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**Funding Reserve Analysis**  
*for*  
**Park Tower HOA 2011 Financial Update**

October 18, 2011



Park Tower

# Funding Reserve Analysis

for

# Park Tower HOA 2011 Financial Update

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October 18, 2011

Ms. Terri Kenyon - Community Manager  
 Kenyon and Associates, Inc.  
 645 Sierra Rose. Suite 105A  
 Reno, Nevada 89511

Subject: Park Tower HOA 2011 Financial Update

Ms. Kenyon,

Resource 1 BC is pleased to present to Ms. Terri Kenyon the requested Reserve Funding study. We believe that you will find the attached study to be thorough and complete. After you have had an opportunity to review the report you may have questions. Please do not hesitate to write or call - we would be pleased to answer any questions you may have.

**Project Description**

Park Tower is located at 280 Island Avenue in Reno, Nevada. The project consists of 88 units. The Association maintains the building exteriors, interior hallways, lobby, mail boxes, laundry room, office, patio area, emergency stairwell, elevators and mechanical workings. The tile floor in the lobby areas, hallways and laundry room have an economic life in excess of 50 years and are not included in this reserve study. The trash chutes have been abandoned. The entry metal trellis belongs to the City of Reno. The lighting, small HVAC and planters have been take out of this reserve study as they are managed from the operational budget.

As per NRS 116, a financial update to the reserve study, without a site visit, is required annually and a new reserve study, with a site visit, is required every five years, which would be October 2014.

**Depth of Study**

Reserve Study Update without Field Inspection A field inspection of the facility improvements was not made for this reserve study. Substantial reliance was placed on the previous reserve study supplied by the client, which was prepared by Resource 1 BC and dated November 10, 2009.

**Summary of Financial Assumptions**

The below table contains a partial summary of information provided by Ms. Terri Kenyon for the Park Tower HOA 2011 Financial Update funding study.

<i>Reserve Study by Calendar Year Starting</i>	<i>January 1, 2011</i>
<i>Funding Study Length</i>	<i>30 Years</i>
<i>Number of Assessment Paying Members</i>	<i>1</i>
<i>Reserve Balance as of January 1, 2011<sup>1</sup></i>	<i>\$372,512</i>
<i>Annual Inflation Rate</i>	<i>2.02%</i>
<i>Tax Rate on Reserve Interest <sup>2</sup></i>	<i>30.00%</i>
<i>Minimum Reserve Account Balance</i>	<i>\$0</i>
<i>Assessment Change Period</i>	<i>5 Years</i>
<i>Annual Operating Budget</i>	<i>\$0</i>

<sup>1</sup> See "Financial Condition of Association" in this report.

<sup>2</sup> Taxed as an IRS exempt association

**Reserve Study Assumptions**

- Cost estimates and financial information are accurate and current.
- No unforeseen circumstances will cause a significant reduction of reserves.
- Sufficient comprehensive property insurance exists to protect from insurable risks.
- The association plans to continue to maintain the existing common areas and amenities.
- Reserve payments occur at the end of every calendar month.
- Expenses occur at the end of the expense year.

**Initial Reserves**

Initial reserves for this Reserve Study were known to be \$372,512 on January 1, 2011. Based upon a study start date of January 1, 2011 a total of 0 days of accrued interest at 0.50 percent per annum were compounded to yield an initial reserve balance of \$372,512.

The implicit assumption has been made that the reserve accounts were not drawn down between the date of the known reserve balance and the study start date.

**Recommended Payment Schedule**

The below table contains Resource 1 BC recommended schedule of payments for the next five years. Failure to follow the proposed schedule of payments may result in inadequate reserve funds. As per NAC 116.425 [g].The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association.

**Proposed Assessment Schedule**

Calendar Year	Member Monthly Reserve Assessment	Monthly Reserve Assessment	Annual Reserve Assessment	Proposed Reserve Balance
2011	\$6,781.39	\$6,781	\$81,377	\$363,988
2012	\$6,781.39	\$6,781	\$81,377	\$338,134
2013	\$6,781.39	\$6,781	\$81,377	\$420,825
2014	\$6,781.39	\$6,781	\$81,377	\$485,896
2015	\$6,781.39	\$6,781	\$81,377	\$512,606
2016	\$6,781.39	\$6,781	\$81,377	\$594,214

**Financial Condition of Association**

The Park Tower Association is in good financial condition for the age for the project.

**State of Nevada Ombudsman NRS 116.31152**

The State of Nevada Ombudsman Office has indicated that Associations with under funded reserve studies will have to be fully funded in the next three to five years. What does this mean for an Association with an under funded reserve study? This means that the difference between the depreciated values of the components of the reserve study will have to equal the cash in the reserve account of the Association. A summary total of the depreciated value of the components can be found at the end of the Present Cost Report in this reserve study. The shortage in the reserve account can be made up over the next three to five years or paid by a one time special assessment. The executive board members should determine the best course of action and inform the membership. The plan or the explanation of how the association is going to bring this reserve balance to the depreciated value of the components is required to be in a statement on the annual reserve form filed with State of Nevada Ombudsman office. The plan must be followed.

NRS 116.31152 3. The study of the reserve must include, without limitation: (b), after subtracting the reserves of the association as of the date of the study, and an estimate of the funding plan that may be necessary to provide adequate funding for the required reserves.

NRS 116.31036 3. If a member of an executive board is named as a respondent or sued for liability for actions undertake in his

role as a member of the board, the association shall indemnify him for his losses or claims, and undertake all costs of defense, unless it is proven that he acted with willful or wanton misfeasance or with gross negligence. After such proof, the association is no longer liable for the cost of defense, and may recover costs already expended from the member of the executive board who so acted.

#### **NAC 116.415 Contents of budget to maintain reserves**

NAC 116.415 Contents of budget to maintain reserve. (NRS 116.31151, 116.615) An executive board shall, in addition to the requirements set forth in paragraph (b) of subsection 1 of NRS 116.31151, include in the budget to maintain the reserve:

1. An estimate of the amount of reserve funds necessary in the projected fiscal year, based on comparative bids or industry standards, to complete the repairs, replacement or restoration of the major components as recommended in the reserve study; and
2. Whether there is a difference between the amount of the annual contribution suggested in the reserve study and the amount of the annual contribution for the current budget year and, if so:
  - (a) The reason for the difference; and
  - (b) How this difference is proposed to be resolved.

(Added to NAC by Comm'n for Common-Interest Communities by R129-04, eff. 4-14-2005)

#### **State of Nevada Annual Association Registration**

The State of Nevada Real Estate Division requires an Annual Association Registration to be filed with the Ombudsman every year. The form can be obtained from this link: <http://red.state.nv.us/forms/562.pdf>

#### **Date of Physical Inspection**

Park Tower HOA 2011 Financial Update HOA was physically inspected by Resource 1 BC on October 21, 2009.

#### **Governing Documents**

A review was not made of the CCR's (conditions, covenants and restrictions) governing documents.

#### **Inflation Rate**

This rate used in this reserve study is 2.69 percent.

#### **Crude Oil Price**

On March 9, 2011, the price of crude oil closed at \$104.98 per barrel. As this price continues to rise or fall, the price of petroleum based products, such as asphalt, slurry seal and roofing will also be increased or decreased.

#### **Reserve Funding Goal**

The reserve fund goal is a minimum account balance consistent with the cash demands of maintenance and replacement of reserve items. (Baseline Funding)

#### **Study Method**

Funding studies may be done in several ways, but we believe that the value of a funding study lies in the details. "Bulk" studies are quick, usually inexpensive, and almost always border on worthless. We believe that meaningful answers to funding studies lie in the details. In this study, we have used the "Component" method because it is the only method which allows scrutiny of the funding details. The method is pragmatic, and allows human judgement and experience to enter into the equation.

Unless noted otherwise, the present cost of every reserve item in this report has been estimated using the "National Construction Estimator", a nationally recognized standard, and modified by an area cost adjustment factor. Where possible, known costs have been used. In addition, every reserve item has been given an estimated remaining useful life, an estimated useful life when new, and has been cast into the future to determine the inflated cost.

Equal annual payments are calculated for each reserve item based upon a payment starting year and a payment ending year

using the end of period payment method. Interest earned on accumulated reserve funds and taxes on the reserve interest are also calculated. Initial reserve funds are consumed as expenses occur until fully depleted, reducing annual reserve payments to a minimum. As you review this report, we are certain that you will appreciate the level of detail provided, allowing you to review each reserve item in detail.

### **Impact of Component Life NAC 116.425 (g)**

"The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association."

### **Major Component of the Common Elements Defined NRS 116.0605**

"Major component of the common elements" means any component of the common elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of an association."

### **NRS 116**

NRS 116.31151 Annual distribution to units' owners of operating and reserve budgets or summaries of such budgets. 1. Except as otherwise provided in subsection 2 and unless the declaration of a common-interest community imposes more stringent standards, the executive board of an association shall, not less than 30 days or more than 60 days before the beginning of the fiscal year of the association, prepare and distribute to each unit's owner a copy of: (a) The budget for the daily operation of the association. The budget must include, without limitation, the estimated annual revenue and expenditures of the association and any contributions to be made to the reserve account of the association. (b) The budget to maintain the reserve required by paragraph (b) of subsection 2 of NRS 116.3115. The budget must include, without limitation: (1) The current estimated replacement cost, estimated remaining life and estimated useful life of each major component of the common elements; (2) As of the end of the fiscal year for which the budget is prepared, the current estimate of the amount of cash reserves that are necessary, and the current amount of accumulated cash reserves that are set aside, to repair, replace or restore the major components of the common elements; (3) A statement as to whether the executive board has determined or anticipates that the levy of one or more special assessments will be required to repair, replace or restore any major component of the common elements or to provide adequate reserves for that purpose; and (4) A general statement describing the procedures used for the estimation and accumulation of cash reserves pursuant to subparagraph (2), including, without limitation, the qualifications of the person responsible for the preparation of the study of the reserves required by NRS 116.31152. 2. In lieu of distributing copies of the budgets of the association required by subsection 1, the executive board may distribute to each unit's owner a summary of those budgets, accompanied by a written notice that: (a) The budgets are available for review at the business office of the association or some other suitable location within the county where the common-interest community is situated or, if it is situated in more than one county, within one of those counties; and (b) Copies of the budgets will be provided upon request. (Added to NRS by 1999, 2993; A 2003, 2241) NRS 116.31152 Study of reserves; duties of executive board regarding study; qualifications of person who conducts study; contents of study; submission of study to Commission; regulations regarding study; use of money credited against residential construction tax for upkeep of park facilities and related improvements identified in study. 1. The executive board of an association shall: (a) Cause to be conducted, at least once every 5 years, a study of the reserves required to repair, replace and restore the major components of the common elements; (b) Review the results of that study at least annually to determine if those reserves are sufficient; and (c) Make any adjustments it deems necessary to maintain the required reserves. 2. The study of the reserves required by subsection 1 must be conducted by a person who is qualified by training and experience to conduct such a study, including, without limitation, a member of the executive board, a unit's owner or a community manager who is so qualified. The study of the reserves must include, without limitation: (a) A summary of an inspection of the major components of the common elements that the association is obligated to repair, replace or restore; (b) An identification of the major components of the common elements that the association is obligated to repair, replace or restore which have a remaining useful life of less than 30 years; (c) An estimate of the remaining useful life of each major component identified pursuant to paragraph (b); (d) An estimate of the cost of repair, replacement or restoration of each major component identified pursuant to paragraph (b) during and at the end of its useful life; and (e) An estimate of the total annual assessment that may be required to cover the cost of repairing, replacement or restoration of the major components identified pursuant to paragraph (b), after subtracting the reserves of the association as of the date of the study. 3. The results of the study of the reserves required by

subsection 1 must be submitted to the Commission not later than 45 days after the date that the executive board of the association adopts the results of the study. 4. The Commission shall adopt by regulation the qualifications required for conducting the study of the reserves required by subsection 1. 5. If a common-interest community was developed as part of a planned unit development pursuant to chapter 278A of NRS and is subject to an agreement with a city or county to receive credit against the amount of the residential construction tax that is imposed pursuant to NRS 278.4983 and 278.4985, the association that is organized for the common-interest community may use the money from that credit for the repair, replacement or restoration of park facilities and related improvements if: (a) The park facilities and related improvements are identified as major components of the common elements of the association; and (b) The association is obligated to repair, replace or restore the park facilities and related improvements in accordance with the study of the reserves required by subsection 1. (Added to NRS by 1999, 2994; A 2003, 2241)

#### **NAC 116**

NAC 116.415 Contents of budget to maintain reserve. (NRS 116.31151, 116.615) An executive board shall, in addition to the requirements set forth in paragraph (b) of subsection 1 of NRS 116.31151, include in the budget to maintain the reserve: 1. An estimate of the amount of reserve funds necessary in the projected fiscal year, based on comparative bids or industry standards, to complete the repairs, replacement or restoration of the major components as recommended in the reserve study; and 2. Whether there is a difference between the amount of the annual contribution suggested in the reserve study and the amount of the annual contribution for the current budget year, and if so: (a) The reason for the difference; and (b) How this difference is proposed to be resolved. (Added to NAC by Comm'n for Common-Interest Communities by R129-04, eff. 4-14-2005) NAC 116.425 Reserve study: Contents. (NRS 116.31152, 116.615) 1. A reserve study must, in addition to the requirements set forth in NRS 116.31152, include: (a) A copy of the component inventory from the previous reserve study if such copy was provided by the executive board to the person conducting the reserve study; (b) A 30-year schedule which shows: (1) The projected increase in assessments that will be required in any given year to provide an adequately funded reserve; and (2) The projected inflation and estimated interest income from the reserve fund; (c) The names and credentials of any consultants and other persons with expertise used to assist in the preparation of the reserve study; (d) Any written reports prepared by consultants and other persons with expertise; (e) If there are any conflicting recommendations of the consultants or other persons with expertise while preparing the reserve study, a written explanation as to which recommendations are selected and the reasons for their selection; (f) The disclosures set forth in NAC 116.430; and (g) A statement, prominently displayed, which reads substantially as follows: The projected life expectancy of the major components and the funding needs of the reserves of the association are based upon the association performing appropriate routine and preventative maintenance for each major component. Failure to perform such maintenance can negatively impact the remaining useful life of the major components and dramatically increase the funding needs of the reserves of the association. 2. As used in this section, "adequately funded reserve" means the funds sufficient to maintain the common elements: (a) At the level described in the governing documents and in a reserve study; and (b) Without using the funds from the operating budget or without special assessments, except for occurrences that are a result of unforeseen catastrophic events. (Added to NAC by Comm'n for Common-Interest Communities by R129-04, eff. 4-14-2005)

#### **Audits NRS 116.31144**

NRS 116.31144 Audit and review of financial statements. 1. Except as otherwise provided in subsection 2, the executive board shall: (a) If the annual budget of the association is less than \$75,000, cause the financial statement of the association to be reviewed by an independent certified public accountant during the year immediately preceding the year in which a study of the reserves of the association is to be conducted pursuant to NRS 116.31152. (b) If the annual budget of the association is \$75,000 or more but less than \$150,000, cause the financial statement of the association to be reviewed by an independent certified public accountant every fiscal year. (c) If the annual budget of the association is \$150,000 or more, cause the financial statement of the association to be audited by an independent certified public accountant every fiscal year. 2. For any fiscal year the executive board of an association to which paragraph [a] or [b] of subsection 1 applies shall cause the financial statement for that fiscal year to be audited by an independent certified public accountant if, within 180 days before the end of the fiscal year, 15 percent of the total number of voting members of the association submit a written request for such an audit. 3. The Commission shall adopt regulations prescribing the requirements for the auditing or reviewing of financial statements of an association pursuant to this section. Such regulations must include, without limitation: (a) The qualifications necessary for a person to audit or review financial statements of an association; and (b) The standards and format to be followed in auditing or reviewing financial statements of an association. (Added to NRS by 2005, 2584)

## Summary of Findings

Resource 1 BC has estimated future projected expenses for Park Tower HOA 2011 Financial Update based upon preservation of existing improvements.

The attached funding study is limited in scope to those expense items listed in the attached "Park Tower HOA 2011 Financial Update Reserve Study Expense Items". Expense items which have an expected life of more than 30 Years are not included in this reserve study unless payment for these long lived items overlaps the 30 Years reserve study envelope.

Of primary concern is the preservation of a positive funding balance with funds sufficient to meet projected expenses throughout the study life. Based upon the attached funding study, it is our professional opinion that member monthly fees as shown in the attached "Park Tower HOA 2011 Financial Update Assessment Summary" will realize this goal. Some reserve items in the "Revenue Summary Table" may not contain payments. In this analysis the initial reserves were used to make annual payments for expense items in their order of occurrence until the initial reserve was consumed. As a result reserve items without payments may be expected, particularly in the first few years of the funding study. Reserve items that have been paid with initial reserve funds are identified with a [FP] in the Expense Items Sheets. An item marked [PR] is partially paid with initial reserve funds. Ms. Terri Kenyon represents and warrants that the information provided to Resource 1 BC, including but not limited to that information contained in the attached Reserve Study Information Summary, that the maintenance records are complete and accurate, and that Resource 1 BC may rely upon such information and documents without further verification or corroboration. Where the age of a particular Reserve Item (as listed in the Reserve Study) is unknown, Ms. Terri Kenyon shall provide to Resource 1 BC Ms. Terri Kenyon's best-estimated age of that item. If Ms. Terri Kenyon is unable to provide and estimate of a Reserve Item's age, Resource 1 BC shall make its own estimate of age of the Reserve Item. The Reserve Study is created for the association's use, and is a reflection of information provided to Resource 1 BC. This information is not for the purpose of performing an audit, historical records, quality or forensic analyses. Any on site inspection is not considered to be a project audit or quality inspection.

## Percent Funded

Many reserve studies use the concept of "Percent Funded" to measure the reserve account balance against a theoretically perfect value. Percent Funded is often used as a measure of the "Financial Health" of an association. The assumption is, the higher the percentage, the greater the "Financial Health". The question of substance is simply: How much is enough? To answer the question, some understanding of Percent Funded is required. Percent Funded is the ratio of current cash reserves divided by the Fully Funded value at any instant in time. Fully Funded is defined as the present value of the sum of all reserve items divided by the expected life of each item. In essence, Fully Funded is simply the total of the average net present value of the association improvements. Reserve items with a remaining life greater than the study life are not included in the calculation. For example; building framing, foundations, water lines, and other long-lived items that fall outside the envelope of the reserve study are excluded from the calculation. Percent Funded is then, the current reserve balance divided by the Fully Funded value multiplied by 100 (to give a percentage). The concept of percent funded is useful when the reserve study is comprehensive, but misleading when the reserve study is superficial or constrained. As a result, we recommend that the statement "Percent Funded" be used with caution.

## Keeping Your Reserve Study Current

Resource 1 BC believes that funding studies are an essential part of property management. People and property are constantly changing and evolving. As a result, the useful life of a funding study is at best a few years, and certainly not more than five years. This reserve study should be updated:

- At least once a year
- At changes in interest rates
- At changes in inflation rates
- At changes in the number of dues paying members
- Before starting new improvements
- Before making changes to the property
- After a flood or fire
- After the change of ownership or management
- After Annexation or Incorporation



### Items Beyond the Scope of this Report

- Building or land appraisals for any purpose.
- State or local zoning ordinance violations.
- Building code violations.
- Soils conditions, soils contamination or geological stability of site.
- Engineering analysis or structural stability of site.
- Air quality, asbestos, electromagnetic radiation, formaldehyde, lead, mercury, radon, water quality or other environmental hazards.
- Invasions by pests, termites and any or all other destroying organisms, insects, birds, bats or animals to buildings or site. This study is not a pest inspection.
- Adequacy or efficiency of any system or component on site.
- Specifically excluded reserve items.
- Septic systems and septic tanks.
- Buried or concealed portions of swing pools, pool liners, Jacuzzis and spas or similar items.
- Items concealed by signs, carpets or other things are also excluded from this study.
- Missing or omitted information supplied by the Kenyon and Associates, Inc. for the purposes of reserve study preparation.
- Hidden improvements such as sewer lines, water lines, irrigation lines or other buried or concealed items.

### Construction Defects

Resource 1 BC has no knowledge of construction defects and/or potential or active lawsuits on this project. This reserve study reflects that there are no known construction defects.

### Professional Liability Insurance NAC 116.430

Resource 1 BC carries full professional liability insurance as per NAC 116.430 "3. Whether the person conducting or assisting in the preparation of the reserve study is bonded or has professional liability insurance:"

### Reserve Specialist Requirements NRS 116.31152

2. The study of the reserves required by subsection 1 must be conducted by a person who holds a permit issued pursuant to chapter 116A of NRS.

### Statement of Qualifications

Resource 1 BC is a professional in the business of preparing reserve studies for community associations. Resource 1 BC is familiar with construction practices, construction costs, and contracting practices in Nevada. Kenneth Rowan is a CAI certified Reserve Study Specialist. Kenneth Rowan has a State of Nevada Reserve Specialist Permit. Christine Rowan, Associate, is a CAI certified Reserve Study Specialist. Christine Rowan does reserve studies working with a permitted State of Nevada reserve specialist, Kenneth, as per NRS 116A.420 (7).

### Kenneth R. Rowan Background

Kenneth R. Rowan

University of Nevada, Reno - B.Sc. Business Administration

State of Nevada Reserve Specialist Permit RSS.0000002

CAI-RS Reserve Specialist Certification #00064

State of Nevada Inspector of Structures Master IOS.0000008-M

OSHA Supervisor Construction Safety Class, Western Nevada College-30 hours of training (Occupational Safety and Health Administration).

Master Inspector Class, Western Nevada Community College- 24 hours of training (ADA Inspections).  
General Inspector Class, Western Nevada Community College- 40 hours of training (Uniform Building Code)  
Residential Inspector Class, Western Nevada Community College- 40 hours of training  
Commercial Property Inspection Course, inspection Training Associates- 16 hours of training

**Christine M. Rowan Associate Background**

Christine M. Rowan  
University of California, Los Angeles: BA Degree in Psychology and Biology  
University of Pepperdine: MBA Degree  
Resource 1 BC Associate from May 2005 to present  
CAI-RS Reserve Specialist Certification #00193 March 2010

**Conflict of Interest**

As the preparer of this reserve study, Resource 1 BC certifies that we do not have any vested interests, financial interests, or other interests that would cause a conflict of interest in the preparation of this reserve study.

Resource 1 BC would like to thank Kenyon and Associates, Inc. for the opportunity to be of service in the preparation of the attached Funding Study. Again, please feel free to write or call at our letterhead address, if you have any questions.

Prepared by:

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Christine Rowan  
Associate  
CAI RS 00193

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Kenneth Rowan  
State of Nevada Reserve Study Specialist  
Permit # RRS.0000002  
CAI RS 00064

## Park Tower HOA 2011 Financial Update Reserve Study Expense Item Summary

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Repeating Item?
<b>Lobby Office and Conference Room</b>					
Office and Conference Room Paint Interior	\$1,575	4 Years	7 Years	\$1,742	Yes
Office Carpet and Conference Room	\$1,320	9 Years	12 Years	\$1,615	Yes
Office Computer	\$500	4 Years	10 Years	\$553	Yes
Office and Conference Room Furniture	\$2,500	9 Years	15 Years	\$3,059	Yes
Bathroom	\$1,000	9 Years	20 Years	\$1,224	Yes
Mail Boxes	\$6,375	14 Years	30 Years	\$8,629	Yes
Lobby Paint Interior	\$1,020	6 Years	7 Years	\$1,175	Yes
Lobby Carpet	\$360	9 Years	12 Years	\$441	Yes
Lobby Furniture	\$1,000	9 Years	15 Years	\$1,224	Yes
<b>Building Exteriors</b>					
Paint and Repairs	\$84,000	1 Years	10 Year	\$87,460	Yes
(1) Roof Built Up over 18th Floor	\$19,200	18 Years	20 Years	\$28,174	Yes
Roof Rails 18th Floor	\$18,000	0 Year	1 Years	\$18,367	No
Retro for OSHA	\$32,000	0 Year	1 Years	\$32,652	No
Roof Built Up over 17th Floor	\$14,880	18 Years	20 Years	\$21,835	Yes
Tubular Steel 4 ft Deck Railings	\$7,200	19 Years	30 Years	\$10,781	Yes
Intercom System and Fobs	\$18,000	0 Years	20 Years	\$18,367	Yes
PCC Parking in Front	\$3,420	9 Years	30 Years	\$4,185	Yes
Tubular Steel 4 ft Railings near Street Parking Missing	\$750	0 Years	20 Years	\$765	Yes
Signage	\$1,000	14 Years	30 Years	\$1,354	Yes
<b>Garage and Basement Area</b>					
Gates Metal	\$6,000	9 Years	20 Years	\$7,342	Yes
Gate Controllers	\$4,000	8 Years	10 Years	\$4,797	Yes
Gate Operators	\$2,000	1 Years	7 Year	\$2,082	Yes
Pump Room Pump	\$22,000	8 Years	10 Years	\$26,382	Yes
Jockey Pump	\$2,000	8 Years	10 Years	\$2,398	Yes
Pump Large	\$10,000	29 Years	40 Years	\$18,322	Yes
Pump at Chiller	\$2,000	19 Years	30 Years	\$2,995	Yes
New Shop Sump Pump	\$1,000	4 Years	15 Years	\$1,106	Yes
Tubular Steel 4 ft Fencing	\$3,000	9 Years	20 Years	\$3,671	Yes

Park Tower HOA 2011 Financial Update Funding Study Expense Item Summary - Continued

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Repeating Item?
Tubular Steel 6 ft Fencing	\$1,750	9 Years	20 Years	\$2,141	Yes
<b>Building Mechanical Downstairs</b>					
Generator Gate Chain Link	\$500	14 Years	30 Years	\$677	Yes
Generator	\$50,000	39 Years	50 Years	\$112,095	Yes
Batteries for Generator	\$1,000	8 Years	10 Years	\$1,199	Yes
Chiller Carrier	\$40,000	19 Years	30 Years	\$59,892	Yes
Chiller Tower	\$35,000	14 Years	25 Years	\$47,375	Yes
Pump for Chiller System	\$2,000	4 Years	10 Years	\$2,212	Yes
Venting System	\$30,000	27 Years	30 Years	\$52,790	Yes
Venting System Motor	\$2,000	12 Years	15 Years	\$2,600	Yes
Tubular Steel 6 ft Fencing	\$2,450	9 Years	20 Years	\$2,998	Yes
<b>Building Mechanical Upstairs</b>					
Holding Water Tanks	\$9,000	14 Years	25 Years	\$12,182	Yes
Hot Water Pumps	\$25,000	14 Years	25 Years	\$33,839	Yes
Heating Pumps	\$25,000	14 Years	25 Years	\$33,839	Yes
Equalizer Tanks	\$3,000	18 Years	20 Years	\$4,402	Yes
<b>Security System</b>					
Security Cameras and Recorder	\$9,000	14 Years	20 Years	\$12,182	Yes
ADT Fire Detection and PA System	\$39,000	14 Years	20 Years	\$52,789	Yes
<b>Fire System</b>					
Fire Suppression System	\$25,000	19 Years	40 Years	\$37,432	Yes
<b>Elevators</b>					
Elevator Cab Interiors	\$60,000	14 Years	30 Years	\$81,214	Yes
Elevator Full Modernization	\$300,000	10 Years	40 Years	\$374,576	Yes
Elevator Door Operator	\$18,000	1 Years	20 Year	\$18,741	Yes
Elevator Rope Gripper	\$30,000	4 Years	30 Years	\$33,185	Yes
Elevator Hand Rails ADA	\$8,000	4 Years	4 Years	\$8,849	No
Elevator Machine Guarding ADA	\$8,000	4 Years	4 Years	\$8,849	No
<b>Electric Panels Building</b>					
Electric Panel	\$44,500	14 Years	40 Years	\$60,234	Yes
Electric Panel Main	\$2,500	14 Years	40 Years	\$3,384	Yes

Park Tower HOA 2011 Financial Update Funding Study Expense Item Summary - Continued

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Repeating Item?
Gate Chain Link	\$500	19 Years	30 Years	\$749	Yes
<b>Roof Patio Area</b>					
Waterproofing Shield	\$20,760	0 Years	15 Years	\$21,183	Yes
Glass Patio Enclosure	\$4,400	14 Years	30 Years	\$5,956	Yes
Paint Exterior Above Deck	\$1,500	5 Years	7 Years	\$1,693	Yes
Furniture	\$2,500	9 Years	15 Years	\$3,059	Yes
Smoke Pots	\$500	14 Years	20 Years	\$677	Yes
<b>Laundry Room Second Floor</b>					
Paint	\$600	3 Years	5 Years	\$650	Yes
Sink Janitor	\$1,000	14 Years	20 Years	\$1,354	Yes
<b>Interior Elevator Lobby 1st Floor</b>					
Paint	\$338	1 Years	7 Year	\$351	Yes
<b>Interior Hallways 2nd Floor</b>					
Carpet	\$270	3 Years	10 Years	\$293	Yes
Paint	\$488	3 Years	5 Years	\$528	Yes
<b>Interior Hallways 3rd Floor</b>					
Carpet	\$660	7 Years	12 Years	\$776	Yes
Paint	\$998	3 Years	5 Years	\$1,081	Yes
<b>Interior Hallways 4th Floor</b>					
Carpet	\$660	7 Years	12 Years	\$776	Yes
Paint	\$998	3 Years	5 Years	\$1,081	Yes
<b>Interior Hallways 5th Floor</b>					
Carpet	\$660	7 Years	12 Years	\$776	Yes
Paint	\$998	3 Years	5 Years	\$1,081	Yes
<b>Interior Hallways 6th Floor</b>					
Carpet	\$660	7 Years	12 Years	\$776	Yes
Paint	\$998	3 Years	5 Years	\$1,081	Yes
<b>Interior Hallways 7th Floor</b>					
Carpet	\$660	7 Years	12 Years	\$776	Yes
Paint	\$998	3 Years	5 Years	\$1,081	Yes
<b>Interior Hallways 8th Floor</b>					
Carpet	\$660	7 Years	12 Years	\$776	Yes
Paint	\$998	3 Years	5 Years	\$1,081	Yes

Park Tower HOA 2011 Financial Update Funding Study Expense Item Summary - Continued

Reserve Items	Current Cost When New	Estimated Remaining Life	Expected Life When New	First Replacement Cost	Repeating Item?
<b>Interior Hallways 9th Floor</b>					
Carpet	\$660	7 Years	12 Years	\$776	Yes
Paint	\$665	3 Years	5 Years	\$721	Yes
<b>Interior Hallways 10th Floor</b>					
Carpet	\$660	7 Years	12 Years	\$776	Yes
Paint	\$998	3 Years	5 Years	\$1,081	Yes
<b>Interior Hallways 11th Floor</b>					
Carpet	\$660	7 Years	12 Years	\$776	Yes
Paint	\$998	3 Years	5 Years	\$1,081	Yes
<b>Interior Hallways 12th Floor</b>					
Carpet	\$660	7 Years	12 Years	\$776	Yes
Paint	\$998	3 Years	5 Years	\$1,081	Yes
<b>Interior Hallways 14th Floor</b>					
Carpet	\$660	7 Years	12 Years	\$776	Yes
Paint	\$998	3 Years	5 Years	\$1,081	Yes
<b>Interior Hallways 15th Floor</b>					
Carpet	\$750	7 Years	12 Years	\$881	Yes
Paint	\$1,275	3 Years	5 Years	\$1,382	Yes
<b>Interior Hallways 16th Floor</b>					
Carpet	\$750	7 Years	12 Years	\$881	Yes
Paint	\$1,275	3 Years	5 Years	\$1,382	Yes
<b>Interior Hallways 17th Floor</b>					
Carpet	\$300	7 Years	12 Years	\$353	Yes
Paint	\$450	3 Years	5 Years	\$488	Yes
<b>Interior Hallways and Staircase 18th Floor</b>					
Carpet	\$1,020	7 Years	12 Years	\$1,199	Yes
Paint	\$1,523	3 Years	5 Years	\$1,651	Yes

Months Remaining in Calendar Year 2011: 12

Expected annual inflation: 2.02%

Interest earned on reserve funds: 0.50%

Initial Reserve: \$372,512

Reserve Item Comments

(1) The roofs over the 1800 units and common areas are going to cost \$28,000.00 per Bob.

Park Tower HOA 2011 Financial Update Funding Study Expense Item Summary - Continued

**Abbreviations**

AC - Asphalt	EP - Electrical Panelboard	PNT - Paint
AQ - Average Quality	EXT - Exterior	PVMT - Pavement
BLDG - Building	FA - Fire Alarm	PWD - Plywood
BLK - Block	FLR - Floor	QT - Quarry Tile
BUR - Built up Roof	FN - Fence	R/R - Remove and Replace
C&G - Curb and Gutter	FND - Foundation	RA - Return Air
CAB - Cabinet	FPL - Fireplace	RCP - Reinforced Concrete Pipe
CB - Catch Basin	FTG - Footing	RD - Roof Drain
CEM - Cement	FY - Fiscal Year	REM - Remove
CFT - Cubic Foot	HQ - High Quality	RL - Rail
CIP - Cast-in-place Concrete	LAM - Laminate	S - South
CMU - Concrete Masonry Unit	LAV - Lavatory	SCB - Speed Control Bump
COL - Column	LC - Light Control	SHTH - Sheathing
CPT - Carpet	LW - Lightweight Concrete	SQ - Square
CT - Ceramic Tile	MAS - Masonry	ST - Steel
CTR - Counter	MFD - Metal Floor Decking	STO - Storage
CYD - Cubic Yard	MH - Manhole	SYS - System
D - Drain	MQ - Medium Quality	VB - Vapor Barrier
DEM - Demolish	MRB - Marble	W - West
DR - Door	MRD - Metal Roof Decking	WC - Water Closet
DS - Downspout	N - North	WIN - Window
DW - Dumb Waiter	PCC - Portland Cement Concrete	YD - Yard
E - East	PCC - Portland Cement Concrete	
EA - Each	PG - Plate Glass	
ELEC - Electrical	PNL - Panel	

## Park Tower HOA 2011 Financial Update Reserve Study Expense Item Listing

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
<b>Lobby Office and Conference Room</b>							
Office and Conference Room Paint Interior	\$0.75 / • ft	2100 • ft	\$1,575	4 Years	7 Years	2015	\$1,742
				7 Years		2022	\$2,007
						2029	\$2,311
						2036	\$2,662
						2043	\$3,066
Office Carpet and Conference Room	\$3.00 / • ft	440 • ft	\$1,320	9 Years	12 Years	2020	\$1,615
				12 Years		2032	\$2,058
						2044	\$2,622
Office Computer	\$500 ea	1	\$500	4 Years	10 Years	2015	\$553
				10 Years		2025	\$677
						2035	\$828
						2045	\$1,013
Office and Conference Room Furniture	\$2,500 ea	1	\$2,500	9 Years	15 Years	2020	\$3,059
				15 Years		2035	\$4,141
						2050	\$5,605
Bathroom	\$1,000 ea	1	\$1,000	9 Years	20 Years	2020	\$1,224
				20 Years		2040	\$1,832
Mail Boxes	\$75.00 ea	85	\$6,375	14 Years	30 Years	2025	\$8,629
				30 Years		2055	\$15,810
Lobby Paint Interior	\$0.75 / • ft	1360 • ft	\$1,020	6 Years	7 Years	2017	\$1,175
				7 Years		2024	\$1,353
						2031	\$1,558
						2038	\$1,795
						2045	\$2,067
Lobby Carpet	\$3.00 / • ft	120 • ft	\$360	9 Years	12 Years	2020	\$441
				12 Years		2032	\$561
						2044	\$715
Lobby Furniture	\$1,000 ea	1	\$1,000	9 Years	15 Years	2020	\$1,224
				15 Years		2035	\$1,656
						2050	\$2,242
<b>Building Exteriors</b>							
Paint and Repairs	\$84,000 ea	1	\$84,000	1 Year	10 Years	2012	\$87,460
				10 Year		2022	\$107,020
						2032	\$130,954
						2042	\$160,240
Roof Built Up	\$12.00 / • ft	1600 • ft	\$19,200	18 Years	20 Years	2029	\$28,174



Park Tower HOA 2011 Financial Update Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
Roof Built Up	\$12.00 / • ft	1600 • ft	\$19,200	20 Years	20 Years	2049	\$42,184
Roof Rails 18th Floor	\$18,000 ea	1	\$18,000	0 Years	1 Year	2011	\$18,367
Retro for OSHA	\$32,000 ea	1	\$32,000	0 Years	1 Year	2011	\$32,652
Roof Built Up over 17th Floor	\$8.00 / • ft	1860 • ft	\$14,880	18 Years 20 Years	20 Years	2029 2049	\$21,835 \$32,693
Tubular Steel 4 ft Deck Railings	\$40.00 / lf	180 lf	\$7,200	19 Years 30 Years	30 Years	2030 2060	\$10,781 \$19,752
Intercom System and Fobs	\$18,000 ea	1	\$18,000	0 Years 20 Years	20 Years	2011 2031 2051	\$18,367 \$27,501 \$41,177
PCC Parking in Front	\$6.00 / • ft	570 • ft	\$3,420	9 Years 30 Years	30 Years	2020 2050	\$4,185 \$7,667
Tubular Steel 4 ft Railings near Street Parking Missing	\$30.00 / lf	25 lf	\$750	0 Years 20 Years	20 Years	2011 2031 2051	\$765 \$1,146 \$1,716
Signage	\$1,000 ea	1	\$1,000	14 Years 30 Years	30 Years	2025 2055	\$1,354 \$2,480
<b>Garage and Basement Area</b>							
Gates Metal	\$3,000 ea	2	\$6,000	9 Years 20 Years	20 Years	2020 2040	\$7,342 \$10,993
Gate Controllers	\$2,000 ea	2	\$4,000	8 Years 10 Years	10 Years	2019 2029 2039 2049	\$4,797 \$5,870 \$7,182 \$8,788
Gate Operators	\$1,000 ea	2	\$2,000	1 Year 7 Year	7 Years	2012 2019 2026 2033 2040	\$2,082 \$2,398 \$2,762 \$3,182 \$3,664
Pump Room Pump	\$11,000 ea	2	\$22,000	8 Years 10 Years	10 Years	2019 2029 2039 2049	\$26,382 \$32,282 \$39,502 \$48,336
Jockey Pump	\$2,000 ea	1	\$2,000	8 Years 10 Years	10 Years	2019 2029	\$2,398 \$2,935

Park Tower HOA 2011 Financial Update Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
Jockey Pump	\$2,000 ea	1	\$2,000	10 Years	10 Years	2039 2049	\$3,591 \$4,394
Pump Large	\$10,000 ea	1	\$10,000	29 Years	40 Years	2040	\$18,322
Pump at Chiller	\$2,000 ea	1	\$2,000	19 Years 30 Years	30 Years	2030 2060	\$2,995 \$5,487
New Shop Sump Pump	\$1,000 ea	1	\$1,000	4 Years 15 Years	15 Years	2015 2030 2045	\$1,106 \$1,497 \$2,027
Tubular Steel 4 ft Fencing	\$30.00 / lf	100 lf	\$3,000	9 Years 20 Years	20 Years	2020 2040	\$3,671 \$5,496
Tubular Steel 6 ft Fencing	\$35.00 / lf	50 lf	\$1,750	9 Years 20 Years	20 Years	2020 2040	\$2,141 \$3,206
<b>Building Mechanical Downstairs</b>							
Generator Gate Chain Link	\$500 ea	1	\$500	14 Years 30 Years	30 Years	2025 2055	\$677 \$1,240
Generator	\$50,000 ea	1	\$50,000	39 Years	50 Years	2050	\$112,095
Batteries for Generator	\$500 ea	2	\$1,000	8 Years 10 Years	10 Years	2019 2029 2039 2049	\$1,199 \$1,467 \$1,796 \$2,197
Chiller Carrier	\$40,000 ea	1	\$40,000	19 Years 30 Years	30 Years	2030 2060	\$59,892 \$109,731
Chiller Tower	\$35,000 ea	1	\$35,000	14 Years 25 Years	25 Years	2025 2050	\$47,375 \$78,466
Pump for Chiller System	\$2,000 ea	1	\$2,000	4 Years 10 Years	10 Years	2015 2025 2035 2045	\$2,212 \$2,707 \$3,313 \$4,053
Venting System	\$30,000 ea	1	\$30,000	27 Years 30 Years	30 Years	2038 2068	\$52,790 \$96,719
Venting System Motor	\$2,000 ea	1	\$2,000	12 Years 15 Years	15 Years	2023 2038 2053	\$2,600 \$3,519 \$4,764
Tubular Steel 6 ft Fencing	\$35.00 / lf	70 lf	\$2,450	9 Years 20 Years	20 Years	2020 2040	\$2,998 \$4,489

Park Tower HOA 2011 Financial Update Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
<b>Building Mechanical Upstairs</b>							
Holding Water Tanks	\$3,000 ea	3	\$9,000	14 Years 25 Years	25 Years	2025 2050	\$12,182 \$20,177
Hot Water Pumps	\$25,000 ea	1	\$25,000	14 Years 25 Years	25 Years	2025 2050	\$33,839 \$56,047
Heating Pumps	\$25,000 ea	1	\$25,000	14 Years 25 Years	25 Years	2025 2050	\$33,839 \$56,047
Equalizer Tanks	\$1,500 ea	2	\$3,000	18 Years 20 Years	20 Years	2029 2049	\$4,402 \$6,591
<b>Security System</b>							
Security Cameras and Recorder	\$9,000 ea	1	\$9,000	14 Years 20 Years	20 Years	2025 2045	\$12,182 \$18,240
ADT Fire Detection and PA System	\$39,000 ea	1	\$39,000	14 Years 20 Years	20 Years	2025 2045	\$52,789 \$79,041
<b>Fire System</b>							
Fire Suppression System	\$25,000 ea	1	\$25,000	19 Years 40 Years	40 Years	2030 2070	\$37,432 \$83,919
<b>Elevators</b>							
Elevator Cab Interiors	\$30,000 ea	2	\$60,000	14 Years 30 Years	30 Years	2025 2055	\$81,214 \$148,797
Elevator Full Modernization	\$150,000 ea	2	\$300,000	10 Years 40 Years	40 Years	2021 2061	\$374,576 \$839,760
Elevator Door Operator	\$9,000 ea	2	\$18,000	1 Year 20 Year	20 Years	2012 2032 2052	\$18,741 \$28,061 \$42,016
Elevator Rope Gripper	\$15,000 ea	2	\$30,000	4 Years 30 Years	30 Years	2015 2045	\$33,185 \$60,801
Elevator Hand Rails ADA	\$4,000 ea	2	\$8,000	4 Years	4 Years	2015	\$8,849
Elevator Machine Guarding ADA	\$4,000 ea	2	\$8,000	4 Years	4 Years	2015	\$8,849

Park Tower HOA 2011 Financial Update Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
<b>Electric Panels Building</b>							
Electric Panel	\$500 ea	89	\$44,500	14 Years 40 Years	40 Years	2025 2065	\$60,234 \$135,038
Electric Panel Main	\$2,500 ea	1	\$2,500	14 Years 40 Years	40 Years	2025 2065	\$3,384 \$7,586
Gate Chain Link	\$500 ea	1	\$500	19 Years 30 Years	30 Years	2030 2060	\$749 \$1,372
<b>Roof Patio Area</b>							
Waterproofing Shield	\$12.00 / • ft	1730 • ft	\$20,760	0 Years 15 Years	15 Years	2011 2026 2041	\$21,183 \$28,673 \$38,811
Glass Patio Enclosure	\$40.00 / lf	110 lf	\$4,400	14 Years 30 Years	30 Years	2025 2055	\$5,956 \$10,912
Paint Exterior Above Deck	\$1.00 / • ft	1500 • ft	\$1,500	5 Years 7 Years	7 Years	2016 2023 2030 2037 2044	\$1,693 \$1,950 \$2,246 \$2,587 \$2,979
Furniture	\$2,500 ea	1	\$2,500	9 Years 15 Years	15 Years	2020 2035 2050	\$3,059 \$4,141 \$5,605
Smoke Pots	\$250 ea	2	\$500	14 Years 20 Years	20 Years	2025 2045	\$677 \$1,013
<b>Laundry Room Second Floor</b>							
Paint	\$0.75 / • ft	800 • ft	\$600	3 Years 5 Years	5 Years	2014 2019 2024 2029 2034 2039 2044	\$650 \$720 \$796 \$880 \$974 \$1,077 \$1,192
Sink Janitor	\$500 ea	2	\$1,000	14 Years 20 Years	20 Years	2025 2045	\$1,354 \$2,027

Park Tower HOA 2011 Financial Update Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
<b>Interior Elevator Lobby 1st Floor</b>							
Paint	\$0.75 / • ft	450 • ft	\$338	1 Year	7 Years	2012	\$351
				7 Year		2019	\$405
						2026	\$466
						2033	\$537
						2040	\$618
<b>Interior Hallways 2nd Floor</b>							
Carpet	\$3.00 / • ft	90 • ft	\$270	3 Years	10 Years	2014	\$293
				10 Years		2024	\$358
						2034	\$438
						2044	\$536
Paint	\$0.75 / • ft	650 • ft	\$488	3 Years	5 Years	2014	\$528
				5 Years		2019	\$585
						2024	\$647
						2029	\$715
						2034	\$791
						2039	\$875
2044	\$968						
<b>Interior Hallways 3rd Floor</b>							
Carpet	\$3.00 / • ft	220 • ft	\$660	7 Years	12 Years	2018	\$776
				12 Years		2030	\$988
						2042	\$1,259
Paint	\$0.75 / • ft	1330 • ft	\$998	3 Years	5 Years	2014	\$1,081
				5 Years		2019	\$1,196
						2024	\$1,323
						2029	\$1,464
						2034	\$1,619
						2039	\$1,791
2044	\$1,981						
<b>Interior Hallways 4th Floor</b>							
Carpet	\$3.00 / • ft	220 • ft	\$660	7 Years	12 Years	2018	\$776
				12 Years		2030	\$988
						2042	\$1,259
Paint	\$0.75 / • ft	1330 • ft	\$998	3 Years	5 Years	2014	\$1,081

Park Tower HOA 2011 Financial Update Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
Paint	\$0.75 / • ft	1330 • ft	\$998	5 Years	5 Years	2019	\$1,196
						2024	\$1,323
						2029	\$1,464
						2034	\$1,619
						2039	\$1,791
						2044	\$1,981
<b>Interior Hallways 5th Floor</b>							
Carpet	\$3.00 / • ft	220 • ft	\$660	7 Years	12 Years	2018	\$776
				12 Years		2030	\$988
						2042	\$1,259
Paint	\$0.75 / • ft	1330 • ft	\$998	3 Years	5 Years	2014	\$1,081
						2019	\$1,196
						2024	\$1,323
						2029	\$1,464
						2034	\$1,619
						2039	\$1,791
	2044	\$1,981					
<b>Interior Hallways 6th Floor</b>							
Carpet	\$3.00 / • ft	220 • ft	\$660	7 Years	12 Years	2018	\$776
				12 Years		2030	\$988
						2042	\$1,259
Paint	\$0.75 / • ft	1330 • ft	\$998	3 Years	5 Years	2014	\$1,081
						2019	\$1,196
						2024	\$1,323
						2029	\$1,464
						2034	\$1,619
						2039	\$1,791
	2044	\$1,981					
<b>Interior Hallways 7th Floor</b>							
Carpet	\$3.00 / • ft	220 • ft	\$660	7 Years	12 Years	2018	\$776
				12 Years		2030	\$988
						2042	\$1,259
Paint	\$0.75 / • ft	1330 • ft	\$998	3 Years	5 Years	2014	\$1,081
						2019	\$1,196
						2024	\$1,323

Park Tower HOA 2011 Financial Update Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost	
Paint	\$0.75 / • ft	1330 • ft	\$998	5 Years	5 Years	2029	\$1,464	
						2034	\$1,619	
						2039	\$1,791	
						2044	\$1,981	
<b>Interior Hallways 8th Floor</b>								
Carpet	\$3.00 / • ft	220 • ft	\$660	7 Years	12 Years	2018	\$776	
				12 Years		2030	\$988	
						2042	\$1,259	
Paint	\$0.75 / • ft	1330 • ft	\$998	3 Years	5 Years	2014	\$1,081	
						2019	\$1,196	
						2024	\$1,323	
				5 Years		2029	\$1,464	
						2034	\$1,619	
						2039	\$1,791	
	2044	\$1,981						
<b>Interior Hallways 9th Floor</b>								
Carpet	\$3.00 / • ft	220 • ft	\$660	7 Years	12 Years	2018	\$776	
				12 Years		2030	\$988	
						2042	\$1,259	
Paint	\$0.50 / • ft	1330 • ft	\$665	3 Years	5 Years	2014	\$721	
						2019	\$797	
						2024	\$882	
				5 Years		2029	\$976	
						2034	\$1,079	
						2039	\$1,194	
	2044	\$1,321						
<b>Interior Hallways 10th Floor</b>								
Carpet	\$3.00 / • ft	220 • ft	\$660	7 Years	12 Years	2018	\$776	
				12 Years		2030	\$988	
						2042	\$1,259	
Paint	\$0.75 / • ft	1330 • ft	\$998	5 Years	5 Years	2014	\$1,081	
							2019	\$1,196
							2024	\$1,323
							2029	\$1,464
		2034	\$1,619					

Park Tower HOA 2011 Financial Update Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
Paint	\$0.75 / • ft	1330 • ft	\$998	5 Years	5 Years	2039	\$1,791
						2044	\$1,981
<b>Interior Hallways 11th Floor</b>							
Carpet	\$3.00 / • ft	220 • ft	\$660	7 Years	12 Years	2018	\$776
				12 Years		2030	\$988
						2042	\$1,259
Paint	\$0.75 / • ft	1330 • ft	\$998	3 Years	5 Years	2014	\$1,081
						2019	\$1,196
						2024	\$1,323
				5 Years		2029	\$1,464
						2034	\$1,619
						2039	\$1,791
		2044	\$1,981				
<b>Interior Hallways 12th Floor</b>							
Carpet	\$3.00 / • ft	220 • ft	\$660	7 Years	12 Years	2018	\$776
				12 Years		2030	\$988
						2042	\$1,259
Paint	\$0.75 / • ft	1330 • ft	\$998	3 Years	5 Years	2014	\$1,081
						2019	\$1,196
						2024	\$1,323
				5 Years		2029	\$1,464
						2034	\$1,619
						2039	\$1,791
		2044	\$1,981				
<b>Interior Hallways 14th Floor</b>							
Carpet	\$3.00 / • ft	220 • ft	\$660	7 Years	12 Years	2018	\$776
				12 Years		2030	\$988
						2042	\$1,259
Paint	\$0.75 / • ft	1330 • ft	\$998	3 Years	5 Years	2014	\$1,081
						2019	\$1,196
						2024	\$1,323
				5 Years		2029	\$1,464
						2034	\$1,619
						2039	\$1,791
		2044	\$1,981				



Park Tower HOA 2011 Financial Update Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
<b>Interior Hallways 15th Floor</b>							
Carpet	\$3.00 / • ft	250 • ft	\$750	7 Years	12 Years	2018	\$881
				12 Years		2030	\$1,123
						2042	\$1,431
Paint	\$0.75 / • ft	1700 • ft	\$1,275	3 Years	5 Years	2014	\$1,382
						2019	\$1,529
						2024	\$1,691
				5 Years		2029	\$1,871
						2034	\$2,070
						2039	\$2,289
	2044	\$2,532					
<b>Interior Hallways 16th Floor</b>							
Carpet	\$3.00 / • ft	250 • ft	\$750	7 Years	12 Years	2018	\$881
				12 Years		2030	\$1,123
						2042	\$1,431
Paint	\$0.75 / • ft	1700 • ft	\$1,275	3 Years	5 Years	2014	\$1,382
						2019	\$1,529
						2024	\$1,691
				5 Years		2029	\$1,871
						2034	\$2,070
						2039	\$2,289
	2044	\$2,532					
<b>Interior Hallways 17th Floor</b>							
Carpet	\$3.00 / • ft	100 • ft	\$300	7 Years	12 Years	2018	\$353
				12 Years		2030	\$449
						2042	\$572
Paint	\$0.75 / • ft	600 • ft	\$450	3 Years	5 Years	2014	\$488
						2019	\$540
						2024	\$597
				5 Years		2029	\$660
						2034	\$730
						2039	\$808
	2044	\$894					

Park Tower HOA 2011 Financial Update Reserve Study Expense Item Listing - Continued

Reserve Items	Unit Cost	No Units	Current Cost When New	Estimated Remaining Life	Expected Life When New	Calendar Year	Estimated Future Cost
<b>Interior Hallways and Staircase 18th Floor</b>							
Carpet	\$3.00 / • yd	340 • yd	\$1,020	7 Years	12 Years	2018	\$1,199
				12 Years		2030	\$1,527
						2042	\$1,946
Paint	\$0.75 / • ft	2030 • ft	\$1,523	3 Years	5 Years	2014	\$1,651
						2019	\$1,826
						2024	\$2,020
				5 Years		2029	\$2,234
						2034	\$2,471
						2039	\$2,734
	2044	\$3,024					

Months Remaining in Calendar Year 2011: 12

Expected annual inflation: 2.02% Interest earned on reserve funds: 0.50% Initial Reserve: \$372,512

## Present Cost Report

Category	Item Name	No Units	Unit Cost	Present Cost	Net Present Value	Depreciation
Lobby Office and Conference Room	Office and Conference Room Paint Interior	2100 • ft	\$0.75 / • ft	\$1,575.00	\$900.00	\$675.00
	Office Carpet and Conference Room	440 • ft	\$3.00 / • ft	\$1,320.00	\$990.00	\$330.00
	Office Computer	1	\$500.00 ea	\$500.00	\$200.00	\$300.00
	Office and Conference Room Furniture	1	\$2,500.00 ea	\$2,500.00	\$1,500.00	\$1,000.00
	Bathroom	1	\$1,000.00 ea	\$1,000.00	\$450.00	\$550.00
	Mail Boxes	85	\$75.00 ea	\$6,375.00	\$2,975.00	\$3,400.00
	Lobby Paint Interior	1360 • ft	\$0.75 / • ft	\$1,020.00	\$874.29	\$145.71
	Lobby Carpet	120 • ft	\$3.00 / • ft	\$360.00	\$270.00	\$90.00
	Lobby Furniture	1	\$1,000.00 ea	\$1,000.00	\$600.00	\$400.00
Lobby Office and Conference Room Sub Total =				\$15,650.00	\$8,759.29	\$6,890.71
Building Exteriors	Paint and Repairs	1	\$84,000.00 ea	\$84,000.00	\$8,400.00	\$75,600.00
	Roof Built Up over 18th Floor	1600 • ft	\$12.00 / • ft	\$19,200.00	\$17,280.00	\$1,920.00
	Roof Rails 18th Floor	1	\$18,000.00 ea	\$18,000.00	\$0.00	\$18,000.00
	Retro for OSHA	1	\$32,000.00 ea	\$32,000.00	\$0.00	\$32,000.00
	Roof Built Up over 17th Floor	1860 • ft	\$8.00 / • ft	\$14,880.00	\$13,392.00	\$1,488.00
	Tubular Steel 4 ft Deck Railings	180 lf	\$40.00 / lf	\$7,200.00	\$4,560.00	\$2,640.00
	Intercom System and Fobs	1	\$18,000.00 ea	\$18,000.00	\$0.00	\$18,000.00
	PCC Parking in Front	570 • ft	\$6.00 / • ft	\$3,420.00	\$1,026.00	\$2,394.00
	Tubular Steel 4 ft Railings near Street Parking Missing	25 lf	\$30.00 / lf	\$750.00	\$0.00	\$750.00
	Signage	1	\$1,000.00 ea	\$1,000.00	\$466.67	\$533.33
Building Exteriors Sub Total =				\$198,450.00	\$45,124.67	\$153,325.33
Garage and Basement Area	Gates Metal	2	\$3,000.00 ea	\$6,000.00	\$2,700.00	\$3,300.00
	Gate Controllers	2	\$2,000.00 ea	\$4,000.00	\$3,200.00	\$800.00
	Gate Operators	2	\$1,000.00 ea	\$2,000.00	\$285.71	\$1,714.29
	Pump Room Pump	2	\$11,000.00 ea	\$22,000.00	\$17,600.00	\$4,400.00
	Jockey Pump	1	\$2,000.00 ea	\$2,000.00	\$1,600.00	\$400.00
	Pump Large	1	\$10,000.00 ea	\$10,000.00	\$7,250.00	\$2,750.00
	Pump at Chiller	1	\$2,000.00 ea	\$2,000.00	\$1,266.67	\$733.33
	New Shop Sump Pump	1	\$1,000.00 ea	\$1,000.00	\$266.67	\$733.33
	Tubular Steel 4 ft Fencing	100 lf	\$30.00 / lf	\$3,000.00	\$1,350.00	\$1,650.00
	Tubular Steel 6 ft Fencing	50 lf	\$35.00 / lf	\$1,750.00	\$787.50	\$962.50
Garage and Basement Area Sub Total =				\$53,750.00	\$36,306.55	\$17,443.45

Prepared by Resource 1 BC  
Present Cost Report - Continued

Category	Item Name	No Units	Unit Cost	Present Cost	Net Present Value	Depreciation
Building Mechanical Downstairs	Generator Gate Chain Link	1	\$500.00 ea	\$500.00	\$233.33	\$266.67
	Generator	1	\$50,000.00 ea	\$50,000.00	\$39,000.00	\$11,000.00
	Batteries for Generator	2	\$500.00 ea	\$1,000.00	\$800.00	\$200.00
	Chiller Carrier	1	\$40,000.00 ea	\$40,000.00	\$25,333.33	\$14,666.67
	Chiller Tower	1	\$35,000.00 ea	\$35,000.00	\$19,600.00	\$15,400.00
	Pump for Chiller System	1	\$2,000.00 ea	\$2,000.00	\$800.00	\$1,200.00
	Venting System	1	\$30,000.00 ea	\$30,000.00	\$27,000.00	\$3,000.00
	Venting System Motor	1	\$2,000.00 ea	\$2,000.00	\$1,600.00	\$400.00
	Tubular Steel 6 ft Fencing	70 lf	\$35.00 / lf	\$2,450.00	\$1,102.50	\$1,347.50
Building Mechanical Downstairs Sub Total =				\$162,950.00	\$115,469.17	\$47,480.83
Building Mechanical Upstairs	Holding Water Tanks	3	\$3,000.00 ea	\$9,000.00	\$5,040.00	\$3,960.00
	Hot Water Pumps	1	\$25,000.00 ea	\$25,000.00	\$14,000.00	\$11,000.00
	Heating Pumps	1	\$25,000.00 ea	\$25,000.00	\$14,000.00	\$11,000.00
	Equalizer Tanks	2	\$1,500.00 ea	\$3,000.00	\$2,700.00	\$300.00
Building Mechanical Upstairs Sub Total =				\$62,000.00	\$35,740.00	\$26,260.00
Security System	Security Cameras and Recorder	1	\$9,000.00 ea	\$9,000.00	\$6,300.00	\$2,700.00
	ADT Fire Detection and PA System	1	\$39,000.00 ea	\$39,000.00	\$27,300.00	\$11,700.00
Security System Sub Total =				\$48,000.00	\$33,600.00	\$14,400.00
Fire System	Fire Suppression System	1	\$25,000.00 ea	\$25,000.00	\$11,875.00	\$13,125.00
Elevators	Elevator Cab Interiors	2	\$30,000.00 ea	\$60,000.00	\$28,000.00	\$32,000.00
	Elevator Full Modernization	2	\$150,000.00 ea	\$300,000.00	\$75,000.00	\$225,000.00
	Elevator Door Operator	2	\$9,000.00 ea	\$18,000.00	\$900.00	\$17,100.00
	Elevator Rope Gripper	2	\$15,000.00 ea	\$30,000.00	\$4,000.00	\$26,000.00
	Elevator Hand Rails ADA	2	\$4,000.00 ea	\$8,000.00	\$8,000.00	\$0.00
	Elevator Machine Guarding ADA	2	\$4,000.00 ea	\$8,000.00	\$8,000.00	\$0.00
Elevators Sub Total =				\$424,000.00	\$123,900.00	\$300,100.00
Electric Panels Building	Electric Panel	89	\$500.00 ea	\$44,500.00	\$15,575.00	\$28,925.00
	Electric Panel Main	1	\$2,500.00 ea	\$2,500.00	\$875.00	\$1,625.00
	Gate Chain Link	1	\$500.00 ea	\$500.00	\$316.67	\$183.33
Electric Panels Building Sub Total =				\$47,500.00	\$16,766.67	\$30,733.33
Roof Patio Area	Waterproofing Shield	1730 • ft	\$12.00 / • ft	\$20,760.00	\$0.00	\$20,760.00

Prepared by Resource 1 BC  
Present Cost Report - Continued

Category	Item Name	No Units	Unit Cost	Present Cost	Net Present Value	Depreciation
Roof Patio Area	Glass Patio Enclosure	110 lf	\$40.00 / lf	\$4,400.00	\$2,053.33	\$2,346.67
	Paint Exterior Above Deck	1500 • ft	\$1.00 / • ft	\$1,500.00	\$1,071.43	\$428.57
	Furniture	1	\$2,500.00 ea	\$2,500.00	\$1,500.00	\$1,000.00
	Smoke Pots	2	\$250.00 ea	\$500.00	\$350.00	\$150.00
Roof Patio Area Sub Total =				\$29,660.00	\$4,974.76	\$24,685.24
Laundry Room Second Floor	Paint	800 • ft	\$0.75 / • ft	\$600.00	\$360.00	\$240.00
	Sink Janitor	2	\$500.00 ea	\$1,000.00	\$700.00	\$300.00
Laundry Room Second Floor Sub Total =				\$1,600.00	\$1,060.00	\$540.00
Interior Elevator Lobby 1st Floor	Paint	450 • ft	\$0.75 / • ft	\$337.50	\$48.21	\$289.29
Interior Hallways 2nd Floor	Carpet	90 • ft	\$3.00 / • ft	\$270.00	\$81.00	\$189.00
	Paint	650 • ft	\$0.75 / • ft	\$487.50	\$292.50	\$195.00
Interior Hallways 2nd Floor Sub Total =				\$757.50	\$373.50	\$384.00
Interior Hallways 3rd Floor	Carpet	220 • ft	\$3.00 / • ft	\$660.00	\$385.00	\$275.00
	Paint	1330 • ft	\$0.75 / • ft	\$997.50	\$598.50	\$399.00
Interior Hallways 3rd Floor Sub Total =				\$1,657.50	\$983.50	\$674.00
Interior Hallways 4th Floor	Carpet	220 • ft	\$3.00 / • ft	\$660.00	\$385.00	\$275.00
	Paint	1330 • ft	\$0.75 / • ft	\$997.50	\$598.50	\$399.00
Interior Hallways 4th Floor Sub Total =				\$1,657.50	\$983.50	\$674.00
Interior Hallways 5th Floor	Carpet	220 • ft	\$3.00 / • ft	\$660.00	\$385.00	\$275.00
	Paint	1330 • ft	\$0.75 / • ft	\$997.50	\$598.50	\$399.00
Interior Hallways 5th Floor Sub Total =				\$1,657.50	\$983.50	\$674.00
Interior Hallways 6th Floor	Carpet	220 • ft	\$3.00 / • ft	\$660.00	\$385.00	\$275.00
	Paint	1330 • ft	\$0.75 / • ft	\$997.50	\$598.50	\$399.00
Interior Hallways 6th Floor Sub Total =				\$1,657.50	\$983.50	\$674.00
Interior Hallways 7th Floor	Carpet	220 • ft	\$3.00 / • ft	\$660.00	\$385.00	\$275.00
	Paint	1330 • ft	\$0.75 / • ft	\$997.50	\$598.50	\$399.00
Interior Hallways 7th Floor Sub Total =				\$1,657.50	\$983.50	\$674.00
Interior Hallways 8th Floor	Carpet	220 • ft	\$3.00 / • ft	\$660.00	\$385.00	\$275.00
	Paint	1330 • ft	\$0.75 / • ft	\$997.50	\$598.50	\$399.00
Interior Hallways 8th Floor Sub Total =				\$1,657.50	\$983.50	\$674.00

Prepared by Resource 1 BC  
Present Cost Report - Continued

Category	Item Name	No Units	Unit Cost	Present Cost	Net Present Value	Depreciation
Interior Hallways 9th Floor	Carpet	220 • ft	\$3.00 / • ft	\$660.00	\$385.00	\$275.00
	Paint	1330 • ft	\$0.50 / • ft	\$665.00	\$399.00	\$266.00
Interior Hallways 9th Floor Sub Total =				\$1,325.00	\$784.00	\$541.00
Interior Hallways 10th Floor	Carpet	220 • ft	\$3.00 / • ft	\$660.00	\$385.00	\$275.00
	Paint	1330 • ft	\$0.75 / • ft	\$997.50	\$598.50	\$399.00
Interior Hallways 10th Floor Sub Total =				\$1,657.50	\$983.50	\$674.00
Interior Hallways 11th Floor	Carpet	220 • ft	\$3.00 / • ft	\$660.00	\$385.00	\$275.00
	Paint	1330 • ft	\$0.75 / • ft	\$997.50	\$598.50	\$399.00
Interior Hallways 11th Floor Sub Total =				\$1,657.50	\$983.50	\$674.00
Interior Hallways 12th Floor	Carpet	220 • ft	\$3.00 / • ft	\$660.00	\$385.00	\$275.00
	Paint	1330 • ft	\$0.75 / • ft	\$997.50	\$598.50	\$399.00
Interior Hallways 12th Floor Sub Total =				\$1,657.50	\$983.50	\$674.00
Interior Hallways 14th Floor	Carpet	220 • ft	\$3.00 / • ft	\$660.00	\$385.00	\$275.00
	Paint	1330 • ft	\$0.75 / • ft	\$997.50	\$598.50	\$399.00
Interior Hallways 14th Floor Sub Total =				\$1,657.50	\$983.50	\$674.00
Interior Hallways 15th Floor	Carpet	250 • ft	\$3.00 / • ft	\$750.00	\$437.50	\$312.50
	Paint	1700 • ft	\$0.75 / • ft	\$1,275.00	\$765.00	\$510.00
Interior Hallways 15th Floor Sub Total =				\$2,025.00	\$1,202.50	\$822.50
Interior Hallways 16th Floor	Carpet	250 • ft	\$3.00 / • ft	\$750.00	\$437.50	\$312.50
	Paint	1700 • ft	\$0.75 / • ft	\$1,275.00	\$765.00	\$510.00
Interior Hallways 16th Floor Sub Total =				\$2,025.00	\$1,202.50	\$822.50
Interior Hallways 17th Floor	Carpet	100 • ft	\$3.00 / • ft	\$300.00	\$175.00	\$125.00
	Paint	600 • ft	\$0.75 / • ft	\$450.00	\$270.00	\$180.00
Interior Hallways 17th Floor Sub Total =				\$750.00	\$445.00	\$305.00
Interior Hallways and Staircase 18th Floor	Carpet	340 • yd	\$3.00 / • yd	\$1,020.00	\$595.00	\$425.00
	Paint	2030 • ft	\$0.75 / • ft	\$1,522.50	\$913.50	\$609.00
Interior Hallways and Staircase 18th Floor Sub Total =				\$2,542.50	\$1,508.50	\$1,034.00
Totals =				\$1,094,897.50	\$448,975.31	\$645,922.19

**Park Tower HOA 2011 Financial Update Funding Study Cash Flow Analysis**

Calendar Year	Annual Payment	Annual Interest	Salvage	Annual Expenses	Annual Income Tax	Net Reserve Funds	% Funded
2011	\$81,377	\$2,049		\$91,335	\$615	\$363,988	45.3 %
2012	\$81,377	\$2,007		\$108,635	\$602	\$338,134	43.8 %
2013	\$81,377	\$1,877			\$563	\$420,825	58.1 %
2014	\$81,377	\$2,291		\$17,909	\$687	\$485,896	61.7 %
2015	\$81,377	\$2,616		\$56,498	\$785	\$512,606	61.5 %
2016	\$81,377	\$2,750		\$1,693	\$825	\$594,214	70.9 %
2017	\$93,059	\$3,185		\$1,175	\$955	\$688,328	76.6 %
2018	\$93,059	\$3,655		\$11,846	\$1,097	\$772,099	80.5 %
2019	\$93,059	\$4,074		\$57,067	\$1,222	\$810,944	80.3 %
2020	\$93,059	\$4,268		\$30,958	\$1,280	\$876,032	86.1 %
2021	\$93,059	\$4,594		\$374,576	\$1,378	\$597,731	56.8 %
2022	\$88,305	\$3,191		\$109,026	\$957	\$579,244	77.1 %
2023	\$88,305	\$3,099		\$4,550	\$930	\$665,168	92.5 %
2024	\$88,305	\$3,528		\$23,267	\$1,059	\$732,676	92.5 %
2025	\$88,305	\$3,866		\$359,068	\$1,160	\$464,620	54.9 %
2026	\$88,305	\$2,526		\$31,901	\$758	\$522,792	91.1 %
2027	\$90,048	\$2,821			\$846	\$614,814	97.8 %
2028	\$90,048	\$3,281			\$984	\$707,158	98.7 %
2029	\$90,048	\$3,742		\$123,120	\$1,123	\$676,705	84.1 %
2030	\$90,048	\$3,590		\$130,684	\$1,077	\$638,582	82.7 %
2031	\$90,048	\$3,400		\$30,205	\$1,020	\$700,805	95.3 %
2032	\$96,481	\$3,725		\$161,634	\$1,118	\$638,259	79.8 %
2033	\$96,481	\$3,413		\$3,718	\$1,024	\$733,410	99.5 %
2034	\$96,481	\$3,888		\$26,815	\$1,167	\$805,798	96.9 %
2035	\$96,481	\$4,250		\$14,078	\$1,275	\$891,175	98.5 %
2036	\$96,481	\$4,677		\$2,662	\$1,403	\$988,268	99.7 %
2037	\$98,947	\$5,168		\$2,587	\$1,551	\$1,088,246	99.9 %
2038	\$98,947	\$5,668		\$58,104	\$1,700	\$1,133,057	95.3 %
2039	\$98,947	\$5,892		\$81,248	\$1,768	\$1,154,880	93.6 %
2040	\$98,947	\$6,001		\$48,621	\$1,800	\$1,209,407	96.1 %
2041	\$98,947	\$6,274		\$38,811	\$1,882	\$1,273,935	97.0 %
<b>Totals :</b>	<b>\$2,822,459</b>	<b>\$115,369</b>	<b>\$0</b>	<b>\$2,001,794</b>	<b>\$34,611</b>		

The cash distribution shown in this table applies to repair and replacement cash reserves only.

Basis of Funding Study

Cash reserves have been set to a minimum of \$0

Months Remaining in Calendar Year 2011: 12      Inflation = 2.02 %      Interest = 0.50 %

Study Life = 30 years      Initial Reserve Funds = \$372,512.05      Final Reserve Value = \$1,273,935.37

Annual Payments Held Constant for 5 years

**Park Tower HOA 2011 Financial Update Reserve Assessment Summary**

**Projected Assessment by Month and by Calendar Year**

<b>Calendar Year</b>	<b>Member Monthly Operations Assessment</b>	<b>Member Monthly Reserve Assessment</b>	<b>Member Total Monthly Assessment</b>	<b>Member Total Annual Assessment</b>	<b>Monthly Reserve Assessment</b>	<b>Annual Reserve Assessment</b>
2011	NA	\$6,781.39	\$6,781.39	\$81,376.65	\$6,781	\$81,377
2012	NA	\$6,781.39	\$6,781.39	\$81,376.65	\$6,781	\$81,377
2013	NA	\$6,781.39	\$6,781.39	\$81,376.65	\$6,781	\$81,377
2014	NA	\$6,781.39	\$6,781.39	\$81,376.65	\$6,781	\$81,377
2015	NA	\$6,781.39	\$6,781.39	\$81,376.65	\$6,781	\$81,377
2016	NA	\$6,781.39	\$6,781.39	\$81,376.65	\$6,781	\$81,377
2017	NA	\$7,754.92	\$7,754.92	\$93,059.01	\$7,755	\$93,059
2018	NA	\$7,754.92	\$7,754.92	\$93,059.01	\$7,755	\$93,059
2019	NA	\$7,754.92	\$7,754.92	\$93,059.01	\$7,755	\$93,059
2020	NA	\$7,754.92	\$7,754.92	\$93,059.01	\$7,755	\$93,059
2021	NA	\$7,754.92	\$7,754.92	\$93,059.01	\$7,755	\$93,059
2022	NA	\$7,358.78	\$7,358.78	\$88,305.41	\$7,359	\$88,305
2023	NA	\$7,358.78	\$7,358.78	\$88,305.41	\$7,359	\$88,305
2024	NA	\$7,358.78	\$7,358.78	\$88,305.41	\$7,359	\$88,305
2025	NA	\$7,358.78	\$7,358.78	\$88,305.41	\$7,359	\$88,305
2026	NA	\$7,358.78	\$7,358.78	\$88,305.41	\$7,359	\$88,305
2027	NA	\$7,503.98	\$7,503.98	\$90,047.81	\$7,504	\$90,048
2028	NA	\$7,503.98	\$7,503.98	\$90,047.81	\$7,504	\$90,048
2029	NA	\$7,503.98	\$7,503.98	\$90,047.81	\$7,504	\$90,048
2030	NA	\$7,503.98	\$7,503.98	\$90,047.81	\$7,504	\$90,048
2031	NA	\$7,503.98	\$7,503.98	\$90,047.81	\$7,504	\$90,048
2032	NA	\$8,040.05	\$8,040.05	\$96,480.63	\$8,040	\$96,481
2033	NA	\$8,040.05	\$8,040.05	\$96,480.63	\$8,040	\$96,481
2034	NA	\$8,040.05	\$8,040.05	\$96,480.63	\$8,040	\$96,481
2035	NA	\$8,040.05	\$8,040.05	\$96,480.63	\$8,040	\$96,481
2036	NA	\$8,040.05	\$8,040.05	\$96,480.63	\$8,040	\$96,481
2037	NA	\$8,245.58	\$8,245.58	\$98,947.00	\$8,246	\$98,947
2038	NA	\$8,245.58	\$8,245.58	\$98,947.00	\$8,246	\$98,947
2039	NA	\$8,245.58	\$8,245.58	\$98,947.00	\$8,246	\$98,947
2040	NA	\$8,245.58	\$8,245.58	\$98,947.00	\$8,246	\$98,947
2041	NA	\$8,245.58	\$8,245.58	\$98,947.00	\$8,246	\$98,947

*In the context of the Reserve Payment Summary, the "Annual Reserve Payment" corresponds with the "Annual Revenue" in the Cash Flow report.*

*Number of Payment Months in Calendar Year 2011: 12*

*Number of Years of Constant Payments: 5*

*No of Assessed Members: 1*



**Park Tower HOA 2011 Financial Update Funding Study - Expenses by Item and by Calendar Year**

Item Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Reserve Category : Lobby Office and Conference Room</b>																				
Office and Conference Room Paint Interior					\$1,742							\$2,007							\$2,311	
Office Carpet and Conference Room										\$1,615										
Office Computer					\$553										\$677					
Office and Conference Room Furniture										\$3,059										
Bathroom										\$1,224										
Mail Boxes															\$8,629					
Lobby Paint Interior							\$1,175							\$1,353						
Lobby Carpet										\$441										
Lobby Furniture										\$1,224										
Category Subtotal :					\$2,295		\$1,175			\$7,563		\$2,007		\$1,353	\$9,306				\$2,311	
<b>Reserve Category : Building Exteriors</b>																				
Paint and Repairs		\$87,460										\$107,020								
Roof Built Up over 18th Floor																			\$28,174	
Roof Rails 18th Floor	\$18,367																			
Retro for OSHA	\$32,652																			
Roof Built Up over 17th Floor																			\$21,835	
Tubular Steel 4 ft Deck Railings																				\$10,781
Intercom System and Fobs	\$18,367																			
PCC Parking in Front										\$4,185										
Tubular Steel 4 ft Railings near Street Parking Missing	\$765																			
Signage															\$1,354					
Category Subtotal :	\$70,151	\$87,460								\$4,185		\$107,020			\$1,354				\$50,009	\$10,781
<b>Reserve Category : Garage and Basement Area</b>																				
Gates Metal										\$7,342										
Gate Controllers									\$4,797										\$5,870	
Gate Operators		\$2,082							\$2,398						\$2,762					
Pump Room Pump									\$26,382										\$32,282	
Jockey Pump									\$2,398										\$2,935	
Pump Large																				

**Park Tower HOA 2011 Financial Update Funding Study Expenses by Calendar Year - Continued**

Item Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Pump at Chiller																				\$2,995
New Shop Sump Pump					\$1,106															\$1,497
Tubular Steel 4 ft Fencing										\$3,671										
Tubular Steel 6 ft Fencing										\$2,141										
Category Subtotal :		\$2,082			\$1,106				\$35,975	\$13,154						\$2,762			\$41,087	\$4,492
<b>Reserve Category : Building Mechanical Downstairs</b>																				
Generator Gate Chain Link															\$677					
Generator																				
Batteries for Generator									\$1,199										\$1,467	
Chiller Carrier																				\$59,892
Chiller Tower															\$47,375					
Pump for Chiller System					\$2,212										\$2,707					
Venting System																				
Venting System Motor													\$2,600							
Tubular Steel 6 ft Fencing										\$2,998										
Category Subtotal :					\$2,212				\$1,199	\$2,998			\$2,600		\$50,759				\$1,467	\$59,892
<b>Reserve Category : Building Mechanical Upstairs</b>																				
Holding Water Tanks															\$12,182					
Hot Water Pumps															\$33,839					
Heating Pumps															\$33,839					
Equalizer Tanks																			\$4,402	
Category Subtotal :															\$79,860				\$4,402	
<b>Reserve Category : Security System</b>																				
Security Cameras and Recorder															\$12,182					
ADT Fire Detection and PA System															\$52,789					
Category Subtotal :															\$64,971					
<b>Reserve Category : Fire System</b>																				
Fire Suppression System																				\$37,432
<b>Reserve Category : Elevators</b>																				
Elevator Cab Interiors															\$81,214					

**Park Tower HOA 2011 Financial Update Funding Study Expenses by Calendar Year - Continued**

Item Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Elevator Full Modernization											\$374,576									
Elevator Door Operator		\$18,741																		
Elevator Rope Gripper					\$33,185															
Elevator Hand Rails ADA					\$8,849															
Elevator Machine Guarding ADA					\$8,849															
Category Subtotal :		\$18,741			\$50,883						\$374,576				\$81,214					
<b>Reserve Category : Electric Panels Building</b>																				
Electric Panel															\$60,234					
Electric Panel Main															\$3,384					
Gate Chain Link																				\$749
Category Subtotal :															\$63,618					\$749
<b>Reserve Category : Roof Patio Area</b>																				
Waterproofing Shield	\$21,183															\$28,673				
Glass Patio Enclosure															\$5,956					
Paint Exterior Above Deck						\$1,693							\$1,950							\$2,246
Furniture										\$3,059										
Smoke Pots															\$677					
Category Subtotal :	\$21,183					\$1,693				\$3,059			\$1,950		\$6,633	\$28,673				\$2,246
<b>Reserve Category : Laundry Room Second Floor</b>																				
Paint				\$650					\$720					\$796						\$880
Sink Janitor															\$1,354					
Category Subtotal :				\$650					\$720					\$796	\$1,354					\$880
<b>Reserve Category : Interior Elevator Lobby 1st Floor</b>																				
Paint		\$351							\$405							\$466				
<b>Reserve Category : Interior Hallways 2nd Floor</b>																				
Carpet				\$293										\$358						
Paint				\$528					\$585					\$647						\$715
Category Subtotal :				\$821					\$585					\$1,005						\$715
<b>Reserve Category : Interior Hallways 3rd Floor</b>																				
Carpet								\$776												\$988

**Park Tower HOA 2011 Financial Update Funding Study Expenses by Calendar Year - Continued**

Item Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Paint				\$1,081					\$1,196					\$1,323					\$1,464	
Category Subtotal :				\$1,081				\$776	\$1,196					\$1,323					\$1,464	\$988
<b>Reserve Category : Interior Hallways 4th Floor</b>																				
Carpet								\$776												\$988
Paint				\$1,081					\$1,196					\$1,323					\$1,464	
Category Subtotal :				\$1,081				\$776	\$1,196					\$1,323					\$1,464	\$988
<b>Reserve Category : Interior Hallways 5th Floor</b>																				
Carpet								\$776												\$988
Paint				\$1,081					\$1,196					\$1,323					\$1,464	
Category Subtotal :				\$1,081				\$776	\$1,196					\$1,323					\$1,464	\$988
<b>Reserve Category : Interior Hallways 6th Floor</b>																				
Carpet								\$776												\$988
Paint				\$1,081					\$1,196					\$1,323					\$1,464	
Category Subtotal :				\$1,081				\$776	\$1,196					\$1,323					\$1,464	\$988
<b>Reserve Category : Interior Hallways 7th Floor</b>																				
Carpet								\$776												\$988
Paint				\$1,081					\$1,196					\$1,323					\$1,464	
Category Subtotal :				\$1,081				\$776	\$1,196					\$1,323					\$1,464	\$988
<b>Reserve Category : Interior Hallways 8th Floor</b>																				
Carpet								\$776												\$988
Paint				\$1,081					\$1,196					\$1,323					\$1,464	
Category Subtotal :				\$1,081				\$776	\$1,196					\$1,323					\$1,464	\$988
<b>Reserve Category : Interior Hallways 9th Floor</b>																				
Carpet								\$776												\$988
Paint				\$721					\$797					\$882					\$976	
Category Subtotal :				\$721				\$776	\$797					\$882					\$976	\$988
<b>Reserve Category : Interior Hallways 10th Floor</b>																				
Carpet								\$776												\$988
Paint				\$1,081					\$1,196					\$1,323					\$1,464	
Category Subtotal :				\$1,081				\$776	\$1,196					\$1,323					\$1,464	\$988

**Park Tower HOA 2011 Financial Update Funding Study Expenses by Calendar Year - Continued**

Item Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Reserve Category : Interior Hallways 11th Floor</b>																				
Carpet								\$776												\$988
Paint				\$1,081					\$1,196					\$1,323					\$1,464	
Category Subtotal :				\$1,081				\$776	\$1,196					\$1,323					\$1,464	\$988
<b>Reserve Category : Interior Hallways 12th Floor</b>																				
Carpet								\$776												\$988
Paint				\$1,081					\$1,196					\$1,323					\$1,464	
Category Subtotal :				\$1,081				\$776	\$1,196					\$1,323					\$1,464	\$988
<b>Reserve Category : Interior Hallways 14th Floor</b>																				
Carpet								\$776												\$988
Paint				\$1,081					\$1,196					\$1,323					\$1,464	
Category Subtotal :				\$1,081				\$776	\$1,196					\$1,323					\$1,464	\$988
<b>Reserve Category : Interior Hallways 15th Floor</b>																				
Carpet								\$881												\$1,123
Paint				\$1,382					\$1,529					\$1,691					\$1,871	
Category Subtotal :				\$1,382				\$881	\$1,529					\$1,691					\$1,871	\$1,123
<b>Reserve Category : Interior Hallways 16th Floor</b>																				
Carpet								\$881												\$1,123
Paint				\$1,382					\$1,529					\$1,691					\$1,871	
Category Subtotal :				\$1,382				\$881	\$1,529					\$1,691					\$1,871	\$1,123
<b>Reserve Category : Interior Hallways 17th Floor</b>																				
Carpet								\$353												\$449
Paint				\$488					\$540					\$597					\$660	
Category Subtotal :				\$488				\$353	\$540					\$597					\$660	\$449
<b>Reserve Category : Interior Hallways and Staircase 18th Floor</b>																				
Carpet								\$1,199												\$1,527
Paint				\$1,651					\$1,826					\$2,020					\$2,234	
Category Subtotal :				\$1,651				\$1,199	\$1,826					\$2,020					\$2,234	\$1,527
<b>Expense Totals :</b>	<b>\$91,335</b>	<b>\$108,635</b>		<b>\$17,909</b>	<b>\$56,498</b>	<b>\$1,693</b>	<b>\$1,175</b>	<b>\$11,846</b>	<b>\$57,067</b>	<b>\$30,958</b>	<b>\$374,576</b>	<b>\$109,026</b>	<b>\$4,550</b>	<b>\$23,267</b>	<b>\$359,068</b>	<b>\$31,901</b>			<b>\$123,120</b>	<b>\$130,684</b>

**Park Tower HOA 2011 Financial Update Funding Study Expenses by Calendar Year - Continued**

Item Description	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
<b>Reserve Category : Lobby Office and Conference Room</b>											
Office and Conference Room Paint Interior						\$2,662					
Office Carpet and Conference Room		\$2,058									
Office Computer					\$828						
Office and Conference Room Furniture					\$4,141						
Bathroom										\$1,832	
Mail Boxes											
Lobby Paint Interior	\$1,558							\$1,795			
Lobby Carpet		\$561									
Lobby Furniture					\$1,656						
Category Subtotal :	\$1,558	\$2,619			\$6,625	\$2,662		\$1,795		\$1,832	
<b>Reserve Category : Building Exteriors</b>											
Paint and Repairs		\$130,954									
Roof Built Up over 18th Floor											
Roof Rails 18th Floor											
Retro for OSHA											
Roof Built Up over 17th Floor											
Tubular Steel 4 ft Deck Railings											
Intercom System and Fobs	\$27,501										
PCC Parking in Front											
Tubular Steel 4 ft Railings near Street Parking Missing	\$1,146										
Signage											
Category Subtotal :	\$28,647	\$130,954									
<b>Reserve Category : Garage and Basement Area</b>											
Gates Metal										\$10,993	
Gate Controllers									\$7,182		
Gate Operators			\$3,182							\$3,664	
Pump Room Pump									\$39,502		
Jockey Pump									\$3,591		
Pump Large										\$18,322	

**Park Tower HOA 2011 Financial Update Funding Study Expenses by Calendar Year - Continued**

Item Description	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Pump at Chiller											
New Shop Sump Pump											
Tubular Steel 4 ft Fencing										\$5,496	
Tubular Steel 6 ft Fencing										\$3,206	
Category Subtotal :			\$3,182						\$50,275	\$41,681	
<b>Reserve Category : Building Mechanical Downstairs</b>											
Generator Gate Chain Link											
Generator											
Batteries for Generator									\$1,796		
Chiller Carrier											
Chiller Tower											
Pump for Chiller System					\$3,313						
Venting System								\$52,790			
Venting System Motor								\$3,519			
Tubular Steel 6 ft Fencing										\$4,489	
Category Subtotal :					\$3,313			\$56,309	\$1,796	\$4,489	
<b>Reserve Category : Building Mechanical Upstairs</b>											
Holding Water Tanks											
Hot Water Pumps											
Heating Pumps											
Equalizer Tanks											
Category Subtotal :											
<b>Reserve Category : Security System</b>											
Security Cameras and Recorder											
ADT Fire Detection and PA System											
Category Subtotal :											
<b>Reserve Category : Fire System</b>											
Fire Suppression System											
<b>Reserve Category : Elevators</b>											
Elevator Cab Interiors											

**Park Tower HOA 2011 Financial Update Funding Study Expenses by Calendar Year - Continued**

Item Description	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Elevator Full Modernization											
Elevator Door Operator		\$28,061									
Elevator Rope Gripper											
Elevator Hand Rails ADA											
Elevator Machine Guarding ADA											
Category Subtotal :		\$28,061									
<b>Reserve Category : Electric Panels Building</b>											
Electric Panel											
Electric Panel Main											
Gate Chain Link											
Category Subtotal :											
<b>Reserve Category : Roof Patio Area</b>											
Waterproofing Shield											\$38,811
Glass Patio Enclosure											
Paint Exterior Above Deck							\$2,587				
Furniture					\$4,141						
Smoke Pots											
Category Subtotal :					\$4,141		\$2,587				\$38,811
<b>Reserve Category : Laundry Room Second Floor</b>											
Paint				\$974					\$1,077		
Sink Janitor											
Category Subtotal :				\$974					\$1,077		
<b>Reserve Category : Interior Elevator Lobby 1st Floor</b>											
Paint			\$537							\$618	
<b>Reserve Category : Interior Hallways 2nd Floor</b>											
Carpet				\$438							
Paint				\$791					\$875		
Category Subtotal :				\$1,229					\$875		
<b>Reserve Category : Interior Hallways 3rd Floor</b>											
Carpet											



**Park Tower HOA 2011 Financial Update Funding Study Expenses by Calendar Year - Continued**

Item Description	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
Paint				\$1,619					\$1,791		
Category Subtotal :				\$1,619					\$1,791		
<b>Reserve Category : Interior Hallways 4th Floor</b>											
Carpet											
Paint				\$1,619					\$1,791		
Category Subtotal :				\$1,619					\$1,791		
<b>Reserve Category : Interior Hallways 5th Floor</b>											
Carpet											
Paint				\$1,619					\$1,791		
Category Subtotal :				\$1,619					\$1,791		
<b>Reserve Category : Interior Hallways 6th Floor</b>											
Carpet											
Paint				\$1,619					\$1,791		
Category Subtotal :				\$1,619					\$1,791		
<b>Reserve Category : Interior Hallways 7th Floor</b>											
Carpet											
Paint				\$1,619					\$1,791		
Category Subtotal :				\$1,619					\$1,791		
<b>Reserve Category : Interior Hallways 8th Floor</b>											
Carpet											
Paint				\$1,619					\$1,791		
Category Subtotal :				\$1,619					\$1,791		
<b>Reserve Category : Interior Hallways 9th Floor</b>											
Carpet											
Paint				\$1,079					\$1,194		
Category Subtotal :				\$1,079					\$1,194		
<b>Reserve Category : Interior Hallways 10th Floor</b>											
Carpet											
Paint				\$1,619					\$1,791		
Category Subtotal :				\$1,619					\$1,791		

**Park Tower HOA 2011 Financial Update Funding Study Expenses by Calendar Year - Continued**

Item Description	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041
<b>Reserve Category : Interior Hallways 11th Floor</b>											
Carpet											
Paint				\$1,619					\$1,791		
Category Subtotal :				\$1,619					\$1,791		
<b>Reserve Category : Interior Hallways 12th Floor</b>											
Carpet											
Paint				\$1,619					\$1,791		
Category Subtotal :				\$1,619					\$1,791		
<b>Reserve Category : Interior Hallways 14th Floor</b>											
Carpet											
Paint				\$1,619					\$1,791		
Category Subtotal :				\$1,619					\$1,791		
<b>Reserve Category : Interior Hallways 15th Floor</b>											
Carpet											
Paint				\$2,070					\$2,289		
Category Subtotal :				\$2,070					\$2,289		
<b>Reserve Category : Interior Hallways 16th Floor</b>											
Carpet											
Paint				\$2,070					\$2,289		
Category Subtotal :				\$2,070					\$2,289		
<b>Reserve Category : Interior Hallways 17th Floor</b>											
Carpet											
Paint				\$730					\$808		
Category Subtotal :				\$730					\$808		
<b>Reserve Category : Interior Hallways and Staircase 18th Floor</b>											
Carpet											
Paint				\$2,471					\$2,734		
Category Subtotal :				\$2,471					\$2,734		
<b>Expense Totals :</b>	<b>\$30,205</b>	<b>\$161,634</b>	<b>\$3,718</b>	<b>\$26,815</b>	<b>\$14,078</b>	<b>\$2,662</b>	<b>\$2,587</b>	<b>\$58,104</b>	<b>\$81,248</b>	<b>\$48,621</b>	<b>\$38,811</b>



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October 18, 2011

Year	Category	Item Name	Expense	
2011	Building Exteriors	Roof Rails 18th Floor	\$18,367	
		Retro for OSHA	\$32,652	
		Intercom System and Fobs	\$18,367	
		Tubular Steel 4 ft Railings near Street Parking Missing	\$765	
	Building Exteriors Subtotal = \$70,151.00			
Roof Patio Area	Waterproofing Shield	\$21,183		
2011 Annual Expense Total = \$91,334				
2012	Building Exteriors	Paint and Repairs	\$87,460	
	Garage and Basement Area	Gate Operators	\$2,082	
	Elevators	Elevator Door Operator	\$18,741	
	Interior Elevator Lobby 1st Floor	Paint	\$351	
2012 Annual Expense Total = \$108,634				
2014	Laundry Room Second Floor	Paint	\$650	
	Interior Hallways 2nd Floor	Carpet	\$293	
		Paint	\$528	
	Interior Hallways 2nd Floor Subtotal = \$821.00			
	Interior Hallways 3rd Floor	Paint	\$1,081	
	Interior Hallways 4th Floor	Paint	\$1,081	
	Interior Hallways 5th Floor	Paint	\$1,081	
	Interior Hallways 6th Floor	Paint	\$1,081	
	Interior Hallways 7th Floor	Paint	\$1,081	
	Interior Hallways 8th Floor	Paint	\$1,081	
	Interior Hallways 9th Floor	Paint	\$721	
	Interior Hallways 10th Floor	Paint	\$1,081	
	Interior Hallways 11th Floor	Paint	\$1,081	
	Interior Hallways 12th Floor	Paint	\$1,081	
	Interior Hallways 14th Floor	Paint	\$1,081	
Interior Hallways 15th Floor	Paint	\$1,382		

Year	Category	Item Name	Expense	
2014	Interior Hallways 16th Floor	Paint	\$1,382	
	Interior Hallways 17th Floor	Paint	\$488	
	Interior Hallways and Staircase 18th Floor	Paint	\$1,651	
2014 Annual Expense Total = \$17,905				
2015	Lobby Office and Conference Room	Office and Conference Room Paint Interior	\$1,742	
		Office Computer	\$553	
	Lobby Office and Conference Room Subtotal = \$2,295.00			
	Garage and Basement Area	New Shop Sump Pump	\$1,106	
	Building Mechanical Downstairs	Pump for Chiller System	\$2,212	
	Elevators	Elevator Rope Gripper	\$33,185	
		Elevator Hand Rails ADA	\$8,849	
		Elevator Machine Guarding ADA	\$8,849	
	Elevators Subtotal = \$50,883.00			
	2015 Annual Expense Total = \$56,496			
2016	Roof Patio Area	Paint Exterior Above Deck	\$1,693	
2016 Annual Expense Total = \$1,693				