

Dear owner(s),

Your Board has completed the budget for the 2010/2011 fiscal year. In looking at the reserve fund study that was recently completed (reserve fund study must be completed every five years), there is a material increase in reserve fund contributions necessary going forward (55% for the 2010/2011 fiscal year). There are several factors driving this increase. First off, there has continued to be material inflationary pressure on construction costs, while this is projected to lessen it is still forecasted to be higher than our investment returns over the next ten years. Secondly, your Corporation is incurring additional maintenance costs with the zone valves and fan-coil units in our building. This, along with the brick restoration work on the north wall and roof repair, was also not included in our last study.

The Board has always maintained a fiscally responsible protocol in keeping the reserve fund fully funded. Therefore, the Board is increasing condo contributions by 15.4%. This is the first increase in three years, and the Board does want to keep our building competitive in relation to comparative buildings. Once the Board has a better understanding of some of the larger expenditures this year, it will be able to re-evaluate condo contributions for the future.

The reserve fund study and plan is available on our website at [www.phillipslofts.com](http://www.phillipslofts.com).

Sincerely,

Shauna Warwick  
Treasurer, Phillips Lofts Condominium Corporation