



September 28, 2015

Dear Homeowner:

We are pleased to present our Association's proposed budget for 2016. Homeowners are provided at least thirty days to review the budget and submit any questions or comments before the Board ratifies it. Please direct your written communication regarding this subject to our Property Manager, Ms. Sara Rudnik.

We expect to approve this budget at the October 29 Board meeting. A homeowners' meeting will be held in connection with that Board meeting for you to ask any questions or to provide comments.

The Board's goal in developing the budget was to balance reasonable assessments with the operational and capital needs of our building. Accordingly, a 3% assessment fee increase is proposed for next year. This will help to offset some of the legal fees and hallway renovation expenses we expect to incur next year.

The budget includes \$1.1 million in funding to our reserve account, which covers capital projects, debt repayment and any operating overages. The Board believes that no special assessment will be required now or in the foreseeable future.

The primary capital project this year was the installation of aesthetically appealing hallway soffits to conceal life safety upgrades required by the City of Chicago. A significant amount of reserve funds were also used for debt repayment. By year end we expect our debt to be about \$500,000 lower than it was at the start of the year.

In 2016, the primary capital project will be hallway refreshment including paint, wallpaper, carpeting and ultimately, lighting fixtures. The budget also shows full debt repayment by the end of 2016. We may elect to postpone complete debt retirement until mid-2017 if this allows us to proceed with our upcoming hallway renovation project in a more cost-effective manner. By the end of 2018 our reserve account balance is projected to exceed \$1.5 million dollars and grow at a healthy pace after that.

We believe that the sound fiscal strategy outlined in this budget will enhance our building's status, value and appearance. By working in concert with our competent management team from Sudler, we intend to secure your investment as a premier Gold Coast residence.

Sincerely,

111 E. Chestnut Condominium Board of Directors