



# Park Tower CONDOMINIUM ASSOCIATION

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December 26, 2017

## NOTICE OF SPECIAL MEETING OF THE UNIT OWNERS TO DISCUSS PROPOSED BUDGET FOR 2018-2019

To be held Monday, January 8, 2018, 7:30 p.m., in the 2<sup>nd</sup> Floor Party Room

Adoption of budget to be considered at Board Meeting, Monday, January 22, 2018, 7:30 p.m.

Dear Fellow Owners,

Enclosed for your review is the proposed annual budget for the fiscal year March 1, 2018 to February 28, 2019, as presented by Management and reviewed and edited by the Budget and Finance Committee and the Board of Directors. The initial draft was reviewed line item by line item, on three consecutive Saturdays in November. Under consideration is a planned increase of 3.5% in assessments. We also expect an increase of the cable/internet charge to \$45.61 per unit per month. We maintain our long term goal of managing our operations without the need for a Special Assessment and keeping a 3.5% lid on assessments which is below the historic average annual increase of assessments. Some changes to ancillary fees and charges are being proposed. This includes an increase of the guest parking coupons from \$8 to \$12 in the market. The reason for this change is because of how city parking taxes need to be processed, and to encourage purchasing coupons through the office, where they will cost \$9 and can be better tracked and deducted for tax purposes. Other changes considered are as follows:

Washers in Laundry Room	Increase 25¢ per load for light/normal wash
Late Fee	Increase \$15 (from \$60 to \$75)
Parking Charges (Valet and Self-Park 1P and 2P)	Increase \$5/month (from \$125 to \$130)
Guest Coupon (Office)	Increase \$1 (from \$8 to \$9)
Guest Coupon (Market)	Increase \$4 (from \$8 to \$12)

The proposed budget also demonstrates our continued commitment to maintain a healthy structure by planning repairs, improvements and replacements when reasonably necessary. We prepare for the coming year by closely following guidance from Management and the 2016 Reserve Study update. This includes budgeting to maintain a healthy reserve fund. Major projects in 2018-2019 and their projected costs include:

HVAC System Repairs and Replacements	\$490,900
Plumbing System Repairs and Replacements	\$61,000
Riser Projects	\$600,000
Pool Area Door Replacements	\$35,000
2 <sup>nd</sup> Floor Deck Planters Phase 2	\$175,000
Garage Engineering Survey	\$25,500
Mailroom Renovations	\$102,000

The proposed budget includes an increase in projected annual income of \$207,800 for total income of \$6,888,600. Approximately \$172,100 of that increase is accounted for by the adjustment in assessments. The bulk of the balance in the increase comes from cable/internet, and income from parking operations.

Total proposed non-reserve operating expenses are \$5,248,500. The proposed annual reserve contribution is increased \$63,100 to \$1,640,100. We presently expect total reserve expenses for the year of approximately \$1,489,400.

This proposal represents the best efforts of Management, the Budget and Finance Committee, and the Board to anticipate general expenses for the coming year, and future needs to operate and maintain the building responsibly and efficiently. All our anticipated reserve projects are listed under the section "RESERVES" on the proposed budget page 3. We have continued our focus on increasing our annual budgeted contribution to the reserve, with the goal of meeting forecasted physical and structural needs for the building. A professional reserve study update was completed in 2016 by Reserve Advisors, who proposed a minimum annual contribution of \$1,600,000 gradually increasing annually to \$1,900,400 through 2022. We stay reasonably close to these recommendations, while balancing changes in anticipated needs. As a big focus of past Boards, this line item underscores a continued key fiscal challenge for the Association. As Park Tower ages, more attention will be needed to the structure to responsibly maintain it.

It remains our goal to budget as solidly as we can to plan for any foreseeable expense, while accepting and understanding that unknown conditions may arise and require our attention. We believe continuing to strengthen our reserve cash flow while keeping up with expenses, and preparing for unknowns, will help the Association remain strong and keep the Association in a healthy position both physically and financially.

**Please join us at a Special Meeting to discuss the proposed budget on Monday, January 8, 2018, at 7:30 p.m. in the 2<sup>nd</sup> floor Party Room.** After hearing from fellow owners, we will consider the enclosed proposed budget for adoption at the Board Meeting scheduled for Monday, January 22<sup>nd</sup>. All owners are welcome and strongly encouraged to attend and participate in the discussion.

Sincerely,



Michael Parrie  
Board President  
Park Tower Condominium Association