue of requiring security deposits from renting owners.

Approve Laundry Room Service Contract

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 awarding a license agreement to Universal Laundries for a five-year term, to provide Laundry Room equipment and services, in accordance with its proposal dated June 23, 2011.
After discussion, Mr. Beck withdrew his motion.**

During the discussion, Mr. Meyers asked why laundry fees are being raised 100%, and Mr. Vicens responded that the Association's current fees are not at market level, and that the percentage of laundry revenue paid to the Association by the vendor is based on the monies that it collects. He further stated that the proposal from Universal Laundries includes replacing all of the laundry equipment and remodeling the James House Laundry Room at no charge to the Association, and referred to the list in the proposal of the equipment to be provided. A lengthy discussion ensued about the number and type of laundry machines to be installed and the proposed fees, including the timing in the budget year of the imposition of new fees. Discussion then turned to the length of time that the Laundry Room would be out of service during the remodeling and installation of new equipment. Mr. Hickling brought up the

issue of the number of contractors already working on the building and the ComEd vault, and Mr. Vicens provided an approximate timeline for the Laundry Room work to be done. Ms. Slattery asked if the old equipment needs to be replaced, and Mr. Vicens responded that the contract with Universal Laundries actually expired at the end of September 2010, and has continued on a month-to-month basis since that time, and that several machines have been breaking down regularly. Mr. Beck asked if the project can be postponed until the fall or later. After further brief discussion, Mr. Vicens suggested that the project be postponed until January 2012, after the other projects have been completed, if Universal Laundries agrees, and Ms. Latson noted that the new fees can then be appropriately incorporated into next year's budget by the Finance Committee. Mr. Beck withdrew his motion but suggested that the Board monitor the matter month to month because equipment does continue to break down; the Board agreed.

Approve Distribution of Revised Pet Rules to Unit Owners

Upon motion duly made by Frances Andrews and seconded by Tom Meyers, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the distribution to unit owners of the revised Pet Rules dated June 2011 as developed and recommended by the Pet Committee. After discussion, the motion passed unanimously.

During the discussion preceding the vote, Mr. Beck asked about policy changes that appear to be rule changes, and also emphasized that the version of the revised Pet Rules to be distributed should give a clear indication of the changes to the old rules, perhaps in a red-lined document or an executive summary. He also suggested a rewording of the section about fines and actions to be taken in the event of infractions of the rules. Mr. Hickling noted the importance of being consistent in response to infractions, and Ms. Barnes added that it is important that residents be clearly informed of the actions that will be taken when pet rules are not followed. Discussion ensued about what constitutes a resident's violation of the rules, as opposed to simply an "accident" on the part of the pet, and how the Board may impose penalties. Further discussion ensued about suggested changes to the revised Pet Rules and how they may be conveyed to unit owners. The Board agreed that an executive summary highlighting the changes will be suitable. Ms. Andrews suggested a change in the wording of one of the rules. Further changes were suggested and further discussion ensued about the weight limit for dogs and under what circumstances dogs should be weighed. Mr. Meyers asked to see the changes before the revised rules are distributed, and the Committee members agreed to distribute the re-revised rules to the Board before distributing them to the unit owners, asking that Board members review them as quickly as possible.

Approve Waiver of Weight Limit Rule for Service Dog

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 waiver of the Pet Rules' 40-pound weight limit for dogs in favor of a service dog named "Willow" to be used by a resident of James House. After a brief discussion, the motion passed unanimously.

Prior to the vote, Ms. Andrews asked if the Board must approve every exception to the weight limit rule, and was told that it must, to ensure that proper procedures are followed and that Management has the backing of the Board.

Approve Remodeling Applications

Upon motion duly made by Judy Barnes and seconded by Tom Meyers, the following resolution was made:

BE IT RESOLVED, that the Board of Directors approve the remodeling of Units #507, #909, #2712, #112K, and #410K, 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 Assistant Chief Engineer. The motion passed unanimously.

Approve Sanction Against Unit Owner

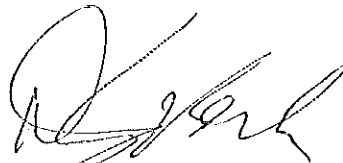
Upon motion duly made by David Beck and seconded by Tom Meyers, the following resolution was made:

BE IT RESOLVED, that the Board of Directors take action against a particular unit owner for a pet rules violation, as discussed in the Executive Session that preceded this meeting. The motion passed unanimously.

ADJOURNMENT

There being no further business to come before the Board, upon motion duly made by David Beck, seconded by Tom Meyers, and passed unanimously, the meeting was adjourned at 9:05 p.m.

Respectfully submitted,

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

David Beck, Secretary