



NOTICE TO OWNERS

2007 MAINTENANCE FEES

Saturday December 02, 2006

The Board of Directors has determined the 2007 Operating Budget for MTCC #600. Maintenance Fees for the coming year will **increase by 6.9% over 2006**. The new rates are:

Commercial Unit	\$975.00 per month
Residential Units	\$850.00 per month

Understanding the Increase

There are two key things to keep in mind.

1. Of the total per suite, per month increase of \$55 [6.9%], \$36 of that [or 4.5%] is strictly because of the Reserve Fund, over which we have absolutely no latitude. We are mandated by law to increase the maintenance fees by the amount as required in accordance with our Reserve Fund Study.

That means the balance of the increase, \$19 [2.4%] is the increase for Operating Expenses.

2. That is pretty remarkable when you remember that last year we had a \$3 increase in the operating budget because we used a \$20,000 surplus from the previous year, which we reminded owners at the time was a one time event. In other words, over the last two years, the average increase in the monthly Operating Budget was limited to \$11.

What Could Have Cost You More But Didn't

Nobody likes increases, and that includes the Board, because they have to pay the same amount as everyone. But when we focus only on increases, it's easy to overlook the very impressive fiscal management of the last year.

Keep in mind that through careful cost control we were able to absorb a variety of expenses which were totally unexpected and equally unavoidable. These expenses were absorbed without any additional funding from owners.

What are these expenses and how much were they? They include:

- Unexpected fire safety costs related to the underground garage of \$6,000
- Unscheduled repair of the chiller of \$7,000 (This was done to prolong the life of the existing chiller with a view to delaying the cost of a new one, another cost saving measure on its own.)
- Additional security costs of \$3,000 occasioned by the sixth floor break-in

- Plumbing costs for replacement of the domestic hot water return and the incoming cold water main pipes for \$20,000 (This will save money by avoiding the PH floor leaks we have experienced. We have had 3 of those in the last year or so, and before that we spent \$12,000 on repairs caused by this leak, so the money is well spent.)
- Repairs to the breezeway and new wheelchair access at the side door for \$8,500

Other Things to Note

2006 was a tough year because we had expenses that were exceptional. Things such as when they jack-hammered through the concrete floor of the underground garage, they cut through the fire alarm wires which rendered our alarm system inoperable and caused us to incur additional electrical bills and labour for Fire Watch to ensure the safety of residents. How could that happen? The original builders from 25 years ago did not document that they embedded fire alarm wiring in the concrete.

There were other similar expenses but it is important to know we have employed a Zero Based Budgeting approach that has seen us slash expenses for the coming year on the basis that they will not be recurring, and you will see those in the significant decreases including a \$6,000 decrease in Fire Safety, \$20,000 decrease in Plumbing Repair, \$6,000 decrease in HVAC, and a host of smaller items like \$1,000 in Professional Fees and \$1,000 in Recreational Repair.

The point is, we want you to know we take the fiscal management of the building very seriously and finding the right balance between keeping a lid on expenses and maintaining the long term health of the building for value appreciation, is a full time job, and we are ever conscious of both those priorities.

A detailed description of our Operating Budget is being provided to you showing each item of the 2006 Forecast and 2007 Budget, along with notes explaining the calculation of each.

Please provide post-dated cheques for the year dated the 1st of each month commencing January 1, 2007, payable to MTCC #600 and have them delivered to the Office – Suite 2C, no later than Thursday, December 21st, 2006.

For those of you who are on the Pre-Authorized Payment Program, you don't have to do anything. If you want to be on the Pre-Authorized Payment Program, please place a void cheque in an envelope to the attention of Greg Geralde, and put it under the office door before the Thursday December 21st deadline.

Gregory B. Geralde, CGA
Treasurer for
The Board of Directors, MTCC #600

M.T.C.C. 600
STATEMENT OF OPERATING INCOME AND EXPENDITURE
2007 OPERATING BUDGET

	<u>Oct. 2006</u> <u>YTD</u>	<u>2006</u> <u>BUDGET</u>	<u>2006</u> <u>FORECAST</u>	<u>2007</u> <u>BUDGET</u>
INCOME				
Maintenance Fees	\$438,050.00	\$525,660.00	\$525,660.00	\$562,020.00
Key/Card Fees	510.00	400.00	510.00	390.00
Status Certificate Fees	307.00	200.00	307.00	200.00
Moving Fees	700.00	400.00	700.00	400.00
Lease income	400.00	400.00	400.00	400.00
Other Income	<u>715.00</u>	<u>0.00</u>	<u>715.00</u>	<u>0.00</u>
Total Income	\$440,682.00	\$527,060.00	\$528,292.00	\$563,410.00
EXPENDITURES				
Administrative				
Audit	\$428.00	\$4,200.00	\$4,200.00	\$4,200.00
Bank Charges	731.00	1,320.00	1,000.00	1,320.00
Legal	40.00	2,000.00	2,040.00	2,000.00
Office	3,497.00	5,000.00	4,500.00	4,800.00
Professional Fees	<u>970.00</u>	<u>3,500.00</u>	<u>3,020.00</u>	<u>2,000.00</u>
Total Administrative	\$5,666.00	\$16,020.00	\$14,760.00	\$14,320.00
Personnel				
Regular Wages	\$28,415.00	\$32,000.00	\$34,630.00	\$35,000.00
Weekend Relief	3,440.00	4,160.00	4,080.00	4,160.00
E.I. Employer	852.00	1,065.00	1,065.00	1,065.00
C.P.P. Employer	1,871.00	1,915.00	1,930.00	2,050.00
Third Party Relief Wages	2,105.00	2,250.00	2,905.00	2,385.00
Telephone/Pager	<u>1,568.00</u>	<u>1,200.00</u>	<u>1,568.00</u>	<u>1,615.00</u>
Total Personnel	\$38,251.00	\$42,590.00	\$46,178.00	\$46,275.00

M.T.C.C. 600
STATEMENT OF OPERATING INCOME AND EXPENDITURE
2007 OPERATING BUDGET

	<u>Oct. 2006</u> <u>YTD</u>	<u>2006</u> <u>BUDGET</u>	<u>2006</u> <u>FORECAST</u>	<u>2007</u> <u>BUDGET</u>
Operating Services				
Cleaning Services (Exterior)	\$2,256.00	\$3,150.00	\$2,256.00	\$3,600.00
Cleaning Services (Interior)	639.00	1,500.00	960.00	1,300.00
Compactor	1,203.00	2,700.00	1,203.00	2,400.00
Elevators	12,649.00	15,500.00	15,125.00	16,000.00
Fire Safety	9,238.00	8,600.00	14,738.00	8,800.00
Grounds	1,314.00	5,000.00	1,314.00	3,500.00
HVAC	34,042.00	27,500.00	34,042.00	28,400.00
Insurance	12,360.00	12,800.00	12,360.00	13,000.00
Laundry	0.00	0.00	0.00	0.00
Pest Control	613.00	850.00	693.00	850.00
Property Taxes	2,531.00	2,825.00	2,531.00	2,825.00
Security	<u>13,741.00</u>	<u>14,580.00</u>	<u>17,575.00</u>	<u>15,700.00</u>
Total Operating Services	\$90,586.00	\$95,005.00	\$102,797.00	\$96,375.00
Operating Supplies				
Cleaning Supplies	\$1,741.00	\$3,100.00	\$2,541.00	\$3,100.00
Grounds Supplies	1,222.00	1,500.00	1,222.00	1,500.00
Lighting Supplies	23.00	500.00	23.00	500.00
Recreational Supplies	<u>0.00</u>	<u>200.00</u>	<u>2,400.00</u>	<u>3,000.00</u>
Total Operating Supplies	\$2,986.00	\$5,300.00	\$6,186.00	\$8,100.00
Operating Utilities				
Cable TV	\$28,642.00	\$28,800.00	\$28,642.00	\$29,945.00
Diesel Fuel & Equipment	(69.00)	2,000.00	631.00	2,000.00
Electricity	44,370.00	78,000.00	55,370.00	69,000.00
Gas	45,221.00	79,200.00	60,370.00	72,000.00
Water & Sewer	<u>6,459.00</u>	<u>21,600.00</u>	<u>12,459.00</u>	<u>23,000.00</u>
Total Operating Utilities	\$124,623.00	\$209,600.00	\$157,472.00	\$195,945.00

M.T.C.C. 600
STATEMENT OF OPERATING INCOME AND EXPENDITURE
2007 OPERATING BUDGET

	<u>Oct. 2006</u> <u>YTD</u>	<u>2006</u> <u>BUDGET</u>	<u>2006</u> <u>FORECAST</u>	<u>2007</u> <u>BUDGET</u>
Repair & Maintenance				
Electrical Repair	\$496.00	\$600.00	\$496.00	\$600.00
Mechanical Repair	288.00	1,000.00	288.00	1,000.00
Plumbing Repair	9,493.00	10,000.00	30,613.00	10,000.00
Recreational Repair	2,209.00	2,500.00	2,209.00	1,000.00
General & Misc. (Exterior)	9,471.00	11,500.00	17,971.00	11,500.00
General & Misc. (Interior)	<u>6,332.00</u>	<u>20,000.00</u>	<u>10,832.00</u>	<u>20,000.00</u>
Total Repair & Maintenance	\$28,289.00	\$45,600.00	\$62,409.00	\$44,100.00
Total Expenditures	\$290,401.00	\$414,115.00	\$389,802.00	\$405,115.00
Operating Surplus (Deficit)	\$150,281.00	\$112,945.00	\$138,490.00	\$158,295.00
One Time Surplus from 2006				
Less, Contribution to Reserve	<u>(107,500.00)</u>	<u>(129,000.00)</u>	<u>(129,000.00)</u>	<u>(153,000.00)</u>
Net Operating Income (Loss)	<u>\$42,781.00</u>	<u>(\$16,055.00)</u>	<u>\$9,490.00</u>	<u>\$5,295.00</u>

M.T.C.C. 600
NOTES TO 2006 OPERATING BUDGET

	<u>2006</u> <u>FORECAST</u>	<u>2007</u> <u>BUDGET</u>
MAINTENANCE FEES		
January to December (54 units x \$795 + \$875 commercial)...	\$525,660.00	
Increase to fees of X% (54 units x \$850 + \$935 commercial).....		\$562,020.00
KEY CARD FEES		
October 31 balance of \$510 - nothing expected for Nov-Dec.	\$510.00	
2007 Budget based on 13 cards.....		\$390.00
STATUS CERTIFICATE FEES		
October 31 balance of \$307- nothing expected for Nov-Dec.	\$307.00	
2007 Budget kept the same as 2006 Budget.....		\$200.00
MOVING FEES		
October 31 balance of \$700 - no more moves scheduled.....	\$700.00	
2007 Budget based on 2006 Forecast		\$400.00
LEASE INCOME		
October 31 balance.....	\$400.00	
2007 Budget.....		\$400.00
OTHER INCOME		
October 31 balance.....	\$715.00	
2007 Budget - prior year included garage door openers.....		\$0.00
AUDIT		
2006 Forecast expected to be on 2006 Budget.....	\$4,200.00	
2007 Budget based on 2006 Forecast		\$4,200.00
BANK CHARGES		
2006 Forecast includes one time credit of \$240.....	\$1,000.00	
2007 Budget - will include Auto Debit Program at \$60 per month.....		\$1,320.00
LEGAL		
October 31 balance of \$40 plus Breezeway & Condenser Unit advice.....	\$2,040.00	
2007 Budget increased to include general provision		\$2,000.00
OFFICE		
October 31 balance of \$3,497 plus \$1,000 for Nov-Dec.....	\$4,500.00	
2007 Budget based on 2006 Forecast		\$4,800.00
PROFESSIONAL FEES		
October 31 \$970 + \$550 for Thermo Graphic report and Reserve Fund Study \$1,100, Other \$400	\$3,020.00	
2007 Budget for Roof Anchor inspection and annual Thermo Graphic report.....		\$2,000.00

REGULAR WAGES

2006 Forecast based on \$28,415 YTD plus 4.5 pay periods... plus Christmas bonus	\$34,630.00	
2007 Budget based on 3% increase effective Sept. 2006. Note prior year included one time expense for garage		\$35,000.00

WEEKEND RELIEF

2006 Forecast based on YTD plus 4 pay periods at \$160.....	\$4,080.00	
2007 Budget based on \$160 per pay period x 26 pay periods.....		\$4,160.00

E.I. EMPLOYER

2006 Forecast based on annual maximum of	\$1,065.00	
2007 Budget.....		\$1,065.00

C.P.P. EMPLOYER

2006 Forecast based on 2006 expense	\$1,930.00	
2007 Budget assumes 7% increase.....		\$2,050.00

THIRD PARTY RELIEF WAGES

2006 Forecast. - YTD plus one week	\$2,905.00	
2007 Budget based on three weeks at \$750 per week for 3 weeks.....		\$2,385.00

TELEPHONE

YTD includes prepayment to end of year.....	\$1,568.00	
2007 Budget based on 2006 Forecast plus 3% provision for inflation		\$1,615.00

CLEANING CONTRACTS (EXTERIOR)

Only 2 window cleanings in 2006 - no more planned....	\$2,256.00	
2007 Budget for 3 window cleanings @ \$1,200.....		\$3,600.00

CLEANING CONTRACTS (INTERIOR)

YTD includes 2 carpet cleanings, one more planned for remainder of year.....	\$960.00	
2007 Budget for 3 treatments of carpet cleaning at \$321 plus 3%, and spot cleaning for \$300.....		\$1,300.00

COMPACTOR

Forecast less than 2006 Budget because no repairs.....	\$1,203.00	
2007 Budget for garbage bin rental, spring and fall chute cleaning, and provision for compactor repairs.....		\$2,400.00

ELEVATORS

YTD balance plus 2 times monthly contract charge of \$1,238.....	\$15,125.00	
2007 Budget {(\$1,238 plus 3% inflation x 12 months) plus \$650.00 for inspection and licences.....		\$16,000.00

FIRE SAFETY

October 31 YTD balance plus Lonergan bills already received for \$3,000, plus deficiencies of a \$2,500. Note 2006 expense unusually high due to garage restoration project.....	\$14,738.00	
2007 Budget for annual inspection \$3,100, plus \$4,000 for duct cleaning and kitchen fan cleanout, plus \$1,500 for fire audit deficiencies, and \$200 annually for ADT fire monitoring.....		\$8,800.00

GROUNDS CONTRACTS

No further expense expected in 2006.....	\$1,314.00	
2007 Budget to include rebuilding of NW planter based on estimate.....		\$3,500.00

HVAC

YTD includes quarterly payment to end of year plus chiller repair of \$6,800	\$34,042.00	
2007 Budget \$6,872 per quarter plus 3% inflation.....		\$28,400.00

INSURANCE

No more expense expected in current year.....	\$12,360.00	
2007 Budget is based on 5% increase to allow for claim history		\$13,000.00

LAUNDRY

October 31 balance of \$0.00.....	\$0.00	
2007 Budget (contract renegotiated with Coinamatic).....		\$0.00

PEST CONTROL

October 31 YTD plus 2 times monthly charge of \$40 per month.....	\$693.00	
2007 Budget based on prior year plus 3%, plus small provision...		\$850.00

PROPERTY TAXES

Oct. 31 balance of \$2,657 with no additional cost this year...	\$2,531.00	
2007 Budget based on 2006 Forecast plus 6%.....		\$2,825.00

SECURITY

2006 will be YTD plus 2 months at \$1,125 plus \$1,384 for new camera, plus 2 months of \$100 for Bell charge.....	\$17,575.00	
2007 Budget for regular services {\$1134 maintenance x 12) and \$100 telephone line x 12) plus provision for access cards (\$500) plus 2 security calls (\$400). Note 2006 had break in and camera expense which is non recurring in 2007.....		\$15,700.00

CLEANING SUPPLIES

October 31 balance plus \$800 for Nov-Dec.....	\$2,541.00	
2007 Budget estimate maintained at 2006 Budget.....		\$3,100.00

GROUNDS SUPPLIES

No further expense expected in 2006	\$1,222.00	
2007 Budget estimate maintained at 2006 Budget.....		\$1,500.00

LIGHTING SUPPLIES

No further expense expected in 2006.....	\$23.00	
2007 Budget estimate maintained at 2006 Budget.....		\$500.00

RECREATIONAL SUPPLIES

Includes TV for Recreation Centre.....	\$2,400.00	
2007 Budget estimate		\$3,000.00

CABLE TV

No further expense expected in 2006.....	\$28,642.00	
2007 Budget based 7 months at 39.27 and 5 months at \$40.44 plus GST and PST.....		\$29,945.00

DIESEL FUEL & EQUIPMENT

YTD plus \$700 for vacuuming dust from fans.....	\$631.00	
2007 Budget estimate maintained at 2006 Budget.....		\$2,000.00

ELECTRICITY

2006 Estimate based on YTD, plus \$5,500 for each of November and December Current year includes \$4K one time credit from Toronto Hydro pertaining to April 2004 - Mar 2005.....	\$55,370.00	
2007 Budget reflects change from 2006 of 6.25 cents (blended) for year, plus 15% increase. This represents significant decrease from 2006 Budget assumption, which may have some risk that 2007 Estimate is low.....		\$69,000.00

GAS

2006 Estimate based on YTD plus Nov. and Dec. of \$8K per month. 2006 Forecast lower than Budget because because Budget was based on 40 cents per cubic meter where contract was signed in Aug. 2006 at 35 cents.....	\$60,370.00	
2007 Budget reflects 35 cents per cubic meter with provision for colder winter or warmer summer, impacting consumption. Note administration and delivery charges which represent 35% of the bill are not covered by gas contract and are accordingly not fixed in price.		\$72,000.00

WATER & SEWER

2006 Estimate includes YTD plus 4th quarter bill yet to be received of \$6,000. Note 2006 cost is lower because of prior year accrual of \$9,000.....	\$12,459.00	
2007 Budget estimate (based on \$427 per suite annually, which reflects 7% increase per City of Toronto estimates.....		\$23,000.00

ELECTRICAL REPAIR

No further expense expected in 2006 correct Thermographic deficiencies as per report.....	\$496.00	
2007 Budget estimate.....		\$600.00

MECHANICAL REPAIR

No further expense expected in 2006	\$288.00	
2007 Budget estimate.....		\$1,000.00

PLUMBING REPAIR

2006 Estimate based on YTD plus \$620 bill received, plus \$12,800 for Domestic Hot Water Return, plus \$6,700 for Incoming Cold Water Main, plus \$1,000 provision.....	\$30,613.00	
2007 Budget estimate (maintained at 2006 Budget amount).....		\$10,000.00

RECREATIONAL REPAIR

No further expense expected in 2006.....	\$2,209.00	
2007 Budget estimate.....		\$1,000.00

GENERAL & MISCELLANEOUS REPAIR (EXTERIOR)

2006 Based on YTD plus \$3,500 for Breezeway repair, and \$5,000 for wheelchair accessible door.....	\$17,971.00	
2007 Budget estimate (maintained at 2006 Budget amount).....		\$11,500.00

GENERAL & MISCELLANEOUS REPAIR (INTERIOR)

2006 Estimate includes YTD, plus insurance deductible of \$1,000, plus \$3,500 for ceiling water damage repair.....	\$10,832.00	
2007 Budget will reflect ongoing replacement of weather stripping and rollers on windows at \$1,000 per unit.....		\$20,000.00