

American Towers Owners Association
2010-2011 Fiscal Year Operation Budget Narrative
February 18, 2010

Individual Account Detail Descriptions

INCOME

- Assessments: The level of assessments is set to simply cover budgeted expenses so that by years end there will be no budgeted income or loss.
- Late Charges: This account is for the late charges assessed to owners who pay their fees after the late fee deadline.
- Interest Income: Interest earned on operating bank balances from the sweep account.
- Move-in Fees: Residents are charged a one time move-in fee of \$150 for the administrative costs associated. An additional fee of \$40 is charged for units that do not have high pressure washer hoses to provide and install them.
- Work Orders: Reimbursements for work performed for owners and residents by Association maintenance personnel.
- Ramp Parking: Rental payments for the unassigned parking spaces on the P2 ramp that are rented out each year.
- Miscellaneous: Miscellaneous Income.
- Other Income: Significant income from other settlements, sales of equipment, or reimbursed legal fees.
- Reimbursements: This account is comprised of the following four sub-accounts:
Directory: Names may be placed or changed on lobby directories for a \$15 fee.
Filters and Supplies: Air filters are sold for \$2 and washing machine hoses for \$35.00
Parking Validations: Validations are sold to residents for \$1.50 each.
Access Cards: Replacement access cards are sold for \$20 each.

EXPENSES

PAYROLL

- Administrative: Salary of manager and assistant.
- Maintenance: Salary of supervisor and wages for staff of two.
- Security: Wages for security guards, two on duty 24 hours each day, seven days a week.
- Janitorial: Wages for one supervisor and staff.

CONTRACTS

- REA-Parking: Contractual obligation to pay 5.3% of operating expenses of parking garage.
- Pest Control: Monthly contract for control of insects and rodents for the complex.
- HVAC: Annual contract for monthly maintenance and inspection of HVAC and specified mechanical areas.
- Trash Removal: Monthly contract for removal of trash, three weekly pickups.
- TV Programming: Seven Year contract with Comcast contains a cap of 6% increase per year.
- Elevator: Long term contract to maintain and service elevators. Expires 7-13-2014. Includes anticipated annual rate adjustment of 4% in June 2010.
- Window Cleaning: Annual contract to clean all windows in the complex every 120 days.
- Generator Maintenance: Monthly contract to inspect, test and maintain the emergency power generator.
- Water Treatment: Monthly contract for chemicals for, and maintenance of soft water system.
- Inspections: Annual contract to provide quarterly fire sprinkler system inspections at \$1600

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per time. Annual fire extinguisher inspection and annual pool permit.

Air Filters: Annual Contract for replacement of common air system filters quarterly.

Fire Alarm: Annual contract to maintain and test fire alarm system and card access system.

MAINTENANCE AND REPAIR

HVAC: Repairs to HVAC systems that are extra's not covered by the maintenance service contract.

Security: Maintenance and repair of security systems and equipment (video) not covered by service contracts or extra's to those contracts. Includes re-stock of first aid supplies.

Maintenance and Repair: Maintenance and repair services generally related to water leaks, provided by outside vendors in the following five categories:

Plumbing: Plumbing repairs performed by outside contractors.

Paint and Drywall: Drywall restoration and painting performed by contractors.

Carpet Cleaning: Carpet restoration and cleaning performed by contractors.

Floor Finishing: Parquet floor restoration performed by contractors.

Other: Other restoration and repair services provided by outside contractors and vendors.

SUPPLIES AND EQUIPMENT

Maintenance: Parts and supplies related to any maintenance and repair items of complex.

Security Uniforms: Purchase of new uniforms and equipment for new hires.

Janitorial: Purchase of all cleaning supplies. Includes outside services such as cleaning and maintenance of lobby mats and linen services.

Pool: Chemicals and supplies for operation and maintenance of pool and hot tubs. Includes parts and equipment for the chemical and heating systems.

Other Recreation: Parts and supplies to maintain the billiard room, racquetball courts and exercise room.

Lighting: Purchase of lighting supplies, bulbs, tubes and ballasts for all common area lighting.

Computer: Replacement parts and upgrades for computer systems in management office, security station, and maintenance shop.

UTILITIES

Gas: Projections are based on prior years usage and rate projections.

Electricity: Projections are based on prior years usage and rate projections.

Water & Sewer: Projections are based on prior years usage and rate projections.

ADMINISTRATIVE

Phone & Comm: Cost of management office and security telephone service including long distance charges and cell phones for manager and supervisors.

Legal: Cost of miscellaneous corporate legal work.

Accounting: Preparation of tax return and misc. accounting temps as needed.

Audit: Cost of annual audit and counting of ballots for Trustee elections.

Newsletter: Cost of printing monthly newsletter to owners and residents.

Computer: Supplies and maintenance, printer toner, backup tapes.

Payroll Prep.: Monthly cost for preparing payroll reports, checks, all federal and state reports,

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and tax deposits.

Office Supplies: General office supplies, paper, copying etc., and service on copier and office equipment.

Postage: Costs of mailing statements, newsletter, invoices, and payments.

Other Admin. Newspaper ads for employment, dues, fees, subscriptions, parking validations, employee parking, printing of audit report and miscellaneous administrative costs.

Reimbursed Exp.: Costs of materials or services in the following four categories which are purchased by, or reimbursed by owners and residents. Income from the following is credited to income accounts.

Directory: Costs of placing names on lobby directories charged at \$15 per name.

Filters and Hoses: Costs of providing air filters and washer hoses to owners.

Filters are sold at \$2 each and a pair of hoses is \$35.00, \$40 installed.

Parking Validations: Parking validations are sold at cost at \$1.50 each.

Access Cards: Replacement and extra access cards are sold at \$20 each.

TAXES AND INSURANCE

Income Taxes: Federal and State income tax on interest income to the association.

Payroll Taxes: Employers FICA, FUTA, SUTA, and Workers Comp taxes and premiums for employees.

City Lighting Assessment: Annual payment for street lighting and improvements on Third South.

Employee Health: Employers share (80%) of health insurance premiums for employees.

Insurance: This account is comprised of the following three categories:

Liability: This is the premium projected by our current underwriter.

Earthquake: This policy term has changed to coincide with the expiration of our umbrella liability policy.

Directors and Officers: Annual premium is not anticipated to increase.