



Park Tower CONDOMINIUM ASSOCIATION

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December 20, 2021

NOTICE OF SPECIAL MEETING OF THE UNIT OWNERS TO DISCUSS PROPOSED BUDGET FOR 2022-2023

To be held Monday, January 10, 2022, 7:30 p.m., in the 2nd Floor Party Room

Adoption of budget to be considered at Board Meeting to follow Special Meeting (Monday, January 10)

Dear Owner,

Please find enclosed for your review the proposed annual budget for the fiscal year March 1, 2022 to February 28, 2023, as presented by our Management team, and reviewed and edited by the Budget and Finance Commission and the Board of Directors. An initial draft was reviewed line item by line item, on two consecutive Saturdays and following the auditor's meeting on Monday November 22nd. **Under consideration is a planned increase of 3.9% in assessments.** Similar to last year, this current year has been extremely difficult due to the long-lasting effects of the pandemic and the limited supply and increased prices of metals, electronics, and other parts and materials.

Over the past eleven years, the Board has been successful in keeping assessment increases capped at no more than 3.5%. However, as you have probably noticed, our world is looking a lot different nowadays and that percentage is no longer realistic. For example, you see the limited numbers of workers and higher prices of goods. Some supplies used at Park Tower are going up 10% to 20% or more in some cases. Using available data, the Consumer Price Index for All Urban Consumers increased 6.2% from October 2020 to October 2021, the largest 12-month increase since the period ending November 1990. Prices for all items, less food and energy, rose 4.5% over the last 12 months, the largest increase since the period ending August 1991. Energy prices rose 30.0% over the last 12 months. (Source: <https://www.bls.gov/cpi/>) In a similar manner, the Social Security Administration is increasing its cost-of-living adjustment (COLA) for the first time by 5.9% in 2022. Over the past ten years, the COLA has ranged from 0% (in 2015) to an increase of 2.8% (in 2018). (Source: <https://www.ssa.gov/oact/cola/colaseries.html>). Changes in just the past few months have demonstrated how we can no longer cling to an outdated model of the economy for what to expect.

The Board must be fiscally responsible to our building that is 47 years old and prepare ourselves for difficult times ahead. We must compensate for higher prices as well as continue to build our reserves so that we maintain our status as a NO SPECIAL ASSESSMENT building while maintaining a positive living experience for all residents. In fact, the increased cost for goods and services has prompted the Board and Management to move up our Reserve Study update one year, to the upcoming year, so that we have a better understanding of the ramifications of our changing economy will have for our next budget 2023-2024. The findings from that professional study may recommend we contribute even more to the reserves in future years.

Complicating matters further are events surrounding the condo collapse in Florida. We've learned through legal opinions, the mortgage market will be tightening when it comes to condo associations and coops. We've been told to expect more invasive scrutiny on our financials and physical condition, so much so that it could seriously hamper sale and refinance opportunities. If their opinion is that the building is underfunded or not properly cared for, it could prevent financing opportunities through traditional markets. Fortunately for Park Tower Owners, we've been told our history of NO SPECIAL ASSESSMENTS and our pace and attention to performing Reserve Studies is a big plus. Because of this, the present Board is committed to being vigilant and properly funding for all needs, big and small, indefinitely, and not being afraid to take on big projects when the work is needed.

Besides assessments, we are increasing some fees and rates for ancillary services. Despite the higher cost of water, we did not make an increase in laundry room rates last year, but find that we must do so this year. Keeping

in mind, maintaining the laundry room requires all our utilities – water, gas, and electric. Rates will increase 5% to the nearest .00 or .05, with a 5 cent minimum, as follows:

TOP LOAD WASHERS	FRONT LOAD WASHERS	30# FRONT LOAD WASHERS
Regular (from \$1.75 to \$1.85)	Regular (from \$2.00 to \$2.10)	Regular (from \$2.75 to \$2.90)
Medium (from \$1.90 to \$2.00)	Medium (from \$2.15 to \$2.25)	Medium (from \$2.90 to \$3.05)
Heavy (from \$2.05 to \$2.15)	Heavy (from \$2.30 to \$2.40)	Heavy (from \$3.05 to \$3.20)
STACK DRYERS		30# TUMBLER DRYERS
45 minutes (from \$1.25 to \$1.30)		20 minutes (from 50¢ to 55¢)
Additional 10 minutes (from 25¢ to 30¢)		Additional 10 minutes (from 25¢ to 30¢)

Regarding parking, this is the third year in a row we are raising parking rates. We have found our parking charges to be in the middle range of other area garages, neither being excessively high nor too low. Furthermore, we just completed a two-year garage membrane project to keep the self- and valet-parking amenity in excellent shape for at least the next ten years. The Board does not intend assessments to cover all the expenses of the garage. You will notice too, the addition of parking spaces which will be able to accommodate charging stations and requests from residents interested in this green option. To start, ten spaces on 2P (north wall) will have outlets dedicated to this charging, with ability to add more along the wall dependent on interest. The association will recoup the expense to install the outlets via a new fee.

We are raising the condo questionnaire fee due to the amount of time it takes Management to fill out these lengthy forms (some as long as 12 pages!) for purchases or refinances. Owners and prospective buyers can avoid this fee by accepting the 22.1 Disclosure which has most, if not all, of the required information.

Next month, we celebrate our two-year anniversary with The Habitat Company serving as managing agent. Last year, we added a \$1 monthly charge to anyone who wanted a printed assessment statement mailed to their residence. Thankfully many people moved to electronic statements. However, those who continue to desire printed statements mailed will see an increase by \$1 for a total of \$2 per month. Once again, in order to avoid this charge, please sign up for electronic statements.

Here is a list of the changes in most other rates and fees:

Valet Parking	Increase \$5 (from \$140 to \$145)
Self-Parking	Increase \$5 (from \$140 to \$145)
Premium Parking	Increase \$5 (from \$155 to \$160)
Guest Parking Stickers	Increase \$1 (from (\$9 to \$10 in office or \$12 to \$13 in market)
Tandem Parking	Increase \$2.50 per vehicle (or \$5 for the one spot, from \$230 to \$235)
Commercial Day Parking	Increase \$5 (from \$185 to \$190)
Hourly Parking	Increases \$2 for each category (1 hour \$14 to \$16, 1-3 hours \$16 to \$18, 3-6 hours \$20 to \$22, 6 to 8 hours \$24 to \$26, 8 to 24 hours \$38 to \$40)
New Electrical Charging Space Parking Year 1	\$1,000 upfront payment, or \$100 per month You pay for metered electricity + regular parking space rate
Years 2 and 3	\$500 upfront payment, or \$50 per month You pay for metered electricity + regular parking space rate
Year 4 and beyond	You pay for metered electricity + regular parking space rate
Condo Questionnaire	Increases \$150 (from \$100 to \$250)
Monthly Statement Printing Fee	Increases \$1 (from \$1 to \$2)
RCN Bulk Cable/Internet	Increases \$4.45 (from \$53.43 to \$57.88) – note that the bulk of this is a \$2.50 municipal broadcast station surcharge

On a positive note, we are budgeting for and hoping to return to the annual Independence Day celebration that so many of us have enjoyed over the years. Of course, this is dependent on the status of the pandemic and whether or not we have enough volunteers to make it run smoothly and safely.

We prepare for the coming year by closely following guidance from Management and the 2020 Reserve Study. Reserve Advisors proposed an increased minimum annual contribution in 2022-2023 of \$1,993,100 gradually increasing annually to \$2,094,100 through 2024. We stay reasonably close to these recommendations adjusting only for the actual cost of projects. For example, the Garage Project came well under budget, so reserve funding was adjusted based on that savings. Major projects over \$50,000 in 2022-2023 and their projected costs include:


North Driveway Resurfacing (our portion cost separate from 5445)	\$53,800
Heat Exchangers	\$105,500
Pool Area Roof and Skylight	\$119,800
Hallway Project Mock-ups	\$66,800
Life Safety Control Panel	\$67,900
Riser Projects	\$555,000
Cardio Room Equipment	\$55,000
HVAC Coils and Dampers	\$169,000
Pool Area and Walkway Flooring	\$104,000
2 nd Floor Deck Repairs	\$65,000
Roof Lighting Project	\$63,000

This proposed budget includes an increase in projected annual income of \$337,600 for total income of \$7,934,600. Approximately \$218,700 of that increase is accounted for by the adjustment in assessments. Total proposed non-reserve operating expenses are \$7,934,600. The proposed annual reserve contribution is increased to \$1,794,800. We presently expect total reserve expenses for the year of approximately \$1,785,700. Overall, it is the Board's unanimous determination that we continue a healthy and responsible reserve fund balance relative to anticipated expenses.

Management, the Budget and Finance Commission, and the Board reviewed the proposed budget and worked together to consider general expenses for the coming year, and future needs for effective and efficient operations and responsible maintenance of the building. 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 now and in the long term.

Please join us at a Special Meeting to discuss the proposed budget on Monday, January 10, 2022, at 7:30 p.m. in the 2nd Floor Party Room. After hearing from fellow owners, the Board will consider the enclosed proposed budget for adoption at the Board meeting to immediately follow. While being socially distant and with face coverings, all owners are welcome to attend and participate in the discussion.

Sincerely,



Michael Parrie
Board President
Park Tower Condominium Association

